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of Backward Areas in Hungary  
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## INTRODUCTION

In both capitalist and socialist countries the central issues of conscious regional development policy are the situation of the areas permanently lagging behind and the possibilities of their catching up with the other areas. The basic tendency and mechanism of socio-economic development lead to a differentiated structural development of areas due to the diverse natural, economic, administrative and social conditions. As result of this privileges are being accumulated at one end of the scale and disadvantages at the other end. At the same time the presence of development policy aiming at creating a balanced structure is desirable not only on account of socio-political and social reasons but also in view of the efficient functioning of society and economy - as evidenced by the practical experience of the past period. In principle, the category of equilibrated structure includes also regional structure as an element irrespective of the fact whether the mechanism of management and administration is able to assert the regional aspect and to what extent it can take account of it. A development policy with strong internal priorities aimed at extensive-quantitative growth and concentrated in both organizational and economic aspects results in a polarized regional structure inevitably creating backward areas where lagging behind covers several moments of the socio-economic life, that is to say the disadvantages are being accumulated. Subsequently the potentialities which might provide any chances of catching up at all may be wasted. Thus we can conclude that socio-economic development has a selective impact upon certain areas: regional differentiation is an objective process. At the same time development policy should control, influence *this differentiation* for social and (in a narrow sense) economic-political reasons in such a way that backwardness and disadvantages may not be accumulated lastingly in certain points of the space, in settlements and within a smaller-larger range of regions. If development policy is unable to assert the endeavour towards and equalized regional structure, over-polarization may arise and the decline of certain areas will become irreversible.

The regional development of the past longer period in Hungary (and in the socialist countries in general) was determined by economic development policy (in a narrow sense) to an incomparably greater extent than by regional policy with its restricted scope of authority of decision-making and weaker mechanism. Economic development policy had a character of nearly exclusive sectorial approach taking account mainly of establishment. Its entire system of planning, accounting, administration, regulation and incentives was based upon this approach strengthening

it thereby. This development policy course was an extensive-growth-oriented economic policy with hegemony of industry (industrialization) and development of the capital and towns. It could not integrate different aspects and left them to the partial policies of complementary character with restricted authority, ensuring formally the possibility of reconciliation, harmonization, in brief, that of active reaction. The construction became more and more contradictory at the development level reached by the 1970s mostly because of the revaluation of the ousted factors, or rather because of the obvious manifestation of the importance of their role in development. Besides having to face more and more significant sectorial-structural disturbances economic development could less and less cope with "non-sectorial" spheres, such as infrastructure or environmental protection and in this connexion it could meet decreasingly the requirement of a more equilibrated regional structure. The majority of problems is basically the consequence of the established socio-economic mechanism. That is politics continuously registered the relative backwardness of infrastructure from the 60s, indeed paying particular attention to some of its branches in specific programmes from time to time; in spite of the recognition, however, no substantial break-through took place (note: similarly to the other socialist countries). In the 70s politics perceived the consequences of the imbalancedness of regional development, the fact that there are significant divergences in living standards and amidst the general labour shortage employment difficulties arise in certain regions. Sometimes several effective measures were taken as well. But artificial separation between economic development policy in a narrow sense and regional development policy has survived. Under the given mechanism, however, the politics were unable to correct the basic socio-economic processes. Owing to its strongly restricted scope the development policy of regions and settlements could not play an important part in this correction. In addition to this typically centralized tendencies asserted themselves even within its reach of influence, further strengthening the differentiating effect of economic development policy (taken in a narrow sense) on regions.

The present situation of the backward, disadvantaged zones has been formed by these factors. The acuteness and depth of the problem is further increased by the fact that the whole economy is characterized by serious disturbances of functioning, the hidden contradictions have come to light at the same time, significant revaluation is under way and all these give rise to the growth and acceleration of backwardness, the increasing loss of perspective as well as to the regional expansion of the affected areas.

The 12/1980-85 Decision of the Parliament on the long-term tasks of the development of regions and settlements assigns the continuation of the development of backward areas as a central task. To promote its implementation the Council of Ministers adopted a socio-economic programme on the accelerated development of the economically backward areas in 1986. This

programme - although its general objectives and principles were formulated in accordance with the consideration of the requirements of long-term development - can remain a plan only for a shorter period on account of the existing condition and difficulties of economic development. The programme - owing to the scarcity of financial means - is a kind of a minimal programme, where stress is laid upon the fact that the gravest social tensions of the settlements in the worst situation (mainly the lack of local employment) should be mitigated. The size of the range of settlements restricted in this way also points to the weight of this regional problem, since 537 settlements are classified as backward in the plan (this amounts approximately to one-fifth of the total number of settlements in Hungary) where there are about half a million inhabitants. According to expert investigations the proportion of disadvantaged settlements of rural character may be the double/treble of it in reality.

The processes of the period following the adoption of the Government programme - the disruption of the external and internal equilibrium of the economy, the appearance of critical branches and depression zones, the imperative of economic restructuring, restrictive economic policy - have evidently enhanced further the extent of the problem of regional backwardness.

In the course of the economic and political reformation the regional issue of the backward zones came into limelight again, the shaping of a mature development strategy is a task of pressing necessity.

