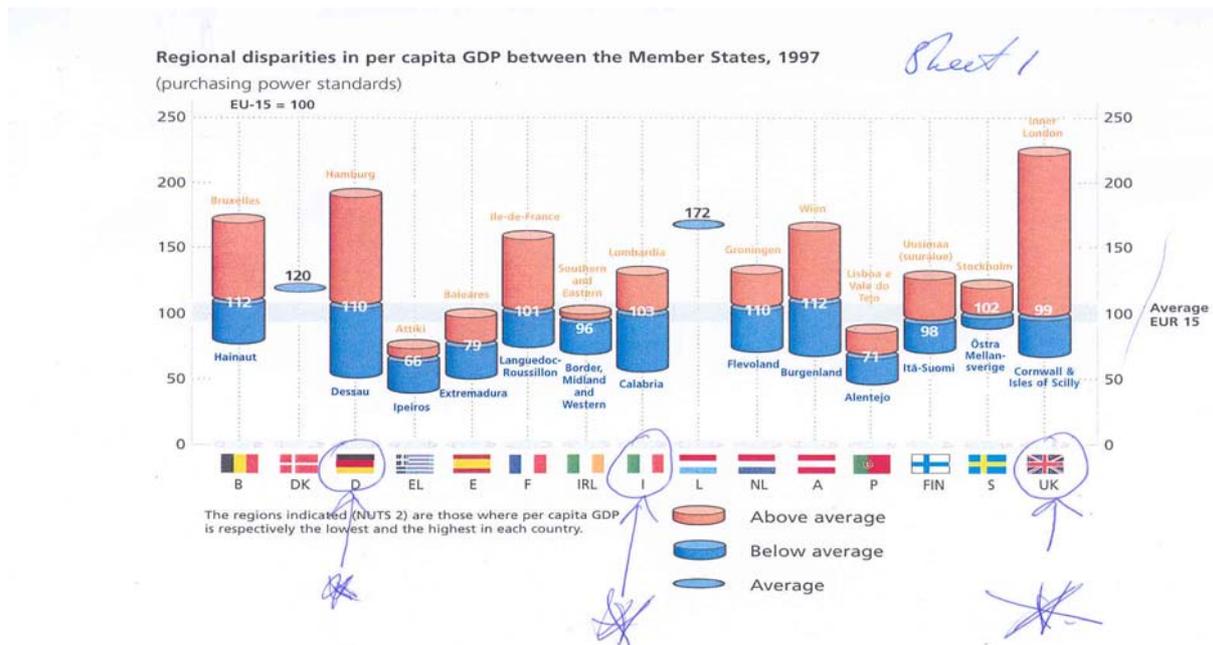


## THE EUROPE OF THE REGIONS: THE CASE OF HUNGARY

*Before I start my contribution to this conference, I want to congratulate Hungary and the Hungarian people with their entry to the European Union. This membership symbolises the very end of the Cold War and brings Hungary back into its European roots and history. In addition, I want to congratulate the Western European world as well with this new member, because a rich and talented country has now become a member and a partner within its boundaries. And though the main focus of and discussions about the European Union are on the economical and political integration of its member states, let us not forget that the very origin of this European initiative lies in the pacification of Europe and the creation of a sustainable and peaceful European society. It would be very helpful if this long time objective could have a more central role than it actually has in current debates. The pacification of Europe after the enlargement with the ten new member states, embraces 450 million people, which is more than the combined population of the United States and Russia. Lasting peace between them would be a hallmark in European history.*

The regional dimension is an important dimension in the political, economic and social construction of Europe. First the political dimension. Regions are in the political context organised in the so-called Committee of the Regions, one of the two official advisory bodies of the European Union; the other is the European Economic and Social Committee. I will not discuss the political role and place of the regions in Europe in too much detail, but in fact they can play a significant role in filling the growing gap between the European citizen on the one hand and the national and European political structures on the other hand. In this context, the White Book of European Governance (European Union, 2001) argued for a stronger position of the regions to ameliorate democracy and transparency in decision-making procedures. However, the draft text of the new European Constitution only refers to the relation between the national and the European level, and unfortunately ignores the constructive role that regions can play in a (more) democratic Europe. Some regions like Catalonia, Flanders, Bavaria and Scotland regret this omission very much for three particular reasons. First, they aspire a direct link with Brussels; secondly, there is a desire for direct say on all matters concerning own regional interests. Lastly, they want to be independent from their respective national capitals.

