

THE EXAMINATION OF MAJOR ECONOMIC COHERENCES IN THE HUNGARIAN LEAST-DEVELOPED MICRO-REGIONS

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ABSTRACT

The examination of disadvantaged areas has a long history, which is greatly influenced by the continuous change of the natural, economic and human resources. Therefore, while investigating the disadvantaged regions, new and new coherences occur. Today's regional policy needs to face the issue whether the past years' regional funds have been efficient enough and whether the land-use of such areas influence the competitiveness of the given region. These issues are raised every day while examining the efficiency of the regional policy of the last 20 years. The topic is very actual, since there are inequalities existing in the world, and also in the member states of the European Union. There are significant imbalances between the urban and rural areas. The focus of our research was on the economic and social dimensions of the territorial imbalances in the micro-regions, with special focus on the complex relationships among them.

Keywords: **disadvantaged micro-region**, periphery, locality, demand-oriented strategy, low quality of human resource potential

INTRODUCTION

The main reason for the creation of spatial differences is that the economic and social processes are always restructured in the space and time (HARSÁNYI et al., 2005, RITTER, 2008). This restructuring can be observed in **Hungary**, in the **Carpathian basin**, in **Central-Eastern-Europe**, as well as in the **European Union and in the world**. In order to get a real picture about today's spatial processes, it is necessary to learn the processes resulting in the spatial imbalances as well as their impacts on the change of spatial structure. These discrepancies can be observed at various territorial levels. During micro-regional investigations researchers carry out researches in larger areas than the town-village dichotome, however, in a narrower territory compared to the West-East investigations (MOLNÁR, 2007).

Territorial inequalities in Hungary

In our opinion, the topic is timely because the usefulness of the research is important ranging from **rural development**, to spatial planning and the **elaboration of local and regional development strategies**. Spatial discrepancies in Hungary cause the disadvantage of rural areas, contributing to their lagging behind compared to the urban areas (MISKÓ, 2006, TÓTH, 2009). Disadvantaged rural areas are the location of agricultural farming and forestry, therefore I considered it important to investigate land-use distribution.

Past years' regional policy has also put great emphasis on the development of the disadvantaged rural areas and the efficiency of distribution of funds, established also by the **Barca report** published in 2009 (BARCA, 2009). **Fabrizio Barca, Italian economist** highlights the fact, in a direct and indirect way, that the funds should be channeled to the old (developed) member states. Regarding my topic, it is important whether the Hungarian

least-developed micro-regions or the more-developed ones should be supported in the future in order to achieve dynamic development.

The general features of the disadvantaged areas are the low **infrastructural supply**, low **quality of services**, and there are **shortages of jobs**. As a consequence, there is high unemployment rate and the wages are low. It is also a common phenomenon that young people migrate from these disadvantaged rural areas, contributing to the aging population in long terms (KÁPOSZTA et al., 2010).

The change in the economic structure starting in the 1990s also contributed to the territorial inequalities to a large extent, since **dynamically developing centres and peripheral territories lagging behind** have been created (DUSEK, 2001). The targets of my research, i. e. the least-developed micro-regions are also located on these peripheral areas. Hungary is a one-centered country, there are only few large or middle-sized town and there are a lot of small villages in the countryside.

Due to the lack of roads and highways the accessibility of rural areas is difficult, so they are isolated from the major economic and social streamlines. As it has been mentioned before, the least-developed micro-regions are the places of agricultural farming and forestry, raising the question **what breaking out potentials they have in Northern-Hungary, Northern-Great Plain, Southern-Great Plain and Southern-Transdanubia?** While evaluating the land-use and the agricultural economy of Hungary, we can state that our most important natural resource is the **agricultural land** (NAGY, 2009). Spatial development and rural development programs of the past years have turned the focus to the micro-regions were not able to break out of their stagnating status **despite of the development programs and funds available**.

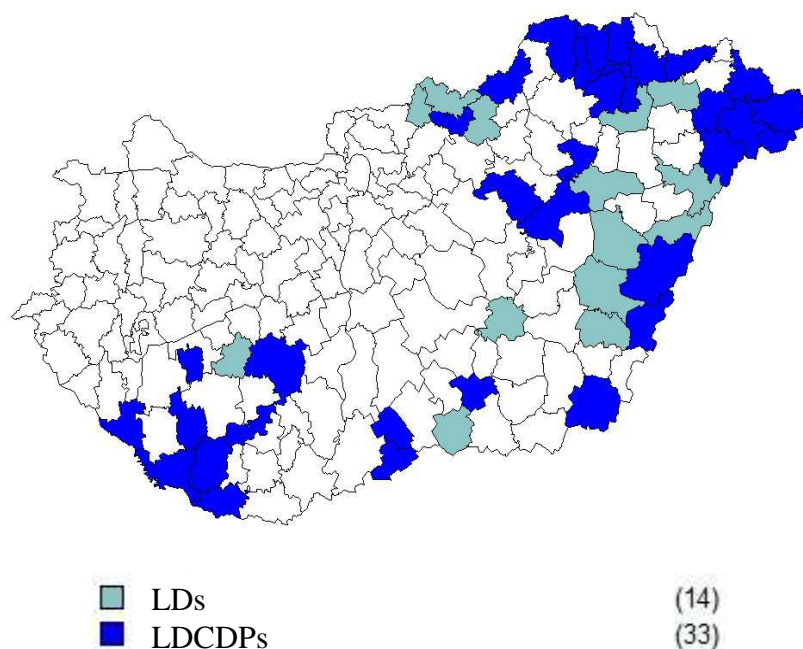
While examining the least-developed micro-regions, a question raises: what micro and macro factors play important role in their stagnation or breaking off? In our study we highlight the relationships between the economic and social conditions of the 47 least-developed micro-regions.

