

Doktori (PhD) értekezés tézisei

**Poverty in the Region of Berettyóújfalu at the time
of the Financial and Economic Crisis**

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Introduction

In my dissertation, I summarized the findings of my research on rural poverty, which started in Berettyóújfalu region in 2012. The study of poverty in sociology has an extensive domestic and foreign theoretical literature and research findings. If we take into consideration that there are significant research results and studies in other disciplines, as well then it may not be an exaggeration to say that sometimes it is difficult to stay to the point, while new doors open up in this mysterious world with every new aspect and element brought in. The research revealed that there are huge regional differences within the region. From this, we can conclude that more thorough research is needed to understand the underlying structures of poverty in the region.

If we assume that depopulation is one of the most obvious indicators of attractiveness of an area, including the livelihood, then we can conclude that the most disadvantaged micro-region is the one in Biharkeresztes, which has suffered the largest population decline of 36 % since the change of the political system. Therefore, in my dissertation, I conducted the deeper examination of poverty in this micro-region, and came to the conclusion that there are serious scientific reserves to examine the specific appearance of poverty in a given area. The aim of my research was to give a more accurate picture of the nature of poverty in the region of Berettyóújfalu, and through this, to visualize rural poverty in Hungary, which also characterizes this region. I wanted to show how the economic and social disadvantages characterized by the region hold as a vicious circle that sustain and nurture poverty. Furthermore, which disadvantages need to eliminate to break the cycle effectively, thus preventing the reproduction of poverty in the area?

The phenomenon of poverty is the result of the social stratification due to inequalities. It does not have an exact definition, a possible approach (the simplest) is to specify it through income relations and in this sense, its elimination could be realized only in perfect equality. There are numerous ways to describe the state's welfare, to measure poverty and social inequalities. Depending on the variables involved, their information content will also change significantly. Since the definition is used in countless ways in everyday life, while there is no exact, mutually accepted definition in science either, an objective, „tangible” quantifiable content is required for the above concepts.

"The majority of the world's poverty lives in rural regions" (Kovách 2010: 119). The increase of rural poverty is a registered phenomenon in many regions of Europe, but the

underlying reasons, their forms and sizes differ. The processes leading to the transformation and formation of rural society with poverty within in the past decades is not a pure Hungarian phenomenon. In Hungary, due to the political and social processes that took place in the decades following the change of regime, the countryside lost its social integration role both from an economic and cultural perspective. *Poverty, child poverty, discrimination, ethnic conflicts, segregation, crime, lack of social mobility, long-term unemployment, lack of education, illiteracy*, all these concepts associated with today's social processes in the countryside show that rural poverty is the most acute problem to be solved in the Hungarian society (Kovách, 2010). The size of the problem is illustrated by the fact that around 600 000 people live in the worst ghetto-like villages (Kovács, K., 2005). An additional 300 000 live in ageing or rapidly ageing settlements. While the standard of living in primarily rural areas in the 27 EU countries reaches 61.7 % of the EU average, this figure is 38.7 % in Hungary (Csatári, 2007).

The research examines rural poverty in the region of Berettyóújfalu. Where a deeper understanding of the processes was required, it focuses on the five settlements of the micro-region at the Hungarian-Romanian border - Biharkeresztes, Ártánd, Bojt, Nagykereki and Told. The change of the geographical perspective in the course of the study was also justified by the strong territorial disparities in the region. The social relevance of poverty research is justified by the fact that the income inequalities in Hungary have increased significantly over the past decades. Furthermore, the rate of social exclusion has also increased dramatically. Those who suffer from social exclusion are mostly living in disadvantaged or cumulative disadvantaged areas, most of which are rural. The selection of the Berettyóújfalu region for the research was justified not only by its cumulative disadvantage, its rural location and easy accessibility (proximity to Debrecen), but also by the fact that the economy in the region preserved its original, powerful agrarian character before and after the change of the political system in the 90's. All these give a real rural character to poverty in the area.