Economically, not all Europeans have the same advantages and chances when faced with the opportunities of the European Single Market and economical globalisation. This depends whether they live in a prosperous or a poor region, in an area that is either dynamic or in decline, in an urban or rural area, in the periphery or in an economically important region. These factors can create huge differences between regions in their economic performance, indicated by the Gross Domestic Product (GDP). The GDP per country is therefore hardly a relevant indicator for understanding the material and economic living conditions of the people in Europe, whereas the GDP per region provides a better overview. See sheet 1 (Eurostat, 2004).



The European Union plays a significant role in the revitalisation of regional economies and the redistribution of capital. The EU Regional Policy is meant for the transfer of material resources from the more prosperous to the poorer regions. Regional policy plays a significant role in the fight against poverty and social exclusion. The "Joint memorandum of social inclusion of Hungary" signed 18 December 2003 is an important and crucial document in this context. It is a rich paper that describes the current situation in Hungarian society in relation to unemployment, social benefits and insurance, education and migration; all of which are deeply related to regional variations.

Almost one third of the European yearly budget is related to regional policy and development. The so-called Structural Funds and the Cohesion Fund are the two most important financial tools in this field. 213 billion Euros are available for these two funds for the period 2000-2006, which is equivalent to approximately 35 billion Euros per year (EU15).

The objectives of both available funds for regional policy and development are:

1. *Structural Funds:*

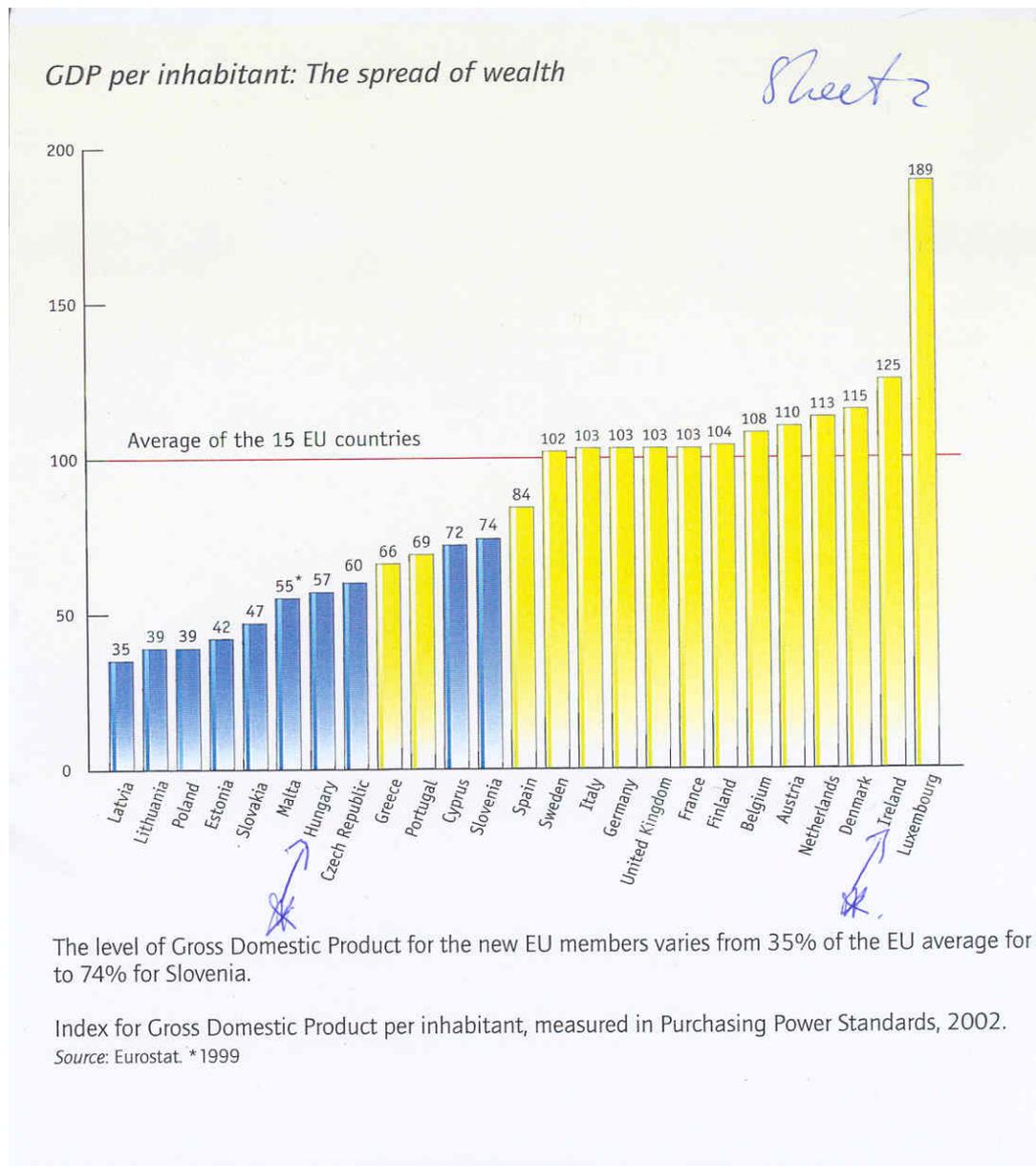
- The European Regional Development Fund (ERDF) contributes mainly to assisting the regions whose development is lagging behind and those undergoing economic conversion or experiencing structural difficulties;
- The European Social Fund (ESF) mainly provides assistance under the European employment strategy;
- The European Agricultural Guidance and Guarantee Fund (EAGGF) Guidance Section helps in both the development and the structural adjustment of rural areas whose development is lagging behind by improving the efficiency of their structures for producing, processing and marketing agricultural and forest products;
- The Financial Instrument for Fisheries Guidance (FIFG)) supports restructuring in the fisheries sector.

