From Triad to Dispersion: The (Almost) Irresistible Rise of Foreign Direct Investment in New Countries[1]

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Foreign direct investment (FDI) is far from being a new phenomenon; its spectacular rise and dispersion are. Back in the 1970s and 1980s, there were researchers who already noted the presence of multinational enterprises (MNEs)[2] and the need for economic theory to explain their activities (for example [Dunning 1977] and [Vernon, 1971]). In Hungary, András Blahó ([1980]) was among the first ones to note their importance in the world economy in general and in the organization of international production in particular. He built his observations in part on the findings of other Hungarian economists observing the MNE phenomenon since the early 1960s (for example Mihály Simai [1962]). It is therefore no coincidence that Hungary became, after the political change of 1989–1990 and its early on opening to FDI (see for example [Sass 2004]), one of the main regional centres of research on FDI.[3]

1. The shifting global FDI landscape

Between 1980 (the publication of Blahó's monography) and today, the global landscape of FDI changed radically. We have witnessed enormous growth and structural change. In 1980, the global FDI stock stood at around $500 billion.[4] By 2014, it expanded to $26 trillion – a 52 times increase in 30 years. In 1980–1985, annual FDI flows averaged $50 billion. In 2009–2014 (to use another six-year term for comparison), it was more than 27 times higher: close to 1.4 trillion. Note that the latter period mostly covered the times of the Great Recession, in which FDI flows suffered seriously. For comparison, over the same period of time, world merchandise exports grew less than 10 times, from $1.9 trillion to $18.7 trillion (in imports, growth was nine times, from $2 to $18.7 trillion).

The sectoral patterns of FDI, too, shifted, mostly in favour of services. In 1970, they represented one quarter of global FDI stock; in 1980, they already amounted close to half [UNCTC 1991]; in 2001 around 58 per cent and in 2012, 63 per cent (according to estimates based on data

1 The views expressed in this article are those of the author and do not necessarily reflect the opinion of the United Nations.

2 Until 2015, the United Nations called these firms transnational corporations (TNCs). It then switched to multinational enterprises. This study follows that change of standard.

3 For a summary some of these studies, see for example [Kalotay 2003].

4 Unless otherwise stated, FDI data are derived from the UNCTAD FDI/MNE database.

of the UNCTAD FDI/MNE database). For corporate strategies and for investment promotion efforts following trends in MNE activities, this shift meant not only that manufacturing has lost its dominant position in FDI and other forms of international production such as contract manufacturing and farming, service outsourcing, franchising and licensing have emerged [UNCTAD 2011], but also that the sustainability and value adding capabilities of manufacturing projects depended more and more on the adjacent services activities such as research and development (R&D), marketing or aftercare services. It is particularly clear in the automotive sector, one of the usual priorities of investment attraction in middle-income countries due to its broad-based economic linkages, spill over effects and technological and knowledge content.

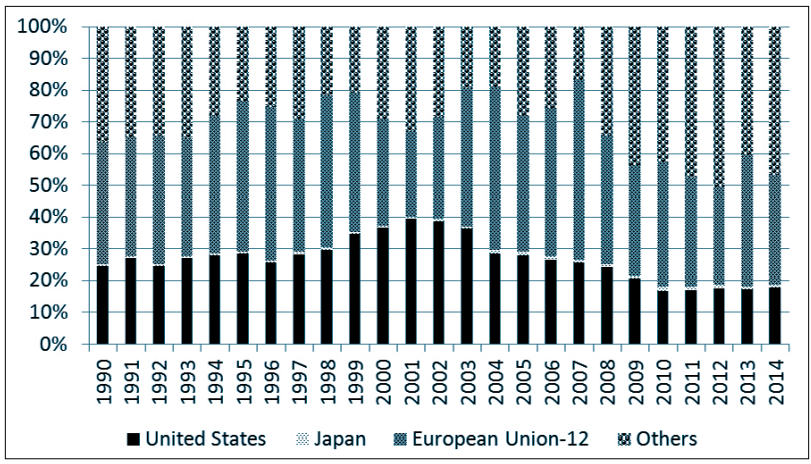
However, the biggest change to be observed in FDI is its geographical dispersion since 1980. In the late 1980s, the so-called Triad consisting of the United States, the European Community (today's EU-12)[5] and Japan accounted for the bulk of total outward stocks and flows [UNCTC 1991, p. 31]. To construct a comparable graphic presentation, we have consistent series between 1990 and 2014 (figure 1). They show a clear decline of the Triad's share in both inward and outward stocks, but through different trajectories. In inbound FDI, the Triad's share fluctuated, or even increased in certain years (e.g. between 1990 and 1995, in 1998–1999 and 2006–2007), before declining dramatically during the Great Recession to around 60 per cent. There were also differences between the three main Triad centres. The share of Japan in inward FDI always remained marginal. The EU-12 accounted for most of the fluctuations while the US saw a slight increase in its share until 2001 followed by a consistent decline. It seems that in inbound FDI a new geography is emerging, rather recently and belatedly.

