Price Controls Then and Now: a Comparison of Diocletians’ Edictum de Pretiis Rerum Venalium and the Pricestop Introduced by the Hungarian Government

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Abstract

To mitigate the domestic effects of the inflationary pressures arising in the global economy as a result of the coronavirus pandemic and Russio-Ukranian war, the Government of Hungary maximised the price of several goods essential to the population. An early example of this direct intervention into the price-setting mechanism of the markets was the Edict on Maximum Prices *(Edictum de Pretiis Rerum Venalium)* issued by Diocletian in 301 AD, which-together with Diocletian’s currency reform-tried to solve the enormous inflation that plagued the third-century Roman Empire. The Diocletian edict and the Hungarian government decrees introducing price caps are very similar, both in their root causes, their legal policy aims, their technical solutions, as well as in the sanctions that they impose on those breaching the law. The failure of the Diocletian reforms provides useful lessons for policy-makers today.

Keywords

Price Cap; Inflation; State Intervention; Economics; Roman Law.

1 Introduction

The coronavirus pandemic and Russio-Ukranian war triggered significant inflationary processes around the world. To mitigate the domestic effects of the inflationary pressures arising in the global economy, the Government of Hungary decided to regulate the price of several goods essential to the population. In particular, the Government maximised the retail price of basic goods such as granulated sugar, wheat flour, sunflower oil,[1] as well as the price of fuel (E10 petrol and diesel).[2] By introducing a pricestop, the state centrally and directly intervened in the price-setting mechanisms of the markets and thereby into the contractual relations of private persons. An early example of this direct intervention into the price-setting mechanism of the markets was the Edict on Maximum Prices *(Edictum de Pretiis Rerum Venalium)* issued by Diocletian in 301 AD, which – together with Diocletian's currency reform – tried to solve the enormous inflation that plagued the third-century Roman Empire.[3] The edict regulated the maximum price for several hundreds of goods, including the maximum daily wage for certain professions.[4]

This paper consists of four sections. The first section outlines the conception of modern neoclassical economic thought on the price-setting mechanism of the markets. The second section introduces the Roman-law understanding on the role of purchase price in commercial relationships. By examining the varying conceptual frameworks of these two traditions, the paper tries to illuminate under what circumstances they thought it necessary to centrally intervene into the free negotiation process of market agents. The third section analyses Diocletian's Edict on Maximum Prices with particular attention to its root causes, its legal attributes and its failure. The final section compares the edict to the decrees of the Hungarian Government maximising the prices of the aforementioned goods.

2 Price-setting mechanisms and price regulation in neoclassical economic thought

Price is one of the central, if not the most important determining factors of market processes. Price is the monetary expression of the value of goods.

1 Government decree No. 6/2022. (I. 14.), Schedule.

2 Government decree No. 624/2021. (XI. 11.), 1. §. (1).

3 JUSZTINGER, J. *A vételár meghatározása és szolgáltatása a konszenzuális adásvétel római jogi forrásaiban* [Determination and performance of purchase price in Roman legal sources concerning sales contracts]. PhD-dissertation. Pécsi Tudományegyetem, 2012, p. 162. Available at: https://ajk.pte.hu/files/file/doktori-iskola/jusztinger-janos/jusztinger-janos-vedes-ertekezes.pdf [cit. 23. 9. 2022].

4 FÖLDI, A., HAMZA, G. *A római jog története és institúciói* [History and Institutes of Roman Law]. 25 reworked and extended ed. Budapest: Nemzedékek Tudása Tankönyvkiadó, 2021, p. 516.

It conveys the monetary amount for which a good can be bought or sold on the market.[5] Price signals the current state of the market, which helps market agents make their decisions. Following the laws of demand and supply, the interests of customers and sellers are opposed to one another. Consumers would like to buy the most amount of goods at the lowest price, while sellers would like to sell as many goods as they can for the highest possible price. The result of their negotiation is the market price at which the exchange of goods takes place.[6]

One of the basic tenets of neoclassical economics is that under free market conditions the demand, the supply and the market price converge towards an equilibrium.[7] That is beacuse if the supply exceeds the demand, the oversupply will make sellers lower the price, which in turn will increase demand. And if there is an overdemand, sellers are going to increase the price which will cause the demand to fall.[8] The market fluctuates between a state of overdemand and oversupply until in the long run it reaches an equilibrium, where supply and demand equal each other both in terms of the price of the good and the quantity offered, and there are no incentives for market agents to change their behaviour.[9] It is clear from the above that price plays an essential role in coordinating supply and demand and in the efficient allocation of goods. The only prerequisite for this is that self-interested individuals should make rational decisions.

