

**OPPORTUNITIES OF CORE AND PERIPHERAL REGIONS FOR
THEIR SUSTAINABLE FUTURE
REPORT ON THE 18TH ANNUAL MEETING OF THE HUNGARIAN
REGIONAL SCIENCE ASSOCIATION**

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Due to the coronavirus epidemic, the 18th Annual Meeting of the Hungarian Regional Science Association was organized in a hybrid form at different venues between 27–30 October 2020. The concept of the conference had to be fundamentally revised on 4 September when it became obvious that it could not be organised as an attendance-based event. We decided to organise a special regionalist conference in line with the HRSA's objectives, dedicated to the ideals of decentralisation and prioritising grassroots organisation. According to the satisfaction questionnaire, the majority of colleagues had no or limited experience in giving online conference presentations prior to this year's annual meeting. Overall, the feedback suggests that the online transition was smooth.

The conference was co-organized by the Department of Economic Geography, Geoeconomics and Sustainable Development of the Corvinus University of Budapest. 18 Hungarian and four English language sessions, as well as two English language plenary sessions were included in the four day long conference (videos of plenary sessions are available on the website of the Association). A total of 185 session presentations were given, a record in the history of annual meetings. The event and sessions were attended by a large audience, 135 people free of charge.

The first plenary session took place on the afternoon of 28 October 2020. *Eveline van Leeuwen*, Vice President of ERSA, Professor at Wageningen University and Scientific Director of the Amsterdam Institute for Advanced Metropolitan Solutions analysed the urban-rural aspects of the lockdown in the context of the Covid-19 epidemic. During the first wave of the pandemic, the spatial heterogeneity of the regional and local effects of the crisis was manifest in the heightened vulnerability of backward regions and disadvantaged urban areas. Exposure of regions to export sectors, global value chains and the nature of regional economic specialization (e.g. tourism) largely contributed to the differential nature of economic impacts. The lecture presented the results of a survey conducted by the author (Bourdeau-Lepage & Leeuwen, 2020) on the impact of lockdown restrictions on the well-being of the Dutch population, highlighting the existence of an urban-rural divide in terms of the quality of life indicators. The effects of the coronavirus contributed to the aggravation of health and socio-economic inequalities, the revalorisation of local and regional value chains, and increased population outmigration from bigger cities, thereby reversing previous migration trends. The presentation drew attention to the importance of place-based regeneration strategies, investment in the SME sector and the creation of sustainable jobs as the most efficient tools for economic revitalisation of regions and for the mitigation of territorial disparities.

Jan Fidrmuc, Senior Research Fellow at the Department of Economics and Management at the University of Lille, founder of the Institute for Strategic Research of the Slovakian Government Office analysed the impacts of European cohesion policy, focusing on the economic returns, political and welfare aspects of cohesion funding. The first part of the lecture was devoted to discussing the regional growth effects of cohesion policy and the spatial modelling of inter-regional spillover effects. Cohesion transfers are included as an endogenous variable, European NATURA 2000 sites as an external variable in the presented standard growth model (Fidrmuc, Hulényi, & Zajkowska, 2020) that also takes into account the relationship between institutional development and the effectiveness of cohesion policy. Protected areas provide a potential instrument of cohesion policy, imposing constraints on use of land for industrial purposes and real estate investments. The results underline the positive correlation between cohesion transfers, the quality of institutions at national level and the efficiency of cohesion policy, as well as the importance of spillover effects of cohesion funding beyond the boundaries of beneficiary regions. The impact of cohesion transfers is spatially differentiated, generally positive effects on growth are observed in the new Member States. In terms of funding elasticity, the multiplier effect of a per unit increase of cohesion spending was

0 for Hungary and 0.15 for Poland, i.e. an additional €1 of aid generated an increase of €0.15 in Polish GDP and €0.42 in Slovak GDP, respectively. Conversely, a significant negative effect was observed in the case of Denmark and the Southern Member States. In terms of regional output, an increase in cohesion spending did not produce a significant multiplier effect in the short run (an additional €1 investment in cohesion policy spending generated an increase in GDP of 0.24 cents for an average region). The presentation concluded with a discussion of cohesion policy in the post-Brexit period in the context of UK regions. The results of the presented bivariate and multivariate analyses of variance (Fidrmuc, Tulényi, & Tunali, 2016) showed that Brexit voters were typically older and lower skilled, while wealthier regions with higher employment and wage levels typically voted for remain. At NUTS2 level, cohesion policy had no visible effect on the distribution of Brexit voters, but at NUTS3 level it was positively correlated with the proportion of the population voting against Brexit.