In outward FDI the shift is clearer, but from a more pronounced dominance of the Triad in the base year of 1990 when non-Triad accounted for only 7 per cent of global FDI stocks. It grew in practically all years, exceeding 10 per cent in 1999, 20 per cent in 2010, and coming close to a quarter in 2014. In the meantime, the share of Japan fell from 10 to 5 per cent, that of the US from 37 to 28 per cent, while the EU-12 had a rather stable over 40 per cent share with some decline at the end of the period (due to the Great Recession).

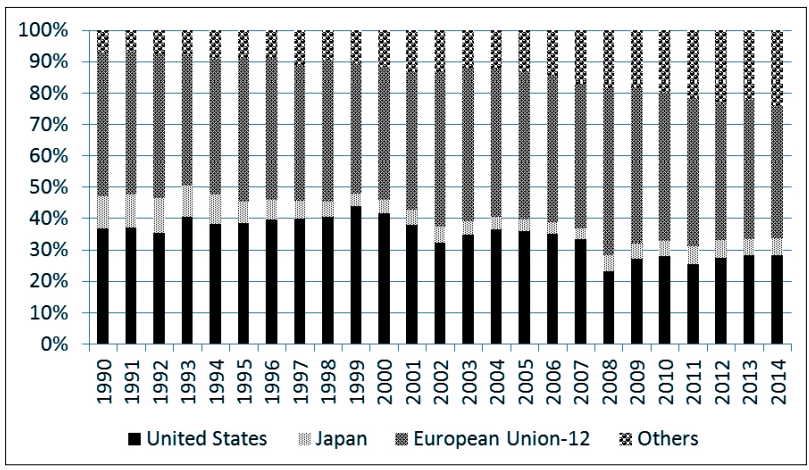
5 Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom.

Figure 1. World FDI inward and outward stock by main host and home groups, 1990–2014
(Per cent)

(a) Inward stock



(b) Outward stock



Source: Author's calculations, based on statistics from the UNCTAD FDI/MNE database.

Shifting geography for FDI has major implications for how we explain FDI in our economic theory. On the one hand, the recent shift of inbound FDI to new locations shows that some newcomers are particularly successful in leveraging their national competitiveness. The emergence of new sources of FDI in turn indicates that we have to revise our explanations on what drives and determines MNE activity.

By 2014, the 25 largest recipients of FDI accounted for almost 80 per cent of global inward

stocks (table 1). Of these 25, only 10 were Triad countries (shown in italics in the table). While the United States and the United Kingdom still remained the two largest recipients of FDI, the third to fifth positions were occupied by newcomer economies: Hong Kong (China), China and Singapore. Moreover, the FDI stocks of newcomer countries were growing faster than that of Triad economies, with the transition economies of Poland and the Russian Federation showing the highest dynamism. Curiously, inbound FDI also showed relatively important growth in Japan, although from a low base. Hungary did not figure among the top 25. It was the world's 39th recipient in 2014. Its stocks grew fast in the 1990s (although a bit less rapidly than in Poland and the Russian Federation) but the expansion of its inward FDI stock slowed down after 2000, exceeding only moderately the world average (and falling behind such economies as Switzerland, Norway, Sweden, Ireland and Spain, to mention a few).

