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The issues of the "New Urban Crisis" and their special manifestations in the Hungarian settlement networks

(the case study of the Budapest metropolitan area)

Viktória Szirmai[1]

Abstract

The aim of this study is to present the global phenomenon of the "New Urban Crisis", its theoretical background, and to analyse its manifestations within Hungary's settlement network. A significant part of the paper is devoted to signalling global inequalities on the basis of empirical data, thereby supporting the thesis of global segregation. Another key objective is to clarify the relationship between global and European inequalities, to reveal the differences between these two mechanisms, and to explore the emerging trends of convergence. A central section of the analysis examines the distinctive signs of the New Urban Crisis in the Hungarian settlement network, with particular attention to the case of the Budapest metropolitan region. Within this, the study places special emphasis on identifying the spatial and social structural characteristics of the capital region. The conclusions seek to answer the core research question: to what extent does the Hungarian case reflect the global patterns of the New Urban Crisis, or whether local specificities and contextual factors provide a more adequate explanation.

Keywords: "New Urban Crisis", global inequality, European and Hungarian manifestations, Budapest metropolitan area

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Absztrakt

A tanulmány célja a globális "New Urban Crisis" problémáinak, szakirodalmi hátterének a bemutatása, és annak a hazai település hálózati rendszerekben való megnyilvánulásainak az elemzése. A tanulmány lényeges része a globális egyenlőtlenségek adatokra alapozott jelzése, a globális szegregációs tézis igazolása. A globális és az európai egyenlőtlenségek viszonyának a tisztázása, a két mechanizmus közötti különbségek és a közeledés trendekeinek a feltárása szintén kiemelt cél. Az elemzés egyik központi része az új városi válság sajátos jeleinek az elemzése, a magyar település hálózat példáján. Ezt követi a magyar fővárosi térség bemutatása, közte kiemelt mértékben a térbeli társadalmi szerkezeti sajátosságok számbavétele. A konklúzióból kiderül a fő problémára a válasz, a globális a magyarországi „ új városi válság" közötti megfelelés, illetve inkább a helyi sajátosságok rendje.

Kulcsszavak: „Új Városi Válság", globális egyenlőtlenségek, európai és magyarországi megnyilvánulások, Budapest metropolisz térség

Introduction

"Is it possible to build a new type of city which is free from internal contradictions and promotes and enriches the development of humanity?" This question was posed by Lewis Mumford in his seminal work *The City in History* (Mumford 1961). Based on both earlier and recent research, my current answer to this question is, unfortunately, no. In the following part of my paper I will explain this viewpoint in detail by presenting the realities of global social and spatial inequalities. Before doing so, however, it is important to raise the central theoretical question of this study with introducing the background of the problem, which relates to the notion of the new urban crisis.

Richard Florida, a leading American urban studies scholar, provides a broad analysis of today's metropolitan problems. In his view, the most significant issue of our time – and the key explanatory factor behind many social tensions – is the *urbanization crisis*. This represents a new phase of urbanization, one that affects not only major cities, but all types of settlements, not just in Europe but globally. At this point, it is worth referring to György Egyedi's interpretation as well, since the unfavourable phenomena of the fourth phase of global urbanization that he describes can also be observed in this context.

In his influential work, *The New Urban Crisis*, Florida identifies several processes that indicate the existence of this crisis: the growing gap between "superstar" global cities and other urban areas; the internal structural fragmentation of large cities; the simultaneous rise of gentrification, and the exclusion of certain middle-class groups from metropolitan centres; the intensification of spatial social segregation; the deepening crisis in suburban areas; and, in the developing world, rapid urbanization without corresponding economic progress, leading to the proliferation of slums (Florida 2017).

Considering Florida's findings, along with research conducted in Hungary, the following question emerges: *Can we speak of a new urban crisis, in the context of Central Europe or Hungary?* This is an important and thought-provoking question. However, its thorough investigation lies beyond the scope of this paper, and would require a comprehensive research project of its own.

Hungarian research, including my own empirical findings, indicates that nearly all forms of inequality described by Florida can also be observed in Hungarian settlements. However, these appear in specific forms, shaped by Hungary's historical context, and by contemporary social and economic processes.

Due to the limitations outlined above, this article will focus on certain indicators of the settlement- or urban-level crises, particularly the various forms of polarizations that have emerged since the regime change of 1990. While I will identify some of the important signs of this crisis, a detailed discussion of each would require a dedicated monograph, (a task I hope to undertake in a future book). My detailed analysis will concentrate primarily on the internal socio-structural polarization of the Budapest metropolitan region, as this represents the most significant and scientifically relevant question within the Hungarian context.

Before proceeding, it is useful to briefly summarize the special manifestations of the new urban crisis in Hungary. In my view, these factors currently constitute the most critical elements of the crisis within the Hungarian settlement and urban networks.

