

## INTRODUCTION

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

### In this issue:

Project updates

Publication highlights

Conference presentations

Upcoming events

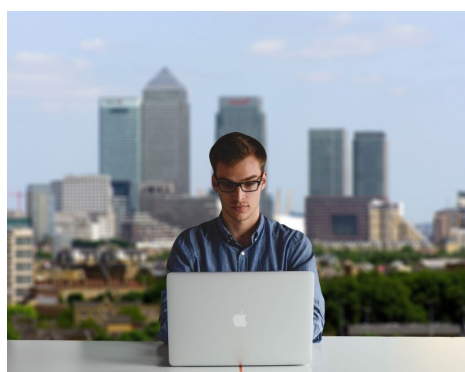
## PROJECT UPDATES



### Business disruptions from social distancing

**Miklós Koren** (*Institute of Economics, IE*) and **Rita Pető** (*IE*) investigated which of the US businesses relies most on face to face human interactions either during production or providing services, therefore being more prone to the economic harms of social distancing measures. They find that 49 million workers rely heavily on face-to-face communication or require close physical proximity to other workers. Their model suggests that when businesses are forced to reduce worker

contacts by half, they need a 12% wage subsidy to compensate for the disruption in communication. [Read more](#)



### Startups in the shadow of the coronavirus

Although startups hold great hopes for the future, they might possibly become the first victims of the current crisis. Similarly to other areas of the economy, they need government aid to survive; however, replacing market considerations with state bureaucracy should be avoided here as well. The methods introduced in Western Europe also point in this direction.

**Karsai Judit** (*IE*) reflects on the long term survival prospects of start-ups in light of the crisis behaviour patterns of venture capital industry. [Read more](#)

**„New tendencies in the development of business incubation institutions in Central and Eastern Europe“** supported by the National Research Development and Innovation Fund, Hungary.





### Healthcare spending inequality: evidence from Hungary

Using administrative data on a random 50% of the Hungarian population, including individual-level information on incomes, healthcare spending, and mortality for the 2003–2011 period, **Anikó Bíró** (*IE*) and **Dániel Prinz** (*Harvard University*) developed new evidence on the distribution of healthcare spending and mortality in Hungary. They documented four patterns and argue these patterns suggest that individuals with higher labor income are in better health conditions but still consume more healthcare because of their

better access to services. [Read more](#)

**Health and population** – Momentum Grant of the Hungarian Academy of Sciences, July 2018 – June 2023



### Central and South-eastern European metropolises

Despite the existence of a vast amount of literature on the post-socialist transition processes, there is a relative scarcity of international comparative studies on Central and Southeast European metropolises. The research of **Szilárd Rácz** (*Institute of Regional Studies, IRS*) seeks to explore FDI-driven transformation and development processes in Central and Southeast European regional centres in the post-transition period. A recently published article provides a brief summary of the first phase of the research constituted by literature review. [Read more](#)

Supported by the ÚNKP-18-4 New National Excellence Program of the Ministry of Human Capacities (Bolyai+ scholarship) Hungary



### Local solutions for housing challenges

The share of home-ownership in Hungary stands at a remarkable 90% which increasingly limits social mobility. Housing deprivation is the highest in Hungary in comparison with other Visegrád countries (Czechia, Poland, Slovakia). Although Hungarian local governments have limited financial means to implement progressive housing policies, they could still play a crucial role in alleviation of the effects of the current housing crisis on a local level. The study of **Márton Czirfusz** (*IRS*) summarises the room for manoeuvre at

Hungarian local governments' hand for putting forward progressive housing policies under the current national legislative framework. [Read more](#)



