

INSTITUTIONAL AND INDIVIDUAL RESPONSES TO STATE RESTRUCTURING IN DIFFERENT GEOGRAPHICAL CONTEXTS (NKFI K 109269)

FINAL REPORT

The *goal* of this research was to identify the responses of the various agents to the changes in the role of the nation state, the transformation of the state's relationship with the market and civil society and how these changes and responses have shaped spatial processes in Hungary, in particular, over the past two decades. Having adopted an interdisciplinary approach, and treating local agents as active actors interacting with institutions and capable of shaping social space, we succeeded in examining the impact of changes in the institutional and regulatory framework on actors in local spaces, i.e. on civil society organisations, firms, institutions, households and individuals in a complex manner.

Interpreting interactions between actors as spatial processes determined the *thematic structure* of the project, i.e. the development of work packages linked to the 5 issues (detailed below) raised in the research. In order to be able to render the strong diversity of the research of basically (social and physical) geographic nature consistent, we needed a shared *theoretical framework* to help us. Having reviewed literature and as a result of shared workshops, we relied on what is called '*the production of space, place, nature*' approach in order to understand the restructuring of the nation state as well as the responses to it. This approach fitted in well with our '*active agents*' and '*everyday social practices*' concepts.

In addition to the qualitative *methods* inevitable for addressing the issues raised in the research, the *quantitative methods* we used to carry out comprehensive studies were also given great importance, which resulted in well-coordinated work.

I/1. We conducted *statistical analyses* as part of our national level studies on socio-spatial inequalities stemming from state restructuring. To sum up the results, we conclude: (i) the state policies and practices in the crisis period (in particular, between 2010–2013) contributed to socio-spatial polarization; new dimensions were added to social marginalities and expanded spatially; (ii) while inequalities were eased by post-crisis economic recovery, state interventions did not change the existing patterns of polarization significantly due to the increasingly centralized manner of redistribution and the limited scope of the state in shaping capital flows.

I/2. Revealing the characteristics of 'lived spaces' was an important task, which also needed quantitative methods to be employed. The state is transforming lived spaces by, among others, organizing public services (availability, quality), supporting individuals in gaining employment and sufficient income, providing security (personal and social) and material conditions (infrastructure). For a comprehensive and comparable assessment of the attitudes and practices of local households and residents, we conducted a *representative questionnaire survey*. The survey measured the spatial and social differences in state agency in four settlements (Kunszentmiklós, Mezőhegyes, Győrújfalú, Hortobágy) varying in status and location, with a combined population totalling 700 households (250-250 questionnaires in the towns and 100-100 questionnaires in the villages). We analysed the availability and quality of, as well as satisfaction with certain public services; confidence in the state and institutions;

expectations regarding the role of central and local state institutions; and their functional differentiation. Further, the survey also dealt with the interpretation of the state's role in regulating, managing and controlling economic and market processes.

I/3. Planned as the third pillar of our quantitative research, with the help of CERSHAS Databank, we conducted a *detailed statistical analysis* which gave us a better understanding of the changing socio-spatial structure of the four settlements surveyed by questionnaires. In the case of Mezőhegyes, Kunszentmiklós and Hortobágy the declining population and the peripheral location and/or the spatial marginalisation resulted in a constant decline in their status relative to the national average, even in growth periods.

The clear differences we recognised in the inner parts of the above mentioned settlements in the period of regime change (1990) became moderated as a result of infrastructural development actions (clear water, sewage systems, gas supply etc.) and as a consequence of small scale housing activity particularly, in the 2000s. (The same process can be seen in the results of the questionnaire survey in these settlements: the differences in 'mental maps' of towns and villages disappeared after 25 years.) In contrast, the differences between the inner parts and the outskirts enlarged, as a consequence of lack of state developments in such areas. The social and infrastructural gap between the two types of areas sharpened especially in Hortobágy and Mezőhegyes. Győrújbarát tell us another story. As a result of the suburbanisation, the number of inhabitants and flats doubled between 1990 and 2017. The new settlers changed the age, education, activity structure, language skills of the village after 1990. The districts of original (autochthonous) inhabitants sharply differ from the streets of new settlers (more urban characteristics, younger, more active, well educated residents etc.). This difference could be recognised in the quality of houses/flats, too.