In order to understand the nature of poverty and social exclusion in the region, I examined the economic and social processes taken place in the region after the change of the political regime, using time series analysis and historic data. In order to understand certain structures within the region, a more detailed examination of an economic, political and administrative micro-area was needed. My choice was the most-impacted United Municipal of Biharkeresztes, which brings together the municipalities of Biharkeresztes, Told, Bedő, Ártánd and Nagykereki, where the municipal decision-makers as well as social and healthcare professionals were questioned.

Furthermore, I wanted to examine if the closeness of the border has an impact on poverty in the selected micro-region. The existing research results and studies suggest that poverty is the biggest in the vicinity of the border. The conclusions drawn are confirmed by Béla Baranyai's study on a similar subject carried out in 1999, in which he also analyzed the micro-region I examined. In this research, in relation to the vicinity of the border, I primarily attempted to understand what underlying potentials such geographical characteristics might have.

In the period of the last EU-fund application cycle (2007-2013), significant programs, both nationwide and regional, attempted to erase and alleviate poverty by eliminating the processes associated with the emergence and endurance of the phenomenon. However, analyzing the effectiveness of the implemented programs shows that all major comprehensive programs to eliminate rural poverty failed in the course of implementation. One of the reasons, among others, is that most people wish to study and understand poverty as a general phenomenon rather than one related to a specific area (Váradi, 2015).

During my research, I aimed to find objective, quantifiable answers to the following main/essential questions:

1. If the population of the settlements located in the Berettyóújfalu region live in a higher and deeper poverty than the national average?
2. If Berettyóújfalu region has the characteristics of a typical rural region, having poverty present in smaller rural settlements?
3. If one can experience ethnicization and segregation as typical processes related to poverty in the settlements?
4. What the relation is between poverty and the workplace status, income, education and health condition of the population?
5. What kind of expenditure structure characterizes the poor households in the region?
6. As part of the research, I sought an answer on how the resources were allocated during the first comprehensive EU-financed development cycle in Hungary, and whether the utilization was relevant to solve the problems identifies in the region.

Based on this, in my research I examined a specific appearance of poverty in a given region. This gave me a more accurate picture of the rural nature of poverty in Hungary, and at the same time, I provided a dynamic interpretation framework for the economic and social processes that had taken place in the region in the recent decades.

Methodology

The basis of the doctoral dissertation is the examination of own research material collected in the framework of three major EU-finance projects. To understand the processes, I gathered the already existing and available data (HCSO, TEIR, previous research in other regions) and from them, the necessary historic and comparative analyses. In the following section, I would like to introduce the projects served as the basis of my own work, and to present the methodology of the research carried out. The Association for the Development of Bihar, with the help of TÁMOP-5.3.5-09/1-2010-0017 funding, established a debt management advisory network covering 15 settlements in the region. Through this network, 248 households were provided with financial advice during the period between 2011-2013. The program was able to operate successfully between 2013-2014 with the support of the Swiss Contribution. During this period, with the help of the previously established network, an additional 169 debt management cases were handled.

Social professionals provided advice to the families involved in the program. In general, a counseling covered 3-4 sessions, summing up to more than 1,500 meetings with the families involved during the course of the 20-month-long project. Each occasion was well documented and recorded in a case journal. An important aspect of the program execution was that counseling should improve the living conditions of at least 80 % of the families involved. The project managed to settle the debt condition of the families in one third of the cases, and in an additional 60 % of the cases it concluded with partial results with stabilizing household debt. In 10 % of the cases, due to either the families' inadequate attitude or the size of the cumulated debt, the debt management process was unsatisfactory.

The project involved 20 debt management advisers, all educated professionals, who had worked as social workers previously in the region. Prior to starting the counseling, as part of the program, they were all trained in a state-accredited debt management consultancy training, with successfully passing a theoretical and practical exam. After the training the search for potential households started. There were significant advertising resources available for target group recruitment in the project. In addition to this, it was also of great help that the mentor network consisted of local expertise, as well as the fact that the project was supported by local municipalities, minority self-governments, employment centers in Biharkeresztes and Komádi, other NGOs, churches and volunteers. This widespread social support made a significant contribution to the success of the program: the counseling network was able to

build and maintain trust between the ones in need and the counselors quickly and permanently. The subjects of the counseling conducted in the course of the program were poor households, and the content analysis of the counseling logs provided insight into their lives and their homes.

