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**Changes in The Organisational
Framework of Cooperation Within
Urban Areas in Hungary**

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Introduction

It is quite often said of the new EU member-states in the Central and Eastern European area, that they possess neither a national urban policy, nor a policy aiming to integrate the urban areas. Urban areas, however, do not mean conflict or obstacles; on the contrary, they create opportunities and bridges for development. Undoubtedly, the dimensions of city development are widened, and the towns have to be positioned less within a national hierarchy of towns, but rather in a widened economic area, and their place and role will be examined in a European context. Since the towns are still critical places concerning their identity, acting and decision-making, simultaneously, they are extremely important for the national economy (*Parkinson, 2005*).

In our globalised life, the urban areas more often emerge as places of economic activity competing with each other. In the case of metropolitan areas, it is evident that the city centre can form an economic area with an important role only together with its region. Small- and medium-sized towns can be competitive with metropolitan areas if they unite their forces in a network and abandon competition (at least in certain fields of cooperation and common interest). Despite the changing environment, we can say that the horizontal cooperation of local governments will play an important role in the development of the network of towns and urban areas. However, we must add, that the international experience also underlines something which is especially true in the case of Hungary, that the ways of inter-settlement cooperation can be formed with the greatest difficulty in respect of urban areas, since the local authorities have no confidence in each other, all parties being afraid that the other party will take unreasonable advantage (*Jänke-Gawron, 2000*).

According to the opinion of the European Union regarding its member-states, we can talk of uniformity in administrative areas, but not in the implementation of compulsory norms. The strict rules for using Structural Funds, the main method of implementation of the Cohesion Policy of the EU, strongly influence national administrative institutional systems. In this way, the three priorities defined by the *European Commission* (the EC) in the *Third Cohesion Report* (European Commission, 2004), for the further development of Cohesion Policy after 2006, as Convergence, Regional Competitiveness and Employment and Territorial Cooperation are unarguable. In connection with the last, the vision of the EC to be implemented in the near future, that is, the smooth and balanced integration of the territory of the Union, will give a primary role to cooperation, network-development and the exchange of experience covering regions and urban settlements in the next phase of planning from 2007 to 2013.

The *EC* also calls our attention to the importance of strengthening regional cohesion – which is supported by the specific geographical location of towns. City networks are driving forces in regional development, although we can conclude

that, with the exception of the metropolitan areas of Europe, the expected cooperation network of the large and smaller urban settlements has not yet developed. Moreover, among the newly acceded 10 member-states, the network-demanding strategic cooperation between small and medium-sized towns exists exclusively in the Czech Republic and in Slovakia (*European Commission*, 2004, p. 29.).

A widespread theory in political science is that, alongside the traditional forms of governance, i.e. market and hierarchy, cooperation has emerged as a new form (*Powel*, 1996). We are witnessing the evolution of cooperation (*Fürst*, 1994), the incentives for the development of institutional frameworks and networks, which are the sole responsibility of the given nation through appropriate state policies. At the same time, the administration opens itself towards both the economic and non-profit sectors, from which it expects to raise additional resources to achieve its goals. This strategy is especially a characteristic of the cooperation of small and medium-sized towns, so as to be able to compete with the metropolitan areas. Their final expectations are that the organisation of public services and the local governmental economic incentives should become more effective. This is why it is more often expected from local authorities that they should play the role of the engine of economic growth and sustainable development.

Based on this, this study focuses on the issue of the extent to which the Hungarian town- or city-network in general, and the four agglomeration areas chosen as a subject of the study, possess institutions complying with the new challenges of European urban development. Today, important questions are: In what kind of context is the cooperation of urban regions translated? Should a town or city be treated as a region? How developed is the organisational framework of network cooperation? The approximation of this subject takes place primarily from the point of view of territorial or regional sciences and the administration organisation, since it is a generally accepted theory nowadays that good governance and effective institutional structures mean an important source of development of regional competitiveness. From this point of view, it is important what kind of possibilities and opportunities the Hungarian towns possess, including the atmosphere created by the new administration reform, and the revitalised culture of horizontal cooperation.

1 Retrospective situation analysis

Fifteen years have passed since the Regime Change and the new Act on Local Government – and the announcement of a structured urban policy in Hungary has still not taken place. A key to the incentive of socio-economic development, with the popular term competitiveness, would be a governed, but at least an oriented urban development, and not to use this tool would reduce the country's chances when it tries to catch up with the European mainstream. We have to accept that Hungary's accession to the European Union means that its urban network became part of the so-called European City Competition in all aspects, and to cope with these challenges, administration and territorial development must have appropriate answers.

At the end of 2004, of the total number (3,145) of settlements, 274 were ranked as a town, meaning that the ratio of urban inhabitants was 74.9% in Hungary (*Magyar Köztársaság Helységnévkönyve*, 2004). This high proportion is a result of the dynamic process of town ranking started in 1990, since on the first of January 1990, the country had 166 towns. In the 15 years which have passed since the change of regime, this number has increased by 61%, the development path mainly covering quantitative change. The aim of reducing the number of non-urban areas has not been linked to planned urban development, and, consequently, settlements unprepared to be regional centres (and often with a rural character) have become towns in recent years. Therefore, to achieve town rank can be regarded as no more than a formal administrative act, with no quality requirements.

The incorporation of city and its suburb into the administrative structure as a planning-development-administrative unit did not succeed historically, but this does not mean that there were no intentions towards the institutionalisation of the city and its region as a functional unit. From the beginning of the 20th century, several experts in the field of administrative studies worked out modern theories to resolve this problem, though no-one could expect practical implementation. However, there was a short period in the era of state socialism, when the so-called *sub-urban-administration system* temporarily functioned. The introduction of the suburban model was connected to the formation of the two-level administrative system from the traditional three-level system. The termination of the district, as a low-meso-level unit, has been followed by the decentralisation of administration, although the increase of independence and of the powers of the local administration units took place continuously. The towns were involved so as to be prepared for increased tasks, and, therefore, the concept of the complex suburban area was transformed into a structure dominated by administration. Within the framework of the suburban administrative system, the city and the village had a supervisory type of (subordinated) relationship, while the synchronised planning and development of suburban areas was neither assisted by a developed organisational authorisation,

nor by a financial background. Despite this, the suburban model was introduced in the country generally in 1984, by the formation of 139 administrative areas. In the meantime, research (Beluszky, 1987) revealed that the suburban-type relations (social, economic, public-utility, employment, communication that are mutually strong) were characteristic of only 55% of the territory of the country at that time. This explains why only 105 suburban areas and only 34 large village areas were formed.

Although the suburban system had a short life-span and could not develop within the framework of a socialist state, it still plays an important role in implementing the idea of unification of urban and suburban areas and in helping to take the first steps towards cooperation among the local authorities. It is unfortunate that the new state born of the change of regime, in one of its first and most important legislative products, the Act on Local Government, simply does not take into consideration the regional role of towns and the administration-related connections of suburban zone relations.

Thanks to the above, an effective regulation-related view of the towns has not been worked out specially, neither from an administrative, nor from a territorial development point of view. Primarily, the Constitution provides for the territorial formation of the Republic of Hungary, dividing the country to the capital, towns, counties, villages, and still further, the capital itself into districts. The Constitution does not contain detailed rules concerning towns. Whilst, according to Act LXV of 1990 on Local Government, the urban and rural local authorities are equal in respect of their legal status, the government makes no distinction between the municipal rights to which they are entitled – following European traditions. The principle of differentiated delegated powers favours the larger and more effective local authorities, since these – primarily, towns – are authorized to carry out more tasks with greater powers, although these tasks (transferred to them by the state) are expressly administrative and authority-type powers and have no connection with municipal autonomy, since they are conferred upon the leaders of local authorities which were designated centrally.

The town and country development decisions mean the core of the – rather short – regulations concerning urban local authorities in the Act on Local Government. The President of the Republic shall decide on the granting of town rank. The legislative approach is rather interesting, since the Act *does not explicitly contain a single provision for the cooperation of urban areas or a city and its region*. If we follow this theory, we can confirm that the Act on Local Governmental Associations passed in 1997 does not contain any special institution, agglomeration or administrative model regulating the relationship of towns and their suburban zones. The agglomeration association of the capital is the only voluntary association that the Act refers to. The government now regards regulation as being complete, listing the possible fields of cooperation since 1994. Therefore, to solve the problems

arising from the fact that settlements depend on each other in the area of administration – and especially public services – only sectoral association agreements with a single goal were established between the capital city and some local authorities of the agglomeration.

Based on these facts, the analyst can only confirm the lack of adequate legislation, whilst, on the contrary, the rationale relating to the Act contained, during the change of regime, several expectations regarding urban areas. Moreover, organisational development and task-performing requirements, together with adequate institutional consequences were not incorporated in the Act. For example, the rationale relating to the chapter containing local government associations acknowledges a rather far-sighted and modern concept: “It is an important requirement, that the towns shall create a strong relationship with their agglomeration. This is the common interest of towns and villages in their agglomeration, and regional development plans and institutions are needed for their execution”.¹

The explanation of the Act concerning the grant of town rank establishes requirements which are still surprising, since their legal basics are still not developed: “It can be expected from the towns, that they shall employ not only their inhabitants, but also the inhabitants of their region, and shall mainly provide public services. Their geographical location and good communication connection with their region could be utilised in the regional role of towns. In order to have a regional role, a settlement shall have medium-level (education, health care) institutions, and provide public services utilised by the region also. The city acts as a radial centre for the whole region, acts as a catalyst, and cooperates with the local authorities of its region”.² Unfortunately, *neither the regional role, nor the administrative law-interpretation of meso-level institutions has yet occurred.*

The conditions for granting town rank were not regulated for a long period following the change or regime. The acceptance of the Act on Regional Development Procedure also could not stop the progressive devaluation of town rank over the last 10 years. Parliament brought detailed provisions into Act XLI of 1999 for the procedures for granting town rank, and its conditions, although, since the Act has been law, the latter has not been enforced. This has two explanations: on the one hand, the pressure from villages aiming for town status proved too strong, and, on the other hand, there were no other settlements among the local authorities, whose urbanisation level could reach expectations regarding town functions.

The latest urban network research highlights that the structure of the urban network has changed, and the proportion of towns with under 10,000 inhabitants has increased considerably. Whilst the ratio of “micro-towns” in the urban network barely reached 25% in 1999, by 2000 the ratio was approximately 45%, which in-

¹ Rationale – Paragraph 41 of Act LXV on Local Government.

² Rationale – Paragraph 94 of Act LXV on Local Government.

dicates the widening of the base of the so-called city-pyramid (Szigeti, 2002, p. 151–152.). The threshold level of *urbanisation* in Hungary is rather high in terms of inhabitants, approximately 10,000, which means that about 50 settlements with town-rank cannot be considered functionally as being a city (Beluszky–Győri, 2004). Therefore, we find more and more villages with no central role providing urban services – 18 in 2004, and in 2005 a further 15 such settlements were granted town rank.

On the other hand, the dividing-line between villages and towns began to disappear and now remains unclear, although the legal criteria of town rank have been specified and enacted. A significant factor among the reasons for this are the state-administrative functions determining town rank (court, state-attorney, fire-brigade, other state institutions with nation-wide branches) – for the most part missing in the newly-founded towns. The widening of the state-administrative structure is not justified, although the administrative functions are undeniably of a generally regional type and strongly influence the place of the town in the hierarchy. A very good indicator of the dispersion of the town-network is that, in consequence of the differentiated delegation of powers, the number of micro-regions followed the number of towns for a long time. All towns were granted so-called micro-regional rank, but, from 2004, the youngest towns have to be satisfied only with the partial state-administrative functions.

The public services provided by the towns are more and more used by their own inhabitants, due to the significant increase of the urban population; since the rural areas, i.e. suburban areas, are shrinking. The villages which are new candidates for town rank, can only partly account for the – otherwise correct – provisions of the Act on Regional Development (e.g. service provider functions offered to its region).

Unquestionably, due to forced industrialisation before the change of regime, the development policy of the state focused only on towns, which resulted in so-called anti-urban behaviour, still visible today. Moreover, the fact that the government has not initiated horizontal cooperation – even at the level of legislation between the town and its suburb – has impacted on the foundation process of regional development associations. At the outset, these associations aimed to unite the villages against the town becoming the centre of the region, and towns were excluded from the cooperation. From the mid-90's, however, the situation has eased, but in 1995, of the 139 registered and active micro-regional development associations, only 25% had integrated the relationship of town and suburban municipalities (G. Fekete, 1995). Meanwhile only a few associations were cooperating in the field of state-administrative public services between villages and towns.

It is clear that, however important the increase of the administrative level of the settlements was for the national political and local social elite, it was not taken into consideration that it *is an important transformation process, which needs govern-*

ance, coordination and help, raising issues in the field of administration and regional development also. Regardless of the administrative urbanisation process, neither the development of the urban network, nor the implementation of an appropriate urban policy has taken place in Hungary since the change of regime, although basic social relations have changed drastically.

2 Tendencies to change in the Hungarian public administration-related areas

The Hungarian situation in terms of handling the urban network based on public administration is by no means reassuring, although the territorial structure of the Hungarian urban network has changed favourably since the change of regime: we can now barely find any regions without towns. Recent events might indeed become the very grounds for change.

The structure of public administration devised at the time of the change of regime became an early target for reform- from the middle of the 90's. The thought of regionalising public administration has been clarified only gradually, and in the programme of the government which came to power in 2002, one of the objectives was to introduce the so-called selected regions. The spread of regionalisation in public administration is spurred on by the EU's Cohesion and Regional Policies and also by processes implemented within the framework of the institutional system of regional development based on the effect of these policies. However, the planned decentralisation lost its momentum after the erroneous belief, that the EU requires NUTS 2 regions to become levels of public administration and play a political role in the member states through elected bodies was laid to rest. Moreover, recently we can see more dynamic intentions in the de-concentration of public administration.

Hungary belongs to a group of countries that changed their regime, where the institutional system of regional development was built relatively separate from public administration, rather, parallel to it (see in more detail *Pálné Kovács I.* 2001). The first step was the admission of the seven planning-statistical regions by accepting the Act on Regional Development and Physical Planning in 1996. In the amendment to the Act in 1999, the government ordered regional development councils to be established in NUTS 2 regions, and so these regions obtained a role in regional development. Although the members of the development councils, which are built on principles of delegation, are solely public administration actors, these bodies cannot be entitled to local government-type functions and competences. Their main scope of authority is to accept regional development concepts and programmes for the region, and to distribute regional development subsidies, decentralised to their level, through tendering processes work-organisations of the

councils were charged with the conduct of PHARE programmes before accession, and currently they also are the mediators of regional operative programmes for the requisition of Structural Funds. Regional development councils and their agency-type work-organisations are highly ambitious in building foreign relations, and strengthening international and cross-border cooperation. However, these institutions are not really capable of substantive cooperation, due to their unclear legal status and lack of their own sources of income.