As the last Microcensus in 2016 (searchable at the end of 2017) covered all of these settlements, we had an opportunity to follow the social and infrastructural transformation in the 2010s, too. In this half decade, at the scale of census-districts, a small scale equalisation could be recognised in all of the studied settlements.

The results of the research completed by quantitative methods are partly prepared for publication in the *Tér és Társadalom* and in our co-authored book next year (see below).

II. Using a broad methodological basis including both qualitative and quantitative methods, we examined *the most important issues* raised in the project at *12 locations* selected from among rural and urban spaces, small regions and natural landscapes. We focused on spaces where institutional reforms in the past decades have transformed the daily life of the residents significantly by changing the role of the settlement or region where their place of residence is in collective consumption, division of labour and the transformation of landscape. The goal, methods and some of the key new results of the research conducted in 5 work packages can be summed up as follows:

WP1: Cooperation, conflicts and state roles in the production of landscapes

Based on the concept of the project, we focused on production of space and landscape. We made an attempt to identify the fundamental changes in the *land cover of the protected areas*, and the driving forces behind these processes from the early 1980's to nowadays. The original concept (with the quitting of Balázs Duray) was slightly changed, because the 'individual responses' were not examined on general household scale, but primarily at the level of the farmers, as agents. This could be explained by their deep involvement in the agricultural and landscape conflicts.

Governmental concepts and strategies, the central resource management and capital distribution, local programs and institutional expenditures all manifested in 'landscape production'. Such processes unfolded in the countryside, the successful restructuring of which strongly depends on the environmentally conscious use of natural resources, on the appreciation of ecosystem services, and finally, on the sustainability of landscapes. The research was focused on two sectors concerned by such problems heavily, such as agriculture and nature conservation. The literature review and document analysis were complemented by primary data collection. The latter was focused on the Felső-Kiskunság and Bácska areas where 30-30 expert interviews were conducted.

The results of the first case study area were presented in 3 national and 2 international conferences, while the results of the second examined area were summarized in 2 national studies and 1 international (foreign) conference presentation. In addition, we completed the spatial data processing of Corine, rural development and other relevant CSO data. Our experiences showed that the largest 'land use' sectors had many conflicts in the last 40 years in Hungary, but parts of these conflicts seemed to be resolved in the past decade. However, recent state interventions and local responses to them may trigger further unfavourable processes in agriculture, nature conservation activities, and in the use and appearance of landscapes.

We may presume that the role of the state has changed substantially over the last 4 decades, and this era can be divided into different periods. The 80's was a supportive eco-conscious era. After the transition, the position of nature conservation was strengthened legally. Finally, following the entry into the EU, the maximized utilization of agricultural subsidies sharpened the conflicts of land use, which could not be managed within the CAP system so far. Over and above the central government took some actions recently which may endanger this fragile cooperation between the examined sectors and it may result in a serious disruption.

WP2: State development policies and local responses – the production of difference as relational/scalar process

Assuming that the institutional practices of the nation state in the field of *development policy* has been shaped mainly by EU decisions over the past 20-25 years, originally we put in the focus of our research this question: how did supranational (EU) norms and institutions shape the national local practices of the agents of local economies, and tackle or reproduce socio-spatial differences? The processing of the relevant literature drew attention to the fact that, under the principle of shared management of the EU cohesion policy, member states enjoyed

a fair degree of autonomy in designing their development policy institutions, regulatory systems and procedures. Local actors, therefore, had to face both the challenges of the rules, institutions, expectations of the EU policy based basically on neoliberal principles and the constantly changing implementation framework in Hungary. Since 2006, the Hungarian development policy has been characterized by increasing centralization, the strengthening of political type coordination mechanisms and merely formal compliance with EU rules. The frequent changes in national development policy redefined the positions of local actors and the emerging networks over and over again. Literature processing also drew the attention to the relevance of local social capital and 'project class' theory in rural regions.

