

Book of abstracts

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Capitalism Conference (SVOC)**

**The changing repertoire of state intervention to promote development in an
unfolding new world order**

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Hybrid Conference

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Ümit Akcay

Political Economy of Growth Regimes: Some reflections from Poland and Turkey

Author keywords:	Growth regime perspective Social blocs Poland, Turkey
Abstract:	<p>The Growth Model Perspective (GMP), introduced by Baccaro and Pontusson (2016), stemmed from critiques of supply-side bias of the Varieties of Capitalism research agenda, stimulated a productive discussion in the Comparative Political Economy literature with increasing contributions from Post-Keynesian and Kaleckian perspectives. More recently, this literature has expanded towards non-West European geographies, including emerging capitalist countries. In this research, I will apply the GMP to Poland and Turkey to shed light on the recent similar political economy tendencies, i.e. increasingly non-democratic political paths, and distancing from orthodox neoliberal policies in macroeconomics in both countries. To do this, I will analyze both macroeconomic regimes and their underlying social blocs in two countries. First I will provide a comparison between Poland and Turkey based on their macroeconomic regimes between 2000-2008 and 2009-2019 periods. While Poland shifted towards an export-oriented regime in the second period, Turkey continued to follow the same domestic demand-oriented regime in both periods. Secondly, I will focus on the social blocs. In Poland, change in the macroeconomic regime towards an export-oriented one further alienated the traditional low-skilled blue color workers and resulted in erosion of the previous political economy agenda of deepening of the market reforms as part of the EU membership. This resulted in narrowing support for the political center and the rise of the nationalist conservative powers under the leadership of PiS. The new social bloc consisted of blue-collar workers, the nationalist conservative political class, and the local managers of multinational companies (Naczyk, 2021), thus, started to push for a new agenda of developmentalism with more authoritarian tendencies in politics. In Turkey, on the other hand, there has been a substantial change in the social bloc despite the continuation of the growth regime between the two periods. While Turkey's domestic demand-led regime continued, it was interrupted by consecutive bottlenecks due to the anemic capital inflows particularly after 2013. Slowing growth rates undermined the previous social bloc, which consisted of both major capital fractions (export and domestic market-oriented), and subaltern classes. Finally, the increasing weight of domestic-oriented business groups in the social bloc resulted in contradictory macroeconomic tendencies, i.e. coexistence of more developmental and orthodox orientations. As a result, the government pursued non-democratic ways in order to contain increasing tensions in the social bloc.</p>

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Banking internationalisation as a developmental strategy in Europe’s Eastern periphery (tentative)

Author keywords:	ECE capitalism dependent market economy foreign banks business power industrial policy
Abstract:	<p>Since the GFC, scholars have debated the limits and advantages of domestically owned banking. Some have argued that foreign ownership improved the resilience of ECE banking systems during the financial turmoil (Epstein 2014). Others have demonstrated that domestically owned banking sector can also play a significant role in economic development (Naczyk 2021). This paper engages into this debate by studying financial internationalization in Latvia and Estonia – two paradigmatic cases of financial internationalization in Europe’s Eastern periphery. While having disproportionately foreign-owned banking for residents, the two states represent major differences regarding banking of non-residents. Estonia dropped the strategy of expanding domestic banks abroad by the late 1990, allowing Scandinavian banks to completely take over its retail banking operations. Latvia pursued a two-pronged strategy. While allowing in foreign banks, Latvia developed non-residential banking operations as a flagship industrial strategy, becoming a global financial hub that siphoned off illicit money from Russia and other former CIS states. To illustrate, before 2015 Latvia’s non-residential financial sector processed 1 percent of US dollar transactions in the world.</p> <p>This paper has two aims: 1) to demonstrate how states can pursue financial internationalization as industrial policy, and 2) to explain the political underpinnings, nationally and internationally, of these different approaches on the part of the state. Our basic expectation is that state capacity and institutions, both domestic and international (borrowed), play a major role in promoting internationalization of banking. Building on various sources of data, including elite interviews, we argue that the differences between Latvia and Estonia can be explained by two (sets of) factors, and interactions between them: 1) state’s official industrial policy and 2) state-business relations. As regards the first, after a period of experimentation in the 1990s, the two states adopted markedly different visions regarding the financial sector’s role in the economy, and economic development, more generally. Latvia pursued internationalization of its non-resident banking sector as a flagship industrial strategy. By contrast, Estonia, having dropped domestic ambitions in banking, pursued digitization and ICT to achieve economic growth and development. Second, we argue that in each of the states, initial industrial policy choices created, via feedback mechanisms, political constituencies interested to maintain the status quo. In the Latvian case confluence of state-business interests, enabled by “revolving doors” and constant migration of banking personnel between public and private sector, explains the resilience of the state’s willingness to develop the non-residential banking sector. To probe these claims, we apply a mix of qualitative</p>

methodologies: congruence analysis, focused comparisons and process tracing.

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The inputs of circular economy to the state's role in fostering sustainable development

Title:	The inputs of circular economy to the state's role in fostering sustainable development
Author keywords:	Circular Economy Sub-Saharan Africa Industrial Policy Sustainable Development Uganda
Abstract:	<p>This paper aims to contribute to the further academic research and policy-making on the state's repertoire and industrial policy for sustainable development in Sub-Saharan Africa.</p> <p>The region is facing a double-sided socio-economic and environmental challenge. On the one hand, considering the trends in population growth, industrialization, consumption and waste production, alongside the climate change vulnerability patterns throughout the continent, the sustainability of the conditions for human life and the natural environment is concerned. On the other hand, the continent has recently experienced a strange phenomenon of structural change, meaning that employees migrated from the traditionally low-productivity agricultural sector not to the higher-productivity manufacturing/industry sector but to the lower productivity service sector, and this is seriously curbing the chances of African countries to achieve convergence with the developed economies. The concept of circular economy has gained outstanding popularity among scholars and policy-makers on the fields of sustainable development for advanced and emerging economies, alike, since it offers solutions ensuring the increase of productivity and curbing the environmental damage via resource efficiency.</p> <p>Circular economy contains several business models and technological solutions targeting different levels of material, water and energy use as well as recovery. Hence, after shortly presenting the above mentioned elements of circular economy, the conference presentation will focus on the results of the first field research of a longer research project on the already existing forms and practices of circular economy in Sub-Saharan. More specifically, seven Ugandan businesses and initiatives will be introduced, covering the plastic, carpentry and textile industries as well as agriculture. Besides showing the complexities and analysis of the socio-economic and environmental problems these projects aim to eliminate, the presentation will conclude with policy-recommendations for the use of governmental bodies and international or national development organizations.</p>

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COVID-19 pandemic: another anti-liberal and nativist politics accelerator in Central Europe?

Author keywords:

Central Europe
 democracy backsliding
 crisis
 populism
 nativism
 anti-liberalism

Abstract:

Already before the outbreak of the COVID-19 pandemics the democracy backsliding in East-Central Europe was discussed. Many regimes in new EU-member states evince in the last decade strengthening of populist and anti-liberal tendencies as well as nationalism and xenophobia. The COVID-19 crisis presents here new challenge that replenished and upgraded the already existing and ongoing crises after 2008. The extraordinary situation brought new financial challenges and fear from crisis that might be comparable with the 1920s/1930s global crisis. The retreat of state became visible political as well as media cliché compared with the alleged weak reaction or even passivity of the EU's institutions. In contribution, I focus on selected Central European countries and their response on the COVID-19 crisis. I focus on the anti-liberal framework of the governmental measures in the struggle against the pandemics. Repeatedly we can observe the rule of law violations where the judiciary abolished such measures, but the governments continued to enforce them. Furthermore, in the analysis I stress the strengthening of nativist tendencies interconnected with the populist-based regionalization of Central Europe in the form of leader-driven format oriented against the International Liberal Order. Such tendencies include notions about better "cultural" or other preconditions for dealing with the crisis compared with other nations, alienation and verbal attacks against the "others" such as foreigners, workers commuting over the border, tourists that "brought the illness from abroad". As typical nativist tendencies I observe the effort to keep the borders closed, declarations about the necessity of (food) autarky, "buy domestic" actions, victimization of the "others", etc. Specifically, I detect the nativisation of Central Europe, based on emotional political ignoring the statistical data and generally rational arguments. As the research method I use the discursive analysis focusing on political and media discourse in the countries included into the analysis.