Table 1. World inward FDI stock in 2014, and its growth since 1990 and 2000
(Billions of dollars and per cent)

Rank	Economy	FDI stock in 2014 ($ billion)	Growth since 1990 (%)	Growth since 2000 (%)
-	World	22 073	904	273
1	*United States*	3 929	628	80
2	*United Kingdom*	1 440	606	327
3	Hong Kong (China)	1 245	517	453
4	China	833	3 925	376
5	Singapore	821	2 595	845
6	*Germany*	788	248	95
7	Brazil	744	1 903	648
8	Switzerland	737	2 051	923
9	*France*	717	588	58
10	*Netherlands*	684	853	317
11	*Spain*	645	878	411
12	Canada	637	464	344
13	Australia	611	660	440
14	Russian Federation	515	281 280[a]	3 888
15	*Belgium*	515	n.a.	36[b]
16	*Italy*	375	525	245
17	Sweden	373	2 855	632
18	Mexico	367	1 535	476
19	*Ireland*	364	859	486
20	India	225	13 480	1 620
21	Norway	223	1 696	769
22	Indonesia	212	2 324	574
23	*Japan*	206	1 989	689
24	Poland	203	186 444	805
25	Saudi Arabia	199	1 210	1 052
Memorandum item:				
39	Hungary	104	18 162	402

Source: Author's calculations, based on statistics from the UNCTAD FDI/MNE database.

[a] 1995.

[b] 2007.

The concentration of FDI was even higher in terms of outward FDI stocks. The top 25 source countries accounted for 88 per cent of the world total in 2014 (table 2). In that group, the number of Triad economies was 11, and among the top six, there was only one non-Triad: Hong Kong (China). The rest of that top was occupied by the United States, the United Kingdom, Germany, France and Japan, in that order. In this group, again, emerging economies tend to be more dynamic than Triad economies. Growth of outward FDI from Hong Kong (China) was fast in the 1990s, although since 2000 there was a slowdown. Today the fastest growing sources of FDI are China, Ireland and the Russian Federation, followed by the Republic of Korea, Singapore and Austria. Hungary is not part of the top 25 group. It is 42nd in the global league; however, unlike in inward FDI, in outward FDI stocks, it is one of the fastest growing in the world (naturally from a very low base).

Table 2. World outward FDI stock in 2014, and its growth since 1990 and 2000
(Billions of dollars and per cent)

Rank	Economy	FDI stock in 2014 ($ billion)	Growth since 1990 (%)	Growth since 2000 (%)
-	World	25 875	1 048	255
1	*United States*	6 319	763	135
2	*United Kingdom*	1 584	591	72
3	*Germany*	1 583	413	192
4	Hong Kong (China)	1 460	12 148	285
5	*France*	1 279	967	250
6	*Japan*	1 193	492	329
7	Switzerland	1 131	1 611	387
8	*Netherlands*	985	797	223
9	China	730	16 277	2 527
10	Canada	715	743	201
11	*Spain*	674	4 206	422
12	*Ireland*	628	4 103	2 149
13	Singapore	576	7 282	916
14	*Italy*	548	811	223
15	*Belgium*	450	n.a.	- 31[b]
16	Australia	444	1 083	379
17	Russian Federation	432	18 670[a]	2 044
18	Sweden	380	648	207
19	Brazil	316	671	509
20	Taiwan Pr. of China	259	753	288
21	Korea, Republic of	259	11 137	1 103
22	Austria	223	4 346	799
23	Norway	214	1 866	529
24	*Denmark*	183	2 393	150
25	Finland	165	1 659	216
Memorandum item:				
42	Hungary	40	24 813	2 997

Source: Author's calculations, based on statistics from the UNCTAD FDI/MNE database.

[a] 1993.