#### CHARACTERISTIC FEATURES OF THE MULTIPLE-DISADVANTAGED SITUATION

In the terminology of special Hungarian literature the multiple-disadvantaged situation is a lasting condition characterized by the accumulation of the related, mutually strengthened individual disadvantages of socio-economic existence and development. This condition can be summarized by the following criteria:

- The economic base (and mainly the industry) is relatively underdeveloped or perhaps utterly missing, the income-producing ability of the region or settlements is rapidly declining.
- As a result of this migration takes dimensions leading to the distortion of the demographical structure; the population of the settlements gets too old, the composition of education, employment etc. deteriorates, the natural self-reproducing ability decreases.
- The living conditions are below the average by relative and absolute standards as well, within this infrastructure is underdeveloped above all, often even the basic supplies are missing.

Apart from this more tangible phenomena and disadvantages can be revealed which are called as a rule peripheric situation. These include:

- the low level of transport and communication relations;
- the low-level position of settlements in the widely taken hierarchical system of regional management, and within this mainly the administrative authority of less significance, and in this connexion the relative scarcity of development funds, the greater distance from the decision-making centres;
- location along the border which implies the vicinity of the national and county borders as well.

Finally, in Hungary experience shows today that there still exists a general characteristic and this is the small-village-character. Although in principle - as evidenced by international examples - it is not inevitable for a small village to be always at disadvantage, in Hungary it is the regions with small villages (where the number of inhabitants is often less than 1000 and not infrequently less than 500) where these disadvantages are accumulated in the first place.

From the facts mentioned above it follows that depressed zones (e.g. the areas struggling with really serious crisis in consequence of the predominance of iron metallurgy and mining) are not included in this category, though the essential tasks are the same. The reason for separating them can be accounted for by the fact that the possibilities and means of regional development strategy are different in the case of the depressed zones. To be precise in Hungary the category of backward areas applies to the areas of rural character.

In the historical evolution of the multiple-disadvantaged situation economic underdevelopment has a primary role among the reasons, which is revealed in the lack of employment prospects or in their structural one-sidedness as well. With a view to the existence and development of settlements the economic base functions more and more exclusively by means of its income-producing ability. The income-producing ability is important from the point of view of settlement development in two ways:

- on the one hand as a resource of development and operation of settlements through the mechanism of regulation (or other means of distribution or redistribution)
- on the other hand on account of the income of the employed population derived from work.

In the multiple-disadvantaged zones industry has a direct settlement-forming power outside the towns only within a small range of communities. Practically in the formation of the disadvantageous situation of villages the lack or underdevelopment of the locally (or in the microregions) located industrial potential played a determining role. The industrialization wave of



the country-side in the 70s mostly avoided the areas qualified to be at disadvantage today. Naturally, the situation would not be very much better even if it had happened otherwise. That is to say - despite its obviously positive effect - in the course of implementation this process was decisively motivated not by the effort to form the spatial structure of the economy rationally but by

- the relocation of the unwanted part of the industrial units of the capital,
- expansion of large enterprises (labour-extensive growth),
- and in accordance with these lessening of the employment deficiencies in certain regions.

In general it was not "the whole enterprisal function" that was decentralized but some phases of production instead often based on a rather underdeveloped technical-technological base. Their existence and development have been dependent on the parent company. Paradoxically regional decentralization practically strengthened the dependence of the region or settlement on the external decision-making centres. The industry "obtained" in this way could hardly mean a durable and realistic economic potential. Characteristically enough when the parent company is under the pressure of harder budgetary constraints the process of disinvestment is under way at once in these areas. Industrialization of this kind cannot solve the regional problems in the long run because it results merely in the "colonization" of the countryside.

Today a much more differentiated factor is the basic and auxiliary activities of agricultural enterprises. The natural and economic conditions of large-scale farming in these regions are mostly unfavourable. In spite of this - as usual in agriculture in Hungary - it is the large-scale mass production which is characteristic: this was "dictated" by the traditions of the economy, the systems of regulation and subsidies or even by the informally manifested central expectations of politics as well. On account of the shortage of specialists, underdeveloped technology or management problems arising from other reasons the tensions are deepened to such an extent that even the conditions of simple reproduction are not created. Economy of agricultural units in this regions, as a matter of fact, is maintained by the continuous budgetary subsidies. The scarcity of capital, the geographical and in general economic distance from the market, from industry, do not make it possible for the auxiliary (non-agricultural but for example industrial, commercial) activities to come into being and play a compensating role in these very areas. As agriculture is the main economic base in the respective regions, the agricultural employment rate is very high there (about double of the average of Hungary). There is a considerable over-full-employment in agricultural enterprises due to local pressure. With differentiation, the decrease in the self-supporting capacity arising from the stricter system of economic regulation as well the freed labour cannot reflux to the near vicinity without having to give up their domiciles. The industry and the tertiary sphere are both unable to receive them in the region as a result of underdevelopment.

The inefficiency of the economic base playing an essential role in the life of the settlements, the low level of its income-producing ability give rise to the increasing lagging behind of infrastructural development. In line with this the erosion of the population of the settlements is being accelerated as well. Where the three processes (i.e. backwardness of the economic base lagging behind of infrastructure and erosion of population) coincided earlier in an extensive way, the decline of the settlements - under the well-known socio-economic conditions - is practically most probably an irreversible process. For the development policy of regions and settlements a field of realistic intervention is represented by those settlements or groups of settlements in which this chain of processes has not come into existence yet or is only in its first stage. It is possible only in this field to revitalize these areas and re-start the self-supporting social and economic processes by means of transitory central subsidization.