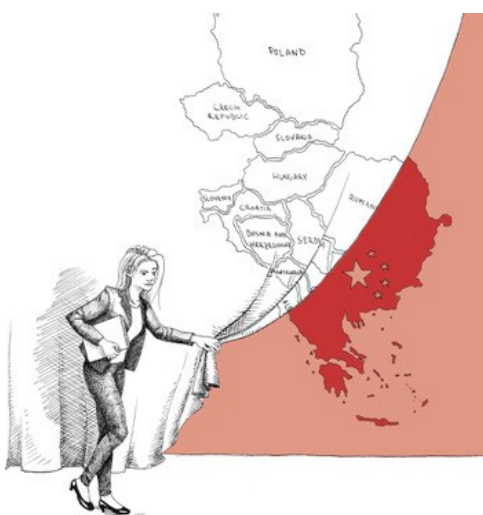


### Spatial inequalities in Hungary

The EU funded research collaboration RELOCAL (Resituating the local in cohesion and territorial development) seeks to uncover the current state of social and spatial inequalities in Europe in general and in 12 countries in particular. The research team of the Institute for Regional Studies - **Csaba Jelinek, Judit Keller, Katalin Kovács** - presented the Hungarian country report providing insight into diverse examples of development and their broader contexts. Two of the case studies (György-telep, Encs) explore interventions aiming the inclusion of people condemned to social and

spatial marginality; one in an urban, the other in a rural context. The other two case studies represent ordinary rural areas facing „average” challenges and opportunities (Balaton Uplands LEADER LAG and the Producer Organisation of Szentés). [Read more](#)

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

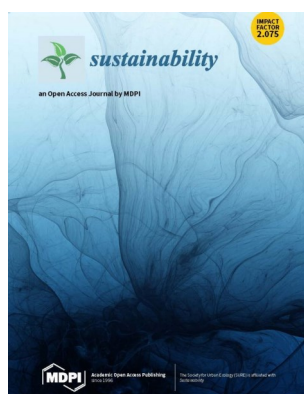


### China's growing footprint in Central Eastern Europe

Relations between China and Central and Eastern Europe are growing, encompassing political, economic and societal domains. The China-led 17+1 cooperation platform, despite the standard claim of lacking substance, are in fact loaded with actions. A recent policy study authored by **Ágnes Szunomár** (*Institute of World Economics, IWE*) and nine other Eastern European experts evaluates the roll and success of the platform. They paint a broad picture of the areas of interaction in different countries shading lights on several hidden facts about Chinese FDI's which are modest and concentrated in a few countries (Hungary, Czechia and Poland) with almost no opportunity for other countries to receive sizable amounts of investment. [Read more](#)

## PUBLICATION HIGHLIGHTS

**Baráth Lajos – Fertő Imre – Hockmann, Heinrich: Technological differences, theoretical consistency, and technical efficiency : the case of Hungarian crop-producing farms. Sustainability** Vol. 12. No. 3. 2020. Paper 1147.



Effective agricultural policymaking requires the accurate estimation of the production technology and efficiency of farms. However, several methodological issues should be considered when modelling production and estimating technical efficiency. In this paper, we focus on two of these—technological heterogeneity and theoretical consistency—as implied in microeconomic theory. Our findings show that heterogeneity has a greater effect on variation in output than technical efficiency; furthermore, the violation of theoretical consistency significantly influences the results. These findings also reveal that the explanatory power of regional natural and economic conditions is significant but not sufficient on the variance of estimated unobserved heterogeneity. [Read more](#)



Csáfordi Zsolt – Lőrincz László – Lengyel Balázs – Kiss Károly Miklós: **Productivity spillovers through labor flows: productivity gap, multinational experience and industry relatedness.** *Journal of Technology Transfer* Vol. 45. 2020. pp. 86–121.

Labor flows are important channels for knowledge spillovers between firms; yet competing arguments provide different explanations for this mechanism. In this paper, we aim to disentangle the effects of productivity gap, multinational experience and industry relatedness in a common framework. Hungarian employee–employer linked panel data from 2003–2011 imply that the incoming labor from more productive firms is associated with increasing future productivity. The impact of multinational spillovers cannot be confirmed, once productivity differences between the firms are taken into account. Furthermore, we find that flows from related industries outperform the effect of flows from same and unrelated industries even if we control for the effects of productivity gap and multinational spillovers. [Read more](#)



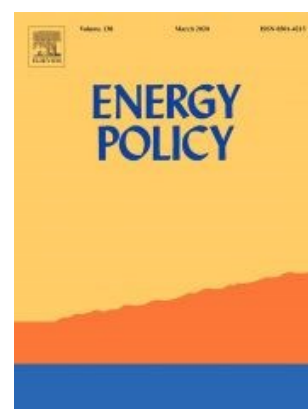
Lénárd Tünde – Horn Dániel – Kiss Hubert János: **Does politicizing 'gender' influence the possibility of conducting academic research? Evidence from a randomized controlled trial.** *Economics Letters* Vol. 189. 2020. Paper 109022.