The 2012 Pilot Project on Debt Management was concluded with a questionnaire survey involving a total of 1,000 households covering the entire region. Based on previous research results and existing regional data, my assumption was that people living in settlements of similar size form a homogeneous population. In other words, there is a strong correlation between the size of the community and the living conditions of those living there, therefore it is necessary to ensure that, with the help of stratified sampling, people living in settlements of similar sizes are included in the sample proportionally. So as a first step, we had to group the regional settlements according to their sizes and types. Based on the above considerations, the settlements in the region were classified into the following five categories: 1) Regional center, 2) Towns, 3) Villages with a population over 1000, 4) Villages with a population between 500 and 1000, 5) Villages with a population below 500.

If we had used simple stratified sampling, we would have selected the sample from the homogeneous strata such a way that the population in each would have had the same chance to get into the sample. Due to the tight time frame to conduct the research, as well as for cost efficiency purposes, an intermediate step was also introduced. As a first step, settlements were randomly selected from each stratum such a way that their population reflected the same ratio as the ratio of the stratum to the whole region. The same ratios served as a basis for determining the number of households to be questioned in the respective settlements. As a second step, the respondents were selected from the households of these settlements. Our methodology is basically identical to the two-stage stratified sampling procedure proposed to carry out national surveys (Rudas, 2006). The size of the sample was an important question during the planning phase of the research. In order to be representative, it was determined to be 1000 households at $t = 2$ (confidence level 95.5%) and $e = 0.03\%$ relative error.

Stratification, i.e. dividing the base population into homogeneous layers, and the sampling from it, substantially improve representativeness. As opposed to this, multi-stage sampling can reduce the representativeness of the sample to a great extent, since the introduction of each new stage entails a new selection task. This, in turn, carries an additional possibility of error. What was in favor of the multi-stage selection, besides the economical

aspect, was the fact that, based on preliminary studies, the individual layers showed strong homogeneity, therefore the possibilities of error due to the methodology were minimal.

Based on the methodology described above, the following settlements were selected from the region: *Berettyóújfalu and Komádi, from the villages Berekböszörmény, Bojt, Furta, Kismarja, Komádi, Körösszakál, Mezőpeterd, Nagykereki, Told and Váncsod.*

The data collection was carried out using the two-stage stratified sampling described above in August 2012 in the 12 settlements of the Berettyóújfalu region, which consists of 29 settlements. After the data was cleaned, there were 977 usable questionnaires. One questionnaire covers one household including all people living in it, thus we had the possibility to gain information from 2728 householders in total.

The surveys were conducted by debt management consultants employed in the project. The selection of households was done by systematic sampling. In order to work accurately, prior to the work, we provided our colleagues with instructions on the proper way the interviews were to be conducted, and about the importance of keeping them. Still, we were under the suspicion that the interviewees were not always sampled accordingly. In many cases, our interviewers chose to make it "easy" by involving their target groups from debt management (this may have happened in rural, small settlements). The possibility of such error is typical of surveys carried out with experts (Babbie, 2008), so the validity of the sampling must be checked, which I am aiming to do below.

The representativeness was examined by comparing the average number of people living in a household according to the sample data and the 2011 census. The test was performed using a double-sided 1-sample t-test (Freedman - Pisani - Purvesl, 2005). In the course of the research, by securing the appropriate number of participants, and the stratification by the sizes and types of the settlements, we managed to obtain a sample that is representative of the regional households with regards to the number of people living in the households.

From the survey analysis we can get a general picture of the living conditions of the people living in the region, the depth and nature of poverty, the public utility arrear, and the households' energy consumption habits. The use of the established database is justified by several important fortunate factors. The first and most important is that the regional data series of the census conducted a year earlier carry important additional information that helped our work on the topic. The second is that around 2012 there were several sociological background studies about the region, which were also helpful to me, such as the Micro-region Recovery examining the inhabitants with utility arrears in Berettyóújfalu region, the regional

analysis of the HAS-SC Child Benefit Research Group, and the study on "Climate Change and Local Governance" by the Institute of Political Science of the Hungarian Academy of Sciences. Last but not least, the year 2012 is at the ramp-up phase of a new socio-political practice (workfare) after the change of government, and at the border of the EU development cycle 2007-2013, so the results of both can be measured and analyzed during data processing. These studies, the census data, the annual regional data of the HCSO, ARDA and the TEIR database, and the EMIR database of EU funds, supplemented with my own research, provided a set of information suitable for the complex examination of the topic in the region.