However, we can only speak of a market equilibrium, if "ceteris paribus" everything else is held fixed.[10] The fluctuation of supply and demand is just one potential cause of changing prices. The market equilibrium may be deterred by external factors as well. For the purposes of this paper, two phenomena are worth closer attention in this regard: inflation and monopolies. First, prices may change if the purchasing power of a currency

5 FARKASNÉ, F. M., MOLNÁR, J. *Közgazdaságtan I. Mikroökonómia* [Economics I. Microeconomics]. 1. ed. Debrecen: Debreceni Egyetem Agrár- és Műszaki Tudományok Centruma Agrárgazdasági és Vidékfejlesztési Kar Debrecen, 2007, p. 29.

6 Ibid., p. 37.

7 Ibid., p. 38.

8 LÁZÁR, P., SOLT, K. *Elméleti Gazdaságtan I. Mikroökonómia* [Theoretical Economics I. Microeconomics]. Budapest: Novoprint Rt., 2006, p. 38.

9 Ibid., p. 40.

10 FARKASNÉ, MOLNÁR, op. cit., p. 26.

alters.[11] If the purchasing power of a currency declines, the price of a product will increase. This phenomenon is called inflation. Second, it may occur that a market agent acquires a monopoly in that market. In that case, there is only one agent on the supply side who can decide on the market price.[12] Consistently high prices will cause consumption to fall. As no other companies can enter the monopoly market, there will be a constant disequilibrium in such markets. In such cases where free markets cannot ensure the efficient allocation of goods, state intervention is required.

Intervention in the price-setting mechanism of markets can take several forms. This paper analyses the most direct one when the state centrally determines the price of a good. By introducing a centrally fixed price, the state takes the price-setting away from its market mechanism and brings it under state control. Price-regulation can happen in various ways.[13] One such method is when the state does not directly determine the price of a good or a service but rather determines the lowest or the highest value at which it can be sold. The purpose of introducing a minimum price, or in other words a price floor, is to preclude prices from falling below a certain threshold. The introduction of a maximum price or a price cap, on the other hand, is meant to preclude prices from going above a certain limit and thereby becoming inaccessible for the majority of consumers. Price caps are the most common way of regulating prices and among all forms of regulation probably have the longest history.[14]

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11 FARKASNÉ, MOLNÁR, op. cit., p. 61.

12 Ibid., p. 35.

13 HORVÁTH, I. Hatósági árképzés és járványügy [Central pricing and epidemology]. *Infojegyzet*. Budapest: Országgyűlés Hivatala Közgyűjteményi és Közművelődési Igazgatóság, Képviselői Információszolgálat, 2020, no. 26. Available at: https://www.parlament.hu/documents/10181/4464848/Infojegyzet_2020_26_hatosagi_arkepzes_es_jarvanyugy.pdf/82cc91a5-e7bc-0241-ffba-9805cb2a1f9f?t=1588227997386 [cit. 23. 9. 2022].

14 SUGÁR, A. *A piacszabályozás elméleti és gyakorlati aspektusai a közszolgáltató szektorokban* [The theretical and practical aspects of market regulation in the public sector, primarily through the example of the price regulation of the energy sector], PhD-dissertation. Budapest: Budapesti Corvinus Egyetem, 2011, p. 123. Available at: http://phd.lib.uni-corvinus.hu/570/1/Sugar_Andras.pdf [cit. 14. 4. 2022].