Today lagging behind in socio-economic development is mainly a regional problem concerning local problems of the settlements too. That is to say, within the backward or multiple-disadvantaged zones there are divergences of internal development like elsewhere in general. It also means the regional developments and those aimed directly and locally at settlements (if such a distinction can be made at all) are to be implemented together, in harmony with each other. Obviously we cannot expect the whole range of affected settlements in backward regions to catch up with settlements of mean or well developed regions or in many cases even the prevention of further lagging behind. Part of settlements within the zones at disadvantage is not likely to be revitalized, at best these settlements can be temporarily maintained by means of further and further central subsidies. In the long run, however, this artificial survival cannot be carried out and regional policy cannot undertake to carry it out at all. Though the prevention of the further falling behind of the zones at disadvantage as regions and their catching up with the other areas in the long run may not have a realistic option in the final account.

#### DEVELOPMENT PRINCIPLES OF THE BACKWARD AREAS IN HUNGARY

In shaping the strategy of making the multiple-disadvantaged zones catch up with the other zones basically there are two alternative approaches. The first one is the socio-political approach in which intervention is aimed at moderating and somewhat compensating for the disadvantageous consequences instead of the systematic alteration of the basic regional processes: within the framework of a separate "provisional" plan practically "subsidies" are geographically assigned and granted. This alternative was taken by the aforementioned government programme. There is no

doubt that the main outward forms of disadvantageous situation and in this connection the socio-political responsibility and the scarcity of resources to be expended on the tasks exercise strong pressure in favour of this very alternative. Beyond doubt in a human-centred society the most logical conclusion is that the improvement of multiple-disadvantaged situation, or more precisely, the improvement of the situation of the people living under these circumstances owing to objective factors is the responsibility of the whole society too. The fact that this solution may bring about changes that are soon tangible is also in favour of this alternative because it is suitable for letting off the social tensions. In our opinion, however, this approach cannot be effective in the long run, at best it can be only a temporary and only complementary programme. Namely it cannot eliminate the cause of the durable accumulation of backwardness.

The other, solely long-run approach may be called an economico-political one (for lack of a better name). According to our judgement the main point of this approach lies in the fact that in the course of the restructuring of the economy the regional aspect also obtains an important role. From the aspect of the efficiency of socio-economic development the basic principle to be adopted is that besides the sectorial optima the regional conditions may also be resources of growth, which implies among others the significant strengthening of the regional division of labour and within this the promotion of the formation of an economic base corresponding to the regional endowments and maximally utilizing them. Talking of the objectively differentiated regional effects of socio-economic development, we should take into account the fact that the majority of the endowments and conditions (e.g. human, infrastructural conditions of production etc.) playing an important role in the selection are not natural but can be consciously shaped. Any restructuring which concentrates only on sectorial productivity and follows economic efficiency taken in a narrow sense sets up its own limits in the long run. Restructuring should include the organizational and regional decentralization of the industry and the tertiary sphere, the regionally proportional formation of the intellectual potential and making regionally general the high level of accessibility of traffic and communications in a wider perspective. With that missing the higher operation costs of society will considerably worsen the overall social and macroeconomic efficiency of production composed of partially profitable branches. That is in the long run the development of either the settlements or the tertiary sphere may not be regarded merely as an expenditure-increasing or social overhead cost activity or judged on the basis of some modern form of "fiscal rationalism" as it has been done in Hungary (and other socialist countries as well) so far.

There is no doubt that the present regional structure of needs seems to counteract the endeavours towards a more balanced regional structure, as the regional and local demands - according to the logic of their appearance - are concentrated in the actual centres of the regional

structure producing conspicuous bottlenecks. On the other hand, the process may become unfollowable in the economico-political sense (in spite of the following development ideology) if both the sectorial and regional development principles undertake to disperse only the neuralgic points disregarding the reorganizing role of conscious intervention in the regional development.

In formulating the strategy of development of the backward areas the starting-point is on the one hand the process and characteristics of the formation of the diasadvantageous situation and the current endowments of the respective zones, the existing system of conditions on the other hand. The present economic potential of these zones, its profitability arising from the level of development and structure is not suitable for enriching the resources of development in the long run particularly because it has proved to be insufficient in the recent past too. In the economically backward areas the industry - if it exists at all - is structurally one-sided as a rule, less dynamic with weak productivity and low income-producing ability, being regionally disproportionately located, all in all it is underdeveloped in comparison with the long-term needs. The income-producing ability, productivity and potential of agricultural plants is more developed nowadays as a rule, in many places, however, on account of the weaker site endowments and unfavourable farming conditions their development is insufficient. With full knowledge of the international market of the agricultural mass products and the exaggerated withdrawal of profit receipts of agricultural enterprises development of even a slower pace can be predicted therefore this branch cannot be expected either to provide more resources for the development of the settlements. With regard to employment - after a temporary halt - the role of agriculture is likely to decrease in the long run, thus its settlement-developing effect is to lessen in this respect too. As a result of this agriculture may not be the primary or only base of the regions of rural character - within this that of the multiple-disadvantaged regions - in the long run, even if the structure of production were transformed due to the strengthening of the (e.g. industrial) auxiliary activity. The tertiary sphere is underdeveloped, for the time being no tendencies can be discovered showing it could become independent driving forces of the development of regions and settlements - as exemplified by other countries - or provide a favourable base for the restructuring and innovative progress. The productive and non-productive infrastructure - also in connection with the development of the productive forces and the settlement network structure - is in general poorly developed without an actually functioning homogeneous spatial system. Developed system of infrastructure can be found at best only in a few centres that came into being through concentration (in the case of towns and some large villages, but sometimes only partially).