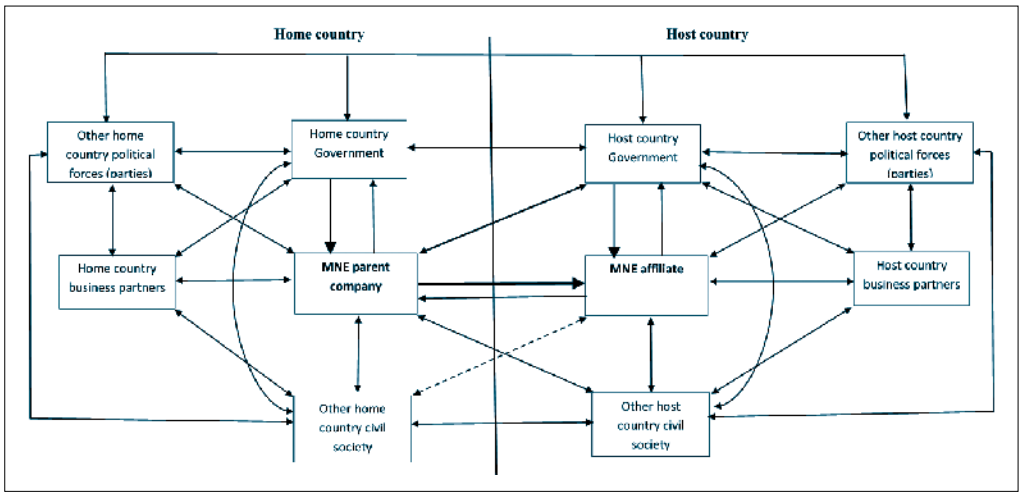
[b] 2007.

The world of FDI is a complex one, including various shareholders and a network of interactions among them. There are at least 82,000 MNEs around the globe, controlling and managing at least 800,000 affiliates in foreign countries, including subsidiaries, associated companies, branches and representative offices.[6] This brings us to an interesting conclusion. The average size of assets controlled by an MNE is $270 million, and the average size of the assets of an affiliate is $32 million. If these two universes follow a normal distribution, their majority should be small and medium-sized enterprises according to their national definitions. In other words, the two universes are not distinct from each other, but overlap.

Other than the parent companies and the affiliates, other main stakeholders in FDI include business partners in the home and host economies, home and host country governments with their own legislative, executive and judiciary branches, all their specialised agencies (including naturally the ones dealing with investment promotion, taxation, competition etc.) at all levels (federal, subnational and local), other political forces in the home and host countries such as opposition parties, which may agree or disagree with government policies vis-à-vis inward and outward FDI, and other civil societies in the home and host countries (as business itself also has to be counted as part of civil society) (figure 2). These key stakeholders then have interactions of various types amongst them. Naturally the most important ones are the ones between the parent company and the host country affiliate, and the host government and the two components of the MNE (parent and affiliate) (figure 2). But we should not forget about the interactions with other businesses in the home and host country (usually undertaken via business deals and business associations), the interactions between home and host governments leading to international legal instruments (e.g. bilateral investment treaties or double taxation treaties), or the interactions with civil society, especially in the host country. The latter is an essential part of the social license of the foreign investor (social acceptance of its activities, in addition to an official government license), but also in the home country in which local civil society is often the driver of a push for corporate social responsibility.

6 UNCTAD reported its estimate for the number of MNEs and affiliates around the globe the last time in its *World Investment Report 2009* [UNCTAD 2009]; then it discontinued that series. The numbers of 82,000 and 800,000 refer to its estimates for up to 2008.

Figure 2. Main home and host country stakeholders involved in FDI, a simple model of one parent company, one affiliate and two countries



Source: The author.

Figure 2 shows the stakeholders and the interactions in a simplified model, in which there are only two countries and one MNE with a one-way investment transaction in a single affiliate in the host country. Reality is many times more complex. Even between two countries, two-way FDI transactions exist in large number of firms, and usually an MNE owns more than one affiliate. In addition, you have to count with 193 United Nations member countries and about 20 other economies in which UNCTAD monitors FDI. FDI even flows to countries that are considered to be rather closed to such transactions such as the People's Democratic Republic of Korea or places with apparently very weak governments and permanent civil strife, such as Somalia. Furthermore, countries are also engaged in treaty making about investment: by the end of 2014, they had signed 2,926 bilateral investment treaties and 345 other investment agreements (mostly regional treaties) [UNCTAD 2015: 106].