3 Purchase Price in Roman Law

Before turning to an analysis of Diocletian's edict, it is necessary to briefly outline the Roman-law understanding of the role of purchase price in commercial relationships. The Roman consensual sale *(emptio venditio)* evolved into its classical form by the late Republican era around the first century BC.[15] It was by this that it became a generally accepted principle among Roman jurists that the binding nature of sales contracts emanates from the consensus of the parties, and everything else (the contractual form, the transfer of the commodity) is merely a question of performing what has previously been agreed.[16] The *emptio venditio* can thereby be distinguished from the so-called real contracts, where beyond the consensus of the parties the validity of the contract also requires the transfer of the commodity over which the parties have agreed. By contrast, the *emptio venditio* does not require the actual transferring of the commodity; in order to create an obligation, it is sufficient if the parties agree on the essential elements of a sales contract: the commodity *(merx)* and the purchase price (*pretium*). In the words of the Digest, *"[S]i id, quod venierit, appareat quid, quale, quantum sit, sit et pretium* […]*, perfecta est emptio."*[17] Naturally, there may be additional terms *(accidentalia negotii)*, such as delivery period, payment conditions etc.; however, these will not influence the validity of the contract. Even if these additional terms are missing, the contract will generally be "complete" *(emptio perfecta)*.[18]

It can be clearly seen from the Roman-law understanding of commercial transactions outlined above that the consensus over the commodity and the purchase price constituted an essential aspect *(essentialia negotii)* of the consensual sale. Without these the contract between the seller and the buyer could not be made. The consensus over the commodity and the purchase price creates a bilateral (synallagmatic) obligation in which both parties provide a consideration tot he other. In this relation the consideration of the seller is the transfer of the possession of the good,

15 JUSZTINGER, op. cit., p. 16.
16 FÖLDI, HAMZA, op. cit., p. 512.
17 Ibid., p. 513.
18 Ibid., p. 512.

while the consideration provided by the buyer is the purchase price which functions as the countervalue for the good served. By the late Republican era, two important requirements had emerged with respect to the consideration provided by the buyer. First, the countervalue always had to be money *(pecunia numerata)*. Second, the purchase price always had to be specified *(certum pecunium)*.[19] The two requirements reflect the dual nature of money, by which it can simultaneously serve as a commidity as well as a medium by which the value of a good can be specified.

It also followed from the consensual nature of sales contracts that the determination of the purchase price was always up to the parties concerned. That is, the *certum pecunium* was in every case the result of a free negotiation process between the buyer and the seller.[20] Consequently, the price could not be determined either unilaterally or tacitly.[21] This contractual 'freedom' was interpreted rather liberally, meaning that it could amount to anything as long as the parties have agreed. As Papirus Iustius said: *"Quibus mensuris aut pretiis negotiatores vina compararent, in contrahentium potestate esse."*[22]

However, even classical Roman jurists advocating the principle of free negotiation realised that there are instances where in the negotiation process one party gains an unfair advantage over the other party.[23] Thus while recognising the opposing interests of the parties to a sales contract, they understood that in some circumstances there need to be legal guarantees, which steer the negotiation process towards a 'just price' and protects the disadvantaged party against the other party who gained an unfair advantage.[24]

Amidst the economic crisis of the late third century Roman Empire, the emperor Diocletian (284–305 AD) tried to protect the poor from selling their properties at a disproportionately low price.[25] He prescribed a "just

19 FÖLDI, HAMZA, op. cit., p. 512.
20 JUSZTINGER, op. cit., p. 46.
21 Ibid., p. 46.
22 *Corpus Iuris Civilis: Digesta* (18, 6, 7 pr.). Available at: https://droitromain.univ-grenoble-alpes.fr/Corpus/d-18.htm#6 [cit. 23. 9. 2022].
23 JUSZTINGER, op. cit., p. 163.
24 Ibid., p. 164.
25 FÖLDI, HAMZA, op. cit., p. 512.