On the basis of all this - in our opinion - the development of multiple-disadvantaged zones - taking account of the available resources as well - cannot still be directly diverted to the so-called

innovative, intensive course today because the minimal spatial conditions are generally still missing. In an intermediary, transitory stage the base upon which intensive development may be built is to be established by strengthening and transforming the present bases, otherwise permanent development is inconceivable. It follows from the afore-mentioned that in the long-term development of these zones it is not expedient to implement in an accelerated way the conception which has brought about considerable regional development elsewhere but to implement a new integrate strategy instead which takes account of the new circumstances of socio-economic development. The improvement of the economic base of settlements cannot be regarded merely as an issue of employment but to the same extent it is also an issue of regional economic growth (and productivity) and then the necessary basic tendency of development is determined also by the general economic development strategy. That is to say the multiple-disadvantaged situation is always reproduced, only if the former growth model of the developed zones is renewed, the "removed" conception with its "material instruments" is inherited by the backward zones.

In the context of the general economic development strategy it should be taken as a starting-point as well that despite the separation of domicile and workplace the large-scale mobility of the population between the zones will not have the necessary conditions and possibilities in Hungary in the near future either. Therefore the restructuring of the production potential and the organization of supply in line with this regional principle will be of utmost importance for the long-term strategy.

#### DEVELOPMENT CONCEPTION ELEMENTS OF THE BACKWARD AREAS

In our view the long-term development conception of the multiple-disadvantaged zones - in close connection with the development of the whole country - should be formulated in two stages. The first stage covers the period to the mid-90s, the second one the period up to and including the millenary.

In the first stage agriculture may serve as the primary base for the development of multiple-disadvantaged zones in the future too. In order to be able to perform its function it is inevitable for the agricultural economic units to increase their profitability which may be achieved in broad outlines by the following means:

- the necessary and possible elimination of the objectively disadvantageous conditions with the help of external support (e.g. soil amelioration);
- the transitory normative (through the system of regulators) counterbalancing of the objectively disadvantageous endowments that cannot be economically ceased:

- a) by means of the creation of the external conditions of the decrease in production cost (reduction of taxes and deprivals etc.),
- b) by means of subsidization (development, support etc.);
- the alteration of the organization forms: where the conditions of efficient large-scale farming can be maintained only at the cost of disproportionately high expenditure with the help of durable state subsidization, it would only seem reasonable to return to small-scale farming (e.g. integrated small private farms, forms of specialized cooperatives and groups, family undertakings etc.);
- modification of the production structure (both within the basic activity and in the relationship of the basic and auxiliary activities of the agricultural units);
- interenterprisal specialization and the significant intensification of cooperation of the agricultural organizations on the basis of mutual economic interests;
- the further development of agricultural technology, the extension of the necessary infrastructural background.

With regard to industry this stage includes a task of two directions: on the one hand the implementation of direct industrialization by means of the modernization and possible expansion of the existing base on the other hand the forming of a new long-term strategy of industrialization, the preparation and launching of its implementation.

The restructuring of industry is inconceivable without the faster development of the innovative spheres, which, in our opinion, grows out of being founded merely on the existing base. In view of the long term in the majority of the present day industrial companies there is no significant production-oriented research and development potential of the adequate level, in the respective zones the scientific-technological background is rather one-sided, consequently the development-oriented, innovative restructuring of the manufacturing industry requires internal or external research import, unless the intellectual potential becomes more proportionate regionally. Thence it follows that the required restructuring of the industry in the backward regions, its strategy can be founded only on the active (offensive) support of the long-term development projects of the national economy. In the elaboration of the new conception of industrialization the issue of regional structure as an aspect should gain much greater importance.

The industry is now faced with the basic task of the implementation of restructuring which may lead to changes in the economic macrostructure of the settlements and different kinds of regional units. This may involve an increase in the proportion of the tertiary sector in the majority of settlements and in general will bring about less dramatic changes in the towns than in the affected smaller settlements (villages). Moreover there may also be settlements and zones where,

for example, the beginning of the exploitation of raw materials or the establishment of a new industrial project will basically change the macrostructure of production and the chain of significant changes arising from this will affect the given settlement as well as its environment. This will, however, be a less typical pattern. Another - from our point of view - essential concomitant of restructuring will be the liquidation of unprofitable activities and plants. Since in Hungary the profitability of the plants in the villages is frequently lower than that of the urban ones, the labour power is less readily convertible, the relative standard of infrastructure is low, the required change of product structure and introduction of new technologies are feasible above all in the central (urban) factories. Therefore the existence of numerous rural industrial plants will be queried in the future. The reduction of unprofitable activities and plants may temporarily have an unfavourable impact upon the local environment weakening the economic situation of enterprises and settlements. Since the structural changes are as a rule accompanied by a reduction in the needs for live labour, the former level of employment can be maintained only by means of creating new jobs, reallocating the labour force or commuting within the small zones as far as possible, in some areas even employment tensions may temporarily arise. Owing to the state compensation that the workers get during the courses training them for a new trade or profession their income is not reduced, which - due to inflation - does not grow either, and this occasionally involves a further disadvantage. In the long run, however, both the companies and the settlements are interested in restructuring if it really takes place in accordance with the international tendencies, if it at least approaches those standards (infrastructural capacities may be freed, the influence exercised on the environment may improve, the income relations are more favourable etc.) and if it results in a more proportionate regional structure. Thus in contrast with the former practices even in economically backward areas it is inadmissible to conserve out-of-date production by means of state subsidies and short-term measures, instead the temporarily arising or intensifying difficulties should be faced and the introduction of modern technologies promoted. Whilst even for reasons of employment policy it is improper to maintain the less efficient jobs, it is necessary to subsidize the retraining and mobilization of labour. Granting independence to the less efficient provincial plants is not always a feasible arrangement. On the other hand, the mother house make it extremely difficult for the well-functioning plant units to become independent, although it would be in the best interest of the regions. Where the provincial plants are modern and can get on their own, the former spatial decentralization should be followed by an organizational decentralization.

