

Impacts of globalisation at the neighbourhood level in Budapest

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Abstract This paper discusses the tangible effects of economic and cultural globalisation at the neighbourhood level in Budapest, Hungary. Rather than examining local/national economic and cultural traits, it considers the impacts of capital investments, architectural influences, immigrant groups and cultural changes in the residential space. The spatial distribution of these impacts in Budapest suggests that global processes not only steer neighbourhood development but that they do so differentially. That is, certain aspects of globalisation tend to appear in specific neighbourhoods, where they affect local development to different degrees. In Budapest, we find that a neighbourhood's relative location, image and socio-economic characteristics are the factors that influence the outcome most. The analysis interprets the way globalisation affects local development from the perspective of critical realism, an approach combining various methodologies. To highlight the nature of the global-local interplay, the study is framed by a general model of neighbourhood transformation.

Keywords Neighbourhood dynamics · Residential environment · Globalisation · Budapest · Critical realism

1 Introduction

A city consists of many neighbourhoods, each one a conglomerate of urban artefacts from a remote or recent past. All of these neighbourhoods were

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shaped directly or indirectly by global and local economic interests, waves of architectural styles and historical or contemporary cultural movements and life-styles. A critical realist interpretation of neighbourhood dynamics is used here to explain how global processes shape neighbourhood development in global/capital cities. This issue is topical in the capitals of east-central Europe, as they are newcomers to the network of global cities.

Figure 1 presents a generalized model of neighbourhood transformation. It depicts the neighbourhood as an open system and the global-local relationship as a combination of direct and indirect (necessary and contingent) interactions. Giddens (2001, pp. 245–246) expresses this interpretation as follows:

“Local transformation is as much a part of globalisation as the lateral extension of social connections across time and space. What happens in a local neighbourhood is likely to be influenced by factors operating at an indefinite distance away from the neighbourhood itself.”

Analysing the underlying dynamics of neighbourhood transformation and understanding the role of global impacts could provide evidence to underpin our assumption that:

- Global processes have impacts on cities and influence their development to different degrees; the same applies to neighbourhoods within the global cities;
- Global processes have been operating in the city of Budapest at varying intensity throughout the past century, producing a mosaic of urban (residential) forms; the differentiation has accelerated over the past 15 years.

After outlining the historical dimensions of globalisation in Budapest, the paper focuses on the way global impacts (mainly economic, cultural) show up at the neighbourhood level. We assume that these are manifest in those elements of the built environment that are affected by the changing aspirations of upwardly or downwardly mobile social groups, by the architectural and

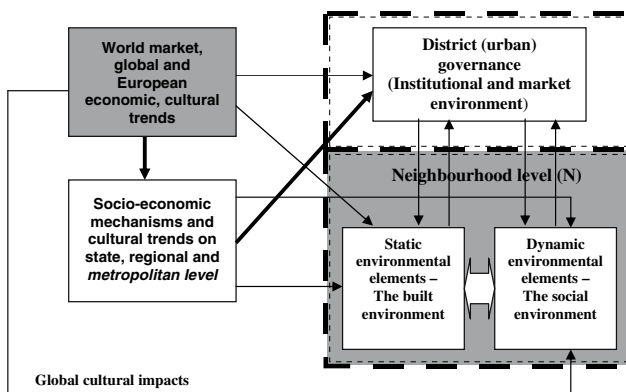


Fig. 1 A realist interpretation of residential environmental (RE) dynamics

aesthetic commitments of global investors, and by the demands of expatriate communities in Budapest. We also assume that a critical realist approach can contribute to a deeper understanding of the role of global forces in the process of neighbourhood transformation. An analysis based on this approach could reveal that global forces – where distinguishable from local ones – are selective, in that the intensity of their influence is tied to particular attributes of the residential environment.

2 Historical dimensions of globalisation in Budapest

Being the capital of a country in the very heart of Europe, lying at the crossroads of cultural exchange, Budapest could never shield itself from international economic and cultural influences. The extent of such inroads and the delayed urbanisation are related to the degree of integration in the European economic and political space as well as to the global status of the city. The international influence on urban development was intense at the turn of the 20th century. Then, as part of the Austro-Hungarian Monarchy, Budapest went through its greatest economic boom ever, prospered and became a real competitor of Vienna. In this period (between 1850 and 1918) Budapest was a global city with a small radius (Beluszky, 1998). Even then, it depended on foreign capital investments. Like Prague, Budapest was important in the secondary distribution of foreign capital in the Balkan (Árvai, 2000). As the city absorbed immigrants for its booming economy, large-scale rental housing construction was needed. The areas we reckon to the historic or inner-city residential zone were built in those years and still show their strong international (mainly Austrian and German) architectural (cultural) influence. The unprecedented mixture of minorities – and thus the multi-cultural character of the city – also contributed to the multifaceted nature of the residential areas.

