

THE FORMATION OF SOCIAL AND ECONOMIC PERIPHERIES IN HUNGARY AFTER THE CHANGE OF REGIME

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Received 04 August 2016, accepted in revised form 13 September 2016



Abstract

The Hungarian industrial revolution started in the second half of the 19th century, which caused the revaluation of the geographical peripheries in Hungary. After the Trianon Treaty the rural areas of Hungary lost their foreign markets and became the "country of three million beggars". The socialist industrialization of the systems of Rákosi and Kádár absorbed the surplus of rural labour, but the industrialization meant the redistributive exploitation of the agricultural areas and the further impoverishment. After the political transition in 1989, the rural Hungary could not be the "pantry of the Council for Mutual Economic Assistance", and the final crisis of the Hungarian agricultural sales finalized the deformation of the three-quarters of Hungary, the major part of the rural areas in Hungary. In the recent decades the brain drain worked in the Hungarian peripheries, the disinvestment and the pauperization increased. The emerging of the new latifundia and the monoculture commodity production operate independently, separated from the Hungarian rural people in the sense of ownerships and production. As the result of these negative processes, significant part of the society in the peripheral areas declassed. In this hopeless situation awareness only a conscious regional policy and above all, a very well-considered education is only able to offer a chance for break.

Keywords: geographical periphery, multiply disadvantageous situation, rural areas, brain-drain, pauperization, poverty, segregation, Roma integration, human resource development, regional policy

1. Introduction

The regional development policy was initiated by the European Economic Community in the 1960s, when the leaders of the Common Market realized that the changes in the global economic structure had a negative effect on the rural areas and their population. The more and more industrialized agriculture had less and less demand for human workforce (in the most of the Western European countries the ratio of the agricultural employment means

less than 1-2% on the labour market). So the agriculture had less and less role in the maintenance of the rural settlements. The price gap between agricultural and industrial products broadened, therefore the European Economic Community (the predecessor of the European Union) started to build-up a conscious agricultural supporting policy (Süli-Zakar 2003). The possible problems urged the specialists of the EU to consider the regional development as a complex activity. Regional development policy was drawn up as a new territorial policy, and

the agriculture became only one component of this. Rural areas have roles in the nature protection, cultural protection, recreation, which are appreciated. During the building-up of the social market economy, significant funds were deprived from the urban areas, and were forwarded to rural development (Enyedi 1975a).

According to the Hungarian scientific literature, the regional development means those economic, social, cultural and ecological factors, which develop the whole nation via the improving of the economic, cultural and living standard in the area. At the same time it is important to save and protect the natural resources, the environment, the landscape as well as the local cultural heritage (Buday-Sántha 2001). The aim and also the tool of the rural development is the integration between the sectors, the back-to-back developments, the cooperation of the local entrepreneurs, civilian and self-governmental sectors, and the building up an active, viable rural society (Enyedi 1975b).

In the last centuries, the regional inequalities of Hungary became more and more determined, and as a part of this, the rural areas dropped behind faster in socio-economic sense (Süli-Zakar 1991). Presently, there are pronounced territorial differences in the country. The different parts of the country adjusted to the varied circumstances in different ways, and it resulted that the regional differences became more and more conspicuous (Rechnitzer 1993). In spite of this, in the Hungarian public life, the territorial policy did not get enough emphases, however a number of scientists tried to call attention to the serious signs of the crisis and the regional problems (Mészáros 1982; Süli-Zakar 1992b; Nemes Nagy 1996).

On the basis of the investigation of the Hungarian society and economic life, we can observe a deeper and deeper gap between the capital (and its surroundings), the northern part of Transdanubia and the other parts of the country. Thus the country was divided into two or three parts in the

daily media and in the scientific literature (Beluszky 1976; Barta 1990; Bartke 1991). Those areas which locate to south and east of Budapest and the core areas (especially the rural areas without cities) have a deeper and deeper territorial crisis. The socio-economic backwardness of the rural Hungary cannot be regarded as a new problem, but its acceleration and generalization is more and more perceptible nowadays. By the end of the 1980s, the economy of the Hungarian Great Plain, the southern part of Transdanubia and the Northern Hills depreciated in the competition (Böhm 1991; Süli-Zakar 1991; Tóth 1991). However, the crisis of some of the areas was triggered and deepened even with the Treaty of Trianon. The "victims" of the socialist redistribution, the rural areas of the county-borders, the internal peripheries and the market towns of the Great Plain are connected to the frontier peripheral areas, which lost their centres after 1920.