Case Studies

During the execution of the aforementioned projects, a number of debt management consultancy journals were produced. These records contain documented case reports of specific households with utility arrears problems. The available documents were recorded in the following rural settlements in the region. From 2011 and 2012, 248 items, from 2013 and 2014, a further 169, in total 417 case logs were processed. All logs were processed using the content analysis method.

Semi-structured Interviews

The third group of data available for my doctoral dissertation was gathered with the help of the scholarship provided by TÁMOP-4.2.2B-15/1 / KONV-2015-0001. In this, the agglomeration of Biharkeresztes (altogether five settlements) was examined more thoroughly. At that time, a total of 25 semi-structured interviews were conducted, with the following breakdowns: 5 interviews with social and healthcare professionals, 5 interviews with the decision-makers of the settlement, and 15 more with people living in poverty in the settlements. The interviews took place in October 2015.

These interviews provide additional information on the everyday lives, the living conditions, the habits, the cultural consumptions, the future visions and the individual life paths of the people living in poverty. I got help from the local family support network with selecting the subjects. They suggested such families living in poverty whom they got in contact with due to their experiencing serious financial and social problems. There were three such households selected from each settlement. The primary consideration upon my request was to meet large families in order to be able to investigate if poverty is passed on from generation to generation. During the selection process, the social workers were aiming to

select, whenever it was possible, collaborative, communicative people, thereby ensuring the richness of content and the success of the interviews. I was also targeting different age-groups, and families who had lived in poverty and segregation for generations. Using this method, I wanted to demonstrate personal fates, lives which may lead to poverty, or prevent an outbreak attempt. Furthermore, I intended to reveal their views on residency, neighbourhood, standard of living, indebtedness, lifestyle, and their future ideas.

Similarly to the people living in poverty, I also asked the local government decision makers. I interviewed one decision maker from each settlement of the United Municipal of Biharkeresztes. These conversations aimed at gaining insights on to what extent their view on the situation developed in the region is realistic, what answers they have for the problems, and whether they have a strategy to solve the problems. There were 5 regional expert interviews carried out, as well. The outlines of the interviews were different for each target group, but were interconnected from a content perspective, and were complementary. The outline used during the interviews with the families in poverty contained 136 questions, which were grouped into six major dimensions. These were the following:

1. *Demographic data - Data sheet:* in this dimension, besides recording the basic data of the respondent (*gender, age, education, family relations*), everyone else was registered living in the household. Data included ethnicity, any previous instance of prejudice or discrimination, and if any household members are incarcerated or expected to go to prison;

2. *Housing, neighbourhood:* the housing conditions characterized by the household were registered in this dimension. Based on the questions, the comfort level of the buildings, the legal status of the residents, the technical equipment and the furnishment of the household it was easy to determine. Whether they are satisfied with their residence, or if they were planning to move were also asked.

3. *Livelihood:* in this dimension the focus was on the respondents' status on the labour market, their income, the structure of their income, their expenditure including its structure, the nature of unexpected expenses they may face, whether they farm in their backdoor garden, keep animals, and whom they can rely on and contact with their financial problems;

4. *Debt:* In this dimension I asked the subjects the kind and type of debt they had in their households, and how they could handle it. I was also interested in if they considered themselves, their acquaintances or the settlement poor;

5. *Health, lifestyle, leisure:* In this dimension, it was examined what diseases and addictions they faced, whether there was a disabled person in the households, as well as

where they did their groceries. After this, I wanted to get a detailed picture about their leisure, cultural and entertainment possibilities, or whether they went on holidays or trips;

6. *Vision*: In this dimension, I was curious about how the respondents saw their own and their children's future, whether they saw themselves capable of shaping their future. Or rather, it is the circumstances (*economic, social, and political*) that would influence/determine their future.