The post-Trianon¹ history brought forth a radically new situation regarding international connections. The city was not able to recover economically. With less extensive trading contacts than before, it became culturally much less colourful, and its international intellectual contacts became sparse – a situation that only got worse during the post-Second World War communist period (Árvai, 2000). The country became largely isolated from global influences, especially Western intellectual ones. Intellectual ferment could only take place in the urban space, and then only with a considerable delay and sometimes in a greatly misinterpreted form (Szirmai, Baráth, & Bognár, 2003).

From the late 1960s on, slowly but surely the country – and thus the city – opened up to outside influences. More economic and cultural contacts were allowed. To Westerners, Budapest became a prime example of a safe and

¹ Trianon Peace Treaty, 1920 – Hungary lost two-thirds of its territory with most minorities and more than three million Hungarians.

civilised communist city. To citizens of hard-line communist countries, it was the embodiment of open communism and the Westernised socialist city. As for the impacts of globalisation per se at the neighbourhood level, these were mainly felt in the changing aspirations of the people. Their ambitions took shape through the choice mechanisms to which the widening and gradually liberalised domestic market was free enough to respond.

International economic, cultural and architectural influences fluctuated in their intensity according to the historical situation. In fact, international forms appeared in Budapest before the system changed in 1989 and left some marks on the residential space. Suburbanisation and the concomitant downgrading of the central historic residential zone started well before the political and socio-economic turn. At the same time, some of the urban developments in the 1970s and 1980s were even identified as socialist gentrification-like processes (Hegedüs & Tosics, 1991). Even though the outside 'world' has always been present in Budapest, global economic and cultural influences practically burst onto the scene in 1990. They took extreme forms in life-styles, urban and architectural design, segregation etc., just to mention some of the impacts at the neighbourhood level.

Unavoidably, all neighbourhoods have been affected by post-industrial restructuring and globalisation. At the metropolitan level, functional change was running at full speed in the mid-1990s. At that time, investors needed more and more office space in downtown Budapest, and the response coincided with the peak in privatisation. The classic CBD image is now stronger than ever in the fifth district and in parts of the first district. By now, the residential function has diminished there, while that function is spreading to the former transition zone of the late 19th century (sixth and seventh districts) (Kovács & Dövényi, 1998; Salier-Fliege, 1999).

The neighbourhood-level impact of the late-coming suburbanisation and social segregation immediately became visible in the city after the privatisation of the housing stock got started and the housing market was liberalised. Somewhat overlapping with the full-speed suburban development and boom in the greenbelt area, the trend of re-urbanisation also appeared in specific neighbourhoods in dilapidating historic residential areas. In some places it came with high local governmental involvement, while in other areas it relied completely on market parties (among others, foreign actors). The steadily increasing numbers of foreign professionals have affected the residential investment in luxury housing in the Buda hills. But early signs of classical gentrification – social upgrading and housing renovations (Van Weesep, 1994) – have also become visible in scattered locations in the historic residential zone, contributing to the plethora of globalisation indicators.

The extent, to which globalisation influences the development of a city is highly dependent on the status of a city in the global urban network. By the second half of the 1990s, after the deepest point of the economic and moral crises, it was internationally acknowledged that three of the East-Central European capitals (namely Warsaw, Prague and Budapest) have the potential to join the network of European metropolises (Barta, 1998). Nevertheless,

having taken into consideration the set of criteria that define a global city, many academics and experts saw little possibility of Budapest becoming an international financial centre (Bellon, 1998; Barta, 1998). Rather, they saw more likelihood of Budapest becoming a gateway city of regional importance, mediating between the Balkan and the developed Western world. Meanwhile, there is consensus that the city is a cultural stronghold and a hub of academic and R&D activities.

3 Connecting the global with the local

The global-local interplay has been extensively discussed in the international literature. Like Giddens (1996, pp. 367–368), most authors concur that globalisation would never be able to destroy the “local contexts of action.” It would be pointless to search for areas in the city that have been completely transformed into manifestations of global forces. However, the city centre and some traffic arteries are worth a closer look. For instance, behind the glossy and harshly criticized office block on Kálvin Square, we still find the National Museum and Józsefváros, the ‘good old’ eighth district.

