

INTRODUCTION

This is a quarterly newsletter presenting recently completed projects and updates of ongoing research activity as well as highlights of publications, workshops, seminars and conference presentations.

In this issue:

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PROJECT UPDATES

Forms of spatial (in)justice in Europe



The RELOCAL (*Resituating the local in cohesion and territorial development*) H2020 project seeks to uncover the current state of social and spatial inequalities in Europe in general and in 12 countries in particular. The research process takes a qualitative approach based on interviews with stakeholders from different territorial and policy levels and provides case studies focusing on a particular policy tool ("action") that addresses spatial (in)justice, and investigates the ways of implementation and effectiveness of these policy tools. By September this year, 18 of the Case Study Reports have been prepared as 'full drafts' to be circulated and reviewed within the project partnership. The **RELOCAL Working Paper Series 2** offers summaries of these to a wider interested audience. The consortium held a meeting on the 9th – 10th of October in Budapest where the 18 Case Studies were discussed and among others the two Hungarian case studies were reviewed and evaluated positively.

Resituating the local in cohesion and territorial development (2016-2020) supported by the EU Horizon 2020 programme, see list of project participants [here](#)



Fifty shades of green



It is a widely-observed phenomenon that the benefits of some apparently environmentally friendly solutions are much smaller than predicted. The recently published paper of **Andrea Szalavetz** is to provide explanation by applying a systematic review of papers belonging to the 'business and environment' and 'environmental science and technology' literatures. To learn more about the five key concepts accounting for the pitfalls associated with environmental sustainability-oriented (ESO) interventions **read the article**.

The greening of global value chains – implications for Hungarian manufacturing companies (2016–2018) supported by the National Scientific Research Fund, Hungary



Chinese and other East Asian foreign direct investment in Central and Eastern Europe



In recent years growing concern and regulatory restrictions relating to Chinese investors have been seen across the globe, especially among developed economies, based on both national security and economic grounds. **Ágnes Szunomár** (*Institute of World Economics, CERS*) and **Agnieszka McCaleb** (*Warsaw School of Economics*) investigate in their recent study the changing motives, location choices as well as employment

generation and human resources management approaches of Chinese multinational corporations in two host economies of CEE, namely Hungary and Poland, which have attracted the lion share of China's investment in CEE. They also compare Chinese MNCs with Japanese and South Korean MNCs that arrived in CEE much earlier as of the early 1990s. [Read the article](#)

Non-European Emerging-market Multinational Enterprises in East Central Europe (2016–2020) supported by the National Scientific Research Fund, Hungary

Airbnb in Budapest



Gábor Dudás (*Institute of Regional Studies*) and his co-authors analysed the impact of peer-to-peer online platform *Airbnb's* spatial patterns in Budapest and its impact on hotel room rates, in their study from 2016. According to the results, the spatial distribution of the accommodations shows a clear concentration in the inner districts of Budapest regarding both Airbnb and hotel supply. This concentration shows great similarity with the spatial patterns of other European cities, as for example London

(Quattrone et al., 2016) or Barcelona (Gutiérrez et al., 2016), and shows clear differences from that of the North American cities. [Read the article](#)

Where rivers connect – not divide



The cross border area alongside the Hungarian-Croatian border also called the „**Amazon of Europe**“ is ecologically the most unified, organic and continuous river-system with green-belt. As the authors of a recently published volume, **Renewable energy sources and energy efficiency for rural areas** claim, the area has a great potential of renewable energy sources, especially of sun, geothermal and biomass energy in rural areas that can be used for power and heat generation. This volume summarises the results of an [EU funded research project](#) conducted by two Hungarian and one Croatian partners. From this multidisciplinary volume we can learn about the environmental attitudes of habitants in the cross border area, they introduce a potential municipal decision support IT tool, they call examples of good practices and describe recent technologies and conceptual backgrounds. The volume is aimed to attract environmental experts as well as enthusiastic green thinkers. [Read the volume](#)

Renewable energy sources and energy efficiency for rural areas (2014–2020), Interreg V–A Hungary–Croatia Co-operation Programme, Partners: Josip Juraj Strossmayer University of Osijek, FERIT and Kaposvár University

In which professions does gender really matter in Hungary when it comes to wages?