2. The challenge for economic and business theories[7]

The multiplicity of stakeholders and transactions presents a major challenge for economic theories attempting to explain FDI. First of all, traditional theories of the international economy tend to focus on international trade as the main glue of the global economy, disregarding the fact that two thirds of such transactions are related to MNEs. Then, if they admit the existence of international capital movements, they look at it from the economic side only, which of course

7 The argument of this section draws heavily on [Kalotay et al. 2014]. The author is grateful to Andrea Éltető, Magdolna Sass and Csaba Weiner for their insights on FDI/MNE theories.

excludes the impact of such stakeholders as governments, other political forces and civil society. András Blahó [1999] rightly pointed out that for example in the case of inward FDI in economies in transition, the phenomenon cannot be explained without the impact of the host government, through its privatisation and investment attraction policies. Even the most comprehensive theory, Dunning's eclectic paradigm (see below), disregards such stakeholders as the home country government or civil society.

One potential way to explain the growing diversity of FDI and its dispersion is via following the approach of the *World Investment Report 1998* [UNCTAD 1998], which focused on host country determinants. In this case, we can simplify the determinants of FDI to three-four main components, namely framework conditions (stability of the host country, entry and operational rules, standards of treatment etc.), business opportunities for investors for some main motivations (resource seeking, market seeking, efficiency seeking), general business environment and investment promotion. This is a useful pragmatic approach. It also helps us understand the difficulties of attracting FDI and the facility with which future projects can be lost in case of unpredictable policy changes. Its flipside is that it fails to tell why capital flows out of countries and how exactly MNEs are deciding to invest in a given location.

It is particularly challenging to explain why new MNEs are emerging from new locations, especially from home countries that at first sight are not „ready" for capital exports. It has to be stressed again and again that those theories that treat countries as black boxes are in variety of the multi-stakeholder set-up of FDI shown in figure 2, whether they talk about capital movements or not. It is also to be recalled that the original theory of the international economy, from David Ricardo [1817] via Eli Heckscher [1919] and Bertil Ohlin [1933] worked with the assumption that capital was immobile. The main difference between Ricardo and his followers was that the latter allowed for differences in capital endowments as a key reason for international trade (alongside endowments in land and labour).

We had to wait till the 1940s and the additions of Samuelson [1948, 1949] to the Heckscher–Ohlin theorem to admit the existence of capital movements. However, logically, capital had to flow from capital-rich to capital-scarce countries, that is, from the developed to the developing world. In the 1970s, it was the existence of the Triad that contradicted this theory, as capital was flowing from one developed country to another developed country, instead of targeting the developing world. In other words, this was a world that resembled the world of the new trade theory, under which the exchange of goods took place within industries and among developed economies producing similar goods [Krugman 1981, 1983].

After the 1980s, with the rise of new sources of FDI, first some emerging developing economies, then from countries in transition, theory faced even more problems. These countries should not be capital exporters, or not on the scale that they are. In other words, FDI became multi-directional, resulting in an even more complex world than that of international trade (although there, too, the rise of emerging economies represents a challenge for the theory of intra-industry trade). It could be that the insights of MNE activities in terms of fragmentation of production ([Markusen & Venables 1998] [Venables 1999]) and global value chains ([Gereffi et al. 2001] [Rugman & Verbeke 2004]) organised along "global factories" [Buckley 2011] could give a hand to trade theory to resolve this problem. In Hungarian research on this area, András Blahó [2002] played a pioneering role in drawing attention to the importance of the acceleration of the spread of global production networks.

