

# **Proceedings of the Second International Colloquium on Regional Development**

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**PROCEEDINGS OF THE  
SECOND INTERNATIONAL  
COLLOQUIUM ON REGIONAL  
DEVELOPMENT**

*Tatsuhiko Kawashima and Tibor Vaško*  
*Editors*

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# Foreword

One of IIASA's important functions is to play a useful catalytic role in bringing together people of different backgrounds in order to focus their attention on common problems. Doing so enables individuals to view problems from a multiple perspective which, in turn, may lead to a better understanding of a problem and how to deal with it. A case in point is the present volume which contains papers from the "Second Colloquium on Regional Development" which took place in the historic city of Bardejov, Slovakia in October 1992. This Colloquium was a follow up of a "seed" activity of IIASA's first Colloquium in the High Tatras in April 1991 which was also devoted to regional problems.

We are reassured about the importance of such a meeting in that they are conducted on a collaborative basis especially with potential users of our results. The scientific sponsor of this Colloquium was Professor T. Kawashima from Gakushuin University in Tokyo. The Mayor of Bardejov, Mr. Skaloš, and the director of Konzultex, Mr. Mižák, were very active in its organization and generously supported the local costs of foreign participants. On the government level, the Commission on Economic Policy of the Slovak Republic was also very helpful.

A particular focus of this Colloquium was the potential for collaboration in near-border areas, in fact similar to the region where the Colloquium took place. The opportunity to cooperate across national borders has been brought about by the recent political changes in Central and Eastern Europe but to make full use of this opportunity may well be harder than some of the papers of this volume suggest. Nevertheless, some progress can be made quickly, and conferences of this sort do help to advance cooperation.

The contributions span issues from economic, societal, and environmental problems to examples of measures, policies, and solutions in some countries. They address issues on national, regional, and local levels from different viewpoints, so that the participants could find topics relevant to their interest.

We at IIASA are happy to have helped to organize this Colloquium. We are particularly encouraged by the statement of Regional Developers from Eastern Slovakia (stemming from the Colloquium) which was addressed to local authorities, and listed desirable measures recommended to local and regional authorities, some of which have in fact already been implemented. Thus the Bardejov meeting not only resulted in fine analytical insights, but also in useful and implementable policy recommendations.

*Peter de Jánosi*  
Director



# Contents

<b>Foreword</b>	iii
<b>Acknowledgements</b>	vii
<b>Introduction</b>	ix
<b>Welcoming Address by the Mayor of Bardejov City</b> <i>Lubomir Skaloš</i>	1
<b>The District of Bardejov as Part of the Carpathian Euroregion</b> <i>Milan Barolák</i>	3
<b>Development Strategy of the Slovak Economy</b> <i>Jan Foltín, Igor Kosír, Pavol Ochotnický</i>	7
<b>Regional Development in the Reform Countries of Eastern Europe: Bottom-Up Instead of Top-Down?</b> <i>Peter Schneidewind</i>	13
<b>From Regional Planning to Local Development: The Case of France</b> <i>Suzane Savey</i>	17
<b>Towards Regional Innovation Systems in Central Europe</b> <i>Hans van Zon</i>	21
<b>Regionalism and Minorities in Hungary</b> <i>József Tóth</i>	27
<b>Basic Problems of International Cooperation of Slovak Cities and Communities</b> <i>František Murgaš</i>	57
<b>Practice of Regional Transborder Cooperation</b> <i>Tibor Vaško</i>	61
<b>Development Problems and Opportunities in International Border Areas: Lessons from United States–Mexico Enterprises</b> <i>Niles Hansen</i>	69
<b>Strategy of Development of Slovak–Polish Border Regions</b> <i>Mikuláš Mojzeš</i>	83
<b>Project on Transboundary Cooperation Vienna–Bratislava–Győr</b> <i>Dušan Slimák</i>	89

<b>Types of Settlements, Characters of Entrepreneurs</b> <i>Éva Ruttkay</i>	103
<b>Colloquium on Regional Development</b> <i>Mrs. Maria Dolores Oms</i>	109
<b>Appendix A: Statement of the Participants</b>	113
<b>Appendix B: Program</b>	115
<b>Appendix C: List of Participants</b>	117

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We thank Shari Jandl, administrative assistant at ILASA, whose administrative support was indispensable and our thanks also go to Angela Ferrari and Sabine Malek for typing the manuscript. Our gratitude to Anka James who generated the PC graphics for Dr. Slimák's paper. We would also like to express our gratitude to Dr. Christoph Schneider whose help at the colloquium as well as with the preparation of the statement is very much appreciated.

All these organizations and the individuals who helped us are not responsible for the views expressed here, which are solely those of the authors.

The editors thank all those who have made our work possible. Any deficiencies of the proceedings remain solely our responsibility.

*Tatsuhiko Kawashima*

*Tibor Vaško*



# Introduction

The First International Colloquium on Regional Development which took place in April 1991 in High Tatras was very exploratory in many respects, both for IIASA and the local organizers, but it resulted in a strong message to continue similar activities (Vaško, 1992).

In response to this message, the Second Colloquium was held in the beautiful city of Bardejov in October 1992. In spite of the hectic times in this area—it was only six weeks to the separation of Czechoslovakia into two autonomous states—there was considerable interest in the focus of the colloquium. The development of near border regions of the area in which the meeting took place was a good example. This volume represents a selection of the papers prepared for the Colloquium in Bardejov.

Regional science, if such a discipline exists, cannot be isolated from other disciplines, but must base its methods and procedures on the results of other relevant disciplines (for example, macro, mezzo, micro economics, population dynamics, environmental protection, etc.). This fact is also reflected in the character of the individual contributions which span from macroeconomic national strategy to problems of local development.

A national development strategy for a state less than a year old (Slovak Republic) is outlined in the papers by Foltín et al, where hindrances to a future development as well as available aspects are identified. In fact, this paper represents a macroeconomic framework of the region where other contributions dealing with Slovakia are placed (Mojzeš, Murgaš, and Slimák). They also deal with Research and Development (R&D) potential and their views are compatible with those of Hans van Zon as presented in this volume.

Schneidewind, in his contribution, bridges national and regional development and points out two possible approaches (top-down and bottom-up). He also warns of possible dangers stemming from indiscriminant applications of past Western regional policies. These policies, in some cases, could not be proved as efficient. As the author claims, many of them were based on hard locational criteria in the past. In other words, such policies were framed in the assumption that social benefits of increased production from former idle resources are higher than the diseconomies of production dispersion (higher transport costs and loss of agglomeration advantages). It was found that in some countries the differences among regions did not significantly decline in spite of regional policies. The author recommends to concentrate on “soft” factors determining the locations quality.

Professor Savey continues in similar reasoning in her paper by describing an approach to local development as practiced in France. This approach is based on the mobilization of endogeneous resources. From a different perspective, it is possible to say that both hard and soft locational factors are mobilized fully recognizing societal factors such as: own identity, cohesion (consensus) and belief in own forces. The importance of this message to the regional development actors in the countries of Central and Eastern Europe could hardly be over-emphasized.

Hans van Zon raises an important issue—innovation. The countries of Central and Eastern Europe traditionally lagged behind the West especially in applications of new technology and the recent transformation processes did not improve the condition for the development of new technology nor is it high on the list of priorities at present. Therefore the institutions working on the transformation of the economies devote only very scanty attention to these issues, in spite of the fact that it is innovation which could ultimately secure competitive goods and services for

the Western market and enhance the economic level of the domestic economy. Van Zon's paper contains several important messages for those who work on the regional level. First he identifies the hindrances presented by the legacy of the past era. Then he stresses the need of some kind of local innovation policy which should bring certain coherence to individual measures taken on the local level. He further points out the importance of social and psychological dimensions of innovation. All this has to be taken into account when contemplating guided local development as he proposes.

A complex view on the regional development and the location of minorities in Hungary is the substance of the paper by Professor Tóth. He describes how past development in this part of Europe interfered with the attempts to arrive at a workable regional policy. This past development is also a key to understanding the existence and location of minorities in Hungary. From detailed data it is possible to say that the location of minorities in Hungary is so diffuse that they do not coincide with specific regions, therefore the problems of minorities are not amplified by regional problems.

While Professor Tóth indicates the possibility of regional cooperation made possible by the reinstatement of democratic systems in Central and Eastern Europe, Murgaš describes the present state-of-the-art of international cooperation of Slovak cities and communities. This cooperation is being institutionalized. In several examples Murgaš shows what the content of cooperation is between neighboring regions and also between regions in more remote countries.

Vaško describes some examples of transborder cooperation taking place on a national and regional level. On the national level the promising pentagonal cooperation in the region collapsed as a consequence of the situation in Yugoslavia. Since the colloquium, a new cooperation has materialized in the "Carpathian Euroregion." Other examples of national and subnational cooperation are also given.

Professor Hansen presents the results of his work on transborder cooperation between the U.S. and Mexico. He points out in detail the peculiarities of this cooperation (between economically more and less advanced countries), the positive economic impact, negative environmental consequences and their solutions. He also elaborates on the importance of human resources on both sides of the border. Finally, he tries to predict the potential impact of the North American Free Trade Agreements (NAFTA) which is being prepared. This paper contains substantive and methodological messages for those who study transborder cooperation in Central and Eastern Europe, because countries meet on the U.S.-Mexico borders with significantly different economic levels as is the case in Central Europe (for example, Austria-Hungary, Poland-Germany, etc.), and therefore both positive and negative experience is of importance. The impact of NAFTA may be instructive in assessing the impact of the future approachment of Central and Eastern Europe with the EC.

In an interesting paper Mojzeš describes the situation on Slovak-Polish border regions, which were deprived of economic support on both sides of the border in the past. Unlike the U.S.-Mexican border described in Hansen's paper, these countries are approximately on the same economic level and will have to identify viable endogeneous sources of growth. The paper describes individual elements of regional development (labor market, industry, infrastructure, environment, etc.) and indicates some urgent problems to be solved. Many of these were summarized in the "Statement of the Participants," (see Appendix A).

Another promising region in Central Europe is described in the paper by Dr. Slimák. It is not only this author who predicts potential for growth for the area but also other Western researchers (for example, Müller-Scholz, W. in *Capital N-S*, 1993, p. 188-89.) and their expectation has a similar origin as those of Dr. Slimák. These are low-wage, relatively highly skilled labor, good position for future transport, close to promising markets, potential for further growth, etc. In studying the future development of the region several ideas from Hansen's paper could be relevant, because the region is economically and demographically heterogeneous, and has some environmental conflicting problems (nuclear energy, large hydrodam on the Danube).

Since January 1, 1993 four countries appeared in the region due to the break up of the former Czechoslovakia.

This very fact may somewhat complicate administratively the future cooperation in the area, but certainly made the cooperation even more useful. It will be the task of regional authorities to use the various complementarities for economic benefits of the whole region.

The next paper by Dr. Ruttkay describes the Wien-Bratislava-Győr (W-B-G) region or at least its Bratislava-Győr (B-G) branch, namely some of the social processes which led to the creation of new breed of entrepreneurs both in the urban and rural environment. Various examples, the author cites, show how skills and creativity which latently existed in the command economy immediately started to flourish once the economic environment was favorable. It is possible to follow the peculiarities in villages, where combinations of skills can be used, or large cities where the agglomeration advantages allow the combination of various capabilities into profitable manufacturing or service activities. A specific case are regions where industrial "monoculture" was implemented by the former command economy. Here the diversification into new activities is most difficult and certainly represent a rewarding problem to be solved by local authorities.

Many near-border regions are endowed with a potential for long and short term tourism and local authorities face the problem to make efficient use of these resources. The contribution by Mayoress Maria Dolors Oms, represents a unique first hand description of the experience of a Catalonian municipality leader. This experience can be very instructive for mayors of cities in the region of the colloquium venue, because the overall situation has similar features in both places. Mainly, the uncertainty of future development, easy money as part of the motivation, social disequilibrium, and a lack of infrastructure and services. The paper also describes how, during the growth period, new changes have been worked out for the tourist industry which became the most important component of long term development. Finally, the paper shows how the structure and focus of demand in the tourist industry recently changed and what can be done to increase its economic benefits.

Instead of describing the discussions, the Statement of the Participants (Appendix A) reiterates the most important messages from the Colloquium, both from papers presented and the discussion which followed. The Slovak participants used this statement.

*Tatsuhiko Kawashima*

*Tibor Vaško*



# Welcoming Address

*Lubomír Skaloš,  
Mayor of Bardejov, ČSFR*

Dear Ladies, Distinguished Gentlemen,

It is a great honor for our city in this picturesque corner of North-Eastern Slovakia to have been selected as the venue of the Second International Colloquium on Regional Development. In addition to the beautiful natural countryside and the healing properties of the mineral waters Bardejov offers a precious and rich cultural heritage. The enjoyment of so many possibilities simultaneously offered in Bardejov can only be matched by very few cities in Slovakia. Bardejov was first mentioned in a document written in 1241 in the Ipatyiev Chronicle. Due to the precision and consequential writing of the chronicler, Count Danil, Bardejov commemorated in 1991 the 750 year anniversary of the first written appearance of the city's existence.

In its rich history, Bardejov lived through centuries of growth as well as decline in which the city fell almost into oblivion. Activities after World War II changed the character of Bardejov from a small market city into a city with 31,000 inhabitants representing the administrative center of the Upper Šariš region. In spite of the new elements and movements which accompanied its growth, the city has not lost its original medieval character, which can be seen by its civic and religious buildings.

The attempts to save and renew the city's precious cultural heritage, lasting many years, brought international recognition—a European Gold Medal Award which was presented to our city in 1986 as the first in Czechoslovakia.

The Bardejov Spa is also part of the city. The Spa is pleasant in any season and recently became a very frequented place in Slovakia. Encircled by forest, the Spa is quiet and peaceful and offers an opportunity for a relaxing vacation.

In the remote past, Bardejov was the crossroads of business routes. It may be that in joining the North and the South of this region the city will have the same role in the future.

In 1991 the Tenth Annual Conference of the Institute for East-West Security Studies took place in Bardejov and persons from the political, industrial, financial and cultural community met here to assess the possibilities of assistance being extended to the emerging democracies in Central Europe.

Bardejov and its immediate environment creates a unique locality. In the Bardejov Spa, we have the oldest museum of folklore architecture in Slovakia. In the gothic church of St. Giles there are 11 gothic winged altars which are unique in Europe in their rich collection of artifacts of eastern ritual. In the main square, the walls of civic houses convey history, fortified walls and fortress towers increasingly attract the "problem loaded" observer of today to relax and absorb the message of history. All this predetermines our city of becoming a preferred center for tourism.

I hope, dear ladies and distinguished gentlemen, that you will find a little time during the Colloquium to visit all these places and take home nice memories of Bardejov.

I wish your deliberations enjoy our creative and warm atmosphere and I welcome you most cordially to Bardejov.



# The District of Bardejov as Part of the Carpathian Euroregion

*Milan Barolák,  
ČSFR*

It is a great honor for me to be able to describe to the colloquium participants the natural, economic, cultural, and societal data of our district as well as to share with you the problems encountered by the region.

The district of Bardejov is located in the North-Eastern part of Slovakia very close to the Slovak-Polish border. With an area of 1,013 km<sup>2</sup> and 80,000 inhabitants it is close to the average in Slovakia.

The geomorphology of the district is created by hills and valleys of the Topla river watershed. The highest hill is Minčol (1,187 meters above sea level) in the Čergov mountain chain, and the hills of Busov and Magura are up to 1,000 meters; the picture is completed by the hills of Ondava. The lowest place, with only 168 meters above sea level, is in the region near the community of Tarbaj in the alluvium of the river Topla. Our district is on the border between the Eastern and Western Carpathian Mountain chain where one can find species of fauna and flora from both parts.

In the same way, the elements of eastern, byzantine and western culture meet. The former is represented by wooden churches in seven communities of the district, while the latter is represented by historical medieval objects in city's monuments reservation. For instance a few are: the gothic church of St. Giles, the City Hall, and a series of historical houses situated on the City Hall Square. The fortifications system of the city is also interesting.

From the ecological point of view, the countryside is balanced. Slightly over 50% of the area is taken by agricultural fields, 40% by forests. Nature in the district is well preserved, undisturbed by the negative influences of civilization. The air is the clearest in the country and combined with the healing mineral waters it creates an ideal base in Bardejov Spa for the treatment of digestive tract and respiratory system malfunctions. The precious and valuable alkaline mineral water, Cigel'ka, is used for the treatment of stomach diseases.

The countryside of the district has potential for winter sports and several centers for tourism were built (Nižná Polianka, Regetovka, etc.). This preserved natural environment offers the possibility for tourism, mushroom picking, and hunting (carpathian stag, roe-deer, boar, as well as wolf and lynx).

The homogeneous natural conditions in the Low Beskydy mountain chain on both sides of the Slovak-Polish borders as well as the existence of mineral water sources of a similar kind, create a prerequisite for an inter-regional spa micro-region which could be delineated by Bardejov-Cigelka (Slovakia)-Krynica-Wysowa (Poland)-Regetovka (Slovakia). Similarly, an international tourist region could be created, but the biggest obstacle is the lack of appropriate border crossing points. For two years we have strived to open the crossing points of Kurov-Krynica, Becherov-Konieczna, and Nižná Polianka-Ozenna.

Of the 80,000 inhabitants in the district, more than 91% are of Slovak nationality. In the near border areas are Polish, Rousseen (a local ethnic minority), and Ukrainian minorities and 4% of the inhabitants are Gypsies.

The age structure of the inhabitants is advantageous. The number of inhabitants in the pre-productive age group is almost twice as large as the share of those in the post-productive age group. In the last ten years, the share of the population in the productive age group increased by more than 10% and reached 56.3% of the total population.

The qualification structure shows an increased share of the population with complete medium-level education. Among those with professional education the machine building, shoe manufacturing, trade and services, agriculture, and construction prevails.

A strong representation of pre-production age cohorts and improving professional composition of the population creates a prerequisite for the positive economic development of the district.

In the past ten years, the economic activity of the population has increased and there is a trend to transfer from agriculture and construction into other branches of the economy. In industry and construction 42.5% of the active population is engaged. Trade and services are not appropriately developed to meet the needs of a modern economy. Rapid development is needed here which could create new jobs.

A dominant industrial branch in the area is the shoe industry. The JAS company produces shoes which are sold in Western and Eastern European markets. The Kožiar Company in Giraltovce is producing quality leather fancy goods for home and foreign markets.

The Bardejov machine works are currently experiencing a difficult period because they are hit by conversion problems (from military production) and by the insolvency of home and foreign partners especially in the countries of the former Soviet Union. In the past 18 months this company released more than 1,000 employees.

The most problematic branch is agriculture where 8,500 people worked at the end of the 80s. After a rapid decrease of subsidies this branch now has severe financial problems and will ultimately increase the number of unemployed.

Until now the food industry has managed to survive. In addition to the produce of ecologically perfect milk products also for western markets, the Barnea Corporation also successfully produces juices, syrups, and non-alcoholic beverages.

Construction passes through qualitative changes. Recent restrictive measures had a negative impact on small local firms and many employees left them for the private sector.

A common feature of economic transformation in Eastern Europe is high unemployment. In the district of Bardejov it reached 21% of the active population in January and February 1992. Due to an active employment policy, private sector growth and an increase of employment in agriculture and forestry, the unemployment rate declined and in the Autumn of 1992 it was 15%. We expect that the privatization of industry and the transformation of agriculture will be the key factors in unemployment development.

With the development of tourism we hope to introduce new activities—agrotourism and stay in the attractive villages and scansen of folklore architecture. The scenery of the countryside offers rewarding horse rides. Here again, the interconnection of Slovak localities (Magura–Busov) and Polish ones (Krynica–Wysowa) seems desirable.

The technical infrastructure has not the required level for developing a modern economy. The road network is not uniform. Up to 75% are third category roads, 10% are of a second category, and first category roads are those connecting district towns only (Poprad–Svidník, Giraltovce–Prešov) and Poland with the district. In order to enhance the accessibility of the district we are taking steps to recategorize important roads.

In telecommunications, digital switchboards are being prepared and in power engineering private initiatives are prepared. Here we have some problems in the secondary electric power grid because of obsolescence. The gas grid is developed, but further growth is limited by the lack of financial resources.

About 68% of the inhabitants in the district use water from the public network and 61% of the communities have public water sources. The situation is less positive in waste-water treatment where only 36% of the population make use of waste-water treatment facilities, which is much below the average in Slovakia. Very intensive activities are recorded in this field but the results are limited by the lack of funds.

Housing in the district is slightly below average (measured by the number of apartments per 1,000 inhabitants) due to the disequilibrium between construction intensity and demographic development.

Educational facilities are predominantly professional high schools and general ones ("gymnasium"). They are also attended by students from neighboring districts. University education is available in nearby cities (Prešov, Košice).

We have an insufficient capacity in health care services, the inhabitants therefore obtain some treatment in neighboring districts, mostly in Prešov and Svidník. Some services are also rendered by local spas. These services have tradition, and for illustration were visited, among others, by: the Empress Elisabeth (wife of Emperor Franz Joseph I) in 1885, Maria Louise (wife of Emperor Napoleon I) in 1809, and the Russian Tsar Alexander I in 1821. In 1991, the Institute for EastWest Studies had its Annual Conference in Bardejov which brought many leading personalities to Bardejov (Vice-President Dan Quaid, Presidents Havel and Göncz, etc.).

Special services are extended in Bardejov and Giraltovce in institutes for mentally retarded children. Recently a house with a day care service for 60 retarded families was put into operation. There are some problems—barrier-less apartments for handicapped people. In this respect, some charity organizations also became active (Salesians, Bazians, etc.).

Cultural activities are organized by several local and regional centers. There are interesting museums, unique expositions of icons, and scansen of folklore architecture. In the district, several folklore groups perform traditional songs and dancing. In the local spa there are regular festivals of brass music. Local minorities are also active in performing their traditional dances and songs (Eastern Slovaks, Ukrainian, Rousseens, etc.).

In the district, 87 communities signed an agreement to participate in the prepared Carpathian Euroregion. The idea is that all border districts will cooperate with the border districts in Poland, the Ukraine, and Hungary. Our district is represented by 9 mayors and one representative of the State Administration. We are hopeful that in this way we will be able to cooperate on an international level according to the stipulations put forward by the Visegrad agreement.

I hope that the above has brought you somewhat closer to our district, its strong and weak features, and that during your stay you will be able to learn more about this part of Slovakia.



# Development Strategy of the Slovak Economy

*Jan Foltín, Igor Kosír, Pavol Ochotnický,  
ČSFR*

On January 1, 1993 a new Slovak Republic was formed. This major event gave rise to an urgent need to formulate a strategic plan for the transformation and development of the new state consistent with the political principles emerging from the democratic processes now being used.

The strategy to be developed should make full use of the current and potential assets and resources of the region and must be in harmony with agreed upon societal objectives. Such a plan must also meet the criterion of attaining economic revitalization without great deprivation in the process.

The basic principles for the process have been set by the Declaration of the Government of the Slovak Republic (July 1992) which assumed the continuation of the direction of reforms transforming the national economy into a functional market economy with responsible concern for an ecological and socially progressive development, one which promotes a life for its citizens in prosperity and dignity.

## Relevant Features of Past Development

In spite of the changes made since the collapse of the socialist system, the legacy of the past reveals many features that are important for strategic development because it predetermines the problems of transformation as well as some of the solutions. For the purpose of strategic design the most important aspects are:

1. Past extensive modes of development dictated by a cold war mentality provided a range of products and production structures incompatible with current and future needs.
2. The past political orientation imposed an autarkic, heavily supply side character of development.
3. Highly centralized allocation processes provided little, if any, corrective feedback leading to distortions not only of economic processes but also the very structure and nature of the production base.
4. The wealth redistribution imposed by the socialist system created a feeling of equality among people and so relieved many social stresses, but at the same time had a strong demotivating effect on the work force and ultimately led to a serious decline in the productivity of labor throughout the whole economy.

The impact of these effects led to a national economy with a 30–60% labor efficiency and with 2–3 times higher material and energy input per unit of output than the economies of advanced western countries.

The Slovak economy, like most of Eastern Europe, had a very high rate of women in the work place. However, the gap between Slovak technology and that of the most advanced nations amounted in high-tech sectors to 10–15 years. In many branches of industry the monopolistic, closed market position of highly vertically integrated enterprises guarded them from the effects of any competition or need to innovate.

From the macroeconomic point of view three main types of disequilibrium were present:

1. **Internal:** excesses of demand over the supply of goods and services were as much as 46–61%.
2. **External:** large excesses were created (hundreds of percentage points) between the need for foreign currency over that available from sales of products and services abroad.
3. Without the perceived need for efficiency full employment was achieved through hidden unemployment (through over-staffing) which further exacerbated the low efficiency and lack of employee motivation.

## **First Phase of Reform**

The underlying principle of the reform was a transition to a market economy to create an efficient and prosperous economy. The strategy of the former ČSFR (implemented on January 1, 1991) was aimed at:

1. **Internal equilibrium** through price liberalization.
2. **External equilibrium** through currency devaluation.
3. **Privatization of national property** to create a competitive economic environment and to motivate employees and managers to increase overall efficiency. At the same time, however, restrictive wage and price policies were incorporated to limit inflation.

These practices and policies did manage to reactivate the role of money in influencing economic phenomena. Also, the reduction of the former redistribution processes which eliminated some former guarantees (work, recreation, etc.) was offset in part by guarantees of a minimum wage plus limited time support to the unemployed.

The overall impact of this transformation so far has been the expected decline of the GDP in Slovakia from January 1991 (the beginning of the transformation) of 23%. The price shock from December 1990 to January 1992 was 25.9%. Inflation in 1992 declined, however, and reached a level of about 10% per year. Total exports rose by 13.2% in 1991 but only 1.9% in 1992 over 1991. A significant reorientation in exports took place during this period with 54.2% of exports going to developed countries. Foreign trade had a negative balance of 9.2 billion Kcs in 1991 but then reduced to 2.1 billion Kcs in 1992.

In the labor market, demand declined but less than the decline in GDP. In January 1993 the unemployment rate was 11.2% with a total of 286,200 workers unemployed. There were also some positive shifts in the structure of employment. For example, services increased from 39.4% to 42.4% of the total work force during 1992. The share of labor in the private sector rose from 15% to 21% in 1992 with the highest share being in retail (59.3%) and in services (45.1%).

## **The Next Phase of the Reform**

The position of the Slovak Republic in Central Europe and the size and structure of its economy predetermine the general guidelines of future development toward an open market economy. To secure this goal, it is necessary to define further steps, and to better define the roles of important actors, mainly:

1. The role of the state and the private sector;
2. The principles and strategies of privatization;
3. The necessary tools for the regulation of the production sector.

History teaches us that a key to prosperity in the domestic production sector is based upon market principles and private ownership. Therefore, the Government program will provide a dominant role for private enterprises whose numbers should be increased by, among other measures, fast privatization. The state-owned enterprises should be limited to such areas as strategically important ones, or where market forces are not functioning properly (negative externalities, monopolistic position on the market, etc.) or temporarily, where global problems are present (heavy industry, extraction industry) and state participation could help.

In line with the Government Program, any activity of the state in the production sector will use market-compatible principles and strictly avoid former command methods. This means that only indirect regulation and stimulation, common in modern market economies, will be used to eliminate the imperfections in the economic environment.

For the stimulation of entrepreneurial activities business services will be developed, legislation adopted, and anti-monopoly measures taken in order to support small private businesses. In the near future a government science and technology policy will be prepared as a basis for further natural structural changes.

These transformations will have an impact on the redistribution of wealth in the society and so on the living standard of its members. Here, the government will have to guarantee the minimal income, access to certain social services, and act to reduce uncertainty. In securing these services, a certain division of labor will take place between the central government and local (communal) authorities; for example, university education will be primarily a central government responsibility, whereas basic, higher and professional education will be the responsibility of local governments.

## **Economic Potential of the Slovak Republic and its Main Priorities**

During the transformation, it is imperative to successfully merge the existing economic potential of Slovakia with European integration processes.

Here again, several hindrances may appear:

1. The incompatibility of legislation and institutional framework for a functioning market economy.
2. The adaptation of economic subjects to different price, customs, tax signals, difficulties in the movement of goods, capital and information due to inadequate infrastructure.
3. The integrative processes represent a challenge to regional authorities which is not without risks. Some regions could be totally marginalized, which may create migration flows, damages to the environment, etc. If brutal economic competition prevails, some sectors may be forced into a position of insignificant appendices of more powerful production units.

On the other hand, economic integration provides a unified market, enhances technology transfer, and will ultimately lead to a new distribution of manufacturing in Europe.

To assess the impact of European integration on the Slovak economy one can proceed from two perspectives:

1. From the position of the Slovak Republic and its regions in the strategic intentions of the EC which are presently being formed.
  - (a) Slovakia can play an important role because it is located close to the "development corridors" whose infrastructure will interconnect growth centers with markets, raw material reserves, labor markets, etc.

An important role will be played by the Danube river, especially after the completion of the Rhine-Main-Danube Canal which connects the Black Sea with the North Sea. Further development of this corridor will depend upon the growth of the industrial

centers with ports along the Danube, which may contribute to the faster development of South-West Slovakia.

It is necessary to practice open policy toward all states not only those in Central Europe. An attempt should be made to interconnect the economic relations to former East-block countries (Russia, Ukraine) with the European market. In this respect it is important to develop the infrastructure using all mobilizable resources (including foreign direct investments).

**2. From the assessment of comparative advantages of Slovakia and its regions in the European Economic Space.**

**(a) Comparative advantages of the Slovak Republic and its regions seems to be:**

- in the dynamic growth of human resources which, when compared with the EC, have a more favorable age and education structure and also certain scientific potential,
- in the geographical position (especially Bratislava and Southern Slovakia) where the high flow of goods, capital, labor and information can be expected not only in the East-West but also the North-South direction,
- in the natural and raw material potential of the Slovak Republic, attractive localities for summer and winter tourism and advanced agriculture,
- in the accumulated knowledge on the situation in East European countries and their markets, and the relative absence of language barriers,
- in the possibility of selectively using the above mentioned potential in expected future attempts of the EC to shift some less intensive production out of the core of European Economic Space.

Perspectives of individual sectors of the Slovak Republic could be described in the following way.

In agriculture the most important task is to stop the general decline of production, stabilize the demand on the home market, activate the processing industry, and create export supporting measures in the scope of better sales policy. As for export, it can be concentrated only on a very small number of commodities.

In industry, it is necessary to stop the increase in the share of extractive industries. In the processing industry the share of materials and semi-finished goods is increasing and represent 47% in exports of the processing industry. The perspective orientation of the chemical industry is low-tonnage production and special products. From the light industry, the fiber and textile industries seem to have good prospects. The food processing and pharmaceutical industries should base their future development on a relatively advanced research basis and tradition.

An important problem with the impact on all aspects of societal life is the protection of the environment. The most pressing problems of environmental protection are:

- the ecological "debts" of enterprises;
- the solution of ecological sustainability of a region;
- protection of water resources and soil as a national asset;
- the monitoring, inspection, and a system of enforcement (payments, fines);
- individual approach to the needs of the regions;
- assessment of natural resources and raw materials;
- the identification of direct investments into environmental protection.

These problems could not be solved without structural changes in industry which must result in a decrease in the share of heavy industry and without solving the problem of nuclear power plants. In services, transit transport and tourism have a prospect of higher growth. In Eastern Slovakia "rural" tourism seems to have good prospects as well as balneology using several spas with long tradition. The above described visions must be checked and evaluated in the course of practical development.

The development of Slovakia and the possibilities of using the existing potential also have to be assessed in the light of global and societal trends. The social and technological infrastructure plays a new role as the development leaves the traditional industrial revolution. This also changes the priorities of development. Bearing this in mind, it is clear that material production, investments into it, as well as economic growth, cannot be the only priority. With respect to investments into human capital, education is considered to be the highest priority for creating the ability to absorb future knowledge which will be the basis for modern economy in general and industry in particular.

It is an accepted fact that in future decades seven key industries will dominate economic development (microelectronics, biotechnology, new materials, aviation, telecommunication, robotics, and computers with the necessary software). These are industries which are not dependent on natural resources and can, therefore, be developed anywhere in the world where the intellectual potential is present.