The earlier small trade and agricultural commercial roles of the market towns of the Great Plain eclipsed, and the industrial investments of the 1950s and 1960s also preserved their backwardness (Bartke 1971; Barta - Enyedi 1981). If we consider the structure and the technological composition of the industrialization, the policy of the rural industrial investments of the 1960s and 1970s strengthened the backwardness of given areas. The infrastructure development of Hungary was determined mainly by the demands of the heavy-industries, thus the infrastructural backwardness of the agricultural areas was preserved. It affected the life-conditions of the population negatively, so this and the collectivization generated a significant migration – demographic erosion in the underindustrialized areas (Andorka – Harcsa 1992; Dövényi 1993).

The leaders of the regional policy in the Rákosi and Kádár regimes considered that the socialist industrialization (which absorbs the rural unemployment) and the socialist transformation of the agriculture can solve the development problems of the whole country

satisfyingly. Under the pressure of necessity, the leaders of the country observed in the 1980s, that the socio-economic problems didn't decrease in the mass of the rural areas of Hungary. Thus the leaders of the Party and later the Council of Ministers were forced to admit the existence of the backwardness of rural areas (Lackó 1986), or "accumulated disadvantageous areas", as it was declared a little bit mannered (Fig. 1).

Moreover the agricultural areas, the "brownfield areas" were also in a very bad condition. The industrial areas of Borsod-Abaúj-Zemplén and Nógrád – they were the pride of the socialist industrialization – ran into an expressively hopeless situation by the years of the transition. The structural change was delayed – on the basis of European instances – the significant budget aids were also ineffectual, this caused mainly by the difficultly modifiable the structure of the employment of the heavy industry areas and the mining districts (Enyedi 1993). The

crisis of the state-owned industry was very spectacular in the case of the territorial "contraction" of the industry of Hungary, when the industrial enterprises of the eastern part of the country went bankrupt and stopped their production first. The collapse of the "giant factories" of the "brownfield areas" and the outworker industry of the market towns of the Great Plain caused significant unemployment firstly in the counties of the eastern part of Hungary and Southern-Transdanubia (Süli-Zakar 1992a).

2. The pauperizations of the peripheries of Hungary

As a result of the transition, the collective farms were liquidated, the individual farming was started again. However, in conjunction with the collapse of the Soviet Union, the CMEA (Council for Mutual Economic Assistance) also collapsed, so the Hungarian agriculture ran into a serious