The main *objectives* of our empirical research were to find out how local actors react to the changing development policy context, how it shapes embedded networks and interactions of agents involved in regional development policies (projects), the local practices of local agents and the relationships of such agents to other scales and how such interactions influence the development of micro-regions. We relied primarily on case study method; we conducted field work in 2 rural microregions that are considered backward, but performed differently (failed/adapted) in absorbing development funds (Kunszentmiklós and Mórahalom region). We made a comparative, time series-based analysis of the project activity, the development funds absorption, the use of development resources and the development performance. For this, we processed the local documents (development concepts, strategies and programs, minutes, proceedings, etc.) and conducted 30-30 interviews with different local actors. The field work revealed that local responses to the structural changes of the state development policy could exert a considerable impact on local development, thus on the territorial differentiation. The pilot regions followed diverse development tracks due to the different local reactions. Our research demonstrated that the key factor of local success is multi-level cooperation between various (public, private and civil) local stakeholders. The ability to adapt flexibly and quickly to the changes of state institutions and regulation extremely depended particularly on local governments' interpretations of their role. Their development practice was crucial for not only the local economic growth and employment, but also for creating social networks. No evidence was found to indicate the existence of a 'project class' within the local rural societies assuming an intermediary role between decision makers and beneficiaries. The traditional structures of power (based on party- and economic hierarchy) seemed to survive. Although project-based implementation had become predominant in development policy, the main arena of the 'struggle' to obtain development resources was still the political one.

The partial results of the research were presented at 4 domestic and 2 international conferences as well as in 2 domestic and 2 foreign publications, one of which was published in international journal with impact factor, ranked Q3.

WP3: Responses to state restructuring in consumption-related strategies and practices

As we proposed for WP3, the research rested on the (re)interpretation of *consumption* as a set of dynamic social relations through which, we can understand power relations and socio-cultural processes shaping (state) institutional structures and locally embedded individual/household responses to those, and this way, we can reveal the multiplicity of

agencies and interactions that (re)produce inequalities in a European-peripheral context. To highlight the diversity of locally embedded practices, we conducted field work in Mezőkovácsháza, Keveermes, Győr and Győrújbarát to discover the urban-rural, and regional (core/periphery) dimensions of inequalities in material consumption in which, we included housing. In the empirical studies, we relied on interviews (all together, 112 were conducted with retailers, housing agents, state officials, NGOs and residents in the four study areas), participant observation, as well as document and local media analysis. Moreover, we organised 2 focus group meetings in the Dél-Békés field.

In the papers we published (7) in edited volumes and academic journals and presented at national and international conferences (21) we contributed to national and international academic debates along the three major *arguments*. (i) For a deeper understanding of the mechanisms of peripheralization and polarization along East/West dimension and the role of the state in those, we highlighted that shifts and turns in the regulation of retail and financial capital particularly, under crisis-related austerity regimes reflected the dependent position of Hungary (CEE) in the context of financial/global capitalism, resulting in spatially selective investment strategies and enhancing inequalities in urban-rural context, and increasingly, regionally (polarizing the urban network). (ii) By focusing on local processes, we contributed to debates on the diversity of capitalism, revealing the rise of “double” marginalities of residents of rural spaces (as consumers of public and also of marketed goods), the new practices of income raising and consumption, and the emerging centrality of state agency in the production of new dependencies through such practices in local spaces. (iii) By explaining the relationships between ongoing rescaling processes/centralization in the recent regime of governmentality in Hungary, the growing dependence of all local agents on the central state and international capital, and the process of fixing the marginality within rural spaces, we contributed to the international debates on state space making under global capitalism and a more nuanced (and grounded) understanding of this process within/from the eastern periphery of Europe.

WP4: Production of socio-spatial inequalities in public services

Accessibility and quality of *public services* (including *public education*) play an important role in the development of spatial and social inequalities. Prior to 2011, public services were jointly controlled by the central and local government. Since 2011, after the centralization of management of schools was completed, the central government and its territorial institutions have been shaping the content and spatial distribution of services.

We examined the conditions of public education in two case study areas (Sátoraljaújhely and its surroundings, Geszt-Sarkad) with interviews and focus group conversations (a total of 50 persons interviewed), paying particular attention to the changing role of the state. Social services were also examined, contributing to the better understanding of the effects of different kinds of state activities in the realm of public services. The Sátoraljaújhely case study helped to understand the background and the mechanisms that accelerate primary school segregation in the town, as well as the causes of negative selection and elimination in the vocational secondary education. The comparative study of the primary education of Geszt, with a school that retained the majority of their students, mostly local resident children, and

that of Sarkad, with schools experiencing a severe drop in the number of students, contributed to the understanding of the causes and mechanisms of inter-settlement segregation processes. Investigation of the secondary education system in the Sarkad district (an area without vocational education) has proved to be an excellent case study for exploring the relationship between early school dropout and accelerated spatial centralization of services. The exploration of a close interconnection between the small number of places at vocational schools that are within reach by daily commuting and early school leaving (without early school leavers obtaining any qualification), a new research result that may also be useful for education policy. This interconnection holds true particularly for rural regions where the rate of disadvantaged students and students with multiple disadvantages is particularly high.