It is, of course, necessary to bear in mind the high expenses as a prerequisite for modern science and development which are beyond the possibilities of small Slovakia most of the time. This fact though, is not preventing the possibility of using the results of world science.

In spite of this, the analysis of Slovak science and technology in the 80s show some assumptions in the area of new materials and biotechnologies. In other technologies, Slovak research and development was of rather marginal character. In industrial branches, certain assets seem to be present in chemical research and development. It will be the task of scientific and technological policy of the Slovak Republic to maximally capitalize on it.



# Regional Development in the Reform Countries of Eastern Europe: Bottom-Up Instead of Top-Down?

*Peter Schneidewind,  
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In my contribution I would like to discuss the matter of how regional development is related to the reform process now underway in the countries of Central and Eastern Europe, and up to what extent strategies for regional policies may be considered more or less favorable from the point of view of the transformation of the economy and society.

Experiences made in the West in regional and regionalized developmental policies are, to say the least, contradictory and in general not very encouraging. The success of regional developmental policy between European regions or within the individual countries has been sparse on a regional level as well as on a local level, and in some cases even dubious. The regional effects of government control mechanisms seem to be very low in Western Europe, at least when measured on superficial results; we never know what the results might have been if no attempt had been made to influence the situation. The distribution of the relative economic weight among the regions, changes only very slowly (EG-Kommission, 1991). Not even the directions that the changes take always correspond to the intentions.

This, among other things, has led—in some Western European countries—to a clear reduction in efforts made to attain a regional economic balance. What is aimed at is no longer a balance in living conditions (which is in principle attainable) but the avoidance of further rises in the existing imbalances, and the securing of economic and social minimum standards in disadvantaged regions.

It is necessary to be well aware of the failure of Western European regional policies to attain a balance because everything points to the fact that in some reform countries efforts are being made to reach goals that have just been rescinded in the West. The reform countries are copying experiences of the West, not only in regional policies. Although their starting situations and development factors are only slightly comparable, similar means and instruments as in the West are in use or planned for use (BfLR, 1992).

## **The Character of Economic Reforms**

If one wants to design a regional policy that is adjusted to the situation in the reform countries then one must, first of all, ask what the reform is about. What exactly does the economic reform consist of? Without forgetting the considerable differences in development of the individual

countries<sup>1</sup> I believe three elements are characteristic that all involve a regional dimension (see also Matzner et. al., 1992).

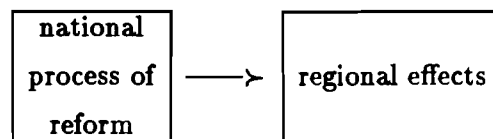
Firstly, you have the decentralization of decision-making processes for the economy, something usually described as the introduction of a market economy.<sup>2</sup> It is not the elimination of planned economic measures that is the first step of a reform but their multiplication and extension to all economic subjects.

Secondly, the reform process should dismantle existing politico-economic structures. The catchword is privatization although this, of course, affects much more than only the necessary changes in ownership of (important) enterprises. It affects suppliers and buyers as well as institutions that were brought into existence by the economy of scarcity of *real socialism* (Grabher, 1991). Political and economical structures affect regions in many ways, and thus their modification always results in (in each case specific) regional patterns.

Thirdly, the reform process also includes the aspiration to achieve a fundamental change in what is considered socially virtuous. Economic initiative instead of fulfillment of directives is now called for; creativity and courage in shaping things instead of, sometimes quite creative, compliance with written and unwritten rules. The meaning of microeconomic activities is transformed from the fulfillment of needs (of course unattained because they are unattainable), into the production of surpluses, etc. The change in social virtues should be considered a learning process for society and as we know, such processes do not follow straight lines, neither for society nor for regions.

## Regional Development “Top-Down”: Economic Differentiation and Political Counter Action

The prevailing views<sup>3</sup> in the West, and as far as can be seen until now in the reform countries of Central and Eastern Europe, define regional development as a process of differentiation and separation in the overall development of a country. Regional development is recognized as a (differentiated) result of national processes (e.g., OECD, 1993). In the reform countries, however, the views on regional development follow the pattern:



The regional effects are thus dependent on the respective national (economic) policies according to (a) sectoral (economic structures at the start), (b) the existing infrastructure, as well as (c) factor efficiency of the respective region. These three elements determine the quality of location and as a consequence the percentage of the national pie that a region receives or may be able to receive.

Lately, the above mentioned “hard” criteria of location quality have been supplemented by “soft” criteria. These soft criteria reflect essentially the socio-cultural differences between regions, for example, the capacity for innovations, and the quality of living for the key labor force, etc.

Most regions in Central and Eastern European countries have a low standing in relation to “hard” criteria. This applies on a national level at which the differences in location quality become apparent in the course of the reform process, as well as in an international comparison (European). Even the high wage discrepancies to Western European countries diminish from a point of view of factor efficiency. The negative assessment of the location quality of most regions

<sup>1</sup>Not included in these and in the following lines of thought are the conditions in the CIS countries.

<sup>2</sup>Something understandably pushed into the background, but quite a hindrance for the functioning of this decentralization is the fact, frequently noted by market economists, that the “market is a state-organized event.”

<sup>3</sup>Not necessarily among regional researchers, but most definitely among politicians.

leads to the widespread belief, in any case in the West, that the economic process of recovery will be (very) slow (Schremmer, Krajasits, 1992). It is, however, above all the adverse assessment of the (hard criteria) location quality of many regions which leads to the most probable expectation that regional disparities will increase drastically within the reform countries. Only the capitals (and their surrounding regions), this is expected, will be able to gain economic strength; some regions near the western borders also have a more favorable development potential (relatively better location qualities). The highly industrialized areas as well as regions strongly dominated by agriculture that are not in the vicinity of capitals or of the West will fall behind in comparison to the national rate.

This assessment calls for measures to counter this development when considered in traditional regional and political terms. But since all hard criteria of location quality have an inherent slow-moving dynamic of development, the probability of success of the counter measures is low in the medium term. This is even more so in view of the fact that it is not clear exactly up to what point the hard factors, that may be interpreted as the necessary conditions for regional development, will be met by sufficient conditions (=soft factors) which are the prerequisite for the potential development of location quality.

## The Soft Factors of Location Quality

This leads us to the question of up to what extent the soft factors may be influenced. These soft factors are not identical but very closely related to those virtues of society to be newly developed and form part of the process of reform. The soft factors of location quality are determined by the pace of change of those virtues named above. What accelerates the speed at which these social virtues change? No one knows exactly, however, I believe that a few criteria for speeding up this process are discernible. Among these are the establishment of small (economic, i.e., not in the autonomous or informal sector) circles. These types of circles, created through overlapping networks, lead to new, more sustainable structures than the slow reformation of old structures (what it is too late for anyway). In small circles, the abilities advantageous for sustaining the establishment of new external relations are acquired much faster.

The establishment of small economic circles also favors the decentralized (social) learning process. The latter must above all be related to the functioning of market controlled economies. It is only in these cases that the desired economic effects are achieved:<sup>4</sup> a rise in productivity and along with it a rise in demand (regional), and investment of surpluses gained in raising production and productivity.

Both small economic circles and decentralized learning require, in my opinion, the construction of effective regional realities just as both are supported by a strong regional identity. Effective regional reality here means the conglomerate of modes of behavior and patterns of interpretation that clearly relate to external and internal perspectives with regard to regions. The different regional protagonists, enterprises and representatives of the political and administrative systems, must (more or less) know each others' modes of behavior and patterns or interpretation. Effective regional reality cannot be proclaimed by decree, just as regional identity cannot. In almost all reform countries these effective regional realities have been highly restricted or even eliminated in the course of dismantling the old political and economic structures.

It is not important how such effective realities are reconstructed, however, only seldom does the communal level suffice as a new decentralized level. This does not mean that new regional political levels must be created. Much more productive are quasi informally constituted regional units based on cooperation and exchange (of information, goods and services). It is only these units that give the economic protagonists, enterprises, interest group representatives, investors in infrastructure, the necessary security for the success of their economic (and political) efforts.

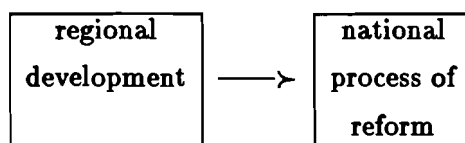
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<sup>4</sup>The ominous misconception that the meaning of market systems lies primarily in giving individuals the legal option to accumulate wealth rapidly through the mere transfer of assets is something which does not only threaten the regional development process.

## Regional Policy “Bottom-Up”: Competition for the Development of Soft Factors

If regional economic development depends on the quality of the location of a region in a national (and international) context then the primary concern should be to positively influence these location quality factors. Under the given circumstances, however, influencing the hard factors on a national level does not permit maintaining a balance on a regional level. On the regional level (insofar as this exists) the direct influence of the hard factors is only possible up to a certain extent on a medium and short term. In order not to remain inactive in this area, it is recommendable to distribute tasks within the state in such a way that regions be the main driving force behind the development of soft factors, and on a national level these be further developed and secured within the scope of the process of reform without regional differentiations and controls. The rise of inner imbalances related to this is something that should consciously be accepted.

A regional policy that focuses in this manner on the development of the soft factor of location quality, implicitly reverses the entire relationship of national reform and regional development. The regional development processes are based “only” on national frameworks. This bottom-up approach would be as follows:



In this approach the sum of regional development leads as a result to the national process of reform.

Regions compete over the development of soft factors and over the (control of national) investments in infrastructure. Above all they compete for the largest contribution to the national reform process. And no other competition exists, which the countries of the regions of Central and Eastern Europe need more urgently.

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# From Regional Planning to Local Development: The Case of France

## Local Development: A Substitute to Regional Development

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After having been interested in multinational firms and multinational systems during the period of economic growth in the Western countries I changed the nature of my research when I realized that we were entering a structural change in the mode of production. A deep structural change in the organization of production and social relationships completely modifies the situation in Western countries.

The quest for low-cost manpower, in order to stop the falling rate of profit, has for its main consequence a drastic decrease in the number of jobs in multinational and global firms, the socio-economic disaster of traditional industrial areas and the transfer of dynamism to new types of structures: small firms and non-industrial areas. So, in Western countries, the main problems have progressively become unemployment and social difficulties in areas which used to be very active. And for the different governments of these countries, the main problem has become to maintain the social consensus thanks to social measures, thanks to social laws: giving money to the unemployed, subsidizing workers' retraining, etc.

In this situation, the French government, for example, has no more money for territory planning and regional planning as was the case in the 60s and 70s: no more money for big planning operations such as Fos sur Mer or the touristic organization of Languedoc Roussillon. All the available money is now devoted to social purposes.

But lack of money does not mean lack of needs; so it was necessary to invent something new to take the place of regional planning and it was the appeal to local development. In 1981 in France, Michel Rocard, who was the first and last Minister of Planning and Territorial Development, put forward the idea of local development. It was a sort of request to the population to manage their own lives, accompanied with the Laws of Decentralization process. So, progressively the local development process took the place of territorial planning. This dynamism was supposed to be initiated by very ordinary people and not by the hierarchy of local and regional authorities. But in spite of that, there is a general tendency to think that local development means only new jobs generated by small firms, which are now the only economic structures able to create jobs.

So now, and for more than ten years, I am interested in the local development connected with small firms, with local institutions and representatives, connected with ordinary people. The method is based upon field research in France, in Poland, and in Tunisia. The main goal is to draw a diagnosis of the situation in order to suggest some directions for finding solutions.

However, the main object of the analysis is the needs of the population as the population itself describes them, and the conception it has of the way to find solutions.

The main results obtained so far can be described as follows.

## **An Attempt to Define Local Development**

If one may compare social movements with thermodynamic phenomena, one can propose the following definition propensity for local development: it is *the capacity for a social group to change the entropic tendencies enclosed in a micro regional system into negentropic tendencies.*

It is the capacity to create new dynamisms in a passive or regressive area: passive or regressive on the economic level, on the political level, on the cultural level, that means in the end social passivity or social regression. For me, the word "social" includes three levels which are the three social organizational bodies: politics, economics and culture. So local *development* which must be clearly distinguished from local *growth* is based upon the capacity of local social groups to organize the conditions of new dynamisms in the fields of politics, economics and culture.

## **The Conditions of Local Development**

First, no local development is possible without a *strong organizational ability* of the local "actors" who find in the energetic resources of the local population the *components of endogenous dynamisms*. So the first condition, which is on the *political level*, is the capacity for a social group to organize itself and to formulate *projects*.

This movement is just the contrary of social assistance. A micro regional system which initiates local development tries to collect funds to carry out its projects but is not expecting any financial help from the State.

## **The Second Condition of Local Development Consists of Creating the Conditions of Economic Dynamism**

Economic dynamism is not the only one to be impulsed (it is only one aspect of local development), but it is a necessary one.

So the actors of local development must be able to valorise local and/or imported resources and to *reinvest* in the same location the produce of the valorisation of these resources (otherwise, the quality of this valorisation is a colonial one). This is the normal process of economic growth which is connected with demographic growth. This double process complexifies the local society, thereby developing a new network of activities and settlement. The main danger consequent on this complexification consists in entropic tendencies which can split the group into many parts.

To prevent this danger it is necessary to act on another level.

## **The Third Condition of Local Development Consists of Creating the Conditions of Political Development**

Local development is unable to blossom if it is not formulated through *collective life projects* which are supported by an as large as possible part of the population. These projects are described and formulated by the local leaders who are able to change the vague desires of the people into political projects. Thus, success is subordinated to the largest possible consensus, without which local development is impossible.

It is quite necessary that the local leaders conduct the orchestra and that the different local partners (firms managers, representatives, association presidents, etc.) play the same score.

They must have the same idea of local development, otherwise entropic tendencies can destroy the project or simply prevent it from succeeding.

## **The Fourth Condition of Local Development Rests Upon a Cultural Basis**

The necessary consensus cannot be obtained if the local leaders' proposals take the opposite view of what is the strength, the originality, and above all, the identity of the local environment.

The success of local development is based upon the respect of local identity. Certainly the success of this policy is based upon the possibility, for the social group, to elaborate and give to the outside, a good image of the local environment, a good collective identity and a positive view of its resources and social behavior. But, if it is necessary to change the image of the local environment, this change ought to be done with tact and delicacy, without which local development will be replaced by entropic forces able to destroy any project.

## **Conclusion**

Local development is simultaneously a political, economic and cultural development, that is a social development. But it is first a political initiative of people having a strong organizational capacity. It rests upon local initiatives of endogenous dynamisms. It means a minimum of social consensus able to support the realizations of local acting as speakers, decision makers and managers for the collective life projects which are changed, thanks to the local consensus and the help of the local actors, into political projects.

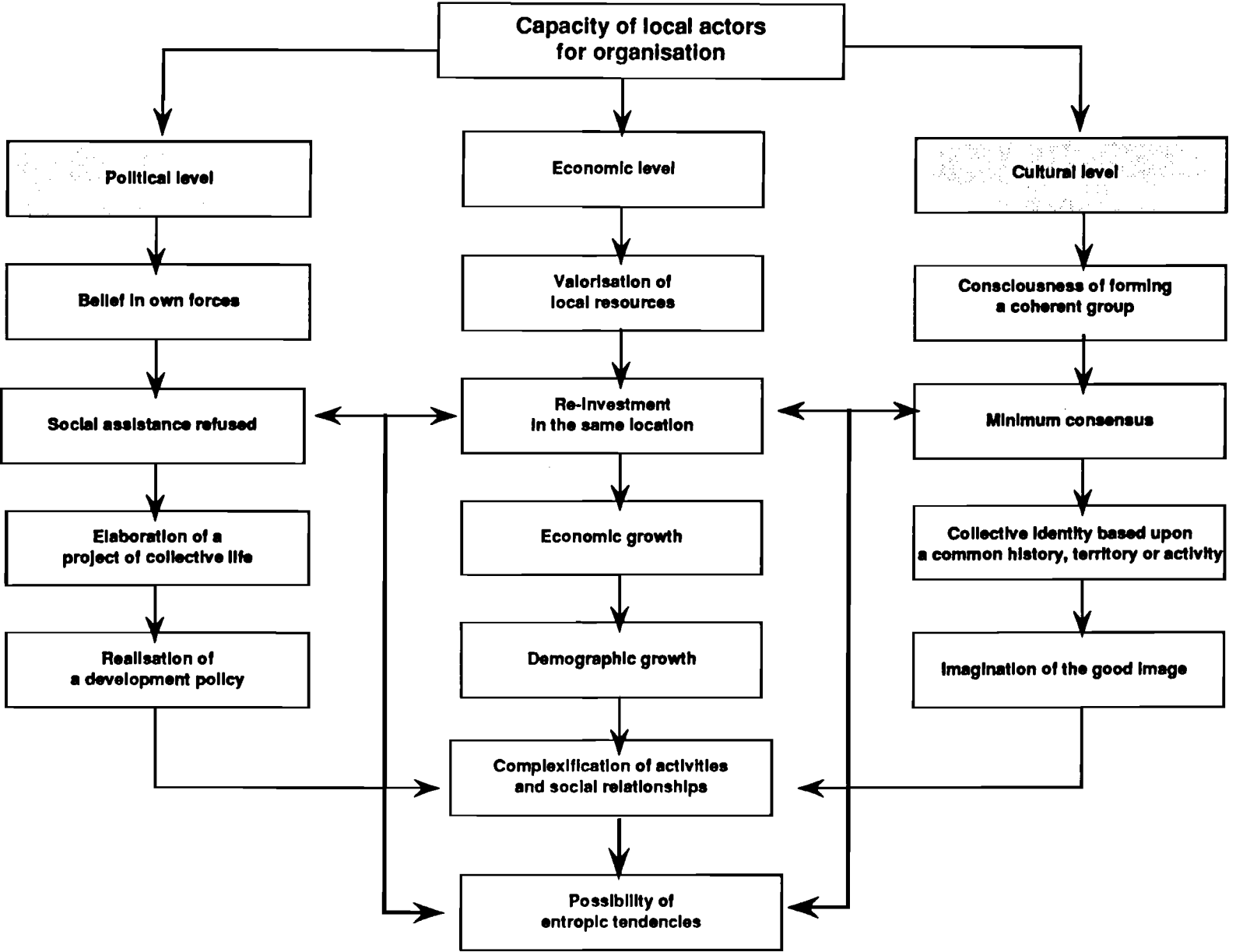


Figure 1. Depicting Interrelations of the Important Three Components of Local Development.

# Towards Regional Innovation Systems in Central Europe

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The focus of the Central European governments nowadays is on introducing macroeconomic preconditions for a market economy to function, which means creating monetary transparency, introducing competition, liberalization of foreign trade, introduction of a banking system etc.

Economic development in the context of a market economy can, however, also be conceived as innovation processes which occur in the context of a worldwide technology race. In such a way, economic development is not perceived as linear incremental development, but as a process of continuous change, adjustment or as learning processes of autonomous but interdependent economic actors.

Although innovation processes develop in the context of markets, empirical evidence shows that usually the emergence of local, regional, and national innovation systems is shaped by specific policies furthering innovation. Moreover, innovation does not only occur in a network of markets, but also in a network of organizations, firms and institutions, as in the context of institutional change.

Transition aims at establishing a well functioning market economy. Therefore, it is useful to look at preconditions for technological change in the most developed market economies, especially at the regional level.

It became obvious that technology is not a tangible artefact which can be felt, stocked or exchanged, but a combination of knowledge, competence, equipment and machinery, organization and culture. It appeared that technological change is much broader than research and development. Technological change and innovation is now widely seen as a social interaction model, fueled by links with customers and suppliers.

It appeared that in technological development organizational flexibility is a *sine qua non*, but in the context of a minimal degree of cohesion. After the weaknesses of the neoliberal supply side economics became apparent, attention was drawn to those economies which were the most successful, like Japan, the Asian Newly Industrializing Countries and to a lesser extent Germany, countries in which, in most cases, the maintenance of the social contract and political cohesion is high on the agenda. A link came to the fore between social and political cohesion on the one hand and technological change on the other hand.

In the last decade technological progress has been increasingly analyzed in terms of a broader concept, namely innovation processes. The change in terminology also reflects the shift in the character of the analyses, a shift from a purely economic and natural science angle to a more sociological point of view. Dealing with innovations and the processes generating them implies a shift in the attention from how economic structures and systems are and function to how they change and why. It means a shift of attention from competitive rule to cooperative relationships.

Gradually the geographical dimension of technological change was studied. According to Bruno "The fact of belonging to the same geographical entity and therefore geographical prox-

imity, appears to be one of the most visible forms of clustering.”<sup>1</sup> Storper noticed that “innovation and modification of products and processes, i.e., innovation and learning, rests on an extraordinary complex variety of institutions, social habits, ideologies and expectations, and that even firm and market structures are to a certain extent outcomes of these underlying social structures.”<sup>2</sup> And these social structures are bound to specific regions. According to Storper, the global economy can be seen as a mosaic of specialized technology districts. They are “painstakingly constructed territorial specific economic tissues without which they cannot function.”<sup>3</sup> He challenges the view as if the global economy is a sort of delocalized, “space of flows” of human, physical, and financial capital controlled from major corporate headquarters.<sup>4</sup>

With the complexities of technological change in the developed market economies in mind, the task of transition towards market economy becomes much more difficult to accomplish. In other words, the main challenge the post-socialist economies face is not so much to introduce a market system and private enterprise, but to catch up with the trends of modern capitalist development, that is to introduce innovativeness and elasticity which is possible only in a society which is strongly promoting education, and research and development activities.

In the regions of Central and Eastern Europe it becomes obvious that the changes in social and economic conditions for technological innovation is lagging behind the creation of the institutions for a market economy. In the first phase of transition, under conditions of economic decline, enterprises are confronted with the quest for survival. State enterprises usually react not strategically and try to avoid organizational changes. They are hardly considering technological change and research and development is the first on which to economize. Newly emerged small and medium sized enterprises are mainly in services. Therefore, in the first phase of transition, conditions for technological change seem to deteriorate.

With respect to regional development in Central Europe it seems that there are many obstacles in transition which cannot be easily removed at the national level. Local monopolies may hinder restructuring, local authorities may squeeze profitable private enterprises, local bureaucracies, persisting in old modes of behavior, may hamper economic development and local political elites may not cooperate with local economic elites.

The heritage of the socialist past is very persistent. In this respect it should be known that regions in centrally planned economies differed in many respects from regions in market economies. Nowadays, Central as well as Eastern European regions are usually confronted with the heritage of the socialist past in the following respects:

1. Regions in the administrative sense are weakly developed in Central Europe.
2. Mostly, administrative units on the regional level do not coincide with historical regions.
3. Under socialism a de-regionalization took place and few inter-sectoral links on the regional level developed.
4. In the regions and localities social life is often centered around one or a few large enterprises.
5. Few small and medium sized enterprises exist.
6. In the regions the infrastructure, especially with regard to communications, is underdeveloped.
7. Generally, regions in Central Europe are less diversified in their economic structure.
8. In Central Europe, discrepancy in development between capitals and other towns and between regional urban centers and the lagging countryside, is much larger than in Western European regions at a similar level of development.
9. Due to socialist rule, society became atomized and social and economic life became organized vertically. This complicates the emergence of a region as an organic entity.

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<sup>1</sup>Bruno, S., in Newsletter Nr. 2, FAST 0044—Research Project, p. 2.

<sup>2</sup>Storper, M., “Technology Districts and International Trade: The Limits to Globalization in an Age of Flexible Production,” mimeo, Graduate School of Urban Planning and Lewis Center for Regional Policy Studies, University of California, Los Angeles, CA, September 1991, p. 36.

<sup>3</sup>Ibid., p. 43.

<sup>4</sup>Ibid.

10. Networks between public authorities, research and development institutions and enterprises are weakly developed in Central Europe.

Regions in Central Europe are now confronted with the inertia of local power structures, the persistence of the domination of vertical communication channels, economic decline and the need of mega-adjustment. All local and regional authorities are confronted with a budget squeeze which narrows down the possibility of an offensive policy at the local and regional level. Centralism of national government and a weak intermediate level in the administrative structure complicates the emergence of a strong policy at the regional level. Nevertheless, due to a breakdown of state authority and the development of a local economy and local society, regional authorities may increasingly contribute in shaping the destiny of their regions.

Often, at the micro-level, it appears that elements of the old system are often very resistant. Communism had a deep impact at the micro-level. Even within enterprises, departments had little contact with each other. Horizontal communication channels were blocked. With the political revolution, the above mentioned blockades at the micro-level often were not unlocked. Often, local communist bosses stayed in power, especially in the economic sphere, although they changed into confessed capitalists. But their mode of behavior remained the same. The same applies to the way of thinking of most people. Generally, one can say that a change-over from a vertically organized society and economy towards a more decentralized and flexible one is difficult to accomplish. This becomes especially visible at the micro-level. In the towns and regions it becomes clear that communist rule tried to destroy local societies. Civil society in localities was suppressed and public life atomized. Local decision making was almost absent, local interest only played a secondary role in politics. The task is now to build up a new local society and local ecology.

The core of the problem with the transition to a market economy in Central Europe is not so much the creation of the institutions for a market economy and the introduction of new rules of the game, but of a broader social nature. Attitudes and social structures which were molded under socialism are not to be changed easily. There is the attitude of learned helplessness, low labor morale, lack of initiative and a broken relationship between citizens and the state. Mistrust is widespread, especially with regard to public authorities, despite the new political regime. This is reflected in very low participation rates in elections.

All this hampers the development of a local dynamic community and it also hampers the emergence of a dynamic local economy.

## The Concept of Guided Local Development

Therefore, regional development should be conceived as guided local development, i.e., not seen in a narrow economic context, but seen as a comprehensive project of transforming local society and economy. Other than in stable market economies, economy and society can less easily be separated in the policy domain. Local development can and should be guided cautiously. There are instruments to further local development. Especially experiences in less developed economies and lagging regions in developed market economies may be useful. The economic strategy should be that of a networking economy.

The concept of *guided local development* as presented here is in line with the new dimensions of regional policy developed in Western Europe and the United States. The aims and framework of regional development changed since the mid-70s, since the appearance of the impact of new technologies on the spatial organization of society and also since the role of the regions in economic development became more important *vis-à-vis* the national level. The new policy at the regional level should be understood as a process of collective learning and permanent adjustment.

In OECD countries the importance of a regional aspect of science, technology, and innovation policy has been recognized as well as the importance of a science, technology, and innovation

policy at the regional level.<sup>5</sup> There is also an increasing recognition that technology transfer is best promoted on a decentralized basis with resources being provided to regional organizations to initiate the process.

In the post-socialist countries the scope of maneuvering for local and regional authorities to influence regional economic development is small but increasing. In the regions a lot of, often hidden, potentials exist which can only be perceived and exploited at the regional and local level. This may be generally true, but especially in the confused situation of transition, in which the central state bureaucracy is overburdened and national authorities often overlook the specific situation of the regions, at the local level supplementary measures are necessary to further economic development. Although also local and regional authorities are confronted with a budget squeeze and economizing is necessary everywhere, an adequate policy may unleash productive forces. As argued before, it is certainly not by the working of the market alone that this will happen.

An innovation policy should not only or primarily be geared towards the production of worldwide competitive goods. It should be geared towards every innovative activity which may be significant locally and which may improve the general situation of the locality of the region. For instance, the housing market may be organized in a more flexible way, better adjusted to the needs of the people; public services may be reorganized in order to better serve the population. Unproductive or counter-productive activities may be stopped, locally bound markets may be reorganized. New local markets may be created for new goods such as various kinds of new services which were unknown under socialist rule such as consultancy agencies, software houses, etc.

An innovation policy may contribute to exploit hidden resources. For instance, the lagging regions in the North-East of Poland may exploit natural resources by attracting tourists, even from abroad. Low budget tourism does not necessarily require high level infrastructure. Also, for instance, unused airports of the former Soviet army may be exploited.

The vicinity of prosperous Western countries may be exploited by border regions, furthering cooperation by opening more border crossing points etc. An innovation policy may encourage artists to make use of the vicinity of a prosperous Western market.

An innovation policy should contribute in establishing a regional innovation system. Not that such a system is tangible or can be precisely circumscribed. It is more a flexible regional socio-economic system with some coherence, able to exploit the resources of the region, exploiting also its distinctive traits, adjusting production processes and products to local markets and local specificities.

An innovation policy conceived so broadly, is difficult to distinguish from other policies at the regional level. In contrast to an ultra-liberal conception, economic progress is not primarily a result of free market competition, but of cooperation in the context of a market economy. For a smoothly functioning market economy, cooperation in the context of competition is quite essential. One of the major tasks the post-socialist countries face is to further cooperative networks.

Apart from traditional instruments for economic policy at the local and regional level, the following instruments for de-blocking impasses in economic development are emphasized:

- the foundation of innovation centers, business incubation centers, and technology parks;
- the organizing of self-help courses to further economic development, eventually with the help of external experts;
- the furthering of cross-border inter-regional and twin-city cooperation;
- the reorganization of public services in the direction of a service infrastructure conducive to innovation and technological change.

At local and regional levels innovation centers may create new modes of cooperation between local authorities, new entrepreneurs and universities, which may in turn free energies. These

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<sup>5</sup>See OECD, "Science and Technology Policy—Review and Outlook 1991," Paris, 1992.

centers may even fulfill a role in bringing about regional cohesion. All this depends on initiatives at the local level. Of course, many will say that it is difficult to start up such initiatives due to a lack of money. But it may be primarily a question of bringing together already existing resources and building upon already existing networks. For instance, scientists of local universities may use part of their time, and may be that of students, to be active in innovation centers. Local authorities may provide already available empty buildings.

### **Self-Help Courses**

At the regional and local level it becomes clear that major obstacles in the transition to a market economy are obstacles of a social and psychological nature. With the help of self-help training courses these problems may be diagnosed and relieved. There are already some interesting experiences in this field. It appeared that often the problematic in a specific locality remained hidden in the sense that it was taboo and was only partially perceived by the involved actors because the problems could not be discussed, became traumatized and therefore also paralyzed action. One method to reveal these problems is to give self-help courses to cadres within selected regions or towns, bringing them together around a certain problematic. This may be regional economic development in general or the development of one sector in particular. In Hungary and Poland there is already some experience with these self-help courses. In these courses the method of psychodrama is also used to reveal non-outspoken conflict material and to enable the participants to speak about it. In such a way, with help of participants, the problematic of a region may be diagnosed. Moreover, during the training sessions, measures may be discussed to overcome the problems. Eventually, external experts may be invited to help participants in analyzing the problems of the region.

In Poland, in some cases these courses, for which not students but local experts were invited, even contributed to creating prerequisites for regional development plans, elaborated during the course, to be implemented.

### **Cross-border inter-regional cooperation and innovation**

Technology transfer may be furthered by twin-city relations and cooperation with other regions, especially in the more developed Western countries.

Also, international cooperation between the local organization of craftsmen, local chambers of commerce, universities and schools, may be conducive for technology transfer. A local innovation policy can further these international contacts. With respect to international scientific cooperation, it may turn out, as was often the case in West European countries, that international scientific contacts may function as door-openers for industry. In order to involve scientists in regional development, a certain autonomy of universities *vis-à-vis* national authorities may be important.

With respect to the transfer and diffusion of new technologies, pilot and demonstration projects may be of great relevance. For instance, with the help of Western counterparts, model farms may be established by local or regional authorities, especially if such initiatives are not taken at the national level.

### **The Reform of Public Services**

Municipalities in Central Europe are still confronted with a very inefficiently operating local bureaucracy and public services where mismanagement and waste of resources is rather the rule than the exception. It is possible to economize on public services like public transport, sewage, etc., while maintaining the level of services. Although municipalities are forced to economize, even new activities, conducive to innovation, may be undertaken. For instance, both in Poznan and Szeged, relatively well developed towns, hardly any measures have been taken to install

heating regulators in the houses of the municipality until now.<sup>6</sup> Three years after the collapse of communism, the tenants regulate temperature by opening the windows, which means an enormous waste of energy, at the expense of the municipality.

The municipality or provincial council may open an information centre about the town or region, also providing statistical information useful for foreign investors. Nowadays much essential data is lacking. Local or regional authorities should improve the collection of regional data, also in order to further economic development.