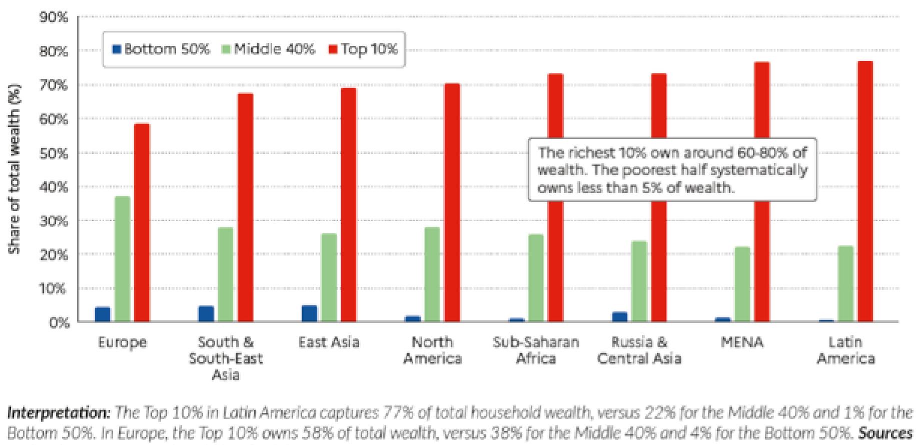
The structure of this study is as follows. First, I will examine existing global inequalities to establish the broader context of the urban crisis worldwide. Second, I will analyse the distinctive features of European urbanization, highlighting both its similarities and divergences compared to the American model. Next, I will describe the particular signs of "the new urban crisis" as they appear within Hungarian settlements and urban systems. Following this, I will present a case study of the Budapest metropolitan region, including an analysis of its socio-spatial structure – an issue that stands at the core of my research. This approach allows for a comparison between global and local patterns of socio-spatial inequality. Finally, I will conclude by considering potential strategies for mitigating or addressing the new urban crisis in the Hungarian context.

Global inequalities

Data from the *World Inequality Reports* demonstrate that social, political and economic inequalities – as well as inequalities in income among the different countries, continents, city types and social groups of city dwellers – have been widening and becoming increasingly acute (http://wid.world/data). To illustrate global inequalities, selected figures from the 2021 report can be cited along with Piketty's interpretation[2]. *(See Figures 1 and 2.)*.

Figure 1.

The extreme concentration of capital: wealth inequality across the world, 2021



Sources: wir2022.wid.world/methodology

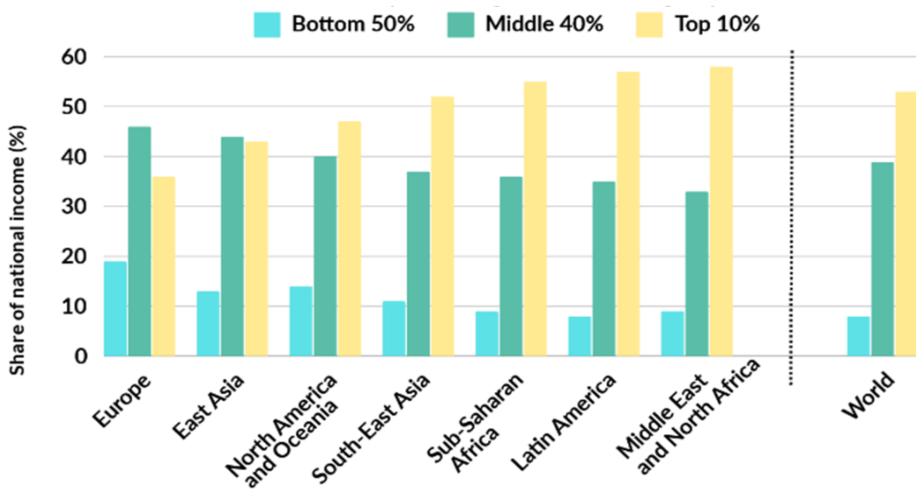
The 2023 report further highlights these inequalities from a complementary perspective. As the authors note: *"Average income data masks inequality within countries, which has been increasing since 1980. The poorest 50% of the population consistently lags behind the top 10% of the population in every region, even though this gap is more pronounced in the Middle East, Latin America, and Africa, compared to Europe"* (World Inequality Report 2023[3]).

[2] https://www.lemonde.fr/blog/piketty/2021/12/14/the-new-global-inequalities/

[3] https://wid.world/news-article/10-facts-on-global-inequality-in-2024/

Figure 2.

Share of national income by world region and income group, 2023



Data source: World Inequality Database (2024) CC BY

The internal inequalities of global cities are particularly concerning, as Saskia Sassen already demonstrated in her seminal work *The Global City* which examined New York, London and Tokyo (Sassen 1991). Global cities consume a disproportionately large amounts of so-called "cornerstone" resources to sustain their global advantages, resulting in polarized employment structures and distorted social stratification. Similarly, the influential volume *Dual City*, edited by Mollenkopf and Castells, shows that the global city of New York is not simply divided, but is instead a sharply structured and fragmented society (Mollenkopf, Castells 1991).

