From the cognitive boundaries of individuals to the predictability of their behaviour
Iván Bélyácz and Kármen Kovács

Neoclassical economic theory assumes an optimal decision-making based on rationality. In reality, this is often not realized, due to a discrepancy between an individual’s cognitive abilities (c) and the difficulty of the decision problem (d). This study, based on Heiner’s reasoning, reviews how the c–d gap leads to predictability of an individual’s behaviour. Because an individual’s limited cognitive abilities are insufficient to find primarily preferred alternatives, there is uncertainty in a sense that differs from Knight’s conception. With uncertainty, an individual’s decision-making is directed by a mechanism that limits flexibility in choosing among alternatives and simplifies behaviour into a less complex, returning pattern. So habit-induced behaviour dominates. This makes it easier for an observer to recognize and predict behaviour.

The effects of pre-natal baby-support loans on the credit market and the real economy
Zita Fellner, Anna Marosi and Beáta Szabó

The pre-natal baby-support loan – a state-subsidized domestic retail-loan product introduced in July 2019 – immediately became a leading credit-market product. Being unsecured, with a relatively high maximum contract size, it generated significant household borrowing, but no information was available on exact use of such loans. This study rests on an online survey among debtors made by the Hungarian National Bank in June 2020 and completed by 10 per cent of contracted couples. The authors focus on the degree of additionality and substitution of the loans on the domestic retail-loan market. To identify the effects, they applied estimation of time-series aggregated data to supplement the survey results. This showed aggregate data for 73 per cent of the volume of pre-natal baby-support loans, and according to the survey, 63 per cent of debtors displaying additional credit demand on the domestic retail-credit market. Excluding those who would have met their loan targets from their own resources, half the pre-natal baby-support loans represent an additional effect – considered a first-round effect in real economic terms. Using a multinomial logit model, it was found, in line with the authors’ intuitive assumption, that pre-natal baby-support loans gave marked help in achieving loan targets to relatively lower-income,
lower-educated, lower-savings borrowers, and were likelier to crowd out own funds or other loan products among the more affluent.

**The efficiency of part-time employment**
Máté Vörös and Diána Ivett Fűrész

Various forms of atypical employment have already been crucial to the Hungarian economy, but the economic slowdown resulting from COVID-19 could make their importance still greater. This study investigates whether any performance indicators of part-time employees can display greater efficiency compared to full-time employees and so create a lasting shift in the labour market. To reach a conclusion, a dataset was analysed that includes the performance indicators of 4,683 employees working for a large Hungarian firm between 2017 and 2019, for a total of 105,241 months. For the first performance indicator identified, part-time employees showed greater efficiency in almost all the variables investigated, while for the second indicator, only certain variables displayed the same results.

**How reforms of the public sector relate to the paradigms of economic policy**
Balázs Tóth

The role of the state has always been a major question for economists. Its tasks and functions were a key issue in various paradigms. However, the methods applied by the states appeared to be a marginal issue. Trust in the Weberian state model dispersed in the last third of the 20th century, and Keynesian economic policy weakened as well. There have been several management-reform theories, that sought to replace the Weberian bureaucracy. The most significant of these were new public management, good governance and the neo-Weberian state. These trends have usually brought the same changes in the public sector, though on different theoretical grounds. The study aims to examine the connection between the paradigms of economic policy and the theories of public-sector management. The literature review highlights how the regulatory role of the state and the relation between the state and society have an impact on the methods applied in the public sector.