The municipality can start up various training courses which educational institutions cannot provide. The municipality can take numerous initiatives to further tourism. Often with very modest means, the attractiveness of the region for tourists may be improved, especially for low budget tourists. Cultural events and courses for foreign students may be organized during the summer. Also, special holidays may be organized using local expertise.

Allowing the regions of Central Europe to come to an equal footing with the most advanced regions in the world, much more is needed than the introduction of a "market economy." It requires the joint transformation of society as well as economy. This transformation can and should be guided. Especially on the level of regions and localities there are ample opportunities to further, what can be called from an economic point of view, a networking economy. In the present circumstances, the furthering of cooperation, i.e., cooperative networks, may be as important as the furthering of competition. Social, economic, and monetary transparency is needed and this can be obtained with the emergence of a network of horizontal communication channels. These communication channels should also be inserted in international streams. Guided local development may lead to the emergence of regional innovation systems, which may enable economic development and technological change.

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<sup>6</sup>Szeged and Poznan were taken as cases in the report "Towards Regional Innovation Systems in Central Europe" (Hans van Zon, 1992).

# Regionalism and Minorities in Hungary

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## Conceptual Questions

Dealing with the questions of regionalism, even in general terms, cannot avoid its conceptual definition. We also have to begin with the definition of region, if we know that this complex, multidisciplinary concept can be defined in various ways which are drawn from different approaches. One of these many definitions is mine.

According to my interpretation, a region is an area in which, as a consequence of the similarities of natural endowment and historical development, settlements possess similar socio-economic structures. And because of this, the problems of development, growth, and the future are similar. Subsequently, when society is practicing its organizing-developing functions it relies on the region in a useful manner, since it builds on an already existing unit, through which the fulfillment of the selected activity is cheaper, and significantly more effective. However, the exploitation of these possibilities is hindered by a lot of things.

Because a region in the above described sense, is a product of the development of productive forces and division of labor, forming over a long period of time and which can be interpreted by different means, locally it only very rarely corresponds to the independently and faster changing territories of international sovereign states, especially in terms of military power-relations. Between these two types of socio-economic structures of different origins which are detached more than necessary nowadays, there are three possible kinds of relationships:

- on a larger regional territory several sovereign states are formed;
- the territory of a larger sovereign state joins several regions;
- the size of the two units is similar, but their borders do not coincide.

Taking into consideration that the regions can also be interpreted on more than one hierarchy level, and that, under the level of the territories of state (administrative division, and above, international integrations) there are territorial formations with organizing-operating-developing functions, the two systems on each level can only be connected with conflicts. What is contentually to be noted is that power-systems which were shaped by a centralized model do not build on the regions in their organizing-operating-developing decisions, (they cannot build on them because they want to keep their power monopoly), and thus they lose all the potential advantages which could come from decisions built on organic development, as a consequence they are also less effective. On an international level, isolation, the obsessive attachment to territories obtained, lack of trust, unequal relations can have similar consequences. Opposed to this, stands the increasingly real alternative of an international integration, in which advantageous regional relations exist in a natural way.

It is natural that regionalism which includes the complicated concept of a region cannot be easily defined. It means an approach, which acknowledges the importance of regions (and their different levels) which is aware of the importance of their roles and has in view the exploitation of their possibilities. So it is not a disciplinary type of science but an initiative which emphasizes the significance of the characteristics (similarities and diversities) of a region (a territory) and which considers it equally significant as the forming and shaping of a territory of state, or its division, or as the actual formation of international cooperations and integrations. Obviously it is characterized by a multidisciplinary approach and its interpretation is broader than that of the so-called regional science.

However, the importance of regionalism increases with the development of the productive forces in general, but in a time of each historical turning-points as the ones that we witness in Eastern Europe it especially grows. The inner reconstruction of the countries involved, the reformation of their relations with each other and in broader terms, gives a better chance than ever to the realization of the conceptual system of regionalism. To achieve this we have to get rid of the distrust between our countries, and we have to support the integrational processes similar to those in the western part of Europe. This is a precondition of a more homogeneous development of Europe. We had always been a part of Europe despite the awkward slogan adopted by the western press and also used some of the political forces inside our country, we do not want to "return" to Europe, we want to bring down the artificial wall which was built between the two parts of Europe (for which we are not to blame), and so be able to create a homogeneous Europe.

This short review summarizes the opinion of a researcher who is both a Hungarian and a geographer, and thus committed to regionalism for these two reasons. Since the summary deals with the Hungarian aspect, it cannot be complete because naturally it deals with the viewpoints of a geographer, and it cannot include a detailed exposition and argumentation because it is beyond the limits of this research. I tried to help this problem by adding numerous figures.

## **The Historical Aspects of Regionalism in Hungary**

Because of the concept of region, regionalism can only be examined correctly in a historical perspective. In Hungary this must be done by dividing the past into three periods which have different characteristics.

### **Until the end of World War I**

Disregarding now the earlier periods of time and considering only the fifty years preceding World War I, we can state that since the Compromise of 1867, Hungary, which was integrated in the Austro-Hungarian Monarchy, reacted to the questions of regionalism in a rather contradictory way. On the one hand, it acted as a sovereign unit over the total territory of the Carpathian basin, as a member state of a bigger Monarchy, as a country with the strongest presented interests, that had established legal bases for its relations with Croatia (see Figure 1), which considered each and every regional process related to the territory of the Austro-Hungarian Monarchy, especially the Carpathian basin as natural. The only disturbing factors were the efforts to reinforce the role of the city of Budapest as opposed to Vienna by centralizing administration. But their importance, however, seemed to be fading with time.

On the other hand, the situation was different for the regional relations which concerned the borders of the Empire, the Central and East-Central-European relations, since the Austro-Hungarian Monarchy did not "cover" the total continental region of East-Central Europe with its uncertain borders (see Figure 2). In these directions (Galicia-Poland, South Tirol-Italy, and related to Hungary: Transsylvania-Rumania, Southern Parts-Serbia) the state power, initially for reasons related to the policy towards the nationalities, was trying to prevent the strengthening of regional relations. Naturally the result was ambiguous; on the one hand, the processes

inducing regional connections strengthened, on the other hand, efforts to homogenize the territory left traces on certain areas that later became a part of other sovereign units, which can still be felt today. (The case of Poland which was unified after several divisions could be a good example, where certain regions still preserve significant characteristics due to their past national status during this period.)

However, Hungary in this half century of rapid capitalization was developing towards unification; industrialization, unified market, railway network, administration, a capital on the way to becoming a metropolis and getting undoubtedly to the top of the settlement hierarchy-system, etc., but at the same time the tendencies of regional development were present and were getting stronger. The appearance and institutionalization of certain regional functions (higher education, administration, legal, ecclesiastical, financial, cultural, commercial, etc.) began a regional-centre type development in cities like Bratislava, Kosice, Kolozsvár, Nagyszében, Brassó, Temesvár, Arad, Debrecen, Nagyvárad, Pécs, Szeged, Újvidék, and of course, Zagreb. Some of these completely, other partially fulfilled the regional fields of activities in a functional division with other centers (Beluszky, 1990). But on the whole they were weak as opposed to the capital. The regions in those days were only being formed in Hungary, so their centers can only be considered as regional centre-initiatives.

The edicts of the Trianon Peace Treaty reached the country in this initial phase of regional development. Moreover, according to the treaty, the majority of Hungary's forming regional centers were placed behind the new borders (see Figure 3).

### **Between the two World Wars**

Regarding regional development, the quarter century, between the two world wars, was undoubtedly disadvantageous. The new borders cut thousand year old attachments and the predominance of Budapest in a country which was reduced to one-third of its former territory, was becoming overwhelming, while centralization was becoming increasingly stronger for several reasons. However, with the university of Kolozsvár moving to Szeged, and the one in Pozsony (Bratislava) to Pécs, and with the transfer of other functions, the fields of activities of our larger cities remaining inside the country were increased, but this could hardly compensate for the loss of their hinterland. In the Carpathian-basin which had suddenly become international, regional development was also blocked by the fact that both the defeated Hungary and the liberated Successor States were wriggling in the spasms of hate and fear, cooperation was becoming impossible, and a series of absurd situations were appearing around the border-areas. The leading slogan of Hungarian politics was revenge, and the Successor States, in accordance with the French superpower interests which prevailed in this area, formed the Little Entente which was surrounding and isolating Hungary (see Figure 4). As a consequence, the only possibility of regional cooperation was with Austria. From the point of view of regionalism, before or during the war there was no modification of this situation, the short-lived borderline changes mostly stayed within the confines of nationality frontiers.

### **After the World War II**

After World War II there were some elements which seemed to be leading towards regional cooperation and towards the advance of regionalism in general (e.g., the Rumanian-Hungarian rapprochement under the Prime Minister Petru Groza, the federalism of Yugoslavia, the conquering ideology whose phraseology later became even emptier, the fetishism of the economic-zone theory regarding the inner territorial division, etc.). But these could not have their effect at the same time, and neither could they exist for a longer period of time. They were suppressed by strong, (from the point of view of regionalism) disadvantageous elements which characterized the very nature of the forming power of state and alliance system, like centralization, the preference of the relations with the Soviet Union at the expense of those with others. Motivational factors

were also such elements, which can be seen as accidental but which are characteristic, as the deportation of the Hungarian population from Czechoslovakia under the disguise of a population exchange, the deportation of the Germans from the whole area, the referendum in Ruthenia whose scale can today still be considered amazing, and as a consequence, the appearance of the Soviet Union in the Carpathian basin, the deterioration of the relations with Yugoslavia. Following the Cold War and the creation of the iron curtain, the Hungarian–Austrian relations became impossible, border areas found themselves in a disadvantageous position, the military occupation, and the distrust and mystification went to the limits of ridiculousness.

The effect of centralization was that each important decision was made in the capital. Thus, in the common affairs of projects located on two sides of the border, at the end of a lengthy, and in most cases, hopelessly bureaucratic process, positions were taken up by people who know nothing about local conditions (see Figure 5). This way mutual interdependence or identical interests could not prevail, integrational zones which had been possible earlier to foresee and territorially fix in theory, could not be formed (Enyedi, 1973). Similar consequences arose from the efforts of the Soviet Union to promote bilateral relations to attach the “satellite countries” to itself by means of political and economic pressure and saw a threat in any effort of these countries to strengthen their relations. This is how a structure was formed within the CMEA which was sharply different from the EEC. It was unquestionably advantageous for the Soviet Union, leaving the other member countries, possessing much less economic potential and unilaterally allied, at its mercy.

So during this period, on a macro-level, Eastern Europe was created, isolated from Western Europe by an iron curtain (even forgetting de Gaulle’s call, according to which Europe lies between the Atlantic and the Ural), Western Europe was spoken of as Europe, and Eastern Europe was tied to the Soviet Union, between whose satellite countries, contrary to principles declared, regional relations were not actually strengthened. The centralized model did not have a good effect on inner regional development either. In spite of the fact that large-scale industrialization, extensive agriculture produced real changes in the localization of productive forces, in Hungary the regional development did not strengthen. It is an interesting and apparent contradiction, that besides the central power apparatus in the capital, the principal guarantee of centralization became the “reorganization” of counties in 1950. Since we are talking about territorial units created from above in the centralized model, placed into regions by the central apparatus and playing a secondary role in redistribution, they had no power to form a region, or even an intermediary form of self-government (see Figure 6). As important stabilizing elements of the power structure they could always prevent the introduction of the otherwise ideologically accepted and supported economic sphere-system, and the adjustment of the administrative-territorial system to it.

Though among the great number of rayon-projects (see Figure 7), there were some supported by the authorities, professionally sound, and the elements of which can still be accepted today (Krajko et al, 1969).

The rayon-projects were either put forward too early or too late, the counties, with small autonomous units in the country, remained in possession of their power positions, and hindered the emergence of regionalism and the growth of regional centers. Even today these are nothing more than certain county seats which have developed more than the average.

## **Regionalism in Today’s Hungary**

At present the situation of regionalism seems to be evolving in Hungary because of internal political changes that began a longer time ago and accelerated in the last couple of years, and also because of the changed conditions in relations with neighboring countries. The evolution of the democratization processes, and further, the reconstruction of the power structure in a new way, that is, coming from below through democratic elections, the strengthening of the representation of local interests, the appearance of local authority as a factor, the reformation of

the financial system, the decentralized model, the gradual development of the self-governmental system are all supporting regionalism. All the mistakes and omissions made before have their effect and so the will of regional managers searches for resolutions and corrections.

The necessity of regional attitude became obvious on the most elementary level of territorial development, among the settlements. It became generally accepted, that practically the only kind of relational form until now, the hierarchical order has to be supplemented by numerous elements of the horizontal relation system. In spite of the still rather strong resistance, the settlement (local) financial basis of regional development built (also) on horizontal relation systems are appearing gradually.

In the new situation the contradiction which has been present between the units of the next level for a long time, inevitably deepens. The essence of the matter is the following: while the counties which consist of heterogeneous configurational elements, have naturally complex interest-structures, have, however, institutions for the representation of their interests, but that is incapable of functioning in a productive way (because of its heterogeneous nature), it merges the regional interests into one another. Meanwhile the homogeneous interests of configurational units are not represented by an institutional system, and so they can either become aggregated until they cannot be identified anymore, or they fall into pieces. In brief: the unit which has an identifiable interest has not an appropriate representation of it, while where the representation of interests is present, there is nothing to be represented. The best example of this contradiction is the Mid-Tisza Region (Beluszky, 1981). The area for several reasons is in a disadvantageous situation, it is a homogeneous configurational unit, and its territory is divided into four counties. Hence, the interests of this region has never been realized beyond the sphere of scientific research. In the present situation the effort to eliminate, basically reconstruct the county system, and to substitute it with a certain kind of regional system is getting stronger. However, it is very difficult to predict the success of this effort. A prediction is especially difficult in a multi-party system during the learning (re-learning) phase of the practice of democracy. Now we have administrative regions above the county-level, but these are only quasi-regions.

In the last few decades following the "policy of possibilities", we gradually improved our relationship with Yugoslavia, and we were looking for possibilities of cooperation in the border areas with our neighbors. For years we worked hard on creating an exemplary relationship with neutral Austria, exemplary in the sense that it happened between two countries with a different social-system. There was a good reaction to the new possibilities of "glasnost" and "perestroika" in Hungary. We strengthened our efforts to become economically and politically independent from the Soviet Union, to create a Polish-Czechoslovakian-Hungarian block which could cooperate more intensely within the CMEA, and to intensify Austrian and German relations. We increasingly engaged in the regional actions of the Alp-Adriatic Work Team. We expressed our readiness for regional cooperation with our neighboring states several times, we proved our openness, in relation to either the great region and the whole of Europe, or to other parts of the world. To be open is of national interest of Hungary; there cannot be a change in the world, no matter how sudden or profound, which would find Hungary unprepared for cooperation (see Figure 8).

After the change in our social system we are ready to use the newer possibilities in international cooperation; with the newly independent Slovenia, Croatia or Ukraine.

## General Survey

Concerning the ethnic composition, the 1990 National Census, just as the one in 1980, gave information only on the villages. It is favorable at the same time, that this data is given on the same villages, so comparative analysis can be made. However, they were published in a short time, so the analysis can be made in time. The data concerned nationality and mother-tongue and also included such summaries as, whether the population speaks the given language. We can analyze, on the basis of the data, the most favorable places for minorities, the population

(of the minorities on the basis of the combinations of different criteria) and their place of living. It is only regrettable that we do not have basic data concerning the towns.

In Hungary there are 16 villages, where the overwhelming majority of the population can be characterized as nationalities on the basis of the combinations of the criteria. It is interesting at the same time, that from these 16 villages are, 7 Croatian, 5 Slovenian, 2 German, 1 Slovakian and 1 Rumanian; 43 Hungarian villages have absolute (70–75%) majority of nationalities, from them 16 German, 15 Croatian, 10 Slovakian, 1 Serbian and 1 Rumanian. It is considerable, that from the 500 investigated villages in about 100 settlements only one person lives regarded as minority and in the other almost 200 villages the rate of minorities is under 1%. The number of German inhabited villages is the highest (457), then Slovakian, Rumanian, Croatian, Serbian and Slovenian settlements follow. Considerable differences can be found concerning different nationalities, according to the various rates of the minorities (see Table 1–2).

### **Germans**

In absolute figures the Budapest agglomeration, Buda-side settlements and villages connected to them, have outstanding values. The biggest German community with 3,500 inhabitants lives in Pilisvörösvár. In Baranya county, Mecseknádasd and Bóly have the biggest German minority. Concerning the proportion (disregarding some villages) the settlements of Baranya and Tolna county play the leading role (see Table 3).

The cartodiagram, showing the territorial position of German inhabited settlements, gives us several opportunities for detailed investigation (see Figure 9).

### **Slovakians**

Tótkomlós has the biggest Slovakian minority among the Hungarian villages with almost 3,000 inhabitants. Except Tótkomlós, two South–Eastern Hungarian settlements are among the first 10, while the other 7 parts of the settlement belt situated North–West to Budapest. We have only one village (Komlóska), where the overwhelming majority is Slovakian. From the Zemplén Hills further villages are at the category above 50%, while some from the Pilis Hills and from Békés county representing Slovakians (see Table 4).

If we represent the villages having the biggest proportion of Slovakian minorities, we can see that besides the group of villages situated around Budapest, the Zemplén and Békés groups are remarkable and some bordering settlements are worth mentioning (see Figure 10).

### **Rumanians**

There are two Hungarian settlements (Kétegyháza and Méhkerék), where the number of the Rumanian minority is above 2,000. In Elek, which is inhabited by three different nationalities, almost 1,000 Rumanians live there, while in other settlements we can estimate the number of Rumanians to be a few hundreds.

It is significant that all of the ten settlements, with the exception of Budakeszi, are situated along the Rumanian–Hungarian border. The situation is similar if we take a look at the proportion of the Rumanian minority; in this respect it is worth mentioning, that 90% of the inhabitants of Méhkerék are Rumanian (see Table 5).

The map showing the regional situation of the settlements with the highest proportion of Rumanian inhabitants (see Figure 11), apart from border region settlements, shows but a few places with a smaller Rumanian concentration.

### **Croatians**

In all of the ten villages of the largest Croatian population more than 500 Croatians live. In three cases out of these the number of Croatians is over 1,000. It is specific that the Croatians

live in settlements quite concentrated ethnically; the share of the Croatians is over 50%, in fact, 70% in many settlements (see Table 6).

The settlements that have the highest proportion of Croatians are situated mainly on the border to Hungary and Croatia-Slavonia, and partly along the Hungarian-Austrian border. (On them and on the Slovenes Benes would have based, after World War I, the corridor that would have linked the two newly formed Slavic countries, Czechoslovakia and the Serbian-Croatian-Slavonian Kingdom between Hungary and Austria.) Although this corridor is not at all a homogeneous slav-ethnic region (see Figure 12).

### Serbiens

There are much fewer Serbians in Hungary than it is thought in the public, quite often (accepting the official "Yugoslavia" nomenclature) mixing Serbians and Croatians. Most of the Serbians live in Tököl, though their population remains below 500 even there. Their share is the highest in Lórév, while they represent quite a modest share in other settlements (see Table 7).

The feature of the regional situation of the Serbians in Hungary is that they are concentrated in a stripe reaching North along the Danube, especially around Budapest. The range of the Tisa and the Maros, and Southern Baranya mean further concentrations (see Figure 13).

### Slovenes

Most of them can be found in Felsőszölnök, but some smaller villages of the Örség (Vendcountry) are inhabited by Vends, too. The proportions are high there, however, apart from these settlements, we can only find some scattered Slovene ethnic groups with a small population (see Table 8).

The cartogram showing the regional situation of the settlements with the highest share of Slovene population (see Figure 14) shows us the regional concentration of the Slovene in Hungary as well. In addition, the fact that the number of the Slovene population living in other parts of the country is negligible.

### Gipsies

Actually nobody knows the proper number of Gipsies in Hungary. The data of the National Census, while it is based on personal voluntary declaration, and it is not easy to undertake the name Gipsy, do not reflect the real situation. We are facing the same situation with certain surveys and the often exaggerating data of the recently formed Gipsy organizations.

One thing is sure: the number of Gipsies is increasing quickly, their share in the decreasing population of the country is increasing as well. Their territorial placing is motivated by possibilities of residing (see Figure 15), characteristically the disadvantageously situated regions concentrate on them. The North-East and the South-West territories of the country shows us a characteristic picture, where the proportion of their residence is higher, and in the belt between these two regions hardly any Gipsies settled down.

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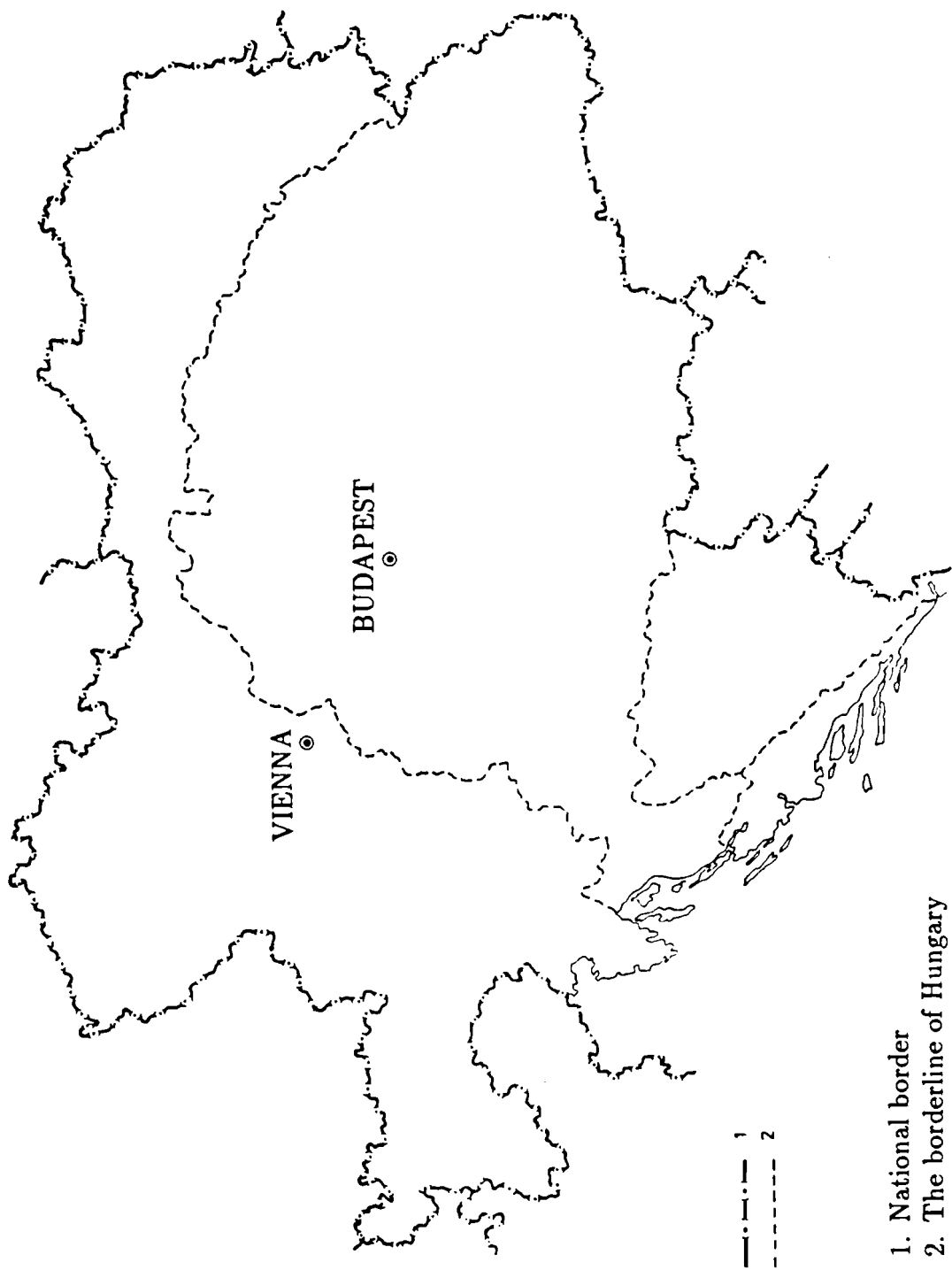
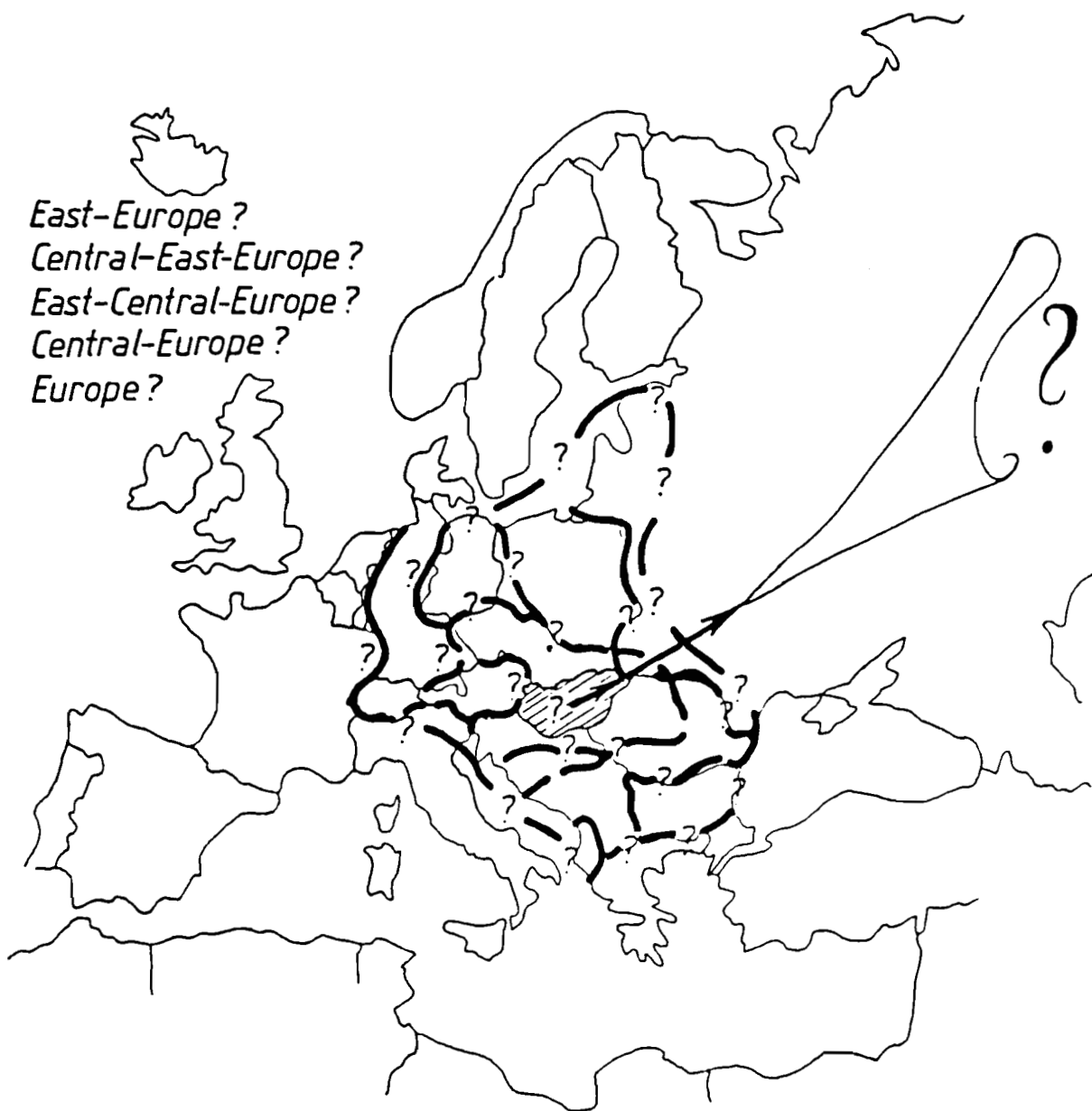
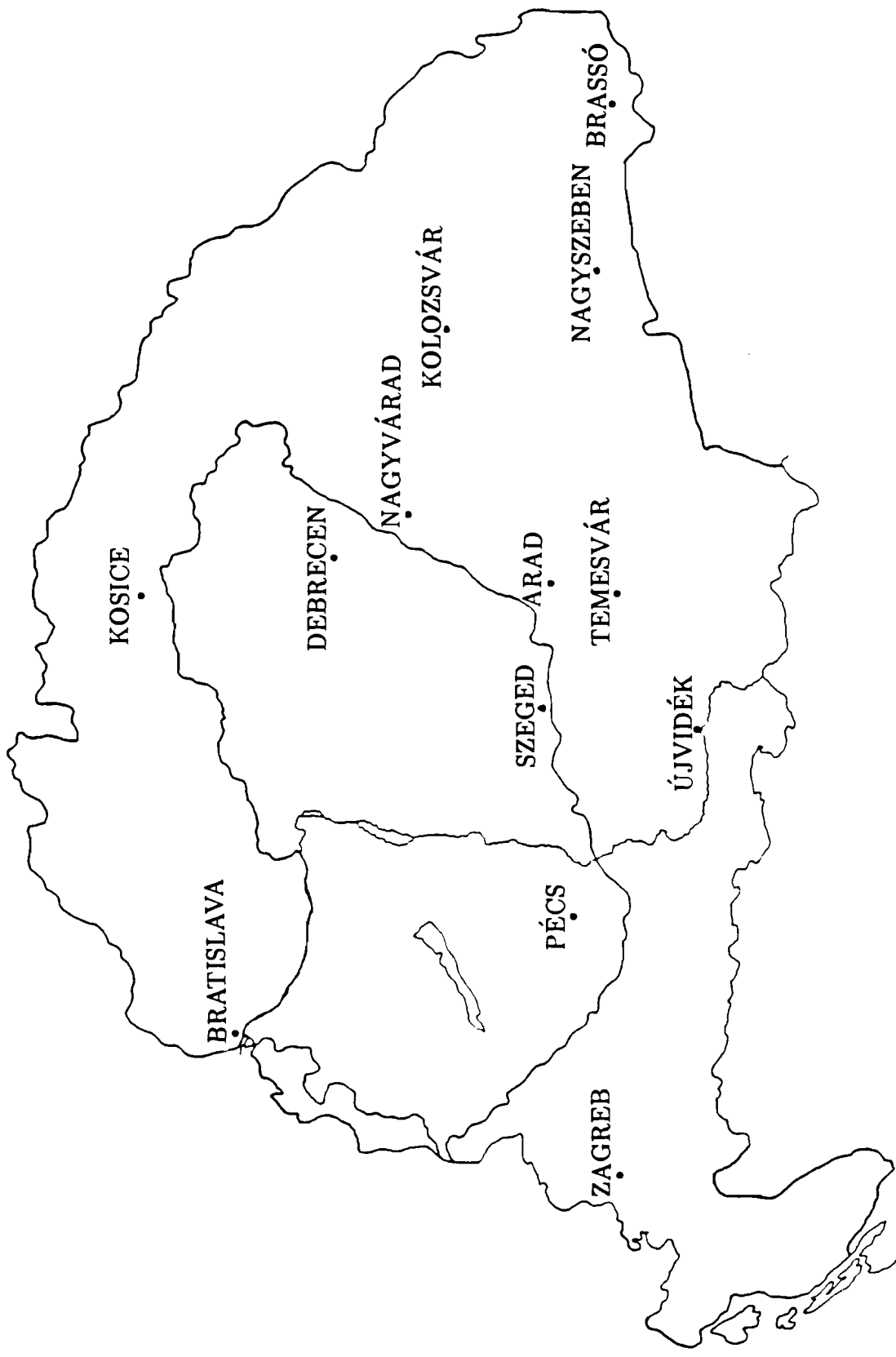


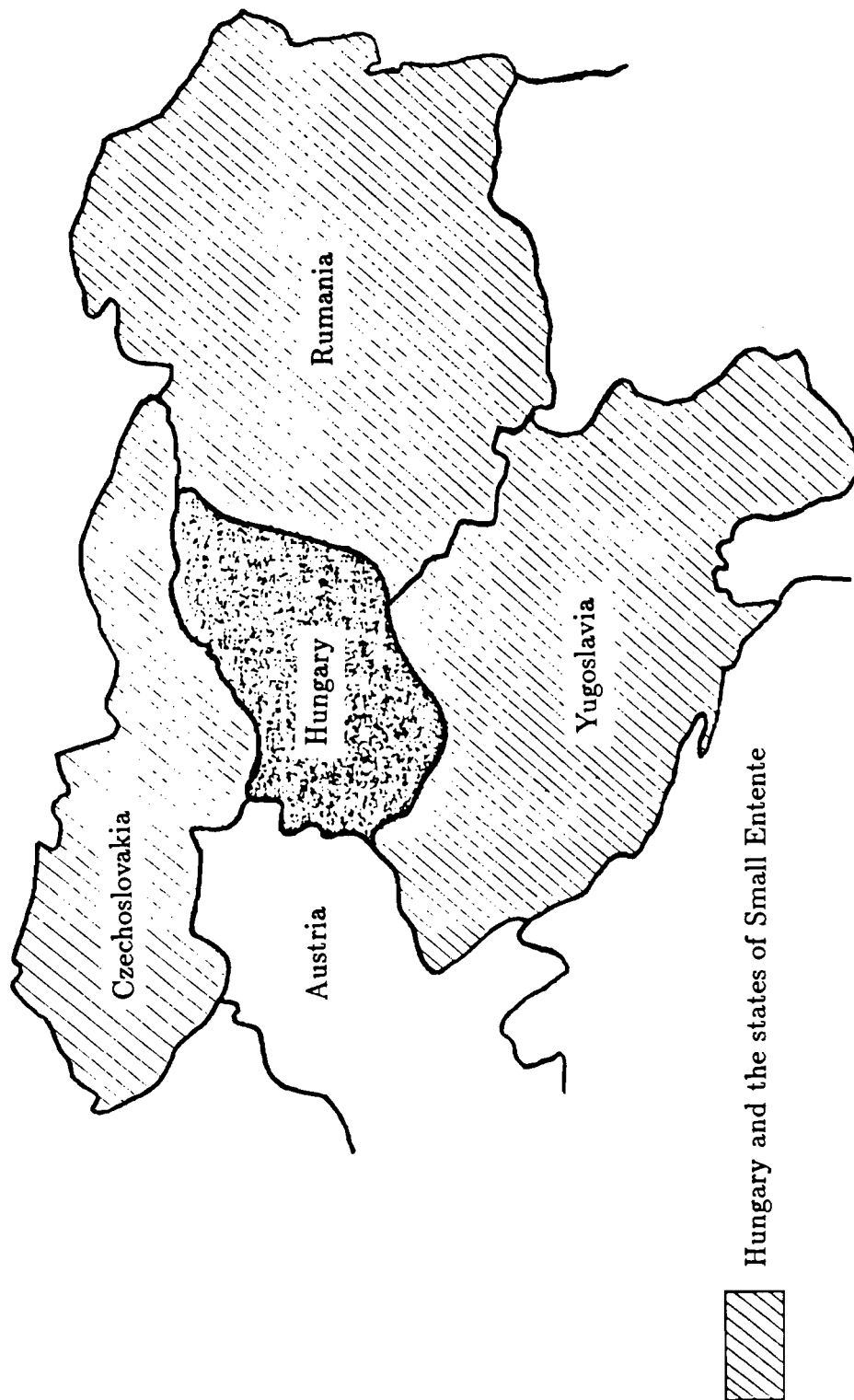
Figure 1. The Austro-Hungarian Monarchy.