The institutional system of regional development was built up on a territorial basis in Hungary, and also the means of support in national regional policy are used similarly in all regions: every region is entitled to subsidies. It is absolutely true that, according to the criteria on the use of the Structural Funds, the whole area of Hungary – except the Budapest-centred region – is considered “underdeveloped”.

The allocation of regional development funds has been tightened by forming privileged regions, which means that, currently, the biggest share of national and EU resources is given to the most backward regions, whilst the (more) developed ones are left without subsidies. The point is that, since 1997³ privileged regions are formed on a much smaller scale compared to EU practice, seeing that these regions are continuously formed at NUTS 4 level, or the so-called level of *statistical micro-regions*, which usually have about 47,000 residents. A revision of this system of micro-regional dominance was last undertaken in 2003.⁴ One can notice that the district-system of statistical micro-regions has been adjusted on several occasions since its establishment in 1994. As a result, the number of districts is gradually increasing; from the original 138, the number has grown to 168. As a consequence, their size started to decrease. The centre of a micro-region is, in most cases, a town, but, considering that there are about a hundred more town-level settlements than NUTS 4 regions, a micro-region often contains several towns.

Relevant regulation does not differentiate micro-regions either in terms of the significance of towns on their territory, the intensity of their gravitational relations, or their functions. Hungarian regional policy does not differentiate between urban and rural regions, while operating with the concept of the 48 most underdeveloped micro-regions. Accordingly, statistical districts of different size are judged from the same standpoint, and the legislator applies the same conceptual category for every urban region, with the exception of Budapest and Debrecen. The explanation is that the formation of micro-regions is based on the meso-level gravitational relations of cities, since the currently applied system of regional planning does not set centres of gravity in the urban network, and it also does not distinguish among them in

³ Parliamentary Decision 30/1997 (April 18) on the concepts of regional development funds and decentralisation, condition system of the prioritised regions categorisation.

⁴ Governmental Decree 244/2003 (December 18) on the order of creation, definition and amendment of micro-regions.

terms of functionality. Consequently, there are great differences in the number of residents in various micro-regions. It is almost natural that, whilst in some micro-regions which are formed around cities (Miskolc, Győr, Pécs) the population is near to (or over) 200,000, the population in 23 statistical micro-regions does not even reach 20,000.

During the course of urbanisational development, Hungary also reached the development stage of the so-called suburbanisation in the 1990s, characterised by the feature that the focus of population increase is moved from towns to surrounding settlements. Closer examination shows that this is not merely an outflow of the urban population, but also some kind of suburban development which has already started in the industrial and service sector. As decentralisation plays a significant role in the recent development tendency of public administration, so the suburbanization can be considered as a kind of decentralisation in socio-economic development (*Timár–Váradi*, 2001). As we will see, however, state policies and public administration do not react to these changes.

Besides the new formation of statistical micro-regions, changes to the urban network gave grounds for the revision of agglomerations (*agglomerációk*) and functional settlement groups (*településegységek*) in 2003. The Hungarian Central Statistical Office discovered (led by professional considerations) that every county-seat (19 in number) is more or less characterised by the phenomenon of agglomeration. Considering the intensive suburban areas relations, the country has three agglomerations besides Budapest, from which the so-called *agglomerating areas* (*agglomerálódó térségek*) and functional settlement groups have to be distinguished, although these also show intensive increase in density. It is a fact that there are complex relations between core towns or cities and their suburban areas, and, as a result of their continuous change, the circle of settlements connected to a centre also changes from time to time. The rearrangement of regional trends is suggested, for example, by the fact that Győr and its suburbs (which was an agglomerating area) became an agglomeration. On the other hand, however, Ózd and its surroundings became a crisis region, and thus the region lost most of its significance. As a result, the agglomerating area of Ózd is no longer kept under observation. It shows the transformation of regional trends after the change of regime, that both the number of centres observed (from 23 to 21) and the number of settlements in their agglomerations (from 517 to 386) decreased, compared to the results of 1996 (*Kovács–Tóth*, 2003).

These recently performed analyses do not change the fact, however that, from a Hungarian view, the agglomerations are still no more than subjects of statistical data collection. Although the Hungarian Central Statistical Office has regularly published data about these regions since 1985, they do not seem to be relevant, either in terms of public administration or regional planning.

3 Basic factors of public administration in the micro-regions

According to the official position of the Central Statistical Office, the so called statistical micro-region hypothetically is an urban area reflecting the relations of the primary and meso-level supply of the population. It is the regional unit of settlements co-existing and depending on one another (Kovács, 2003). However, in 1994 the system of districts originally formed for statistical purposes was re-evaluated, and, firstly, it became the basis of the classification of regions preferred in terms of regional development, and, later, in 2004, it was given administrative substance.

In Hungary the basis of local public administration is the principle of “one settlement – one local authority”. That is, all the settlements with local administration rights have, at the same time, the right to self-governance. In the past 15 years, the widely scattered primary administration adopted only one element of the principle of subsidiarity, the “close-to-client” concept, whilst the requirements of effectiveness and economy were long neglected. During this time, and with insufficient state incentives, co-operation among local authorities could not be improved as desired, although there was a great need for associations as support mechanisms in optimising local administration, dispersed it was. Co-operation to improve the collective performance of municipal duties is least developed between towns and their urban agglomerations, since it has been historically held back by opposing interests and by the simple lack of a co-operative culture.

The situation changed radically in 2004, when the government introduced the institution of the *multi-purpose micro-regional association*, as the first step in the announced process of administrative reform. Through these organisations, often termed “complex associations”, central government made known (for the first time since the change of regime) the aims of the local government system: effective administration and a nation-wide high and integrated level of public services. The basis principle of the new structure is to establish equal opportunities for access to public services. As yet, unfortunately, the principle only exists as a political declaration of intent: it has not been written into any legal framework; nor is it interlinked with the methodology of local territorial planning.

The Constitution is based on the principle of local authorities’ freedom to associate, which means that compulsory or obligatory association is unknown in law. This fact, and, furthermore, a lack of support from parliamentary opposition parties, has clearly limited the legislative scope for action and for the means to introduce micro-regional reforms.⁵ As a result, the multi-purpose association is

⁵ Act CVII 2004 on the multi-purpose micro-regional associations of the settlements’ local authorities.

based on the voluntary co-operation of local authorities. Nevertheless, the related financial incentives soon produced a great effect: in the South-Transdanubian region, for example, where 24 associations were established – with all local authorities participating, so covering the entire region. Nationally, in October, 2005, the rate of institutionalisation was 92%, since, 152 statistical micro-regions associations were established of a possible 166.

Albeit within the voluntary framework, the law did make binding the regional borders of municipal associations, since it was determined that those must adjust to the micro-regional statistical districts formed in 2003. In addition; a restriction was introduced, under which a local authority can be a member of only one multi-purpose association. Thus, *the statistical methodology based on the meso-level (urban service providing) agglomerations of the towns was vested with a public administrative role, but it has to be emphasised that the micro-region has not become an independent level of public administration.*

The legal objective of the new type of association is to make possible the concerted development of the micro-region through the preparation and implementation of collective plans and programmes and, further, the organisation and improvement of public services and maintenance of the required institutions. The institution does not diminish municipal autonomy; nor does it necessarily mean that tasks should be carried out centrally. It has, however, to be provided for the more effective operation of municipal institutions. Under the auspices of the association, duties can be carried out in several ways: they can be undertaken entirely by the multi-purpose association itself, through the existing micro-associations of several local authorities, or by one of the established operations of any local authority. A precondition for gaining access to the additional state subsidy is to achieve – each budgetary year – uniformly higher rates of utilisation with regard to the operation of institutions (schools, kindergartens, social- and child-welfare institutions), and, moreover, the service can only be provided for the minimum number of persons or inhabitants as stipulated by the government. This latter criterion targets a more effective organisation of public services, whilst it also shows that it is focusing *on the situation of rural micro-regions with deteriorating demographic figures and paying no attention to urban micro-regions struggling with development problems.*

The association itself can promote the provision of integrated primary public services in several ways. It can contribute to the undertaking a task at micro-regional level through its organisational work and expertise. This, however, may result in tasks (education, health-care, social-, and child-welfare etc) being carried out within a micro-region, which earlier, due to a lack of professional or financial capacity, could not be handled by certain local authorities.

It should also be mentioned, that, during the drafting of the framework for micro-regional public services, it was not clear whether the micro-regional quasi-

level would become a suitable framework for providing meso-level public services, or whether it would aim to provide integrated, high-quality primary services. However, the model introduced made it clear that the administrative micro-region focuses, in the first place, on primary supply within public education, social and health provision, family-, child-, and youth protection, general education, library work, local transportation, the maintenance of public roads and municipal internal controlling. The practical functioning and task-organisation of multi-purpose associations reveal however, that the micro-regional scale, as provided by the new institution, is much too large for some tasks to be performed; in most instances it cannot manage its activity adequately over the whole micro-region. Instead, it divides the micro-region – mainly in a centrally supported way – into sub-divisions and sub-centres, which inevitably reflects the lack of a large municipal dimension of primary supply. The organisation of public services between the borders of the statistical micro-region is accomplished by establishing several other municipal associations – the so called micro-districts.⁶

In this process, however, it is interesting to see that the government puts all the responsibility for carrying out the (centrally ordained) reforms upon local actors. It is logically a subject for future discussion, as to whether or not the virtual dimension of the local authorities, negotiated by local politicians and formed for the optimisation of public service organisation is satisfactory. It cannot be denied, however, that, without the differentiated management of the micro-regions, the reforms were clearly directed towards realising integrated primary level supply. For this reason, structures which totally meet the requirements of rural micro-regions are not necessarily suitable for the institutionalisation of more developed, urban micro-regions: neither will they meet their development demands. It is true, most of all for those towns or cities with county rank, that contributing to organising primary services in surrounding settlements cannot be of strategic importance to the development of the towns or cities themselves. However, we may attribute it to a system-error that, although it thinks in sub-divisions, it does not take account of the division of functions among several towns within the given micro-region; moreover, it does not support relations between regional spheres of activity by means of regional planning. In terms of the latter, it is disquieting that *the micro-regional administration cannot accept the towns and cannot manage aspects of the question of the agglomeration as a unit. Therefore, it does not have*

⁶ This phenomenon is well illustrated by the fact that, according to the situation in September 2005, 133 micro-regional associations were established to fulfil basic social functions, with 792 settlements participating, to operate the elementary level of primary education; 551 micro-regional associations participate (with 1,620 local authorities involved), whilst, in relation to upper level of primary education, a further 567 micro-regional associations are involved, comprising 1,709 local authorities as members.

ready responses to numerous public services-planning and development questions regarding the regional roles of the towns.

Overall, however, it is promising that, 15 years after the change of regime the systematic management of resources and institutions has started at local, municipal level. In any case, those public services that are organised in a reasonably integrated way can expect state subsidies. Those multi-purpose associations that embrace all the municipalities of a micro-region receive greater levels of state subsidy than those, in which the coverage is only partial – that is, cover at least 60% of the population of the micro-region or, in addition to a coverage of 50%, embrace 60% of the settlements allocated to the micro-region. The new institutional structures are shaped in several ways, but they still are under development. In cases where the government has allowed local authorities to utilise their full powers after strict guidelines have been met, these authorities are the ones who have to provide more effective organisational solutions. As a result, it cannot be foreseen, at least in the shorter term, how unified and – eventually at micro-regional level – how centralized the system will be. The fact is that those budgetary calculations, which could reveal the amount saved by this administrative reform at aggregate and at local level, are not yet available. At the current stage, what can be seen is rather an increase than a reduction in expenditure. Although relevant pilot schemes are in hand, the government has not waited for any result, but decided on an early national introduction of the system. Consequently, the experiences gained by experimenting associations cannot be used, for instance, for cost and benefit calculations.

In spite of criticism, however, the newer type of organisation designed to promote co-operation between local authorities and which reinterpret the concept of association, can clearly be regarded as progress. Hungary is, in effect, on the way to close the gap between its own and the regulations of European nations (*Somlyódyne Pfeil, 2003a*). In this respect, it is to be emphasised, that the government has empowered multi-purpose associations to set up economic organisations and to participate in undertakings. Moreover, the fact that the method of dividing revenues deriving from local taxes can be included in the complex association agreement reflects, in terms of international comparison, an extremely liberal attitude. This opportunity can boost the co-operation of local authorities in economic and tourism development, and, in addition, the basic forms of real estate and property management. To date, however, no experience has been recorded on actual results and on the reception from side of the authorities. For the time being, all their energies are tied up in the effective and professional organisation of primary supply – something which the government also prioritises through its incentives.

Contemporaneously with micro-regional reform, the institution of regional development was also changed in 2004.⁷ A new institution affecting the micro-regional level was set up – the so-called *micro-regional development council*, whose authority has been adjusted to coincide with the borders of statistical micro-regions. The purpose of this measure was to cover the country by micro-regional development institutions with no duplication, and, in contrast to earlier practice, one local authority can be a member of only one council. After a number of years, the legal provisions, which declare that, in those micro-regions in which multi-purpose associations were formed with the participation of all the local authorities, the association council shall act as the micro-regional development council, have produced a positive network of municipal and regional developmental organisations. With this, the possibility of organisational duplication is eliminated. The legislation provides for the framework of regional development and territorial planning activities for the multi-purpose micro-regional associations, and, in relation to this, they may apply for subsidies to prepare and modernise micro-regional development concepts and programmes. The expansion of micro-regional planning to the operation and economy of institutions providing public services is deemed to be a modern governmental effort. However, this process is still in its development phase.

Reforms, therefore, are underway in both branches of Hungarian administration, affecting both local authorities and public administration. Whilst, in several older EU member-states significant changes are detectable in connection with urban policy and with government policy affecting urban networks, Hungary fell into a difficult situation in respect of several features of urban networks. The institutionalisation of the multi-purpose micro-regional associations must be deemed as a milestone in terms of increasing the level of public services and modernisation of public administrative office work. However, it has to be established that the *aim of complex micro-regional associations is, in the first place, the rationalisation of primary public administration and the provision of a uniform level of public services, which currently is not manifested in urban policy.*

⁷ Micro-regional development councils were created as the norm at micro-regional level on the basis of the Amendment to Act XXI 1996 on Spatial Development and Spatial Organisation (paragraph 7) LXXV 2004.