price" *(iustum pretium)* with respect to the buying and selling of properties.[26] According to his edict, the purchase price of a property in a sales contract had to reach at least half of the value of that property. Using the terminology introduced in the earlier section, Diocletian introduced a price floor with respect to the price of properties, which he determined as half of the market value. This limited the free negotiation process, prohibiting the contracting parties from agreeing on a price below this threshold. If the agreed price did not reach half of the actual market value, then the seller could seek a *restitutio in integrum*, which meant the termination of the contract and the return of the property in exchange for the purchase price. This rule was the so-called *laesio ultra dimidium* or what in medieval times came to be called *laesio enormis*. In case the seller litigated over the termination of the contract, the buyer was granted a *facultas alternativa*, by which he could choose whether he consents to the termination of the sales contract, or he complements the purchase price to the actual market value and thereby keeps the sales contract in force.[27] The rule of *laesio enormis* was meant to protect the seller, although he could not be freed from the obligation without the consent of the buyer. The rationale for this was that while an economic crisis may prompt someone to quickly sell their property at a disproportionately low price, it could not prompt anyone to buy the property under unfair conditions.[28]

4 Diocletians' Edict on Maximum Prices

Diocletian was also ready to intervene into contractural relations of private persons in order to protect buyers from paying disproportionately high prices. His Edict on Maximum Prices *(Edictum de Pretiis Rerum Venalium)* introduced comprehensive price control system that limited the price of certain commodities in the Empire. It set a maximum price for several hundreds of goods and services, including for daily wages in certain professions.[29] His edict issued in 301 AD – together with the Diocletian currency reform – tried to solve the enormous inflation that plagued the third-century Roman

26 According to some scholars, the introduction of the rule of the laesio enormis can be connected to Iustinian. Against this view, see JUSZTINGER, op. cit., p. 164.

27 FÖLDI, HAMZA, op. cit., p. 516.

28 BENEDEK, F. *Római Magánjog. Dologi és kötelmi jog* [Roman Private Law. Property law and the Law of Obligations]. Pécs: Pécsi Tudományegyetem, 1995, p. 172.

29 FÖLDI, HAMZA, op. cit., p. 516.

Empire.[30] While in the first two centuries of the Principate, the value of Roman coins were relatively stable, in the third century the purchasing power of the Roman coins significantly decreased.[31] It is important to note, however, that this was not an economic crisis in the modern sense. Rather, it can be conceived of as a long and steady stagnation, which coincided with the decline of the Roman Empire. The second century saw the expansion of the Roman Empire come to a halt. This led to a shrinking of market outlets and to a decrease in domestic trade as it was not economical to ship commodities across thousands of kilometres.[32] As conquests became ever more scarce, the need for military supplies also dwindled and so did the number of slaves coming into the empire, causing significant labour shortages. While production did not collapse, it gradually decreased, leading to shortages and inflation across markest.

There are various estimates regarding the actual extent of inflation. During the reign of Gallienus (253–268 AD) the inflation of the *denarius* reached up to 2400%.[33] According to Visky, by the time of Diocletian, inflation reached such heights that contracting partners had to reckon with around 100% inflation between the making of the contract and the payment of the purchase price.[34] Although recent research in economic history has questioned the accuracy of these estimates, it can be nonetheless established that there was significant inflation during this period, which led to an explosive increase in prices. For instance, while in the first and second centuries the lowest price of 1 modius castrensis wheat was around half a *denarius*, Diocletian's Edict on Maximum Prices capped the price of 1 modius castrensis wheat in a hundred *denarius*.[35] This amounts to a 200% increase in the price of wheat over a hundred and fifty years.

30 JUSZTINGER, op. cit., p. 162.
31 JUSZTINGER, op. cit., p. 162.
32 MOLNÁR, I. Gazdasági válság a császárkori Római Birodalomban [Economic Crisis in the Imperial Period of the Roman Empire]. *Acta Universitatis Szegediensis de Attila József nominatae: Acta oeconomica*. 1996, Vol. 1., p. 224.
33 HAMZA, G. *Gazdaság és jog kapcsolata a császárkori római* birodalomban [Relations between Economy and Law in the Imperial Period of the Roman Empire]. *Jogtudományi Közlöny*. 1995, Vol. 9, pp. 411–417.
34 JUSZTINGER, op. cit., p. 152.
35 TERMIN, P. *The Roman Market Economy*. Oxford: Princeton University Press, 2013, p. 77. Available at: http://piketty.pse.ens.fr/files/Temin2013.pdf [cit. 23. 9. 2022].