In setting the long-term objectives it is necessary to keep in view that the progressive branches should transform the possible centres of zones (towns, large villages and maybe some other villages) into industrial bases which are able to adopt innovative development and become

poles upon which in a later period - in the second stage of the long term - the settlements of their respective regions may be "strung" and - assuming an intensive system of relations - these poles will be able to replace the weakening local agricultural base. Furthermore, these poles - to a varying degree - have to be also suitable for becoming the network centres of the ancillary industry or perhaps those of the putting out system of a new type having asserted itself in the developed countries. This network potentially may be structured upon the range of the viable settlements of multiple-disadvantaged zones in several organizational forms, in a differentiated way.

We think that in the rural areas mainly small plants (with less than 50-100 workers) belonging to the background (ancillary) industry may be established. The experience of the developed countries indicates that such plants are required in a great number by modern economy though a great majority of them is constantly replaced or restructured. Their changeability is fairly great, so they require favourable conditions of settlements which can ensure adequate possibilities of adaptation. Unfortunately, this chain of small industrial plants is missing now in Hungary (and in other socialist countries as well).

The location of new productive projects and expensive technologies in smaller or larger regional centres - and the improvement of accessibility - make possible the long-term harmonization of economic efficiency and regional balancedness in the rural, economically underdeveloped areas as well. By this means such a flexible, adaptive spatial structure may be formed which is capable of reacting to the changes of the economy and market without collapsing under the pressure of the restructuring of products. It must be stressed, however, that the regionally concentrated development of production is suitable for developing the related rural and within this disadvantaged zones only by means of the significant increase of accessibility and the raise of the standards of communications. If such a close relations between the centre and its environment cannot be ensured in some of the established centres or in the rural zones such a centre (e.g. a town) does not exist, then the first step to be taken is the formation of the necessary centres or system of relations.

In the long run (and within this in the first stage) the development of both agriculture and industry requires the development of infrastructure in such a way that it can contribute to the unfolding of the outlined guidelines in an offensive way. The main branches to be developed are road traffic and telecommunication (the programme of the main cross-roads, the reconstruction and modernization of the road network, on the other hand the development of the telephone and telex systems which can be also suitable for establishing an integrated system of information) but none the less important is the construction (and the increase of the capacities) of the energy- and water-supplying networks according to the predictable needs and the establishment of other



technical facilities (e.g. up-to-date buildings for the plants). A flexible industrial structure and a production base capable of rapidly adjusting itself to the circumstances are conditioned upon the potential industrial areas, the "industrial parks" which can be possessed or rented in principle. In the long run, in our opinion, this can be achieved only by eliminating the secondary, following position of the infrastructural sphere within the economic development policy - which is often presented as an objective position - and by recognizing it as an active component of economic and regional development and growth.

The second stage would include the actual - intensive - course of development. On the basis of the adequately developed system of settlement relations (communication network) on the one hand the industrial, on the other hand the agricultural and probably tertiary sectorial development poles would exist in a homogeneous and well-functioning system of settlements with both vertical and horizontal courses of movement. In the regional system of the existence, development and economic base of the settlements a new feature would be represented by the fact that concentration would come into existence together with the adequate system of relations, that is decentralization would also have a positive meaning.

In the development of traffic or in a wider sense in the improvement of communication relations it is also important to overcome the contradictions experienced up to now. If we take a look at accessibility and the regional structure of supply organization and production capacities the incongruence becomes sharply distinct. The improvement of the conditions of transport means firstly the modernization of the road network (elimination of cul-de-sacs between the settlements, construction of main cross-roads, modification of radiate (capital-centred) network by means of "horizontal" roads etc.), secondly making public transport more flexible (e.g. by running micro-and mini-buses), thirdly the general improvement of the conditions of automobilization.

In our opinion transport has and will have a basic role in decreasing the gap between the zones at disadvantage and the other areas. With regard to the small regions both in production potential and in supply a concentrated development model will have real chances. And this requires accessibility which adjusts itself to the necessary spatial movement of the population. In all probability public transport will play a great role in the future. We do not believe that the enterprisal or sectorial profitability of public transport should be an exclusive principle in the course of development. It seems that the improvement of accessibility should be decided together with the consideration of other "extra-sectorial" aspects. At the same time it is true that within the framework of the present organizational system it is difficult, if not impossible, to make a multi-aspect evaluation and assert the interests. On the other hand it is easier to form the organizational system of transport than the settlement network. In addition to this issues of great importance are

raised by the level of general motorization. It is well-known - and exemplified by many counties - that with a highly developed motorization level a more concentrated model, an implementation of new development models of large or small zones will have to face less obstacles. It is clear that the improvement of the motorization level - similarly to other issues - exceeds the problem of the zones at disadvantage, raising or requiring the solution of a number of questions connected with general engineering, infrastructure, economics, social situation and even the way of living and with some simplification we can conclude once again the necessity of "infrastructural breakthrough" in development policy.

