

Local development and local policy in Hungary

Challenges and perspectives in the changing circumstances

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Introduction

- Introduction
 - ◆ Definition: local policy: practical approach:
 - ★ Local conflicts
 - ★ Local perspectives
- Key questions:
 - ★ Local governments and local policy
 - ★ Dilemma: regional development and settlement development :pros and cons

Main points:

- Local policy: policy at local level
 - (local = under national)
- Local governance and local authorities in the 90's in Hungary
- Arising problems in connection with EU membership:
 - ★ Necessity for regionalism
 - ★ Need for administrative reforms

The first 15 years of local authorities

in the 3. Republic of Hungary

- The main pillars of reforms in 1989: The long term and stable elements of the system
 - ★ Regulated but strong connections with the central government
 - ★ 3 level public administration system
 - ★ Normative financing of tasks and responsibilities
 - ★ One settlement – one local government

Some basic information on local authorities

- Types, legal framework, basic structures
- Activities of Local Governments Providing Public Services (Obligatory responsibilities, voluntary tasks)
- promotion of the local economy is not a direct duty of local governments

Frames of local policy

- Basis of local governance: local elections (voting system)
- Strong legal basis: Local referendum
- Local media (electric, paper)

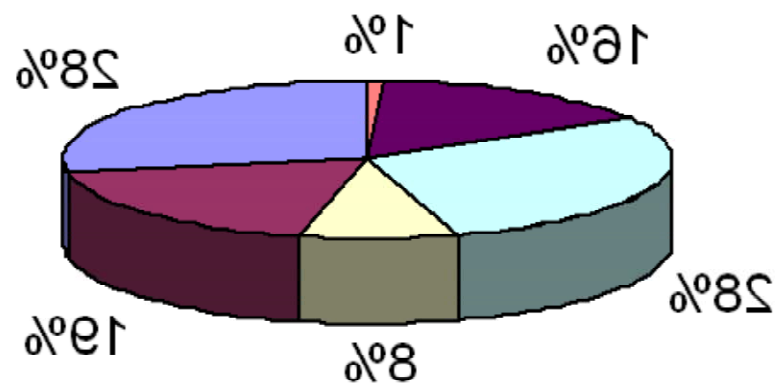
Economic Management of Local Governments

- The place and role of local authorities in the national economy (~20% of state budget)

- Challenges of the EU membership
 - ★ own resources
 - ★ identifying their self-interest
 - ★ partnership

Revenues of local governments, 2004

- own current revenues
- ceded central taxes
- accumulation and capital type of revenues
- government contribution and subsidies
- transfers inside national budget
- others



Pillars of local policy 1/a.

- Political basis: Strong legal guaranties
- Constant characteristics of political map:
 - Elections are too near to each other in time
 - No „one colour” settlement
 - Comparison of the colour of the central government and the local government (harmony or contrary): consequences

Pillars of local policy 1/b

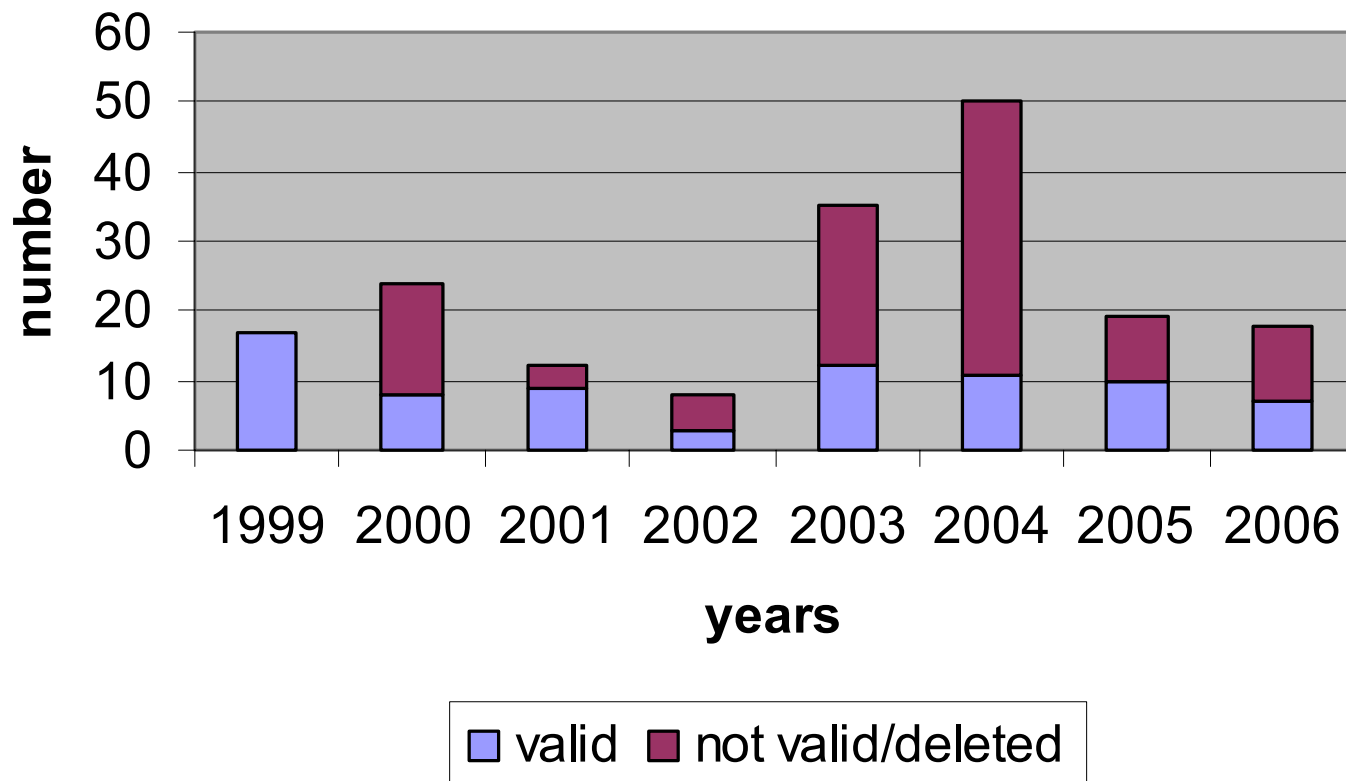
- Mayors and political identity:
 - Above 10000: only parties
 - Under 10000: no parties
- interlock of „central” political elite and local political elite (~25%)