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Ageing and welfare distribution nexus before and after the Great Recession: Is there a winning generation?

Author keywords:	welfare inequality public policy Great Recession intergenerational relations ageing
Abstract:	Ageing process may affect intergenerational relations in different ways, including welfare distribution between generations. Simultaneously, the global economy has undergone various crises. An important question is whether these crises impact the nexus between ageing and intergenerational welfare distribution. Finding an answer to this question is difficult in the literature; although the crisis-income inequality nexus is quite often investigated, the intergenerational context is omitted. This paper attempts to solve such puzzles using data covering 13 OECD countries in the period 1995-2018. The findings show that the relationship between the age structure of the population and intergenerational welfare distribution before and after the Great Recession of 2007-2009 was quite different. Actually, the Great Recession seems to have triggered this nexus in such a way that the elderly won the intergenerational welfare game in the aftermath of the crisis; however, the working-age and younger cohorts took a rematch later.

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Mustafa Coban

More Immigrants, Less Solidarity? Immigration, Perception of Immigrants, and Support for Redistribution in Europe

Author keywords:	attitudes immigration redistribution recursive bivariate probit partial effect decomposition
Abstract:	Support for redistribution depends on economic self-interest and mutual solidarity within a society. Applying a recursive bivariate probit estimation framework, I examine the impact of solidarity with immigrants on welfare attitudes holding the economic self-interest transmission channel constant. I investigate the impact of daily interethnic contact in the neighborhood on support for redistribution using survey data of 18 European countries in 2014. To attenuate concerns about bias stemming from selective out-migration, I employ regional immigrant shares as an instrument for daily interethnic contact. Furthermore, I address omitted variable and selection bias concerns by implementing an instrumental variable approach that exploits cross-regional variation of immigrant settlements in 2007, along with the nationality composition of recent immigrant flows adjusted for demand-pull factors. I find that perceptions of immigrants as a threat to cultural and societal values of the country are decisive in shaping welfare attitudes. However, personal animosities towards particular immigrants in private life and at work are not. Computing partial indirect effects, I detect that daily interethnic contact strengthens support for redistribution through a gain of solidarity with immigrants.

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Sub-Saharan Africa: Decipherment of its Public Debt in the Light of Increasing World-Wide Attention.

Author keywords:	debt crisis democratization development corruption.
Abstract:	This paper relies on empirical data of current debt statistics to decipher the state and nature of external public debt in sub-Saharan Africa. The goal of this paper is not just to show what figures have been borrowed, but also, it seeks to deepen the reader's knowledge as to the direction from which the money comes from, why, and with what implications it means for the citizens of these countries and the relations with the rest of the world. It then concludes by comparatively revealing how the borrowing pattern of some of these countries has encouraged organized state corruption, and delayed democratization.

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Giampaolo Conte

State and the promotion of capitalist-liberal reforms in the world-economy: an historical and theoretical perspective

Author keywords:	capitalist world-economy global history public debt Imperialism
Abstract:	Capitalist-style reforms were an important factor in the economic and social evolution of several semi-peripheral states. This research investigates how foreign governments and financiers, and especially Britain, influenced several financial reforms implemented abroad during the 19th century. The chief purpose of such reforms was to integrate the semi-peripheral states into the capitalist world-economy by imposing, both directly and indirectly, the adoption of rules, institutions, attitudes and procedures amenable to exploitation on the part of foreign and also local capitalists. The paper argues that foreign pressure for financial reforms was instrumental in the foreign states' economic subjection to the rules and norms that regulated the capitalist world-economy, most notably in the field of public finance, banking and the monetary sector. It takes a long-term view and largely adheres to the scholarly evolution of Antonio Gramsci's theory of hegemony and world-systems theory and methodology developed by Fernand Braudel, Immanuel Wallerstein and Giovanni Arrighi, adopting a multidisciplinary and macro-scale perspective. More broadly, this research contributes to the literature on the capitalist world-economy and brings a set of theoretical frameworks to bear on defining the role of financial reforms induced mainly by Britain in peripheral and semi-peripheral countries.

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Elena Cossu

Macroeconomics, Policies, and Hungary: how an illiberal democratic government characterized by populist rhetoric deals with a crisis and economic choices

Author keywords:	CEE populism authoritarianism growth policy				
Abstract:	<p>We know that populism and authoritarianism are caused by both economic and cultural components. However, what happens when an authoritarian and populist leader is in power? Does he or she focus on real economic problems, or does he or she mainly focus on discourse manipulation? In other words, is this a political and economic system sustainable in the long run or to deal with a crisis? This work focuses on this underrated aspect of the literature by bringing together populist discourse as an independent variable, public finances as an intervening variable, and economic stability as a dependent one. To do so this work focuses on Hungary, as it is a country that has been administered by a government characterized by populist characteristics for more than ten years. In practice, this work will first apply the 2007 economic diagnostic framework of Rodrik to analyse if the reasons behind the populist rhetoric match the economic diagnostic of the country. It will then analyse the composition of the public budget and spending of Hungary, to understand if the current economic situation is sustainable or not. This paper will analyze how institutional disconnection between politics and the economy works by using different descriptive statistics. It will use the macroeconomic data available at the World Bank database and at the Hungarian Central Statistical Office.</p>				
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György Csáki

Public education in Singapore, South Korea and Taiwan

Author keywords:	developmental states public education education policies and strategies
Abstract:	<p>Singapore, South Korea and Taiwan are among the most successful developmental states with impressive growth performances, great structural flexibility, particularly successful adaptation to the global economy. Starting from poverty and historic-political turbulences, these three countries have become into developed knowledge-based economies. Although they have important similarities in their development path (such as neomercantilism and the key role of state interventions) they have followed different macroeconomic strategies. Similarly, while their education systems are equally successful (look at their excellent positions in the Pisa rankings), their public education systems have several important differences, specificities. In the city state of Singapore, in line with the centralised administrative and economic governance, public education is absolutely centralised – according to Singapore experts, even decentralisation is centralised. In South Korea, private education has strong historic traditions, the huge amounts of educational expenditures of the households, as well as the excessive competitiveness in order to make studies in expensive private institutions, causes serious social problems. In Taiwan, territorial decentralisation has led to significant overcapacities even in secondary education. Is there any common characteristics in the similar successes achieved in such different ways?</p>

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Ágnes Deák

Violence as dimension of poverty The case of Colombia

Author keywords:	violence multidimensional poverty environmental and community activism human security human development Colombia				
Abstract:	Latin America, despite being a middle-income region and the fact that during the pink-tide era experienced alternative forms of development, continues to face a number of socioeconomic challenges. The current increasing levels of poverty, inequality, violence, and the harmful effects of extractive production on environment and traditional rural communities, represent a new situation at both regional and national levels. The concept of multidimensional poverty is an increasingly accepted approach to a better understanding of the characteristics and living conditions of vulnerable social groups in which violence is one of the dimensions that has received little attention so far. The paper focuses on the following questions: What is the relation between human security and human development concepts? How are violence and multidimensional poverty interconnected? What kind of institutional and economic mechanisms sustain their complex relation? The article explores the origins of the human security and human development approaches and their relation to the notion of the multidimensional poverty. Analysing academic and official government and international organizations documents it synthesizes the evolution of the two branches. The case study of Colombia based on statistical data offers evidence about the complexity of interconnectedness of security, human rights and development processes in different territorial, ethnic and social contexts. The analysis also reveals links between shortcomings in the institutional system and deficiencies in measuring poverty in persistent deprivation of marginalized social groups.				
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Mauricio Dias

The Political Economy of Coronavirus: notes for a comparative analysis of China, the United Kingdom and Brazil in the fight against covid-19.

