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Spreading the new economy in the city center of Budapest

Main Findings of the PhD Dissertation

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Prepared at the Eötvös Loránd University, Department of Regional Science
Budapest, 2015
INTRODUCTION AND AIMS OF THE RESEARCH

Processes which come of in the centers of large urban areas were always indicators of changes of the human society and economy, that is why the postfordist production system what evolved and developed in the 21th century has a serious effect on these urban areas like the former industrial revolution with its factory buildings. Influence of the new economy has a great attention among urban researchers today. Notwithstanding that there are lots of theoretical and empirical works in the international literature on the new economy does not exist a comprehensive Hungarian synthetic work which contains the former theoretical and empirical results. Because of this lack my first aim to make a theoretical framework about relationship between cities and the new economy, and present the results and conclusions of the recent researches. The second goal of this thesis is to demonstrate the spread of the new economy in Hungary by the case study of Budapest.

In the first part of my work the research focus is on the domestic and international literature. By it I have explained the conception of new economy and I made a theoretical framework for the latter empirical studies. The evolution of the term of new economy can be seized by series of changes in the economic history and there are three other terms which are closely related with it and these are the conceptual pillars of new economy. The first pillar is the information economy, the second is the creative economy and the third is the cultural economy. It is important question in my work that how does the well known term of quarnterner sector relate to the three pillars of new economy.

To make a theoretical framework it was essential that I syntetize the results of the theoretical and empirical works on this topic. On one hand I have syntetized these results on the grounds of geographical scales (global level, level
of cities as entities, local level within the city). On the other hand I have interpreted these results on the global level according to three different epistemological approach in human geography. The first approach is positivism, the second is structuralism and the third is the postmodern. The last aim was to define economic activities which indeed belong to the new economy and its pillars.

In the second part of my thesis I had three empirical aims. Firstly, finding firms which belong to the new economy activities in Budapest and studying these firms' locations and spatial relations with each other. I had an important question - where are the new economy firms concentrated within the city? The second main goal was to examine the changing urban landscape in the districts where new economy firms are concentrated in Budapest. It was a significant question whether the city has transformed in these areas recently. The third empirical aim was to compare the official 23 districts in Budapest with each other by the social and economic changes in the last decade to unfold comparative factors which can attract the creative firms. What is the district like today which can attract the new economy, and what is the district like which can not.

APPLIED METHODOLOGY

The database of empirical research was made by two different sources. One of them was my own data collection and the other one was the official statistical database of the hungarian statistical office (KSH). The data was analysed in my work by quantitative analysing methods and by making thematic maps.

I have selected 22 different professions from the classification of hungarian statistical office to define the new economy firms. Because of the lack of full
particulars about these firms I had to make an own data collection for the research. The data was collected from the internet. If a firm had a home page where the economic activity of it was clearly defined and this profession belongs to the new economy the firm got into the database. There were two other criteria in connection with the data collection. If a firm does its work in Budapest it got into the database, and I verified these firms by an official tax homepage (www.adoszam.hu) where I could check their active legal status. The data collection was made by checking the google searcher hits page list and the web professional databases. I have collected a total of 1513 new economy firms and put them on the map of Budapest by their addresses. After it I have made more nearest neighbour analyses to discover the deeper spatial relations of the firms and I have examined the centre-periphery relations between the new economy firms in the virtual and real space by a special correlation analysis. Finally I defined 31 different areas (or clusters) on the level of neighborhoods by thematic mapping where the new economy firms are concentrated within the city.

In the second part of the empirical study I have examined the new economy clusters by a field work data collection where I have unfolded the changes of quality of urban buildings and the transformation of the whole urban landscape. At the field work I have collected data from 454 blocks. The data has been analized by charts and I made a complex indicator to define the development level of the different new economy clusters.

In the last part of the empirical work I have examined the districts of Budapest on the basis of 40 static and dynamic social-economic indicators. These indicators were from the hungarian statistical office's information database and the database of census in 2001 and 2011. I have studied the relationship between the indicators of districts and the rates of the new economy areas within the
districts by a Pearson type correlation analysis. I have completed the research with thematic mapping to unfold the soft spatial relations.