The dispersion of sources of FDI, in particular, is challenging for the coherence of FDI/MNE theories. In a nutshell, there is an increasing tension between the need to keep them relatively simple and the need to reflect increasing diversity. Analysts should indeed resist in this context the temptation to create a special theory for each and every new major source country: one for the Dragon MNEs (it already exists, see [Mathews 2002]), one for the Russian "Eagles" (it does not yet exist), etc. Such a fragmentation of theory would make cross-country (and over-time) comparisons very difficult. However, if extant paradigms do not develop together with time, they risk becoming increasingly irrelevant.

The theory of the investment development path (IDP) [Dunning 1981, 1986], a typical stages paradigm, which attempts to explain the ratio between inward and outward FDI stocks in function of the GDP per capita of countries, is yet another theorem which suffers from the weakness of black box (alleged homogeneity of countries). Apparently the poorest countries of the world would have no inward or outward FDI (stage 1), then, with the growth of income, inbound FDI would grow faster than outbound FDI (stage 2). As countries reach middle income, outbound FDI grows faster and catches up with inbound FDI (stage 3); beyond middle income, they become net capital exporters (stage 4), and in the richest countries of the world, the ratio between inward and outward FDI stocks again becomes uncertain and fluctuates around 1 (stage 5). Simplicity makes this theory rather attractive; it is however very difficult to translate it into concrete numbers (quantify the GDP per capita belonging to each stage). It is also unclear if it is possible to carry out cross-country or over the time comparisons (probably not). And once the new sources of outward FDI had to be explained, the model hardly seems to work. For instance, Russia's investment position turns into balance (and since 2009 FDI outflows have been exceeding inflows) prematurely. The main reason for the black box approaches' limited power of explanation for real FDI flows and stocks is indeed their aggregate macroeconomic approach, which does not for instance consider such structural elements as the split of new capital exporting countries into high and low-income segments, and the accumulation of capital by the high-income group, used in part for international business expansion (for the Russian case, see [Kalotay 2008]).

The Uppsala School ([Johanson & Vahlne, 1977, 1990] [Johanson & Wiedersheim-Paul, 1975]), is yet another stages theory, but this time limiting its observations to internationalising firms. Firms following the Uppsala theory would start operating with limited experience and face uncertainty on foreign markets; they would internationalise via international trade at best. They envisage investing abroad gradually. Then they gain experience in FDI, and become major global players in the longer run. It is evident that the rest of the complex network of FDI (business partners, governments, political parties, civil society) do not get special attention in the theory. No wonder that leapfrogging to international prominence, a common strategy of Chinese or Russian firms, remains largely unexplained by this theory. Chinese and Russian firms are not the typical technology-based small upstarts, but mostly giant firms deriving large income from monopolistic power at home or natural resources, and transform their rents to foreign expansion without regard to traditional technological learning. The Uppsala School builds on Raymond Vernon's product cycle hypothesis [Vernon 1966, 1979], according to which a new merchandise is produced first in the country in which it was invented, then exported, and its production is gradually relocated overseas when the product become mature and its home country production is no longer economical. The writer of these lines had the opportunity to exchange views with

Vernon, who insisted that it was really just a hypothesis applicable only to some Triad economies (mostly the United States).

The OLI paradigm of Dunning [1977] covers a broader part of the stakeholders. For firms to successfully invest abroad, they must possess ownership advantages (O), which enables it to invest successfully in a foreign country. That covers mostly the MNE parent firms. The host country must possess certain location advantages (L) linked to the firm-specific advantages of the investor. That covers various stakeholders in the host country, probably the government (through policies) or the local business partners (through linkages), although not necessarily the bulk of civil society. Furthermore, the firm in question invests abroad, i.e. internalises foreign transactions (I) when it is profitable. That covers the local affiliate and its relationship with the parent firm.

The main merit of this eclectic paradigm is not its originality but its success in weaving together different strands of previous analysis. For example, the ownership advantages build on insights on firm- specific competitive advantages by Stephen Hymer [1960] and Edith Penrose [1968]. The theory of locations advantages draws on such previous studies as [Davidson 1980] and especially on Michael Porter [1985]. John H. Dunning stressed in many informal discussions his close link and dialogue with Porter. Their only slight divergence was about the role of MNEs. Dunning saw them as privileged agents, while Porter thought they had to be seen as one of the many actors in competitiveness. As for internalisation, it draws mostly on Ronald Coase [1937].