Main elements of local policy in Hungary

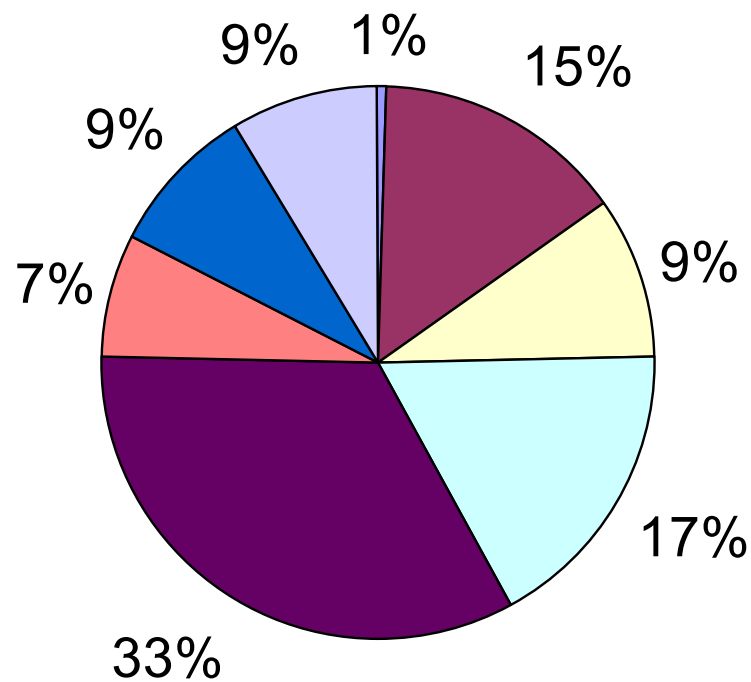
Typical problems:

- Local conflicts and reactions
 - ◆ Referenda (aims and solutions)
- National level conflicts
 - ◆ Road – conflicts
 - ◆ Environmental conflicts

Number of local referenda 1999-2006



Distribution of the aims of local referenda, 1999-2006



- Environmental protection
- Environmental protection establishment
- Industrial facility
- Institute or the location, operation of such
- Territory organization
- Communal development
- Property, privatization
- Territory physical plan or modification

Pillars of local policy 2.

- Need for economic independence
 - ★ Own incomes
 - ★ Balance between duties and incomes
- Fiscal decentralization

Challenges and newest trends

- Challenges of EU Membership

- Necessity of reforms:
 - ★ Public administration
 - ★ Territorial division
 - ★ Election system

Territorial reforms: legal way – democratic way vs. traditional way

- The areas of the administrative reform are in:
 - ★ Creating micro-regions (168)
 - ★ Creating macro-regions (6+1)
(statistical regions at the present are mainly responsible for regional development.)
 - ★ Creating an appropriate and modern local government system

Hungarian public administration: complicated

- In practice: 4 levels: 2 of them are sure and constant
- Need for a mental reform: „My settlement/my town hall is my castle”

Consequences of EU membership

regarding regional development

- New challenges: focusing on perspectives of settlements
- New cooperation and partnerships
- Discovering (or re-discovering) planning

Five operational programs:

- **ECOP** designed to stimulate economic competitiveness,
- **EIOP** promoting environmental investments,
- **ARDOP** operational in the agricultural field,
- **HRDOP** directed towards developing human resources and training,
- **OPRD** (*Hungarian abbreviation, ROP*) which serves to promote regional development and the territorial structural transformation of Hungary adjusted to EU regional policy.

OPRD:

- * Tourism**
- * Road reconstruction(minor and side roads)**
- * Urban rehabilitation**
- * Development of nursery schools and primary schools**
- * Training, employment**

Focusing on: settlement aspects

Consequences: tender-oriented micro- and macro regional policy

- The approaches of regional development: micro-regional development
 - ★ Typical settlement aspects
 - ★ + sometimes considering micro-regional aspects
 - ★ Tender-oriented micro-regional policy
- Macro regional:
 - ★ tender oriented
 - ★ Key word: competitiveness without spatial aspects

Theory and/vs. practice: how to go on?

- Traditional definition and viewpoints of regional development
- Traditional definition and viewpoints of local development
- Old fashioned or new style?
- Country specific? Central European specific?

Summary

- New challenges for local policy
- Further mental transformation needs