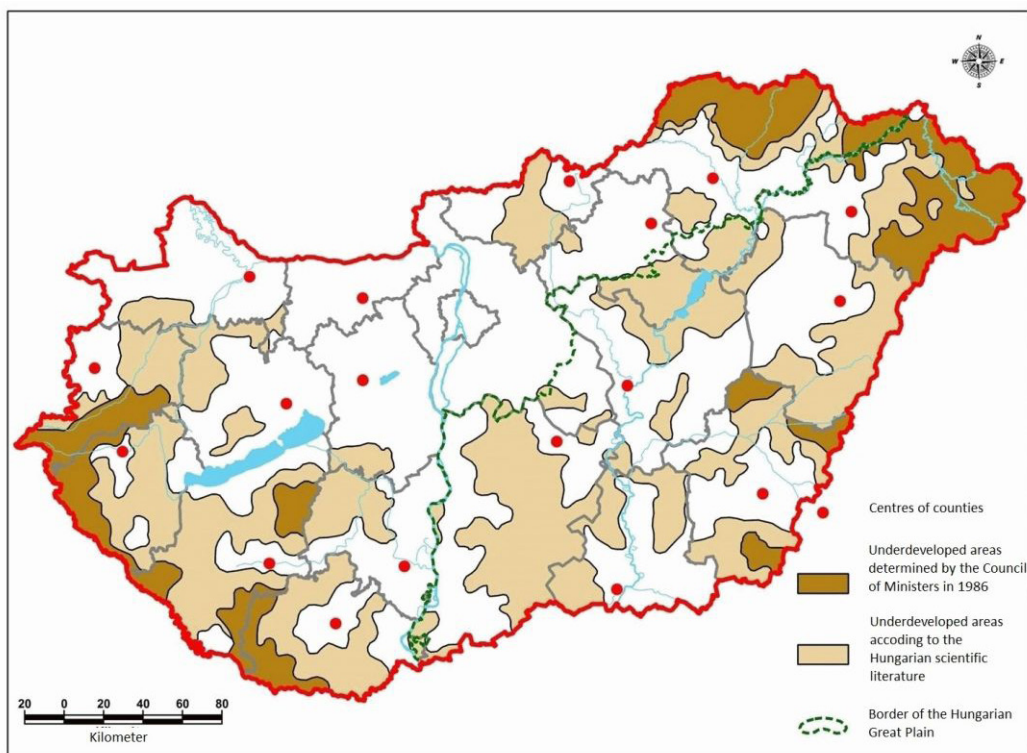


Fig. 1. Accumulated disadvantageous rural areas in the middle of the 80s (Edited by: Süli-Zakar, I.)

distributive crisis. The problems were piled on, because the large-scaled unemployment and pauperization – caused by the transition – meant a drastic decrease in the internal consumption. (The Hungarian agribusiness lost their market, 40% of it was caused by the decrease of the internal consumption) On the other hand, the fast extension of the transnational store chains – they marketed the accumulated food supplies of Western Europe on a dumping price – caused that the pauperized consumers preferred the cheap import goods.

Naturally, the Hungarian agribusiness, which was deprived from the donation, could not compete with the dumping prices. However, a significant part of the Hungarian food industry was privatized by foreign companies; the activity of the food industry was stopped in the factories and the buildings operate as logistic, cooling and warehouse bases. The privatization of the Hungarian food industries and the closing of the

factories (for instance, only one sugar factory produces in Hungary nowadays) increased the rural unemployment significantly (Süli-Zakar – Komarek 2012). More than three-fourth of the area of the country became internal or external periphery after the transition, and the rural population had less agricultural incomes there, and significant part of them became inactive members of the society as a retired, unemployed or assistance (Nagyné Molnár 2011). By the middle of the 90s, the spatial structure had been changed in Hungary: the earlier “industrial axis” disappeared; an exact formation of external and internal peripheries was noticeable in a conclusive part of the country (Fig. 2).

The future development significantly depends on the state, initiative and innovation-sensitiveness of the local society. According to some opinions, the achievement of middle-class status in the market towns was built upon the autonomic peasant-properties in the past, so the middle-class