Author keywords:	Varieties of Capitalism Covid-19 United Kingdom Brazil China
Abstract:	<p>The crisis that hit the world in relation to the new coronavirus had very rapid repercussions and guided a whole policy of efforts to combat the spread of the disease. The proposal of the presentation is to analyze the policy of containing such disease in its first stage (first semester of 2020), considering the economic and political impacts arising from it. The proposal aims to use the literature of varieties of capitalism for guidance and methodology of work.</p> <p>In view of the chosen theory, we confront the standardizing aspects of public health practices perpetrated by countries in contrast to the political variations that have occurred, in order to emphasize that, although there was a very significant demand to standardize national practices of virus control, there were many variations in each country that express different institutional values.</p>

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Emese Dobos

Politics in the wardrobe: the role of the state in the Hungarian fashion industry

Author keywords:	fashion industry manufacturing upgrading global supply chain sustainability
Abstract:	<p>The COVID-19 turned the light on the strategic importance of fashion, and mainly the textile sector and local production. The pandemic-caused disruption led to a shortage of raw materials that were seen especially among critical, medical textiles and supplements. The state-socialism and market meant state support, industrial policy, and a stable market for the products of the Hungarian fashion companies. After the regime change, through privatization and a blowy transition to the market economy, the Hungarian fashion companies had to operate in a turbulent business environment and faced several challenges. Even if there are existing interest groups, no industrial policy or financial incentives were directed to the fashion industry that is a high employer, especially in rural areas and people with disabilities. The research question is that is it possible for the Hungarian fashion companies to stay competitive and move towards upgrading without the state? In this paper, I examine the role of the state as a client, regulator, supporter, protector, and the interaction between state, state agencies, and interest groups among the fashion industry in Hungary from the period from the regime change to nowadays. The primary focus is on the Hungarian fashion industry and the interaction between the state with an outlook of case studies from the Central-Eastern European region. I also examine the role of the Hungarian Fashion & Design Agency, established in 2018 as the first and only state agency in Hungary dedicated to the support of the fashion industry through interviews with representatives of the industry and the agency, as it operates in a highly politicized discussion around it among industry players.</p>

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Andrea Éltető – Gergő Medve-Bálint

Post-crisis state aid and development models in the EU's periphery

Author keywords:	<p>industrial policy state aid growth models Eastern Europe Southern Europe</p>
Abstract:	<p>Most FDI-led, export-oriented growth regimes in the Eastern member states and the Southern European consumption-driven growth models suffered a heavy blow during the Great Recession in 2008-09. The crisis exposed the vulnerability of these peripheral economies to external shocks and raised the significance of state intervention in the form of industrial policy during the recovery. This paper focuses on state aid, a particular instrument of industrial policy, which is subject to the EU's competition policy regulations. We seek to explore whether the provision of state aid in the two European peripheries contributes to a long-term post-crisis recovery by promoting competitive investments in two Eastern (Hungary and Poland) and two Southern EU members (Portugal and Spain). Relying on the European Commission's state aid database and domestic data on individual aid cases after 2013, we presume that in the East, the state mostly supported investments of export-oriented transnational companies, whereas in the Southern members the majority of state aid recipients were domestically owned firms in sectors with low export potentials. We show that in the consumption-driven South, governments aimed to strengthen supply through aid, while in the export-oriented East, they were more concerned about promoting exporting firms. The paper thus reveals how state intervention may preserve and reinforce existing growth models in the European periphery even if strategic aims and rhetoric are different.</p>

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Greening energy systems through global production? A comparison of regulatory regimes in India and Kenya

Author keywords:	Energy transitions Regulation off-grid solar India Kenya
Abstract:	<p>The adoption of the Sustainable Development Goals accelerated processes of market formation in the Global South to achieve sustainable energy access for all. In 2017, 840 million people were living without modern energy access – mostly in sub-Saharan Africa and South Asia. While the emergence of global production in the off-grid solar sector promises to address such electricity gaps, it also poses questions about interests and power relations involved in the scaling of a globalized niche sector in off-grid markets for the energy poor. The theoretical framework was based on the literature on power in energy transitions and niche-regime interactions to analyse power relations in global socio-technical niche and socio-political regime interactions. Such interactions among stakeholders are understood in terms of two narratives on off-grid solar markets in India and Kenya along a discursive, institutional, and material dimension of power. The study is based on a qualitative research design that draws on narrative analysis to understand perceptions of power relations within the OGS sector. Thirty-nine semi-structured expert interviews were conducted in Hong Kong, New Delhi and Nairobi. The study finds that public sector support, autonomy and adaptability were perceived as central elements of both cases of scaling the off-grid solar sector. In India, the off-grid solar sector despite its relative success remains contested which was articulated as a ‘tale of two market’ where a subsidy-driven market and private sector market compete in off-grid settings. In Kenya, it is found that a narrative conveying an ‘openness for business’ was pre-dominant which referred to a distribution of labour among actors in the global socio-technical niche and the national socio-political regime. Two reasons for such market outcomes were identified: (i) ambitious electrification targets benefit easily deployable technologies such as off-grid solar and (ii) stakeholders of the global socio-technical niche can harness a certain autonomy in production and flexibility to adapt to national socio-political regimes. The study concludes that success in scaling off-grid solar energy access did not go without contestation. Therefore, future research should further investigate how contestation around emerging global socio-technical niches can be addressed.</p>

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Comprehensive and sustainable policymaking based on the global methodologies

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keywords:

global methodologies,
economic freedom,
global capitalism,
state interventionism,
EU priorities,
green transition,
sustainable development goals

Abstract:

Different global methodologies provide insights into policy risks and guidance for reforms as they measure the levels of economic freedom, competitiveness and democracy, which are all necessary for distinguishing capitalist systems from other political-economic systems. Countries with best performing global rankings belong to several political-economic models, which represent varieties of capitalism. The levels of economic freedom show only a limited geopolitical scope of global capitalism, and the limited global scope of democratic institutions stands behind global capitalism. The geopolitical and institutional framework of the best-ranked democratic capitalist countries is predominantly limited to Western policy models and some of their geopolitical allies. Max Weber's thesis concerning capitalism remains relatively important considering predominantly Protestant societal backgrounds of many best-ranked countries. Particular country rankings may go beyond the existing political-economic models.

Therefore, countries should rather be judged based on policy-by-policy approach toward state interventionism, which exists in all capitalist models. Hence, the main question is not whether state interventionism is necessary during the crisis but how to provide proportionate policy limits. Accordingly, state interventionism during a crisis may not necessarily hinder economic freedom, according to its methodology, if new subsidies are temporary and targeted; if public investments do not squeeze out private investments; if government consumption is moderate and frugal in the mid-run; and if regulatory policies and other market reforms provide sufficient compensations. In the same way, green policies may not necessarily hinder economic freedom if new green taxes, subsidies and regulations stimulate compensatory cuts under one in, one out policy. Furthermore, regardless of the varieties of capitalism, democratic capitalist countries, including the EU member states, have reached a consensus on the green transition. That way, practical implications will go along with the EU green priorities provided by a holistic approach to the UN's 2030 sustainable development agenda.

This agenda could speed up the joint interest of the EU member states by finding opportunities through all seventeen sustainable development goals until 2030. These supranational goals reflect the need for intensified recovery efforts required by the SDGs, especially in light of the COVID-19 pandemic. Moreover, indicators of sustainable development goals might become more comprehensive by

offering opportunities for new policies while advancing and incentivizing partnerships, peer-to-peer learning and exchange of experiences between countries, regions and cities.

