



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.

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PROJECT UPDATES



The Hungarian Labour Market, 2020.

The *Institute of Economics (IE)* launched the latest edition of the yearbook series "The Hungarian Labour Market" in June. In this year's "In Focus" chapter, editors have focused on the relationship between health and the labour market. Special attention was paid to the labour market effects in Hungary during the first wave of the Covid-19 pandemic. All tables in the book are available for download in excel

format. The analyses are based to a large extent on longitudinal databases of the KRTK Data Bank. All those who are interested in empirical research utilizing our databases in health economics, labour economics, business economics in Hungary are invited to visit the [website of the Data Bank](#) and explore the research collaboration opportunities available there. [Read more](#)



Labour Marker Yearbooks project, supported by the Eötvös Loránds Research Network.

Future of Teaching

Institute for Regional Studies (IRS) contributes to the "FutureAbility: Digital and transversal skills for online teachers" **Erasmus+** project, that will draw on the experience of university teachers during the Corona pandemic to develop training and resources for educators in teaching online in a participatory and engaging way. FutureAbility brings together Universities, Research Centres and Cultural Enterprises working with Visual Methods and Digital Learning tools willing to investigate, produce and share Open Educational Resources (OER) and make online teaching more attractive and accessible, in reference to the European Frameworks of DigCompEdu and LifeComp. The project is implemented together with the **Sapienza Università di Roma** and **Melting Pro** (Italy), the **Loughborough University** and **DigiTales Ltd.** (the UK), **ReadLab** and the **Πανεπιστήμιο Πατρών University of Patras** (Greece), the Cape Peninsula University of Technology (CPUT) (S. Africa), the **Linnéuniversitetet** (Sweden). [Read more](#)



Future Ability: Digital and transversal skills for online teachers, Erasmus+ project, June 2021–May 2023





Taxes on unhealthy food and drinks

Unhealthy food and drink taxes have been implemented or are considered as a potential policy in several countries around the world. The general aims of such taxes are to improve population health and generate public revenues at the same time. Hungary is a leading country in the application of such taxes. **Anikó Biró** (IE) analyze in her recent article in *Agricultural Economics* how this tax affected the revenue, sales volume, personnel costs, and size of sweet food producers. She also compares these results to estimated effects on household spending on sugary food. [Read more](#)

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

1918-1925 Hungary's collapse and reorganisation

The First World War caused very deep and fundamental changes in Central and Eastern Europe. The biggest loser of the war was the Austro-Hungarian Monarchy, which started the war with its declaration of war, and which was abolished according to the interests of the great powers. The Kingdom of Hungary as one of its parts was dissolved in the framework of Trianon Peace Treaty. The new Hungary could retain only 28,6% of the former territory and 36,5% of its former population. **Zoltán Hajdú** (IRS) walks through Hungary's spatial collapse and reorganisation between 1918-1925 in his recent study in the **2020 Volume of Eastern Studies** of the Institute of International Studies at the University of Wrocław. [Read more](#)



Geopolitical Processes and Imaginaries in Central Europe: States, Borders, Integration and Regional Development, National Research Development and Innovation Fund of Hungary

Diverse effect of place-based approach



The place-based approach has been the guiding principle of EU policies for a decade. Building on the idea that place matters, the place-based narrative aims to promote local development and spatial justice through the utilization of local potentials and deliberative policy decisions. **Judit Keller** and **Tünde Virág** (IRS) in *European Planning Studies* introduce three selected cases (Rotterdam, NL; György-telep, HU; Pata Cluj, Romania) across Europe that are all marginalized urban communities whose vulnerable developmental position was tackled through hybrid action,

mixing community-driven, bottom-up initiatives with externally- (state) driven, top-down actions. [Read more](#)

'Resituating the local in cohesion and territorial development (RELOCAL)' (2016-2020)
supported by EU Horizon 2020





Anatomy of the illiberal model of state capitalism

Judit Ricz (Institute of World Economics, IWE) in her recent article in *International Journal of Public Administration* aims to conceptualize the contemporary illiberal model of state capitalism with the main focus on emerging economies. State capitalism is understood in a broad sense, as a multifaceted institutional construct, in which increased state interventionism is a steady feature, materializing in diverse forms. It is a first attempt to

theorize and systematize the recent version of state capitalism along the Kornai's system paradigm framework in a deductive-positivist way. [Read more](#)

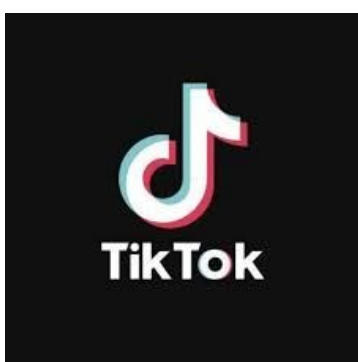
„From developmental states to new protectionism: changing repertoire of state interventions to promote development in an unfolding new world order” supported by the National Research, Development and Innovation Office of Hungary.