Based on a schematic depiction of neighbourhood transformation (shown above in Fig. 1), the following diagram (Fig. 2) depicts the global-local interplay. As posited earlier, the process of globalisation influences the process of neighbourhood transformation through the flow of global capital, labour and culture, which are closely related to one another. In the case of Budapest – as we shall show in detail below – the relationship is more often contingent (indirect) than necessary (direct).

In the Hungarian capital, over the past 15 years, all neighbourhoods – as parts of the big whole – have gone through substantial socio-spatial reorganisation. The neo-liberal socio-economic transformation tends to select certain areas in the urban context as well as particular social groups that contribute to their development (Szirmai et al., 2003). The transformation would have been much slower had it not been for the global capital investments, global cultural influences and the professional input of foreign expertise.

It is hard to separate ‘global impacts’ from those economic and cultural influences that would normally accompany a transition to the market economy. Among the East-Central European post-socialist states, Hungary has been closest to the neo-liberal track of development. After all, global capital and culture have had a wider scope of action in Hungary than elsewhere in the region.

As a city of regional importance, Budapest has more experience with foreign capital investments, foreign immigration, and multi-culturalism than any other part of the country. Due to the liberalised system however, there are enormous contradictions and imbalances in the distribution of the ‘fruits’ and ‘chaff’ of globalisation within the city. To understand how this selective influence works, we need to see what attracts the basic global flows and which

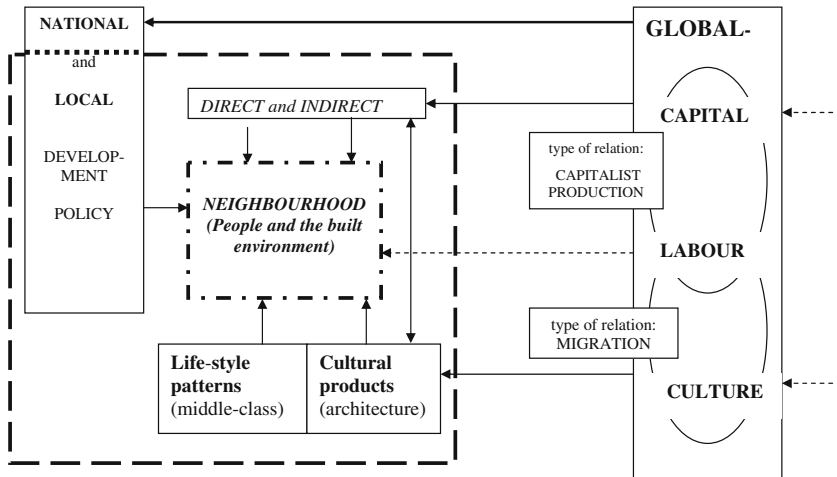


Fig. 2 Global impacts influencing neighbourhood transformation

parts of the city are their recipients (willingly or unwillingly). We follow the flows of global capital, labour and culture in the residential areas and distinguish a wide variety of ways in which they shape the neighbourhood by interacting with one another and with local characteristics.

Foreign capital flow potentially influences the process of neighbourhood transformation in two ways. On the one hand, it works via direct investments in the residential environment. On the other hand, it works via indirect means like the construction of commercial developments, generating either an upgrading or downgrading process, depending on many local factors. In the second case, the appearance of new commercial development projects (office complexes, shopping centres, conference centres, etc.) is a signal to housing developers that the area is poised for upgrading and is worthy of their attention. Slowly but surely, the upgrading process will commence at the neighbourhood level too.

Along with capital, which can be mobilised very quickly, labour is also a form of global flow, though it moves into the focal points of production at a considerably lower intensity. Global labour flows have not yet reached Budapest (and according to the forecasts never will) at a scale typical of global cities. Nonetheless, the process will probably intensify in the near future as a consequence of Hungary's recent accession to the EU. The flows of labour will also gain pace as the Hungarian economy becomes more firmly integrated in both the European and the global networks of trade and production.

The presence of international migrants has a socio-economic and cultural influence at the neighbourhood level. By its very nature, the flow of labour is inseparable from both the global capital and cultural flows (as indicated in Fig. 2).

The global cultural flow has three manifestations at the neighbourhood level. One is the range of cultural products that are mediated by professional

‘producers’ like architects and urban planners who adapt the global forms. The second consists of the changing life-styles of the people, especially the spread of middle-class norms in housing, daily life, leisure-time activities etc. And the third appears when immigrants bring in their own cultural products.