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Varieties of Capitalism, Civil Society and Vested Interests in the Times of Populism

Author keywords:	populism varieties of capitalism civil society vested interests				
Abstract:	<p>While democratic backsliding and populism had taken European democracies by the storm, some societies proved to be less resilient than others. For the young Eastern European democracies, the emphasis on modernization and narrowing of the economic gap with the West rather on development of political institutions, left their political systems vulnerable to the threats of democratic backsliding. However, the region is not homogenous. Since the onsite of the transition, Baltic states embraced neoliberal economic thinking while countries of the Visegrad Four have introduced a welfarist social contract with its population. While both regions are considered to have relatively weak civil society organizations, the comparative example of the post-crisis Lithuania and Hungary show the divergent paths. While the former has kept itself within the mainstream neoliberal economic system under the pressure of populism, the latter has reverted to the system of authoritarian capitalism. The contribution of this paper is to introduce the role of civil society into the discussion on the variety of capitalism in the region. The expectations are the civil society plays the role of a roadblock or a countermovement in the state-society relations, preventing the illegitimate (vested) interests from corrupting democracy. The historical institutional approach is implemented through an analysis of the critical junctures on the path-dependency of the supply side of populism, and the resilience of the civil society in the context of a particular capitalist system. The expected results are that the interaction of the state with private interest groups is structured similarly to the varieties of capitalism in those countries. While big conglomerates and private domestic corporations feel comfortable within the neoliberal system, they are the ones trying to lobby for and influence the state via the political parties in the Baltics. In Central Europe and Hungary in particular, the closest circle around the top government officials are the ones the most well-positioned to gain from extraction from the state within the authoritarian neofeudalistic capitalism system. A small welfarist element of the extraction is engineered to diffuse the vested interest and to compensate the most economically insecure and the left behinds. The difference in the strength of the resilience of relatively weak civil society is two-fold: on one hand the strength of its civic capacity on another – the power of the vested interests, within the context of the weakened political institutions.</p>				
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"The Market for Polities": Citizens' Welfare (as Consumers of Public Goods) by Way of States' Competition (or Cartelization)

Author keywords:

Market, state;
public goods/services;
consumer;
institutional competition;
political centralization.

Abstract:

The international political landscape is the result of the interplay of two opposite forces: on the one hand, there is “political fragmentation”; on the other hand, there is “political unification”. The first tendency involves former multinational and colonial empires, en route to be split into nation-states, while the second trend means the creation of political units, initially along national alignments, but also through cross-national “freedoms of movement” and “common policies”. These opposite tenors, pertaining to political phenomena, can be scrutinized with the analytical lenses proper to the economists’ profession, despite that the latter ones are quite heterogenous. However, beyond the intestine quarrels within the confines of modern/contemporary economics (among various schools or streams of thought), it is agreed that, from consumer welfare stance, more competition is the desirable state of affairs as against monopolies, oligopolies and cartels. This seemingly rock-solid rationale becomes fluid when applied to statehood: not only that the governments, as providers of public goods/services (ranging from “law and order” institutions to “roads and bridges” physical infrastructures), deny, by virtue of their sovereign command, domestic competition from peer-governments, but they are also dissatisfied with any sort of institutional/jurisdictional competition from abroad and cooperate so as to curb such competition. This paper tries to address two main points: firstly, having in mind consumers/citizens’ welfare standard, it will delve into the reasons for praising competition in “markets for goods”, while despising rivalry in “markets for polities”; secondly, it will assess, by some qualitative and quantitative proxy indicators, the current state of the institutional competition among states, manifested in the form of either migratory shifts or, even more sensibly, secessionist movements.

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Economic freedom, post materialism, and economic growth

Author keywords:	Economic growth Economic freedom Post materialism Transmission channel
Abstract:	<p>There is a voluminous body of research showing that the institutional framework supporting economic freedom is positively associated with economic growth. In comparison, much less is known about factors that promote or hinder the development of economic freedom. In this paper, I address this gap in the literature by merging the research fields on growth effects of social values in the form of post materialism and of economic freedom, whilst explicitly accounting for their interrelationships. To do so, I deploy instrumental variable estimation techniques within a three-stages-least square framework, using a heterogenous panel of countries for the period 1980-2010. The econometric findings show that Fraser's index of economic freedom and its underlying components capturing sound money, freedom to trade and quality of regulation all generate positive direct growth effects. In contrast, post materialism, capturing the extent of decreasing prioritization of production and income maximization, exercises a direct negative effect on economic growth. However, the results also show that economic freedom acts as a transmission channel of an indirect positive effect of post materialism on economic growth, as post materialism positively impacts on various elements of the institutional framework underlying economic freedom. This positive indirect effect from post materialism is smaller than its direct effect, resulting in an overall negative growth effect of post materialism. Not only do these findings reveal the joint importance of both economic freedom and post materialism in economic growth processes, they also indicate that social values can act as an important driver of economic freedom.</p>

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Judit Kiss – Ghioldi Mario

Impact of development aid on democratization/democracy building

Author keywords:	development aid democratization impact of aid measuring aid impact
Abstract:	<p>In the present aid architecture – with due regard to Sustainable Development Goal 16 -, one of the main objectives of providing aid, especially by traditional donors, is to enhance democratization in the recipient countries. The achievement of this objective does not depend only on the amount of ODA (Official Development Assistance), but on the donor-recipient relationship, on the aid modalities as well as the political and economic environment of the recipient countries. The main aim of our paper is to reveal and measure the impact of development aid on the recipient countries' democratic progress via presenting those aid modalities which enhance democratization and revealing those factors which hinder, halt and/or reverse democratic process. Our hypothesis is that ODA, targeting economic development, education and communication, might enhance democratization while increasing inequality, corruption and bad governance might lead to de-democratization or illiberal democracy. Our research strategy is a positive approach, hypothesis will be empirically tested by a new formula which has been created for measuring the impact of development aid on democratization. The conclusion is that without decreasing inequality, fighting against corruption and improving governance the attained level of democracy is endangered.</p>

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Anjana H Kumar

State intervention in the wake of COVID-19 pandemic: The case of Kerala

Author keywords:	COVID-19 Public health care Kerala, People's Planning
Abstract:	<p>The capitalist era of production- capitalocene as theorised by Foster, has seen several outbreaks of deadly diseases, very often birthed or acquiring paralysing levels due to the production conditions and associated production relations. The Covid-19 pandemic has brought the capitalist production system to a standstill, creating a global economic crisis, apart from the severe health crisis it posed across the world, reiterating the utter failure of the untamed market led system. To reflect on the crisis at hand, quoting Rob Wallace, “you couldn't design a better system to breed deadly diseases”. The disruption in the global value system has brought back focus on the Keynesian model as a survival tactic, with massive state spending, particularly on health and education. While the “developed nations” are struggling for a coping mechanism to the ongoing crisis, people's governments across the world have shown stark examples of resilience through scientific, democratic and decentralised planning mechanisms, changing the solution to the ongoing crisis from that of an individual perspective to a collective one. This paper shall address similar intervention in the state of Kerala, in India, which is built on the history of rigorous anti-caste and peasant movements and currently led by the Left Democratic Front (LDF) government. The LDF government devolved as much as 30 % of total funds to local bodies, such as gram sabhas, along with consolidation of projects and creating local plans, integrating them at the block and district levels. Kerala was the first state to report Covid-19 virus in India. The 2016 Aardram mission, where investment was made to improve primary healthcare and government health facilities had already renewed faith in public health care facilities. The local government bodies led all primary health facilities along with several secondary hospitals with village health, sanitation and nutrition being looked into by multipurpose health workers and ASHA and Anganwadi workers, who led a targeted community led campaign in educating and preventing the vast expansion of the disease. The government also recognised the glaring inequality in vulnerability to the virus, especially under a global lockdown, where the poor, marginalised and especially migrant labourers faced the heftier brunt of the lockdown. Several measures including, but not limited to, direct cash transfers, public distribution of free rations, loans to women's self-help groups such as Kudumbashree along with community kitchens were employed to ease the burden on the marginalised. The paper attempts to reiterate that standing in the gallows of a burning capitalist crisis, examples such as Kerala are the only prudent option for the sustenance of the economy and of humankind at large.</p>

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Fiscal centralization and tax policy responses to COVID-19 among OECD countries

Author keywords:	fiscal centralization COVID-19 tax policy OECD				
Abstract:	<p>The current global pandemic crisis has affected every country both medically and economically. Governments all around the world implemented various measures to address the crisis. Among these measures, tax policy responses represent one of the most diverse steps to manage the pandemic situation. Some sorts of taxes either increased or decreased such as corporate income taxes, personal income taxes, social security contributions, environmentally-related taxes etc. In many countries, new health-related taxes have been implemented in relation to the pandemic situation. The way of tax policy responses partially depends on the pre-pandemic extent of the fiscal centralization or autonomy in the countries. In the current research, I analyze the relation of fiscal centralization/autonomy and tax policy responses with tests of correspondence among 37 OECD member countries, where data are available, as of the situation in the first half of 2021.</p>				
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Renliang Liu – Thanasis Stengos – Yiguo Sun