The original OLI framework has been extended and modified several times to adjust to new sources and recipients of FDI. In the latest updated version of the theory published before Dunning's death ([Dunning & Lundan 2008]), the most important change to early versions was the division of ownership advantages into asset-based advantages (O_a) such as cutting-edge technologies, marketing strength or powerful brand names, and transaction-based advantages (O_t) such as common governance of assets and interaction with other corporate networks. The latter is important because for the first time it covers relationship with home country business partners.

The flipside of these changes is that the theory may become too complex. Rajneesh Narula [2010] for example warned that the creation of too many extensions and sub-categories of the eclectic paradigm could endanger the integrity of the theory. Alan Rugman [2010] also considered that the paradigm had become too eclectic and too broad. At the same time, despite these advances, the emergence of new sources of FDI is still not very well explained ([Child & Rodrigues 2008]). It is evident that the new MNEs do not possess the same ownership advantages as their traditional counterparts, if they possess any advantage at all. It may well be that they are pushed to go abroad because of their relative *dis*advantages. To deal with this question, Moon and Roehl [2001] suggested an "imbalance theory" for new FDI, claiming that a firm wants to search for a kind of balance between ownership advantages and disadvantages when investing abroad.

The biggest unknown of the OLI is if it covers the effects of the home country government. It may well be that the O_t advantages implicitly cover some of these interactions. However, it still does not satisfactorily explain the effects of state capitalism, typical for China and Russia. State influence can be direct (easy to document) or indirect (more informal). The latter can become a norm in state capitalism (see [Grätz, 2014] for Russia and [Wei et al. 2015] for China). The prominent role of the State and the policy environment in prompting OFDI in these cases may

indicate that home country influence can no longer be assimilated under the O_t factor. Despite the further complications it could engender in the integrity of the theory, a home-country (H) factor has to be added to the OLI legs. The OLIH hypothesis [Kalotay, 2010][8] can cover an H_b leg encompassing the home country business environment, which would go beyond the relationship between the parent company and its home country partners, and cover the interaction of business with the rest of society and politics, an H_d leg on the development strategy of the home government, and an H_s leg explaining the home country State involvement in outward FDI. All this requires further testing in the future. A first econometric exercise on the Russian case [Kalotay & Sulstarova 2010] has found promising leads on the importance of the home country. More analysis based on more (and more detailed) data would be needed to follow it up.

3. FDI evolves in the context of a changing world economy

The above discussion indicates that future analysis and theory of FDI have to take into consideration more stakeholder influence and more political interactions. In this context, András Blahó's focus on host governments has been an important contribution. It also has to be taken into consideration that the world of FDI evolves in close interaction with the mutations of the world economy. Countries become successful in attracting FDI or investing abroad because they are successful in international competition, and international competitiveness hinges on success in investment attraction and outward FDI.

Let us review which countries or economies gained or lost shares in the world economy over the past generation (table 3). The most salient feature of that analysis comparing 2014 with 1980 and 2000 is that the list of the 10 most important winners includes none of the Triad countries, while the list of losers contains seven and six Triad countries, respectively. China is clearly the most salient winner since both 1980 and 2000. In this long haul period, it is followed by Brazil, the Republic of Korea and India. Russia and many other countries in transition are not considered in this long-term comparison because they did not exist as independent entities in 1980. It is also to be noted that between 1980 and 1990, the share of the Union of Soviet Socialist Republics was in free fall, from almost 7 to close to 3 per cent.