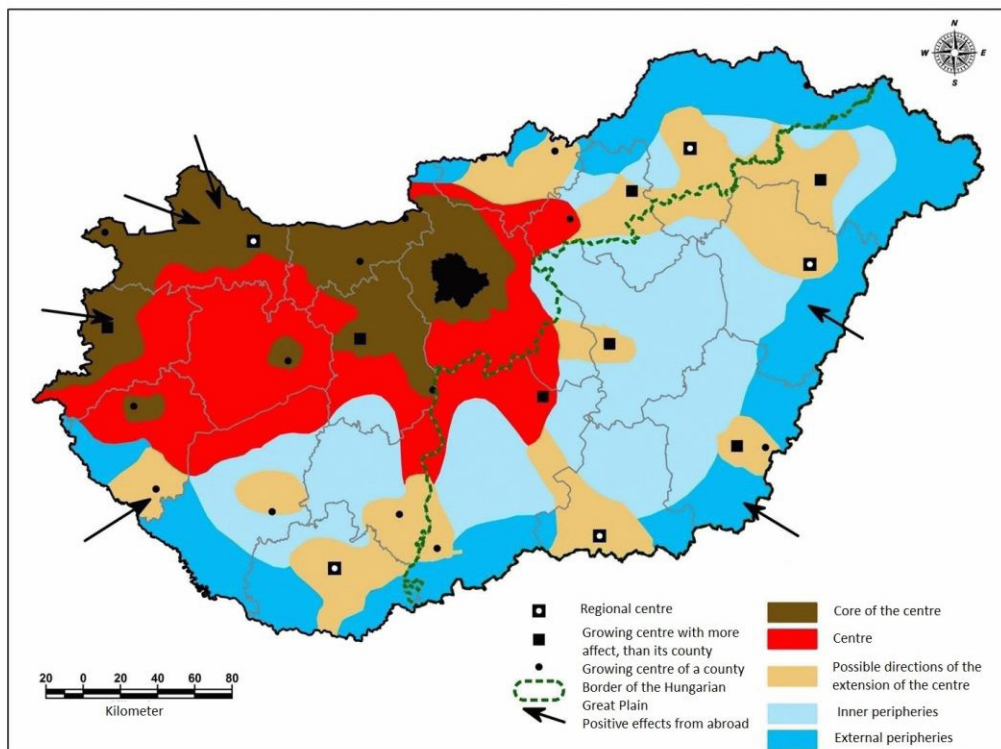
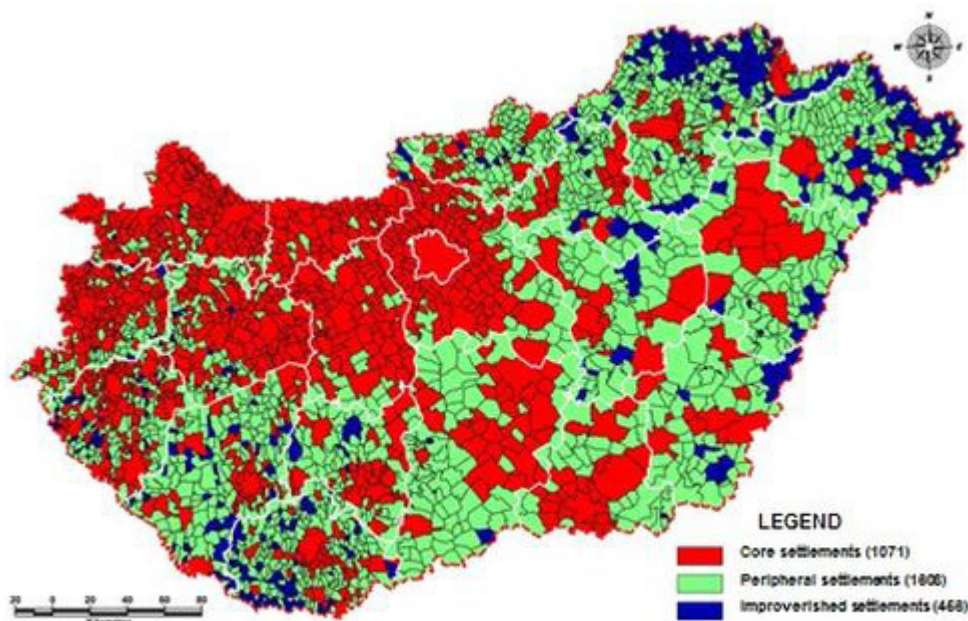


Fig. 2. Centrum and peripheries of Hungary in the middle of 1990s (Edited by: Süli-Zakar, I.)

traditions could have been regenerated quickly after the transition, and the societies of the market towns could have adapted the changes very quickly. However, after 1990 the Hungarian smallholder culture and lifestyle could not be able to regenerate and reborn. Nevertheless, a new farmer level – in western or American sense – also could not be able to emerge (Kopátsy 1991). Namely, after the collectivization, rural masses lost their affection for the agriculture; they worked in the household farming and cooperated with the collective farms (Süli-Zakar 1994). However, they did not follow a multi-coloured small-scale farming, but they contracted solely for one type of production – mostly for fattened pigs. The collective farms assured the feeding stuff and the young animals to them. Basically, the earlier small-scale farming went on only in the household farms, also the small- and middle-class farming had been almost totally disappeared. The peasant lifestyle remained only in those small areas, which were not part of the collectivization and were peripheries almost during the second half of the 20th century. They are

mostly areas characterised by hills and by small settlements or fragment farms, which are absolutely disadvantageous in social and physical geographical sense (Farágó – Hrubí 1987).

After the political transition, already among the circumstances of the market economy, the direct intervention of the state is small-scaled; it doesn't take place directly in the economy, and not through the public administration, but with the integration of banks, development institutions. The intensive development of the infrastructure has to be the primary aim of the intervention of the state. It undoes the isolation and creates the human basis of the development with the help of the educational and retraining preparation (Cséfalvay 1994). (However the effectiveness of large scale infrastructural developments was questioned by Tóth 2005) Cséfalvay thought after the political transition that the forming of a network of small- and middle-scaled growing centres has to be accelerated with the help of government subsidy and the foreign capital. These "oases" catch and transmit the innovation impulses,



Source: map designed by the author based on data from the CSO

Fig. 3. Development types of the settlements in Hungary after the millennium (Edited by: Süli-Zakar, I.)

mobilize the local sources and undo the isolation (Cséfalvay 1994) (Fig. 3).