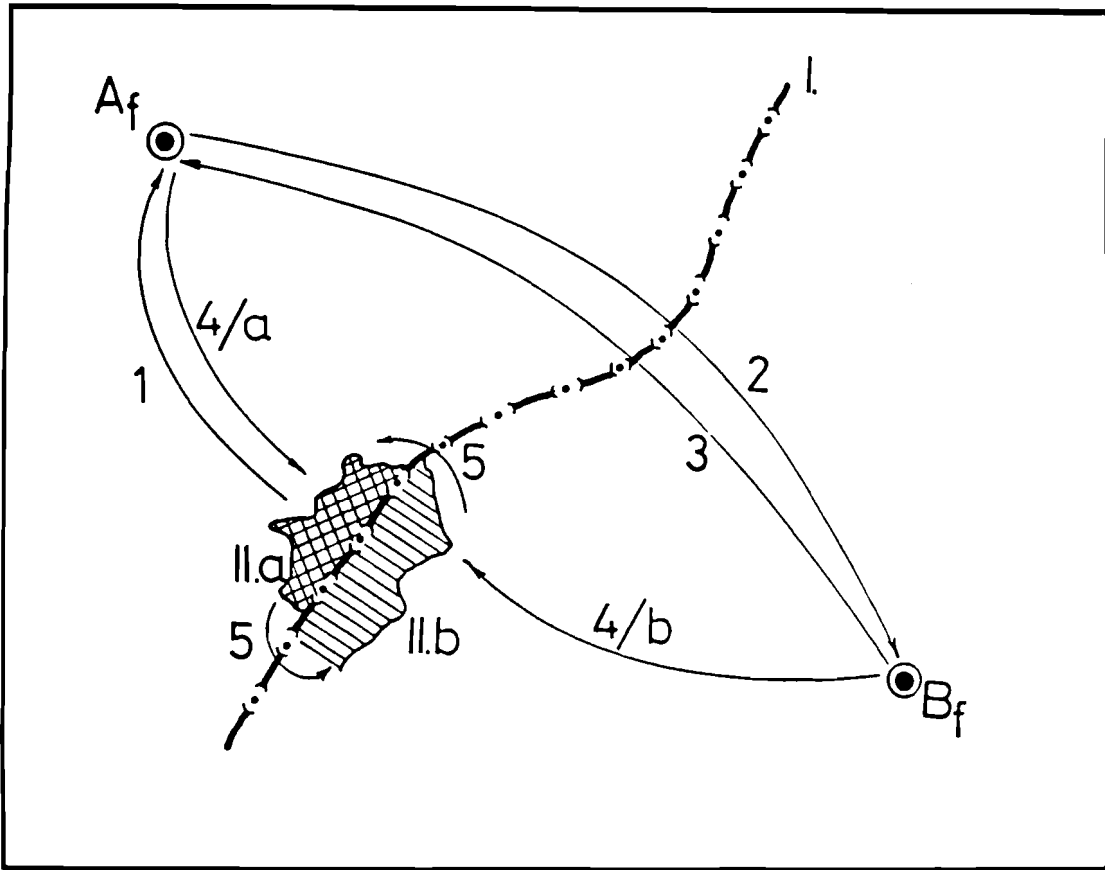
**Figure 2.** The Borders of East-Central European Region by Different Interpretations.



**Figure 3.** Regional Centers in Hungary at the Beginning of the 20th Century.



**Figure 4.** Hungary and the States of Small Entente Between the First and Second World War.



- l. : National border
- II.a. : Border regions of country "A"
- II.b. : Border regions of country "B"
- A<sub>f</sub> : The capital of country "A"
- B<sub>f</sub> : The capital of country "B"
- 1-4 : The stages of setting up connections
- 5 : Normal connections

**Figure 5.** The Typical Possibility of Connections Between the Border Regions of CMEA Countries.

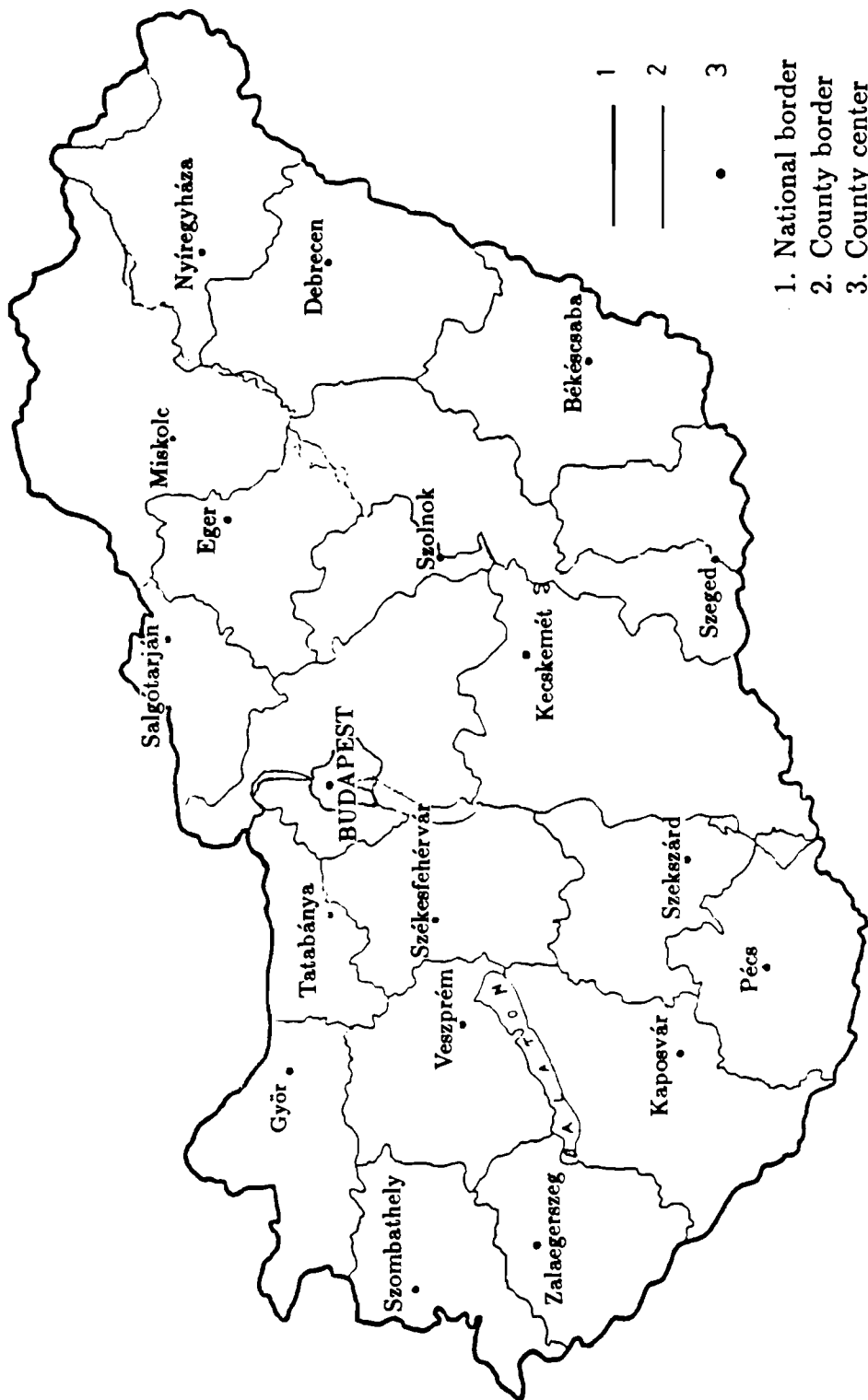


Figure 6. The Counties of Hungary.

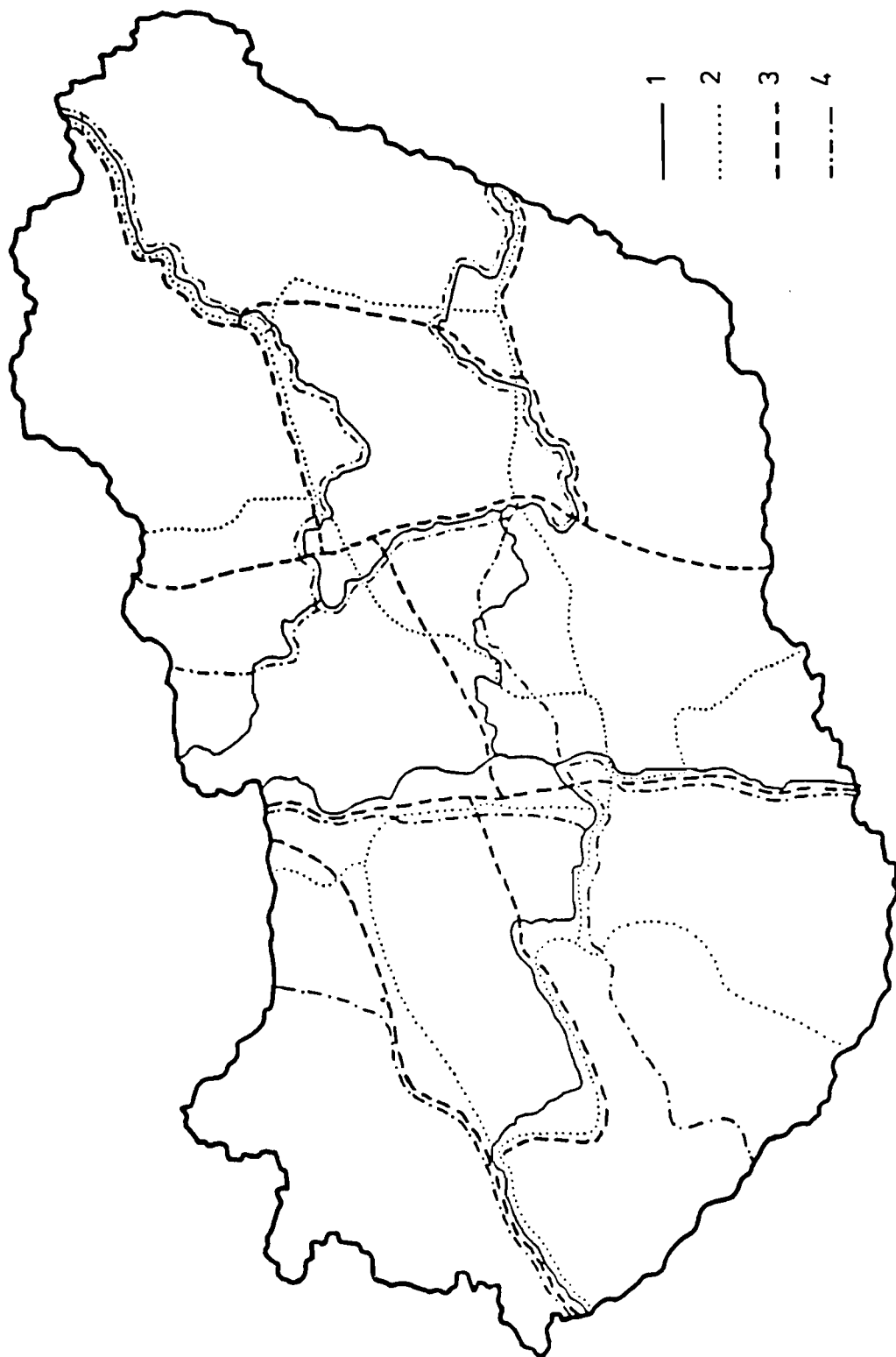
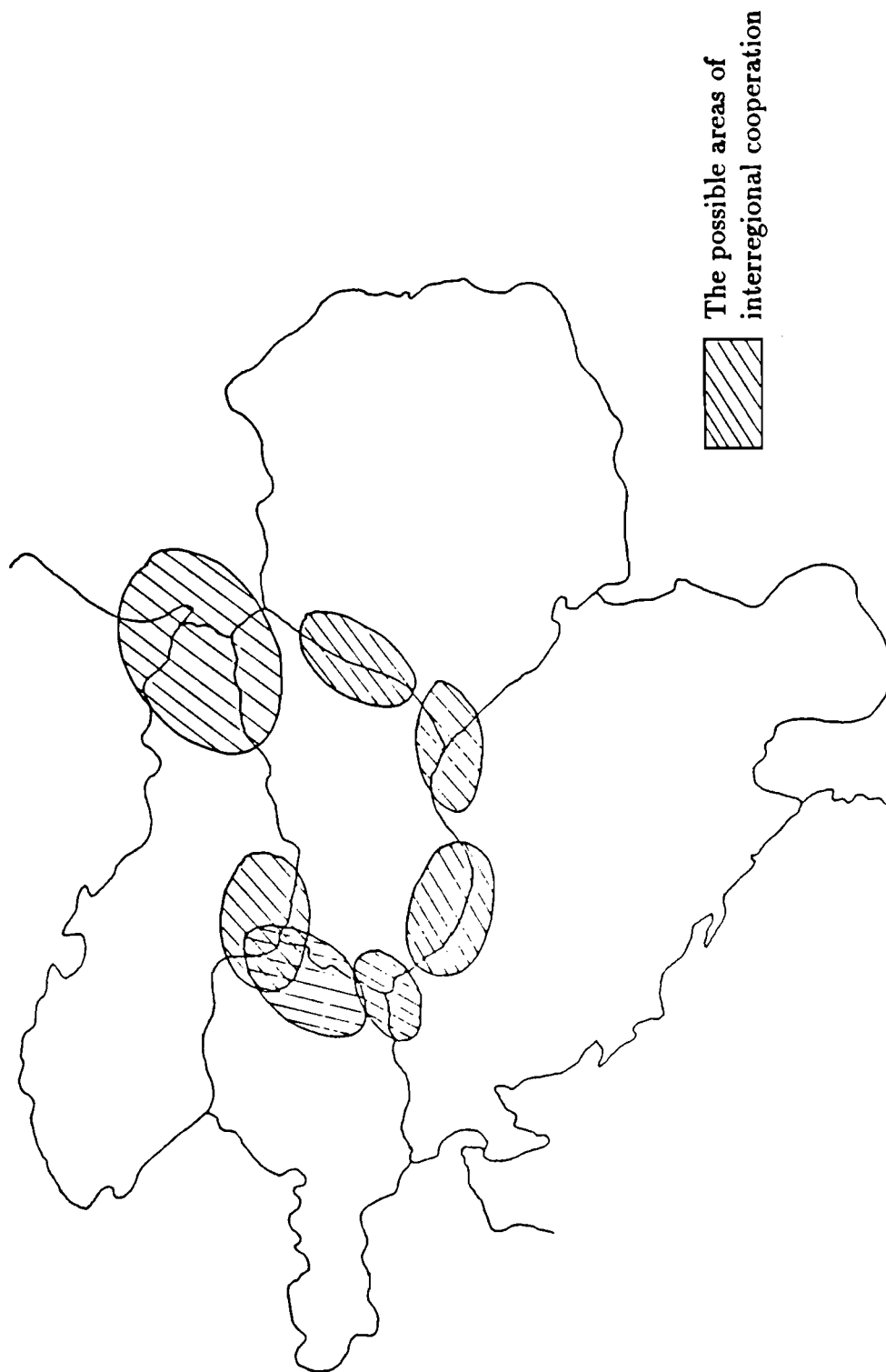


Figure 7. The Major Rayon Plans in Hungary.



**Figure 8.** The Possible Areas of Intensive Regional Cooperation Between Hungary and Its Neighbors.

Table 1: Number of Settlements with Populations that can be Considered Minorities Based on the Combination of Definitions, According to the Rate-categories of the Minorities (1990).

Nationality	Minority						Majority		Altogether
	Small proportion		Middle proportion		Pregnant		absolute (50-75%)	overwhelming (> 75%)	
	Minimal (1 person)	accidental (< 1%)	palpable (1-5%)	considerable (5-10%)	important (10-25%)	definite (25-50%)			
Slovakian	77	155	19	13	26	15	10	1	316
Rumanian	54	168	71	5	4	2	1	1	306
Croatian	70	93	49	9	12	10	15	7	265
Serbian	97	114	34	6	1	-	1	-	253
Slovene	42	28	2	-	-	1	-	5	78
German	7	67	101	92	118	54	16	2	457

43

Table 2: Division of the Concerned Settlements Among the Rate-categories of Minorities.

Nationality	Minority						Majority		Altogether
	Small proportion		Middle proportion		Pregnant		absolute (50-75%)	overwhelming (> 75%)	
	Minimal (1 person)	accidental (< 1%)	palpable (1-5%)	considerable (5-10%)	important (10-25%)	definite (25-50%)			
Slovakian	24.4	46.1	6.0	4.1	8.2	4.7	3.2	0.3	100
Rumanian	17.6	54.9	23.2	1.7	1.3	0.7	0.3	0.3	100
Croatian	25.4	35.1	18.5	3.4	4.5	3.8	5.7	2.6	100
Serbian	38.3	45.1	13.4	2.4	0.4	-	0.4	-	100
Slovene	53.8	35.9	2.6	-	-	1.3	-	6.4	100
German	1.5	14.7	22.1	20.1	25.8	11.8	3.5	0.5	100
Together	20.7	37.3	16.5	7.5	9.6	4.9	2.6	0.9	100

**Table 3.** Settlements with the Highest Rate and Number of German Population (1990).

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Ófalu	88.0	1. Pilisvörösvár	3,462
2. Óbánya	79.1	2. Csolnok	1,672
3. Liptód	72.3	3. Hajos	1,581
4. Görcsönydoboka	71.5	4. Budkeszi	1,275
5. Vaskeresztes	70.6	5. Nemesnádudvar	1,274
6. Vértestolna	69.2	6. Mecseknádasd	1,266
7. Mecseknádasd	68.4	7. Solymár	1,184
8. Szür	60.7	8. Bóly	1,176
9. Hásságy	58.8	9. Taksony	1,087
10. Szakadát	58.5	10. Tarján	1,083

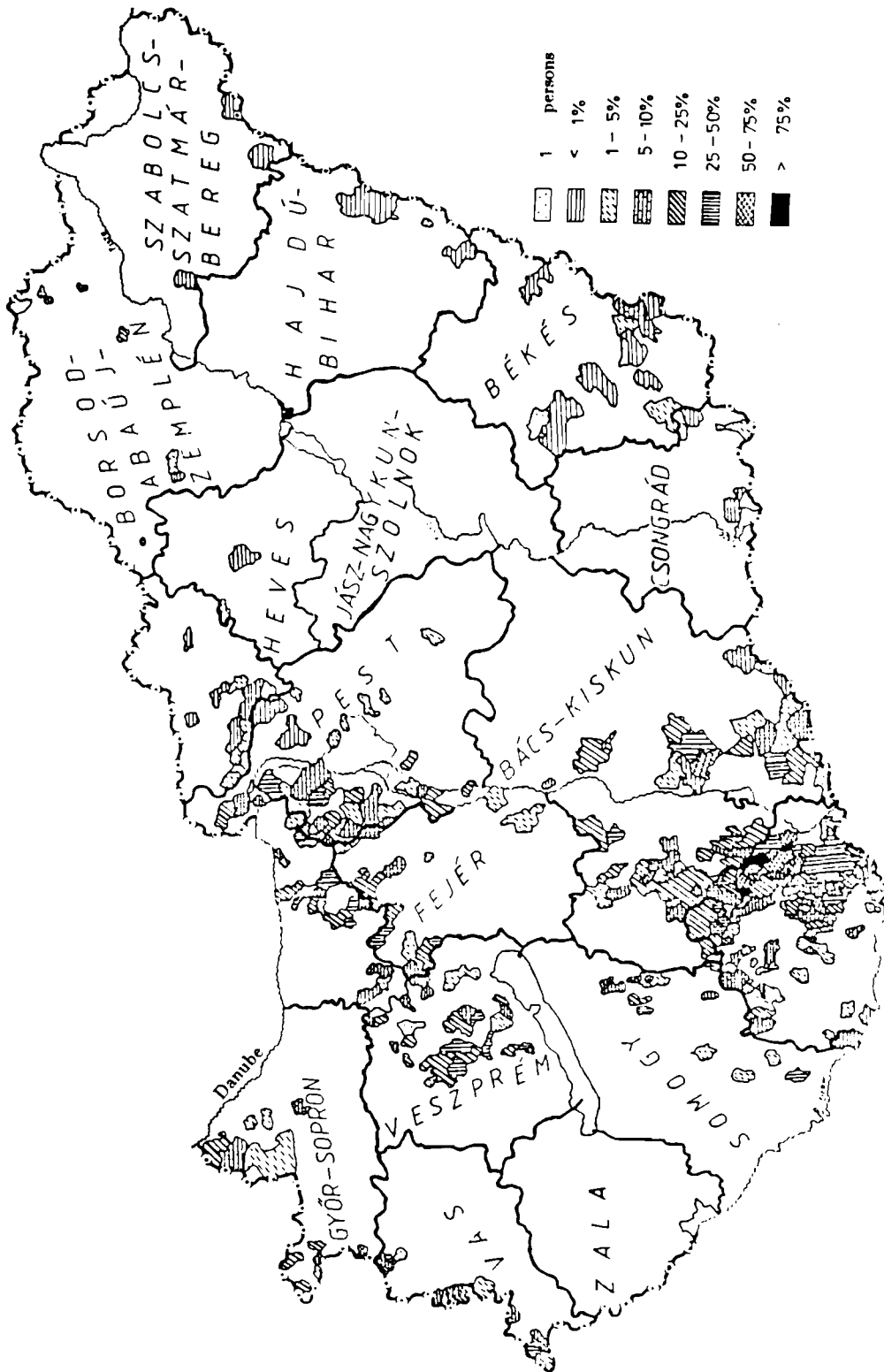


Figure 9. Areas with German Minority.

**Table 4. Settlements with the Highest Rate and Number of Slavonian Population (1990).**

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Komlóska	77.2	1. Tótkomlós	2,819
2. Vágáshuta	71.7	2. Pilisszentkereszt	1,325
3. Nagyhuta	71.1	3. Keszölc	1,035
4. Ósagárd	69.7	4. Piliscsév	1,012
5. Répáshuta	65.5	5. Pilisszentlászló	986
6. Pilisszentkereszt	65.1	6. Tardosbánya	695
7. Sámsonháza	60.7	7. Sárísáp	606
8. Pilisszentlászló	58.9	8. Csabacsüd	521
9. Alsóregec	53.1	9. Pilisszentlászló	484
10. Kardos	52.5	10. Kardos	478

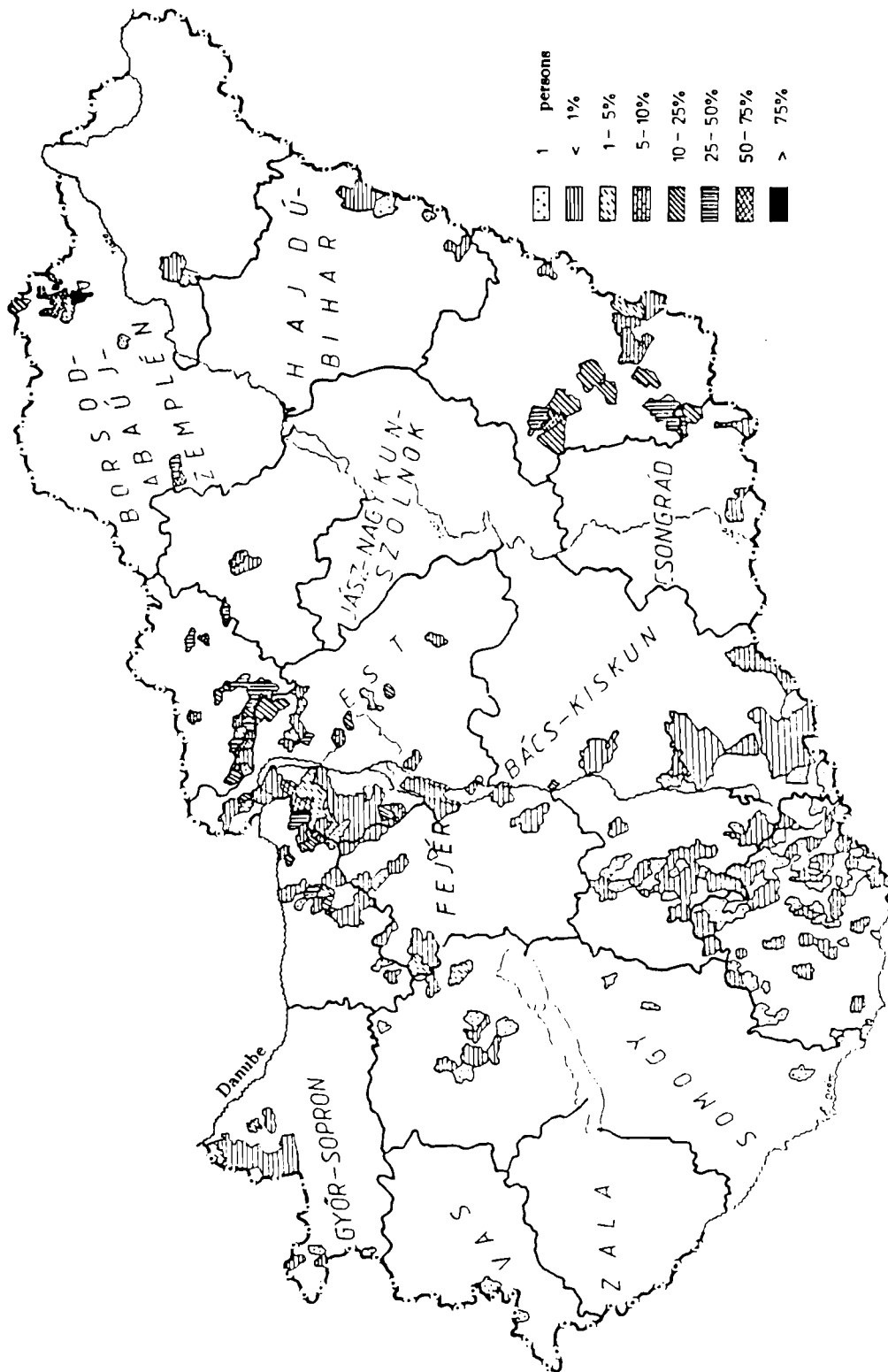


Figure 10. Areas with Slovakian Minority.