More recent contributions, such as, *Urban Socio-Economic Segregation and Income Inequality. A Global Perspective,* examine the relationship between income inequality and residential segregation in 24 large cities and their urban regions across Africa, Asia, Australia, and Europe, North America and South America. These cities and regions exhibited increasing inequalities and a global increase in socio-economic segregation (M. van Ham et al. 2021). The study finds that socio-economic inequalities and segregation are increasing worldwide. Importantly, while levels of inequality and segregation are higher in cities in lower-income countries, the pace of increase is more rapid in high-income countries, suggesting a convergence of global trends. The authors raise a key question: do we observe global trends in inequality and segregation, or do cities in different regions follow divergent patterns of socio-economic segregation?

The evidence supports what they call a *global segregation thesis*. In general, high-income groups tend to relocate to central districts or attractive coastal areas, while low-income groups are increasingly pushed to urban peripheries. In some contexts, particularly in lower-income countries, wealthy groups also cluster in enclaves or gated communities outside the city centre. Overall, the urban geography of inequality is shifting more rapidly and more starkly than city-level segregation indices suggest. Taken together, these patterns provide strong support for the existence of a global segregation thesis (M. van. Ham et al. 2021:18).

In *Cities and City Residents* (Szirmai 2019) a thesis – closely aligned with recent international findings – was formulated. By examining the structural transformations of global cities and subsequently of European capitals – including Budapest – significant similarities were identified among them: intense inner-city gentrification (and, in more developed districts, suburban gentrification as well), alongside the exclusion of disadvantaged groups to peripheral, less developed areas. These parallel trends are notable because they appear in countries with diverse levels of development and distinct historical trajectories. In my view, this convergence represents a key territorial effect of Enyedi's world model of globalized urbanization: the emergence of a new global social structure. The recently articulated global segregation thesis provides further confirmation of this process.

Several factors can be proposed as underlying causes, but the overarching influence of economic inequality is particularly significant. A useful example comes from a panel discussion at the *2016 Chicago Global Cities Forum*, where experts debated the drivers of rapidly rising inequality in global cities. Edward Luce, a columnist for the *Financial Times*, introduced the session with the provocative question: "*Are successful cities inevitably victims of their own success?*"[4]. The discussion titled "*The Two Cities: Inequality in Global Cities"* emphasized the stark divide between prosperous and struggling cities. In other words, there are successful and failing cities. The central question was why the economic successes of global metropolitan regions do not translate into the reduction of social inequalities. As Tiboris (2016) notes, while economic globalization has generated substantial wealth, the benefits of this growth have been distributed highly unevenly.

Earlier research on the social and economic competitiveness of large cities (Szirmai 2009) argued that under certain conditions economic competitiveness can only be achieved at the expense of social considerations. This is particularly evident in periods when a country, region, or city faces structural deficits, such as infrastructural under-

[4] https://globalaffairs.org/events/2016-chicago-forum-global-cities

development, financial constraints, or limited regional cooperation. In such contexts, the pursuit of economic interests – whether collective or individual – tends to dominate, often side lining social needs and replacing cooperation among spatial actors with unilateral competition. By contrast, in more favourable periods – characterized by stronger state and local government involvement, broader opportunities for social participation, and more functional economic conditions – social and economic competitiveness can be more effectively integrated through sound urban policy.

The panelists at the Chicago forum similarly stressed that such integration is unlikely to occur without national-level financial and political support. Esward Glaeser, a leading advocate of urban values (Glaeser 2012) argued that cities must ensure that wealthy residents contribute more through taxation to finance, to protect social inclusion and address urban problems. However, he also acknowledged the inherent difficulty of this approach, since "*higher taxes can easily drive them out of the city*". Thus, cities, often hesitate to adopt redistributive measures, a reluctance that Glaeser attributed to well-founded concerns during the discussion (Tiboris 2016).

European urban features

According to Matznetter and Musil, globalization processes and European integration, and in particular the end of Europe's division in 1989, made the scientific analysis of European urban themes especially important, including the definition of the essence of the European urban character (Matznetter, Musil 2012). Kazepov (2005) identifies the most general essence of the European city primarily in its differences from American cities. In the introductory chapter of the *Cities of Europe*, which he edited, Kazepov highlights that European cities and their social problems are fundamentally distinct from those in the United States. The relative importance of market mechanisms and state intervention differs: in European cities, market effects are less dominant, while the role of the state is stronger. By contrast, in American cities, stronger market forces and weaker state interventions prevail. This is reflected in the fact that market processes in the U.S. produce sharper social differences, whereas European cities are more effectively shielded by public policy, supported by a higher proportion of public sector employment and by officials shaping urban relations through state functions. Another important distinction, according to Kazepov, is that public services – including infrastructure and planning – are more firmly embedded in the public sector in Europe, where they can mitigate segregation and social poverty (Kazepov 2005:13). Compared to the American model, stronger state coordination of market relations and more comprehensive social and educational policies also contribute to reducing social risks and enhancing collective well-being (Kazepov 2005:14).