Typically, the global flows are materialized in the urban fabric. They contribute to the further differentiation of neighbourhoods that are already varied in their social and physical qualities. In the following section of the paper, we consider how global flows interact with the local physical and social attributes in Budapest to geographically define the areas where they are most clearly articulated.

4 Impact of global capital flows

Foreign capital was present in the city well before the change of system. But the intensity of investing gained momentum with the liberalisation of the Hungarian economy in the 1990s. Foreign investors have always favoured the capital city over the rest of the country. Typically, 50–60% of the foreign working capital ends up in Budapest (the share is even bigger if we include settlements in the agglomeration).

Understandably, specific types of investment have almost completely preferred the capital city to the bigger towns in the countryside. Consequently, the structure of foreign investment sets Budapest off from the rest of the country: industrial investments still represent a higher share, and foreign capital favours the real estate and financial sectors more than elsewhere in the country (Barta, 2000).

No global impact could be more direct and influential in the residential areas than foreign capital flowing directly into housing (as new residential developments or refurbishing of the valuable historic residential stock), and thereby into the formation of the urban fabric. However, reviewing the list of private investors active at the major project sites, one hardly finds any foreign investors. The reason is simple; according to the logic of investment, the private parties are looking for short-term returns.² That is why even the domestic residential estate market had to wait almost ten years after the change of regime (1990) to gain momentum and attract a considerable amount of investment.

To understand the scarcity of foreign investors in the housing sector, and the lack of opportunities to improve residential quality, we need to consider some general and local factors.

First of all, foreign capital in the housing sector is scarce in traditional market economies too. So it would be a mistake to expect the presence of foreign investors to be greater in the Hungarian housing sector. It is no surprise that even in the EU, housing failed to become one of the numerous

² The construction of 1 m³ of a residential unit at the end of the 1990s cost twice as much as that of office or commercial space (Siklaky, 1999).

common policies (personal communication with Sóki-Tóth, 2004; Hegedüs & Gerőházi, 2003).

The other reason is the economic principle that investors (especially foreign) look for quick returns. They venture into housing projects on condition that the targeted country will provide a secure economic context and be able to sustain growth in the long run.

It was the telecommunication systems that attracted the primary flow of foreign capital, as this sector guaranteed the quickest possible returns. The boom ended in about 1994, when the market got saturated. Somewhat overlapping with the telecommunication boom but especially after 1995 – when the privatisation of the banking system took place – it was the turn of the banking sector to absorb a considerable amount of foreign capital. Formerly unknown German, Dutch, British banks etc. appeared and built up their nation-wide networks, constructed their headquarters or renovated impressive but run-down buildings.

The following wave was investment in shopping malls. The first one in Budapest was completed in 1996 (Duna Plaza). Roughly parallel with it was a wave of large-scale office block construction. Till 1998, most (90%) of the country's foreign investments in office development were destined for the capital (Árvai and Diczházi, 1998); this ratio has not changed much since. By 2001, Budapest was already saturated with office space; at present, about 40% is vacant. In 1998–1999, big hotel projects were the most attractive target for foreign investors, and at the time of writing, they still are.

Then came the housing sector. The first major investments in housing arrived with the economic stabilization of the country in the late 1990s. The presence of foreign companies in housing was more pronounced after the housing price and construction boom that started in 2000 (personal communication with G. Y. Barta, 2004). A governmental measure allowed buyers of newly built residential units to obtain bank loans with a higher share of governmental support compared to people buying second-hand dwellings. This advantage generated a boom in the demand for newly built housing units, thereby stimulating the whole housing construction sector. Hungarian and foreign companies – almost absent among the housing contractors and investors until 1997³ – who were previously not involved in either financing or building housing units now ventured into bigger or smaller projects. After 2000, the global impact took two major forms:

- equity capital investors (mainly Israeli), whose activity by their very nature is not the actual implementation of the project – they engage Hungarian general contractors for the physical implementation of the projects;
- foreign housing developers (Austrian, Belgian, and German) whose original activity was very different from estate development (personal communication with Sóki-Tóth, 2004).

³ In the Ferencváros rehabilitation area there used to be an American developer as 'early' as 1996 constructing the so-called American House in American style and mainly for Americans.