Initially, the Roman imperial policy tried to tackle inflation through coin debasement by gradually decreasing the silver content of the *denarius*.[36] This led to the depreciation of the currency and to further increase in prices. The calculation of the exact extent of inflation is also made more difficult by the fact that the silver content of the coins were not consistent throughout the period, which means that the value of 100 *denarius* at the beginning of the third century was not the same as the value of 100 *denarius* by the end of the third century. By introducing the *solidus* which contained gold instead of silver, Diocletian was hoping to introduce a coin that would keep its value and would thereby be able to fulfil its function. The *solidus* introduced by Diocletian proved to be successful as it kept its weight and gold content for almost seven centuries.[37]

The other part of the Diocletian reform was his Edict on Maximum Prices which was introduced in the final five years of his reign. While the edicts of the *aedilis curulis* did contain various price-capping regulations, this was the first time in the history of the Roman Empire that a comprehensive pricing system encompassing hundreds of commodities was introduced. The historical significance of the edict cannot be underestimated as there is no other surviving official, private or literary text from the ancient world which contains such a complete list of commodities and prices.[38] The edict centrally regulated the maximum price of hundreds of products and services. Among the commodities regulated were basic food items such as cooking oil, salt, pork and honey.[39] Besides these the edict also determined the maximum daily wage for certain professions such as teachers, clerks, and tailors. Those violating the edict's regulation had to face severe sanctions and ultimately capital punishment. *"Audentia, capitali periculo subiugetur"* – as it reads in the preamble of the edict.[40] On the other hand, the edict did not invalidate the contracts that were in violation of its regulations.[41] Therefore, just like the *Lex Laetoria* from the second century BC, the edict imposed

36 Ibid., p. 88.
37 Ibid., p. 68.
38 JUSZTINGER, op. cit., p. 162.
39 LAUFFER, S. *Diokletians Preisedikt.* Available at: http://www.fh-augsburg.de/~harsch/Chronologia/Lspost04/Diocletianus/dio_ep01.html [cit. 23. 9. 2022].
40 Ibid.
41 JUSZTINGER, op. cit., p. 162.

a *lex minus quam perfecta* type of sanction, ordering punishment for unlawful actions but not actually invalidating the unlawful act itself.[42]

However, inflation could not be controlled even with the threat of capital punishment for unlawful actions. The Diocletian reform was not only unsuccessful, but due to the fact that it did not account for the actual market prices and the economic differences across different regions of the Empire, it had the opposite effect of what it originally intended.[43] This was despite the fact that – contrary to the rules of the *laesio enormis* – it tried to protect the buyer, rather than the seller, against the negative effects of the economic crisis. Instead of consolidating prices, it created supply shortages, black markets, smuggling and economic crimes. By the end of Diocletian's reign, the edict was for all practical purposes ignored and was eventually put out of force.[44] It was not just the social and economic effects of the edict that were negative, but it played a decisive role in the downfall of Diocletian, who was forced to resign in 305 AD.[45]

In summary, we can establish that Diocletian's *Edictum de pretiis rerum venalium* is a negative example of state intervention in the price-setting mechanism of the market, contrary to the rules of the *laesio enormis* which survived the Diocletian reform and through its medieval modifications became an integral part of modern civil law systems.[46] The negative social and economic effects of the edict demonstrate the dangers of state intervention into the contractual relations of private persons when the real economic processes and the actual market prices are ignored. It shows that a badly implemented intervention in the name of justice can overturn an otherwise effective market structure, which can result in the destruction of the market. In the case of Diocletian's edict, we saw how commercial activity repositioned itself outside the bounds of the law, leading to the proliferation of black markets. The failure of the edict also illustrates that purchase price can only fulfil its function as the essential element of sales contracts, if the law

42 FÖLDI, HAMZA, op. cit., p. 79.
43 JUSZTINGER, op. cit., p. 162.
44 JUSZTINGER, op. cit., p. 162.
45 Ibid., p. 162.
46 FÖLDI, HAMZA, op. cit., p. 79.

provides adequate freedom for the parties to determine the price.[47] In the case of the *laesio enormis*, the partial limitation of the free negotiation process still left adequate room for the contracting parties to agree on a price that was above half of the actual market value. By contrast, the edict almost eliminated the freedom of the contracting parties by setting price caps that were below the actual market value of the products in some cases. This shows that only mutual negotiation processes protected by sufficient legal guarantees can effectuate prices which are acceptable to both parties and by this serves their interest to enter into a contract.[48]