4 The broader interconnections of public services reform

Linked to the implementation of the Hungarian public administrative reform programme – which, over time, was narrowed down to a public service reform programme – in 2002 the government launched investigations into a number of fields.

- the development of a regional local government model,
- the rationalisation of local public administration together with improvements to its effectiveness, and
- the implementation of the municipal finance reform programme.

Of these, reform has been successful in one only – in the establishment of quasi micro-regional public administration. At the heart of this lies a deliberate public subsidy policy which created a micro-region-level integration of the local government system set in accordance with the borders of NUTS 4-level areas. Nevertheless, this solution to the problem of organising public administration did not create a new level of public administration, nor did it affect the (politically significant) autonomy of the units in terms of local governance. On the one hand, in fact, we can speak of the optimal limits of organising basic public services, whilst on the other hand – in connection with the establishment of multi-purpose micro-regional associations – of creating equal opportunities for citizens for access to public services. Treating statistical micro-regions as administrative units will inevitably improve regional attitudes, but it should also be stressed that, if a regional municipal level is introduced, a relevant public administrative framework should be elaborated.

In connection with all of these factors, it is worth noting that, in each transition country and in each new member state of the EU, a structural change of public administration is either currently taking place or has done so only within the last 10 years. The explanation for this derives from the fact that the public administration of the traditional, centralised unitary state does not meet the challenges of modernisation of the state, economy and society, and is not suitable for creating adequate conditions of competitiveness – which is one of the most important objectives of the EU. Reforms have already been started in the CEEC region, but these are either hampered, or, in some places, too slow – due mainly to a lack of political background in regionalisation. External as well as internal causes for this phenomenon can be found.

“Good governance” is a magic term emanating from the EU. The crux of this issue is to what extent its establishment requires *administrative decentralisation* to achieve it. Hungary is a heavily centralised state, characterised locally by low efficiency, but it is a country which has built a politically strong system of local government. To contend with the centralised structure, structural reform must be introduced which could create a meso-level to rebalance the centralised power, that is,

a region with a directly elected body. However, there is little chance of this being realised in either in the shorter- or longer-term. Even the micro-regional reform launched in 2004 lacked the courage to modify the administrative structure. *The establishment of multi-purpose micro-regional associations can be regarded only as a partial functional reform* which left the numbers of administrative levels unchanged.

As a matter of fact, an apparent similarity is to be found between the territorial and administrative reforms achieved in West European countries following World War II and the Hungarian reforms. Although accomplished by other means, their object was the same: that is, to organise rational and effective local government and, in time, to improve administrative efficiency. The difference is that, in Hungary, the amalgamation of local authorities did not result in the appearance of organisations providing improved public services – which in some cases might have led to the amalgamation of institutions as well as to organising public works at micro-regional level. We cannot speak of a real functional reform, in fact, since this – from its very essence – would have had to determine the interrelationships of local, regional and central levels. In other words, from a functional point of view – within the framework of total government operation – it ought to have resulted in the redistribution of public duties, and, consequently, in the shifting and regional decentralisation of certain spheres of authority. Moreover, from an historical perspective, in each country introducing functional reform, the handling of the issue is regarded not merely as a problem of public administration science, but one of constitutional law (cp. *Zehetner*, 1982).

Functional reform is a permanent process, which is by no means equivalent to irrevocable decentralisation. Not being prone to divert the reform programme from the main direction, a partial development characterised by centralism may reasonably appear within its borders (*Zehetner*, 1982). For the time being, the public services reform programme now taking place in Hungary also gives an impression of decentralisation rather than of centralisation. The fact that the reform of municipal finances came to a deadlock at planning level shows the one-sidedness of the reform. On the other hand, the regrouping of tasks and competencies would inevitably require an adjustment to the financial structure, and one of the essential aspects of providing appropriate resources is to decide who will collect them – and at which level of public administration, and with the realisation of whose interests, will it then be distributed.

In connection with the latter, an additional problematic point of the micro-regional reform programme arises. As the Hungarian public administration system does not acknowledge any rights of the county as a meso-level local authority to distribute resources to town, community or local authority, subsidies encouraging micro-regional reform are awarded by means of a tender-system to the multi-purpose associations. When an association is founded, subsidies support their in-

vestments and purchases, but later they can be claimed only as operational expenditure. For the time being, subsidies are surrounded by a fairly large degree of uncertainty, since their disbursement can only be guaranteed by the annual state budget. Moreover, due to the competency for decision-making having been placed in the hands of the Minister of Finance and the Minister for Home Affairs, and to the way in which subsidies are granted, the town or local authority depend even more on the state than before. In fact, the degree of centralisation has not diminished, although it is evident to the profession that the actual handling of finances should – as far as possible – be delegated to regional and meso-level administrative units which, in the course of decisions regarding subsidies, can make use of their closeness to the local level.

Finally, however, we can emphasise the following positive aspects of the introduction of micro-regional public services:

- It promotes regional thinking and cooperation in the scope of public services.
- At regional level the types of public services, the categories of supply and the existing and missing capacities are taken into consideration and, as a result, in the settlements which to date have not been provided with certain administrative services, public services are organised in a cooperative or regional form.
- With the participation of all the micro-regions – and financed by subsidies – common planning may start. At first, concepts will be created for regional development and there is hope that planning and development administrative activities can be organised in a harmonious way.
- For the first time, the organisation of public administration and the institution system of territorial development are linked together.
- After 15 years, now is the first time that towns as regional centres and as municipal units with special knowledge can appear in the structure of public administration.

5 Relation of medium-sized urban areas to the new public administration structure

Since the transition, the existence of multipurpose micro-regional associations has been the first sign that the policy – to some extent – acknowledges the towns' authority to organise their regions and their characteristic features as centres. However, this is done rather obliquely, and not by taking charge of it openly, but rather on the basis that the decree on the establishment of micro-regions lays down that every micro-region should have a main town. The names, locations and clear functions of these main towns as regional and administrative categories are missing from the whole system. Similarly, decrees containing the conditions of subsidies for multi-purpose micro-regional associations never mention towns. Available observations immediately show that a significant number of conflicts occur within a micro-region – for historical reasons – between the centre of the micro-region and an individual settlement. It can often be seen that the leaders of a settlement's local authority also fear the increasing power of cities over the micro-regions. Since, during the last 15 years, towns and the settlements belonging to their suburban area existed in isolation due to a lack of trust among the cooperating parties (mainly towards the centre of the agglomeration) complex micro-regional associations could not be born.

Hungary has a two-tier administration structure introduced in 1990 and represented by a local government system in which, at local level, there are the village, town or city local authorities (Village, Town or City Councils), and at regional level county authorities (County Councils). Within the 19 counties the county-towns (county "capitals") with county rights and an additional 4 towns with more than 50,000 inhabitants were all accorded priority status and county rights. From these there emerged Hungary's total of 8 major towns (cities) with more than 100,000 inhabitants. The priority status of these is regulated in a somewhat "contrary-wise" fashion as, in their own region, they have to carry out regional government duties and, since they are at the same time considered to be a settlement, local authority duties also. In this way legislation does not take into consideration the energy radiating from these county-level towns and the fact that their regional functions go far beyond their borders. All the responsibility arising from the division of duties between the county-level local authorities and the towns with county-level rights are on the shoulders of the local politicians, leaving the correlations of planning and development shrouded in mystery.

The organisation of statistical micro-regional systems around towns with county rights has been achieved, with the result that each has a suburban area surrounding it. Nevertheless, it may be interesting to compare the numbers of settlements in micro-regions around the county-towns to those in the suburban area formed as part of the concept of agglomerations and functional settlement groups in the case

of the same towns with county-level rights. In some cases a significant difference can be found between the urban areas defined in these two different ways. It is easy to see that the number of settlements ranked among statistical micro-regions usually exceeds that of the ring of suburbs characterised by an agglomeration process. This phenomenon is subject to question. The reason for it may be that, originally, the delineation of statistical micro-regional complexes did not take place for the sake of the administrative organisation, nor was the development of an urban network defined within the framework of micro-regional reform. Spatial planning – in its current state – is not ready for highlighting the elements of the urban network from a functional point of view.

Regarding the agglomeration relations of urban areas, *Table 1* reveals that maybe some large and medium-sized towns are troubled unnecessarily with the basic maintenance issues of such a micro-region, which accords neither with the functional settlement groups attracted by it nor with the whole of the agglomeration covered by its regional role. According to our search hypothesis, in some cases – especially in the suburban areas characterised by a process of agglomeration – a statistical micro-region is not an adequate framework for the administrative organisation and a multi-purpose association is not the appropriate form. It has long been proved that county-towns, being the most effective motors of their region, are oppressed by the disproportionately large institutions of their public administration, while – due to the lack of resources – they are simply unable to implement certain development investments. In turn, they cannot fully qualify for regional subsidies, for the indices of economy and development characterising a town-centered micro-region are usually higher than the national or regional average.

It is well known that, in different countries, the concept of town, city and urban area are defined differently. The European Union also took sides on this issue, and, according to the European Commission's pronouncement on sustainable city development, the concepts are interchangeable. Within the EU, the Commission asserts, we can term it an "agglomeration" where the population exceeds 250,000 "Medium-sized towns" have 50,000–250,000 inhabitants, whilst urban areas with 10,000–50,000 inhabitants belong to the "small town" category (Europäische Kommission, 1997). As a contrast, "big cities" on the European scale are totally missing from the Hungarian urban network (we shall revert to this later) since none of the cities reaches a population figure of 200,000–250,000. Consequently, Hungary's urban network is special, and, for this reason, we must accept the standpoint of the Central Statistical Office and rank the areas surrounding Budapest and three other cities as agglomerations (*Table 1*), since, in these regions, the interrelationship of the attraction and supply of labour is at its the most intensive, and certain features of suburbanisation can also be found (the criteria and delineation of these functional settlement groups, however, are not the subject of our current research).

Table 1

A comparison of the delineation of agglomerations and statistical micro-regions according to the number of settlements in 2003

Name	Number of settlements in the agglomeration	Number of settlements in statistical micro-region
Budapest agglomeration	81	–
Győr agglomeration	29	27
Miskolc agglomeration	13	40
Pécs agglomeration	21	39
Balaton agglomerating region (developing)	52	–
Eger agglomerating region	10	14
Szombathely agglomerating region	31	24
Zalaegerszeg agglomerating region	29	79
Békéscsaba functional settlement group	10	5*
Debrecen functional settlement group	9	1
Kaposvár functional settlement group	14	77
Kecskemét functional settlement group	9	18
Nyíregyháza functional settlement group	5	9
Salgótarján functional settlement group	9	22
Sopron functional settlement group	6	39
Szeged functional settlement group	12	12
Szekszárd functional settlement group	5	26
Székesfehérvár functional settlement group	13	18
Szolnok functional settlement group	6	17
Tatabánya functional settlement group	12	–**
Veszprém functional settlement group	10	20
Total	517	–

* Békéscsaba micro-region and functional settlement group shows the parity of three settlements.

The urban area is a special special 5-town and 5-settlement formation, with a polycentric character.

**Tatabánya functional settlement group is situated at the conjunction of three statistical micro-regions – Tatabánya micro-region: 10, Tata micro-region: 10, Oroszlány micro-region: 6 settlements. This is the other typical polycentric area in Hungary.

Source: A compilation of the author on the basis of Kovács, T. – Tóth, G. (2003) and on the data of County Statistical Yearbook, 2003. Hungarian Central Statistical Office. Budapest, 2004.

6 Budapest, Hungary's sole metropolitan area

On the basis of our international comparison, we can confirm that the entire urbanisation circle has so far only been achieved by the most developed industrial countries, whilst less developed countries, such as the nations of the former socialist bloc, are in a relatively deconcentrated situation. This latter phenomenon is indicated by the general appearance of urban agglomerations in Hungary. However, Budapest's development preceded that of all other towns in the country by decades, since the population of this large city has been decreasing for a long time (*Enyedi, 2004*).

Budapest can only develop into a modern and competitive city on condition that it progresses symbiotically with its agglomeration – with a common sharing of all of the tasks. Unfortunately, whilst, in the majority of European cities, the organisation of public administration followed changes in the city structure relatively flexibly, with Budapest, the development of the city and its region has been seriously hindered several times – and is hindered even now – by the lack of harmony between its public administration structure and its true regional structure. Regarding public administration the capital and its gravitational zone are divided into two; although in the course of the 20th century several suggestions emerged concerning common public administration and uniform planning (most recently, in 1993); all, in turn, fell through (*Perger, 1999*).

The borders of the agglomeration have been redrawn several times during recent years but it was always the subject of professional debate. Whilst, in the state-socialism period, the National Agglomeration Development Concept officially recognised 44 settlements as being part of the agglomeration, a revision conducted in 1997⁸ widened its circle to 78. Currently, including Budapest, there are 81 local authorities in the region, since – though the size of the territory has not changed – two new local authorities were established in the meantime. However, the accurate demarcation of the agglomeration had no effect at all on the legal regulation of public administration, which still cannot provide a special organisational solution, let alone a model of agglomeration-management for administering the region as a unit.

Hungary's only large, international city and metropolitan region is the Budapest agglomeration which deserves – after such a long time – aid from the state in establishing a metropolitan management organisation. This would certainly indicate a step forward compared to the years of uncertainty since 1990. The capital and its agglomeration – according to authentic opinions – can only bid for a subcentre role even within Central Europe, but the role it plays in the international division of labour has not been defined yet (*Enyedi, 2004*). Therefore, much is at stake.

⁸ Government Decision 1005/1971. (February 26), 89/1997. (May 28) Government Decree..

Budapest has an almost unique administrative structure. Concerning its inner functioning, it can be seen that the capital and each of its 23 districts have full municipal status with equal rights; it is only the division of tasks that makes the system double-level: municipal tasks are performed by district local authorities while tasks and powers relating to the whole city (or an area greater than a district – as well as those attached to the capital status) are performed by the local authority of Budapest. This solution has had a paralysing effect on the harmonised development of the whole city. In 1994 the municipality law authorised the local authorities of the capital and of certain districts to associate voluntarily with each other and with other local authorities outside the capital. In addition, it authorises inter-municipal cooperation in connection with topics such as elaborating plans for the surroundings of the capital, the harmonisation of mass communication, the management of water supply and the cleansing of foul water, the coordination of communal investment and the organisation of educational, medical and social services. However, in the past decade, neither sufficient governmental support nor municipal determination appeared for the foundation of the comprehensive organisational solution for the metropolitan region.