According to the same expert, something else seems to have more influence on the quality and character of the neighbourhoods than the ratio of the foreign developers and capital investments in the actual residential projects. More influence is attributed to the consequences of privatisation in the construction industry.⁴

Foreign investment is funnelled into the larger housing projects in the inner city of Budapest. It is especially prevalent in projects where radical intervention occurs in the texture of the historic residential zone, along with the renewal of some historic buildings. Obviously requiring substantial financing, such projects are connected to foreign developers or their sphere of interest. No wonder that the high-standard apartments they produce are often sold right off the drawing board, and mostly to foreign buyers. This is quite common in the seventh district of Budapest in the old Jewish District. Here, an extremely run-down building stock (due to the high rent gap) is coupled with an excellent relative location and historic surroundings.

While these trends have induced many of changes in the nature and quality of the built environment, the most striking change is the large-scale imposition of shopping plazas. Not only did they introduce a series of uniform architectural products into the otherwise varied built environment, but they also downgraded some formerly mixed (commercial and residential) shopping streets in the inner city. The saddest story is that of Kossuth Street and its continuation, Rákóczi Street. There, the venerable old department stores have closed down, leaving the space to squatters, while some of the other buildings have meanwhile been demolished. Such was the fate of the legendary Úttörő (Pioneer) department store, located very close to the renowned survivor, the Váci shopping street. When the department stores were vacated, more and more of the high-quality small shops left the street. Downgrading and dilapidation set in immediately. It remains to be seen if the new look of the post-modern office blocks replacing them will bring liveliness and the old atmosphere back to the area.

An archetypal non-place shopping plaza called Westend City Centre – one of the largest real estate projects – is located very close to the downtown of Budapest. We have analysed housing prices, made observations in the area, and talked with housing experts about it. It seems that this project and the related investments (mainly office blocks) have had little impact on the nearby residential area. The project, being separated by a wide road from the residential areas of the 13th district, has remained isolated. It has thus had hardly any positive impact on the neighbourhood.

Counter to expectations, the market position of the residential areas in the proximity of the shopping malls is stagnating. They tend to lose some of their value and appeal due to the increased volume of traffic and amount of

⁴ The Hungarian companies producing building materials have all been privatised by German and Austrian capital. Their main product line consists of brick and the classic building materials. In spite of the fact that lots of Canadian and American companies attempted to bring in the technology of light-structure houses, most of them failed as the brick lobby was so resistant. In Hungary, even in the greenbelt area, there is almost no alternative, and brick-built homes prevail.

pollution. These commercial projects express something not seen before in Budapest, and it is not multiculturalism; it is only the imported culture of the multinational firms (Siklaky, 1999).

Some of these malls, such as the shopping plazas of the second district, were built in exclusive areas; others, particularly on the Pest side, were built amid lower-class neighbourhoods. The developers were so fixated on short-term returns that they did not even consider upgrading the immediate surroundings. Instead of promoting improvement in neighbouring residential areas, commercial developments can have the opposite effect. In such cases, the run-down neighbourhoods nearby could spoil the popularity of a shopping mall. That is the risk of the investors, when they let the surrounding residential areas downgrade (Sándor Demján⁵ quoted in Péterfi, 1998).

The contrast between the old and the new project is striking in the case of Pólus Centre (located in an outer district of Budapest). It was built on the site of a former Russian military camp near a run-down neighbourhood. The investor concentrated on the project itself and gave no attention to its immediate surroundings (Péterfi, 1998).

Global investors came to like the inner city in the 1990s. Functional conversion, both hidden and open, took hold in inner-city residential areas. The sixth district, with Andrásy Street (listed as a World Heritage site) as its backbone, shows both positive and negative examples of how new functions financed by global money tend to influence the quality and appearance of historic neighbourhoods.

A new post-modern office building on the continuation of Broadway in Pest breaks the series of neo-classical and eclectic residential buildings. And the Suba Office Centre (Fig. 3) in Inner-Terézváros puts nearby residential blocks into a new perspective. Since some banks and powerful investors did not want to rub shoulders with squalor, they renovated the worn-off facades of their neighbours simply to enhance their own image, a gesture welcomed by the local authorities. Local government contributed very little to these renewal projects (expert interview with Tasnádi, 2005).

A few blocks away in the same district, however, global capital intruded with an incongruous bank centre. Inserted on a narrow street where half of the buildings are listed landmarks, it sticks out like a sore thumb. Not only has the project failed to contribute to the renewal of the neighbourhood, but its forward-leaning glossy facade makes the street seem even narrower.

All in all, global capital with a non-residential destination is targeted to the downtown and the inner city, though it also tends to be invested along major thoroughfares and on the edge of the city. The global money is rarely put into residential projects; when it is, these must be intended for high-income groups or foreigners. Therefore, such projects are located in exclusive inner-city areas

⁵ Demján is a prosperous businessman involved in estate development.