5 The Comparison of the Pricestop Introduced by the Hungarian Government and Diocletian's

In 2021 and 2022, when the Government of Hungary decided to regulate the price of several goods essential to the population, it opted for the same form of crisis management as Diocletian did 1720 years before. In November 2021, the government capped the maximum retail price of the E10 petrol and diesel fuel at 480 Hungarian forints (HUF) per litre.[49] And in February 2022, the government also set the maximum retail price for the following essential food items: granulated sugar, wheat flour, refined sunflower oil, domestic pork thigh, chicken breast, chicken back, and 2,8% fat UHT milk. For these products the retail prices were capped at the gross retail prices effective on the 15 October 2021.[50] While the price caps were originally meant to be in force until the end of the state of emergency declared by the Act I of 2021 on the Containment of the Coronavirus Pandemic (31 May 2022),[51] they remained in force as the state of emergency was extended until the end of 2022 due to the armed conflict and humanitarian catastrophe in Ukraine.[52]

The Hungarian government decrees introducing the price caps show a great deal of similarity to the edict of Diocletian with respect to their root causes,

47 JUSZTINGER, op. cit., p. 162.
48 Ibid., p. 163.
49 Government decree No. 624/2021. (XI.11.) 1. §. (1).
50 Ibid, 1. § (2).
51 Government decree No. 624/2021. (XI. 11.) 3. §. (1).
52 Government decree No. 180/2022. (V. 24.).

their policy aims, their technical solutions, and the sanctions they impose on those breaching the law. Regarding the policy aims, their goal is likewise to tackle the problem of increasing prices resulting from the inflationary processes in the economy. The causes that triggered these inflationary pressures were the coronavirus pandemic and the escalating Russio-Ukranian conflict which have led to an increase in energy prices and supply shortages that have greatly affected Hungarian markets. Contrary to Diocletian who had to deal with an almost 100% inflation, the Government of Hungary only has to tackle around a 15% annual inflation, which is still the biggest inflation that the country has experienced in the last fifteen years.[53]

The task of the Hungarian government is easier in the sense that while Diocletian had to introduce a comprehensive price system encompassing hundreds products in order to maintain a completely depreciated currency, the value of the HUF is relatively stable and the regulations only concern a very narrow albeit essential range of goods. It must be noted that the fuel-pricestop and the food-pricestop only costitute a part of the government's crisis-management efforts to maintain civilian consumption. Other measures include the freezing of mortgage interest rates, and the utility price cuts which are upheld despite the increasing energy prices.[54] Interestingly, in the latter case the difference between the discounted utility prices that civilian consumers have to pay and the world market prices are borne by the Hungarian State, so in the case of gas heating and electricity the government can only influence the effect on the consumers but not the actual market prices. However, contrary to the aforementioned commodities, these services do not fall under the scope of the Act LXXXVI of 1990 on Pricing (henceforth: the Price Act),[55] so they do not constitute the subject of our discussion.

Contrary to the edict of Diocletian, the decrees introducing the fuel-pricestop and the food-pricestop do not directly determine

53 Hungary inflation rate. *Trading Economics* [online]. Available at: https://tradingeconomics.com/hungary/inflation-cpi [cit. 23. 9. 2022].

54 Orbán: Hungary must maintain utility prices. *Budapest Times* [online]. Available at: https://www.budapesttimes.hu/hungary/orban-hungary-must-maintain-utility-price-cuts/ [cit. 23. 9. 2022].

55 Act LXXXVI of 1990.

the price cap of the aformentioned products. Instead, they expand on the list of commodities enumerated in the schedule of the Price Act.[56] The Price Act was passed by the National Assembly in December 1990, not long after the democratic transition of Hungary had taken place and the country had shifted from the socialist planned economy to free-market capitalism.[57] This Act contains the basic principles of price regulation and the limits of government intervention into the price-setting mechanism of the market. The Act has been modified many times in the past thirty-one years, and while its schedule has always contained various commodities, the list of products only gained wider attention from the public when the Government of Hungary decided to cap the prices of certain products during the state of emergency.