In the case of the decision-makers and professionals, interviews were shorter, and there was more possibility to deviate from the questions during the discussions. Accordingly, the outline of the interviews for the decision-makers consisted of 52 questions, while the ones for the municipal professionals of 54 questions. The questions were grouped around similar dimensions in both cases (1. Demographic data, 2. Settlement demography, 3 Infrastructure, transport, 3. Living conditions of people in poverty, 4. Livelihoods in the settlement, 4. Strategic plans, political-power environment in the settlement).

The interviews were recorded on an audio carrier, which at a later stage without adjustments, were transcribed into Word documents. Subsequently, the written document was processed using the content analysis method.

"Triangulation of Measurement"

In a research, the measurement of the major variables requires the use of more than one method. This strategy is also called "triangulation of measurement", through which "multiple perspectives, theoretical approach, data sources and methodologies" get linked. In this sense, using quantitative and qualitative methods within a research can be interpreted as alternative ways of analyzing a problem, and can be combined to strengthen the validity of the conclusions if they equally confirm the results (Dendin, 1970). The qualitative and quantitative research method is most often connected in the sense that by the quantitative questionnaire the researcher is able to supplement his knowledge of a given group with quantitative data, this way to measure the frequency of occurrence of some phenomenon, for which the tools used by the qualitative method (interview, participant observation) are unable to do so (Bryman, 2006).

The significant changes in the economic policy in Hungary made it difficult to use the aggregated databases for the time series analysis of the social indicators. These problems are not the defects of the measurement procedures, but rather the consequence of such a political distortion on the objects of the measurements that the earlier measurement procedures do not

result in the earlier usual outputs. Thus, quantitative studies alone do not give a proper picture of a particular research area. To understand the processes taking place there is also a need to conduct qualitative studies, the methodology that includes the evaluation and content analysis of the data recorded.

Conclusions

The basic objective of the doctoral dissertation is to analyze the poverty in the region of Berettyóújfalu, to define its size and depth, and to describe its basic characteristics. In my doctoral thesis, I intended to find a connection between the economical and social processes and the poverty developed in the region. Without this, it is impossible to understand the on-going social processes that reproduce poverty in the region.

For the research I collected and analyzed a large number of national, county and micro-regional data in order to get a closer understanding of the main characteristics of the Berettyóújfalu region, as well as the path it had undergone during the past decades. For the regional and settlement-specific time series data, I used HCSO and TEIR sources, for the national and European data, the Eurostat and OECD databases served as reference. To define poverty, a questionnaire-based research was analyzed that was carried out in the framework of TÁMOP 535 project in Berettyóújfalu region in 2012. The sample (977 household data) is representative to the number of inhabitants in the regional households, therefore the conclusions drawn based on the analysis are adequate to characterize the households, as well as to analyze the quantitative and qualitative aspects of poverty within. As a qualitative element to the research, I was able to use the consulting logs and case reports generated during the project. For a deeper understanding of the processes, the semi-structured interviews prepared in 2015 with the families living in poverty, the decision-makers and the social and health professionals in the Biharkeresztes region helped me a lot.

The research shows that the Berettyóújfalu region is dropping behind within the county, its determining economic and social characteristics are below the county average. The population is ageing and shows a declining trend. However, the region does not have a homogeneous composition, it is characterized by strong internal inequalities with regards to the settlement types (town-village) and the micro-regions within the region (*the three urban settlements of the region, Berettyóújfalu, Biharkeresztes, Komádi and their rural agglomeration*). I compared the territorial inequality in the micro-region in 1989 and 2013 with respect to the micro-regions as well as the settlements in the micro-regions. The results show practically no difference in the area's territorial inequality with respect to the

settlements between 1989 and 2013. A major change in territorial disparities was found between the micro-regions and within them. Inequalities have increased mostly in terms of the commercial services, tourism, the size of the population and the housing compared to 1989. Meanwhile, the region was able to show an improvement compared to 1989 only in terms of the infrastructure of public utilities (electricity, plumbing).