Fig. 3 Suba Office Centre among recently renovated residential buildings in Inner-Terézváros. Photo: Z. Földi, September 2004

like the Jewish District or in the fashionable high-income areas on the Buda side of the Hungarian capital city.

5 Impact of global labour flow

The globalisation of production generated a globalisation of labour, which means the movement of people to the major centres of capitalist production (Soja, 2000). As mentioned above, Budapest does not rank highly among the cities of global importance regarding any of the urban functions that makes a city 'global'. However, as a European capital, a regional centre of production, and the capital of a country that is following in the footsteps of the developed world, it has become a destination, be it temporary or final, for hundreds of thousands of people. In Hungary, there are presently about 110,000⁶ immigrants holding a residence permit. Nearly 85% of them come from elsewhere in Europe, though mainly from neighbouring countries. About 10% originate in the EU. Three-fourth of the immigrants in Hungary are members of Hungarian minority groups in other countries. The other continents are not over-represented: Asia with 12%, America with 3% and Africa with 1.2% (Time Series, CSO, 2003).

Budapest is the most popular destination for the immigrants (Nyíri, 2002). In our analyses of global impacts on the transformation of residential space, we found that two groups, neither of which is strongly represented, have the

⁶ Between 1990 and 2000, over 200,000 immigrants received a residence permit for a longer or shorter period. Most of them only made a stop-over in the country and left for the EU soon (Time Series, CSO, 2003).

greatest visible impact on some neighbourhoods.⁷ One consists of EU⁸ and North American citizens, the other of Asian – more precisely Chinese – immigrants.

Foreigners come to Hungary mainly for economic reasons. Their country of origin largely determines their position in the labour market, their social contacts in Budapest, and consequently their geographical concentration and location in the city.

The ‘immigrants’ from America and Western Europe mostly come to Hungary to represent multinational companies, often sent out by the management (Keresztély, 1998). But there are also some fortune hunters among them.

The expatriates of Western origin who stay on for years do not make up a large share of the immigrants in Budapest. But through their economic power, influence, and specific demands, they have been able to substantially influence the housing and rental market, the range of services provided etc. Their influence was especially noticeable at the beginning of the 1990s, when the share of professionals, government officials and managers among the immigrants from Western Europe was somewhat higher (53%) than now (42%) (Time Series, CSO, 2003).

Foreigners from developed countries who stay in Central European capitals tend not to form closed communities. The reason is that, culturally speaking, they are not very different from the Hungarian people; the general standard of living is close to Western standards, and safety is assured. However, they still tend to be markedly concentrated in the areas preferred by the upper-middle and upper-class segments of Budapest society. Naturally these are the districts of the city where they have been able to contribute the most to the transformation of the residential areas as well.

Among other things, the demand exerted by Western citizens in Budapest, along with the subsequent demand of the wealthy Hungarian segment, led to an upswing in the market of luxurious rentals, both on the Buda side of the city – in fancy areas like the second, the 12th and third districts – or in the fifth and sixth districts on the Pest side. We should not forget that for an American to maintain this standard of living in Budapest, it would cost just a little over half the amount needed in New York in the second half of the decade (Ramond, 1998).⁹

⁷ The real international labour flow is not attributed to these Westerners but to the masses of people staying in Hungary and mainly in the capital who come from e.g. Romania. At the beginning of the 1990s, thousands of ethnic Hungarians left Romania in search of a better life and obtained Hungarian citizenship. Among the Romanian immigrants, citizenship is not that popular. They either go further to the west or stay in Hungary temporarily, like guest workers. They do not form permanent communities in the city but tend to find rental units in the poorer parts of the Pest side. In spite of the fact that they are numerous, they remain invisible, not influencing the residential areas with their cultural impacts. They are mainly engaged in the construction industry and send most of their income back home.

⁸ Here we mean the members before the enlargement!

⁹ Since the quoted ratio was calculated, Budapest has become more expensive, even for foreigners.

Another relatively small but very influential group of immigrants is the Chinese. In the 1980s, there were only a few hundred Chinese people in Hungary, but by 1992, all of a sudden there were 40,000 of them in the country. By now, the number of Chinese in Hungary with a residence permit has dropped to a little under 10,000, of whom over 80% are concentrated in Budapest; there are also thousands more undocumented Chinese. While in other European countries, they are more likely to be engaged in bar and restaurant keeping (Keresztély, 1998; Nyíri, 2002), the Chinese in Budapest mostly work at markets selling cheap goods that are appropriate to and needed by the lower social segments of the society. As the general standard of living is still low, there is strong demand for such products.¹⁰ The more prosperous tradesmen have already opened their own shops and even employ Hungarians, whom they often consider to be lazy.