The transformation created a new situation in Hungary, as a result of that, the peripherization of the rural areas has accelerated. The loosening of the internal and external markets, as well as the liquidation of the producer collective farms resulted significant changes. There are some positive phenomena, for instance the decreasing amount of the used toxic chemicals, but the commodity production of the cultivation and livestock production declined drastically in the 1990s. This recession hardly appeared on the surface, because the Hungarian agriculture had a huge loss of markets after the transition. (Süli-Zakar – Komarek 2012).

In the years of transition an intense disproportionateness appeared toward the agricultural activity. The croplands were very cheap, and it was evident from the inflation of the compensation coupons. The offspring of the peasant economies practically wasted the compensation coupons. It can be experienced, that particular urban intellectual or upstart entrepreneur groups abused this inflation, and a real landlordism formed within a few years in the Hungarian rural areas. As a result of this, the fate of the Hungarian village and the agriculture was divided. The villagers lost their industrial jobs (they reached it by commuting), but simultaneously the croplands around them got out of their hands. The owners, who live far away, frequently in cities, adopted extensive agricultural monocultures (maize, wheat, etc.) on their latifundia, which can be cultivated effectively with intense mechanization. On these latifundia, the demand for living-labour is extremely low because of the modern agricultural machines, i.e. the manpower of the villagers is unrequired (Süli-Zakar 1994).

Nowadays, the cultivation reached again – moreover, concerning some grains (maize, oil-seeds) it exceeded – the crop of the 1980s. However, the achievements of the livestock production decreases for the present day, thereby projects an extremely unfavourable

image. Compared to the livestock of cattle in the 1980 (about 2 millions), this number did not reach 700 thousand in Hungary in 2010; and the poultry stock decreased to its two third. The decrease of the pig population is really drastic: it was 8.330 thousand in 1980, nowadays it is 3.169 thousand. In 2013, the Hungarian agriculture closed a successful year. The cultivation exceeded the preceding year with 17%, still the livestock production decreased with 3%. In comparison with the field cultures – this can be cultivated extensively with a maximal mechanization – the demands for living labour of the livestock production and the fruit-vegetable production is much bigger. Also the real answer can be the large-scale development of these sectors from the point of view of unemployment. The real tragedy for the future of the Hungarian rural areas is the disinvestment, since the profit, which produced here, is not utilized significantly in the rural areas, because of the not local owners.

A considerable ethnic exchange has been proceeding in the geographical peripheries of Hungary. The villages have been emptied, and Roma population moved there, mainly because of the low house prices (Pénzes et al. 2015). This ethnic exchange meant a deeper pauperization for the rural peripheries, and it raised the level of the poverty (Pásztor - Péntzes 2012).

3. Aspirations of the regional development for the liquidation of the poverty and the peripheral situation

The local society became one-sided and its structure depreciated in the villages of the peripheral areas and some of the former so-called socialist industrial towns. Masses become resigned to their fates, wait for the social benefits from the state and vegetate in the rural Hungary. The only employer is the local authority in our small villages in the areas with hills in the north-eastern and South-Transdanubian areas. In these villages,

the public work-program means the sole job opportunity.

The level of the Hungarian employment falls behind from the requirements of the global economy. Nowadays, at least 1.2 million people (are in working age) live in Hungary without appropriate abilities and chances to produce the sources for their subsistence. Excluding some ghettos in the cities, these people live in the rural peripheries. Not only the lack of work, but also the lack of ability to work hinders the development on the most backward peripheries. Consequently, this means that if there is (or could be) capital for job creation, there will not be real receptiveness on the major part of the settlements. The idea of the free enterprise zones (also known as special economic zones) emerged in Hungary in June 2012 by the Ministry of National Economy. According to the original plans, the companies – operates in the enterprise zones – can obtain tax concession on very easy terms. The decision about it initiated as part of an outplaced governmental meeting in Vásárosnamény (Szabolcs-Szatmár-Bereg County) on 23rd January, 2013. The

earlier plans contain 903 settlements, but finally, additional 177 settlements became favoured (Fig. 4). With the help of law-defined provisions, the government want to participate in the economic development of the free enterprise zones by the provision of development resources for the employment and investments (Tafferner 2012).