We detect a significant negative effect of mentioning 'gender' as a research topic on conducting academic research in Hungary. Using a randomized information treatment involving a comprehensive sample of Hungarian education providers we find that they are less willing to cooperate in a gender-related future research compared to a research without this specification. Our results also indicate that this negative sentiment is clearly against gender and not against any topic covering social inequalities in general. [Read more](#)

Szabó John – Fabók Márton: **Infrastructures and state-building: comparing the energy politics of the European Commission with the governments of Hungary and Poland.** *Energy Policy* Vol. 138. 2020. Paper 111253.

Energy is the lifeblood of a state's economy, which leads energy infrastructures to form intricate relations with state-building. We assess how state-building and energy infrastructures are intertwined and shape one-another. To explore this nexus, we have developed a novel framework that traces the ideology, the political economy, and the technopolitics in this relation. Through case studies focusing on the actions of the European Commission alongside those of the self-proclaimed illiberal governments of Hungary and Poland, we convey the variegated approaches embodied in the state-building – energy infrastructure relation. [Read more](#)



Komlósi Éva – [Páger Balázs](#) – Márkus Gábor: **Entrepreneurial Innovations in Countries at Different Stages of Development**. *Foresight and STI Governance* Vol. 13. No. 4. 2019 p. 23–34.



The aim of our paper is to provide a comprehensive picture of the role of innovation within the entrepreneurial ecosystem in certain countries. In this way, we propose the following research question as to what kind of interrelatedness can be observed between the innovation capability of a country and other elements of its entrepreneurial ecosystem. Ninety-five countries have been involved in our analysis, which initially have been grouped by their level of economic development and a group of transition countries has been created as well. In order to measure these relations, the Global Entrepreneurship Index (GEI) was applied. This index measures the qualitative aspects of the entrepreneurial ecosystem in a national context. The index consists of fourteen pillars covering the relevant aspects of the entrepreneurial ecosystem. [Read more](#)

[More recent publications >>>](#)

## CONFERENCE PRESENTATIONS

**5th Geography of Innovation Conference, Stavanger, Norway, 29–31 January, 2020**

### **Czaller László: Automation and cities**

Automation risk has been shown among urban areas with different size but less is known about what drives the observed differences. Since automation risk is usually measured with the level of occupations, it reflects various socio economic factors that determine local occupational structure. In this paper we analyse the extent to which cities affect automation risk differences. To identify the pure effect of working in the city, we use administrative data on a panel of Swedish workers from 2005 to 2013 and find that working in any of the largest metropolitan areas of Sweden increases the chance of having a job attributed with low automation risk. Separate estimates for different education groups reveals that the dynamic effect of additional years of urban experience matters for high-skilled workers only, while the one off static effect of moving favours low-skilled workers.



### **Juhász Sándor: Explaining dynamics of relatedness: the role of co-location, complexity and collaboration**

Relatedness has become a key concept for studying diversification of firms, regions, and countries. However, studies tend to treat relatedness between activities as being time-invariant and consider its evolution as exogenously given. This study argues that relatedness is inherently dynamic and endogenous to technological and economic developments. Using patent data, we test empirically the extent to which relatedness between technologies in Europe has been shaped by co-location, complexity and collaboration during the period 1980–2010. Our results show that co-location and complexity of technologies influence the emergence and increase of relatedness over time. Moreover, we show that collaboration between inventors mediates these effects.



**Editor:** Zsuzsa Balabán

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