Saskia Sassen, the Dutch-born American sociologist, in her contribution to the same volume, likewise emphasizes the stronger role of the welfare state in Europe compared to the United States. She argues that European cities do more to alleviate social polarization, segregation, and unemployment (Sassen 2005). The benefits of the welfare state are also demonstrated by a study of EU member states, which found that welfare policies reduce polarization between countries by an average of 42%. It is for this reason that the weakening and decline of welfare states has become a growing source of concern.[5]

At the same time, Sassen stresses that the concept of the "European city" encompasses a wide variety of urban forms. It is far from a homogeneous category, not even in terms of size, but varies according to historical, social and regional contexts – for example, the differences between Western and Eastern, and Northern and Southern European cities. Levels of national development also matter: a European city differs from its North American, Asian or Brazilian, Chinese or African counterparts. With the exception of global cities, European cities tend to be smaller in size and population. Their development has historically been driven by industrialization, the industrial revolution, and more recently by globalization, the knowledge-based economy, information technology, and high technology. Enyedi (2012, 165) points out that North American urban development is markedly different: "*It only shows similarities with Australia and New Zealand… The North American city is a 'product' of the past 200 years*" – he added. The North American urban system was shaped by industrialization, mass immigration—mainly from Western Europe—and later by globalization and technological development (Koudela 2014).

By contrast, urbanization in economically and socially underdeveloped countries – such as many in Africa, Asia and South America – is driven less by economic growth than by backwardness: rural overpopulation, lack of employment opportunities, extreme poverty, and large-scale outmigration from impoverished rural areas to cities.

Thus, cities in developed and underdeveloped countries, global cities and others, and North American versus European cities differ not only in size, and driving forces, but also in their internal contradictions. While European cities face social problems, poverty, exclusion, and traffic challenges, these issues are less severe than the tensions characterizing many cities in the Global South. In comparison, European cities – including those in Central and Eastern Europe – may be described as islands of relative peace. Nonetheless, they remain internally divided, full of tension, and marked by social

[5] https://www.eurofound.europa.eu/hu/publications/2024/jovedelmi-egyenlotlensegekkel-es-kozeposztaly-lyal-kapcsolatos-fejlemenyek-az-eu

polarizations, economic and social inequalities, even if these are less acute than their counterparts in overseas or Asian contexts.

However, recent global developments point to new and largely negative trends: the differences between American and European cities appear to be narrowing, with convergence processes gaining strength. As integration into the global economy deepens under globalization, the characteristics of European cities increasingly resemble those of the American type – marked by the growing dominance of market forces and the declining role of the state. According to the 2022 report of the European Parliament's Committee on Regional Development (REGI), "*the urban population of the European Union is fragmented and polarized; disadvantaged neighbourhoods can be found in the capital of any EU Member State and in many other cities. The pandemic has put additional pressure on vulnerable groups (e.g. Roma, migrants and young people) and the institutions that support them. Local political capacity to respond to the crisis has varied across cities and institutional settings. Participatory and integrated political efforts have often failed to meet the expectations of urban citizens and stakeholders, regardless of the challenges they face.*"[6]

Thus, the European urban character is still preserved, and significant differences remain, but the phenomena of convergence are undeniably strengthening, driven by the broad and pervasive effects of global processes. To better understand these convergence dynamics, it is also essential to consider additional factors – most notably the decline of the welfare state and the constraints on local decision-making caused by the financial deprivation of local governments.

The special signs of "the new urban crisis" in the case of the Hungarian settlement networks

In Hungarian settlements and within the national urban network, nearly all forms of inequality described by Florida can be observed, although they appear in a specific forms shaped by Hungary's historical background. In this article, I will focus only on polarizations emerging after the regime change of 1990, as earlier periods cannot be analysed here and are already extensively covered in the existing literature.

I will highlight some of the most important signs of the current crisis, though their detailed analysis would require a separate monograph, perhaps in the form of a book. The empirical focus of this paper is the internal socio-structural polarization of the Budapest metropolitan region, which I consider the most significant research question.

[6] https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/699632/IPOL_ATA(2022)699632_EN.pdf

In brief, the most relevant manifestations of the new urban crisis in the Hungarian context[7] can be summarised as follows:

1. ***Historical inequalities***
   The delayed urbanization of Eastern and Central Europe, including Hungary, created enduring disparities. A notable discussion between György Enyedi and Iván Szelényi (Enyedi, 1996, Szelényi, 1996) highlights the determining factors of the socialist urbanization model. During this period, the sharpest polarizations emerged between larger and smaller cities (e.g. county centres and new towns) and between urban and rural areas. These disparities were later amplified by globalization during the post-socialist transformation.
2. ***The COVID-19 crisis***
   The pandemic constituted a complex urban, economic, social, and health crisis with territorial consequences in Hungary as elsewhere. Initially concentrated in large cities, it subsequently spread to smaller settlements. Research indicates that disadvantaged groups were disproportionately affected, while better-off groups were less severely impacted (Szirmai et al. 2023).
3. ***Economic disparities across the urban hierarchy***
   Uneven economic development and the emergence of sharply differentiated socio-spatial structures have produced enduring divides between the capital and other settlements, rooted in divergent development trajectories and specific historical conditions.
4. ***Capital-region inequalities***
   The persistent gap between Budapest and its surrounding areas reflects distributional anomalies, the absence of effective regional cooperation, conflicts among various social actors, and weak relations between state and local governments.
5. ***Budapest versus large cities***
   The pronounced economic and social polarization between Budapest and Hungary's other large cities (those with populations above 100,000) represents a significant crisis phenomenon. These cities have long experienced significant population decline, compounded by population aging. Income disparities between residents of the capital and those of large cities contribute to the heightened risks of national social conflict.