The European Regional Development Fund and the European Social Fund are the most significant for Hungary. The total budget for the Structural Funds is 195 billion Euros for 2000 - 2006.

2. The Cohesion Fund is meant for the poorest regions in the poorest countries in Europe (Greece, Spain and Portugal - EU15).

- The objective is to improve regional infrastructures, mainly transport, and tackle ecological problems. The available budget is approximately 20 billion Euros for 2000 - 2006.

Regions with a GDP lower than 75% of the EU average are eligible for these funds. The application of this principle after the enlargement of the European Union to 25 member states means however that regions receiving money from these funds until now, are no longer eligible given the impact of the ten new member states on lowering the average of the EU's GDP. On the other hand, all new member states fit in addition to the criteria, because none of them has a GDP exceeding the 75%. (See sheet 2).



The ten new member states however do not have the opportunity to participate in the Structural Funds and Cohesion Fund because these are meant for the existing 15 members until 2006. One of the outcomes of this discussion is that additional funding is created within

the frame of the Structural Funds for the ten new members till 2006. Hungary will receive from this additional fund approximately 3, 210 billion Euros for 2004 – 2006 to improve the production, the employment and the use of human capital. Furthermore, the budget is meant for infrastructural transport projects, measures to protect the ecological environment and for local development.

	<b>Obj. 1</b>	<b>Obj. 2</b>	<b>Obj. 3</b>	<b>Interreg</b>	<b>Equal</b>	<b>Cohesion</b>	<b>Total</b>
<b>Hungary</b>	1995,72	0,00	0,00	68,68	30,29	1112,67	3207,36

Source: EU/Regional Policy – Newsletter no. 118, January 2004

The conditions for eligibility to these funds for all ten new member states are:

- The existence of a transparent legal framework as the basis for regional policy
- The development of an administrative structure of Hungary into regions, based on the NUTS criteria (nomenclature of units for territorial statistics; linked to the number inhabitants of an area: NUTS 1 – 3 to 7 million; NUTS 2 – 0,8 to 3 million; NUTS 3 – 0,15 to 0,8 million)
- The development of an operational structure to implement and monitor middle-term regional projects.