A Domino Theory of Regionalism Revisited in an Era of Deep Integration: The Role of Homogeneity/Heterogeneity in Institutions

Author keywords:	<p>Domino theory economic integration institutions preferential trade agreements spatial autoregressive probit model</p>
Abstract:	<p>This paper aims to explore the relevance of trade partners' institutional background on the formation of PTAs by investigating whether countries sharing homogeneity in institutions tend to form PTAs interdependently. We take economic system and political regime measured by economic freedom and democracy indexes, respectively, as the fundamental components of institutional distance and find strong evidence of institutional interdependence of PTA memberships based on a sample of 142 countries, which is more prominent for the decisions on the types of PTAs (deep or shallow). These findings are robust to the controlling for the spillovers through geographical proximity as well as possible endogeneity, and highlight the role of institutions in the domino-like evolution of PTAs.</p>

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Institutionalizations of Fiscal Policy and the COVID Pandemic

Author keywords:	fiscal policy macroeconomic management Varieties of Capitalism COVID recession growth models
Abstract:	<p>After the crisis of 2008/09, the literature on Varieties of Capitalism produced research on the connections between institutional poles and macroeconomic management, and particularly fiscal policy. The preferences of CMEs were identified as restricted and conservative (and therefore prone to austerity), and LMEs as discretionary (prone to anti-cyclical spending in crises). After 2010, it became clear that political circumstances in the EU and USA rendered this point moot as fiscal consolidations became unavoidable. However, the staunch turn towards the institutionalization of crisis-austerity in the EU certainly exacerbated the structural issues within the EU, and particularly within the eurozone. Widespread austerity was arguably necessary from the point of view of a functional monetary union, but it also disrupted growth models in many of the less productive eurozone members. Interestingly, the recession of 2020 was different and its atypical nature meant new measures became widely accepted. These are essentially inverse of the once institutionalized a decade ago. The crucial components of the Pact for Stability and Growth are suspended at least until the end of 2022, and this enabled fiscally expansive behavior in member states. At the same time, the EU itself managed to invent (more modest, but novel) anti-cyclical capabilities. The Trump and Biden stimulus packages mirror these developments in the US (again, an inversion of the situation a decade ago). This paper surveys the changes to the fiscal policy institutionalization in the past two widespread recessions and the repercussions to growth models in the EU.</p>

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Edyta Marcinkiewicz

Current state of decommodification in housing provision: a cross-country empirical study

Author keywords:	welfare state housing policy decommodification cross-country studies
Abstract:	<p>The paper proposes a conceptual framework for evaluation of the degree of housing decommodification in current housing systems. It presents the findings of an empirical analysis that employs a wide range of institutional characteristics, both quantitative and qualitative, and covers 31 European countries. A statistical explanatory technique is employed to distinguish between three groups of countries: precommodified, commodified and decommodified. To answer the question whether there is a nexus between state decommodifying housing policies and outcomes such as housing affordability, tenure distribution, and housing conditions, the results are compared against housing outcomes in the countries studied. A quite clear pattern can be identified only in regard to tenure distribution. This suggests that there is a linkage between housing (de)commodification and housing wealth accumulation. The configurations of two other categories of housing outcomes, i.e. housing affordability and housing conditions, do not coincide so clearly with the identified decommodification arrangements.</p>

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Peter Mihalyi – Ivan Szelenyi

The six competing types of domination in the early 21st century – towards a new Weberian taxonomy

Author keywords:

Liberalism
conservatism
illiberalism
authoritarianism
dictatorship
despotism

Abstract:

Every society has some form of domination to keep the system working. With the benefit of hindsight, we can confirm that Weber was right. The dream of Marxists about a domination-free society and the “withering away of the state” were not more than utopia, emotionally attractive to left and liberal-leaning intellectuals. Force and coercion must exist in every system, if for no other reasons but to keep the criminals under control.

This paper follows Max Weber’s interpretative sociology in trying to identify the various systems of domination in the 21st century. Our aim is to describe 6 “actually existing” systems: liberalism, conservatism, illiberalism, authoritarianism, dictatorship, and despotism. As the 19th century Russian writer, Leo Tolstoy famously wrote, “happy families are all alike; every unhappy family is unhappy in its own way.” There is more than one way of running disagreeable political systems. An analysis or a political strategy based on a simple dichotomy (capitalism vs. socialism or democracy vs. dictatorship) or a triad (democracy, autocracy and dictatorship) are not helpful enough and will probably never work in practice as a goal-setting strategy for politicians. Therefore, we try to build a new taxonomy of undemocratic, illiberal political systems, a common paradigm into which we can fit the different existing forms of liberal and conservative systems as well. The last decade and a half brought no good news for democracies, be they liberal or conservative. While the lifespan of various systems of domination may vary, and there is no one-way progress-regress among these systems, most actually existing systems are hybrids, have features from one or the other. There is not one which can imply the end “of history”. History rather moves in cyclical way back-and forth between various system of domination.

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Ágnes Orosz

New challenges and welfare restructuring throughout the Global South

Author keywords:	welfare restructuring, social policy, emerging economies Global South
Abstract:	However development in general requires major transformative instruments of social policy, typically emerging economies have not been conscious of themselves as welfare states, even though they have engaged in extensive range of social policies. The twenty-first century has brought salient changes that numerous low- and middle-incomes countries experienced intense welfare state development. States throughout the Global South have expanded public social spending and introduced more extensive social programs. The concept of “emerging welfare states” has appeared, mainly middle-income countries that are committed to provide social services to their citizens. The paper first collects all the economic and political factors that led to welfare state development in these countries. The new global challenges are substantial sources of welfare state restructuring worldwide. The chapter analyses whether these challenges have generated different responses throughout the Global South with special attention to the development of the East Asian and the Latin American welfare regime. The evolution of public welfare in the future will be shaped by the Global South. In the face of today’s global challenges it is essential to understand what type of institutional models of social welfare develop throughout this region.

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The role of manufacturing in the Central and Eastern European countries in the various periods from transition to mature EU membership					
Author keywords:	manufacturing Central and Eastern Europe Varieties of Capitalism (VoC)				
Abstract:	Phenomenon of the COVID-19 pandemic affected global economy and societies in tremendous way – it rearranged our work routines and social interactions, it affected global value chains and business strategies. However, also response to the COVID-19 challenge provided by governments all over the world has no precedent. The main objective of the research is to verify the hypothesis about the existence of systemic differences between OECD countries in terms of their economic and political responses to the COVID-19 economic challenge. After identification of potential classification of approaches to the COVID-19 pandemic, new typology is compared with existing typologies of capitalism, business systems and welfare states. Research is conducted with application of few methods of cluster analysis. Preliminary results suggest that it is possible to distinguish various strategies of dealing with the COVID-19 economic consequences but demarcation lines significantly differ with previous studies of welfare states and capitalistic systems.				
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Adam Piłat

Variety of responses to the COVID-19 pandemic crisis among the OECD countries. Does it reproduce the old patterns?

Author keywords:	welfare state corporate welfare public policy cluster analysis COVID-19 pandemic
Abstract:	Central and Eastern Europe (CEE) has historically been a substantial location for manufacturing. We go back to the system change of 1989/1990 and analyze the role of this sector in the following periods: transition from socialism to capitalism, privatization and massive FDI influx, pre-EU-accession, early years of EU membership, the global financial crisis and its aftermath, mature EU membership, and potentially the COVID-19 pandemic and its early effects. Manufacturing has had an influential role all throughout the various periods though the characteristics of this role have undergone modifications. Among the CEE countries, manufacturing has had a relatively stronger influence on the Visegrad group. Importantly, these economies have largely evolved into so-called factory economies, the term referring to their subordinate position in relation to the headquarter economies where strategic decisions and core research and development are undertaken. At the sectoral level, the automotive and electronics industries prevail in the region. In our study, we basically use two methods: we carry out a qualitative review in the VoC setting in a chronological approach; and we also execute comparative descriptive statistical analyses including the share of manufacturing in GDP, GVA, employment, and export. Our aim is to reveal the trends, similarities as well as differences among the CEE countries along the various periods.