Besides the improvement of the traffic conditions the prerequisite of the general use of modern technical achievements is the simultaneous development of the telecommunication system. An up-to-date informational system can be developed only in possession of telephones and wired interconnections and at the same time today a great number of population services can be "built upon" the telephone-lines too.

The backwardness of Hungary is enormous in this respect and even within this the picture is rather varied. Even between the larger regions there are differences in supply but the differences are more conspicuous between the urban and rural zones.

The country-side and villages are inflicted above all by the disadvantages of underdeveloped telecommunication. At the same time due to the lower density of population and underutilization this is the very area where development is not profitable. Thus only state intervention could bring about tangible results in this field. Possibility of contacts with of any point of the country at any time should be regarded as a minimal programme. The developments should be mainly based on up-to-date solutions, otherwise obsolete technics would be conserved. In line with this up-to-date telecommunication services should also be developed.

By means of a highly developed telecommunication system the disadvantages of rural zones would decrease and in combination with the advantages of the provincial environment it would contribute not only to the increased retention of the population of these zones but also to the reflux of highly qualified and skilled labour into the villages. On the side of labour this would make possible the decentralization of up-to-date technics in turn.

With these ideas in mind we should like to emphasize that today the reduction of the backwardness of the zones at disadvantage cannot be carried out by means of the traditional interference in infrastructure any longer, at the same time any kind of long-term development conception is infeasible in these zones without a shift in economic development policy course as required by infrastructure.

The general backwardness of the development level of infrastructure, which can be observed particularly in the multiple-disadvantaged zones, is an obstacle to the growth of production as well as to population supply. The main nodes of the development of infrastructure of production obviously coincide with the basic questions of infrastructure of population supply though an additional regional issue is raised by the latter as well. With some simplification this could be formulated as follows: there is a socio-economic need for the harmonized long-term development of availability (accessibility) and the network of supplying institutions. Even planning conceived in the spirit of "fiscal rationalism" has to raise the question in the long run how much the socially necessary local basic supply can cost and how much is the combined cost of the concentrated construction and operation of supply of higher level made accessible realistically (and not in principle) by means of availability as compared with the alternative when the social and individual costs of receiving the people removed to towns and the value of the part of the national wealth left in villages behind are added up. (The main direction of people's removal has been so far in Hungary direction from underdeveloped villages to towns.) Clear-sightedness is blocked by the fact that while we are aware of the inevitable material consequences of the first alternative more or less, we can only estimate or perhaps make guesses in connection with the second one owing to our separate sectorial way of thinking, not to mention further social factors connected with social welfare and equity, which have to be taken into consideration in the final account.

As we have already pointed out several times the disadvantageous situation is also manifested in the relative backwardness of living standards, in the underdeveloped infrastructure, and the direct way of moderating these disadvantages is to develop infrastructure. The development should have two moments of extreme importance: the harmonized development of transport (accessibility) and spatially divided supply. The basic supply - according to democratic principles - has to be locally provided.

The present routine (planning - organization - financing) handles the organization of transport and supply (as two separate branches) quite apart from each other. In our opinion decisions concerning the supply development are inseparable from the traffic conditions. The basic traffic conditions provide a favourable framework for the possible merging of the supply institutions, under the conditions of inadequate availability, however, the centralization of these institutions worsens the standard of supply. In planning concentrated supply (supply institution far from the domicile) and also in making calculations with regard to economicalness it should be taken into consideration that services or users should be moved in space. Taking account of these relationships in judging the profitability of some public transport line we cannot be content with comparing merely the costs and the fares. The lack of adequate traffic communications may justify

the needs of deconcentration, expenditure of which may by far exceed the losses of transport lines. The analysis of the advantages and disadvantages or any regrouping of the whole system of relations would probably result in a spatial structure which is very different from the present one.

Besides above-mentioned problems there is the factor of automobilization, the rising costs of which with the well-known difficulties of its development and improvement in Hungary - even assuming unchanged system and level of supply - may lead to the deterioration of the supply of the population through the deterioration of accessibility. In spite of this there is not any sign of the appearance of the regional - and other - aspects in the understanding of motorization or in the re-evaluation of its role in development policy..

As today the multiple-disadvantaged areas in Hungary are the regions with small villages, the improvement of the supply by institutions will have to face several difficulties due to the restriction of development resources. These difficulties are worsened further by the negative general approach to institutional hierarchy and concentration, which is observable nowadays.

In our view the hierarchy of structure and certain concentration of the system of supply institutions arise not only from the arbitrariness of planning or hierarchy of settlement network functions but it is an inherent part of the supply system and a historical category at the same time.

If we disregard the hierarchical system of the settlements and institutions, among the initial conditions of the organization of supply on the one side there is the geographically separated population with its needs embodied in differentiated demands, and on the other side the entire multitude of the supplying functions which are differentiated mainly on the basis of their "sectorial" peculiarities. These two sides should be matched and linked according to the prevailing socio-economic conditions in order to make possible the adequate fulfilment and use of these functions.