[7] It is impossible to reference the full range of literature, as the number of relevant articles and books is extensive.

6. ***Urban–rural inequalities***
Numerous studies confirm the stark contrasts between Budapest and rural areas. Differences in education, income, skills, well-being, and demographic composition consistently demonstrate the advantages of the capital compared to the disadvantages of the countryside.
7. ***Intra-urban polarization***
Within Budapest itself, significant disparities are observable across districts, particularly between the city centre and peripheral zones, as well as in suburban areas. This constitutes the most pressing issue that I will examine in greater detail.
8. ***State–local relations***
Another major factor in the national urban crisis lies in the strained relations between the central government and local administrations, further exacerbated by inflationary pressures. Both journalistic and scientific analyses highlight the government’s repeated austerity measures, and its practice of withdrawing financial resources, particularly from Budapest and county towns not controlled by the ruling party.
9. ***Civic disengagement***
Beyond structural factors, softer social dynamics also contribute to the crisis. These include human carelessness, disinterest, and the irresponsible use of urban resources. Increasing reliance on digital technologies has weakened direct human relationships, raising doubts about the continued relevance of earlier theoretical defences of the city, such as those by Edward Glaeser and by Paulhans Peters (Peters 1973). Both Glaeser and Peters argued that for urban life to remain viable and meaningful, residents must engage with the empirical reality of the city, rather than merely perceiving it through the screen of their mobile phone.

A brief presentation of the Budapest metropolitan area

Several celebratory volumes were produced for Budapest's 150th anniversary, including "*Budapest Metropolis. A Central European Metropolitan Region*", a collection of studies I edited and published in 2024 by L' Harmattan Publishing House. The volume contains 20 studies by 27 authors. The ceremonial and highly successful book launch took place on January 16, 2025, at the Kossuth Club, and to borrow a theatrical expression, it was a full house event.

This book examines the region from a specific perspective, partly focusing on social structures, including various territorial inequalities, spatial and social characteristics, issues of well-being, and partly on economic, infrastructural development, environmental condition and spatial planning aspects. A key aim was to analyse the Budapest metropolitan area from a systemic perspective, considering its position in the global economy, its roles in global processes, and its place within Europe.

Budapest is the only global city in the Hungarian settlement network. According to the literature, it shifted categories several times between 2000 and 2020, moving between the Alpha-, Beta+ and Beta classifications. (Szabó, Tóth 2024:60). The Hungarian capital and its wider metropolitan area, the Budapest agglomeration, are located in Central Hungary. The area covers 2.7% of the country's territory, yet more than a quarter of the country's population (26.7%) resides here. In 2025, Budapest had a population of 1,671,004 with nearly 909,000 people living in the agglomeration. Data from the Central Statistical Office confirm that both the capital and its urban area have retained their role as population centres. However, while Budapest's population has been declining, the population of its surrounding towns – settlements in Pest County that form part of the agglomeration – has been steadily increasing. Demographic change is one major factor, but the health impacts of the COVID-19 pandemic also contributed to this situation. Suburbanization and outmigration from the capital have been particularly important, although most out-migrants "do not go far", and settle in nearby suburbs. According to Central Statistical Office figures, Pest County's population grew by nearly 48,000 between 2018 and 2021, while Budapest lost almost 26,000 residents.

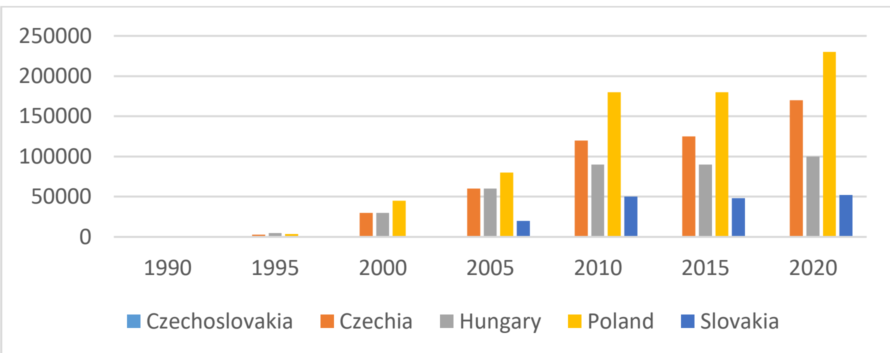
In the 1990s, during the first phase of the social, political, and economic transition, Budapest and its region, proved highly attractive to the private economy, foreign-owned joint ventures, joint-stock companies, small businesses, and incoming Western capital. This appeal was linked to favourable infrastructure and market opportunities compared to the national average, as well as to the availability of mostly qualified workforce, and the population's high level of education. Foreign capital was often tied to formerly state-owned companies located in urban centres and large settlements, or to shares purchased from them. In Budapest, these conditions were strongly present. As a result, 53.2% of the private economy was concentrated in Budapest and Pest County (Barta 1992:36). In 1990, 58.1% of mixed-capital enterprises operated in Budapest, compared to 32.3% in provincial towns and only 9.6% in villages. In terms of mixed-capital enterprises per 1,000 inhabitants, Budapest ranked first (25.35%), followed by Győr-Sopron County (9.63%), and Pest County (7.8%) (ibid.). Moreover, 66% of small private enterprises also appeared in this region (Barta 1992:37).