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Judit Ricz – Michael Schedelik

New Developmentalism, Public Banks, and Firm Internationalization: Evaluating Brazil’s National Champions Strategy, 2007–2013

Author keywords:	Industrial Policy State Capitalism New Developmentalism Brazil BNDES National Champions
Abstract:	<p>The recent multiple crises – from the Global Financial Crisis, to the Euro Crisis, the Climate Crisis, and the ongoing Covid-19 pandemic – have led to a renaissance of the role of the state in the economy throughout the world (Mazzucato 2013; 2021). Hence, industrial policy is once again back at the agenda of academic and policy debates in advanced as well as emerging economies (Chang and Andreoni 2020). We want to contribute to this debate by evaluating a recent case of industrial policies – the ‘National Champions’ Strategy of the Brazilian National Development Bank (BNDES). This credit line was introduced in 2007 to boost selected firm internationalization through export financing and equity injections. Being the centrepiece of Brazil’s move towards a more state-led economic model in the late 2000s, commonly dubbed ‘New Developmentalism’ (Bresser-Pereira 2020), its successes and failures should be of great importance to the ongoing debate about industrial policy, state capitalism, and development (Alami and Dixon 2020).</p> <p>By looking at the Brazilian case, the paper aims to provide a critical appraisal of revived industrial policies in the early 21st century as a separate sectoral policy tool of the newly emerging variety of state capitalism. The national champions strategy has become an integral part of contemporary state capitalist models. In this paper our aim is to explore, whether BNDES’ policy was successful in shaping the competitiveness and internationalization of Brazilian firms, thereby contributing to productivity, research and development, and firm growth. In order to empirically evaluate the effectiveness of this credit line, we draw on BNDES and company data, expert interviews, and secondary sources. Conceptually, we draw on an institutionalist framework highlighting the institutional embeddedness of firms and the complementarities between several institutional spheres as resources and constraints for companies’ competitiveness and internationalization.</p>

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Steffen Roth – Vladislav Valentinov

The State in Multifunctional Liberalism. Decision Premises of the Next Political Ecology

Author keywords:	State of emergency State Organization Liberalism Coronavirus Political ecology				
Abstract:	The coronavirus crisis is generating momentum for states of exception and group morality. Special rights are justified and current crisis management strategies at least mentally applied to the fight against climate change. Against the backdrop of this "new normality", the present contribution outlines a concept of the state that acts as a general framework of statehood rather than a counter-concept to totalitarian states and states of exception. It is shown that this new approach can also identify and correct errors in neoliberal conceptions of statehood. As a result, a vision emerges of a post-"new normal" time in which a multifunctional liberalism has recoded state decision programs to a point where states can react to a broad scope of societal interests and ecological risks without regressing to totalitarian measures.				
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Visegrad state-owned multinationals	
Author keywords:	state-owned multinationals state intervention Visegrad countries
Abstract:	<p>State-owned enterprises (SOEs) allow direct government intervention in the economy on economic and non-economic grounds. Such companies were expected to disappear after the socialist economies of Central and Eastern Europe started embracing capitalism through massive privatisation. However, certain SOEs have survived and have been playing an increasingly important role in these economies – and some of them even internationally. In certain countries, their role has even increased over time, especially after the 2008-9 financial crisis, in order to alleviate the negative effects of the crisis (Götz and Jankowska, 2016). SOEs are among the most important, nationally-owned leading firms in these economies, some of them can be considered as being ‘national champions’, helped in many ways by the state. They are also among the leading foreign investors companies in the analysed countries. The paper is of descriptive nature, it presents the main characteristics of Visegrad state-owned multinationals, paying special attention to their internationalisation process. It is based on detailed case studies of eight Visegrad state-owned multinational companies. Based on their detailed description, the paper presents the hybrid nature (Bruton et al., 2015) of state-owned Visegrad multinationals, thus the non direct link between their state-ownership and state influence. Furthermore, their internationalisation processes and the role of the state in that is described. According to the literature, governments may affect the internationalisation of firms through state ownership when they have governance control of the organization; or through government affiliation, whereby firms’ internationalisation trajectories are influenced through relationship building in the emerging economy (Wang et al, 2012). Wright et al. (2021) distinguish three dimensions of government intervention: governance quality (the level of government threat), state ownership and statism (level of state interventionism). These three dimensions have different implications for the internationalisation of firms, which is used as an analytical framework for the analysis of the internationalisation process of Visegrad state-owned multinationals. Based on the analysis, we also show how their characteristics and specificities of the internationalisation process put Visegrad state-owned multinationals in-between the groups of developed-country SOEs and emerging SOEs in terms of the intensity of state intervention.</p> <p>References Bruton, G.D.; Peng, M.W.; Ahlstrom, D.; Stan, C.; Xu, K. (2015) State-owned enterprises around the world as hybrid organisations. <i>The Academy of Management Perspectives</i>. 29 (1), 92-114 Götz, M. & Jankowska, B. (2016) Internationalization by State-owned Enterprises (SOEs) and Sovereign Wealth Funds (SWFs) after the 2008 Crisis. Looking for Generalizations. <i>International Journal of Management and Economics</i> 50 (April-June): 63-81.</p>

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The role of the state in shaping the competitiveness and internationalisation of the Indian and Hungarian pharmaceutical industries

Author keywords:	pharmaceutical industry state capitalism national champions Hungary India				
Abstract:	<p>The pharmaceutical industry plays an important role in the Indian and Hungarian economies. The shortness of the supply chain and the knowledge and R&D intensity makes it different from other industries. Furthermore, markets are fragmented and products are of special importance. Original pharma firms develop their own products (molecules) and protect them with patents; generic pharma firms produce these molecules (with technologies developed by them) after the patent has expired (Haakonsson, 2009). Because of these specificities, pharma firms are usually located in developed countries. But Hungary and India are relatively important players in the international pharma market (Hungary relative to its size. Our paper analyses, what the main factors behind this special position are. Besides traditions in related fields of science, the role of the state was substantial in that development through helping building technological capabilities, keeping certain local players under local control and applying special types of IP protection. Wright et al. (2021) distinguish three dimensions of government intervention: governance quality (the level of government threat), state ownership and statism (level of state interventionism) - these three dimensions have different implication on the internationalisation of firms. Our paper is of descriptive and comparative nature, and documents the above mentioned areas of the role of the state in building internationally competitive and successfully internationalising local companies in the analysed industry comparatively in India and Hungary.</p>				
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Growth Models in Emerging Capitalist Economies					
Author keywords:	Comparative capitalism growth models emerging capitalist economies commodity super cycles social blocs				
Abstract:	<p>The growth model perspective has provided positive momentum for Comparative and International Political Economy. This article seeks to move beyond the existing geographical confines of this perspective to elaborate on its potential for enhancing our understanding of the trajectories of emerging capitalist economies (ECEs). Using national accounts data, we calculate the relative contributions to GDP growth for nine large emerging economies in the period from 2001 to 2016. Departing from the juxtaposition of consumption-led and export-led growth models, we identify an investment-led model within a varied set of ECE accumulation strategies. By discussing the advantages and pitfalls of this growth model for emerging economies, we show how to advance the growth model perspective in order to account for the empirical realities of ECEs. To this end, we highlight (1) the effects of commodity super cycles on growth models, (2) the political underpinnings of growth models through social blocs, and (3) the existence of regional growth models in very large ECEs such as China. Our findings cast doubt on the common narrative of export-led growth as the most viable development strategy.</p>				
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Comparative analysis of French and Swedish state capitalism in the fight against COVID-19