The matching should decisively follow the spatial aspect with the expected standard of accessibility and fulfilment as a criterion (measured by use frequency) on the one side and the management conditions of development and operation (dimension, special line etc.) and expenditure (as resource constraints) on the other side. An optimal spatial structure can be achieved only by the consideration of both sides.

In the organization of the supply a good and only long-term changing basis is provided if we know what proportion and what strata of the population (would) make use of the given form of supply. This can be determined in general terms but the local (regional) specifics can be recognized as well. It is generally accepted that the forms of supply to be provided locally (at the level of settlements or residential districts) are the ones used by the population every day (basic or general functions). Concentration may be increased proportionally to the eventuality of the use of the

respective function. Thus some kind of hierarchy comes into existence also on the basis of the supplied population or frequency of use and it is only a matter of approach which should be set at the top of the hierarchy. As the fulfilment and use of functions take place within the framework of settlements, in many cases it is expedient to assign the functions to concrete settlements or settlement types in general. In our opinion in the 1970s the negative phenomena arising from excessively hierarchical structure of the settlement network and the subsequent condemnation was due to the fact that the hierarchy pertaining to this particular "branch" was generalized, used and projected over other fields of life with different patterns of behaviour.

Nevertheless basic supply is a dynamic category which can be determined by starting from existing needs at a given level of socio-economic development. This also implies that the concept of basic supply may differ from settlement to settlement, from zone to zone, and this is to which higher level supply has to be adjusted. The concentration of supplying institutions accompanied by adequate accessibility is to be regarded as a normal way of development when it rests on a balanced basic supply structure of regions and settlements and the division of supply functions is determined not by the sectorial but by the spatial aspects, while concentration does not lead to the compulsive meeting of the recognized social demands out of harmony with the actual regional structure.

The development possibilities of the multiple-disadvantaged zones are chiefly connected with the traditional, general functions of the settlements. Together with these the specific functions arising from the special conditions of settlements may become independent resources of development, forming a part of the long-term programme. With regard to the multiple-disadvantaged rural zones such a special function may become in principle the role in tourism - and within this rural tourism. Today the impact of tourism on settlements is not everywhere favourable yet but it contributes to their development and the enhancement of their prestige. The spreading of rural holiday-making, however, is impeded by the shortage of available flats in the villages where the increase of employment and supplementary income would be greatly needed.

The natural endowments and special conditions of the zones at disadvantage have more to offer for the purpose of tourism unlike the system of conditions of the receiving ability, since it could be created only by means of significant developments. Therefore in the long run the special resort and recreational function can potentially cover only a limited number of settlements as a resource of development.

### SOME ADMINISTRATION PROBLEMS OF THE BACKWARD SETTLEMENTS

Although it is not an issue of primary importance, still administration structure is a sphere to be relatively easily adjusted in the long run. The multiple-disadvantaged zones have a limited possibility or even lack of asserting the local interests, they are far from the decision-making, development centres having indirect, less efficient relationship with them. We can call it a "peripheric position in administration- organization" as we did earlier. The related changes in the system of administration, economy and finances sometimes created significant possibilities of progress, yet on the whole, our knowledge of the evolution of local autonomy does not strip the question of its topicality.

It is easy to see without lengthier discussion on public administration science that one of the most factor in this respect is the administration status of so-called co-community. (In regions with smaller settlements - as a rule - some communities belong to a joint municipal council. The council seat is the so-called centre-community and the other communities are called co-communities. Co-communities have so-called local boards of community's members of the joint municipal council.) In the range of the multiple-disadvantaged settlements a great proportion of the entire population lives in co-communities and the internal differentiation within this range is significant. This is another reason for raising the question of the proper "handling" of the relationship between centre- and co-community. From the aspect of administration and management, however, there are further categories that can be classified as settlements at disadvantage, particularly from the side of the assertion of interests. Thus we have to note that the apparatus of larger villages - as opposed to the joint (or even independent) municipal council - is more closely and efficiently tied to the regional and county administration by virtue of its greater articulation and professional grounding because it is able to support its preferred interests with a wider scale of arguments anyway. Consequently the numerous municipal councils with the earlier intermediation of the district council offices and now with the interposition of the town councils (which are, to make matters worse, rivals in a stronger position) have far less potential chances to effect their individual interests in the mechanism of regional and county decision-making and allocation.

Furthermore the concept of disadvantageous situation from the point of view of administration and organization applies to the councils that have weaker ties with the inhabitants and have less prestige in the eye of their electors, for the simple reason, for example, that the gap between their development activities and the expectations of the population is larger than usual, or because their officials are not highly respected. The problems of the relationship between the local - municipal - councils and the population gain a special significance or may become impeding

factors when the willingness of the population to sacrifice is specified as one of the bases of development resources.

It can be regarded as a disadvantage of administration and management if the relations of a council in administration and in actual supply, transport and economy have developed towards different centres. In this case a great part of the energy of the local administration is absorbed by co-ordination and the chances of co-operation on the basis of mutual interests are small from the outset. Another factor impeding efficiency is the great number of co-communities which leads to extra-burdens and contradictions manifested in the corporate, administrative and management activities.

In short the multiple-disadvantaged situation is manifested also from the side of the administration status, the system of conditions of administration-management, intermediation by towns, the great number of co-communities, weak ties with the population, management without prestige and experience, the not quite competent special administration, separation of the relations of administration and supply.