Since a full-scale solution for this administrative problem could not be reached, some measures were taken for handling the problems of agglomeration from the aspect of regional development. The City and Regional Development Planning required by law to establish the *Budapest Agglomeration Development Council* which has been operating since 1997. The predominance of the government in this body was evident. This was ensured by not only the presence of the deputies of nine ministries but – surprisingly – also the position of its chairman was fulfilled by a representative of government. The authority of the council embraced the capital and the agglomeration, which, in the meantime, was formed by 78 settlements. At the same time it also indicated that, though in an administrative sense the area of the agglomeration was excised from the territory of Pest County its relationship was not organised legally.

Local authorities surrounding the capital were represented in the Council according to the six statistical micro-regions defined by the state. An oddity of the municipal associations of regional development created on the basis of micro-regional interests is that they were joined by several adjoining district local authorities from the administrative area of the capital. By this step they demonstrated that the capital was not a suitable representative of their interests. Undoubtedly, the formation of these micro-regional associations took place with the help of the government, just as the integration of the district local authorities. The latter progression can be explained by the fact that – according to some experts (*Perger, 1999*) – during the 20th century Budapest effectively annexed the communities and towns belonging to its gravitation zone several times over, and, consequently, some settlements surrounding the capital ended within its administrative borders.

Due to the parallel existence of certain peripheral conditions, the activities of the Agglomeration Development Council were to be unsuccessful: it was not granted real power to decide on issues of regional development; apart from minor sums for operating expenses, it had no funds at its disposal; it had no authority over the execution or coordination of administrative tasks and, in addition, Budapest could not play an appropriate role worthy of its significance. Under such circumstances, it was not surprising that the Amendment to the Regional Development Law which came into force in 1999 simply abolished the institution. This move by Parliament clearly showed that the government did not want the Budapest agglomeration – a large-scale economic area and population centre – to become a political and administrative unit corresponding to its importance.

It is indisputable that the institutionalisation of the Budapest agglomeration was made difficult by the fact that, according to the regional division of Hungary (corresponding to NUTS 2) Budapest and the surrounding Pest county (the latter being in the NUTS 3 regional category) jointly comprise the Central Hungary Region. The concept of “region” does not equate to that of “agglomeration”, since the latter is only its main part, its core. In spite of this, and after a five year interregnum, the 2004. amendment of the Regional Development Law re-established *the Budapest Agglomeration Development Council*.

The council was established by the government as an organisation targeting spatial development and as a legal entity within the regional development council category. According to this, the Budapest Metropolitan City Council and the Central Hungary Regional Development Council established the Budapest Agglomeration Development Council for the purpose of harmonising the development aims and interests of the capital and its surrounding region. The founders (the Metropolitan Local Authority and the Regional Development Council concerned) were, to a certain extent, given a free hand to lay down in their “Rules and Regulations” which tasks they would perform within the confines of the Budapest Agglomeration Development Council.

The Agglomeration Council’s weak point is its poor organisational quality, since the government did not adopt a clear position on deciding the tasks of the institution to be implemented by means of delegation. Those drawing up the legislation lost themselves in the labyrinth of organisational formation. The “controlling” concept also makes it clear that, on this occasion likewise, the government did not intend to establish a politically and economically strong institution, since – under the terms of the legal authority – in a paradoxical way, it refers back to the competence of the Regional Development Councils as the maximum achievable where the common operation can be expanded by the will of the members. In general this means the following [Act on Spatial Development Article 13. section (2)]:

The Council

- examines and evaluates the social and economic state of the agglomeration,
- works out and accepts its long term concept for regional development,
- coordinates the preparations for micro-regional development,
- issues preliminary judgements on micro-regional concepts and programmes,
- prepares a financial plan to promote the accomplishment of its own development programme,
- participates in the management of social and economic crises in its region,
- determines its budget and collects resources for the operation of the council.

It is evident that no special organisation has been established with the ability to handle the problems of the micro-region and to offer a perspective for the association – not to mention the fact that *administrative tasks, involving the issues of organising public services, fall outside the scope of authority of the Agglomeration Council*. Control over the development of this large-scale political and economic region fell into the hands of the Council, which assumes the cooperation of the capital, the districts, the Regional Development Council (regionally, a partial overlap) and – through the Micro-regional Development Councils – the city or communal local governments. It is worth mentioning that the eight Micro-regional Development Councils operating in the statistical micro-regions and affected by the formation of the agglomeration may delegate only three representatives to the organisation in which 77 settlements present their interests. The government sends one representative to the Council.

If the operation of the new Agglomeration Council is taken into account as an organisational alternative for representing the area of a large city as a city region, doubts will arise regarding the interests both of the capital and the agglomeration local authority. Although it is not the aim of the present study to draft an organisation model of a cooperation at the agglomeration level, it is of decisive importance from the point of view of the future of Budapest as a potential mega-city. The result of research of the European Spatial Planning Observation Network (*ESPON* 1.1.1, 2003.) draws our attention to the fact that, within Europe's city network (involving cities of international significance) – in addition to that of the Pentagon – a new Development Triangle may come into being with the participation of the Hungarian capital. The possibilities provided by this particular institution do not correspond to these expectations and are far from meeting the requirements demanded by the development dynamics of the Budapest Agglomeration – either from an external or from a national perspective.

Similarly, in the eyes of the local authorities – and especially urban local authorities – the Budapest Agglomeration Council seems inappropriate as a forum in which they could rationally and seriously determine their common future. The composition of the delegated members may be regarded as the first step towards cooperation – which, in itself, is not a negative feature. However, the fact that all

the concerned local authorities in the agglomeration organisation are deprived of the possibility of enforcing their interests, must certainly be regarded as such. Since the district and agglomerational municipalities have a restricted range of possibilities for self-representation, it seems unnecessarily authoritarian that the right of veto is built in the law, since, according to this, both the Mayor of Budapest and the Chairman of the Regional Development Council have the right of agreement regarding all the decisions of the Council. Considering the scope of duties of the Council, the situation is little better here either, since the authority it possesses are connected mostly to planning and coordination and the significant cooperation areas typical of several organisations created for the management of European agglomerations are simply missing from the scope of its authority. It cannot be estimated yet what issues it will be capable of implementing and what kind of resources it will possess, as the legal framework includes no regulations in connection with these.

Recognising all of this, we can confirm that the agglomeration management today has two directions: by which to assure the functioning of the public administration area characterised by the intensive interrelationship of towns and communities, and to create a unified “common foreign policy” for the city-region. By *common foreign policy* we mean especially the stimulation of the regional economy as well as the implementation of common marketing and management activity which is deemed to be a direction of development motivated by an external compulsion (Priebis, 1999). The framework of these activities is common planning. International development makes it clear that – on behalf of metropolitan areas – harmonised, or perhaps unified, solutions for communal problems regarding the circumstances of the population and the long term development of settlements should be obtained on the basis of regional policy and on a regional scale.

The conclusion of the present study is that to work out the real problems of the Budapest agglomeration and to improve its international competitiveness would need important administrative decisions. It is evident that, by dividing an agglomeration into micro-regions and establishing multi-purpose micro-regional associations, we will be no closer to the solution of such a large-scale problem than by the establishment of the Budapest Agglomeration Development Council.

7 Case study based on the example of the Budaörs micro-region

7.1 The basic features of the statistical micro-region

Legislators created the administrative system of micro-regions, with no differentiation, and covering all regions of the country. Only the two most densely populated cities of Hungary – Budapest and Debrecen – are not covered by the regulation, since a micro-region founded by a single local authority cannot form an association. This means that, for the time being, the agglomeration around the capital, and, additionally, the local authorities situated in the surroundings of the other agglomerations and groups of settlements, must likewise model their future and development plans within the geographical and administrative boundaries of the delineated statistical micro-regions. The organisational solution so introduced abandoned the possibility of a differentiated institutionalisation of the urban regions, although the scientific, professional workshop had suggested it within the framework of the IDEA programme. (*Somlyódyné Pfeil, 2003b*).

The absence of an administrative model appropriate for the magnitude and function of the network of towns and their suburban areas, is easily traced by assessing the situation – and outlining the future planning and development policies of – the *micro-region of Budaörs*, which is situated on the territory of the Budapest agglomeration area. The assessment relies on the results of the empirical research carried out following the establishment of the micro-regional administrative system (*Rechnitzer, 2005*). The effective statistical micro-regional classification divides the Budapest agglomeration area into eight micro-regions (and, consequently, the settlements which belong to it) and the Budaörs micro-region is one of these.

The curiosity of the town of *Budaörs* is that the town and its micro-region – named after the town – is situated in the most developed Western sector of the agglomeration of the capital, being in the post-suburban development stage of the urbanisation process. The characteristic of this stage is that the town becomes an independent centre, is less and less an agglomerative settlement unilaterally subordinate to the capital – and its own suburban area, economic and occupational sphere of duties will develop step by step. Traffic-wise, Budaörs probably has the country's most favourable geographical location, since it is situated in the heart of the Budapest-centred radial motorway network. Thanks to its location, the town has had a fascinating course of development since the regime change. This means that its position within the country-wide urban-network is exceptional, with a very high innovation potential, and a very low unemployment rate (3,5% in 2003.). A comparative analysis, expressly based on the economic and social regeneration capacity of the urban network of the Budapest agglomeration area, pointed out that

three further towns (*Budakeszi, Szentendre, Gödöllő*) are significant in the region, in addition to Budaörs. The consequence of this is that Budaörs is not only in fierce competition, but has also reached a landmark in terms of its development (*Rechnitzer, 2005*). Finally, it is worth taking a look at the results based on two indices of all of the micro-regions of the Budapest agglomeration area (Budaörs, Dunakeszi, Gödöllő, Gyál, Pilisvörösvár, Ráckeve, Szentendre and Vác), and their migration balance, comparing the achievements against each other and to the other micro-regions of the country (*Table 4a, b, c*). Compared to this, the absolute measure of the gross regional added value in the Budaörs micro-region and its development path in the past ten years has emerged from the whole metropolitan agglomeration and demonstrates the economic strength of the region. As a whole, the picture of the agglomeration shows that, sooner or later, a regional administrative organisation has to embrace this especially large economic area. First of all, however, the present situation should be described.

One of the main issues of the research when completed was: *How can the present administrative structure be evaluated, considering that the town has entered a new phase of development, and, in the meantime, needs to preserve its competitiveness. Further: in what new directions does the town, as a place in which to live, now have to move in terms of the organisation of public services, urban planning and development and regional cooperation, in order to be able to strengthen its dynamic central role and maintain its economic and innovation potential.* At the same time, the empirical research method produced several observations regarding the operative ability of the micro-regional administration in an agglomeration area.

To characterise the Budaörs micro-region is rather complicated, considering the present administrative framework and the institutional structure of public services. Following the reform of the statistical micro-regional district system in 2003, the borders of the statistical micro-regions and the number of municipalities belonging to a micro-region was amended. As a result of the new borders, two settlements were added to the micro-regions forming a statistical micro-region (Biatorbágy and Herceghalom), and so, as a consequence, the micro-region now consists of ten local authorities (*Table 2*). As we mentioned earlier, the relevant government decree designated the central settlements of the micro-regions, and, due to this, Budaörs became the centre of the micro-region. However, it has to be noted that, within the borders of the NUTS 4 level territorial unit, there is no direct connection between the organisation of public services of the voluntarily-formed, multi-purpose micro-regional association, and having the status of the centre. The legislature made no provisions that would constitute operational obligations for the micro-regional centre regarding its suburban area, but, nonetheless, the administrative model does not rely on the classical theory of central locations – that is, that the parties are entitled to decide individually that collectively undertaken

duties shall be performed by the local authorities of the settlement or any other member of the association through its own institution.

The Budaörs micro-region is situated in the metropolitan area, where a quarter of the total population of Hungary lives, namely 2,5 million people. From a demographic point of view, it is a developing micro-region, since nine out of ten settlements have a positive balance of migration (*Table 2*). The population of the statistical region significantly exceeded the size of the average micro-regions in 2003 (143,343 inhabitants). This fact is connected to the special composition of its settlements, since three settlements ranking as towns are to be found in the micro-region, *Budaörs*, *Érd* and *Százhalombatta*. Moreover, the population of the other local authorities is significantly greater than the average size of local authorities in Hungary, which, in 2000, was 3,204 inhabitants per settlement. (*Szigeti*, 2002. p. 59.). This is the reason why, on the map providing a nation-wide comparison, the region shows a relatively even distribution of public services. In other words, this particular characteristic generates balance in regional operations, whilst the presence of the three towns creates sensitive, internal spheres of power.

Table 2

Certain demographic characteristics of the micro-region of Budaörs, 2003

Name of local authority	Population at year-end	Domestic migration balance	Number of children admitted for 100 places in nurseries	Number of children admitted for 100 places in kindergartens
Budaörs	25,171	455	121	109
Érd	59,377	1175	112	111
Százhalombatta	17,365	-6	106	99
Biatorbágy	8,866	292	No data	108
Diósd	6,779	394	-	115
Herceghalom	1,537	78	No data	100
Pusztazámor	1,063	25	No data	108
Sóskút	3,026	43	No data	90
Tárnok	8,136	259	-	85
Törökbálint	12,023	216	120	113

Source: The Statistical Yearbook of Pest county, 2003. CSO, Budapest, 2004, together with the questionnaires sent out within the framework of the research.

Regarding internal relationships with the micro-region, these are polarised, with various factors being present in parallel in the background:

- It is clear, that the characteristics of the micro-region cannot be separated from its situation within the Budapest agglomeration area, as the multi-polar urban-network naturally belongs to the metropolitan agglomeration. Further,

the *statistical data collection referring to the agglomeration ringing Budapest*, divides this territory into sectors: the Northern half of the micro-region of Budaörs (Budaörs, Biatorbágy, Herceghalom and Törökbálint) is a part of the so-called Western sector, while the settlements constituting its Southern half (Diósd, Érd, Tárnok, Sósút, Pusztazámor and Százhalombatta) are a part of the Southern sector of the agglomeration. Here also we can detect a deviation from the borders determined for the NUTS 4 category. The ten-year history of micro-regional cooperation is not limited to its present borders, and, moreover, a few local authorities in the region have clear gravitational connections to settlements in the Zsámbék basin, settlements now belonging to the neighbouring statistical micro-region.