Author keywords:	COVID crisis-management democracy state institutions public health
Abstract:	<p>Despite some macroeconomic data pointing to structural weaknesses in the French economy, the performance of Sweden and France showed similar dynamics in the years before the COVID crisis. This similarity persisted in the first 9 months of 2020, and then the trajectories diverged: by the spring of 2021, the Swedish economy had practically returned to pre-crisis levels, but the French one was still 5 percentage points away from it. In the fight against the coronavirus, the two countries have been pursuing a very similar strategy, both in terms of the elements of the economic rescue package (fiscal and monetary policy measures) and in terms of health measures (testing, hospital care, vaccination). The only area where French and Swedish COVID crisis management show a significant difference is in terms of intensity of the restrictions concerning either the population or the economy. While the French issued decrees threatening violators with severe fines, the Swedes mostly made recommendations whose violation did not entail any sanction. This difference comes from another one, namely from the difference in institutions (constitution included) and the degree of people's satisfaction with them.</p> <p>As a main conclusion, we found that while the Swedes were satisfied with their existing institutions and never questioned their ability to manage the COVID crisis, the French preferred to set up new units (top expert bodies) and assign them responsibility for crisis management. Mirrored by data on economic performances since the last quarter of 2020, we can say that stable state institutions and the trust in them promise a better recovery perspective than the establishment of ad hoc institutions.</p>

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Rent seeking business elites and populism in Poland and Hungary

Author keywords:	populism rent seeking elites transition East-Central Europe
Abstract:	30 years of transition and EU accession in East-Central Europe proved to show marked differences between the ECE countries and core Europe. The transition process can be analyzed from the angle of changing power relations of elites (the comprador and the nationalist) and changing forms of rent seeking (privatization, state asset management, partisan firms). This struggle elevated to an highest ever level after the 2008 crisis. Sources of rent are intended to be secured by the nationalist elite through an attempt to monopolize political power. Populism plays an outstanding role in achieving this goal.

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Effects of the Pandemic on EU Finances – A Jump Towards Fiscal Federalism?

Author keywords:	European integration EU budget Multiannual Financial Framework Next Generation EU fiscal federalism				
Abstract:	<p>European Union (EU) Member States (MS) have been heavily hit by the COVID-19 pandemic since early 2020. While the first reactions came at the state level, EU level actions have also been formulated relatively rapidly. These actions included important steps related to the EU budget: in 2020 green light has been given to a package of €1824.3 bn (on 2018 prices) – a size not seen before – combining the amount (€ 1074.3 bn) in the Multiannual Financial Framework (MFF) for 2021–2027 and the amount (€ 750 bn) available for an instrument called Next Generation EU (NGEU). NGEU means borrowing funds on behalf of the EU – a thing that has never happened before.</p> <p>Almost a year after the adoption of the package, it is timely to examine what has happened since then and what can be expected in the near and longer-term future. The following questions will be discussed by the presentation/paper:</p> <ul style="list-style-type: none"> • How do the MS behave related to NGEU? Which MS are ready to use all funding possibilities (loans and the expenditures) under NGEU, which MS have a more reserved position? What is the reason of differences and what can be their potential consequences? • Will NGEU be an important “jump” towards the realisation of fiscal federalism within the EU? Can further actions in the same spirit be expected or should we consider NGEU rather as an exceptional instrument for the treatment of the effects of an exceptional shock? • Will the balance of power between MS and supranational entities change on the long run? If yes, how? 				
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State ownership and state-business relations – a comparison of Turkey and Hungary

Author keywords:	state ownership state-business relation Turkey Hungary
Abstract:	The presentation focuses on recent transformations of state involvement in the economy, on the examples of two countries, Hungary, and Turkey. As it is discussed in several articles, under the influence of strong nationalist-populist leaders backed by powerful majorities, both countries have been moving in a direction characterised by centralisation of power and a strong state involvement in economic issues. To characterize state involvement and state-business relations in these economies, we use the analytical framework offered by the Varieties of Capitalism (VoC) to understand the institutional similarities and differences among economies, and the extent of state involvement and coordination problems that economic actors must face. We try to investigate the specificities and similarities in the economic policies of the current Hungarian and Turkish regimes by making a comparison of the characteristics in state ownership and state-business relations to detect common features that can be identified in the Hungarian and Turkish cases.

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Norbert Szijártó

Varieties of European peripheries - Varieties of capitalism meets the growth model perspective

Author keywords:	<p>varieties of capitalism neo-Kaleckian macroeconomics growth model perspective institutional change mixed market economies dependent market economies European periphery European Union</p>
Abstract:	<p>This paper re-examines the economic models of three distinct periphery regions of the European Union, the Baltic (quasi-liberal or dependent market economies), Southern (mixed market economies) and Visegrad (dependent market economies) countries. The varieties of capitalism literature offers a theoretically solid and well-known framework to analyse diverse economic models, however, exclusively concentrates on the role of supply-side institutions (corporate governance and finance systems, industrial relations regimes, education, training and skill regimes, inter-company relations and innovation systems). Recently, the neo-Kaleckian macroeconomics-based growth model perspective provides new insights investigating the models of capitalism by concentrating on the demand-side of the economy (drivers of economic growth). Firstly, we scrutinize European peripheral economic models, including both theoretical approaches, by comparing the pre-crisis and post-crisis developments, since the global financial crisis and the euro crisis substantially impacted and altered the national economic models of the European Union. Secondly, in a complementary way, we focus on creating a common denominator of the two frameworks with the provision of a meso-level theory – industry-based approach – between the varieties of capitalism and the growth model perspective. Our initial assumptions are that (1) supply-side institutions (based on the varieties of capitalism literature) differ significantly among periphery member states; (2) demand-side economic developments (grounded on the growth model perspective) indicate strong similarities among member states during the pre-crisis period but evolving diversity since the global financial crisis; (3) European Union (and Eurozone) membership – institutional provisions, rules and regulations and coordination of certain economic policies connected to supply-side and demand-side indicators – has had limited impacts on national economic models during the reviewed period; and finally (4) investigating the distribution of value added by industries confirms that seemingly similar economic models show significant divergencies.</p>

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Impact of COVID-19 on socio-economic governance in the EU

Author keywords:	economic governance, social policy, socio-economic governance, European Union
Abstract:	<p>This paper focuses on the complexity of socio-economic governance in the European Union. We define socio-economic governance as the process of governing societies in a situation where no single actor can claim absolute dominance thus socio-economic governance is the outcome of the interaction between European Union institutions (European Union decision-makers) and member states (national policy-makers). Since the onset of the global financial crisis and the euro crisis a decade ago, social issues have become substantially prominent in EU governance and policy debate. Furthermore, the COVID-19 crisis brought again social issues to the fore. There is no dedicated social governance framework in the European Union but there are several mechanisms (strategies, initiatives, and regulations) through social governance is practiced. At the same time, the framework for European economic governance has substantially been strengthened as a consequence of the global financial crisis and the euro crisis and can be characterized by a matured but incomplete framework. On the one hand, this paper aims to collect and investigate all governance tools related to economic and social issues in the European Union, and on the other hand, this research examines the impacts of those governance tools on member states.</p>

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"Fuelling" knowledge-intensive manufacturing by internationalisation? The role of the Chinese state in shaping the competitiveness of the new energy vehicles sector

Author keywords:	China internationalization state-led development new energy vehicles EV manufacturers
Abstract:	<p>Latecomer companies coming from emerging and transition economies are typically characterized by active governmental involvement in business, either through ownership or regulation. This is certainly the case in China, where national champion companies, be it state- or privately-owned, receive financial support, protection and "guidance" from the Chinese state that inevitably affects the way they internationalise. Chinese firms have internationalized rapidly since the launch of Go Global strategy in 2001, first to secure access to natural resources, then to seek for markets, later to access strategic assets to become internationally competitive.</p> <p>Besides "going global", China has made formidable efforts to modernise the structure of its economy, shift to new sources of economic growth and improve local technology development capability. The Chinese government pursued a strategy of developing (indigenous) innovation, to become technologically independent. The ambition of Beijing is to leapfrog and take the lead in emerging industries. One of these industries is new energy vehicles (EV), which are to contribute to reduction of oil consumption and pollution of China's big cities, as well as lead the great transition of the automotive industry globally. Due to China's government support of this sector (subsidies, construction of charging infrastructure), China is now the world's biggest EV market.</p> <p>Drawing on a systematic review of the literature and available data, the paper presents and analyses existing indicators quantifying China's progress in its modernisation endeavour. By looking at the internationalisation of Chinese EV manufacturers the paper aims to map out the state's role in shaping the competitiveness of the new energy vehicles sector.</p>