Farm diversification in the first wave of Coronavirus

Zsófia Benedek, Imre Fertő and **Zoltán Bakucs** (IE) and their co-authors explored in a recent study in *Plos One* to what extent product and marketing channel diversification contributed to the economic success of small agricultural producers after the outbreak of the COVID-19 pandemic. A survey was conducted between April and July 2020 in four countries of the EU with very different characteristics: Estonia, Hungary, Portugal and Romania. The results show that approximately 19 percent of small-scale producers were able to increase sales during the first wave of the pandemic, although country-level variation was significant. Fruits and vegetables were by far the most popular products. The importance of specific channels varied across countries, but farm gate sales were among the most important marketing channels both before and during the first wave. [Read more](#)



Impacts of climate change on Hungarian agriculture: a complex view and Embodied leadership improving supply chain performance and relationships in the agribusiness sector researches supported by the Hungarian National Research, Development and Innovation Fund



China's Mergers & Acquisitions Activity in the United States –The Case of TikTok

One of the protagonists of globalization in the past decade has been China. Its economic and financial footprint has deepened across the globe, and its companies are active in all industries, with few countries left untouched by such interest. A key instrument in this expansion are mergers and acquisitions (M&A) projects pursued by Chinese companies, many of which are focused on technologically advanced, and thus politically sensitive, businesses in Western countries. **Tamás Peragovics**

(IWE) discusses Chinese M&A activities in the US focusing on the political obstacles and regulatory difficulties they encounter. [Read more](#)

China's mergers & acquisitions activity in the US and the EU after the 2008 global financial crisis, Individual research project



PUBLICATION HIGHLIGHTS



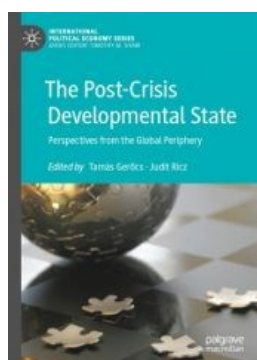
Baksa Dániel, Kónya István: **Convergence stories of post-socialist Central-Eastern European countries.** *Manchester School* Vol. 89. No. 3. 2021. pp. 239-258.

This paper views the growth and convergence process of five Central-Eastern European economies between 1996 and 2019—the Czech Republic, Hungary, Poland, Slovenia and Slovakia—through the lens of an open economy, stochastic neoclassical growth model with simple financial frictions. Our main question is whether shocks to the growth rate of productivity ('trend') or shocks to the external interest premium are more important to understand the volatility of GDP growth and its components. We find that while GDP growth fluctuations can be traced back to productivity shocks, the composition of GDP — and consumption in particular — was driven particularly by premium shocks. Investment-specific and labor market shocks are also important. Our panel estimation allows us to

separate global and local components for the productivity-trend and interest premium shocks. Results indicate that the global trend component is well approximated by the growth rate of the advanced European Union economies, and we also find tentative evidence that recent investment behavior is driven to a large extent by European Union funds. [Read more](#)

Biró Péter, Gudmundsson Jens: **Complexity of finding Pareto-efficient allocations of highest welfare.** *European Journal of Operational Research* Vol. 291 No. 2. 2021. pp. 614-628.

We allocate objects to agents as exemplified primarily by school choice. Welfare judgments of the object-allocating agency are encoded as edge weights in the acceptability graph. The welfare of an allocation is the sum of its edge weights. We introduce the *constrained welfare-maximizing solution*, which is the allocation of highest welfare among the Pareto-efficient allocations. We identify conditions under which this solution is easily determined from a computational point of view. For the unrestricted case, we formulate an integer program and find this to be viable in practice as it quickly solves a real-world instance of kindergarten allocation and large-scale simulated instances. Incentives to report preferences truthfully are discussed briefly. [Read more](#)



Gerőcs Tamás, Ricz Judit (eds.): **The post-crisis developmental state : perspectives from the global periphery.** Cham : Palgrave Macmillan, 2021. 343 p.

The aim of this volume is to contribute to the debates around contemporary state capitalist varieties, by focusing and extending the developmental state (DS) approach based on the experience of the global (semi-)periphery in the post-crises cycle. The chapters throughout this volume bring together a great variety of critical approaches in order to reconsider the role of the (semi-)peripheral state and the social context of development in the post-crises era. [Read more](#)

Hardi Tamás, Kupi Marcell, Ocskay Gyula, Szemerédi Eszter: **Examining Cross-Border Cultural Tourism as an Indicator of Territorial Integration across the Slovak–Hungarian Border.** *Sustainability*, Vol.13. No.13. 2021. Paper: 7225.