An institution suitable for relieving the disadvantageous situation having come into being from the aspect of administration is the local board which can equally serve the representation of the interests of the co-communities against the centre, their articulation, forming closer ties with the population. We must not forget, however, that a local board is merely an abstract possibility the actual effect of which depends to a great extent upon the personal composition of the boards, the positions that the members of the board can make a good use of in decision-making, the congeniality of the population, the division of labour between the joint council and the local board, the authorities and financial means assigned to the competence of the local board. In respect of the latter - since the councils themselves make a decision on it - efforts should be made at reaching a situation where the local joint councils are willing to convey, if possible, such an amount of financial means to the local boards - fixing it normatively - which enables them to dispose of their own resources for minor developments. Significant voluntary (financial) contribution and voluntary work can be expected of the population only if in addition to these resources there are state revenues guaranteeing the accomplishment of the local targets. The normative "conveyance" of the resources makes it possible for the local board to elaborate some management strategy as well. We also know that one of the signs and at the same time consequences of the decline of small villages is the lethargy of the population and their boredom with state (council) solicitude. With regard to "politics" and "public sentiment" it would be very beneficial if the population had a chance of comparing its own sacrifices with the development intentions of the state (council) or rather with the tangible material results.

Another factor having corrected the disadvantageous situation was the elimination of the districts from the regional system of administration but some additional commentary should be made on it. Municipal autonomy and attractivity imply a greater guarantee by virtue of the character of town mediation - so different from that of district mediation - since there does not exist a hierarchical relationship between town and communities. We also have to reckon with the fact that co-ordinative relationship of towns and communities - particularly in the case of obtaining development funds - may imply rivalizing too in which the communities do not have equal opportunities for asserting their interests.

In our opinion in the process of the reducing of the gap between the multiple-disadvantaged and other zones the decision-making-mediating role of the towns should be minimized and neutralized with regard to communities, at the same time in the field of urban supply efforts should be made to schedule and locate the developments the implementation of which is the most urgent for the multiple-disadvantaged zones (settlements) with the consideration of the needs of zones. This peculiar "two-way direction" reveals the already mentioned fact the multiple-disadvantaged situation is, in our opinion, mainly a problem of regions and within this that of the settlements too.

With regard to local administration the reduction of the gap between the disadvantaged and other zones can rely on two fundamental bases - on the communities (local boards) and the county administration.

We have to emphasize again that the political justification, even benefit of the reduction of the gap between the multiple-disadvantaged and other zones depends on whether all the available resources - together with the normative (budget) development possibilities - can ensure a scope for the local councils where they can decide for themselves the directions, manner and scheduling of appropriation according to their own priorities. Such a degree of autonomy will somewhat assist the local councils with solving the challenging task of creating harmony between the spatial and sectorial priorities at the local level too. Intersettlement co-ordination and co-operation may play a role in this to the extent the regulation allows it and makes them interested in respect of management and financing. The rationality and economic benefits of this are not queried in principle although it is without genuine traditions and neither are there any tendencies which would indicate evolution in this direction.

The relationship of centre and its zone outlined earlier in the description of the second development stage may bring about a new quality in the horizontal co-operation. The planned two-level administration system will establish one of the bases within the bounds of its power. The common interests and mutual interestedness, however, can come into existence only by the dominance of the economic character of the regional units (e.g. the possibility and necessity of



entrepreneurship). For the time being this possibility is contained in the new system of council management regulation but it can become a reality only by means of the establishment of the necessary material (financial) and personal conditions. The gradual formation of this flexible management with autonomous interests can be accomplished with the condition that the paternalism of the top management is suppressed and its decision-making and financial sphere of authority is reduced to the typical tasks connected with the whole network of settlements or the larger regions.

In this process, however, a new quality of regional development policy must also be present a fundamental element of which is the actual co-ordination of the narrowly taken economic (enterprisa) sphere and hereby of the particular integration of it within the regional system.

#### SUMMARIZING

In summary we can say that the differentiation and selection of settlements and regions is an objective process, the relative regional backwardness will always arise in different forms and with different intensity. Therefore the necessity of reducing the gap between the multiple-disadvantaged, generally rural and other zones has to be formulated for socio-political as well as for narrowly taken economic efficiency (growth) reasons. The moderation and occasional elimination of backwardness can be accomplished only by an integrated long-term development strategy aimed at influencing the development processes of settlements and regions. A programme composed of spatially and sectorially assigned individual measures to moderate social tensions as consequence of backward position of certain regions and settlements cannot be effective in the long run. This long-term conception has to be integrally matched with the scope of the socio-economic macroprocesses and the path of development considered to be necessary from the point of view of the whole society. The levelling moment of the regional development policy must not part with it even for a short while because this could produce only temporary results at a very high cost.

The moderation of the further widening of the gap and its elimination in the possible range of settlements, the moderation and elimination of the disadvantageous situation exceed the present range of effect and system of instruments of regional development policy. We assume that in the future the likely expanded reproduction of the zones at disadvantage will again raise with a number of other regional issues the problem of the organic integration of the regional principle in economic development policy required for the modernization of the management and planning system of the national economy. Even if the volume of the system of instruments and institutions

designated today for the moderation of regional backwardness grows - which cannot be made probable for that matter - it will not be able to meet the set objectives or give rise to durable improvement in itself.

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