- The *cultural-ethnic tradition* of the region is rich. Regarding its inhabitants, what we might term a caesura can be seen between Budaörs and its neighbouring settlements, which have a native German minority, and the region of Érd, Százhalombatta and Tárnok, which were originally inhabited by Slovak and Rác (Serb) minorities. It is evident that these ethnic and cultural conditions shaped social relations, and they determined the daily movements of the inhabitants, with effects lasting until today.
- The *communication network* is formed in accordance with the existence or absence of social relations between the settlements of a micro-region. In the communication network the transverse routes are missing, and the road-network follows the North-South division of the area. From the service-providing and occupational points of view, the whole region is organized around two settlements with town functions, Budaörs and Érd, and the communication network is developed to assist these functions. As a consequence, the only way to Budaörs leads across Budapest – either from Százhalombatta, or from any settlement linked to Érd. Clearly, in earlier days Budaörs was not an important destination for the inhabitants of these settlements.
- It is interesting to observe that the bipolar micro-regional inner structure (described above) was only strengthened by the transfer of certain public administrative rights to the town clerks of the local authorities. Literally, we are talking about the foundation of the “*personal document*” offices, as *state offices*, in which the state empowers the apparatus of local authorities to perform specific state functions. These offices, once again, divide the micro-region, since three of them are situated here. The competence of the office in Százhalombatta exclusively involves the town, while the Northern settlements of the micro-region belong to the office in Budaörs. The Southern settlements are allocated to the Érd office. We can see that, where the administration should be managed as close as possible to the inhabitants, the legislators followed the daily movements of the population.

- As far as *public services* are concerned, the area of the region is covered evenly by the *independent basic services of the local authorities*. It should be emphasised that what we might term “associative cooperation“ in the micro-region rarely exists in the field of the public services, although this quite autarkic behaviour of the local authorities developed in spite of the fact, that, before the introduction of the micro-regional administration, several social and child-care functions were not carried out. It might be an explanation for the independence-seeking of the local authorities that their size, economic power – and, maybe, the number of those utilising the services theoretically justify the maintenance of an independent institutional network. An exception to this would be two associations founded for the maintenance of two schools and two schools of music, which are financed by two local authorities of the micro-region. This does not necessarily mean that the institutions of local authorities are not used by inhabitants of other settlements as a consequence of their daily commuting; moreover, in certain cases they even cross the borders of the micro-region. For example Budaörs has a fairly strong labour gravitational effect, not only from the settlements of the micro-region, but from Budapest itself. Due to the favourable demographic circumstances of the area, the institutions funded by the local authorities (schools, kindergartens, nursery schools, etc.) are operating at (sometimes at more than) 100 % capacity-much higher than the national average.
- As far as service-providing regions are concerned, in respect of meso- or town-level public services, the multi-polar character of the micro-region is again clearly detectable. A large number of institutions providing medium-level public services operate in Budaörs, Érd and Százhalombatta, and the present communication network determines where the inhabitants will make use of them. In the future, parallel (and so too expensive) institutional developments should be avoidable.

7.2 Budaörs as centre of the micro-region – public services map of the micro-region

It is hard to find an example for the administrative separation of a town and its agglomeration in Europe. Though the rules of the multi-purpose micro-regional associations of local authorities are valid also for the Budapest agglomeration area, the current organisational structure of the agglomeration does not support the strengthening of the region of the actual metropolitan area.

Since the micro-region of Budaörs had to form the association so as to benefit from the financial support connected to multi-purpose associations, it has an artificial organisational frame, which is not adequate for the present situation and

the existing problems. Naturally, the importance of cooperation between the local authorities of the region must not be underestimated, and its advantages need to be exploited, since the multi-purpose micro-regional association has the possibility to provide high-quality public services evenly, and the possibility to operate systematically and transparently. The only question is, whether the system of tenders ensuring access to the additional subventions, will or will not change in relation to the interests of the settlements in the agglomeration area of Budapest. Namely, the national budget favours settlements with disadvantaged demographic conditions, and primarily encourages the rationalisation or liquidation of under-utilised institutions.⁹

There is no settled and accepted method in Hungary to define which criteria and institutions are needed for a town to become the centre of a micro-region. 168 micro-regional settlements were awarded this rank by the government in an administrative decision. The researches carried out into the settlement network can more or less define the features of a town, based on the principle that settlements can be ranked in terms of a hierarchy of towns and towns. The development course of Budaörs – based on the latest research – is evaluated as a town currently and indisputably *representing a central micro-regional role*. The municipal institutions needed for this rank are: a magistrates court, police station, land registry office, notary public, at least four financial institutions, two or three secondary-schools, a real estate agency, tourism agency, units of the State Public Health and Health Officers Service, a car dealership, hospital, etc. (Beluszky, 2003). Even if a town provides the above services in their entirety, other characteristics may also come into question, such as urban traditions, the townscape, an urbanised town centre etc, and, since a great amount of subjectivity is involved in these characteristics, a definition of the minimum criteria to qualify as a town is hardly possible.

The institutions with traditional administrative roles were important in the process of Budaörs becoming the centre of the micro-region centre, and well-established state institutions in the town are involved. Budaörs aimed for the central role, and with a good, long-term strategy, managed to attract these institutions, so strengthening its central role in the micro-region. Of these, the court and the public prosecutor's office cover the whole micro-region (Table 3). Recently, the town established an emergency ambulance station, and is building a modern town-hall. At the same time, however, neither Budaörs, nor any other town in the micro-region has a hospital, since the role of Budapest in this particular field is an exclusive one.

Examining the position and role of Budaörs within the micro-region is an interesting exercise, since it was not Érd – the most heavily populated settlement in

⁹ It is most likely to be further strengthened in 2006, as the Ministry of the Interior is going to provide separate funding for the support of multi-purpose associations formed in the 48 most disadvantaged statistical micro-regions.

the region, and qualifying as a medium-sized town – that became the designated centre. Therefore the interviews recorded with the leaders of the local authorities during the research focus on an evaluation of the central role of Budaörs, the future of cooperation between the participating settlements of a micro-region and its possible directions.

Although several consider the micro-regional centre ranking of Budaörs, and the drawing up of the micro-region's borders as being political decisions, they do not question its suitability for this position. A study of all of the opinions expressed reveals that the position of Budaörs is thanks, on the one hand, to its economic power and, on the other, to its dynamic and impressive development. Moreover, the far-sighted thinking of the leaders of the town, and its even-handed treatment of all the other local authorities of the micro-region, has ensured trust in the town in respect of cooperation. Naturally, all local leaders expect concrete advantages, common tenders and, most of all, new investments and developments from the founding of the multi-purpose micro-regional association.

Table 3

The presence of state institutions, determining the micro-regional sphere of activity in the towns of the Budaörs micro-region

Local authority	Court	Public prosecutor	Police station	Personal documents office	Job Centre	Public Health office	Childcare office	Fire-Brigade
Budaörs	X	X	X	X	X	–	X	–
Érd	–	–	X	X	X	X	X	X
Százhalombatta	–	–	–	X	X	X	X	–

Source: Region, Administration, Local authorities (ed. Szigeti E.) MKI (Hungarian Public Administration Institute), Budapest, 2001.

One existing conflict in the area should be solved in the future. Naturally the prospect of new types of cooperation will not affect existing relations in the field of public service organisation, although they are likely to be modified. In addition, those basic and specialised responsibilities which are not yet provided for should be dealt with. Those settlements that are primarily linked to Érd in terms of education, health and social (and other) services, will possibly make use of these services here in the future due to the advantages of closeness and availability. Incidentally, the administrative framework created by the institution of multi-purpose micro-regional associations do not exclude, (rather, support) the division of functions within a micro-region by establishing sub-centres, although the relationship between the centres and the sub-centres is unsettled, and they are hard

to assess. At the same time, we have to admit that the Hungarian regional organisational system does not apply the classical terms of centres, and does not use the functional ranking method when shaping the structure of settlements (cf. *Greiving*, 2003). The rehabilitation of territorial planning following the change of regime is a continuous and slowly progressing process, which can hardly assist the development of the urban network.

The number of fields subsidised by the government for the financial year 2005 is limited to those fields where the micro-regional associations are entitled to normative functional support. Those preferred by the system are generally provided locally, or at micro-district level, due to their character (e.g. primary education, social, child care, internal control and mobile library) and so do not include meso-level public services. Meanwhile the public service system of the Budaörs micro-region is organised in a way that most of these tasks are performed by the local authorities individually due to their size. In addition, in contrast to the rural areas and due to over-utilisation in Budaörs, Törökbálint and Tárnok, plans were announced for further developments. These factors do not show that, in order to guarantee the effectiveness of the organisation of services, the micro-region needs an integrated task organisation, but, inevitably, the effective and rational utilisation of resources assumes harmonised planning development.

7.3 Vision of the future development of the Budaörs micro-region within the framework of cooperation

The result of the research was that common planning must be the starting point of cooperation in shaping the micro-region's future. In respect of development planning, the region already has a few development concepts, programmes which may form a basis for common tendering. Among others are found the tourism development project (already prepared), a common environmental project, a plan for a cycle path connecting several settlements in the micro-region and the micro-regional development project under supervision.

In Hungary town and physical planning is strictly separated from regional development planning, as far as the subject area and the decision-making are concerned. For NUTS 4-level statistical micro-regions only documents of the regional development planning-type are prepared, and according to legislation, the acceptance of the town and country planning scheme is a non-transferable authority of the body of representatives, and all local authorities are legally obliged to prepare them. The plan authorized for development and the town-and-country plan coincide solely at local and national level.

Although the legislative act prescribes that the town and country plans shall be harmonised with those of neighbouring local authorities, the implementation of this

principle does not, in practice, go beyond the formal. One explanation for this is that the settlements concerned with town and country planning do not have any guaranteed entitlement in respect of reconciliation. According to experience, the situation is no better in the Budaörs micro-region than in any other micro-regions of the country, since the practice is that the architect carries out a reconciliation exercise with the neighbouring local authorities. This may not qualify as “satisfying”, since expressly professional guidelines may be followed, but the harmonisation of regional interests and a probable political deal is impossible. Clearly, not only must the micro-regional or the regional development plan be harmonised within a short period of time, but also the town and country planning which lays down the obligatory rules for territorial utilisation. At micro-regional level, only regional development projects and programmes may be accepted, while the construction and building regulations are established by the local authorities in the so-called regulatory schemes.

The problem is acute, since three settlements of the micro-region, Budaörs, Biatorbágy and Érd, have no vacant land for future building. This demands a change of approach at local authority level, and collective action should be encouraged. This is, of course, a phenomenon emerging in the great agglomerations of the world, which simply means that free, available space is limited. Generally, local authorities are forced to work out a new land-management scheme and to cooperate with the neighbouring authorities; and so, consequently, planning has become the most important element of cooperation. In the near future, town and country planning and regional development activity should be reconciled in order to handle the problems which affect our micro-region also – for example, when a commercial or industrial zone on one side of the administrative boundary between two settlements comes up against a residential area on the other, so damaging the quality of life for the inhabitants.

15 years after the change of regime, the undeveloped areas available in Budaörs are limited, although, in order to carry out a number of functions deriving from its central role, more space is needed. From an objective point of view, neither an extensive expansion of the residential areas, nor a further expansion of the commercial/industrial area is in the interest of the town, and so any utilisation of the undeveloped areas needs to be undertaken most carefully. *Following the quantitative phase of the development of a micro-region it has to move to the qualitative, the signs of which are already visible.* This assertion is based on the undoubted fact, verified by Hungarian urban network research, that a few towns in the agglomeration are indeed the result of spontaneous development and are, essentially, sprawling suburbs. Érd and, in part, Budaörs belong to this category and in these towns there has been to date no significant town centre development. (Beluszky–Győri, 2003). The lack of an urban tradition is also seen in Százhalom-

batta, the region's third town, although it is listed as belonging to the "industrial towns" category.

For Budaörs to stay a successful and competitive town in the future, the quality of life provided by the home area is hugely important, embracing the communal services available, the opportunities for relaxation, sport and recreation – and also the presence of culture and the arts in the centre. The residential town is closely involved with attracting and retaining the highly qualified workforce. As a matter of fact, the enterprises in Budaörs interviewed during the research are short of qualified and creative local labour and also of the recreational services to be provided for employees and inhabitants alike. The quantity and quality of the green areas in the town were also considered insufficient. Above all, *regarding public services, in the future Budaörs needs an urban town centre to be built which is worthy of its role and economic position and it also needs the construction of a service-providing network, which helps to guarantee a quality of life in the town, so increasing its competitiveness.* In the long run the creation of new spheres of activity and the distribution of responsibilities should be considered, making use of the West European experiences of agglomerations.

Only a basic change of approach may assist in maintaining the comparative advantage of the Budaörs micro-region. Whilst the local authorities of a micro-region were basically competitors during the last fifteen years in the battle for investors, jobs and infrastructural investment, emphasising their individuality, in the present situation they should put aside this feeling of competition and act in partnership. If nothing else, the physical borders of the extensive growth of the undeveloped areas will force the agglomeration settlements to cooperate.

The proposal based on the research was that the local authorities of the micro-region, within the framework of cooperation – realising the long-term problems deriving from the limited amount of undeveloped land – should divide functions among the settlements. The precondition is that the region shall be considered as an integrated development area, where the interests of the settlements must be taken into consideration in order to preserve its competitiveness. This means that the planning process should include the whole region and make joint decisions as to which of the local authorities shall focus on the residential areas, which on the commercial/industrial activities, which on recreational and leisure activities (sporting, relaxation, entertainment etc.), and where the industrial, agricultural and other activities should be located. In this way the joint development of the border areas of the local authorities would not be difficult. The model described here might well work if the drafting of the future development and utilisation plan for the whole region precedes the acceptance of individual town and country plans. Considering this, the development and utilisation plan would inevitably be reconciled, since it has to be realised on the territory of one of the local authorities, and the territorial restructuring rules refer to these. Consequently, micro-regional

and town and country planning have to be synchronised. However, according to the Act on Multi-Purpose Micro-Regional Associations, no sphere of activity is assigned to the listed town and country planning tasks. Rather, it may be considered as a specific task of a certain kind for the association in respect of the common treatment of planning issues.

The town of Budaörs should, therefore, focus on becoming a town with an urban view and a regional centre, which may be realised through far-reaching developments. On the one hand, the centre of the micro-region may benefit from the necessary division of powers, but, on the other hand, it has to pay a price for this. If, therefore, it would like to become a town offering a high quality of life, and having both natural and cultural values, being innovative and disseminating these to the whole micro-region, it is probable that, in a short space of time, it will have to transfer the enlargement of the commercial/industrial activities to the other local authorities of the micro-region. On the other hand, the new establishments to be built in the town should accord with regional requirements, and it is also likely that the members of the association would consider a common housing policy. Finally, and within the given legal framework of the multi-purpose association, the division of functions of local authorities should be handled smoothly, with the investments and returns of the authorities participating in the cooperation being balanced.