RESULTS AND CONCLUSIONS

1. In my thesis I have studied the term of new economy and its historical evolution by the result of domestic and international researches, and I have tried to make a comprehensive theoretical framework about the interpretations of this phenomenon.

- Unfolding the international literature I have established that new economy is a big collective conception which can be interpreted like an umbrella, therefore there are few different terms under it. Out of these terms I have recognized three significant and different conceptions: the information economy, the creative economy and the cultural economy. They are the three pillars of new economy according to my opinion.

- Along these pillars of new economy there are three research perspectives in the last decades which are partly related but significantly different. At the information economy the emphasis is on the effects of the ICT technologies. At the creative economy the research emphasis is on the features of creative labour force or creative class. At the cultural economy the emphasis is on the cultural additional value of products.

- In my work I have unfolded the relationship between the terms of new economy and the well known term of quartermier economic sector and I have established that the information economy is the most similar conception with the quartermier sector. The creative economy as a whole is not
squarely a part of the quarterner sector, and the cultural economy is not a part of the quarterner sector.

2. In my work I have displayed the relationship between new economy and the city through the newest international research results and topics in different geographical scales.

- The *global level of the phenomenon* can be interpreted by three different epistemological approach which are frequently used in human geography. The first is *positivism* what perceives the new economy as a *next stepping-stone in the evolution of global society and economy*. The second is *structuralism or neomarxism* what interprets the new economy as a *solution of the crisis of old industrial capitalism according to the interest of capital*, thus it can not be regarded as a real development. The third approach is the postmodern and according to it *new economy does not exist on global level, because the term is a social construction*. There are local new economies which are organic parts of the local history and society.

- The interpretation of new economy *on interurban level* was layed down by the most famous researchers like Alan J. Scott and Richard Florida (Scott, 1997; Florida, 2005). The main results of them was that *there are differences among cities or city regions in how they can attract new economy firms and the creative class*. They examined the reasons of these differencies and according to the results the classical location theories are changing in the new economy.

- I have recognized four main issues in the international literature which deal with *new economy in the inner cities*. First is the *transforming urban landscape* by the influence of new economy. Second is *a new gentrification* in the inner cities which are generated by new economy employees. Third is the
relationship between urban regeneration policies and the new economy and the fourth is new economy clusters within the city.

3. In the first part of my empirical study I have discovered clusterlike coherent areas in Budapest where the new economy firms are strongly concentrated onsite. These areas' spatial distribution is not equal within the city, most of them are located in the near of the city centre.

- It was clear according to the nearest neighbour analysis of the map points of the firms that the 22 different professions of new economy are concentrated in Budapest one by one. The first, second and third nearest neighbour of the new economy firms are predominantly belong to an other profession, therefore the firms of different new economy activities attract each other within the city. Thus, there is a potential opportunity making new economy clusters without concurrency in Budapest.

- According to the examination of centre-periphery relations of the firms in the virtual and real space looking entirely there is not a strong connection between the virtual and real centre-periphery locations among the new economy firms. But the firms which belong to distinct professions had significant relation on centre-periphery location in online and offline space. For example the firms which are concentrated in downtown are concentrated in the centre of the web space.

4. The main result of the second part of the empirical research in Budapest is that the city has been changing in the last decades and the urban landscape is renewing predominantly in the defined new economy areas/clusters.

- The level of transformation in these areas depends on the distance from downtown and the size of areas according to my research results. But
there are differencies among the factors of transformation in different new economy areas.

5. In the last part of my empirical study I have defined the social-economic features in the districts of Budapest which could attract new economy firms.

- According to the result of research the districts which are strong in the hard factors of location theory can attract the new economy firms. Such factor is for example the central location, good accessibility or the high rate of graduate labour force.

- I could establish secondary soft location factors like transforming marriage based family model or the high rate of immigrant people. It follows that the rising postmodern attitude to life and tolerance in a district of Budapest can be attracting factor for new economy in Budapest like in Western-Europe countries or in the United States. But these soft factors are not as strong as in the western countries.
REFERENCIES


PUBLICATOINS OF THE AUTHOR RELATED TO THE THESIS


See full list of publications here: https://vm.mtmt.hu/search/slist.php?nwi=1&inited=1&ty_on=1&url_on=1&cite_type=2&orderby=3D1a&location=mtmt&stn=1&AuthorID=10026727&Scientific=1