**Table 5.** Settlements with the Highest Rate and Number of Rumanian Population (1990).

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Méhkerék	90.0	1. Kétegyháza	2,118
2. Bedő	52.0	2. Méhkerél	2,033
3. Kétegyháza	46.9	3. Elek	993
4. Pusztáotlaka	35.9	4. Magyarcsanád	355
5. Magyarcsanád	20.9	5. Körösszegapáti	211
6. Körösszakál	18.0	6. Bedő	196
7. Elek	17.8	7. Pusztáotlaka	178
8. Körösszegapáti	17.7	8. Körösszakál	157
9. Kalaznó	9.5	9. Budakeszi	145
10. Váralja	06.3	10. Lökösháza	125



**Table 6.** Settlements with the Highest Rate and Number of Croatian Population (1990).

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Felsőszentmárton	90.1	1. Tótszerdahely	1,166
2. Tótszerdahely	87.7	2. Kópháza	1,164
3. Tótszentmárton	83.1	3. Felsőszentmárton	1,124
4. Narda	80.2	4. Murakeresztúr	995
5. Szentpéterfa	78.6	5. Szentpéterfa	851
6. Molnári	77.0	6. Tótszentmárton	834
7. Szentborbás	76.8	7. Molnári	654
8. Drávasztára	73.5	8. Bezenye	567
9. Potony	73.4	9. Hercegszántó	560
10. Tótújfalu	72.5	10. Horvátzsidiány	533

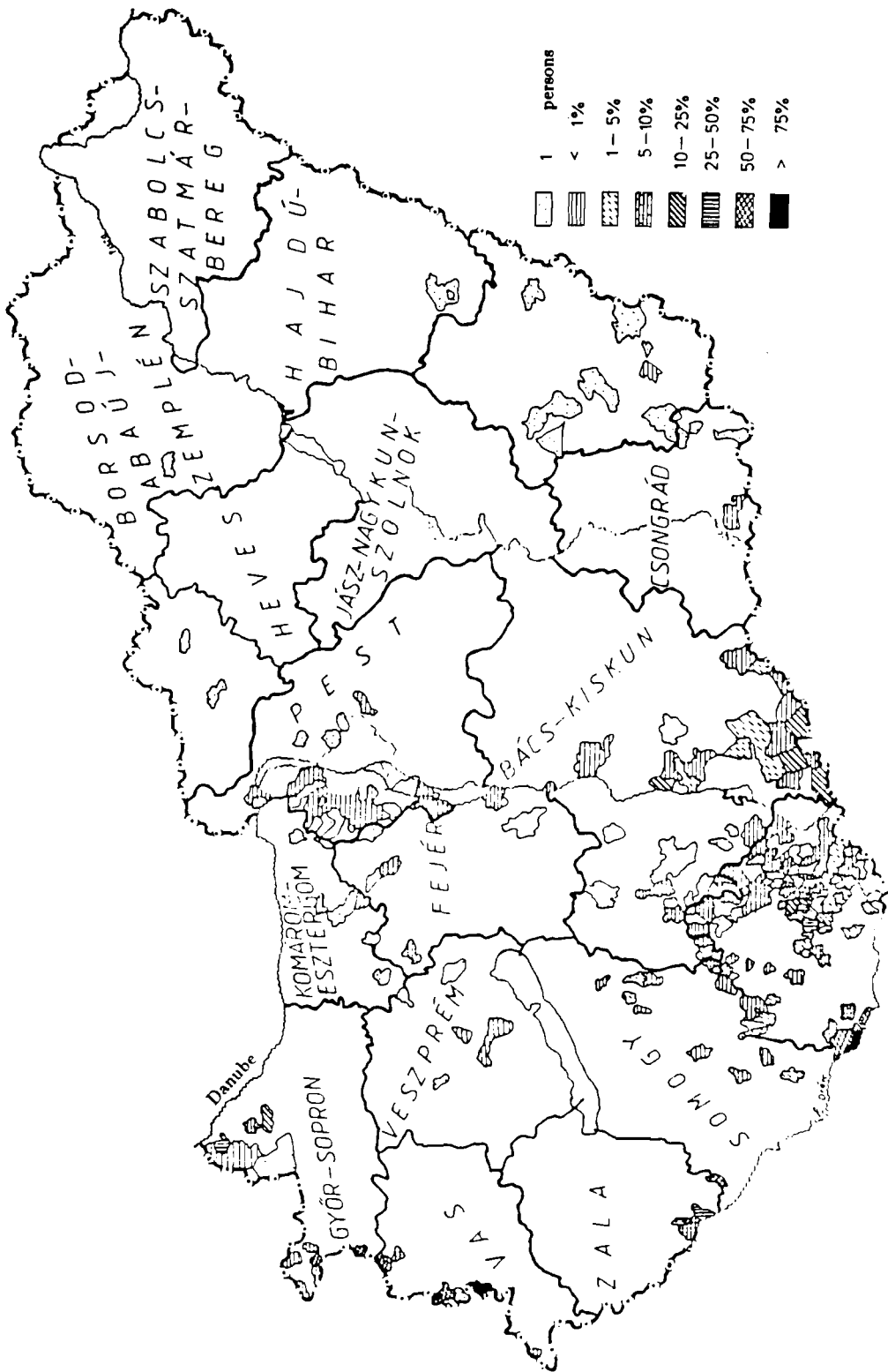


Figure 12. Areas with Croatian Minority.

**Table 7. Settlements with the Highest Rate and Number of Serbian Population (1990).**

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Lórév	59.1	1. Tököl	431
2. Bátya	11.3	2. Bátya	272
3. Hercegszántó	8.4	3. Pomáz	210
4. Szigetcsép	7.0	4. Hercegszántó	209
5. Tököl	6.8	5. Lórév	185
6. Deszk	6.6	6. Deszk	183
7. Újszentiván	6.2	7. Dusnok	159
8. Lippó	5.4	8. Szigetcsép	153
9. Dusnok	4.6	9. Budakalász	127
10. Magyarcsanád	4.6	10. Harkány	120

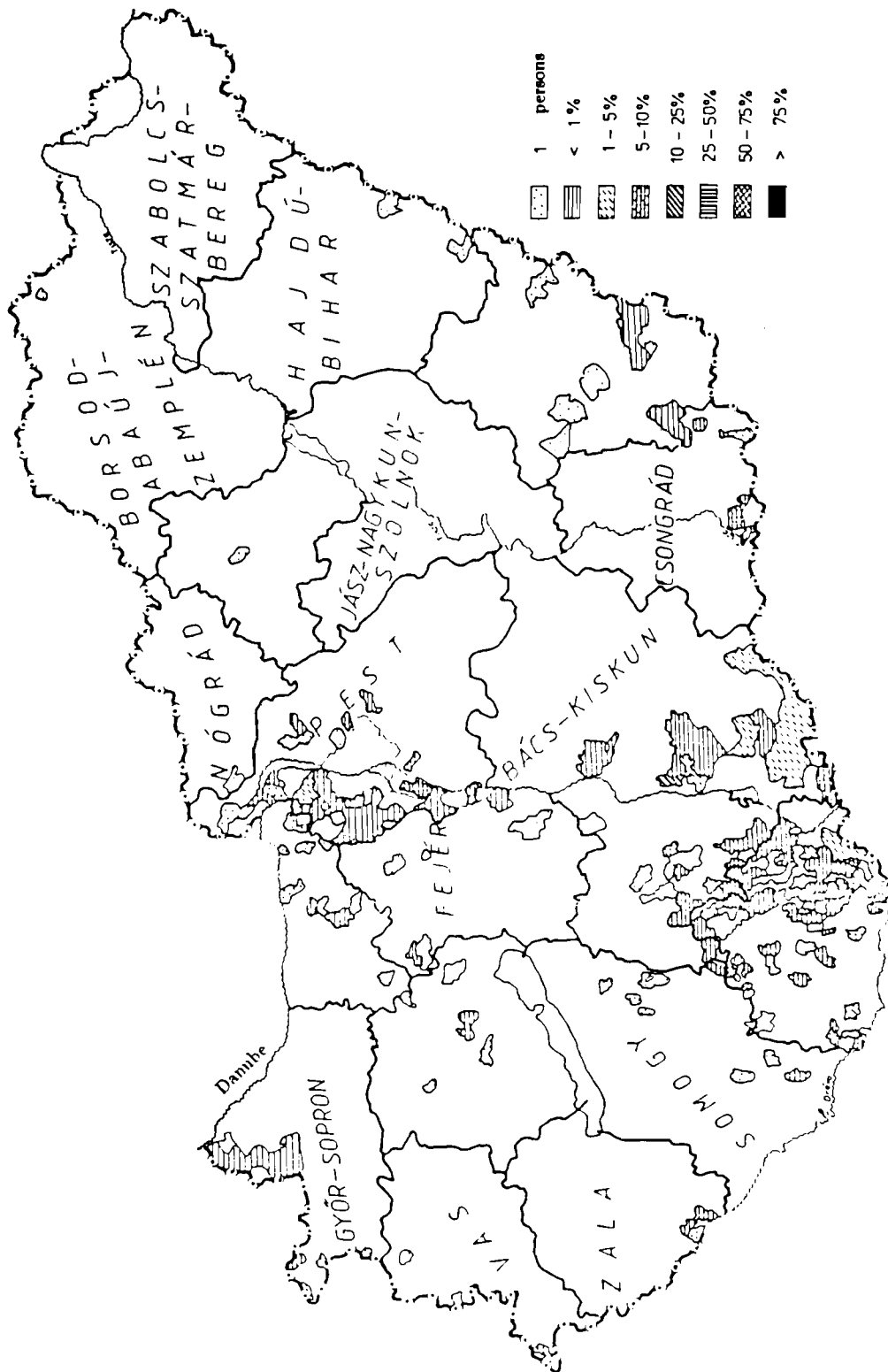


Figure 13. Areas with Serbian Minority.

**Table 8.** Settlements with the Highest Rate and Number of Slovene Population (1990).

According to proportion		According to absolute number	
Settlement	Rate (%)	Settlement	Persons
1. Felsőszölnök	92.7	1. Felsőszölnök	701
2. Kétvölgy	89.4	2. Apátistvánfa	368
3. Apátistvánfa	84.0	3. Szakonyfalu	296
4. Orfalu	80.5	4. Alsószölnök	186
5. Szakonyfalu	76.7	5. Kétvölgy	143
6. Alsószölnök	41.2	6. Orfalu	62
7. Bátya	2.0	7. Bátya	48
8. Rönök	1.9	8. Hegyeshalom	13
9. Bonnya	0.5	9. Rönök	9
10. Horvátlovő	0.5	10. Katymár	7

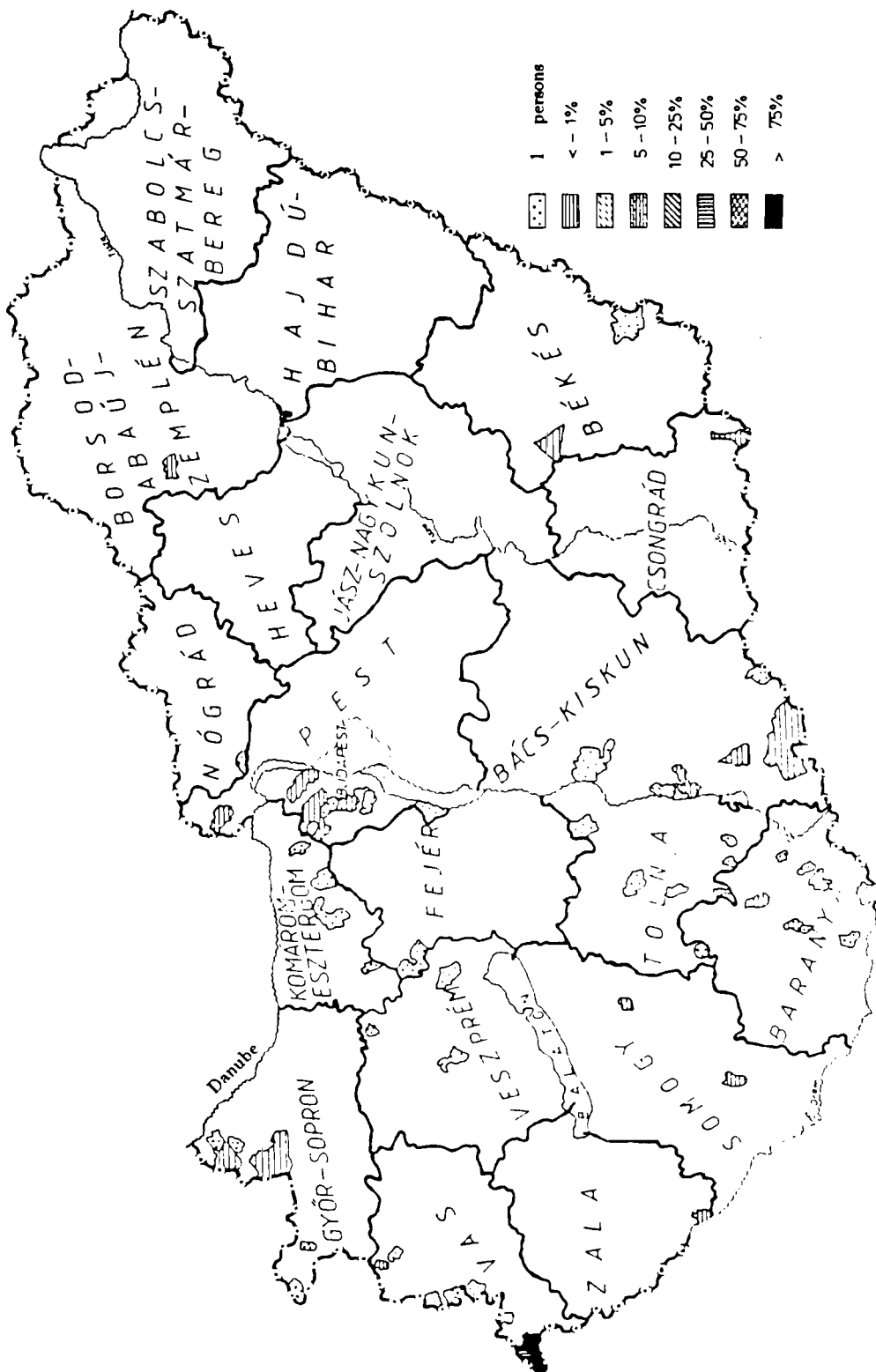
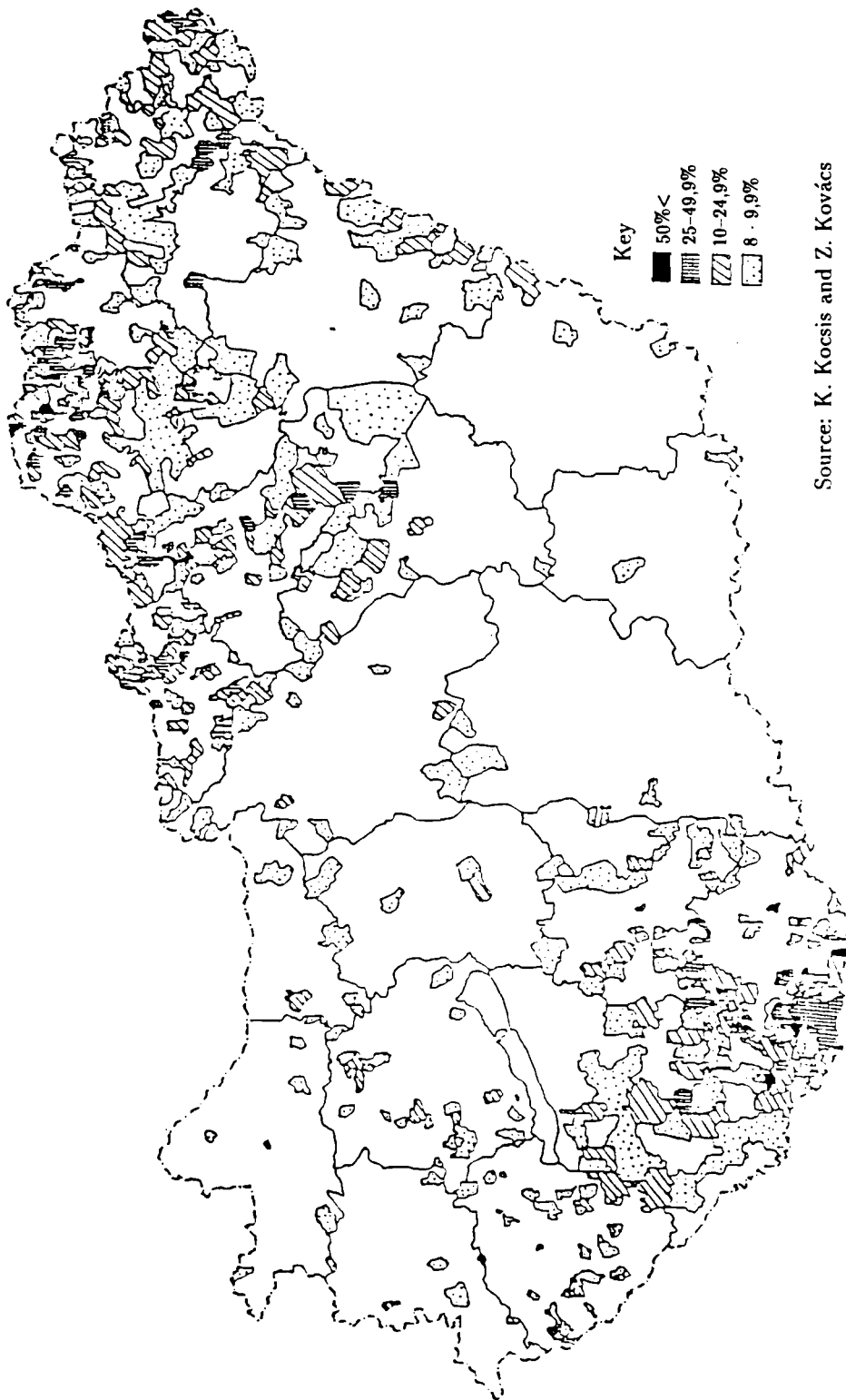


Figure 14. Areas with Slovene Minority.



Source: K. Kocsis and Z. Kovács

Figure 15. Areas with Gypsy Minority.

# Basic Problems of International Cooperation of Slovak Cities and Communities

*František Murgáš,*  
*ČSFR*

Slovak cities and communities have had sporadic contacts with partners in Western countries. In the past these contacts were politically controlled and their practical importance for the population was minimal. Since the law on community self-government was implemented the situation with international contacts changed. Slovak cities and communities are now developing intensive international activities on the local and regional level.

In the past two years many partnership relations have been established even with more remote countries, for example, Spain, Finland, and Greece. Several good examples emerged which connected not only the traditional partners but also, for example, small and medium-sized enterprises. As an illustration, the East Slovakian city of Michalovce developed such relations with the Spanish city of Villa Real.

On the regional level, it is the cooperation of regional associations with partners in neighboring countries which prevails. These associations are based on the common interest of neighboring cities and communities. Their size is ranges from less then 20 to more than 100 depending on the local conditions and the fact that their creation was spontaneous without administrative interference.

Out of the 44 existing associations of cities and communities almost half (20) are in the border regions having contacts with partner associations in a neighboring country. In the North, are the associations of Kysuca, Orava, Liptov, Tatras, Spiš, and Šariš who are neighboring Poland. In the East, are the associations of the district Humenné, Snina, Sobrance, Michalovce, and Laborec who are neighboring the Ukraine. With Austria, it is the association of Záhorie in South-West and in the South with Hungary there are the associations of the Danube region, Wheat Island, Nové Zámky-Šurany, Novohrad, Gemer, Košice District, Medzibodrožie, and Použie. Two regions which are not located on the state border, Vranov and South Zemplin are also engaged in cross-border cooperation.

A brief account follows of some examples of regional cooperation, their plans and problems.

## **Regional Association Orava**

This association has contacts with almost all of the communities in the Polish region of Nowy Targ which have a common border with Orava. The existing bilateral agreements usually cover cooperation in culture, sports, exchange of experiences in management of municipalities, tourism, and entrepreneurial activities.

In the future they would like to cooperate in commerce, the exchange of machines and equipment, and labor but the present legislation, customs policy, and lack of adequate border crossing

points seems to be an insurmountable barrier. For future cooperation new road communication is required.

## **Spiš Association**

This association cooperates on a wide scale with regions in Poland. For example:

- **Education:** exchange of fellowships of professors and students of high schools and professional schools;
- **Art:** specialists for the restoration of historical monuments, and production of various artefacts;
- **Culture:** exchange of orchestra, expositions, mutual sport and tourism, and touristic activities.

In the city of Kežmarok a center of Polish–Slovak cooperation was established. A certain problem for future cooperation is the fact that the territorial structuring of Slovakia has not been finalized.

## **Regional Association Laborec**

This association contemplates cooperation with cities and communities in the Polish Republic especially in the vicinity of Krosno, Sanok, and Rzeszow. The biggest problem in this area is the lack of border crossing points. The most appropriate would appear to be the Polota–Radoszyce road crossing point and Polota–Lupkow railroad crossing point. Once these connections have been made intensive commercial and tourist activities can be expected.

## **Regional Association Novohrad**

This association has developed a widely based cooperation with the city of Salgotarjan which is a political and industrial center in Northern Hungary. In 1991, a first meeting of entrepreneurs and representatives of the government took place in Salgotarjan where cooperation in industry, agriculture, and tourism was discussed. The meeting had 600 participants from both countries and other districts were represented (for example Velký Krtíš, Rimavská Sobota, and Rožnava).

In November 1992, a similar meeting will take place in the Slovak city of Lučenec in which banks and custom officers should be present. The idea is to create a custom-free zone which should enhance cross-border cooperation because the biggest barrier is seen to be in the financial and legal areas.

A similar cooperation is being prepared with the city of Pápa in Hungary.

## **The Association of Medzibodrožie and Použie**

This association is in the corner where three countries meet—Slovakia, Hungary, and the Ukraine; a Carpathian Regional Council was therefore created to coordinate the various activities. This association cooperates with the region of Krosno in Poland, the Carpathian region in the Ukraine and Borsod–Abaj–Zemplen region in the North–Eastern part of Hungary.

The objectives of the cooperation is the exchange of products and services, direct cooperation of manufacturing enterprises and to increase efficiency with foreign direct investments. They try also to improve information flows and start cooperation in investment activities. To avoid administrative and customs problems the representatives of the region are considering the creation of a custom-free zone in the area.

The usefulness of this cooperation can be illustrated by the following two examples:

- The East-Slovakian Water and Sewage Works agreed with a similar company in Hungary (Zempléni Vizművek in Sátoraljűhely) that the Hungarian side would provide drinking water for eight Slovak communities from the main water pipeline which is situated between the cities of Sátoraljűhely and Zempenagart;
- A professional commission is preparing an agreement to provide gas for the districts of Sátoraljűhely and Sárospatak in Hungary from the gas pipeline in Michalovce in Slovakia.

Two communities—Velký Kamenec in Slovakia and Pacin in Hungary—made an agreement, as far as their authority would allow, that they would coordinate their activities in transport, telecommunication, power engineering, as well as in sport, culture, helping to solve unemployment problems, improve the structure of agriculture and the social infrastructure. According to both sides, the largest barrier for this cooperation is that the border crossing point, Velký Kamenec–Pacin, was not open. There are requests to open it before the end of 1992.

The third level of cooperation is of international and national organizations of communal self-governing bodies. Slovakia is represented there by an Association of cities and communities in Slovakia. In the two years of work, this Association succeeded in visualizing the existence of Slovak cities and communities in European countries, as well as in some countries of different continents. This type of cooperation develops in two directions: bilateral and cooperation in the scope of international organizations.

Among the international organizations the most important cooperation takes place with:

*Permanent Conference of Local and Regional Institutions of Europe*, which is the highest advisory body of the Council of Europe for the issues of communal and regional self-government.

The Slovak Association represents the interest of Slovak communities and cities in the preparation of such documents as the Charter of European Local Self-government and the European Convention on Transborder Cooperation of Local Authorities.

*Council of European Municipalities and Regions (CEMR), European Section of International Association of Local Authorities (IULA)*, where up to 30,000 local and regional authorities participate. The main task is to provide european “service” in information exchange, education, and development of cooperative relations. Our main interest is in different programs of education and training. A good example is the program, PHARE, which should, in three years time, concentrate on questions of finance, legislation, territorial planning, environmental protection, modern methods of management and many others. This program is financed by the EC with the help of G-24.

A similar orientation is also in the bilateral type of cooperation. At present the Association has active contacts with:

*The Austrian Association of Municipalities*

Visits and professional seminars of 3–4 days are organized for mayors of cities where the cost is covered by the Austrian side and through the KNOW-HOW Transfer Center possibilities are open to spend some time in Austrian municipalities.

*The Swiss Association of Cities*

The Slovak Association has an agreement with its Swiss counterpart on cooperation which consists of seminars of a week for mayors, professional fellowships in Swiss municipalities, and helping to create stable education facilities in Slovakia for employees of municipalities.

*The Dutch Association of Communities*

This cooperation contains educational programs for mayors of Slovak cities and fellowships for employees of a city self-government, as well as a three part cooperation of Dutch and Slovak cities with cities in developing countries in the infrastructure area and in entrepreneurial activities.

Cooperation is also developing with The International Association of Municipal Managers (ICMA). This Association worked out a Project of Municipal Development in the scope of aid extended by the U.S. Agency for International Development (USAID). This aid is oriented to the services of U.S. experts in organizing public services in finance, environmental protection, etc.

**As can be seen from the activities listed above, The Association of Cities and Communities of Slovakia is also deeply engaged in the area of transborder cooperation.**

# Practice of Regional Transborder Cooperation<sup>1</sup>

*Tibor Vaško,*  
*IIASA*

In the past three years, countries of Central and Eastern Europe have been reforming their economies with the aim of phasing out the heritage of central planning and creating the prerequisites for introducing a modern market economy. These reforms were made possible by the collapse of the political block created in the course of the Cold War.

The core of the present economic reforms in these countries are macroeconomic stabilization measures, price liberalization which is supposed to bring the economy closer to a market equilibrium, and a tight budget as a defense against inflation. These measures have already brought significant macroeconomic results and some countries have managed to introduce internal convertibility of their currencies.

Interest has now shifted to privatizing industry and services which should improve the management of industry, help necessary structural changes, and reintroduce incentives and motivation into the production processes.

The new political situation not only released many endogeneous resources, but also exogeneous ones. Many foreign resources, important for economic development, became available because former barriers have been eliminated. Of course, the elimination of barriers did not result in the automatic equalization of economic levels on both sides of a former border. However, the differences in living standards, assets, and factor endowment remained. This has created significant opportunities but has caused very specific stresses in areas situated near borders. For example, in two towns situated only 10 km apart and previously separated by tight borders the salaries for the same job may differ by an order of magnitude. This fact results in strong incentives to migrate. Such a situation seems unique in the history of economic development, nevertheless it is assumed that much can be learned from past experiences in transborder cooperation. Such cooperations were initiated and practiced at different levels of regional and/or national government. An overview of some selected, and, hopefully, relevant cases are further discussed.

## **The Pentagonal/Hexagonal Experiment (At a National Government Level)**

After the collapse of socialist regimes in Central and Eastern Europe one of the attempts to fill the political vacuum created by the absence of Soviet influence was the ill-fated Pentagonal experiment. There were multiple reasons for this initiative (Kiss 1991). It could logically build on subregional cooperation in Alpine-Adriatic-Danubian grouping. This cooperation could, on

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<sup>1</sup>A former version of this paper was presented at the *Preparatory Conference of the Carpathian Euroregion Project* of the Institute for East-West Studies in cooperation with the Carpathian-Tisza Foundation, Nyiregyhaza, Hungary, 24-26 May 1992. Partial support from the Institute for East-West Studies is gratefully acknowledged.

a higher, continental level, transcend the Cold War geography and could accumulate a certain political mass between Germany and Russia (Lewis 1990). De Michelis pointed out that the region, once free from bloc restraints, may easily fall victim to nationalism and fragmentation especially in a period of economic crisis (De Michelis 1990) and the Pentagonal/Hexagonal experiment can therefore perform an important integrative function and start a development toward more cohesion in the area. More openly, Jacques Attali (1992) warned that Europe can descend into tribalism. The member countries of this initiative were Austria, Italy, Hungary, Yugoslavia, ĀSFR, and Poland.

The main general objective of this initiative was to preserve the main asset of Europe diversity by emphasizing regionalism. This becomes clear from the ambitious program of activities prepared for the period of 1990–92. This program included:

### **Transport**

**Road:** An agreement was reached on four main corridors and on a statement considering the transportation of dangerous goods;

**Railway:** Six principal corridors were accepted on which specific projects were selected for prompt implementation. It was agreed to introduce container trains, initially between Budapest and Trieste;

**Air:** A working group was examining projects in the field of interregional air transport, education of pilots, cooperation and harmonization of the procedures among ATC centers, etc;

**Maritime and inland waterways:** Cooperation between ports in the North Adria, connection of railways through ferryboats, harmonization of regulations, cooperation with the Rhine–Main–Danube canals was suggested.

### **Telecommunications**

Ad hoc subcommittees were defining projects in fiber optic regional networks, and a regional satellite system. The creation of five service centers, education and training, and radiomobile service (900 MHz) were under consideration.

### **Environment**

Cooperation was prepared in:

- Harmonization of environmental monitoring and data systems;
- Waste management;
- Nuclear safety;
- International parks.

### **Small and Medium-sized Enterprises**

The program was to organize seminars, establish an information center, assist with professional education, harmonization of technical rules and regulations.

### **Scientific and Technological Research**

Effort was made to facilitate the ĀSFR, Hungary, and Yugoslavia in joining European technological organizations and programs such as EUTELSAT CERN, ESA and COST.

## **Culture and Tourism**

The idea was to publish the first Pentagonal magazine "European Traveler," Theater Festival in Cividale del Friuli, inter-university cooperation, Multi-media music festival in Trieste, extension of the "International Baccalaureate" educational system, etc., were prepared.

## **Information**

It was agreed to hold periodic meetings on foreign policy with the participation of major columnists to enhance cooperation among agencies, hold video conferences of Ministers of Foreign Affairs once a year, etc.

## **Financing**

Funding would have been sought through:

- public budget funds;
- existing and additional bilateral financing;
- financing from International Financing Institutions;
- through self-financing when the nature of the projects warrants it.

The recent events in the former Yugoslavia, the creation of new states, and the uncertain future of some others, practically brought this initiative to a standstill. At present a similar initiative for a smaller area is developing as the "Visegrád initiative".

## **Cooperation in Northern Europe**

This cooperation was initiated more from economic necessity than political will and is, therefore, less known especially in Central and Eastern Europe than the Hexagonal initiative. This cooperation was most intense in Finland, Norway, and Sweden (Oscarsson and Öberg 1987), but Denmark, Iceland, the Faroe Islands, and Greenland are also considered to be a part of Northern Europe. Three decades ago, the Nordic countries introduced free movement of citizens—it was possible to travel without a passport in Scandinavia. At about the same time, they introduced a free labor market. Economic significance of this fact was enhanced by extensive harmonization and mutual compatibility of social policies (e.g., pensions, health, insurance).

All this was happening under the general umbrella of the Nordic Council, which consists of a "Nordic Parliament" and an organization for intergovernmental cooperation (the Nordic Council of Ministers).

In the fields of interest joint committees of administrators were created which exchange information, harmonize activities, and prepare specific Nordic projects. In most cases these committees have political counterparts (committees) attached to the Nordic Council of Parliamentarians. For regional development the Nordic Committee on Regional Policy (NARP) has a mandate to work on practical cooperation in the border areas. A special institute (Nord REFO) has been established to coordinate research in the field of regional policy.

Regional policies in Nordic countries are most advanced and therefore the tools used for their implementation might be relevant to other countries. So, for example, in Sweden the government support for regions consisted of five categories:

1. Tax equalization grants to local authorities to bring the *per capita* yield of income tax in all municipalities to at least the national average and to as much as 35% above average in northern districts.
2. Job-training and pre-retirement schemes, where the incidence of pre-pension payments is closely related to regional unemployment levels.
3. Specific measures for regional support.

4. Regular, but not regionally motivated, support to manufacturing and agriculture (often called sectorial support).
5. Special measures in response to crisis conditions in major firms that often dominate whole areas (e.g., some firms were nationalized between 1976 and 1982).

The policies in Norway and Finland were similar.

## Benelux

This is an interesting region with many specific features. These three countries with over 24 million inhabitants are on the crossroads between the medium-sized economies of Britain, France, and Germany, (Tinbergen 1982). This is a reason why Benelux has the highest foreign trade (as a percentage of total income). The frontier between Catholic and Protestant, as well as Latin and Germanic Europe, runs through Benelux. The three countries of Benelux cooperate in a special framework within the European Community. Their positive results were one of the reasons why the EC headquarters are located in Brussels.

Economic regions have been established which increasingly ignore national borders. Because borders became increasingly "permeable" differences in salaries and prices give rise to important transborder commuting on a daily basis. For example, 11,000 migrants enter the Grand Duchy of Luxemburg to work each day (Gay 1987). Communication systems are developing without regard to national borders symbolized by linking the Albert canal (in Belgium) with the Juliana canal (in the Netherlands). Benelux is proof that, in spite of religious and linguistic differences, transborder cooperation can flourish even in a relatively small space.

## Examples of Cooperation in Subnational Regions

### Cooperation in the Alpine Region

Cooperation in this region has perhaps the oldest tradition. This cooperation was formalized in 1972 when a symposium of border-regions took place in Strasbourg (Europäisches Symposium der Grenzregionen). During the symposium a declaration was approved and a European Working Commission of Alpine Regions was created. The participants came from the state government of Bavaria, France (Prefectures), Italy (Regional Committee of Bozen, Giunta Provinciale di Trento), Government of Autonomous Republic of Slovenia, Austria ("Landesregierungen"), and Switzerland (Cantonal governments).

The cooperation developed into three separate multilateral groupings:

#### *ARGE ALP (ARGE=Arbeitsgemeinschaft)*

This "working community" was founded on 12 October 1972 in Mosern/Seefeld (Tirol). The members are the "Lands" (Counties) Tirol, Voralberg, Salzburg (Austria), Bozen-South Tirol, Trient and Region Lombardy (Italy), Cantons Graubunden, St. Gallen and Tessin (Switzerland), Bavaria (FRG), and as observer, the State Baden-Württemberg.

The objectives are the enhancement of cooperation in cultural, social, economic and environmental domain. The conference of Head of Governments of cooperating regions is the highest coordinating body which meets at least once a year. There are five commissions for selected working areas and a permanent coordinating center attached to the "Land" Government in Tirol.