On 29 October 2020, with the goal of starting a new tradition, the opening lecture of the second plenary session was delivered by the 2019 Distinguished Young Regionalist Award winner. *Zoltán Elekes*, research fellow at the CERS Institute of Economics, member of the Lendület Agglomeration and Social Networks research group, examined the role of foreign-owned enterprises as the agents of structural change in regions, focusing on the concept of related diversity as the key driver of regional economic diversification. The presented study (Elekes, Boschma, & Lengyel, 2019) investigated the agency of multinational corporations in the diversification of regional economies through the analysis of the skill relatedness network of manufacturing firms at micro-regional level. The study distinguished between foreign-owned or domestically-owned firms, new entrants, growing, declining or exiting incumbents. The analysis shows that the implantation of foreign firms heavily relies on previous regional specialisation and contributes to increasing unrelated diversification locally, while at the level of the Central European manufacturing core related diversification is the defining feature. Large multinational enterprises exert a stronger impact than indigenous firms on the economic restructuring of regions, creating more jobs in unrelated sectors, while a shift to related diversification is observed in the long run. Another study (Szakálné Kanó, Lengyel, Elekes, & Lengyel, 2019) sought to explore how the relational proximity of foreign and domestic firms affects firm survival in regions undergoing significant structural and institutional change. The study, based on the National Tax Authority's firm-level panel database and restricted to manufacturing firms between 1996–2012, applied an entropy decomposition method used for measuring sectoral diversification, which allowed to detect the balance of ownership structure

in each sector at the highest level of the economy. The analysis showed that over the studied period ownership diversity had a positive effect on firm exits, the more balanced structure of foreign and indigenous firms increased the risk of exit for both types of firms, as a sign of growing competition. In the case of domestic firms, over time unrelated diversification was less able to prevent their exit, while related diversification had a more positive impact on the survival of domestic firms in a later phase of the transition period, generating agglomeration effects. Foreign firms were the main agents of structural change in regions in the initial period of transition, but were less affected by spillover effects under the examined period.

Alexander Wandl, Senior Research Fellow at the Faculty of Architecture and Built Environment at Delft University of Technology, presented his lecture on the relationship between public spaces and sustainable development. More than 30% of the European population live in in-between areas comprised of small towns and villages, also represented as "backyards" for the storage of things that are no longer useful, concentrating landscape distorting elements, such as industrial deposits, wind farms, railways, airports, etc. outside the administrative boundaries of cities. The proliferation of these hybrid, „dispersed urban areas” merging rural and urban characteristics was triggered by urban sprawl, a phenomenon foreshadowing the death of cities and gaining in pace under the impact of the coronavirus, and it represents a significant potential for the increasingly space consuming circular economy. Attempts at the assessment and delineation of intermediate spaces were demonstrated through the example of ten Western European urban areas. 80% of the population of the presented urban areas reside in zones defined as in-between areas. Finally, in a multidisciplinary approach to sustainable development, the speaker presented a specific typology of open spaces using cluster analysis, and explored in a comparative perspective the relationship between access to open spaces and landscape fragmentation in the case of in-between areas.

For years, HRSA has offered an opportunity for its members to organise sessions in the first circular of the organisation, and *in 2020 the following sessions were organised:*

- Innovation and Development in Linked Regions;
- Territorialisation of the Circular Economy;
- Core and Periphery in Central and Eastern Europe;
- Consequences of Multipolarisation on the Core–Periphery Relationships;
- Theoretical and methodological issues of spatial analysis;
- The changing spatial dimensions of centres and peripheries;

- Territorial disparities and territorial policy options or 2021–2027 from a bottom-up perspective- contemporary development visions and processes;
- Governance challenges in peripheral regions;
- Local development strategies beyond growth;
- Enterprises and local society;
- Municipal (de)segregation – an assessment of domestic de-segregation efforts;
- Investigation of social inequalities, labour market processes;
- Creative and cultural industries;
- Spatial transformation of consumption and employment during the Covid-19 epidemic;
- Social, economic, environmental and spatial impacts of the coronavirus crisis and their spatial implications;
- Cities and urban networks in Central and Eastern Europe;
- Interpreting centre-periphery relations in urban development;
- Central Europe: after historical burdens, facing new beginnings;
- Regions, countryside, forests;
- Spatial dimensions of sustainable development;
- Sustainable transport.

Unconventionally, the General Assembly took place in the afternoon of 30 October 2020, as the closing event of the conference. Zoltán Gál, President of HRSA presented the organisation's medium-term programme for the period 2020–2023 (Gál & Rácz, 2020). The report of the Audit Committee was followed by the ceremonial granting of awards.

For the fifth time, the Hungarian Regional Science Association distributed its highest award, the *Pro Regional Science Award* based on a decision of the General Assembly following the recommendation of the Board. The members of the Society awarded the prize to Professor *Imre Lengyel* (Professor at the SZTE Faculty of Economics, former Head of the Doctoral School of Economics, former Vice President of HRSA, former President of the HAS Regional Scientific Committee) to honor his outstanding achievements in research and education, his science organization and school-founder role in the field of regional science.

For the twelfth time, the HRSA's Presidential Board, enlarged by the division leaders, awarded the Outstanding Young Regional Scientist Award to *Judit Berkes*, Assistant Professor

at the Department of Economic Analysis of the Gyula Kautz Faculty of Economics of Széchenyi István University for her valuable results in regional science.

The Regional Science Publication of the Year Awards founded by the HAS Committee on Regional Studies were distributed for the first time this year. In the domestic category, the prize was awarded to *László Faragó* for his monograph entitled “Spatial existence: a Social Shift in Spatial Theory” (Faragó, 2019). In the international category, the prize was awarded to *Izabella Szakálné Kanó, Balázs Lengyel, Zoltán Elekes and Imre Lengyel* (2019) for their study entitled „Agglomeration, foreign firms and firm exit in regions under transition: the increasing importance of related variety in Hungary”.

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