The Chinese immigrants in Budapest, in contrast with the Chinese in other European countries, do not come from the same province but from various parts of that country. This partly explains why they do not have a coherent, Chinatown-like territorial concentration. However, their community life in the city is vibrant (Nyíri, 2002).

According to estimates, the number of Chinese immigrants – including the illegal ones – hardly exceeds 15,000 in Budapest. Nonetheless, this group is still the most visible of the immigrants.¹¹ They have not been able to transform whole neighbourhoods according to their cultural traditions to build a sense of community among the Chinese. Even so, they tend to concentrate in certain districts of the city (Enumeration data, CSO, 2003). However, the literature emphasises that in Hungary they tend to follow the established socio-economic arrangements of the surrounding Budapest society. For instance, richer Chinese managers and businessmen prefer the area populated by the Hungarian upper-middle class, but none of the relative concentrations are located on the more fashionable Buda side of Budapest. In part, the lack of concentrations was due to the deliberate policy of the highly autonomous district governments not to let an enclave evolve; none of them wanted to take on the responsibility of dealing with any complications that concentration might entail.¹²

¹⁰ The Chinese traders became substitutes for Polish traders, who before 1989 symbolised the market for cheap, medium-or low-quality but affordable products for people in the lower segments of the society of the late-socialist era. Due to their geographical proximity, Polish traders never formed a stable community in Budapest.

¹¹ Other Oriental or African immigrants may not have reached a critical number, their culture may not be so much based on community values, or their economic activity may not be commerce. At any rate, they are not so much on the scene.

¹² Officials often associate foreign traders – whoever they might be – with crime, prostitution etc. That is why they objected so strongly to hosting a Hungarian Chinatown in their districts. It derived from another problematic group: the prostitutes. The municipal government was going to designate a zone for prostitution, but none of the district governments was willing to accommodate this.

6 Impact of global cultural flows

The global cultural flows take three major forms in Budapest. These forms overlap somewhat with the two other major global flows mentioned above.

- a. The direct cultural impact of the global media setting new life-style patterns, especially in the middle-and upper-middle-class groups (new demands regarding migration destinations and architectural designs, interiors);
- b. Global professional (architectural) impacts (closely connected to global investment flows);
- c. Immigrants forming closed communities, changing the original character of certain neighbourhoods via their culture-specific life-style elements which appear in the residential space in the form of semi-fixed and non-fixed features (closely connected to the global labour flows).

Global cultural ‘commodities’, like commodities in general, have become class-dependent according to the actual place of consumption and the community in which people are consuming them. Along with the foreign capital that is invested through the mediation of Western Europe and the US, a commercialised form of popular mass culture also reached East-Central Europe. Being aggressive, it seeks out ways to penetrate the everyday life of people (Szilágyi, 2002), no matter which social class they belong to.

What Kovács (2002) calls the “happily globalizing Hungarian family”¹³ does not come from the lowest strata of society. These families have the means to ‘enjoy’ the available global products (commodities, services). For those refusing to accept the low-standard global cultural offerings, that which is culturally truly global and represents genuine quality is also derived from the same continents. Belonging to the group consuming this cultural product may still be a sign of cultural snobbery, again highlighting the persistent class-dependency.

Not only capital but cultural symbols and new trends in the built environment are interwoven with global and local urban textures (Tomlinson, 1999). Thus, it is hard to distinguish the local influences from the global; as elsewhere, these are reciprocal in Budapest. Today’s architectural globalisation is more aggressive than ever; like mass culture, it is a departure from local, national and neighbourhood expectations (Szirmai et al., 2003).

Life-style patterns spring from these sources, and people adjust their aspirations according to their education and opportunities. Among other factors, prosperity, poverty and aspirations formed under the pressure of

¹³ “The happily globalising Hungarian family wastes its first savings on going to Disneyland (at least to the one next to Paris). The parents are the prisoners of Scientology; their son and daughter, while sweating in a fitness club, are dreaming about becoming the host of a talk show or a cover girl. The grandfather curses the Iron Curtain, which prevented him for 40 years from splashing his honestly earned money away in the casinos of Baden. Now he is not satisfied with his own luck but rushes to aid those in need. To take revenge on the communists he has just asked to be admitted to the Rotary Club.” (Kovács, 2002, p. 438; quote translated)

high-standard global cultural patterns or mass culture affect the residential choice mechanisms. Housing development projects and housing supply are adjusted to the demand and are designed to meet these aspirations.