There are numerous examples of cross-border regions in Europe, which are regions not properly demarcated by national borders. One of the main driving forces of the European Union is to turn the dividing borders into connecting borders by strengthening the cohesion between states and regions, thus, encouraging regions to remedy the existing ethnic and cultural fragmentation by increasing the intensity and number of cross-border contacts. Our research focuses on proving that, in symbolic places, such as the cross-border area of Komárom and Komárno, the cultural values, monuments, and heritage sites are the strongest attraction factors for nationality-based cultural tourism. To support our hypothesis, we conducted an empirical survey within the framework of the H2020 SPOT (Social and Innovative Platform on Cultural Tourism and its potential towards deepening Europeanisation) in the cross-border region of Komárom and Komárno. [Read more](#)





Kóczy Á. László: **Brexit and Power in the Council of the European Union.** *Games* Vol. 12. No. 2. 2021. Paper 51.

The exit of the United Kingdom from the European Union has had profound economic and political effects. Here, we look at a particular aspect, the power distribution in the Council of the European Union. Using the Shapley–Shubik power index, we calculate the member states' powers with and without the United Kingdom and update earlier power forecasts using the Eurostat's latest population projections. There is a remarkably sharp relation between population size and the change in power: Brexit increases the largest members' powers while decreasing the smallest ones' powers. [Read more](#)

Köllő János, Boza István, Balázsi László: **Wage gains from foreign ownership: evidence from linked employer–employee data.** *Journal for Labour Market Research* Vol. 55. No. 1. Paper 3. 2021. 21 p.

We compare the wages of skilled workers in multinational enterprises (MNEs) versus domestic firms, the earnings of domestic firm workers with past, future and no MNE experience, and estimate how the presence of ex-MNE peers affects the wages of domestic firm employees. The analysis relies on monthly panel data covering half of the Hungarian population and their employers in 2003–2011. We identify the returns to MNE experience from changes of ownership, wages paid by new firms of different ownership, and the movement of workers between enterprises. [Read more](#)



Somai Miklós: **Deep causes behind Brexit** *Romanian Journal of European Affairs* Vol. 21. No. 1. 2021. pp. 25-38.

In an in/out referendum, held on 23 June 2016, the British electorate chose to leave the European Union. This paper uses the information and scientific outputs accumulated since the vote to explore and explain the deeper reasons behind Brexit. Key findings can be grouped in two categories. First of all, there are centuries long-standing endowments/factors – like history, geography, or differences in law or traditions, and, closely related to these, the legendary obsession with sovereignty and free trade – which have always been major drivers in influencing the British attitude towards Europe and have generally been reflected, in aspirations for a looser cooperation. Second, there are more recent factors, however, being around for the last 30-40 years. [Read more](#)

[More selected publications >>>](#)

CONFERENCE PRESENTATIONS

After almost 50 years of an exceptional scientific carrier, **László Halpern** former director of the *KRTK Institute of Economics* decided to retire from the Institute. His friends, his former students and colleagues celebrated his legacy with a scientific conference on **17th June 2021**, addressing a selection of topics matching his primary interests.

Wendy Carlin (University College London): **Economics and the pandemic: what will we have learned?**, Miklós Koren (Central European University; KRTK): **Foreign Markets and Foreign Managers**, Charles Wyplosz (The Graduate Institute Geneva): **Exchange rates and all that**, Gábor Békés (Central European University; KRTK): **Collaboration and cultural diversity in global teams**, Gianmarco Ottaviano (Bocconi University): **The backlash of globalization**, Péter Harasztosi (European Investment Bank): **Firm heterogeneity and Covid response: Patterns from Enterprise survey**, Zsolt Darvas (Bruegel, Corvinus University Budapest): **Forecasting exchange rates of major currencies with long maturity forward rates**, Balázs Muraközy (University of Liverpool; KRTK): **Automated information sharing and supplying multinationals** [Read more](#)



CONFERENCE PRESENTATIONS



Stephanie Daimer, **Attila Havas**, Kerstin Cuhls, Merve Yorulmaz, Petar Vrgovic, and Erich Griessler: **Multiple futures for society, research, and innovation in the European Union: Jumping to 2038**

Science and innovation – an uneasy relationship? Rethinking the roles and relations of STI policies, EU-SPRI Conference, 9-11 June 2021

UPCOMING EVENTS

16 July 2021 9.00 am CET (online) Völgyi Katalin: *East Asian countries' economic involvement in the V4: the cases of Japan, South Korea, and China, on V4+Japan Think Tank Dialogue* **Registration**

19-23 July 2021 Budapest, GAMES 2020, the 6th World Congress of the Game Theory Society hosted by the Institute of Economics, Venue:

29-30 November 2021 The Role of State in Varieties of Capitalism Call for Papers (Deadline for abstract submission: 30 July, 2021)



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