#### *ARGE Alpen-Adria*

This community was founded on 20 November 1978 in Venice. The members are Upper Austria, Carinthia, Burgenland, and as observer, Salzburg (Austria), Slovenia and Croatia (former

Yugoslavia), Lombardy, Regione Veneta, Trentino-South Tirol and Venice (Italy), Bavaria (Germany), Departments (Komitate) Vas, Győr/Sopron, Zala, Somogy, and from 24 November 1990, Baranya (Hungary).

The objectives are to coordinate mutually interesting questions in transport, generation and transmission of energy, agriculture and forestry, water resources, culture and minorities.

The general assembly of the heads of states is the highest managing body which meets at least once a year. A special commission of leading officials prepares this meeting. Another six commissions manage the "working areas." Records are kept in an office of the Carinthian government in Graz. Among the most familiar problems these commissions deal with are solid-waste disposal, algae pollution of the Adriatic sea, ozone load, etc.

### *ARGE Donauländer*

This was founded on 17 May 1990 when heads of states signed a declaration on constituting this "working community." Earlier (from 12 October 1984) a discussion forum "Donauländer" was active in the area. The member states were Bavaria, Upper Austria, Lower Austria, Vienna, Burgenland, seven Hungarian Departments (Komitate) Győr/Sopron, Komarom, Pest, Fejer, Bacs-Kiskun, Tolnau and Baranya, Serbia, and the Moldavian Republic of the former USSR. South Moravian and West Slovakian regions of the ČSFR are observers. Since then several regions and countries located near the Danube became members of this community.

The main goal of the community is the development of Danubian space through carefully coordinated activities. There are five working groups for space allocation and environmental protection, economy and tourism, culture, science and sport, transport and ship travel. The managing institutions are similar to the ARGE Alpen Adria Community.

### *EUREGIO*

The name EUREGIO was used for the first time in 1965 for an exposition on regional problems. The EUREGIO region administratively consists of Provinces Overijssel and Gelderland (Netherlands) and the districts Munster in Nord-Rhein-Westfalen and Weser-Ems in Niedersachsen (Germany). As early as 1954, municipal politicians created a working group to look for common solutions, for example, to such problems as new highways. In 1960 two Dutch provinces joined. The ideology of transborder cooperation is in the task of how to "melt" together the regions on both sides of the borders (Gaabe 1980). This ideology was worked into several principles, for example:

- to develop an integrated view of the EUREGIO as a unity for all important areas as housing, employment, education, leisure and recreation, and communication;
- to create a regional conscience in local population;
- to melt together knowledge, practice and experiences in the scope of European integration without the tendency to make the Germans Dutch and vice versa;
- to stabilize the regional labor market;
- to development planning based on the principle of "decentralized concentration" using development "poles and axis";
- to organize meetings of all layers of citizens, create special services for leisure time activities; and
- a remote goal remains, to create a bilingual society so that the infrastructure of the region could be used freely.

The highest managing body of the region is the EUREGIO-Rat (Council) which has 25 members. These members are elected by city councils in a secret ballot. The resolutions of the council are worked out by working groups consisting of nine Dutch and German members. Operational tasks are handled by a permanent secretariat.

## **Regio Basiliensis**

The peculiarity of this region is that cooperation entails the interaction among regions in countries with different structures of democratic political systems:

- France with parliamentary democracy—with a more centralized organization;
- Germany—with extensive federalism;
- Switzerland—a decentralized direct democracy.

The regions under consideration are the Upper Alsace, Sudbaden, and Nordschweiz. Formal cooperation started in 1975. Various governmental bodies were working out draft agreements and recommendations which were then submitted to the regional government in each state for review and implementation. This procedure secured a compatibility of measures with different forms of governmental structure in each country.

The main areas of cooperation are economy, transportation, environment, energy, and culture. The more recent event is an agreement on regional cooperation (containing 14 points) signed in December 1990 by President Mitterand, Premier Helmut Kohl, and President Jean-Pascal Delamuraz.

## **Some Tentative Messages From the Existing Cooperation**

A ready-made theory of transborder cooperation does not seem to exist. There are views that the location and growth pole theories when applied to border areas give assumptions which real development contradict (Hansen 1983, p. 260). In the 80s, there were signs that some variables (e.g., labor market) lost part of their explanatory power in understanding regional processes in some countries (Bartels 1981). Some new factors emerged, i.e., environment and housing preferences. In this respect strategies of transnational corporations (TNC) play an important role. A group of regional scientists (RURE) came to the conclusion that "controlling vast amounts of investment capital, employing a very large work force and being multi-locational, it could be argued that the strategic decisions made by the TNCs set in motion the structural changes which determine the development of most regions and cities in Europe." A few ideas are listed, therefore, which perhaps could help to structure the problem of transborder cooperation rather than give a typology of cooperation.

## **Relation of the Central Government to Regional Governments and Regional Development in General**

In Central and Eastern Europe this relation was, in the past, determined by strategic, security, or simply military, considerations rather than by the effort to secure a balanced social and economic development of the region. This has now radically changed, new possibilities opened but left the regions with the legacies of past priorities. The relation of the central government to the region should account for the fact that some structural distortions cannot be corrected by regional resources alone.

In the past transborder communication could take place only through central diplomatic channels, whereas now it is possible to interact directly. This is further eased in the case of federalized states, where individual states can entertain foreign relations (Kicker 1988). The situation is bettered by increased cooperation on the national level or economic integration efforts (EC). This initiates cooperation which could be called "top-down." There are indications that the activity of local governments and even companies in the border areas are already engaged in transborder cooperation which can grow to be of national significance. This could be labelled as a "bottom-up" initiative. Obviously the future strategies of development should strive to combine both initiatives.

## Identification of Cooperation Potential

This usually is not a "one off" activity. The cost and benefits of cooperation should be made clear and widely known in order to motivate people and gain a large constituency. Before this could be done an objective analysis of the state of the region should be made. The literature on regional development offers many examples but there is still space for innovative approaches (Bailly 1990). Delicate parts of the analysis is the identification of those who are the problem solvers (e.g., local governments), who are the problem owners (e.g., the local companies in the case of inadequate development resources) and also who is the "stakeholder" (could be the local population). Their interest and priorities should be clear. As the above listed cases indicate this is usually:

- infrastructure;
- manufacturing;
- trade and services;
- education and culture;
- environment;
- space planning and settlements;
- science, research, and technology.

The impression received from practice is that it is important to start with activities which have a short horizon and can soon bring visible benefits of the cooperation. In the course of further activities it is possible to identify long-term objectives.

## Financing

For operational reasons it is useful to clarify as soon as possible how individual forms of cooperation will be financed. For example, in Austria some cooperation can be financed from the central government (as a part of international governmental cooperation), some are supported by regional (Land) governments with the possibility of subsidies from central government.

## Management Structures

Each transborder cooperation has a certain management "superstructure," usually hierarchically organized. The highest body (usually a Council) is supplemented by permanent and temporary working groups. A special question could arise of how and who should be selected to serve on the Council and working groups in order to achieve the highest efficiency of work. A positive role is played by a permanent office (Secretariat) which monitors individual projects and prepares the meeting of the Council and the working groups.

To manage regional development will very likely remain something similar to applied systems analysis which was, on various occasions, described as an art, a science, and a craft. This may be so because solutions to problems of regional development in general, but during the economic transformation of unprecedented size which takes place in Eastern Europe in particular, have to be worked out in a multi-value environment. Only those solutions which will be compatible with political, societal, economic and, in the case of transborder cooperation, also sovereignty and economic security values can hope for success.

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# Development Problems and Opportunities in International Border Areas: Lessons from United States–Mexico Enterprises

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## The Mexico–United States Border Area

The Mexico–United States border area is unusual because it is a region where one of the world's richest nations comes into direct contact with a newly developing country. The international boundary is a barrier in many respects, but it is also permeable to many social, cultural, and economic influences that flow in both directions. Despite the numerous political and economic asymmetries that exist between the United States and Mexico, large numbers of persons in both countries have gained some advantage by moving freely to the border area that extends for 2,000 miles from the Pacific Ocean to the Gulf of Mexico—an area that was scarcely inhabited at the beginning of this century. In part, this has resulted from the fact that the two sides of the boundary are not always typical of their respective countries. Mexico's northern border cities are poor by U.S. standards but they are relatively prosperous by Mexican standards; in some cases the per capita income is 50% above the Mexican national average (Peach 1984). On the U.S. side, San Diego and Tucson have per capita income levels that do not differ greatly from the U.S. average. Yet most U.S. border cities and towns are among the poorest in the nation, especially in the largely Hispanic Texas Borderlands. (See Figure 1 indicating the Mexico–United States border area.)

## The United States Side

The present-day boundary between Mexico and the United States resulted from the military conquest of Mexico by the United States in the War of 1846–1848. The imposition of this line of demarcation in 1848—it has been modified only slightly since then—meant that Mexico lost about half of its territory to an alien people who were aggressively pushing westward under the banner of “manifest destiny.” However, at that time few people lived in what was to become the U.S. Southwest; and of the 80,000 Mexicans who did become instant Mexican Americans, fully three-quarters were concentrated in the upper basin of the Rio Grande River, well away from the border. The great westward surge of population following the Civil War (1861–1865) tended to bypass the borderlands, which in terms of non-Hispanic settlement, largely grew from west to east over time. Indeed, until the coming of the railroads in the 1880s, both sides of the border remained very sparsely settled.

**Table 1. Population Change in the United States Metropolitan Statistical Areas on the Mexican Border (1980–1990).**

Area	Population 1990	Population 1980	Absolute change	Percent change
Brownsville, TX	260,120	209,727	50,393	24.0
McAllen, TX	383,545	283,323	100,222	35.4
Laredo, TX	133,239	99,258	33,981	34.2
El Paso, TX	591,610	479,899	111,711	23.3
<i>Subtotal</i>	<i>1,368,514</i>	<i>1,072,207</i>	<i>296,307</i>	<i>27.6</i>
Las Cruces, NM	135,510	96,340	39,170	40.7
Tucson, AZ	666,880	531,443	135,437	25.5
<i>Subtotal</i>	<i>802,390</i>	<i>627,783</i>	<i>174,607</i>	<i>27.8</i>
San Diego, CA	2,498,016	1,861,846	636,170	34.2
<i>Total, border MSAs</i>	<i>4,668,920</i>	<i>3,561,836</i>	<i>1,107,084</i>	<i>31.1</i>
United States	249,632,692	226,504,825	23,127,867	10.2

Source: United States Department of Commerce.

The seven metropolitan statistical areas (MSAs) shown in Table 1 account for approximately 95% of the total current U.S. population in counties bordering Mexico. The MSAs are divided into three groups. The first group consists of the four Texas MSAs, which have long histories of symbiotic relationships with adjacent Mexican communities. Most of the people who live in these MSAs are of Mexican descent. Although the second group—the Las Cruces and Tucson MSAs—consists of border counties, the respective urban cores of these areas are relatively distant from the border. And while these cores have numerous interrelations with Mexico, they are not as intense or pervasive as those along the Texas–Mexican border. Finally, the San Diego MSA—which alone account for over half of the total border population—is clearly in a class by itself.

San Diego grew relatively rapidly once it became accessible by railroad. Even so, as recently as 1910 it was still essentially an agricultural and resort community with fewer than 40,000 inhabitants. Since then it has become a major naval base and a major location for electronics; ship, aircraft and missile building; manufacturing; avocado shipping; education; health, oceanographic and biomedical research; and tourism. Although proximity to Mexico has been an advantage for tourism, the rapid growth of San Diego in this century would no doubt have taken place even if the Mexican side of the border did not exist.

The development of the Tucson and Las Cruces MSAs has also been relatively independent of interrelations with Mexico. Tucson originally evolved as a mining, agricultural, and commercial center for southern Arizona. It is the home of the University of Arizona, and has become increasingly prominent with respect to high-technology manufacturing and resort activities. Las Cruces is situated in a large farming area irrigated by the waters of the Rio Grande River. Government employment related to the White Sands Missile Range and the presence of New Mexico State University have also contributed significantly to its expansion.

El Paso del Norte was established by the Spanish along the major transportation route from present day Mexico to Santa Fe, now in northern New Mexico. El Paso remained solely Mexican until it surrendered to U.S. forces in 1846. In 1848 it was divided between what is now Ciudad Juárez, Mexico, and what was to become El Paso proper. Spanish and English are still mutually spoken in both cities. In recent decades El Paso has developed as a manufacturing center with over 400 plants in such activities as clothing, oil and copper refining, and food processing; it has also become a major military training site and one of the world's largest air defense centers. Laredo, McAllen and Brownsville are the three poorest MSAs in the United States. Laredo, where over 90% of the population is Mexican American, and Nuevo Laredo, on the opposite side of the Rio Grande River, have more intense family, business, and cultural ties than anywhere else along the entire border. Laredo is the most important United States gateway to and from Mexico for rail, highway and tourist traffic. And even though Laredo is poor by U.S. standards,

**Table 2. Population Change in Border Municipalities in the North of Mexico (1980–1990).**

Municipality	Population 1990	Population 1980	Absolute change	% change
Ciudad Juárez	797,679	567,365	230,314	40.6
Tijuana	742,686	461,257	281,429	61.0
Mexicali	602,390	510,664	91,726	18.0
Matamoros	303,392	238,840	64,552	27.0
Reynosa	281,618	211,412	70,206	33.2
Ensenada	260,905	175,425	85,480	48.7
Nuevo Laredo	217,912	203,286	14,626	7.2
San Luis	111,508	92,790	18,718	20.2
Nogales	107,119	68,076	39,043	57.4
Piedras Negras	80,290	98,177	17,887	18.2
Total, ten largest	3,505,499	2,627,292	878,207	33.4
Total, border	4,115,419	3,134,307	981,112	31.3

Source: Mexican Population Census

its per capita retail sales regularly rank at, or close to, the highest in the nation because of purchases made there by Mexican citizens. McAllen and Brownsville are contiguous MSAs in the lower Rio Grande Valley, on the Gulf of Mexico. This fertile agricultural area is also the home of the most prominent shrimp port in the United States. "The Valley," as it is called in Texas, is a base for thousands of Mexican American farm workers who not only toil in the local fields, but also fan out, on a seasonal basis, to much of the central United States to harvest crops. In recent years the Valley's low labor costs have attracted manufacturing activities at the standardized, low end, of the product cycle. In contrast to the Valley's Third World aspects, South Padre Island, on the coast of the Gulf of Mexico, is a world-class resort area—particularly favored by the wealthy residents of Mexico's second largest city, Monterrey, which is less than a three-hour drive from the Texas Coast.

As shown in Table 1, the rate of population growth during the 1980s ranged from 23.3% in El Paso to 40.7% in Las Cruces. During this period, the population in all border MSAs grew by 1.1 million or by 31.1%; this was over three times the corresponding United States growth rate. San Diego alone grew by 34.2% and its increase accounted for 57% of the overall absolute growth in border MSA population.

### The Mexican side

Disillusionment resulted from the War of 1846–1848 encouraged Mexico to leave its northern border area relatively undeveloped. The prevailing philosophy for many decades was to maintain a virtual desert between Mexico's heartland and the United States so that Mexico might be spared further harmful consequences of American expansionist zeal. As recently as 1920, Tijuana and Mexicali, both on the border with California, had populations of 1,000 and 7,000 respectively. In 1940, they still had modest populations of 17,000 and 19,000, respectively. But by 1970, these two cities, as well as Ciudad Juárez, on the border with Texas, ranked among the ten largest cities in Mexico. By 1990, these three cities together had over 2 million inhabitants and accounted for over half of the 4.1 million population residing in Mexican border municipalities (see Table 2). For a thorough review of the human, natural, and economic resources of Mexican urban zones along the border, see Corona and Sánchez (1989).

Rapid urbanization of Mexico's northern border has been strongly conditioned by the proximity of the United States, and it has been both a cause and an effect of migration from the interior. For many decades, border cities have been staging grounds for persons who have sought relatively well-paid employment in the United States, either legally or on an undocumented ba-

sis. During the 1960s, the forced return of Mexican contract laborers (*braceros*) from the United States, continuing migration from the interior, and the arrival to prime working age of the population cohort born during the demographic explosion of the 1940s combined to create severe labor market problems. In response, the Mexican government created the *maquiladora* (assembly plant) program.

The *maquiladora* industry has taken advantage of U.S. tariff code provisions allowing foreign-based subsidiaries of U.S. firms to assemble products whose components were originally produced in the United States, and then export the products to the United States, with duties being imposed only on the value added outside the United States. It also has taken advantage of Mexican government inducements to create jobs and attract foreign investment: duty-free entry of machinery and materials, tax-free export of finished products, and exemption from once-rigid prohibitions against foreign ownership of Mexican firms.

The advantage of the *maquiladora* program for U.S. firms have been the low cost of Mexican Labor, the fact that import duties applied by the United States concern only inexpensive labor inputs, and the proximity of Mexican border cities in relation to other world sources of inexpensive labor. In addition, *maquiladora* workers spend a substantial portion of their income on the U.S. side of the border. The advantages Mexico has expected to gain have been greater employment, more foreign exchange, and an expanded industrial base for border cities—although *maquiladoras* have now been allowed throughout the country.

In the late 1960s, most *maquiladoras* were small, utilizing converted old buildings and little capital. Since then there has been a steadily increasing trend in favor of greater capital intensity and the utilization of large new plants in modern industrial parks. Major U.S. corporations have been primarily involved, but large Japanese and European firms have also been establishing *maquiladora* branches with the aim of penetrating the U.S. market through low-cost production facilities in Mexico. The dependence of the *maquiladora* industry on the United States is indicated by the fact that only about 3% of the relevant inputs are purchased within Mexico (Banco Nacional de México 1990).

In early 1992 there were 2,117 *maquiladora* plants employing 472,000 workers. The largest concentration of employment was in Ciudad Juárez, with 135,000 workers, followed by Tijuana, with 70,000 employees (Mexico Business Monthly 1991:10). In Ciudad Juárez, worker productivity in the *maquiladora* industry was estimated to be about 80% as high as that in the United States, but labor costs were less than one-tenth as much as in the United States (Langewiesche 1992).

The most careful econometric analysis of this issue suggests that *maquiladora* growth is about as sensitive to differentials between Mexican wages and those in the newly industrializing countries of the Pacific Rim as it is to differentials between Mexican and U.S. wages (Gruben 1990). In other words, Mexican workers compete as much with Asian workers as they do with those in the United States; and while *maquiladoras* no doubt take U.S. jobs, many of these jobs would probably have gone to Asian or other newly-developing countries if the *maquiladoras* did not exist.

Although the *maquiladoras* industry has largely produced outputs at the tail end of the product cycle—with all that this implies for wages and the quality of labor inputs—it can be argued that development must start somehow, and that the experiences of South Korea, Taiwan, Singapore, and Hong Kong clearly demonstrate that it is possible to begin at the low end of the product cycle and then move up to more sophisticated activities and better-paying employment opportunities. In fact, many *maquiladora* plants have been moving up the technology ladder, especially in such sectors as electronics, transportation equipment, pharmaceuticals and plastics. Shaiken (1990) notes that the number of technical workers as a percentage of all *maquiladora* workers rose from 9% in 1975 to 12% in 1987, while the percentage of administrative workers rose from 5% to 7%. In the electronics sector, technical workers comprised 14% and administrative workers 8% of the work force in 1987.

Nevertheless, even technologically-advanced *maquiladoras* have very few backward linkages with Mexican suppliers and they continue to rely upon labor-intensive processes. While Japanese-style production methods have become more commonplace with respect to flexible machinery and just-in-time inventory practices, such flexible labor practices as job rotation, quality circles and worker self-supervision have been less in evidence. The developmental success of Asian newly industrialized countries has been based not only on more sophisticated equipment, but also on a considerable upgrading of workers' skill, education, and training levels, which in turn has resulted in higher wages. The picture in this regard with respect to the *maquiladora* labor force has thus far not been promising.

In 1989 the Mexican government announced new regulations that extended many of the benefits enjoyed by the *maquiladoras* to other Mexican industries and liberalized the conditions under which *maquiladora* outputs could be sold within Mexico. The continuing opening of Mexico to foreign investment will no doubt further blur distinctions between various kinds of export-oriented industries. Nevertheless, proximity to U.S. markets and to U.S. sources of inputs will still make the northern border area relatively attractive for the location of many manufacturing activities.

## Environmental Issues

The rapid growth of the *maquiladoras* and the increasing sophistication of the goods they produce have generated a huge array of such chemical wastes as acids, thinners, alcohols, oils, degreasers, and toxic metals and solvents. Of the hundreds of thousands of tons of chemical wastes that *maquiladoras* produce annually, only a small fraction is returned to parent companies in the United States, as required by Mexican law (Tomaso and Alm 1990). Because the enforcement of Mexico's environmental laws has been lax and the cost of disposing of waste in the United States has been high—from \$200 to \$2,000 per barrel—the incentive to dump the waste in Mexico has been great. In many instances *maquiladoras* stockpile wastes at plant sites, sell them to questionable Mexican "recyclers," flush them down sewers, or dump them in the desert. In the slums of Ciudad Juárez, where thousands of families have no running water, 55-gallon drums that once held deadly solvents and other chemicals are used to store water that people use for washing and drinking. Studies in Nogales, Sonora, suggest that *maquiladoras* have been dumping toxic chemicals directly into municipal drains; this is also likely to have occurred in Tijuana though thorough studies have yet to be carried out there (Farquharson 1991).

The dumping of industrial wastes into municipal collection systems and the failure of Mexican sewage systems frequently result in highly toxic sewage washing across the border. Sewage treatment plants on the Mexican side of the border are rare. Ciudad Juárez does not have any and Tijuana built its first one only recently. More than 12 million gallons of untreated sewage and chemicals still run into the Tijuana River each day, with much of it ending up on Imperial Beach on the California coast, which has been closed for ten years. The San Pedro River, which runs northward from Sonora into Arizona, is frequently contaminated by the large copper works at Cananea, Sonora. Arizona farmers have long been concerned about damage to their land and crops, and residents are disturbed about the potential health hazards. The New River, which rises south of Mexicali and flows northward to the Salton Sea in California, is perhaps the most polluted stream in the United States. The flow, normally some 3.5 million gallons an hour, consists largely of irrigation drainage and drainage from Mexicali's main municipal dump, untreated slaughterhouse and industrial wastes, and the inadequately treated sewage of over 600,000 people. Local residents along the 55-mile course of the river have long known to keep away from the water, but because of the increasing flow of tourists through the Imperial Valley, signs have been erected warning of the dangerous situation. The stretch of the Rio Grande River at Laredo, Texas is one of the most polluted along the river's entire 1,800 mile course because, on an average day, adjacent Nuevo Laredo, Tamaulipas, pours 24 million gallons of untreated waste water into the stream—which both cities use for drinking water. Nuevo Laredo's capital

budget for sanitation is used to install pipes to get raw sewage out of streets and neighborhoods, but it is not sufficient to construct a sewage treatment plant (Alm and Tomaso 1990).

In the Lower Rio Grande Valley of Texas, farming and cattle-raising practices have resulted in considerable silting of the river, which also receives large quantities of fertilizers, herbicides, and pesticides through drainage. Industrial toxins and heavy metals are dumped into the stream from both sides of the border. Poor squatter settlements (*colonias*) take their water from the same contaminated river and wells into which their untreated sewage is dumped. It is thus no wonder that the number of babies born with severe brain damage in the Texas portion of the valley is three times the U.S. average.

Population growth, industrial development and agricultural activities have all contributed to air quality problems along the border. Although the U.S. side has many more motor vehicles, the average age of Mexican vehicles is much greater and they frequently are not equipped with pollution control devices. Carbon monoxide, hydrocarbons, and nitrogen oxide emissions pose particular problems in the densely-populated international urban areas. Although the U.S. side of the border generates more solid waste matter, most of the 9,700 tons of refuse that are produced daily in ten major Mexican border cities is not treated or stored in municipal garbage dumps; exposed to the open air, it becomes a source of air as well as water pollution and contributes to a great deal of gastrointestinal illness.

In the San Diego-Tijuana basin it is common for the prevailing winds to carry pollutants from Tijuana to San Diego during the morning hours, whereas during afternoon hours the opposite occurs. Moreover, it is not uncommon for temperature inversions to prevent the dispersal of pollutants. Similar conditions exist elsewhere along the border, especially in the El Paso-Ciudad Juárez region. El Paso is currently in violation of U.S.-mandated emission standards for total suspended particulates, ozone, and carbon monoxide. Ciudad Juárez is also in violation of these standards as well as those established by the Mexican government. The major cause of the increase in pollutants has been vehicular traffic, which can only increase in the future. The border itself directly contributes to this situation. Drivers in the long lines of stop-and-go traffic that wait to clear customs controls typically leave their engines running, thus producing large quantities of ozone and carbon monoxide (Applegate and Bath 1989).

Pollution control efforts are particularly difficult to implement in border areas when the respective countries concerned have markedly differing levels of development as well as different attitudes and values with respect to environmental issues. For example, the adoption of common air quality standards would imply that the relatively poor country would have to devote a higher proportion of its resources to pollution reduction than would the relatively rich country. Apart from abstract questions of justice, this circumstance would not lend itself to agreement between the two countries. On paper, Mexico has impressive legal regimes for environmental protection, but as in many developing countries the government in fact accepts high levels of pollution as part of the price that must be paid for economic development. The situation on the U.S. side of the border is more heterogeneous, but here, too, conflicts between development and environmental objectives are apparent. Most indicators of economic welfare decrease from west to east along the U.S. borderlands. For example, per capita income in the San Diego metropolitan area is above the national average, whereas the three poorest metropolitan areas in the United States—Brownsville, McAllen, and Laredo—are located on the Texas-Mexico border. In keeping with this pattern, the constituency on behalf of environmental causes has been relatively strong in San Diego, while in the Texas borderlands, environmental pollution “as a problem ranks far behind others such as unemployment, health care, industrialization, lack of development, and a host of others” (Bath 1978:183).

Despite differences in preferences and standards—or at least enforcement of standards—the United States and Mexico have been developing a legal framework concerning environmental protection in the border area. The La Paz Agreement, signed by the respective national presidents in 1983, stated that the two governments would adopt appropriate measures to prevent, reduce, and eliminate sources of land, water and air pollution in the territory 100 kilometers

from the boundary on each side. In fact, the agreement did lead to some successful projects with respect to water quality improvement, air pollution abatement, and hazardous waste reduction. Recently joint arrangements have also been made for dealing with the sewage problems of Tijuana, the New River, Nogales, and Nuevo Laredo. In 1992 the Bush administration responded to the concerns of environmentalists by preparing an "integrated plan" to clean up at least some of the worst sources of transborder pollution. Under the plan, the United States government will devote \$380 million over two years to this effort, which environmental groups still regard as inadequate. Meanwhile, the Mexican government announced that it would spend \$460 million over three years on cleaning up the border. Even though the worst problems originate on the Mexican side (albeit often in U.S.-owned *maquiladoras*), the Mexican commitment is impressive in relation to that of the United States.

## Transboundary Cooperation

Although industrial development and environmental issues have received particular attention in recent years, numerous transborder interactions also take place in the U.S.-Mexico border area with respect to health, education, cultural events, fire protection, law enforcement, tourism, transportation and communications, and commercial relations. Given the history of U.S.-Mexican political relations as well as the economic disparities that exist between the two countries, it is commonly argued that asymmetric interdependence has placed Mexico in an unfavorable state of dependency. Be that as it may at the national level, the eminent Mexican scholar Victor Urquidi (1979:27) argued that "The only area where there is perhaps a balanced mutual dependence is along the 2,000 miles of the fairly open U.S.-Mexico border. A way of life has developed there that benefits inhabitants and businesses on both sides of the border." Thus, over the years, border residents have evolved a wide variety of informal arrangements to deal with transborder facets of their daily lives. Examples of informal, but regular, "microdiplomacy" include the cooperation of fire departments, health authorities, and police to handle emergencies without federal government intervention on the part of either side (Ganster and Sweedler 1990).

Proponents of even closer cooperation across the border have stressed the mutual benefits to be gained, but they have also pointed out that cooperative efforts have frequently been hindered by policies in the respective distant national capitals, where the nature and significance of actual and potential transborder symbiotic relations are not understood. Indeed, it has been argued that the U.S. and Mexican national governments have in fact created many of the problems that exist in the borderlands (Hansen 1986a; Stoddard 1984). Despite a large and growing literature on international interactions along the U.S.-Mexico border, the relevant studies have been based on *a priori* socio-political perspectives, anecdotal evidence, or case studies of particular cooperative undertakings. In contrast, survey research by Hansen (1986b) obtained evidence concerning attitudes and perceptions about cooperative interactions from persons on both sides of the border who were engaged in a variety of cooperative efforts. The results of the research, which was carried out in Brownsville, Laredo, El Paso, San Diego, Ciudad Juárez and Tijuana, are summarized here.

Respondents from both sides of the border tended strongly to agree that transborder cooperation did in fact help to achieve the objectives being sought. There also was a high degree of common agreement that both economic development and the presence of friends and relations on both sides of the border were a stimulus to transborder cooperation. Respondents from each side tended to stress the need for close personal contacts as well as for more information from the other side. U.S. respondents in particular expressed the view that transborder cooperation was hindered by lack of continuity of government officials on the other side of the border. On the other hand, the Mexican respondents had a significantly lower perception that transborder cooperation was made more difficult because of problems arising from one sides lack of understanding of the language and customs of the other side in either direction across the border. Mexican respondents tended to view the cooperative process in more formal terms than did

the U.S. respondents; the latter also had a relatively stronger tendency to believe that informal relations represent the best approach to transborder cooperation.

There was widespread agreement among respondents on both sides that transborder cooperation benefited both sides and to about the same degree. Among those who felt that one side benefited more than the other, most held that the Mexican side received the greatest benefit. This was the case for both Mexican and U.S. respondents. There was also widespread agreement among both Mexican and U.S. respondents that the benefits of transborder cooperation were spread among a broad spectrum of the border population on each side, rather than being mainly confined, for example, to business interests. It should be pointed out that this result is not merely a reflection of self-serving responses on the part of respondents from the business community. Only 30 of the 79 U.S. respondents were primarily involved in transborder cooperation concerning commerce and industry. And only 13 of the 54 Mexican respondents were engaged in this type of cooperation.

For the most part, neither side viewed transborder cooperation as a threat or potential threat to national sovereignty or independence. Similarly, there was a strong tendency on each side to reject the notion that the border relationship resulted in economically adverse consequences for the respondents' side of the border.

Respondents from both sides tended to believe that the respective national governments do not understand the nature and significance of transborder problems. The U.S. side had a more negative view of each national government in this regard than did the Mexican side; this was especially the case with respect to Washington, D.C. In a very similar way, both U.S. and Mexican respondents agreed that local governments on each side of the border have more understanding of transborder problems than do the respective state governments, which in turn have more understanding than the respective national governments. There was strong agreement among both U.S. and Mexican respondents that local governments should be given more responsibility for initiating and carrying out transborder cooperation. There was also widespread agreement that local governments would be more willing to cooperate if local officials had more responsibility for transborder cooperation; and that such enhanced cooperation would benefit both sides in about equal degree.

## The North American Free Trade Agreement

On 12 August 1992 the United States, Canada, and Mexico concluded a free trade agreement which, if approved by the respective legislatures, would create a regional trading bloc of 370 million people producing \$6 trillion of goods and services each year, more than the European Community—whose success partly inspired the North American Free Trade Agreement (NAFTA) negotiations. The agreement would eventually eliminate all tariffs among the three countries over fifteen years.

From the Mexican perspective, NAFTA will bring about expanded employment and exports, which in turn will enable Mexico to import the capital goods and technologies required to make the economy increasingly productive and competitive in the long run. Export-led expansion along lines that dramatically transformed the economies of South Korea, Taiwan, Hong Kong, and Singapore would also serve to reinforce free-market reforms, strengthen the basis for democratization, and curb the environmental degradation that has characterized much of Mexico's rapid industrialization. However, many small and medium-sized enterprises will no doubt be driven out of business because of increased competition. Less than 2% of the manufacturing firms in Mexico account for half of the country's manufacturing employment and for nearly three-fourths of the output. Only 5% of Mexico's manufacturing companies use modern technology and few have quality control built in to their operations (Mexico Business Monthly 1992:10). Nevertheless, trade liberalization has forced many small and medium-sized enterprises to be more competitive; and many have benefited from government programs to help them

become exporters, as well as from lower tariffs that have made foreign machinery affordable (Bradsher 1991).