Hungary is divided into 7 administrative, functional regions: Central Hungary (CH), Central Transdanubia (CT), Western Transdanubia (WT), Southern Transdanubia (ST), Northern Hungary (NH), Northern Great Plain (NGP) and Southern Great Plain (SGP).<sup>1</sup> If we compare the main regional indicators – population, economy, labour market, age structure and education – of the performance of Hungarian regions with the EU15 and EU25, we get the following picture (EU, 2004):

	<b>Population</b>	<b>Population Density</b>
<b>EU15</b>	379604	117
<b>EU25</b>	454349	114.2
<b>Hungary</b>	10188	109,5
- CH	2830	409,1
- CT	1121	99,5
- WT	1003	89,7
- ST	996	70,3
- NH	1300	96,8
- NGP	1561	87,9
- SGP	1377	75,2

<sup>1</sup> The respective Hungarian names for the regions are: Közép-Magyarország, Közép-Dunántul, Nyugat-Dunántul, Dél-Dunántul, Észak-Magyarország, Észak-Alföld and Dél-Alföld.

### Gross Domestic Product (GDP)

	GDP Growth	Average GDP/head EU15 = 100	Average GDP/head EU25 = 100
EU15	2,5	100	109,7
EU25	2,6	91,1	100
Hungary	4,0	51,5	56,5
- CH	5,2	81,3	89,2
- CT	4,6	48,0	52,7
- WT	4,3	53,6	58,8
- ST	2,6	38,7	42,5
- NH	2,3	33,7	37,0
- NGP	3,0	34,2	37,5
- SGP	1,6	36,9	40,5

### Employment by sector

	Agriculture	Industry	Services
EU15	4,0	28,2	67,7
EU25	5,4	28,8	65,8
Hungary	6,0	34,2	59,8
- CH	1,8	26,3	71,9
- CT	5,7	44,6	49,6
- WT	5,5	42,0	52,5
- ST	9,8	33,8	56,3
- NH	4,3	39,9	55,8
- NGP	7,5	33,8	58,8
- SGP	14,2	33,0	52,8

### Labour market

	Employment rate (15-64 as % of population 15-64)	Unemployment rate	Long term unemployment	Female 2002	Young 2002
EU15	64,2	7,8	40,2	8,8	15,2
EU25	62,8	9,0	44,3	10,0	18,1
Hungary	56,6	5,9	43,6	5,4	12,4
- CH	61,3	4,0	51,1	3,9	8,8
- CT	60,6	5,0	39,6	4,7	10,3
- WT	64,1	4,1	38,6	4,2	8,8
- ST	51,9	7,9	44,9	7,1	15,9
- NH	50,1	8,9	45,9	7,6	19,4
- NGP	49,5	7,9	42,2	7,0	14,9
- SGP	54,7	6,3	35,5	6,5	13,9

### Age structure and education

	< 15	15-64	> 65	Low educ.	Medium	High educ.
<b>EU15</b>	16,8	66,9	16,3	35,4	42,9	21,8
<b>EU25</b>	17,1	67,2	15,7	32,6	46,7	20,6
<b>Hungary</b>	17,1	68,3	14,6	28,4	57,3	14,3
- CH	15,5	69,3	15,2	20,7	57,8	21,5
- CT	17,4	69,5	13,2	28,9	59,2	12,0
- WT	16,3	68,9	14,8	26,9	60,8	12,2
- ST	17,1	68,3	14,7	32,7	56,5	10,8
- NH	18,2	67,0	14,8	32,4	56,3	11,3
- NGP	19,4	67,1	13,5	34,3	54,2	11,5
- SGP	17,1	67,5	15,5	32,4	57,0	10,5

The European Union plays a greater role than merely distributing material resources. As stated earlier, Europe is also based on the ideal to construct a peaceful and stable continent. Therefore, the role of the regions in Europe goes beyond politics and economics. The 25 member states of the European Union represent 69 nations, and thus most states incorporate more nations or regions. Also when we look at recent European history we see how states are broken up into smaller pieces: Soviet Union, Yugoslavia, Czech Republic and Slovakia. Moreover, in many countries central governments are decentralising their power towards regions: Spain has its Autonomous Communities; Italy and France have their regional structures; Belgium has developed into a federal state providing its regional communities with extended powers.