By the late 1990s, 60–65% of foreign direct investment (FDI) was concentrated in the Budapest agglomeration, according to the Central Statistical Office (KSH) data. This territorial concentration further intensified between 2008 and 2010: by 2010, two-thirds of investments were registered in enterprises located in Central Hungary (KSH 2012:15).

Among the Visegrád countries, (Czechia, Slovakia, Hungary, and Poland), Hungary received the largest share of FDI investment between 1993 and 2009: 43%, compared with Poland's 33%, the Czech Republic's 18%, and Slovakia's 7%. After 2010, however, this situation changed, as Hungary's position deteriorated. The value of FDI (in millions of dollars) declined between 2010 and 2015, but rose again between 2015 and 2020. What is most striking is Poland's outstanding performance (Kalotay, Sass 2021).

Figure 3.

Development of FDI investments in million dollars



Source: Kalotay, Sass (2021)

The Budapest metropolitan area, concentrating the country's most significant economic forces and future potential, plays a distinguished role in the national economy. 47% of Hungary's GDP is generated in Budapest and Pest County, with 37% coming from Budapest and 10% from Pest County (BFVT, 2023: 55). Nonetheless, GDP per capita (measured in euros) remains below that of many major European cities, such as Munich, Stockholm, Vienna (ibid. 18).

The social-spatial structure of the Budapest metropolitan area

Historical influences, spontaneous social and economic processes, and urban planning or policy interventions have all shaped the social-spatial structure of Budapest. The conscious urban policy concept of the Austro-Hungarian Compromise of 1867[8], the joint planning organization of the Hungarian government and the capital, and the development program of the Metropolitan Public Works Council (established in 1870) clearly laid the foundations of the city's territorial and social structure.

To understand the social-spatial structure of the capital, the following point must first be emphasized. The inner city development that took place between 1870 and 1930, historically established the so-called *centre–periphery model.* In this model, the population's position in the social hierarchy gradually declined, and their social status worsened, the further one moved outward from the city centre. A manifestation of this, was that, in the period around the turn of the 19th and 20th centuries, Budapest's higher social status groups resided in the inner-city districts, while the poorer, lower-status groups were concentrated on the outskirts, particularly in the peripheral zones and industrial districts until 1950.

During socialism, this centre-periphery model was modified: the social composition of the zone around the historic centre deteriorated due to wartime destruction, lack of rehabilitation, and middle-class outmigration. Nonetheless – at the time considered high-status – new housing estates constructed in the 1950s-60s in transitional zones temporarily interrupted the process of decline in the central parts.

The post-1990 regime change, the political, economic and social transformations together with decentralization measures (e.g. the Local Government Act, the delegation of rehabilitation to districts, the emergence of profit-oriented development companies) created the preconditions for urban rehabilitation in Budapest—albeit much later than in Western Europe, where urban renewal had already gained momentum by the 1970s-80s.

The rehabilitation projects implemented in Budapest reorganized the traditional centre-periphery model. Renovated quarters in inner Pest attracted high-status, upper- and middle-class residents, raising the prestige of these districts. By contrast, renovated neighbourhoods in the outer districts or outer ring – i.e. on the periphery – tended to attract lower middle-class groups, in many cases preserving the original population. This partly raised, but also partly reinforced the previously lower prestige of outer districts.

[8] The Austro-Hungarian Compromise of 1867 established the Dual Monarchy, designed to stabilize the Habsburg Empire after military defeats and internal revolts. It granted Hungary internal autonomy while preserving joint sovereignty over defence, foreign policy, and finance.

By the early 2000s, centre-periphery divide still persisted but became more differentiated. Inner districts contained both high- and low-status areas. This is partly explained by the rising property prices in the inner city, the deteriorating economic situation of lower middle class groups, their attempts to move into cheaper neighbourhoods within the inner city, as well as the growing demand among higher-income middle-class families for suburban single family housing, which led to the acceleration of both intra-urban mobility and suburbanization.