Common budgeting will be possible, since the method for dividing the local taxes among the members of the micro-region association are clear. On the other hand, the Hungarian state does not deal with the consequences of the so-called spill-over effect when financing the local authorities system with regard to the town and its gravitation zone; the redistribution of the income of the regions can only be solved horizontally, that is, amongst the members of the micro-region and the agglomeration. To create a successful redistribution policy, local authorities have to put aside several conflicts of interest.

The spirit of regional cooperation will arise from the common identity of the cooperating partners and the inhabitants. Naturally, the birth of a territorial, regional identity is a result of a long process which can be supported with different measures. Today, however, neither the local authority of Budaörs, nor the board of the micro-regional association is characterised by openness towards local society, the civil sphere and the actors in the local economy. The drafting of the development and the town and country plans are interpreted as a professional task, and only the final documents before acceptance are published for the inhabitants, complying minimally with the legal regulations. In contrast to this, the very fashionable term of partnership would mean that civil society is in a dialogue with the members of the economic and non-profit sector, and that it is involved in the drafting of the development guidelines. This would result in the mobilisation of its own intellectual and financial resources in order to implement a successful development policy. Following the common interests in planning and realisation,

an identity might be born which could further strengthen the common regional, foreign policy. We need only mention the extremely strong local economy, which might take part in the financing of the Budaörs micro-region and its settlements, if its interests are built in from the very beginning in the planning and decision-making process.

7.4 The importance of public administration structures in building spatial relations in an agglomeration-based micro-region

As a result of the research, we can conclude that the administrative structures provided by the current regulations are unable to serve the future development of the micro-region. Neither the model of a multi-purpose micro-regional association, nor the Budapest Agglomeration Council connected to the area development institutional scheme, is an adequate organisational structure for Budaörs and its region, for the town to become a competitor in the European competition of towns as a part of the regional cooperation and planning unit. The concept already accepted in professional circles, that the region is the town itself, and that the town with its region shall be interpreted as a co-operational network, is not yet accepted in Hungary (Krau, 2005).

If the completion of the planned development goals is interpreted within the framework of the multi-purpose micro-regional association, then, rationally, a new dimension of the development of Budaörs may be opened through this, which means, at most, a short-term and somewhat limited perspective of the town. In this case, the town has to accept the idea of becoming a full-scale centre of the micro-region. This direction of development may rely on the opportunities given by suburbanization, which would open a sub-centre within the town, but, at the same time, would suggest the separation and isolation of the micro-regions from each other and from Budapest, and would deprive them of the opportunity of playing a regional role. Naturally, concerning Budaörs and its area, the only option is one which would balance the advantages and disadvantages deriving from cooperation between or among the parties.

The government intended to broaden the horizons of the multi-purpose micro-regional association, since it accepted *tasks demanding so-called regional cooperation* into its institutional competency, for which the member local authorities may extend their cooperation voluntarily:

- development of economy and tourism,
- protection of the environment and nature,
- recycling of waste materials,
- employment,

- 53 local communication and maintenance of public roads,
- cultural and public collection activity,
- management of real estate and other assets,
- provision of a sewage system and sewage treatment
- veterinary and phyto-sanitary control,
- public utilities and energy supply,
- town and country planning,
- implementation of programmes for equal opportunities.

Most of the listed tasks are above the micro-regional level, and at least a NUTS 3 level of cooperation is necessary among the interested parties. In the meantime, the transfer of the competence for town and country planning to the micro-regions is legally absurd, since the effective law does not consider the micro-region as a planning level within the town and country planning process. The contradictions regarding the multi-purpose micro-regional association, therefore, indicate that for the institutions to operate well will take some time. Obviously a clear view is hindered by the fact that, in the meantime, the new associations have to comply with the divergent requirements of the countryside and of agglomeration areas.

The ultimate interest of the Budaörs micro-region is that it should be able to shape its development and future within the framework of the Central-East-European metropolitan region and that the necessary institutions with adequate planning, administrative and financial institutions should develop.

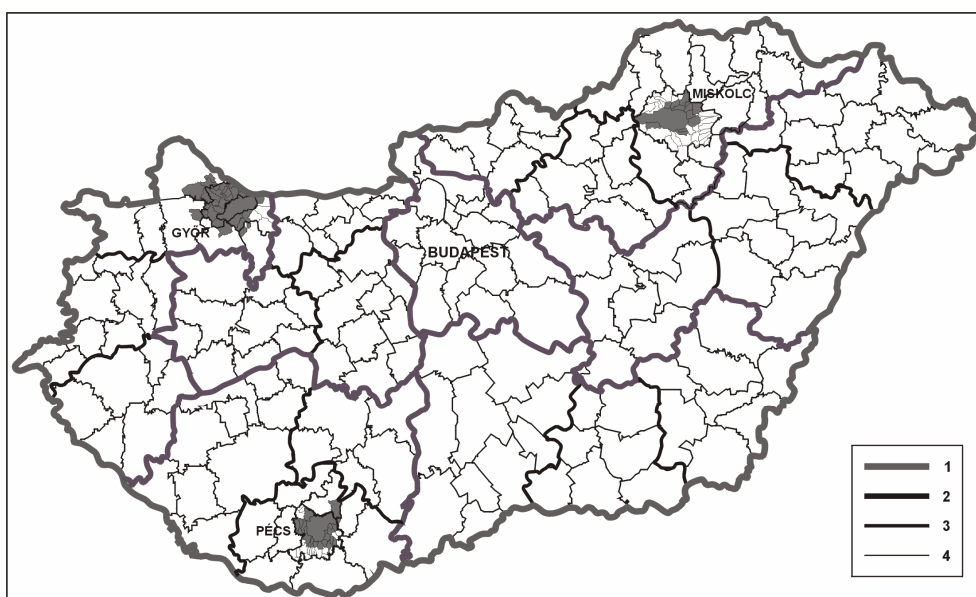
8 Comparative analysis of three agglomeration-type micro-regions

In this chapter the regions of the cities of Győr, Miskolc and Pécs (medium-size cities on a European scale) will be the subject of our analysis, which – besides the metropolitan agglomeration – were classified as agglomerations by statistical methodology in 2003. These are situated in three different regions of the country, and, as a consequence, each represents distinctively different types in terms of development and economic situation (*Figure 1*). The *Győr agglomeration*, situated on the Vienna–Győr–Budapest axis, is in the central part of the West Transdanubian region, the most dynamically developing region of the country. In contrast, *Miskolc*, referred to as the centre of the North Hungarian region, was the second largest and most significant industrial city of the country prior to the change of regime. However, from 1990 onwards, it has been considered as a crisis area of the country, confirmed by the fact that it has lost one quarter of its population in a short time. The *third agglomeration area is that of Pécs*, situated in the South Transda-

nubian region. Currently, it does not feature among the developed parts of the country; nor did it earlier. However, from the turn of the 20th century, its centre has played a regional-centre role. As in the Miskolc region, the signs of development are not visible in this southern part of the country, but South Transdanubia has, in recent years, not been allocated as generous subsidies for restructuring purposes as the northern part of the country.

Figure 1

The regional locations of the Győr, Miskolc and Pécs agglomerations



Key: 1 – National border; 2 – Regional border; 3 – County border; 4 – Statistical micro-region border.
 Source: A compilation of the author on the basis of on the data of County Statistical Yearbooks, 2003.
 Central Statistical Office, Budapest.

The situation of the three agglomeration centres and the statistical micro-regions surrounding them is well characterised by the time series calculated for the gross regional added value per capita, for the personal income tax base per capita and for the balance of migration (*Tables 4a, b, c*). In order to make the evaluation of the metropolitan and the three provincial agglomerations totally clear, we have compared their figures with the county- and regional-average values of the three agglomeration-type micro-regions, and with their most disadvantaged micro-regions, respectively. We have to add here, that the current practice of statistical data gathering and evaluation only enables the comparison of the characteristic

features of the statistical micro-regions. The tables clearly show that the urban areas examined rank among the best situated regions of their county, region and, moreover, among those of the country, a reflected by the phenomenon of agglomeration itself.

Table 4a

The amount of income (personal income tax base) per capita at current prices in the examined micro-regions (ft '000s)

County	Micro-region	1992	1995	1999	2002
<i>Agglomeration-type micro-regions</i>					
Baranya	Pécs	119,0	175,7	333,2	507,1
Borsod-Abaúj-Zemplén	Miskolc	103,5	153,7	284,9	433,6
Győr-Moson-Sopron	Győr	122,3	191,7	405,2	617,7
Pest (Budapest)	Budaörs	120,1	198,0	413,4	636,8
Pest (Budapest)	Dunakeszi	122,8	187,4	388,5	627,1
Pest (Budapest)	Gödöllő	90,3	137,1	337,1	544,2
Pest (Budapest)	Gyál	94,6	135,7	275,0	442,9
Pest (Budapest)	Pilisvörösvár	118,0	176,3	383,4	617,4
Pest (Budapest)	Ráckeve	95,9	139,3	265,6	447,4
Pest (Budapest)	Szentendre	117,1	179,4	372,8	610,0
Pest (Budapest)	Vác	106,8	163,7	331,6	523,9
<i>The most disadvantaged micro-regions</i>					
Baranya	Sellye	59,1	80,0	142,3	252,4
Borsod-Abaúj-Zemplén	Edelény	62,4	89,0	161,6	259,1
Győr-Moson-Sopron	Tét	73,6	110,5	259,3	423,6
Pest	Nagykáta	80,5	112,5	211,5	344,1
<i>County average</i>					
Baranya		96,9	139,6	264,5	403,4
Borsod-Abaúj-Zemplén		86,3	126,5	238,0	365,6
Győr-Moson-Sopron		106,5	165,6	344,8	526,6
Pest		98,3	148,8	307,8	496,4
<i>Regional average</i>					
South-Transdanubia		91,0	136,0	257,4	393,8
North-Hungary		87,0	127,9	247,5	384,7
West-Transdanubia		104,4	161,6	329,5	505,2
Central-Hungary		245,6	362,9	717,6	1067,8
<i>Country average</i>					
Hungary		134,1	198,7	390,6	592,5

Source: the author's own work on the basis of Lénárt, P. (2004.)

Table 4b

The estimated value of the gross regional value added percapita at current prices in the examined micro-region (ft '000s)

County	Micro-region	1992	1995	1999	2002
<i>Agglomeration-type micro-regions</i>					
Baranya	Pécs	139,9	211,5	476,8	1024,4
Borsod-Abaúj-Zemplén	Miskolc	94,0	148,8	275,2	427,0
Győr-Moson-Sopron	Győr	194,3	361,5	1355,9	1746,9
Pest (Budapest)	Budaörs	93,9	235,7	1079,8	2299,6
Pest (Budapest)	Dunakeszi	40,6	105,2	309,9	633,0
Pest (Budapest)	Gödöllő	51,9	139,1	503,5	661,3
Pest (Budapest)	Gyál	27,3	73,6	209,9	461,8
Pest (Budapest)	Pilisvörösvár	77,6	181,8	382,8	564,9
Pest (Budapest)	Ráckeve	57,1	96,3	257,4	541,4
Pest (Budapest)	Szentendre	80,2	147,8	254,3	464,9
Pest (Budapest)	Vác	75,0	201,0	458,0	664,0
<i>The most disadvantaged micro-regions</i>					
Baranya	Sellye	9,5	20,9	35,4	69,7
Borsod-Abaúj-Zemplén	Edelény	15,8	27,6	48,8	97,2
Győr-Moson-Sopron	Tét	20,1	24,5	75,2	145,4
Pest	Nagykátá	30,4	38,6	79,7	168,2
<i>County average</i>					
Baranya		80,8	136,9	282,4	568,6
Borsod-Abaúj-Zemplén		63,0	148,7	246,2	387,3
Győr-Moson-Sopron		111,5	223,8	721,3	977,0
Pest		52,7	118,7	357,2	661,2
<i>Regional average</i>					
South-Transdanubia		84,2	135,4	285,7	497,0
North-Hungary		58,1	127,8	235,1	423,4
West-Transdanubia		89,7	201,5	565,0	738,6
Central-Hungary		235,8	443,3	1034,7	1716,1
<i>Country average</i>					
Hungary		117,3	225,0	511,1	821,1

Source: the author's own work on the basis of Lénárt, P. (2004).

Table 4c

Balance of migration per 1,000 population in the examined micro-regions

County	Micro-region	1993	1995	1999	2002
<i>Agglomeration-type micro-regions</i>					
Baranya	Pécs	6.5	-1.1	0.0	2.5
Borsod-Abaúj-Zemplén	Miskolc	-1.6	-2.9	-1.3	-5.1
Győr-Moson-Sopron	Győr	3.8	3.8	4.9	5.9
Pest (Budapest)	Budaörs	16.0	18.0	22.6	19.0
Pest (Budapest)	Dunakeszi	17.0	17.4	16.5	14.6
Pest (Budapest)	Gödöllő	9.2	19.4	18.0	17.9
Pest (Budapest)	Gyál	7.2	8.0	8.9	7.4
Pest (Budapest)	Pilisvörösvár	14.7	19.3	21.5	23.6
Pest (Budapest)	Ráckeve	13.1	14.0	22.9	19.9
Pest (Budapest)	Szentendre	11.5	17.1	24.1	21.2
Pest (Budapest)	Vác	7.3	9.9	6.7	5.1
<i>The most disadvantaged micro-regions</i>					
Baranya	Sellye	-10.0	-1.7	1.9	-12.9
Borsod-Abaúj-Zemplén	Edelény	-11.1	-6.0	-3.9	-2.0
Győr-Moson-Sopron	Tét	0.3	4.7	2.7	3.9
Pest	Nagykáta	5.2	11.0	18.9	12.3
<i>County average</i>					
Baranya		1,1	-1.1	-0.1	-0.4
Borsod-Abaúj-Zemplén		-4.4	-3.4	-2.7	-3.6
Győr-Moson-Sopron		1,6	2.8	2.7	3.8
Pest		9,2	13.6	16.9	15.0
<i>Regional average</i>					
South-Transdanubia		-0,2	-0.1	-0.2	-0.3
North-Hungary		-2,9	-2.3	-1.1	-2.4
West-Transdanubia		0,7	1.3	0.9	1.6
Central-Hungary		2,7	0.9	1.2	2.0
<i>Country average</i>					
Hungary		0,0	0.0	0.0	0.0

Source: the author's own work on the basis of Lénárt, P. (2004).