The benefits that NAFTA proponents envisage for the United States include greater certainty and predictability for U.S. investors in the Mexican economy; development of relatively poor U.S. regions on the border with Mexico; enhancement of U.S. competitive advantage in a world of emerging trading blocs; greater access to the large and growing Mexican market; increased imports by Mexico of U.S. products accompanied by increased employment in U.S. industry and agriculture; lower prices for U.S. consumers of Mexican products; and a lessening of illegal immigration from Mexico as employment opportunities increase in that country.

While it is often assumed that increasing trade flows across the border will benefit the border economy, for example, by increasing employment in activities related to the processing and financing of trade, it can be anticipated that there will be some adverse consequences for the U.S. border area. It is widely agreed that, among U.S. states, Texas will be the major beneficiary of NAFTA. Already Texas accounts for one-third of U.S. exports to Mexico and almost half pass through the state (Stolp 1991). The state comptroller's office estimates that in 1989 there were 377,000 Texas jobs directly or indirectly related to exports to Mexico (Texas Consortium on Free Trade 1991). The same agency also found that those sectors that would benefit most from NAFTA in Texas would be the sectors that also would benefit most nationally, including electronics, industrial machinery, computers, transportation equipment, and business services. Sectors that would experience adverse employment consequences would include fruit and vegetable farming, food processing, textiles and apparel, steel and leather. Although border development is often mentioned as a likely positive result of NAFTA, these findings suggest that such cities as Dallas, Houston and Austin, which provide high-technology products and skilled services to Mexico, would do well under a trade agreement, whereas the border area, which has relatively high concentrations of employment in threatened sectors, would lose jobs in these sectors.

Employment in retail trade is also likely to decline in numerous smaller U.S. cities on the Mexican border as a result of NAFTA. Once Mexican retailers can freely import tax-free merchandise, Mexicans who now shop on the U.S. side of the border can make their retail purchases at home. Moreover, major U.S. retail stores which presently cater to Mexican shoppers from U.S. sites adjacent to the border may well move to the Mexican side. On the other hand, to the extent that NAFTA increases Mexican incomes, there will be increased sales of higher-priced items in such larger cities as Houston, San Antonio, Tucson, and San Diego, because of the high income elasticity of demand for such items on the part of wealthier Mexicans.

In agriculture, the U.S. grain belt would be likely to expand exports and related employment under NAFTA, but producers of fresh fruits and vegetables would face stiff competition from lower cost Mexican producers. Florida growers, who produce over half of the nation's supply of winter produce, have been particularly hostile to a free trade agreement. While producers in California, Arizona, and the lower Rio Grande Valley in Texas would be hard hit, many would compensate by expanding into Mexico rather than by diversifying their U.S. operations. In fact for some years now producers in California and Texas have been initiating contract arrangements or joint production ventures with Mexican growers. However, even if many U.S. producers can readily adapt to the new international environment, the fact remains that poor, unskilled farm laborers are likely to bear the brunt of the geographic reorganization of production; and these disadvantaged persons and their families are particularly concentrated in agriculturally-oriented border areas of Texas and, to a lesser extent, California.

It is widely believed that manufacturing expansion in Mexico leads to the creation of complementary manufacturing activities across the border in the United States. This has been especially the case with respect to the rapid expansion of *maquiladoras* along the Mexican side of the border. Thus, the Texas Comptroller of Public Accounts reported that "The border continued a strong trend spurred by twin-plant expansions in Mexico. Twin plants involve factories in Mexico that assemble parts made in Texas" (Fiscal Notes 1988:6). And again, in 1989,

it was asserted that "Growth in increasingly capital-intensive twin plants, such as automotive suppliers, will boost related manufacturing and support services located on the Texas side of the border" (Fiscal Notes 1989:3). But the fact of the matter is that major twin plants have not appeared to any significant extent on the Texas side of the border; inputs to Mexican assembly plants have typically come from areas far beyond the border (Molina and Cobb 1989). Although a substantial number of *maquiladoras* would like to have local Texas suppliers, border area manufacturing firms in Texas have not been capable of handling large volume contracts with tight tolerance and delivery time requirements. To overcome their handicaps, Texas border firms will need to deal not only with shortages of skilled production workers, but also with deficiencies in such areas as cost analysis, financial analysis, procurement, and marketing (Patrick 1989).

## Human Resources

If human resource development is a major issue on the Mexican side of the border, it is also of fundamental importance on the U.S. side, especially where the population is heavily Mexican American in ethnic composition. In a recent study of inter-generational education attainment among Mexican Americans, Bean and Chapa found that the third generation, or the grandchildren of immigrants, have been attending college in lower proportions than the second generation and have a much higher proportion of high school dropouts (Neff 1991). The typical non-Hispanic white male aged 30 to 34 attended college, while his second-generation Mexican American counterpart graduated from high school, and his third generation Mexican American counterpart failed to obtain a high school diploma.

Bean and Chapa point out that while the lower college attendance level of the younger Mexican Americans may reflect decreased opportunities and incentives for college attendance, such factors do not explain the differences between the second and third generations. They suggest that second generation parents may have become disappointed with their own economic progress and therefore have not encouraged their own children to have the same achievement aspirations as they once held. They further suggest that massive immigration from Mexico since 1970 may have resulted in an increase of discrimination against Mexican Americans. In any event, their findings raise serious concern about the prospects for the socio-economic advancement of Mexican Americans.

The organization of productive activity has increasingly been characterized by a merging of all relevant activities—managerial and production, white and blue collar, design and marketing, economic and technical—into a single, integrated information-intensive system for turning out flexible outputs of goods and services. In this process, the manufacturing and producer-services sectors have become so interrelated that policy considerations for the one cannot be meaningful without carefully examining the other. Technological progress and new forms of economic organization have created not only structural changes in the way the economy produces goods and services but also changes in the educational requirements needed in the market-place. The quality of the labor force must be improved so that new levels of skill can be combined in new ways with evolving technologies. In particular, the flexible production paradigm—so successfully employed by the Japanese and numerous imitators around the world—has shown how a more sophisticated division of labor can be achieved through the interactions of skillful, flexible workers and intricate, flexible technologies. It has also been demonstrated that producer services are increasingly playing a key role in expanding the division of labor and productivity (Hansen 1990). The occupational structure of firms in the producer services sector is dominated by professional and technical employees, and the labor force of such firms appears to be becoming more sophisticated over time. Moreover, higher-education systems and producer services have a rich variety of interdependencies that promote economic development (Beyers et al. 1986). Other empirical evidence indicates that higher education provides a critical catalyst in the transformation of economies from a traditional manufacturing basis to a more information-oriented basis, and that those areas with better educational systems are making the transformation more

effective in terms of more employment and a higher-paying job structure (Jones and Vedlitz 1988).

It has long been recognized that education not only directly benefits the people being educated, but also involves substantial external benefits for the socio-economic system as a whole. This is why childless adults are compelled to contribute financially to public education. Twenty years ago a high school diploma was a key to economic advancement for minorities, but now such progress increasingly requires college education. Yet the typical third generation Mexican American fails to complete high school. There clearly needs to be an educational policy that provides greater incentives for Mexican Americans to increase their educational attainment. Moreover, there also needs to be more vigorous public policy against discrimination. The experience of the 1960s demonstrates that such efforts can be effective in promoting the economic advancement of minorities. Finally, it may be necessary to reconsider the nature and significance of U.S. immigration policy. In particular, if new immigrants are less skilled than those in former times, this raises serious questions about possibilities for successfully incorporating new immigrants into the economy and society of the United States.

## Conclusions

In North America, Europe, and elsewhere border regions were often economically disadvantaged because of their peripheral location within national economies and a reluctance to invest in areas that seemed to be particularly vulnerable in the event of international military conflict. Today, the increasing internationalization of economic activity is reducing the significance of borders and creating new opportunities for border regions despite the frequent persistence of inherited problems.

Even if liberalized international trade benefits national economies as a whole, national sectors that do not have a competitive advantage in the international market-place will be adversely affected. If border areas have large concentrations of such sectors the overall local gains in employment, including those related to the processing and financing of increased trade, may be more than offset by employment declines in the threatened sectors.

Border areas with relatively low wages may seek to attract manufacturing plants from neighboring countries, or from other countries that want to penetrate the markets of neighboring countries from low-wage sites. But, as the experience of northern Mexico indicates, even if such efforts are successful in generating employment growth they do not induce genuine regional development because the dominant foreign-controlled branch plants are not integrated into the local economy, e.g., virtually all non-labor inputs to the *maquiladoras* come from the United States. If border areas are to realize genuine development as a result of increasing international economic integration they need to improve their social and economic infrastructures. In particular, they need to improve transportation, communications and trade processing facilities; to enhance the quality of the education and skills of the labor force; to promote rich information networks; and to develop endogenous producer services and small- and medium-sized enterprises and networks of such enterprises with flexible production systems and numerous local economic linkages.

In border areas where one side is considerably more developed than the other, it may be expected that international capital movements will be more fluid than international labor movements, at least in terms of legal mobility. Free international migration of labor was never even considered in the NAFTA negotiations. Nevertheless, organized labor in the United States still opposes NAFTA on the grounds that it would depress U.S. wages by moving production to Mexico, where not only are wages low but working conditions often do meet U.S. standards.

Environmental groups also oppose NAFTA out of concern that enterprises that pollute heavily will have an incentive to move to Mexico, where enforcement of environmental laws has been lax; and that enforcement of U.S. environmental laws will become weaker in order to retain polluting enterprises in the United States. It is clear that neighboring border regions at different

stages of development are likely to attach different priorities to the objectives of economic development and environmental protection. Since these objectives compete for scarce resources, poor regions are likely to give greater priority to development and to view environmental concerns as a luxury. In any event, pollution originating on one side will often adversely affect the other side, which suggests a need for comprehensive international management of environmental resources. The issue of how much each side should pay for the abatement of pollution which affects both sides is especially difficult to deal with when the two sides have different levels of development and different standards, but a case can be made for the richer side to absorb some of the abatement costs of the poorer side. The U.S.–Mexico case also suggests that one condition for freer trade that benefits the poorer side would be stricter enforcement of environmental protection laws on the poorer side.

Finally, national governments often do not understand the nature and significance of transborder problems and may even create or aggravate them. U.S.–Mexico experience indicates that transborder cooperation between local public authorities, as well as private groups, can mutually benefit both sides without being a threat to national sovereignty. If transborder cooperation at the local level were encouraged rather than hindered by national governments, local authorities would be even more willing to cooperate to the benefit of all concerned. Such cooperation is often easier when common ethnic groups exist on both sides of the border, but it is stimulated even more by the presence of opportunities for transborder economic development.

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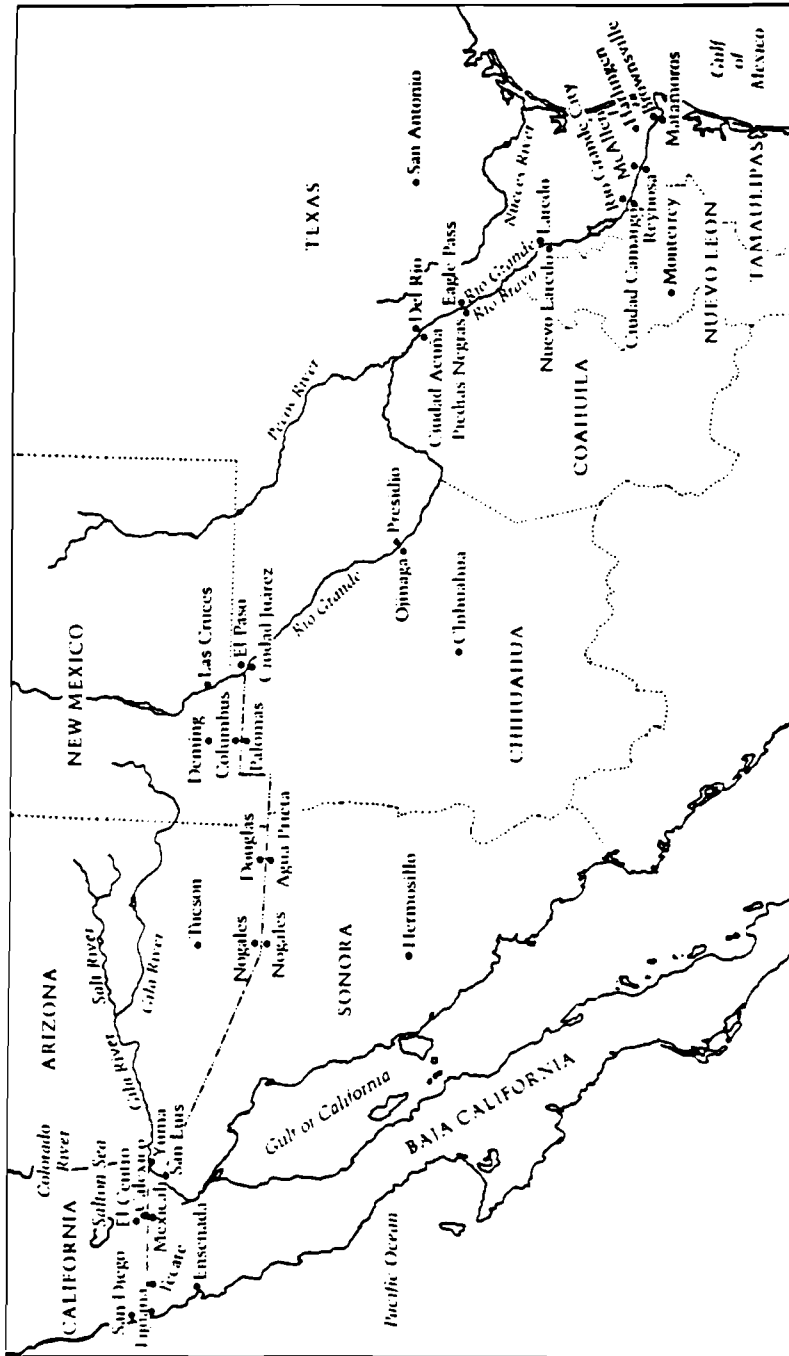


Figure 1. The Mexico-United States Border Area.

# Strategy of Development of Slovak–Polish Border Regions

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In the new societal and economic situation the assumptions are present for a transfer of border regions from an economically peripheral position to one equivalent to other regions, extensively using their socio-economic and natural potential.

In the first place it is the position between two, presently different economic regions, which can become a dynamizing factor on both sides of the border. It is not the question of comparative advantages stemming from the non-homogeneous economic space and the advantages from the transfer of material, people, information, and capital but development based on mutually advantageous and complementing economic cooperation.

The first task is to eliminate the lag in the socio-economic level of the region by implantation and revitalization of the development impulses thereby achieving stabilization of the local population. It seems that a decisive role in the region's activation can be played by the potential for various forms of tourism, especially the spas and relaxation that the region offers. One has to stress that this is a region with ethno-cultural heterogeneity and manifesting unique features which should be preserved because they represent precious national cultural heritage. Significant effects should emerge from closer manufacturing and commercial cooperation as well as from sensitive but broad-minded solution to the problem of the transit traffic.

We should bear in mind that any insensitive interference into a region with extraordinary valuable natural artefacts can, in the long run, negatively influence the environment and potentially endanger the development of the whole region. In this respect close coordination of regional programs on the both sides of the border is the *sine qua non* condition of success.

## Development of Tourism, Recreation, and Spa Services

The natural potential of the region is given by high mountains which could be used all year round, water surfaces are suitable for summer recreation, the spas are not only of regional but also international significance, and many cultural monuments and spaces are attractive for countryside tourism.

The first step should be widely spread information on cultural and natural memorabilities of the region and also making these easily accessible across national borders.

The High Tatras has a key place in the region. It seems necessary to create, in a coordinated way, a radial system of tourist paths connecting the places of most interest (Silesia, Krakow, Bratislava, Kosice) with the central part of the High Tatras. Similarly, it would be advantageous to jointly use the near-by airports (Poprad, Krakow, Kosice) in order to make the region accessible for more remote (foreign) guests. A need for interconnected information systems on logging and other services is obvious.

As the border is crossing the most attractive tourist routes (suitable for walking, bicycling, and water sports) there is a need for an area with the free movement of persons on tourist routes. One has, of course, to jointly use the tourist facilities in this area.

In order to increase the economic efficiency and widen the scope of services, it is necessary to consider an interconnection of spas on both sides of the national border (Ružbachy–Krynica, Bardejov Spa–Krynica–Wysowa).

It is possible to generalize that it is necessary to improve the advertisement, accessibility, and the level of services. Furthermore it is necessary to improve the language qualification of the personnel, to commercially use the recreational facilities belonging to local industrial companies, and solve the conflicts between the tourist industry interests and the protection of the environment.

## Protection of the Environment

The development of a region to a large extent depends upon the ability to preserve the quality of the natural environment as the key factor for the attractiveness of the region. At the same time, this also guarantees the preservation of the geofond and cultural heritage of the region.

To preserve the high quality of the environment it is necessary to eliminate the existing problems, for example:

- to significantly reduce the pollution from local sources (Istebné, Široká, Ružomberok, Liptovský Mikuláš, Svit);
- in cooperation with Polish partners to eliminate the long term effect of long distance emissions from the the Silesia and Krakow area on the part of Kysuce, Orava and Tatras region;
- to exercise caution when opening new border crossings in protected areas, and to prohibit any commercial heavy truck traffic in the area of national parks, for example, The Tatras National Park;
- to carefully assess the need for expanding sports and accommodation facilities in ecologically sensitive high-mountain areas;
- to reduce the load on local rivers Poprad, Topla and Vah and to prohibit worse than second class water quality in the future;
- to strictly follow the regulation of activities in protected border areas and harmonize these regulations with Polish partners;
- to secure ecologically sustainable deposition of unusable municipal waste, to recycle as much waste as possible, and create safe deposition sites for toxic waste.

## Economic Development and the Labor Market

It is possible to increase the attractivity of the region by activizing the manufacturing sector. This is possible by a closer cooperation of enterprises on both sides of the border and by using the tools of economic policy of both countries to attract domestic and foreign capital.

This is valid on the Slovak side for the district of Čadca and Dolný Kubín and the eastern part of the region starting with the district of Stará Lubovňa. A necessary prerequisite is a better accessibility and transferability through the borders, as well as the elimination of existing barriers to the free movement of people and capital. The production diversification and the availability of local raw materials and resources can be used for further economic growth.

The agriculture and forestry will preserve its significance in the region. The recent transformation processes should be combined with the development of non-production functions of agriculture and renaissance of all production and social functions of the forests.

In this respect it is necessary to:

- focus all activities so as to minimalize soil erosion;

- introduce and develop animal husbandry using the possibility of all-season pastures;
- extend the husbandry of sheep and create hideouts for wild-life;
- take measures to support country side tourism connected with "pick-your-own" operations, especially with the possibility of producing biofood;
- introduce the use of bio-diesel fuel in ecologically and touristically exposed areas;
- all activities in forested areas should be in line with the ultimate policy of securing the functions of forest without regard to property (ownership) relations. This is especially valid for reproduction of the forest;
- to secure higher finalization of locally produced products and extracted resources.

## Orientation of Industry Development

Because the near border areas of Northern Slovakia have significant tourism potential the manufacturing structure should be such as not to diminish this potential by pollution.

Given the existing profile of enterprises for the future mostly small and medium sized enterprises come into consideration, specializing on processing local raw materials and natural resources and using the skills of resident manpower. In connection with this it is possible to process local agricultural products.

In the longer time horizon, the local companies will very likely be able to engage in manufacturing cooperations with larger producers in land, supplying components and selected services ("out-sourcing").

A closer cooperation will lead to mutual enrichment of the markets in both neighboring countries.

## Labor Market

From the labor market viewpoint Northern Slovakia is a very heterogeneous area. There are districts almost with the smallest unemployment rate in Slovakia—Liptovský Mikuláš (6.71%) and the largest one in Čadca district (18.30%).

In the structure of unemployed, the workers from the machine industry have the highest share (Poprad, Čadca) followed by construction workers (Poprad, Bardejov, Čadca), but salesmen are also numerous (Čadca) and electro workers (Dolný Kubín) and car repairmen (Bardejov).

A somewhat paradox situation emerged in Bardejov. In this district there is a very high unemployment rate (16.12%) but also the highest number of free jobs (731). What is more, the jobs offered are for workers who have similar skills as those who are unemployed. Such disequilibrium creates the possibility of a wide cooperation between Slovakia and Poland on the labor market. This cooperation is already part of an inter-government agreement and states that mutual (reciprocal) employment should be deducted from the need of the regional labor market. This cooperation could eliminate the disproportions in the labor market in Slovakia and Poland, and make the re-qualification programs more efficient if made for the unemployed on both sides of the border. What is missing at present is an operative exchange of information and special staff devoted to this kind of coordination.

In this respect it would be useful to use the excess capacity in the building industry to finish various projects in the region which were interrupted by recent events and build also objects needed for environmental protection and cooperation in the region (for example, the interconnection of the spas in Slovakia and Poland). Such programs would support the creation of socially needed jobs, but also launch new small enterprises which are spreading very slowly except in the districts of Poprad and Liptovský Mikuláš.

The urgency of job creation is supported also by the fact that the region has high population growth (except the Liptovský Mikuláš district). If not enough jobs are available locally, the younger population will out-migrate, increasing the average age of inhabitants and ultimately the region will be depleted.

Job creation though will have to take into account that that part of the region contains protected areas (National Parks). This fact again stresses the importance of small businesses in the services area and various tourist services. The low use of living quarters opens the possibility of "agri-tourism."

The development of a technical and social infrastructure could create further jobs and could contribute to the stabilization of the population. For some of these projects one could use resources from the PHARE program which are not yet fully utilized. Later, one could contemplate the establishment of Slovak-Polish consulting centers to enhance cooperation in the area.

## **Development of Technical Infrastructure**

The near-border regions are deficient in service facilities and technical infrastructure. In order to support local development, it is necessary to extend the road network and improve the water and energy supply.

The highest priority is given to the improvement of transit traffic because of the region's position. A significant increase in North-South traffic is expected in the near future, which will require at least two highly efficient through-ways, one to the East and one to the West of the High Tatras mountain chain.

An abundant energy supply is necessary for the development of any region. Areas near the Slovak-Polish border should use renewable primary energy resources like water, sun, and wind with the dominance of small water power plants on the Orava river where some sites have already been identified.

The basic long-distance transmission lines are sufficient (400 kV), the same is valid for the distribution network but some transformation stations may need replacement (400/200/110 kV) and also part of the 200 kV system. For the increase of international energy transfer, new 400 kV lines between Slovakia and Poland may be needed.

In order to reduce air pollution, it is necessary to use natural gas wherever possible on both sides of the border. In Slovakia, it is the area of Čadca, Turzovka, Kysucké N. Mesto, Námestovo, Trstená and Tvrdošín.

The main problems of water supply in the area are:

- insufficient sources of underground water (with the exception of Liptovský Mikuláš and Poprad). To secure a continuous supply of water it is necessary to extend the capacities of water storage by new ones in Oravska Polhora, Jakubany, Lukov and Tichy Potok. These resources will have higher than regional importance only;
- the low access of the population in the area to the public water supply requires an extension of the supply network;
- the deterioration of the quality of surface and underground water makes it necessary to finalize the waste water cleaning facilities and build those which are already approved and prepared. In the area of springs the control and supervision of surface waters need improvements.

## **Settlements, Social Infrastructure and Ethno-Cultural Development**

Settlements are influencing the stability of population and so its structure. In connection with the increase in rents and other payments for living, as well as a decline in new apartments, construction will contribute to the territorial stabilization of the population.

A lower economic and social stability of the territory leads to a lower standard of settlements and higher load on an average apartment. It is necessary, therefore, to count with a relatively higher rate of construction of social apartments. In the whole area, there is a need to increase the construction of apartments. The first prerequisite is, of course, enough building sites but in

the area with valuable natural resources it is only possible on the basis of approved territorial development documentation.

In some districts (L. Mikuláš, Poprad) the urbanization process was very intensive which caused some villages (in Zamagurie, the district of Svidník Stará Lubovňa and Humenné) to be partly depleted and there are relatively more unoccupied apartments. Even when cities continue to play a leading role in settlements, an immediate goal is to increase the role of small and medium sized communities which will be achieved by supporting the construction of living houses in communities with a number of inhabitants under 5,000. Because the region is very interesting and suitable for tourism the development of living quarters can be combined with the development of small and medium sized enterprises. The government should help by appropriate loan and tax policies in coordination with Polish partners. It is necessary to support the traditional forms of construction taking into account the traditions of near-by Polish regions in the spirit of long term cultural infiltration.

The higher attractiveness of the region can be achieved through an overall improvement of the social infrastructure. The network of health-care centers is not satisfactory except for the district of Svidník. There is a lack of beds in hospitals, insufficient doctors, and the equipment needs improvement.

With the increase in tourism the delivery of basic health services may become a problem especially in the High Tatras area where the facilities are designed for the local population only. It might be necessary to think of seasonal medical services. It is expected that the availability of thermal mineral waters in the region will lead to the further development of balneology and so increase the income of the region. This, in turn, will help enhance activities and bring them to a high standard. The medical services should cooperate with the Polish counterpart in the case of industrial or natural disasters.

The Slovak-Polish border region is equipped with educational facilities comparable with the rest of the country except a few districts (Stará Lubovňa, Dolný Kubín and Humenné) where basic and high schools do not have sufficient capacity and about 10% of the students have to work in two shifts. In some districts, there is no professional high school. In the future, the educational system will have to be adapted to the new conditions and increase the variability of options offered through establishing new private and religious schools. For this activity, it is advisable to develop professions and crafts which were traditional in the region.

There are two locations in the region with a university level education (Liptovský Mikuláš and Poprad) and a University in Ružomberok specializing in transport is under preparation. Further possibilities of education are offered by the University in Poprad and the Academy of Education in the same city. Such facilities can increase the attractiveness of the region and help in starting entrepreneurial activities and should, therefore, be supported as much as possible.

While developing the given region, it is necessary to support and strengthen the genuine cultural identity of the area. In this respect the continuation of traditional cultural contacts over the national borders can help.

## **Assessment of Population Dynamics and the Settlements Development**

The demographic analysis of the region indicates a positive demographic growth except the district of Liptovský Mikuláš. The analysis is based on present trends, given the age structure and the more recent tendency of a slight decline in the birth rate. This could mean that up to the year 2010 the number of inhabitants in all districts should grow. Relatively, though, the highest increase should take place in the districts of Stará Lubovňa and Dolný Kubín where an increase of 1/3 is predicted. In absolute terms, the highest increase is expected to be in the district of Poprad (41,000) and Dolný Kubín (39,000).

As far as age structure is concerned, it is expected that the economically active part of the population will grow the most. It is true for the district of Poprad where this part of the population will increase by 26,000 (30.2%) the district of Dolný Kubín by 23,000 (35.6%), and Stará Lubovňa by 9,800 (39%). Because of these increases problems with professional education can emerge and the labor market can suffer under the high number of job seekers.

The level of the population increase will depend not only on the described processes but also on migration (especially of the productive age category). At present, it is difficult to assess its development because in the last few years many significant changes took place both in the direction and the intensity of migration. If we assume a partial decline of migration movements first and later an increase, then the predicted population growth until 2010 could be decreased in the district of Čadca by 9,000, Dolný Kubín by approximately 5,000, Poprad and Svidník by 2,000 and the other districts by 1,500 persons. Such a level of the migration could seriously impair the age structure of the population, because 95% of migrants are in the productive age. This would mean that, for example, in the district of Čadca in the time span of 1995–2010 migration would consume all the increments of the population in the active age group (approximately 8,000). A similar situation can also develop in the districts of Dolný Kubín and Poprad (approximately 3–6,000 persons).

In order to stabilize the settlers in the region, it is necessary to actively develop the natural potential of the whole territory. In this process the eastern parts of the region need more initiative because the settlements are significantly dispersed and past economic development was inadequate. At the same time one should aim at optimal urbanization (which is lagging behind the rest of the territory) by giving priority to selected settlement centers.

In the whole region the district settlements should be strengthened because they represent the main economic-administrative network by measures described in the report.

# Project on Transboundary Cooperation Vienna–Bratislava–Győr

*Dušan Slimák,*  
*ČSFR*

## Importance and Position of the Region Bratislava–Vienna–Győr in Middle Europe

The geographical position and natural conditions of the region have already formed conditions for real interest in this area in the past. The Small Danube Hollow (with a high potential for agriculture and settlement development) in combination with the needs of material and population transfer have formed the outstanding quality of the region in the geometrical center of Europe.

The special position of the region was enhanced by the strategically important position given by the ease of crossing the area between the Alps and the Carpathians (the river Danube forms the axis of the whole region). Already in historical times, North–Southern and West–Eastern transport routes were created.

This position phenomena influenced the socio-economic and ethno-cultural development of the region by mixing different economic and political impulses. It is necessary to say that while the economic impulses caused certain homogenization of the region, the political impulses were dividing the region radically.

Up to 1918, all three cities of the region belonged to the Austro–Hungarian Monarchy where Vienna was the capital with approximately 2.1 million inhabitants, while Bratislava and Győr were more or less its satellites, about 30 times smaller. After the disintegration of the Monarchy, Vienna became an over-dimensional capital of Austria and after World War II also a metropole situated close to the borders of two military-economic blocks, with a steadily decreasing number of inhabitants of approximately 1.5 million nowadays.

Győr has been developing in the Hungarian republic in the context of the policy to develop 5–7 centers of settlements with 150–200 thousand people that would create a kind of balance to the over-dimensional capital of the country—Budapest (development was similar to that of Vienna until 1918).

Bratislava, taking over the role of cultural and economic center of Slovakia, has grown by stages from 70 thousand to 450 thousand inhabitants nowadays.

That is a description of the situation in the settlements together with economic relations of the region at the beginning of era of political opening and economic integration in Europe. It can be characterized by the qualitative and quantitative overweight and stability of the city-forming structures and functions of Vienna.

Bratislava on the other side is suffering from the lack of these structures, from absolute under-development of social equipment and services and no potential for its realization, as well

as unsatisfactory transport and technical infrastructure. At the present time, both Bratislava and Győr are characterized by considerable structural changes of the economy and joint problems of employment.

The economic stability and prosperity of the Austrian region, as well as the overwhelming financial attractiveness of jobs on one side and economic recession of the two lagging national regions on the other side, causes explosive imbalance in job offers and interest in its realization. The basic problem for future development of the region, is the step-by-step creation of a dynamic balance of the settlement and economic activities and accompanying urban functions. There is also the important task of environmental protection, because the region presents an enormously rich complex of natural and cultural riches.

The subregion borders its Eastern and Western parts in two large European hollows—the Danube Hollow and Vienna's Hollow—which are separated by the mountain ranges of the Carpathians and ends again at the Danube some hundreds of kilometers to the South. Both of these hollows are filled by infloating of the Danube where it has formed an arm system with a specific world of river islands which retained the remainders of the original woods.

Under the ground of Bratislava the huge float cone created the so-called inland delta by the constant accumulation of sand and gravel floats reaching up to a few hundred meters in length, nearly a hundred kilometers and a few tenths of kilometers wide. The area of floats is situated, in fact, between Malý Dunaj (the Small Danube) in Slovakia and the Moson Danube in Hungary and its drinkable high quality water resources present a capacity of 14–18 m<sup>3</sup>/sec.

The above described region is the place of the most important transport routes crossing of Europe, the East–Western direction (so-called Danube route) with one of the most important routes (the Electrum one) which is transformed into a highway and railway North–Southern structure at present.

In Bratislava and Vienna, approximately 50km apart, river ports are situated with a comparable turnover of 2.0 million tons of goods per year. Both cities have airports with substantial differences in capacity and quality. Vienna–Schwechat represents an important center for international air transport with approximately 3 million passengers per year while Bratislava–Ivanka is oriented mostly for domestic transport with approximately 0.5 million passengers per year. Vienna and Bratislava are terminal points of important pipelines—Družba and Adria—with considerable processing capacities. Interest is now growing to join them. Suggestions have also been elaborated to build a highway and fast railway connection in the East–West direction.