Parts of the research results were presented at 2 national and 2 international (foreign) conferences and published in edited volumes and academic journals (3).

WP5: Changing state roles and residential mobility related to gentrification and rural ghettoization

The main purpose of the WP5 was to identify the actions of local agents as responses to the changing role of the state in producing space, through studying *residential mobility* related to gentrification and rural ghettoization. We strove to find an answer to the following question: How do individuals belonging to different social groups become active agents of production of intra-urban/intra rural socio-spatial inequalities in the field of force of the capital (investment/disinvestment) and of state interventions?

The adoption of an approach focusing on relationships between agents of research on the production of space was the best reflected during the 60 interviews conducted at 2 case study locations (Hortobágy and Győr-Újváros), the follow-on/repeated site visits in the 5th year (e.g. the impacts of the 2017 European Youth Olympics), repeated interviews and participant observations. This methodology also made a simultaneous study of interconnections between the changing role of the state and the spatial mobility of the population possible in urban and rural spaces, which was a unique academic achievement in Hungary. As regards the residents facing the dilemma of ‘migrate or not to migrate’, studying such interconnections through their experience has made it clear that the Socialist era of nation state roles has to be revisited. While the importance of that era is still felt in both an urban and a rural context, spatial differences are undeniable. Slumming in the Újváros district of Győr in that era was attributable to state disinvestment (in services and housing). By contrast, in Hortobágy the state engaged in rural development invested in both services and the economy (state farms). The changed role of the state after the political regime change and later Hungary’s accession to the EU rearranged housing and ownership, facilitated neoliberal policies advancing the interest of private capital and also transformed the relationship between the nation state and the local state. Ultimately, conflicting processes, i.e. reinvestment (urban rehabilitation programmes and gentrification) in the city and disinvestment (the termination of the operation of state farms in outer regions) in the village led to marked outmigration (in our interpretation: displacement). The outskirts undergoing segregation in Hortobágy attracted households from

marginalised social groups, while outmigration from Győr-Újváros exacerbated ghettoisation elsewhere.

The results of the research were disclosed at 10 conferences in Hungary and 3 abroad. A chapter in a book published in Hungary and one in another published abroad (Palgrave Publications) were dedicated to our findings on the changing relationship between the socialist-capitalist state and daily life, which enabled us to contribute to international academic discourses on mechanisms reproducing social and spatial marginalisation as well as peripherisation. Our article published in the *Cities*, a Q1-rated journal with impact factor helped us join international discourses on the theory of *right to the city*. We revealed that many in peripheral rural areas were excluded from access to urban resources, even from basic state services, which – we argue – is a violation of their right to the city, therefore, this calls for a broader understanding of the concept.

All in all, the findings of the project were discussed at 40 (partly international) conferences in Hungary and at 12 conferences abroad, and they were **published** in 12 Hungarian and 6 international journals, book chapters and conference proceedings. Furthermore, we presented our findings in a panel debate at a conference entitled ‘*Cities and regions in the early 21st century*’ held in Győr in October 2016. Our project leader presented a summary of some of the findings of the project at a well-attended panel conference organised by the CERSHAS horizontal workshop on socio-spatial inequalities in November 2016. A 1-year postponement of the closing of the project enabled us not only to fulfil our project commitments, but also to prepare joint publications. The results of all work packages and those of a joint comprehensive quantitative study will be published in a thematic issue of the *Tér és Társadalom (Space and Society)*. The studies will be based on the basic question of OTKA and the theory of the production of space, and on accepting the summary, the editor-in-chief of the journal promised to have the results published in 2019. In addition, fine tuning the use of the concept of everyday experience, we interpret the findings of our field work studying the roles of the state as an economic actor, a provider and the shaper of daily life in the areas involved in our rural case studies by using the *standpoint theory* proposed by feminists. We have started writing a *book* summarising these findings to be published in 2019. By publishing our findings, we contributed to important international and national academic discourses on state roles, state space making, production of space by different agents, spatial differences and inequalities, peripherality and marginality.