As already mentioned, the Hungarian city-pyramid is imperfect, since it is easily seen that, below Budapest, the category of large provincial cities with a population of 300–500,000 is lacking. On the next level of the settlement hierarchy are the regional centres, among which *Győr* has improved its ranking only recently, following *Debrecen*, *Pécs*, *Szeged* and *Miskolc*. The population of these, the largest, Hungarian towns or cities – except for Debrecen – does not exceed 200,000 inhabitants. Győr is already characterised by the newer type of urban development, in which greater emphasis is laid upon modern business services (e.g. it is the most significant provincial banking centre) than upon conventional administrative centre functions. The professional terminology of settlements refers to Szeged, Debrecen and Pécs as indisputable regional centres, whereas Miskolc and Győr are categorised as regional centres with an inadequate sphere of activity (*Beluszky*, 2003 p. 326.). Eventually, according to the standard set by the EU, the three agglomerations delineated by the Central Statistical Office do not reach the threshold value characteristic of large cities in terms of population (*Table 5*).

Table 5

The size of the examined agglomerations and their relation to the statistical micro-regions

Name	Number of settlements	Population (1st January 2003)
Győr statistical micro-region	27	176,546
Győr agglomeration	29	182,929
City of Győr	–	128,913
Miskolc statistical micro-region	41	279,231
Miskolc agglomeration	13	220,773
City of Miskolc	–	180,282
Pécs statistical micro-region	39	185,786
Pécs agglomeration	21	180,304
City of Pécs	–	158,942

Source: The author's own calculation on the basis of "Gazetteer of the Republic of Hungary" 1st January, 2004. Central Statistical Office, Budapest.

Not only the agglomerations, but also the statistical micro-regions have been formed around *Győr*, *Pécs* and *Miskolc*, and so the regulations of multi-purpose micro-regional associations have also come into effect in respect of them. Although, due to the progress of the development of agglomerations, the situation of the three regional centres may be deemed special, no regard was paid to this when the legislation was drawn up. However, certain micro-regions were marked out, among them the Miskolc micro-region, for administrative micro-regional pilot-

scheme purposes. It should, however, be added, that the success of these pilot-schemes is questionable, since they were launched contemporaneously with the nation-wide introduction of the new administrative system.

In the case of the largest agglomeration (Miskolc), a significant difference shows in the number of settlements classed among statistical micro-regions and among agglomerations. The population (*Figure 2*) of the statistical micro-region reaches, in fact exceeds, that of four Hungarian counties (Nógrád, Tolna, Vas, and Zala), that is, the population of the meso-level regional administrative units. Although each of the settlements marked out for the agglomeration is chosen from the micro-region, there is a major and inexplicable difference to be seen between the extent of the statistical micro-region and that of the agglomeration. The phenomenon of agglomeration is visible on a much smaller territory around Miskolc than the borders of its micro-region. In the case of the Pécs agglomeration, there is also a significant difference between the two suburban areas in terms of the number of settlements, but, on the other hand, only two communities which belong to other statistical micro-regions and, therefore, are not part of this micro-region, were included in the agglomeration.

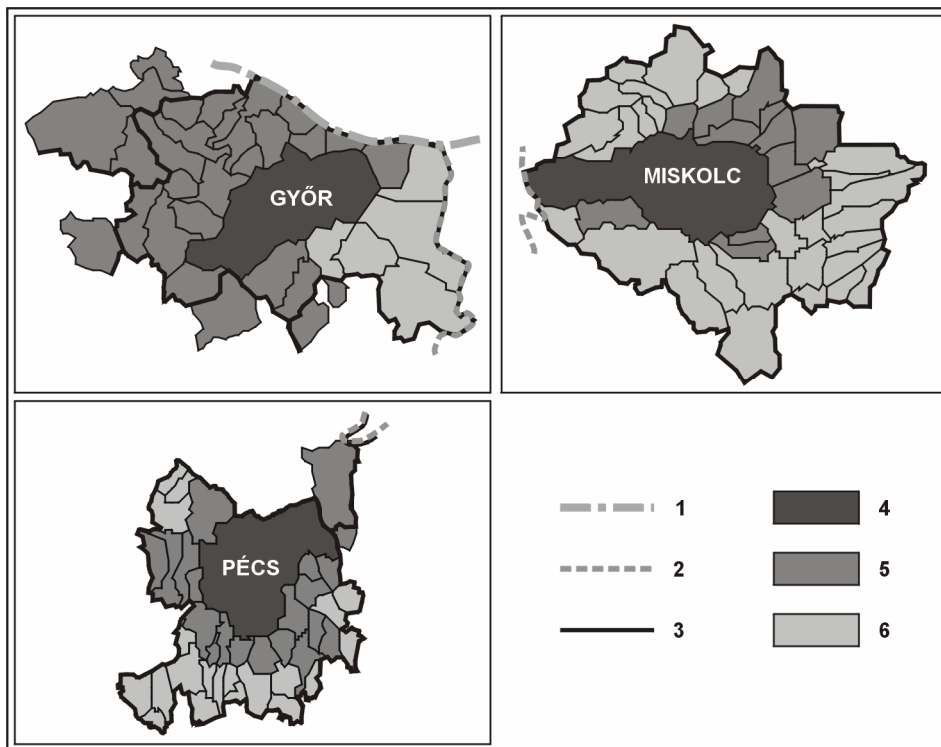
Examining the most dynamically developing agglomeration (Győr), we find that the actual territory of the agglomeration significantly deviates from that of its administrative micro-region, although the number of settlements is approximately the same. This is due to the fact, that the agglomeration embraces eight such communities (Écs, Györság, Györszemere, Hédervár, Kóny, Lébény, Mecsér and Mosonszentmiklós), that have very close socio-economic relations to Győr but belong to other statistical micro-regions. Six other settlements, on the other hand, do not bear the marks of agglomeration, but, in terms of administration, (considering the borders of multi-purpose micro-regional association) they still belong to the city.

Among the three regional centres, Győr is the only one whose government has been dealing with the issue of institutionalisation of gravitation zone-relations for some years. First, research was conducted (on the city's initiative) to explore the existing and potential forms of co-operation within the agglomeration (*Hardi, 2002*), and then, in 2003, with the participation of 46 local authorities it was the first to establish voluntarily the *Agglomerational Development Association of Municipalities in the Győr surroundings*. The legal form of the co-operation is the municipal regional development association, the objectives of which are the concerted development of the settlements, the drawing up of common regional development programmes, the submission of collective tenders and the pooling of resources in order to implement the development programmes. The characteristic feature of this grass-roots initiative, without any state subsidy, is that settlements of three statistical micro-regions (the Győr, Pannonhalma and Tét micro-regions) have joined it – in the interest of carrying out a successful development policy. The

development strategy of the agglomeration could not have been elaborated as yet, since the tender submitted to obtain resources for its financing proved to be unsuccessful. However, preparation-works for the organisation of suburban mass transit have been commenced.

Figure 2

The relationship of the three examined agglomerational regions to the borders of the statistical micro-regions



Key: 1 – National border; 2 – County borders; 3 – Statistical micro-region borders; 4 – Administrative territory of the city; 5 – Territory of the agglomeration; 6 – Territory of the micro-region.

Source: A compilation of the author on the basis of on the data of County Statistical Yearbooks, 2003. Central Statistical Office, Budapest.

The local authorities making up the Development Council of the Suburban Area had to face a dilemma in 2004, since it became clear that co-operation at agglomeration level cannot count on any kind of state subsidy for planning or development – nor for the operation. However, by establishing a multi-purpose micro-regional association, subsequent financial resources become available by application for one-time joint developments, for the operation of the institutions and to fulfil the undertaken tasks. Moreover, the state also takes part in the financing of drafting of a micro-regional development concept. There is, however, a fly in the ointment: the NUTS 4 territorial unit, providing the administrative frame of the micro-regional association, significantly deviates from the gravitation zone co-operation in terms of structure, participants and geographical borders.

Six months after a majority of the micro-regional associations had been formed, and just before the deadline of the application for subsidies, the bigger part of the affected local authorities yielded and established the Győr multi-purpose micro-regional association. The fact that, out of 27 local authorities of the statistical micro-region, only 18, that is, only two-thirds, took part in the co-operation within the state subsidised framework, could obviously be due to the forced nature of the situation. Namely, there was a high level of political mistrust towards the new administrative structure in the Győr region. On one hand, the leaders of the local authorities did not see any guarantees for the long-run operation of the public service structure newly set up, since its financing would depend upon the annual state budget. On the other hand, they did not accept the necessity of rationalisation urged by the government. Eventually, they questioned the justification for the quasi-micro-regional level “wedge” between the authorities at local and county levels. Only those local authorities undertook the obligations of an association (in the hope of additional state subsidies) that were demographically in an advantageous situation and could easily meet the required rates of utilisation. Due to their economic maturity, the majority of the local authorities in the area can generate sufficient own resources and are less defenceless, in budgetary terms, than their counterparts in the rural areas. This is true despite the fact that the average number of inhabitants in the settlements surrounding the regional centre is only 1,832, which is very low.

The newly formed co-operations in the three agglomeration areas face several difficulties in organising the execution of works within the multi-purpose association. The primary reason for this is mistrust towards the large city. In addition, Miskolc and Pécs have not maintained good relations with the local authorities within their suburban areas during the past 15 years. Due to external circumstances, the cities had been busy with their own problems, which were significantly different in magnitude from those of the surrounding settlements. It is true that, in Hungary the county-towns (county capitals) are the most heavily burdened with the operation and maintenance of institutions – a fact which

produces huge budget deficits. The situation is close to the dramatic, since, for instance, public education, which is a compulsory municipal task, heads the budget of (mainly) the regional centres in a forced direction. Behind this problem is also the fact that the consequences of the spill-over effect – when the inhabitants of the gravitation zone make use of the services of centre-institutions in large numbers – is only marginally compensated for by the state from central government level, by, for example, day-pupil subsidies. In fact, previously the towns had no records of how many non-residents received various forms of institutional services. However, during the 90s there were attempts from the town side to settle the deficit with the surrounding settlements within the framework of an agreement for cooperation, but the latter refused to accept any kind of burden. Regretfully, the stereotype, according to which communities are poor but towns are prosperous, still exists.

It is almost always a matter of course anywhere in the world that the large cities are primarily interested in an agglomerational co-operation, and, therefore, that such cooperation is initiated by them. Moreover, they are the most likely to be the leaders of such organisations. In Hungary, however, due to the fundamental purpose of the multi-purpose micro-regional associations, the situation is a totally different one. The main purpose of these associations is to establish a system of basic public services. The three city councils in question at most support in principle the activities of the associations by making their administration available to them, but, amongst the examined cities, Pécs and Győr treat the association somewhat arrogantly. The situation of Miskolc differs somewhat, since it is the subject of a pilot scheme. Nothing reflects this better than the fact that, in the case of this former region, the mayor of the centre city is, at the same time, chairman of the Association Council, whilst Pécs and Győr abandoned this position to a municipal council, to the mayors of Orfű and Ikrény, respectively. This conduct shows the problem that, for regional centres, the organisation and discharge of micro-regional tasks fall outside the scope of strategic goals; the competence of the associations is not relevant in terms of the future development prospects of the cities.

Regional centres are most likely to have such an attitude towards the new-type associations in which they lend their name to the co-operation, but otherwise continue to perform all the tasks of collective interest individually. If it concerns the micro-regional organisation of a task (family support, child welfare, social issues etc.) in the examined large town regions, the organisation is usually carried out by assigning it to the internal departments and to suitable sub-offices. The reason for this is, that the magnitude of such tasks does not enable one centre to discharge these basic level tasks. The methodology of de-centres was specially adopted by the Miskolc micro-region, considered to be a huge region, where the leaders of the local authorities ad concluded an agreement – by taking notice of the

transport and commuting relations – on the assignment of subdivisions and communities belonging to them.

Due to this “constellation”, the large cities make no effort to use the given organisational framework for the establishment of higher level co-operations. However, if, in terms of their future cooperation, the three regional centres considered a two-level system, the existing structure of fulfilling their tasks could be integrated into a comprehensive organisation that enables action at regional level (*Table 6*). There is no denying though, that setting up the micro-regional development programmes has started nationwide. It is a state supported and subsidised planning activity, which – we hope – will, in the future, become the basis of development financing. However, central regional policy seems to open up new, somewhat more independent, prospects for the regional centres.

It will later cause difficulties relating to handling the dichotomy of urban and rural settlements that, in the course of planning the new public supply network the rural communities are eyeing with suspicion the shadowy presence of the large towns; they are wary of their assistance and, at the same time, are concerned for their independence acquired with the change of regime.

Table 6

Principal tasks of the three micro-regional associations

Range of task	Győr multi-purpose micro-regional association	Miskolc multi-purpose micro-regional association	Pécs multi-purpose micro-regional association
Public Education	X	X	X
Educational tasks	X	X	–
Social care	–	X	X
Family- and Child Protection	X	X	X
Library services	–	X	–
Local public road maintenance	X	–	–
Waste management	–	X	X
Environmental Protection and Nature Conservancy	–	–	–
Drinking water supply, Purification of waste-water	–	X	–
Internal audit	X	X	X
Spatial development/Spatial planning	X	X	X
Other (official administrative tasks, crime prevention, etc.)	–	X	X

Source: the author’s own research.

9 Responses of regional policy and planning to the development needs of the urban network

In Hungary the exact conditions for a town to be officially designated as such have not been worked out, as is the case with the methodology needed for the differentiated management of urban networks. However, some initial steps now appear to have been taken, since the preparation, or revision, of some plans at international level is on the agenda. Two of these are the acceptance of the new *National Spatial Development Concept* (NSDC), and drafting the *National Development Policy Concept* (NDPC) – which is part of the preparation for the EU's next planning period. Those drafting both national-level projects clearly aim to realise the main priorities drawn up by the EU, in order to renew the Cohesion Policy, especially the principles of regional competitiveness and the efforts to create employment. The documents which are the subject of our analysis are still in the social and professional discussion phase, although they will probably be accepted by the end of 2005 (*NFH* [National Development Office] 2005, *MTRFH* [Hungarian Spatial and Regional Development Office] 2005).

The NSDC is a document on long-term development policy for acceptance by Parliament. It outlines the country's long- and medium-term objectives and priorities in terms of regional policy, and its main virtue is its regional approach. The document draws up a vision of Hungary in 2030, a picture of a cooperative urban network with numerous centres, prioritising the creation of regional poles. To emphasise the regional centres (poles) in the country's regional structure is a totally new notion, which confers innovative and economic organisational and dynamising powers on towns, sufficient to compensate for the dominance of the capital. We can, in addition, recognise the aim to develop intensive town-region relationships, in order to create relations between towns which have a central role and their wider environment, based on the division of functions.