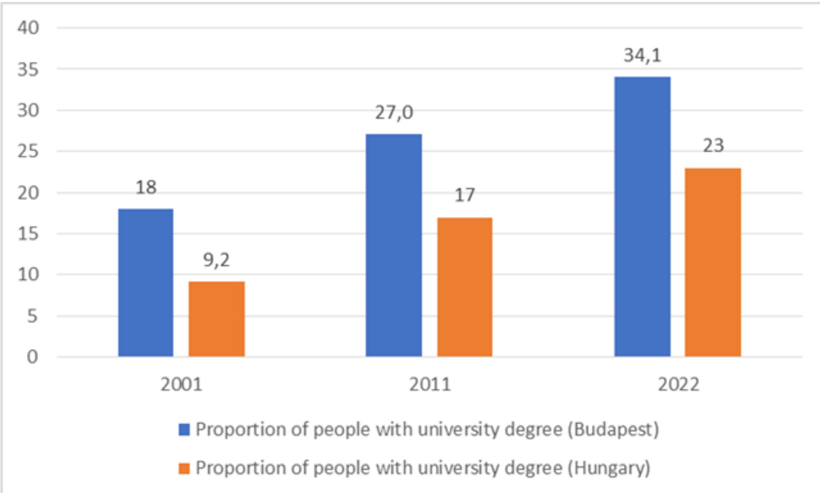
Empirical surveys (2005, 2010, 2014)[9] confirmed *strong gentrification processes* with higher-status groups consolidating their presence downtown and radiating outward into near-centre areas during the early 2000s both in Hungarian large cities and the Budapest region. Although the centre-periphery model endured, the outer zone became socially diversified, comprising both higher- and lower-status segments.

Unfortunately, no original empirical data are available from the period beyond 2014, but census data provide valuable insights. Figure 4 which presents data from the three most recent censuses, clearly demonstrates the concentration of higher-status groups – measured here as people with tertiary education – in Budapest, their increase across the three inter-censual periods, and their significant divergence from the national-level values. These distributions also confirm the ongoing gentrification of the capital.

[9] The 2005 survey, covering 5,000 respondents, was conducted within the framework of the project *Urban Areas, Spatial Social Inequalities and Conflicts - Territorial Social Factors of European Competitiveness* (2004–2009), supported by the National Research Development Programmes. (Reg. no. 5/083/2004) (see Szirmai 2009). A representative survey of 1,000 respondents from Budapest and its surroundings was carried out between 2009 and 2011 within the project *Sustainable Consumption, Production and Communication. Social Mechanisms and Interest Relations Determining Modern Consumption Models. The Social and Spatial Model of Sustainable Consumption,* supported by of the Norway Grants (Norwegian Financial Mechanism) (Ref. no. 0056/NA/2006-2/ÖP.) (see Kerekes, Szirmai, Székely 2011, *Environmental Dimensions of Sustainable Consumption*, Aula Nyomda, Budapest). The 2014 survey was conducted within the project *Social Conflicts – Social Well-Being and Security – Competitiveness and Social Development* (TÁMOP-4.2.2.A-11/1/KONV-2012-0069), also covering 5,000 respondents, and supported by the European Union and co-financed by the European Social Fund (see Szirmai 2015, *From Territorial Inequalities towards Social Well-Being*, Kodolányi János College, Székesfehérvár). In all cases the research sample areas included Budapest and its agglomeration, as well as Debrecen, Győr, Kecskemét, Miskolc, Nyíregyháza, Pécs, Szeged and Székesfehérvár, and their regions.

Figure 4.

Changes in the proportion of people with tertiary education in Budapest and Hungary during the last three censuses (2001, 2011, 2022, %)



Source: Based on data from the Hungarian Central Statistical Office censuses

Data from the Hungarian Central Statistical Office confirm that the agglomeration around the capital is socially highly diversified, divided into zones of high and low status. In 2022 the 10 most educated and the 10 least educated settlements were mapped, clearly showing the gap in educational levels as well as in income and professional qualifications (not reported here).

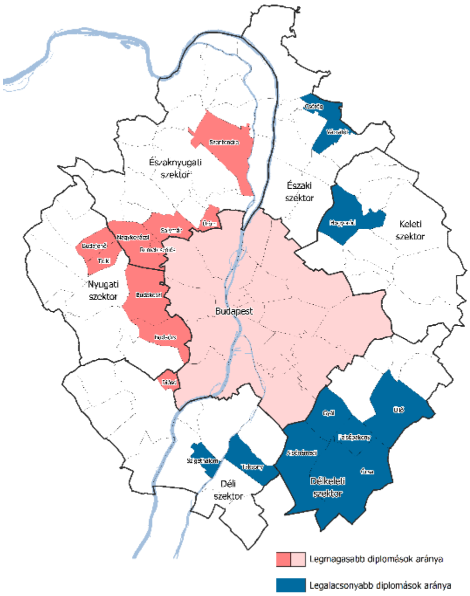
To explain these differences, the primary factors are the varying characteristics of local societies and the differing attractiveness of individual settlements. These contrasts reflect both material conditions and changing residential preferences of social groups. Two distinct suburbanization processes are evident in the outskirts: one involves movement to lower-status areas, driven largely by the high real estate prices and exclusionary mechanisms of the capital; the other involves relocation to higher-status areas, motivated by the desire for a family-oriented environment. As a result, a significant proportion of well-educated, high-status residents have moved outward.

Figure 5 illustrates the pronounced social diversification of Budapest metropolitan area, divided into high and low status zones. It shows the 10 most educated and the 10 least educated settlements. The highly significant gap in educational attainment is clearly visible (data on income and professional qualifications are not included here).

Figure 5.