This decentralisation is more than a political move. It is focused on the construction of a stable civil society that functions as a mediating structure between state and market. It prevents state intervention in the private sector and in peoples' individual life and it regulates the otherwise anarchistic impact of the liberal capitalistic market. Thus, the creation of civil society is an objective in itself and not a stepping-stone for economic and/or political careers.

Civil society is characterised by two interdependent dimensions. The first dimension refers to inalienable rights that belong to individuals and are guaranteed by the state, mostly by a Constitution. These inalienable, individual rights are expressed in Natural Law and in the premises of liberalism. The most utilised concept in this context is that of 'citizenship'. Citizenship refers to individual rights such as the right of assembly, the freedom of speech and press, and the freedom to initiate formal and informal associations, with or without political objectives. The construction of a European citizenship is thus a relevant objective in this context.

Social capital is the other dimension of civil society and refers to the capacity of a society to develop meaningful and significant interactions between its members, in which mutual trust is a key component. Societies with well-developed social capital are characterised by the active involvement and participation of citizens in political organisations, NGO's, associations and religious and secular organisations. Informal networks are also very important in this context: intensive contacts in cafes, coffeehouses, with the neighbours and the neighbourhood, voluntary work, groups for mutual support, human rights and ecological movements - they all contribute to the development of social capital in society.

However, there is a growing tendency in Europe to further restrict and control thinking, speaking and acting in society at the national level. It appears to be a contradictory development because as Europe expands, there are visible counter reactions in the growth of nationalism and ethnocentrism. The free movement of people within the European member states from the East to the West is restricted for at least the coming two years. This is a policy that is not based on facts but on images, prejudices and the populist mobilisation of fears and irrational conservatism that undermines one of the core ideals of European cooperation. Already in some new member states, right wing nationalist are waiting for the failure of such European ideals and projects: Radio Maryja in Poland, Meciar in Slovakia, Tudor in Rumania, and Seselj in Serbia. Even in Hungary, a growing group of youngsters is supporting the nationalist ideas of the Greater Hungary proposed by mr. Istvan Csurka.

The creation of civil society however cannot be identified with the emergence of populist and nationalist movements. On the contrary, these are political developments, mostly based on the lack of a vital civil and public space. Regions play a most crucial and significant role in the construction of civil society. They are the first to provide and regulate the public space, in which people can think, speak and act. This space can be limited to the 'own group', including people with the same background and excluding 'others'. These are ethno regions and former Yugoslavia is an example of the results to which ethnical purity can lead. But regions can also create an open public space, characterised by diversity, differences and variety as core elements of that public space. Putnam speaks about 'bridging social capital' in these cases, in which regions play a most significant role in the development of 'bridging social capital' (Putnam, 2000).

We talk about civil regions in this context. The civil region is identified by the social-cultural dynamics of a region and the related development of meaning, significance and identity. The construction of a social-cultural reality is the ultimate objective of the civil region. Civil regionalism is characterised by the creation of a public space that facilitates human encounters and interactions, that activates human talents and resources, that encourages common initiatives and that provides a sustainable structure for these processes. Civil regionalism thus stimulates factual processes for interaction: interaction as a meaningful activity in itself and the creation of networks as a core objective. In short, civil regions are the proper soil for the creation of an environment in which human rights are respected and where a variety of human and cultural talents are perceived as an added value.

Finally, these civil regions with their high level of social participation and acceptance of diversity influence the development of democracy, democratic values and the distribution of power in a stimulating and positive way. To quote John Hall (Hall, 1996): "Civil regions refer to the presence of strong and autonomous social groups, able to balance excessive concentrations of power. It includes notions of cooperation, i.e., groups working together and with a responsive state. Civil society also implies notions of civility, of which social diversity is essential. Civil society can be seen as the result of groups choosing to live together when their attempts of domination have failed: the idea of tolerance."

Herewith I identified to my opinion the main objective and task of the Association of Non Profit Human Services of Hungary for the near future: its contribution as a NGO towards a solid, diverse and democratic Hungarian society within a supportive and facilitating European context.

Nol Reverda, Maastricht, April 2004

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