The set priority of the infrastructure development is also reflected by the EU development cycle between 2007-2013 run in the region. My study shows that 62 % of funded projects were implemented in Berettyóújfalu, and the top 13 % of all accepted applications, a total 56 applicants, won 80 % of all available development funds. The discussions with the decision-makers gave me the impression that the development ideas were mostly confined to creating an entrepreneurial environment in settlements, thus fostering businesses with strong capital to move into the area. There are some local governmental and civil initiatives that strive to create local economy (Ray, 2006) in the area, which I described and categorized according to the *culture economy* model.

As a general conclusion to my regional poverty studies, we can state that poverty in the region is significantly higher and deeper than the national average. The percentage of the absolute poor households living below the subsistence level is 66%. While the poverty rate is 41% among the households, the same ratio in relation to the population in the region is 44%. The proportion of people living in severe material deprivation in the region is 33%, while the share of population living in households with very low labour intensity is 9%. According to my research, the population in the region exposed to social exclusion is 52%, and the level of deep poverty characterized by the most severe conditions is 6%. However, surprisingly, the income inequality of the population in the region is the same as the national average. The GINI indicator calculated for the region and the index published by the HCSO are both 0.28. Naturally, apart from the GINI index, other indices of income inequality show similar results. The Hoover index is 0.2 and the dual indicator is around 2.4 both in the region and the country. The income inequality in the region is greatly improved by the high rate of governmental redistribution in the income of the households, and also by the highly depressive nature of the open labour market incomes. All this is reflected in the difference between the average income in the region compared to the national average, where the average income in the regional households stands on 66% of the national average.

With the help of the examination, it was possible to show it in an explicit way that the households living in poverty typically live in villages. 62% of households at risk of social

exclusion lived in villages, the ratio in the case of low-income households was 79%, whereas the non-poor households in the region were only 47%.

The main cause of the emergence of poverty in the region is low income as well as the lack of income generation. Everything that restricts the income generating ability of the households has an impact on their deprived situation, thus on the poverty in the region. The most typical of such factors consist of the lack of open labour market employment, retirement, change in marital status (divorce), deterioration of health or the loss of household income caused by death. In the fragile income conditions typical of the region, the number of dependents living in households, such as the number of minors, as well as the health conditions of the people living in the households play a very important role in the income situation. It is therefore no surprise that the two most important groups of people living in relative income poverty are the single pensioners and families involved in the public work program.

As part of my research, I managed to investigate the level of education among the poor in the region. In the region, 49% of the adult population living in households with risk of poverty, has either primary- or lower than primary-level education. This rate is 67% among people living in deep poverty. The poor income generating ability mainly affects that part of the population who are inadequately educated, but based on the interviews we can conclude that, in the absence of local economy, for many, a vocational qualification does not create a more favorable situation either. The lack of prospects in the labour market is well illustrated by the fact that almost the entire active population are involved in the public work program in the villages. An extensive utilization of this program, i.e. the ratio of people working in them and the size of the population is a sign of the settlement's labour market exposure, and through that, the income poverty in the settlement.

In the micro-region of Biharkeresztes in Berettyóújfalu region, I successfully showed that an ethnicization process of poverty had taken place in the recent decades. As a result of the research, it was also evident that in one component of the poor households with public workers in their active age with a family coincides with the Roma population living in the settlement. It was also apparent that the phenomenon has more than labour market-related implications, since those settlements with a higher ratio of Roma population were youthful, whereas the ones with a lower ratio of Roma population were ageing. There are a large number of children in youthful age-settlements, therefore the ethnicization of poverty is also the cause of the spontaneous segregation in education in the region. The deteriorating level of education replenishes labour market homogeneity, and thus poverty in the region. Many

earlier empirical research works can support the phenomenon of ethnicization (Kemény, 2004; Molnár, 2007). These have already pointed out the phenomenon of ethnicization of poverty in Hungary (Ladányi - Szelényi, 2004). The theory was also confirmed by a 2007 research carried out in the neighbouring Szabolcs-Szatmár-Bereg County (Fónai et al.). The qualitative studies of the research in my dissertation were sufficient to formulate and strengthen the hypothesis of the ethnicization of poverty in Biharkeresztes micro-region in Berettyóújfalu region, but for the exact understanding of its magnitude, there is a need for explicit empirical evidence, in the form of a questionnaire survey covering the entire population.