According to the [OECD database](#) the gender wage gap has a decreasing trend in Hungary, and it is one of the smallest within the OECD countries. Results of an analyses suggest that the vanishing of the overall pay gap in Hungary is partly due to the fact that in higher skilled jobs the occupational pay gap is not so important, whereas it obscures the fact that in lower paid unskilled jobs it is still very much extant. **János Vince** and **Olga Takács** (*Institute of Economics*) reveal in their paper that gender has the most clearly distinguishable role in occupations requiring the least education. The broader categories include “*Craft and Related Trades Workers*”, “*Plant and Machine Operators and Assemblers*” as well as “*Elementary Occupations*”. [Read the paper](#)

PUBLICATION HIGHLIGHTS

Bisztray Márta – Koren Miklós – Szeidl Ádám: **Learning to import from your peers**. *Journal of International Economics*, Vol. 115. 2018. November pp. 242–258.



We use firm-level data from Hungary to estimate knowledge spillovers in importing through fine spatial and managerial networks. By identifying from variation in peers' import experience across source countries, by comparing the spillover from neighboring buildings with a cross-street placebo, and by exploiting plausibly exogenous firm moves, we obtain credible estimates and establish three results. (1) There are significant knowledge spillovers in both spatial and managerial networks. Having a peer which has imported from a particular country more than doubles the probability of starting to import from that country, but the effect quickly decays with distance. (2) Spillovers are heterogeneous: they are stronger when firms or peers are larger or more productive, and exhibit complementarities in firm and peer productivity. (3) The model-implied social multiplier is highly skewed, implying that targeting an import-encouragement policy to firms with many and productive neighbors can make it 26% more effective. These results highlight the benefit of firm clusters in facilitating the diffusion of business practices. [Read the article](#)

Bodor Ákos – Grünhut Zoltán – Horeczki Réka: **Considering the Linkage Between the Theory of Trust and Classical Rural Sociology's Concepts**. *European Countryside*, Vol. 10. No. 3. 2018. pp. 482–497.

The paper presents a multi-theoretical argument by linking the mid-range concepts of risk and trust to some core, classical approaches of rural sociology. The main assumption is that risk and trust, two essential features of social interactions in late modernity are influenced by the rural and urban forms of coexistence. Based on the typological grand theories of early rural sociology, countryside-like milieu reduces risks, and by this, supports the individual abilities of showing trust. The paper analyzes this assumption on European countries' data through a quantitative empirical inquiry. The findings do not strengthen the basic hypothesis which conclusion suggests that the classical typological approach of rural sociology should be seen through a critical lens – just as the new theoretical interpretations from the field recommend it. [Read the article](#)



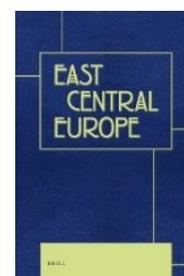
Gál Zoltán – Kovács Sándor Zsolt: **Corporate Governance and Local Embeddedness of the Hungarian Cooperative Banking Sector.** *Bezpieczny Bank* (Safe Bank Journal), Vol. 71. No. 2. 2018. pp 30–54.



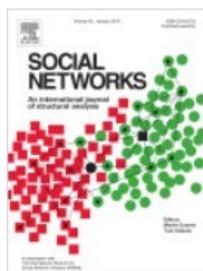
Traditional cooperative banks are considered as locally and socially embedded landing to local clients from locally collected deposits and financing the local economy. To offset their disadvantage due to their insufficient size, they exploit the information advantage deriving from their geographical proximity to their clients and the advantages of their peculiar corporate governance deriving from the member ownership. This paper examines the relevant theories on cooperative finance, while examining the underlying geographical and corporate governance aspect in a less advanced transition economy environment. [Read the paper](#)

Gerőcs Tamás – Pinkasz András: **Conflicting interests in the Comecon integration: state socialist debates on East-West-South relations.** *East Central Europe* Vol. 45. No. 2–3. 2018. p. 336–365.