MATERIAL AND METHOD

The territorial categories of the NUTS system changed on 1 January 2008. The Hungarian classification is based on the **Parliamentary provision No. 2007/67** and the **Governmental Act No. 2007/311**. The researches carried out by our Institute have focused on the 47 least-developed micro-regions, with special attention given to the 33 micro-regions requiring complex development programs.

In our study we shall use the following abbreviations for the areas in question:

- LD: least-developed micro-regions
- LDCDP: least-developed micro-regions requiring complex development programs



Source: own editing based on CSO data (2011).

Figure 1: The distribution of the Hungarian LDs and LDCDPs

In our research, we intended to find answers to the following questions:

1. What economic and social characteristics can be observed in the 47 least-developed micro-regions concerning their competitiveness?
2. Which are the economic and social factors that led to the stagnation or breaking off of these areas?
3. Is there a relation between the spatial competitiveness ranks, the efficiency of support, the social diversity and the human resource available in the micro-regions examined?
4. Are there LDCDP micro-regions which could break out from their current category?

RESULTS

As a general conclusion, we can state that the least-developed micro-regions are on the periphery of the country and it is necessary to prevent their economic and social break off. The classification in the Governmental Act No. 2007/311 requires a review. My research has highlighted that there are micro-regions which do not belong to the least-developed micro-regions any more, while there are some which would require complex development assistance. Based on our research findings, it is clear that they lag well behind the national average regarding both economic and social indicators.

In our opinion, the following factors have contributed much to their break off:

1. **The low quality of human resource:** it is characteristics to almost all the micro-regions that the share of population with 0 classes finished is high among those 14-x years, the share of population passed school leaving exam is low among those over 18, therefore there is no appropriate qualified human resource potential in the micro-regions in question.
2. **High rate of migration:** there are only 2 micro-regions where the rate of migration was positive, meaning that the share of active population is not favorable at all in any of the micro-regions.
3. **Inappropriate infrastructural background:** due to their peripheral location, their accessibility is not appropriate, the quality of roads is bad.
4. **Social groups:** the disadvantaged social groups represent high share within the society, who do not usually have the expected qualification either.

CONCLUSIONS

Our researches have proven that the performance of the Hungarian least-developed micro-regions well lag behind the expected level even compared to the level of the 1990s. We believe that it is because a lot of jobs were lost (most of which was in the industry), causing the creation of lasting **crisis zones**. Nowadays, in addition to the large-scale companies, most of the small-sized operating enterprises have been **set up as a must**.

The signs of development can only be observed along the highways, especially in larger cities. Our research also proved that micro-regions that are located in the **gravitation zones** of developing cities show more positive picture regarding their competitiveness than those out of such zones. All these justify that the development of **business environment** encouraging the location of new enterprises needs to be supported in the least-developed micro-regions, the **setting up of enterprises** should also be encouraged, creating new jobs in the micro-regions. The improvement of competitiveness of industries that are based on local traditions and high knowledge may lead to the development of the micro-regions examined. In our opinion, the future strategies of the micro-regions should be adjusted to the strategic priorities included in the operative programs, e.g. the improvement of the innovation abilities of the regions and businesses that could increase the local added value.

In our opinion, the low qualification of the human resource, the **high unemployment rate** among the disadvantaged social groups and the **poor funds absorption ability** of the peripheral areas are key problems. We think that all development programs aiming at the increase of employment and improving the quality of human resources in the micro-regions should be supported and preferred. According to us, such developments have to be carried out which can mitigate the social tension caused by the lasting unemployment. In order to achieve the common goals, as emphasized in the regional operative programs as well, cooperation is inevitable between the SMEs and the Economics Development Operative Program (which promotes job creation), as well as the Social Development Operative Program which improves the employability.

Moreover, in our opinion, the New Hungary Rural Development Program can provide specific support for the rural, peripheral areas. In addition, the regional operative programs also highlight the fact that the Hungarian disadvantaged areas have several internal features (e.g. landscape protection areas) which could serve as a basis to strengthen the touristic potential. The **Tokaji and Tiszafüredi** micro-regions are outstanding due to their popularity and traditions on which the tourism could be developed. Considering the characteristics of the micro-regions, the targeted development of some sectors of tourism could contribute to the economic development efficiently.

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