8 See also the contributions of Álvarez & Torrecillas [2013] and Stoian [2013].

Table 3. Largest gains and losses in shares of world GDP, 2014 compared with the past

(Per cent)

Gains	Economy	Change since 1980	Economy	Change since 2000
1	China	10.50	China	9.41
2	Brazil	1.28	Russian Federation	1.63
3	Korea, Republic of	1.28	India	1.23
4	India	1.13	Brazil	0.90
5	Australia	0.49	Australia	0.67
6	Taiwan Pr. of China	0.34	Nigeria	0.51
7	Singapore	0.29	Saudi Arabia	0.41
8	Turkey	0.28	Venezuela (Bolivarian Rep.)	0.37
9	Thailand	0.25	Turkey	0.23
10	Poland	0.23	Qatar	0.22
Losses	**Economy**	**Change since 1980**	**Economy**	**Change since 2000**
1	Japan	-2.93	United States	-8.51
2	France	-2.06	Japan	-8.30
3	Italy	-1.09	Germany	-0.88
4	Nigeria	-0.93	United Kingdom	-0.85
5	United States	-0.81	Italy	-0.65
6	United Kingdom	-0.78	France	-0.44
7	Netherlands	-0.45	Argentina	-0.34
8	Sweden	-0.41	Taiwan Pr. of China	-0.31
9	Saudi Arabia	-0.36	Mexico	-0.30
10	Belgium	-0.35	Hong Kong (China)	-0.14
Memorandum item				
	Hungary	-0.03	Hungary	0.04

Source: Author's calculations, based on UNCTAD data.

In the most recent period, Russia, India and Brazil follow the footsteps of China, explaining part of the recent hype for these economies. However, it also has to be considered that wins can be very fragile. For instance, Taiwan Province of China is a top winner since 1980, but a bottom loser since 2000. It is also to be considered that at least three of the top winners of 2000–2014 (Russia, Brazil, Venezuela) saw their GDP shrink in 2015, reflecting serious structural economic problems. Moreover, China started its economic slowdown, heralding a new era of economic expansion (with more moderate future gains). The oil dependence of half of the 2000–2014 winners coupled with the fall of global prices may also indicate a quick change of fortunes in the near future. In any case, Nigeria's and Saudi Arabia's gains after 2000 were only partial, and did not compensate for the larger losses between 1980 and 2000. Conversely, the emerging economies of Taiwan Province of China, Mexico and Hong Kong (China) lost ground after 2000, but have still been winners since 1980. In sum, the world economy is changing so fast that more frequent revisions of trends are necessary.

For the sake of comparisons, data for Hungary are shown in the table too. It is important to

consider that over 1980–2014, Hungary experienced a slight backsliding, which is in variance with Poland's major gains in the region. Over 2000–2014, the difference between Poland and Hungary was smaller: the latter gained 0.29 per cent (missing slightly the top ten) while Hungary also gained, but only 0.04 per cent. In any case, the fact that 2000–2014 gave some gains to Hungary, although less than for the other Visegrád countries or Romania, does not necessarily reflect what we usually hear about the period up to 2010. Between 2000 and 2010, despite all problems of equilibrium and crisis, the share of Hungary in world GDP grew from 0.14 to 0.20 per cent, to fall back to 0.18 by 2014.

4. Conclusions

We are living in a world of fast changing FDI and economic patterns. It has become a commonplace to say that the speed of change is accelerating. Our vision of global economic geography has to be revised more often than in any period of the past. It is naturally a challenge for the policy makers who attempt, at least in many cases, to improve their country's competitiveness, which is the basis of job creation and welfare. They have to be seconded by expert advice from academia. It means that the information provided by the latter has to be truthful and reliable, and the former should take that information very seriously. It is naturally not the analyst's fault if she/he is unable to convince the politician. Is it that the argument is not presented in a convincing manner? Is it that the news is not what the policy maker wants to hear? Or is the politician wearing glasses that make it impossible to see the world as it is?

Whether the analysist is listened to or not, the work of think tanks and other scientific research centres is very valuable. If policy makers do not listen, maybe other analysts and civil society do. It is worth writing informative analysis, such as the Hungarian textbooks on the current situation of the world economy (Blahó 2008), alongside textbooks on international business (Reszegi & Czakó 2010). These have played a pivotal role in informing the Hungarian public at large about trends in the world economy. People have to listen to the world, because the country is too small not to listen to it. In 2014, Hungary accounted for 0.18 per cent of the world GDP. It is more than useful to get informed about what the remaining 99.82 per cent is doing.

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