In our analysis of Comecon's role in the capitalist world system, we gauge its member nations' joint and individual opportunities to take advantage of global processes of modernization and describe the systemic contradictions that hampered their efforts to integrate themselves into a common market. We examine the developmental history of the Comecon countries through the lens of semiperipheral dependent development, that is, from the perspective that these countries' relative positions in the international division of labor limited their access to advanced technology and external financing. [Read more](#)



Lőrincz László – Koltai Júlia – Győr Anna Fruzsina – Takács Károly: **Collapse of an online social network: burning social capital to create it?** *Social Networks* Vol. 57. 2019. p. 43–53.



The last decade has shown that sometimes even the largest online social networks (OSNs) collapse. Significant cascading mechanisms have been identified in the pattern of abandoning the OSN iWiW (the first Hungarian OSN - Ed.) at its peak of popularity and after. We set out to examine the key actors who were the first to leave their networks by contrasting explanations based on the structural position of users in the network. Using heterogeneous choice models, we found that a higher number of connections as well as less clustered ego-networks hindered early abandonment while early adoption was only a secondary factor. [Read the paper](#)

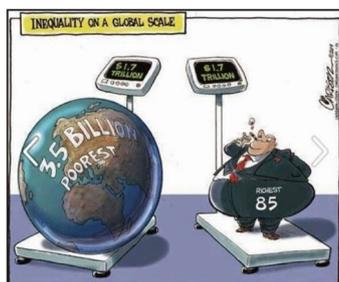
Semjén András – Le, Marcell – Hermann Zoltán: **The Goals and Consequences of the Centralization of Public Education in Hungary.** *Acta Educationis Generalis* Vol. 8. No. 3. 2018. p. 9–34.

A robust process of centralization in education administration and school finance has taken place in Hungary in the course of the present decade. The governance, control, and funding of schools has been taken from local government by the state, and the autonomy of headmasters and teachers has diminished. However, neither the objectives of, nor the motives behind this centralization seem to be completely clear. This paper aims to contribute to the clarification of these objectives and motives, and explores whether the reform has been successful in achieving its declared objectives. [Read the paper](#)



RECENT CONFERENCE PRESENTATIONS

Henk Overbeek: **Inequality, power and rule of capital - Reflections on the state of the global political economy** (Keynote presentation)



Henk Overbeek (*VU Amsterdam, Faculty of Social Sciences*) reviewed in his keynote speech some of the highlights in the 'inequality' debate of the past years re-activated among others by the publication of Piketty's major study *Capital in the 21st Century*. He introduced that the so-called Amsterdam School on comprehensive concepts of control, which he applies to a discussion of neoliberalism. Read the **text of the presentation** See the **slides of the presentation**

4th The Role of State in Varieties of Capitalism (SVOC) Uneven Development, Inequalities and the State, 29–30 November, Budapest (Hungary) Program

Balázs Reizer: **Wage structure, Employment and Efficiency**

Using a unique, linked employer-employee database from Hungary, he documents several new facts about the relationship between wage structure and firm's performance. First, firms providing flexible wage elements are larger, more productive, and they have less volatile revenue than firms that do not. Second, firms adjust these extra components more to firm-level revenue shocks. Third, the employment responses to revenue shocks are the same at firms with and without flexible wages. These empirical findings hold for the Great Recession and if the firm revenue is instrumented with change in product demand. The empirical results suggest that flexible wage components have moderate effect on employment, and can be explained by incorporating incentive contracting into a standard wage posting model. **View full paper**



Asian and Australian Society of Labour Economics Conference 2018, 13-15 December Seoul, South Korea

UPCOMING EVENTS

Economics with policy – International seminar series (Budapest)

24 January 14.00-16.00 Budapest,

Hansjörg Herr (Berlin School of Economics and Law, FMM Fellow and Berlin Institute for International Political Economy):

Underdevelopment and unregulated markets: why free markets do not lead to catching-up



Save the date:

9-10 May Pécs, **New Challenges of Decentralisation** workshop of the International Geographical Union, the Commission on Geography of Governance HAS Centre for Economic and Regional Studies and the Institute for Regional Studies



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