At several points in my dissertation, I analyzed the expenditure structure and the energy consumption habits of households living in income poverty. Following the rule of Engel, the low income households in the region spend most of their income, 40% on food, and 26% on cost of utilities. The expenditures of these households precisely follow the consumption structure of the lower fifth of the national income, while the shift of the proportions also suggests a deeper poverty level in the region. People living in the region are less mobile, they spend only 2.7% of their income on transportation. The same percentage is 7.6% in the case of the lower fifth of the Hungarian income. Low mobility is also reflected in their shopping behaviour, with 80-82 % of the poor and low-income households rarely, once a month, or never leaving their settlements to meet their needs in a larger shopping center in another settlement.

The correlation analysis of the factors contributing to material deprivation revealed that the heating mode of the households in the region shows a close co-occurrence with other deprivation factors, thus it may be suitable to examine regional poverty. In order to understand this phenomenon better, I examined in more detail the utility and energy consumption habits of the households in the region. In the study, the concept of equivalent substitutes was introduced, which means that a need can be achieved with the same or similar level of quality by using different energy sources, so the consumer can decide on which source to use to satisfy their need.

Data analysis revealed that the proportion of gas and conventional heating in urban and rural settlements is different. While 52-58 % of the urban households use gas heating, in villages, although the gas infrastructure is available to almost everyone, the conventional heating technologies are dominant. The income situation of the households has an impact on the consumption habits, thus on their energy consumption patterns, meaning that households with modest financial situation look for an equivalent substitute to heating, this way partially

relieving themselves from a regular monthly overhead cost, making them independent of a certain part of public utility expenses.

This phenomenon can be called *the consumer preference based on equivalent substitutes*, and this leads to the spread of traditional heating in a poorer rural environment. Consequently, one would expect a lower proportion of arrears in settlements where the majority of the household use alternatively, equivalent substitutes (conventional heating) to satisfy their needs. Research data shows the exact opposite though. What dissolves the debt paradox is that households typically have electricity arrears, since there is no equivalent substitute for electricity, it is not possible to replace it with a cheaper option.

The Berettyóújfalu regional labour market underwent a strong social homogenization process, damaging the Durkheim's organic solidarity significantly with a strong effect on modernity and the prosperity of the region. The lack of division of labour today is reflected in the unskilled population of the region, and in the low level of education. The lack of prosperity is well illustrated by my studies covering two decades of territorial imbalances, the unaffected relative competitiveness of the region between 1998 and 2004 (Lukovics, 2006), and the fact that the region was listed among the cumulatively disadvantages areas in the national list of territorial development both in 2007 and 2013, after an EU-funded development cycle. All this suggests that prosperity of the region was only sufficient to maintain its relative position, while poverty reached such a level that without an effective management it will be the major obstacle to the social and economic development in the region. Based on the results of my analysis, I concluded that the most effective way of eradicating poverty and facilitating economic prosperity in the region is not the infrastructure development of the entrepreneurial environment, but rather the investment in the population and the human capital in the region. The dynamics of the reproduction of poverty in the region lies in the continuous reproduction of a homogeneous, undereducated, unprofessional 'workforce'. An education tailored to the regional needs, that takes into account the nature of poverty revealed in the analysis, may be the key to breaking the vicious circle characterizing the economic and social functioning in the region.

The research, however, may be of interest to others as well, since Berettyóújfalu region of is one of the most disadvantaged areas in Hungary, such a rural area whose disadvantages are not based on the usual, industrial structural changes following the change of regime. They are more complex due to historical, spatial, social and economic reasons. Knowing and analyzing these problems may be important to many similar rural areas in peripheral situations, and can bring essential knowledge for creating a liveable rural area. I

made only the first step towards this work with my analytical research in a disadvantaged, rural area, which describes the living and the income conditions the population in Berettyóújfalu region experienced after the economic crisis, unfolds the conditions in a disadvantaged area highlighting the differences and inequalities among the regions in the country.



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List of publications related to the dissertation

Hungarian book chapters (1)

1. **Bánfalvi, G.:** Jelentés a frontvonalról - közüzemi adósságok egy hátrányos helyzetű térségben.
In: Hátrányos helyzetű rétegek felzárkóztatási-integrációs lehetőségei és problémái
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