The proportion of people with university degree in the Budapest metropolitan area, 2022, (%)

(The red colour indicates the highest percentage of the population with university degree, the blue colour indicates the lowest percentage of the population with university degree)



Source: Hungarian Central Statistical Office, census data

The central questions to be answered here are: what kind of spatial-social structure characterizes the Hungarian capital today? Does Budapest primarily exhibit a globalized or a European pattern, or is it rather shaped by a combination of influences, due to the global, and the European simultaneous impacts, while the local, historical effects also prevail?

In my view, the second question offers the most relevant answer. Budapest’s spatial-social structure reflects long-standing historical, social, economic, (and political) influences, but simultaneously affected by global and European trends, as well as historical legacies.

The future remains uncertain. Current global and national processes – rising poverty, the decline of many members of the middle class, the problems of rural societies, and the impact of climate changes on migration patterns – may generate new urban forms not only in Hungary and the Budapest metropolitan area, but also worldwide. Whether these forces will produce stability or further disruption is unknown. We can only hope for a more peaceful world. Mark Leonard may be correct in arguing that we are living in "*The Age of Unpeace. How Connectivity Causes Conflict"* (Leonard 2021)

Conclusions

This study closes with a set of theses summarizing the main findings rather than repeating the preceding analysis:

1. ***Global relevance of Florida's "new urban crisis***
   Florida's concept of the new urban crisis represents a genuine global challenge that must be mitigated at all levels: international, national, and regional levels. Addressing its effects requires coordinated action by all stakeholders – states, local governments, civil societies various economic actors, and organizations.
2. ***Conditions for mitigation***
   When considering how to mitigate the new urban crisis, the fundamental conditions – along with the necessary social tools– should be identified that are required to address or manage its various manifestations. As Arturo Bris of the World Competitiveness Center observes: "Government efficiency is key to fighting social divides and keeping economies afloat". He emphasizes the importance of stakeholder cooperation, stating that "In a fragmented world, in the context of a trade war with economies protecting their own assets and investments, it's important that the private and public sector work together."[10]
   Unfortunately, in Hungary, cooperation among social and economic actors and urban areas is weak. Competitive rather than cooperative relations dominate. This is compounded by the scarcity of national capital, fragile institutions of coordination, and an underdeveloped regional approach to urban policy.

[10] https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/

3. ***Presence of the new urban crisis in Hungary***
   In addition to the lack of cooperation among the previously mentioned partners, the weak regional orientation of professional groups and the absence of a regional-level urban policy help explain the current relationship between the Hungarian capital and its surroundings, which limits the region's potential for stronger global competitiveness. The most significant question here, is whether the phenomena of the new urban crisis are present in Hungarian settlements and Budapest. The answer is yes, but they appear in specific forms, shaped by local historical, and global, and national factors, as well as by the particular of urbanization mechanisms.
4. ***Magnitude of urban–rural inequalities***
   Disparities between Budapest and other large Hungarian cities – and especially between urban and rural areas – are significant, though less severe than those observed in the global urban hierarchy.
5. ***Convergent global and European influences***
   Political, economic and social transformations following the 1990 regime change – together with the new urban rehabilitation laws, legal and financial conditions, globalization impacts and the effects of European integration – have created many convergent processes that align the spatial and social structures of the Budapest metropolitan area with broader global and European patterns.
6. ***Mechanisms of social reordering***
   These convergent processes include the occupation of desirable urban areas by well-educated, higher income groups, and the exclusion and displacement of lower-income, less-educated populations.
7. ***Gentrification dynamics***
   The convergence is clearly reflected by pronounced gentrification processes. In Budapest, including previously run-down inner districts, lower-status populations (less-educated, lower-income residents) are gradually displaced to ecologically poorer inner districts, the suburbs, and primarily to the metropolitan periphery. These areas are increasingly occupied by higher-status populations (educated, higher-income groups). In both cases, higher-status groups are concentrated in the city centre and the more desirable suburbs, while lower-status groups are more prevalent in less-developed surrounding areas. The emergence of affluent suburban areas reflects the combined effects of dynamic suburbanization, inner city deterioration, and increasing environmental damage.

8. ***Temporal lag in global patterns***
These patterns clearly demonstrate that the social structural features of the Budapest metropolitan area – particularly the mechanisms of gentrification – aligns with global and European trends, albeit with a district time lag. Gentrification historically unfolds in successive waves, expanding outward from high-status centres toward lower-status peripheries, while the core itself grows and the periphery evolves into a more socially stratified space, divided into zones of higher and lower social status.
9. ***Unresolved divergences and research gaps***
In addition to the convergence processes, there is also a significant divergence. However, our current research lacks the methodological depth to fully capture these differences. While higher education serves as a useful indicator, other dimensions– such as income, lifestyle or well-being, which are not examined here – likely exhibit even greater variability. More granular, local-level studies would reveal substantial heterogeneity within the Budapest metropolitan area.
Unfortunately, the precise income and material conditions of the gentrified population, as well as the proportion of the super-wealthy among them, remain largely unknown. Similarly, the current distribution of income and qualifications across different types of settlements – urban and rural – is not fully mapped. However, to explore these, further comprehensive, representative empirical research would be essential not only for generating robust answers to these questions, but also for strengthening the European competitiveness of the capital region and enhancing its integration into global urban networks.

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