This assumption is supported by Szirmai et al. (2003). They claim that in Budapest – probably to a greater extent than elsewhere in the East-Central European region – urban development as the product of global-local interplay expresses different power relations, the interests of distinct groups of architects as well as the aspirations of the social strata they all serve. It is informative to take a closer look at the role that contemporary architecture and urban planning play in the mediation of globalisation. The Hungarian architects who are involved in the projects that are financed or managed by global forces play only an instrumental role. They are hardly ever involved at the planning stage, when harmonisation with local expectations could take place.

Foreign investors usually bring in their own second-rank architects. Besides the shopping malls mentioned earlier, they are responsible for planning new residential projects. With few exceptions, the new residential buildings do not add any international aesthetic value to the residential areas, just global uniformity. One example is the spread of gated communities, which have no cultural or social antecedents in the city. The new life-style patterns adopted from global sources by the new upper-middle class have generated the demand; the supply side – be it Hungarian or foreign – reacted in no time.

Even if the architects are considerate of the local needs and possibilities, much depends on their customers' 'globalised' taste. The quality of the built product is often determined by the scale of the projects. It also depends on how much the individual customers are willing to co-operate. Either they rely on the professionalism of the architects, or they stick to their unreasonable ideas contradicting common sense or simply good taste (Bárczy, 2004; Csík, 2004).

While eclecticism prevails in architecture, it has the negative connotation of not balancing local and global architectural values. When districts and neighbourhoods compete, the winners are mostly those who bring in the cash; culture and heritage scarcely matter. Very few of the district governments that hold firm ideas about urban development have been able to work out and stick to the policy of developing a harmonious but not uniform urban landscape.

The third aspect of the impact of cultural globalisation at the neighbourhood level is the larger concentration of markedly distinct immigrant groups. As noted in the section on labour flows, we assume that the number of immigrants is neither large enough nor coherent enough to have had as much influence on the residential space as one would expect in a globalising city. Even though some districts have a larger concentration of particular immigrant groups than other districts, we cannot identify any neighbourhoods in Budapest where they form the majority of the population. Nor do we find any areas where the built environment has been imbued with their cultural symbols to a large extent.

7 Conclusions

In East-Central European countries, and thus in their capital cities, the past 15 years have been a period of multi-faceted socio-economic transformation. This process manifests itself as spatial reorganisation. Combined with the post-socialist transition, the post-fordist changes, and globalisation, it has spiced up the whole recipe by adding international financial, and cultural ingredients. While Budapest was attending to its global role by becoming an East-Central European centre in competition with other capitals, global forces in a variety of forms gained a foothold in the city.

The global-local interplay is a common phenomenon in the capital cities of the new market economies, just as it is in the cities of the established democracies. The ways in which globalisation makes itself felt are universal: global capital, along with the global labour flows that directly or indirectly induce global cultural impacts, leave their mark on cities to various degrees. Nevertheless, the extent to which they affect the urban space will differ city by city, district by district. The most affected areas are the CBDs; other districts are affected as long as global flows find them welcoming. It is important to note that different global flows never coincide in one particular area. That is because features that appeal to global capital will not be amenable to low-status immigrants (labour flows).

Regarding how globalisation impacts the neighbourhoods, we should recognize that it is selective; the same applies to the impacts on the cities.

East-Central European cities are still more strongly influenced by the flows of global capital and culture than by labour flows. In Budapest, globalisation has a differential effect at the neighbourhood level. Global capital destined for the commercial and business (office) projects causes functional change in the inner city, which further accelerates population decline. Meanwhile, the impact of these projects on the physical environment of the neighbourhood is ambiguous. Some cause upgrading, others remain isolated. Their impact depends not only on the developers' intentions but also on just how determined the local authorities really are in the course of negotiations to ensure that the projects will benefit the local community.

Some large commercial projects are started without a firm commitment to developing the immediate surroundings of the project area by providing facilities for the locals or refurbishing public spaces. Such redevelopment interventions tend to leave the surroundings as they were – or even worsen the living conditions, for instance by attracting a large volume of traffic.

The impact of other global flows takes an indirect course. The communities of immigrants that could make their mark on the urban environment are still scarce in Budapest. However, their concentrations are clearly connected to their livelihood, namely to the marketplace where they sell their commodities.

Cultural globalisation is more explicitly expressed as globalised taste, which is manifest in housing and architectural design. Life-styles and aspirations are globalised and determine the way people form and use urban space.

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