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Crisis-handling patterns in foreign-owned companies in Hungary, with special attention to government support

<p>Author keywords:</p>	<p>varieties of capitalism multinational companies Covid-19 foreign-owned companies government support</p>
<p>Abstract:</p>	<p>The paper relies on the combination of two important approaches: on one hand the Varieties of capitalism approach (VoC, Amable, 2003; Hall and Soskice, 2001) and on the other hand, the international business literature strand concerning the headquarter-subsidiary relationship(e.g. Kostova et al., 2016). Based on the framework determined by the combination of these two approaches, in our descriptive research, we analyse the following questions:</p> <ul style="list-style-type: none"> • How have Hungarian subsidiaries of foreign multinational companies handle the crisis, what type of measures have they taken? Was there any relationship between the measures used and the VoC of their home countries? • To what extent have they relied on government support either in their home country or in the host economy, Hungary? What factors explain their reliance on government support? • How independently (from the headquarter) have they decided about the measures of crisis management? To what extent have the headquarter mediated in this process? Was there any relationship between the level of independence and the VoC of their home countries? • Can we find any pattern of crisis management among the foreign subsidiaries in Hungary? <p>As far as our methodology is concerned, we conducted questionnaire-.based, semi-structured interviews with leading managers of 15 automotive or electronics subsidiaries operating in Hungary. We narrowed down the analysed industries in order to handle to some extent the impact of industry specificities. Our interviews were conducted between January and July 2021. In our sample, there are seven Hungarian subsidiaries of German, two of US, two of Chinese and one-one French, Japanese, Austrian and Swiss multinationals.</p> <p>In our ongoing research, we acknowledge the limited generalisability of our results, due to the relatively low number of firms in our sample. However, as our preliminary results show, there is a link between the crisis-handling methods used and the VoC of the home country, and in this relationship, a special role is played by the level of independence of the subsidiary. We have also found, that it is not only industry specificities, but even sub-industry and sub-branch specificities, which matter: the companies in the sample were affected very unevenly by the crisis, depending on other factors (e.g. their links to health services, to consumer IT-services, the demand for which have grown during the pandemic etc.). Furthermore, a role was played in that respect by the “age” of the subsidiary: affiliates in early stages of FDI (just initiated their project in Hungary) as well as by the extent to which the home</p>

country of FDI was affected by COVID. Further research is planned through increasing the number of firms in our sample and with an international comparison with subsidiaries in a similar country (level of development, geographic position, size of the economy).

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The Africa Care Economy Index

Author keywords:	care economy social reproduction caring labour carework
Abstract:	<p>This paper offers a comprehensive evaluation of the performance of African states with regard to recognition and redistribution of caring work. With the COVID-19 pandemic ongoing in Africa, there is rising interest in the care economy, including by intergovernmental bodies. This paper argues that the care economy has long been unrecognised in the African continent. At least since the last pandemic — HIV-AIDS — caring work has been severely undervalued and redistribution of caring work close to nonexistent. Beginning with a theoretical discussion of care economy and related concepts relevant to Africa, the paper selects and reviews legislation and expenditure data for each country of the continent, evaluating each along ten metrics argued to compose a ‘care economy index’. For each metric, recommendations for the socialisation of caring work, via the state, are presented, based on contextual analysis specific to the African continent. The socialisation of caring work is argued to be central to building holistic development in the continent.</p>

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Governments' Privileged Access to Private Finance in Europe: How Prudential Law Overrides the Varieties of Sovereign Risk

Author keywords:	European financial governance sovereign funding privilege public debt management safe and risky sovereign assets financial stability
Abstract:	<p>This paper highlights the apparent conflict of interest between the role of governments as prudential regulators of finance and their ability to exploit these regulatory interventions for securing their own privileged access to private finance. After the financial crisis of 2008 and in response to the sovereign debt crisis of 2010-2012, the European Union (EU) tightened financial legislation with the objective to strengthen the resilience of financial institutions and secure financial stability. As shown in a detailed analysis of EU financial law, the European authorities also took the opportunity to override free-market portfolio choices that reflect the existing varieties of sovereign risk in Europe. Their regulatory interventions significantly expanded the existing preferential regulatory treatment of public relative to private sector securities, based on prudential considerations grounded in the promise of sovereign safety. These sovereign funding privileges facilitated public debt management and eased the budget constraint, in particular for euro area countries perceived as risky. At the same time, creating a captive demand for sovereign assets labelled as safe becomes a cause of concern for financial stability if it would reduce fiscal discipline and make the financial sector vulnerable to fiscal disruptions.</p>

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Regime change, competition state and political changes - a Polanyian approach

Author keywords:	Regime change, competition state, Political changes Polanyian approach
Abstract:	<p>The transition from socialism into capitalism and a parallel transition from dictatorship into democracy was viewed in the political economic literature by many, as an unfeasible process. Potential losers of the transitional process and economic chaos and recession would create a demand for political parties, who would overturn the process of this dual transition. This approach can be interpreted within a Polanyian narrative, as the possibility of a countermovement against marketization.</p> <p>In spite of these fears, economic institutions evolved towards a very liberalized competition state like setup, that was supported by the big majority of political parties. Central and Eastern European countries thus became the straight A student of economic liberalization and following the recipe of the Washington Consensus.</p> <p>This has been changing a lot, especially since the Great Recession of 2008. It can be argued, that the crisis hit the societies of the region hard for the second time, and this second hit caused the turnaround that was originally expected to happen in the 1990s.</p> <p>This paper tries to collect and analyse data starting from the regime change in order to illustrate the effect of the transformation on the societies of these countries, especially from a welfare perspective. The goal is to illustrate the devastating effects of the regime change and the 2008 crisis, and to put the political changes of the post-2008 CEE into a Polanyian perspective.</p>

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The Rise of Collateral-based Finance under State Capitalism in Russia

Author keywords:

Russia
state capitalism
collateral
repo
money markets
central counterparty
liquidity

Abstract:

he article examines emerging financial capitalism in Russia and its recent developments, the rise of collateralised finance and trading in repo markets. The main conclusion is that a combination of sophisticated speculative practices with a strong state presence in financial markets is a distinctive feature of Russia after 2008. The decoupling of the financial system from the credit supply to the real sector is still continuing after the collapse of Communism. The role of the capital markets is restricted to short-term liquidity management in money markets, which rose after 2011 due to an increased provision of state liquidity. The existence of a large monetary overhang accumulated within the Russian banking system and its interconnectedness with collateralised markets are discussed. The development stages of the repo markets and the main collateral types are considered in relation to the expansion of the state liquidity supply. This study provides an additional perspective within the ongoing debate on contemporary state capitalism in emerging markets.

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Andrei Yakovlev – Timothe Frye

Why not fair electoral results but performance in the office is more important for re-election of regional governors in Russia?

Author keywords:
 Fair Election
 Performance in the office
 Regional Governors
 Trust to the government
 Russia

Abstract:
 Since 2011 parliamentary elections, there are many strong evidences of electoral fraud in Russia. These evidences are broadly available online and there were a lot of political protests against electoral fraud during last years. However according to independent surveys many ordinary people continue to support political regime of Vladimir Putin. We assumed that performance of officials in the office can explain such response of citizens. We tested this hypothesis using experiment with positive/ negative wording of relevant question in framework of survey of 23,000 respondents in 61 Russia's regions in November-December 2020. We asked about chances of regional governor in the region N to be re-elected depending on the fairness of his/her electoral results and his/her personal performance in the office. Our results shows that good performance in the office (with real efforts for regional development) increased the chances to be re-elected for governors, which came to the power with serious violations of electoral rules. At the same time, fairly elected governors have low chances to be re-elected if before they could not provide conditions for development of the region. However, these effects vary significantly depending on personal characteristics of respondents, their experience and trust to the governments. In the paper we analyze why some factors increase for the respondents the importance of fair electoral results and other factors increase the importance of performance of governors in the office.

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