Radical changes occurred in both the educational system of the globalized world and Hungary in the near past. These changes in the public education and higher education move on generally the international trends. The certain countries and their regions/settlements are colourful, so they are heterogeneous also the form of educational geographical point of view. We can declare that the level of the education and the real chance of taking part in it, significantly determine the competitiveness of the people and their geographical surroundings. By the progress of the technical-technological development, it became more and more true.

The government see clearly the key role of the education in the uplift of the rural areas. The investments in the education means a

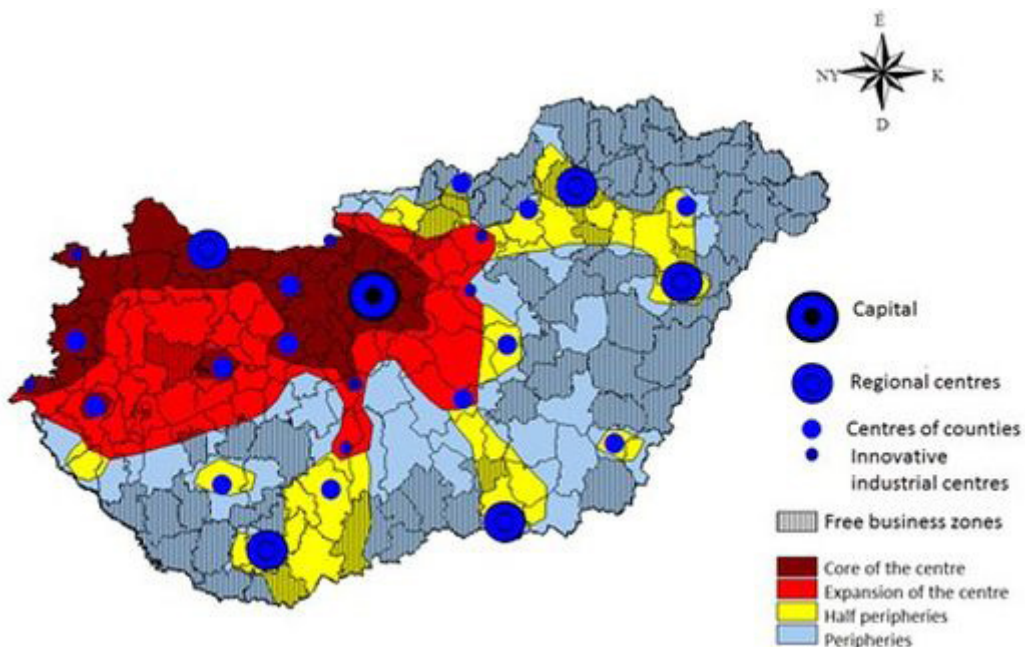


Fig. 4. Spatial structure of Hungary (2016) (Edited by: Süli-Zakar, I.)

special activity, which return long time, and the positive proceeds occur sometimes 15-20 years later.

4. Summary

The essential conclusion of the study is: a deep and serious regional crisis and poverty emerged in Hungary, mainly in the case of the peripheral territories. Because of the decades of the redistribution, the peripheral territories' economy and society had a degraded and unhealthy structure. After the change regional disparities increased dynamically similar to the other post-socialist transitional countries. Naturally, the ideas were doomed without long-term political and financial support, in the storms of the Hungarian Parliament rotation. It should not be forgotten that the maintenance of rural cultural landscape is a national interest, but it should be recognized that rural Hungary's political weakness is also responsible to enforce their interests that the regional differences and the social division were intensively growing in Hungary until the millennium and in some instances inequalities are still increasing. It can be concluded that in order to uplift the rural areas the system of regional preferences should be applied, and especially strengthen the fundamentals of human advancement through the education. The geographical peripheries should have a development path, where the higher economic level of the expected socio-economic sustainability would be effective. We have to consider the decisions of the Government Program of Vásárosnamény as the most important new phenomenon, but the next few years will decide how the regional development and the "work instead of grants" program, as well as education reorganization will be able to help the uplift of the disadvantaged masses of people living in poverty.

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