The Price Act was introduced to enforce the market mechanisms outlined in the first section of this paper. Consequently, the Act reserved the possibility of price regulation to instances when those market mechanisms would be impaired for some reason; namely, if an agent using its economic dominance would abuse its monopoly power. The Preamble of the Act reads as follows: *"The main regulator of prices is the market and the economic competition. Direct government intervention into prices is only vindicated where the provisions contained in the act on the prohibition of unfair market practices are insufficient to prevent harmful restriction on competition and the abuse of economic dominance."*[58] The Preamble clearly states that price regulation is a measure against monopolies that abuse their market position. From this follows that according to the Price Act, the purpose of centrally determined prices is to restore the distorted market relations, which aligns with the principles of neoclassical economics outlined in section one of this paper.

However, the government decrees that introduced new commodities into the schedule of the Price Act were not created to restore market mechanisms. Instead, they were made to protect against the harmful effects of the market, and to control or at least to mitigate the inflation that arose in the economy. The decree introducing the food-pricestop states

56 See Government decree No. 624/2021. (XI. 11.) 3. § (1).; as well as Government decree No. 6/2022. (I. 14.) 1. § (1).

57 HORVÁTH, op cit.

58 Act LXXXVII of 1990.

that the decree expands the list of regulated commodities in the schedule of the Price Act *"in order to prevent against the harmful effects of market disorders."*[59] So the government decrees practically provide content to an Act that was made in very different historical circumstances and according to its preamble with a very different goal in mind than it is currently being used for. The original purpose of the Act was to guarantee the functioning of market mechanisms. Thirty-one years later the government has decided to use it to combat the negative effects of the free market.

Of course, using an act for the opposite purpose than it was originally intended for does not mean that such an application of the act was somehow unlawful. Indeed, from the perspective of legislature, the aforementioned government decrees are perfectly legitimate. Unusual situations call for unusual solutions. In the current situation, it is necessary for the government to intervene into the market processes so that essential items remain affordable to the wider population. And currently this can be achieved with an act that was created thirty-one years ago to protect market relations from getting distorted. However, the market regulated prices such that intervention into its price-setting mechanism became necessary in order to maintain consumption levels in the population.

Finally, the decrees are similar to the Diocletian edict also with respect to the sanctions that they impose on those breaching their regulations. In the case of fuel prices, if someone goes above the 480 HUF/litre price cap, the National Tax and Customs Office (NAV) will issue a fine ranging from 100 000 HUF to 3 000 000 HUF.[60] The same fine in the case of the food items range from 50 000 HUF to 3 000 000 HUF, issued by the general consumer protection authority.[61] If the offence is repeated, in both cases the competent authority can temporarily (between one to six months) suspend the operations of the retailer.[62]

59 Government decree No. 6/2022. (I. 14.) 1. § (1).
60 Government decree No. 626/2021. (XI. 13.) 3. §. (2). a).
61 Government decree No. 6/2022. (I. 14.) 3. § (2) a).
62 Government decree No. 626/2021. (XI. 13.) 3. §. (2). b); also Government decree No. 6/2022. (I. 14.) 3. § (2) b).

6 Conclusion

In summary, we can deduce that the Diocletian Edict on Maximum Prices and the Hungarian government decrees introducing price caps are very similar, both in their root causes, their legal policy aims, their technical solutions, as well as in the sanctions that they impose on those breaching the law. Diocletian's edict could not solve the problem of increasing prices in the third-century Roman Empire. The long-term economic and social effects of the government decrees are unknown, and as the pricestop measures are still in force, we are not in the position to establish whether they can successfully keep prices from rising in the long run. Since maintaining the pricestop puts an increasing burden on public finances, it is likely that the Government of Hungary will soon be forced to put an end to the pricestop measures. There is no doubt that as inflation keeps rising in the global economy the government will not be able to prevent it from trickling down into the domestic economy. Hopefully, through a gradual and well-timed lifting of the price regulations, the Government of Hungary may be able to slow down the inflationary processes until the global economy resets and the world market prices normalise, and in this way achieves greater success than Diocletian did in his day.

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