The urban network of Hungary in its current state shows scarcely any trait of polycentrality (*ESPON* 2003), and so it is no accident that to create a polycentric cooperative urban network is one of the comprehensive objectives for competitiveness. On the other hand, among the objectives for closing regional gaps, the demand to reduce inequality in terms of basic life-opportunities (accessible public services, community infrastructure) at local level (settlements and micro-regions) and between the main settlement categories has reappeared – after a long period. We can use the term reappeared, since the so-called privileged centres were once designated in the main documents of state-socialist regional policy¹⁰ in 1971, as part of

¹⁰ Governmental decision No 1006/1971 of 16 March 1971 on directives of spatial development, Governmental decision No 1007/1971 of 16 March 1971 on the national settlement-network development concept.

a four-tiered structure. At that time – perhaps an irony of fate, but certainly no coincidence – these privileged centres were exactly the same towns (Miskolc, Debrecen, Pécs, Szeged and Győr) which we intend to develop into poles of competitiveness. Accordingly, directives relating to regional development had already identified the following tasks some thirty years ago, in order to develop a modern settlement-network:

- to increase the significance of large and medium-sized towns
- to set up establishments which correspond with the functions of certain (national, high-, medium- and low-level) centres, and position them in a way ensuring adequate services for the national population, according to the level of economic development, and adequate conditions for economic development.

If we examine the social objectives of regional development drawn up thirty years ago, we can clearly see the intentions to harmonise the quality of social services provided for residents living in the same types of settlement, and to reduce the difference in quality distribution and efficiency of productive forces, they decided to encourage the gradual resolution of the social-economic tension which had emerged in the agglomeration of Budapest, so ensuring the harmonious development of the area.

At this distance in time, we already know that the regional policy of the socialist era brought no success, and so the central authorities of the new democratic state has to face practically the same problems, since, at most, only the political and economic environment has changed. In order to handle the situation, the National Spatial Development Concept plans to introduce seven national regional objectives for the period to 2015:

- 1) To create a competitive metropolitan area in Budapest
- 2) To develop regional innovation poles and urban-network relations
- 3) To close up external and internal peripheries, lagging areas
- 4) The integrated development of environmentally sensitive regions of national significance
- 5) To strengthen cross-border cooperation among the regions
- 6) Spatially integrated development priorities in rural areas
- 7) Regional priorities for sectoral policies

In terms of our topic, the first two of the points listed are the most significant, and it gives us hope that the document relies on the creation of a smoothly running agglomeration system, which assumes harmonious cooperation among the actors of the Budapest agglomeration. Furthermore, it concentrates on consistent planning, which serves the development of the capital and its suburban ring. However, it raises doubts regarding the means of realisation, since it only specifies the cooperation of the actors of agglomerations and the creation of management establishments, in addition to expressing the intention to make every effort in order to en-

sure cooperation among the institutions of all interested settlements able to adapt to the agglomerational externalities (NSDC, Chapter 3., Article 1., Interim objective 10.). From this approach, however, it cannot be determined unequivocally who is responsible for the creation of executive structures and, even less, what kind of role the state will – or is intended to – undertake. We know, from experience gained from cooperating urban institutions that, without some kind of participation or support from the state, such large-scale cooperation cannot be achieved.

The current NSDC scheme takes into account the role of the capital and its agglomeration as an economy-organising centre, as well as its effect on the whole country and its regional poles. *The concept intends to resolve the Budapest-centred regional structure, using the regional poles as its means*, expecting them to generate the development of the surrounding regions, even across borders. This explains the standpoint of those drafting the plans in saying that the most significant role of the poles will be to introduce and disseminate innovation.

The development of regional poles, therefore, involves two objectives. Firstly, the development of the regional functions of towns (in terms of innovation, economy, culture, governance and commerce); secondly, the creation of adequate conditions – accessibility, cooperative relationships, sub-centres – for the success of their radiation effects. However, it is currently no more than a long-term requirement to have 3–10 towns able to act as growth-poles. Mid-term objectives imply a narrower function: drafting plans in accordance with the NSDC, in order to establish the so-called *regional innovation poles*. Among others, the towns in our study (Pécs, Győr and Miskolc) started to work out their strategy to become growth-poles, and they have already been heavily criticised by the Regional Development Councils – specifically since it is not clarified in methodological terms as to what kind of relationship will exist between the regional development strategy and the strategy in preparation, based on the sample of French poles of competitiveness. Also, the sphere of authority and territorial scale of centrally determined plans for the creation of growth-poles are not yet known. The final solution will, in all probability, be given by the directives drawn up in the NSDC for the creation of cooperative regional urban networks, which depend on the development of a harmonious system of centres, sub-centres and axes, primarily through the pivotal motive of accessibility.

In the *National Development Policy Concept* (NDPC), also currently in preparation, we can once more find the priorities of the NSDC – now under the title of regional objectives, since balanced regional development was also added to the list as an extra objective, in addition to the eight strategic ones (NFH, 2005). We can, therefore, hope for resources in the next planning period of the Structural Funds, for the establishment of the competitive metropolitan area of Budapest and the development of the regional poles and axes of growth. There is no doubt about the correctness of the intention: the only matter which troubles the author is that the

NDPC operates with many concepts, without specifying any kind of methodology or technical interpretation. For example, it is not clearly specified what the central function of growth poles really includes; what are considered as smaller, sectoral sub-centres; or how the smaller, regional centres would fit into the system, these also being proposed in the Concept. Here we only suggest that a huge task awaits us in planning-methodology and regulation, as a comprehensive Planning Act has not been introduced since the change of regime. The practice of social and economic planning is only now being developed.

The government clearly recognised that Hungarian towns have only a poor economic-organisational effect on their wider surroundings, and that this can only be changed with the help of organic development, integrating the town into its surroundings. *This, however, requires a cooperative attitude from the urban-developers, as well as a central policy which reinforces various urban functions.* This approach disassociates itself from the development policy of the last 15 years, which lacked any kind of differentiating or concentration of resources. The change has obviously much to do with our joining the EU, which emphasises the principle of decentralisation among state-organisational principles. The devolution of the traditionally centralised, unitary state of Hungary will obviously be the result of a long process, but perhaps the first steps have already been taken by approving the NDPC.

We must, however, point out that the initiation of urban development has to be achieved by means of an innovation strategy, which assumes, under present conditions, the mobilisation of internal resources and the acceptance of opinions from the local population in creating the future picture of development. In this light, the city of Győr had very good experience in creating the Strategic Programme of Győr City in 2004. As a significant element in the planning process, the city authorities used so-called “future workshops”, organised by districts, where the local residents could give their opinion and make proposals on the development course of their residential environment. This interactive development strategy aimed to create a “Better, nicer, more liveable and better functioning Győr”. After residents’ opinions had been sounded, a second round commenced, with the participation of chambers of commerce, economic organisations, interested parties, intellectuals and students. The attitude of the inhabitants towards this pioneering initiative was constructive, and the results of their cooperation were built into the programme, greatly influencing the urban-planning scheme, which has now been completed.

Planners used the enhanced version of the “Future Search Conference” method, and the information collected was subject to statistical analysis – and also used for creating SWOT-analyses. The most important proposals concerned the particular district (84%) and the city as a whole (14%), but they inevitably involved the role of Győr as a regional centre. The twenty-three “future workshops” only mapped the city for the time being, and, unfortunately, the method was not applied beyond

its administrative boundaries, although it could be extended to the whole agglomeration in the future. For this, however, a supportive attitude from the state would be needed, in addition to resurrecting (and reactivating) the Agglomeration Council.

10 Factors in approaches to the future institutionalisation of urban areas

We could talk of a new type of urban or town policy, if the state were to direct the functional development of towns by a conceptually-based strategic approach. Urban policy must avoid the two extremes of direct intervention and the total delegation of development to the local authority. The experience of more developed countries on the continent shows that *the state – in order to encourage urban development – should offer administrative-structural models, ensure adequate regulation, and provide the means for planning and support in advance*, or at least in time with the development. In addition, regional planning is a new and increasingly important instrument of institutional handling of the urban problem.

EU-inspired development policy creates favourable conditions in every way for Hungary to treat the urban network according to its real significance, and to feel responsible for its development. The fifteen years which have passed since the change of regime have proved that it cannot simply be treated as a local authority issue. The false assumption, that the whole country would only be a mass of rural districts, has to be eliminated. A town is made a town by its regional role, its effect on its surroundings and the services performed in its name. Consequently, it is in the central government's own interest to concentrate on towns, whilst planning the future of the local government system and continuing with administrative reform. It is in the interest both of society and of residents living in the suburban areas. We cannot ignore the classical principle that a central settlement has at least three functions in connection with its suburban area (Vofß, 1991), namely: provider; developer and mediator of development impulses; and retainer, that is, preventing the desolation of rural areas.

The perspective which Hungarian urban policy has to consider should base its approach on the following factors:

- Urban areas are necessarily the grounds for common activities of planning and development – which is remunerated by governments in states with a long history of cooperation in urban regions – and for reforming regional planning competences. In most cases, agglomerations have the authorisation for the whole planning process from conception through the coordination of planning to the creation of plans on common territorial utilisation. *Planning*

in connection with urban areas and urban regions has to be perceived at all time, as a tool of effective governance and coordination. Hence it is an urgent task to grant authority on mutual planning to urban regions, in a way that the state incorporates its development and strategic plans into the spatial planning system. It is also an important factor that the plans of urban regions should accord with the plans accepted by the region under development, in order to eliminate the detrimental effect of rivalry between the town, or, in a specific case, the centre of the region, and the region itself. Every kind of development has to be based on mutual planning, and has to be implemented in a coordinated way. The Hungarian regulations currently in force cannot bring these criteria into effect, although the Act on Spatial Development and Physical Planning was amended in 2004, and the new provisions seemingly further the cooperation of urban areas. According to this, in micro-regions which have a town of county rank as their seat, the microregional development council draws up a separate concept and programme for development relating to the town and the surrounding settlements, particularly for the development of infrastructure and services sustaining the town and these surrounding settlements. Nevertheless, in current conditions, a concept of the government which relies on two separate development concepts in the same geographical framework cannot exist, though what exactly the notion “surrounding settlements” covers is not clarified.

In contrast with the government’s approach, a better solution could be for urban regions to accept such a plan, created cooperatively by local authorities, in accordance with their common interest in regional planning, and which coordinates the functions of territorial usage, while considering their common objectives. Another solution could be to replace regional planning with a coordinated plan on urban areas. This specific regional approach could lead to a distribution of functions between settlements, giving a unique quality to the given region (Adam, 2001).

- Urban policy, at one and the same time, means the differentiated institutionalisation of suburban areas and the relatively concentrated allocation of development instruments, which should primarily and practically depend on the order of magnitude and functions. It cannot be done otherwise than by ranking the elements of the urban network in the course of planning, and then – accordingly – allocating functions to them – something which necessarily sets the course of their future development also. The establishment of a balanced urban network can only be expected from the clarification of the relations of the network elements toward each other and their suburban areas. Another criterion of success is to say goodbye to the casual spread of development instruments – and, likewise, to the theory that any type of local

authority has the right to implement any kind of development financed from public resources.

- Realisation-oriented planning or programming is a watchword of our age, which led to the spread of flexible, private sector-originated methods in the public sector. However, in order to realise the contents of the various plans, some criteria have to be fulfilled. It can do no harm to draw up a future picture of development through an interactive planning process, with the cooperation of residents living in the town and its surroundings. Similarly, it is worth taking into account – in good time – the expectations of the economic actors. Consequently, the key issue is to create cooperative relations between the activities of different sectors and actors.
- The problem of suburban areas is *always an issue of the redistribution of income*, since, for its residents, the agglomeration means both the living and working place at the same time. When citizens make use of services and travel, they are indifferent to administrative boundaries. Therefore, either the state itself should consider this issue of regional policy when financing local authorities; or it should offer a structure of regulation for local authorities, which can settle the financial compensation through horizontal cooperation. This can be implemented in several ways: the state can authorise the cooperating organisation to collect tax-type income, fees or charges for use; or for example – following the French model – the state can oblige the cooperating local authorities to centralise a given share of their local tax revenues, in order to fulfill tasks of common interest or for financing developments (*Du-bois-Maury*, 2001).
- According to experience, the government essentially has to support the functioning, and, even more, the development of large-scale regions, by special subventions. For the development of towns that are to become regional poles, for example, it is necessary for the organisations embodying their regional cooperation to have some kind of financial independence. In this respect, the issue of planning and finance are closely linked, the new and modern method of which is the creation of *planning agreements* between the state and the towns, a method already applied in many member states of the EU. Its main purpose is to support the development priorities of urban regions in addition to the mobilisation of their own resources, if they fit into the development concepts and programmes set centrally by the government.
- In the case of urban regions and metropolitan areas, as a result of an evolutionary development process, we can expect a state administration structure to be established, something which can cause legislative changes in connection with the structural basis of local authorities. For example, bodies selected directly by residents can be set up, or, in other words, an agglomeration-management organisation will be established with strong legitimacy.

Such a structure could result in a new, two-tier system of power, in addition to the autonomy of local authorities. In Hungary this course of development will probably be realised with the Budapest region. Therefore, as we can see, institutionalisation can, in some cases, be regional. Obviously, we have to be cautious and prevent the creation of centralised supreme bodies as means of cooperation; in order to avoid this, we have to separate local, regional and territorial competences while forming the organisational structure (*Priebs, A. 1999*).

In summary, we can state that a change of quality in Hungarian regional development cannot be postponed any longer. Considering that one important solution to the problem of suburban areas is still horizontal cooperation between local authorities; legislation and central government also play a significant role. They have to follow the changes in basic social relations, and promote the balanced development of various elements of the urban network, by regulating constitutional structures. The potential is that, through mutual efforts, the significant elements of the urban network will, on the one hand, ensure the same quality of living standards for residents and, on the other hand, hold their position in the European city competition, to the point of being regarded as important urban centres of the Central and Eastern European area. For this reason the most significant urban regions have to be prepared for action and development on a regional scale.

The historical inheritance of Hungarian public administration has also be taken into account; since the suburban areas, as units of planning, development and governance, have not yet been fitted into the system of public administration. Also, during the 19th and 20th centuries, many legislators drew up remarkable structural models as solutions to the problem, although they have never been put into practice. The task, therefore, seems to be quite new from a national point of view, although, in order to resolve the problem, there is available an ample supply of public administration research records, as well as of international experience.

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