The concentration of the above mentioned activities in the area with outstanding natural riches, relatively high density of settlement structures, as well as existing incompatible evolution of these activities on both sides of the existing borders, creates the need to conceptionally assess the existing intentions of all three partners. The assessment of regional development would deal mostly with the view of forming an integral system of inland knots of water, railway, road and air transport, shipment facilities, terminals, and service transport centers of European importance in the over-regional relations context for the continental flows of people and goods in East–West and North–South directions. From the regional point of view the assessment should deal mostly with forming inter-regional fast transport of satisfactory capacity and using it as a dynamizing factor in the economic and cultural development of all three subregional national structures.

With the completion of the Danube–Mohan–Rhein water-route which, together with adjoining river routes, should become one of the most important European economic axis, the question also becomes actual for the river route Danube–Morava–Odra which would connect the Ostrava–Karvina region with Danube river route.

The realization of these intentions may contradict the interests of protecting the very rich Moravian forests as an integral part of the Danube woods. It is therefore desirable to reassess the real need for the realization of this transport axis, its implications for the development of economic and settlement activities of the Bratislava–Vienna–Győr region in the context of European or middle European dimensions, and evaluate its impact on the environment. The

objective should be the minimal adverse ecological effects of the transport system on the natural and urban environment.

In order to obtain the relevant data the regions are defined as a compact system of neighboring administrative units. The following are the districts in the Slovak Republic: Dunajská Streda, Bratislava (the capital of the Slovak Republic—SR), Bratislava-countryside, Galanta, Trnava, Senica. In the Czech Republic are Hodonín, Břeclav and Znojmo.

The political districts (Bezirk) in Austria are: Horn, Hollabrunn, Mistelbach, Gänsendorf, Vienna-Land, Vienna-vicinity, Korneuburg, Tulln, Mödling, Baden, Wiener Neustadt-Land, Wiener Neustadt-Stadt, Mattersburg, Eisenstadt, Neusiedl am See, Bruck/Leitha.

In the Hungarian area the districts are Győr, Moson, and Sopron.

## Population

The region represents the conjunction of areas with different demographic potential. The population of the Slovakian part is growing while that of Austria and Hungary is very low. There were 4,411 million inhabitants in 1991, the major share being in Austria—53.6%. The share of the Czech and Slovak Republic was 36.7%, the Czech share being equivalent to the Hungarian share—under 10%.

The principal demographic characteristics of the region separate it into three categories with the following characteristics (by D. Jurčova, 1990):

- (a) Slovakia, with relatively very high birth rate, lower mortality rate, and high natural increase;
- (b) Czech, with high birth rate, relatively high mortality rate (higher than that in Austria, but lower, than in Hungary), and low natural increase;
- (c) Austria and Hungary have comparable characteristics: low birth rate (with decreasing tendency), high mortality rate (crucial in Hungary), and minimal natural increase (a decrease typical for Hungary).

Demographic forecasts of the region are in accordance with these characteristics. It is therefore possible to assume a further decrease in the population of the Austrian, Hungarian, and Czech parts of the region and further increase population in the Slovak part of the region. More realistic would appear to be the smoother decrease in the population in the Austrian part (new economic impulses cause the inflow of population in internal measures, but first of all abroad), stabilization of the population and even some increase in the Czech and Hungarian parts, and it is possible to assume an even more dramatic increase in the population in the Slovak part of the region.

This process will be very slow and can be more dramatic should migration flows dictate the demographic process in particular parts of the region. (Table 1.)

## Economy and Economic Structure

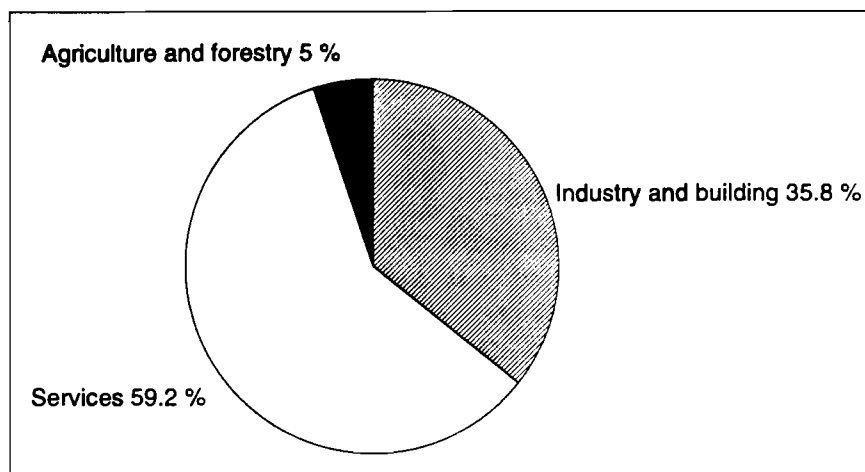
Potential intensification (renaissance) of economic relations in the V-B-G region are stimulated both by political will to overcome considerable economic isolation and by efforts aimed at future potential participation in a single European market. Possibility to enhance comparative advantages of economic subjects in the V-B-G region and the development of economic activities represent an economic impulse far exceeding the borders of the region.

The Austrian economy, known for its positive development and long-term stability, represents basic part of potential economic megaspace of the V-B-G. Considerable economic decline of the Czech and Slovak region, caused by the economic transformation in 1990 and especially in 1991, is in contrast with the growth in the Austrian subregion.

Different economic levels of the individual parts of the region are reflected in different national economic structures. Although, service activities dominate in all economic structures, it

is the consequence of a highly developed service sector (measured by output, or employment) in the Austrian part (the share is over 60%). A certain exception in the non-Austrian region is Bratislava, which approaches the Austrian model with its economic structure and its outstanding position and over-regional importance.

**Figure 1. Economic Structure of the V-B-G Region**



It is possible to categorize the region into three types by employment according to the existing economic structure:

1. The Austrian part is characterized by the predominance of the service sector over the secondary sector and with a stabilized and minimal share of employment in the primary sector;
2. The ČSFR part of the region has a slow increase in services, a high but decreasing share of industry and building industry, and a decreasing (according to employment) relatively oversized primary sector;
3. The Hungarian part is characterized by a balanced representation of the services and primary sector and relatively higher share of agriculture.

A high concentration of service activities (especially in business, science, education, health-care, culture, tourism, etc.) is caused especially by the positions of Vienna and Bratislava as the administrative centers of the countries. A considerable portion of existing human, qualification, economic, and science potentials concentrates in chemistry, machine building industry and in the energy industry. The development of agriculture in the region in near to favorable climate conditions is influenced by existing natural conditions. Especially all of the Southern and South-Eastern part possesses some of the most fertile soils in Middle Europe and the area of the Moravian valleys in the North is of similar quality. In addition to the traditional products of livestock and plant production, well developed wine production occurs in the region (Burgenland, Hungarian part, the foothill part of the Small Carpathians, Pavlov Hills).

Of over-regional importance, in fact for all of Middle Europe, are the underground water reservoirs from silts of the Danube and the Moravia.

Closer economic connections in the region with the penetration of national markets of goods, services, capital and labor in the V-B-G region could evoke considerable changes in labor distribution, and an increase of economic competition. It is possible to expect that the resulting labor distribution and penetration of the markets will be based on existing comparative advantages of the individual subjects.

Bratislava and Vienna are the potential bearers of new development possibilities. Common efforts to increase business exchange (in Austria the export share to Eastern neighboring coun-

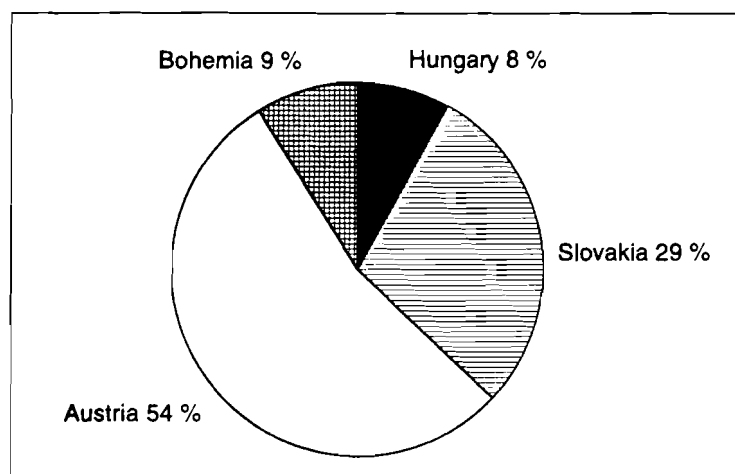
tries represents 39% at present, in 1988 was only just approximately 6%) and possibilities of mutually advantageous cooperation will probably be based on:

- the geographical position of the region—at the borders of rather isolated social and economic systems until now, at the crossing of the Danube and North–Southern routes, at the important potential knot of goods, labor and information transfer in the framework of the European integration process,
- the mutually advantageous exploitation of existing know-how in the situation and sale possibilities of markets (Bratislava in the Eastern direction, Vienna in the Western direction),
- the expected continuation of a favorable development in the Austrian subregion which could become a motor of economic development of the V–B–G region with a labor market able to absorb the labor potential from a wider hinterland,
- the comparative advantage of formally as well as informally qualified and increasing potential (cheap at present) of the labor force in the Czech and Slovak Republic and Hungary,
- the intensification and supplementation of air-transport capacities (Schwechat–Bratislava), river-transport (after the construction of Gabčíkovo dam the Danube will be navigable for coast sea ships up to Bratislava and have the possibility of supplementing the Bratislava and Vienna), and railway and road transport systems,
- mutually advantageous cooperation of energy networks,
- the development of small and medium sized joint enterprises on all sides of the national borders and an increase in their competitiveness,
- highly developed finance, advisory, consultation, and information services in the area of Vienna in the Austrian part of the region,
- closer specialization and cooperation in the spheres of industry, agriculture, science, research, etc.

### Dimension of International Labor Potential

1. (Without job frequentation) The V–B–G region at present represents approximately 2.1 million work places.
2. This potential, which could, in addition to other factors, be the basis for the creation of large labor markets and economic area of Eastern Europe in the case of an intensification of economic relations, could be broken down as follows:

**Figure 2.** Share of the Countries in Labor Potential of the V–B–G Region



In the past, Bratislava has been holding its dominant position as it was the only source of labor offer in the whole area on the Czech and Slovak Republic side.

Total unemployment in the V-B-G region can be estimated approximately 15 thousand people until the end of 1991, which represents a politically acceptable unemployment rate of about 7% for the whole region. Against the relatively stabilizing effect of the Austrian labor market on the V-B-G region's labor market there is a development in the SR districts which have destabilizing effect, because the unemployment rate (with exception of Bratislava) surpasses 10% and in some districts even 15%. As in the Austrian districts, there is also a favorable situation also in Hungary and in the CR.

The difference in participating countries is also demonstrated in a different qualification structure of an unemployed population. While unemployment in labor force groups with lower education is typical in the Austrian area, in the Czech and Slovak Republic the unemployment structure dominates the group with high education.

**Table 1. Demographic Developments in the Regions**

District	Number of Population (in thousands)		Increase-Decrease 1980-1991	
	1980	1991	thousands	%
Bratislava	380,3	441,5	+61,2	+13,9
Bratislava-countryside	144,1	145,2	+1,1	+0,8
Dunajská Streda	104,1	109,4	+5,3	+4,8
Galanta	140,9	143,4	+2,5	+1,7
Trnava	227,8	233,4	+5,6	+2,4
Senica	143,5	146,9	+3,4	+2,3
<i>Slovak region</i>				
<i>Total*</i>	<i>1140,7</i>	<i>1219,8</i>	<i>+79,1</i>	<i>+6,5</i>
Hodonín	162,3	162,0	-0,3	-0,2
Břeclav	125,0	124,4	-0,6	-0,5
Znojmo	115,2	113,5	-1,7	-1,5
<i>Moravian part (Czech Republic) Total*</i>				
	<i>402,5</i>	<i>399,9</i>	<i>-2,6</i>	<i>-0,6</i>
Horn	34,6	32,4	-2,2	-6,4
Hollabrunn	50,3	47,6	-2,7	-5,4
Mistelbach	70,7	68,2	-2,5	-3,5
Gänsendorf	75,3	76,6	+1,3	+1,7
Vienna	1531,3	1467,6	-63,7	-4,2
Vienna-vicinity	85,1	87,7	+2,6	+3,0
Korneuburg	56,1	58,1	+2,0	+3,4
Tulln	53,2	56,8	+3,6	+6,3
Mödling	92,2	96,1	+3,9	+4,1
Baden	108,4	111,4	+3,0	+2,7
Wiener Neustadt-Land	61,7	64,0	+2,3	+3,6
Wiener Neustadt-Stadt	35,0	34,3	-0,7	-2,0
Mattersburg	34,4	34,3	-0,1	-0,3
Eisenstadt	45,9	46,7	+0,8	+1,7
Neusiedl am See	48,5	47,3	-1,2	-2,5
Bruck/Leitha	36,9	37,3	+0,4	+1,1
<i>Austrian part Total**</i>	<i>2419,6</i>	<i>2366,4</i>	<i>-53,2</i>	<i>-2,2</i>

\*Data from 1980, 1991 census.

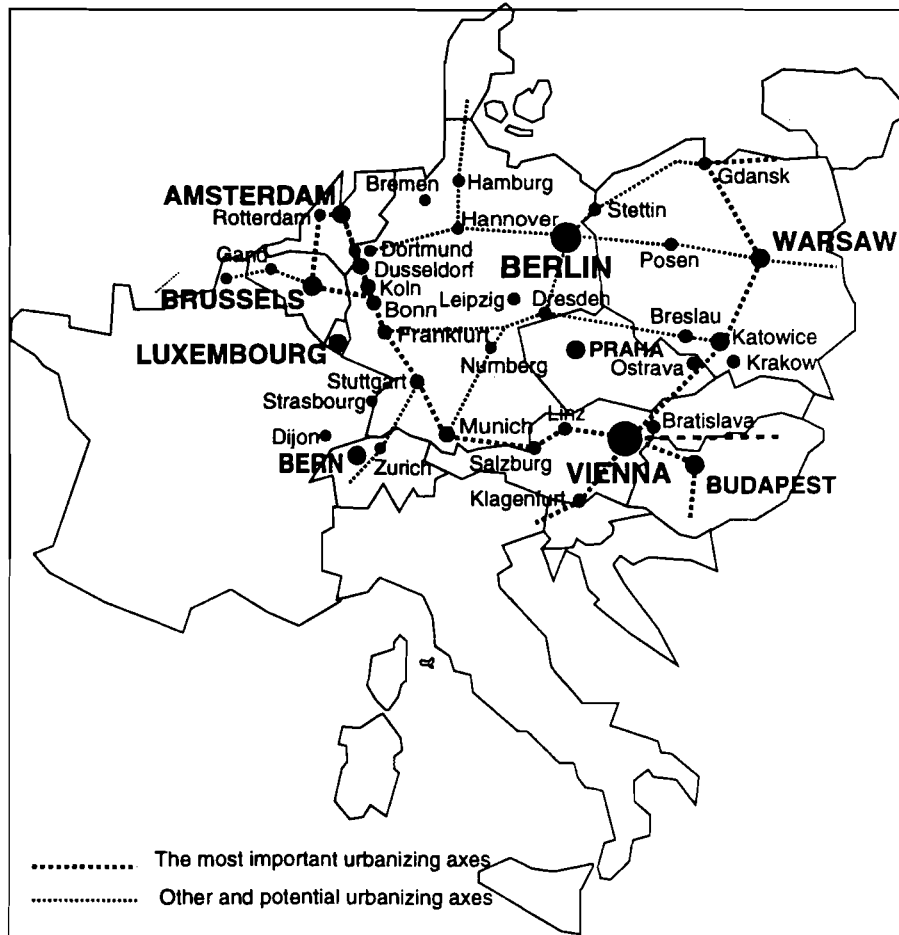
\*\*Data in 1981, 1991 by Orok-Atlas zur Räumlichen Entwicklung Österreichs.

**Table 2.** Labor Offer in Geo-Administrative Units of the V-B-G Region (in thousands of people, resp. in %).

Area (district, county)	Labor Offer	Share
Bratislava	225,4	10,7
Bratislava-countryside	71,3	3,4
Dunajská Streda	53,3	2,5
Galanta	67,4	3,3
Trnava	112,4	5,3
Senica	72,0	3,4
<i>SR Total</i>	<i>601,8</i>	<i>28,5</i>
Hodínín	79,5	3,8
Břeclav	61,9	2,9
Znojmo	55,1	2,6
<i>CR Total</i>	<i>196,5</i>	<i>9,3</i>
<i>ČSFR Total</i>	<i>798,3</i>	<i>37,8</i>
Horn	14,9	0,7
Hollabrunn	21,2	1,0
Mistelbach	30,6	1,4
Gänserndorf	36,6	1,7
Vienna	711,6	33,7
Vienna-vicinity	42,3	2,0
Korneuburg	28,2	1,3
Tulln	27,1	1,3
Mödling	46,5	2,2
Baden	52,8	2,5
Wiener Neustadt-Land	30,3	1,4
Wiener Neustadt-Stadt	16,2	0,8
Mattersburg	14,9	0,7
Eisenstadt	21,2	1,0
Neusiedl am See	21,6	1,0
Bruck/Leitha	17,6	0,8
<i>Austria Total</i>	<i>1133,8</i>	<i>53,6</i>
Győr-Sopron	181,2	8,6
<i>Hungary Total</i>	<i>181,2</i>	<i>8,6</i>
<b>REGION V-B-G TOTAL</b>	<b>2113,3</b>	<b>100,0</b>

Note: Austria—1991, the ČSFR—1991, Hungary—1991 (estimates of VUOP by the evolution in 1985–1989).

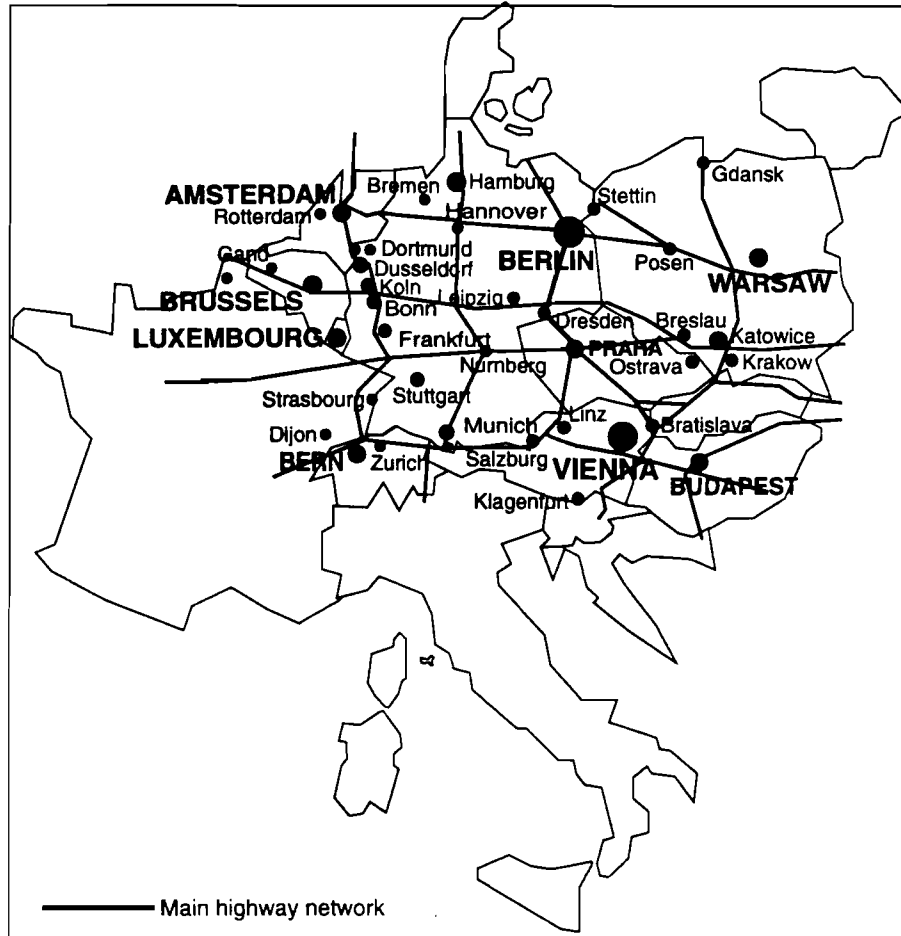




EURTV4A.DS4

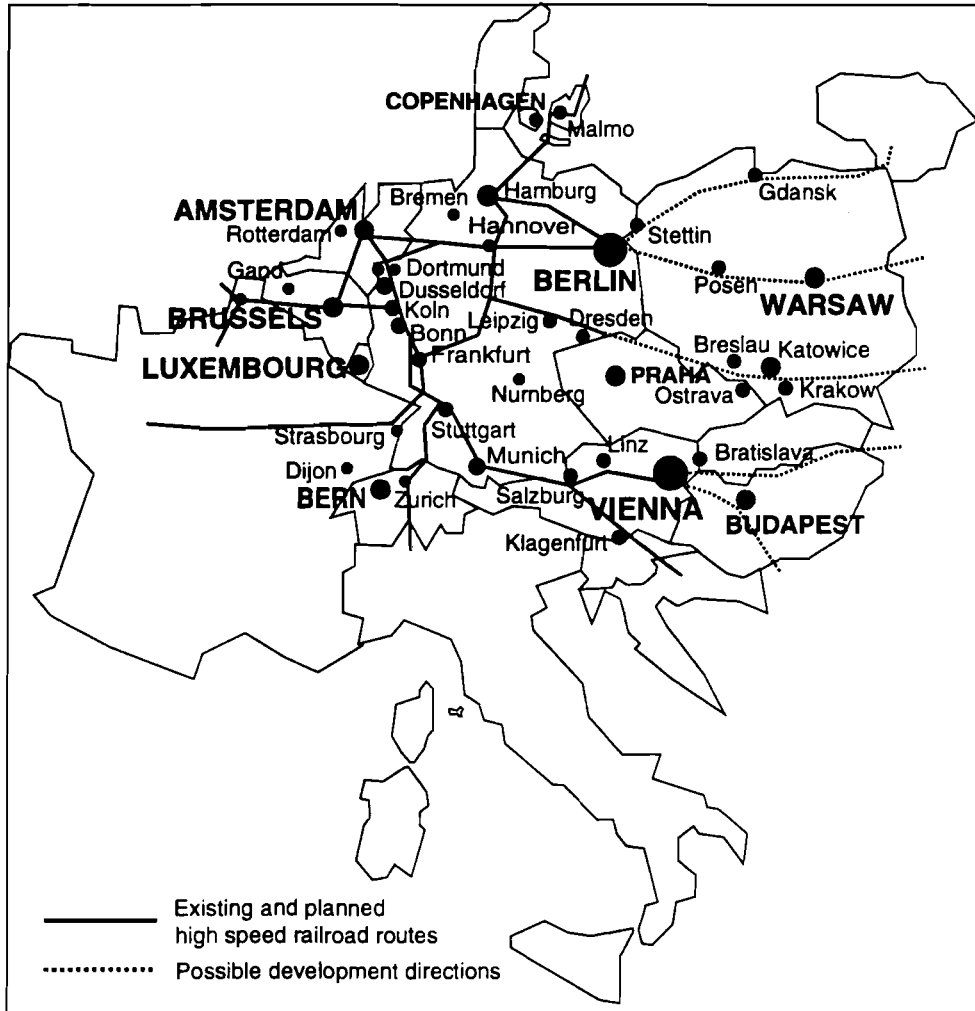
Figure 4. Middle Europe: Settlement Factors.





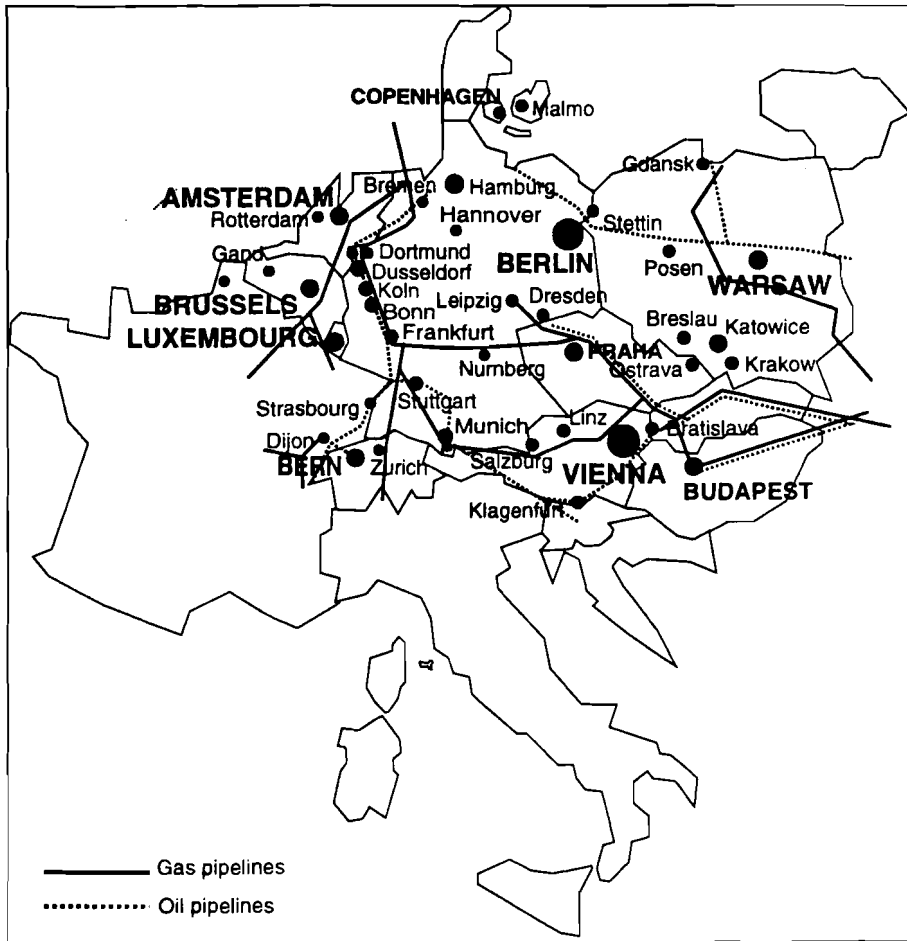
EURTV6A.DS4

**Figure 6.** Middle Europe: Main Highway Network.



EURTV7A.DS4

**Figure 7.** Middle Europe: Main Routes of Fast Railways.



EURTV8A.DS4

Figure 8. Middle Europe: International Gas and Oil Pipelines.

# Types of Settlements, Characters of Entrepreneurs

*Éva Ruttkay,  
Hungary*

What I would like to stress in my paper is not directly connected with my statements, it is only concerned with the wider context and the methodological approach. I only try to provide a sketchy review of how the strata that were the first to embark upon a market economy, can be characterized from the aspects of their settlements. Are there any differences and what kind of differences are there between the major types of the settlements in which the entrepreneurs dwell?

It has already been revealed unambiguously by the studies aiming to typify the careers and way of life of the entrepreneurs that these people are differentiated not only according to their economic positions but also according to their personal features. It has also already been established that the differences in settlement strongly influence the chances and circumstances of becoming entrepreneurs. I think the role of the settlement is so decisive that if we are looking for criteria to further differentiate within the social group that the highest stakes are in the successful introduction of a market economy, then the issue of settlement should be ranked among the most characteristic criteria.

The following types, based on their characteristic features, have not been produced by summarizing organizational, statistical data but primarily by our daily experiences, set up field studies and interviews. These types do not cover all the entrepreneurs and do not cover the whole system of settlements, but they nevertheless provide valuable information concerning the decisive influence of settlements and regions on ventures.

## Urban-like Ventures in the Countryside

In Hungary, the most common form of enterprise until now, has been the small-scale agricultural enterprise, even if its absolute dominance has been broken. According to data concerning the beginning of the 80's, 60% of households integrated in some way into small-scale agricultural production. The scale extends from the household plots to partially or fully self-provisioning small enterprises to large enterprises, engaged in commodity production and connected by contracts with factories. These large-scale enterprises often also put their products on the market.

Small-scale production has two favorable, besides two essentially positive, individual and macroeconomic results. This kind of economic activity is regarded by large social groups as the "preparation for the introduction of a market economy" and certainly not a low-level preparation. This small-scale enterprise constitutes the field where the accumulations of latent, suppressed innovative talents continuously reproduce and increase the intellectual capital of the concerned social stratum.

However, in the villages the economic enterprises have lost their exclusively agrarian character, similarly to the basically transformed social and employment structure of the whole system

of settlements. By the end of the 80s, one-third of the villages had been reached by the "urban" wave of enterprises. In spite of the non-agricultural economic activity of the settlements, they are characterized not by collective but by individual enterprises. Initially the village enterprises, similar to urban ones, aimed at gaining some extra income, while simultaneously keeping the full-time job ("obtained the permission to start business") and it was only later, under the impact of greater possibilities and more pressing needs that these enterprises assumed the character of full-time activities. To evaluate this process from another point of view: we can witness the success of those families, whose strategies of life prevented them from settling down in towns, but nevertheless, wished the children not to pursue peasant careers and therefore sent them to trade schools and today these people are the entrepreneurs of the villages, engaged mostly in the service sector.

This group consists of young and middle-aged men and women who dwell in the villages but have "urban" education and mentality. The infrastructure, necessary for the enterprise, (room, workshop) can easily be provided in an area of family houses. The structure of trades is modern: the place of the shoemaker has been taken by the TV technician and the tailor, the hairdresser, the electrician and the car mechanic can also expect to find stable markets in all larger villages. These enterprises, based on small local markets, are usually commensurate with the size of the population. Other trades tend to be grouped in villages near the towns and thus cross the boundaries of the settlements and aim at capturing the markets of small regions. A characteristic form of this is the enterprise in the building industry or in the field of haulage, transportation in which collective enterprises already dominate. A peculiar group, operating partly in entrepreneurial and partly in wage-labor forms, are the village group home workers, who are also engaged predominantly in near urban centers (such activities are knitwear-making, film-printing, waste-material procession, plain needlework, plastic welding, etc.).

In connection with the rural entrepreneurs we mention the type of "entrepreneurs for the sake of enterprises" because their presence can be better perceived in the more transparent rural social sphere. In this case it is not the trade, but the personal character and ability, the "flexibility" that are the most decisive criteria. This mentality provides the explanation for the fact that a new area or brand new product came into general use throughout the country within a matter of weeks or months. For example, in the spring of 1990 there were "second-hand shops for clothes in which textiles originating from Western countries were measured by kilos and discount shops for alcoholic and non-alcoholic drinks," even in the smallest villages and a similar situation could also be registered with respect to breeding so-called bio-worms and snails.

The urban, as well as rural enterprises, can be well distinguished from those operating in the urban sphere by their dual linkage; besides their activities in the industrial and service sectors they also embark upon market-oriented agricultural production of sought-after products and are helped by their agricultural know-how in these efforts. The typical representatives of these entrepreneurs appear also in interviews, conducted during village-surveys.

"In 1982, K.H., a 45-year old inhabitant of a village in the vicinity of the town Eger, began work as self-employed, he was the first to start his own enterprise in this village; previously he worked as a motor mechanic of the local cooperative. First, he started with a used 5-year old, second-hand lorry. Now he already has a stable circle of customers, this circle is largely confined to the local region. He works 12-16 hours daily. His grandfather was a cotter, his daughters are learning at college, though he himself does not think much of the higher education ("if I pay money to two university lectures, they will dig up the snail-farm".) His wife used to work at the local council, now she works at the customs police in Eger town. In 1978 he enlarged the old family house, which had been built in 1969. He drives a western-type car and has an outdoor parabolic antenna. He has already been to Vienna, Yugoslavia, Italy and Czechoslovakia."

Here is another example:

"L.N. is the inhabitant of a small village, situated 30 km from Győr. He is 46. He has succeeded in establishing a relatively high standard of living for himself as a specialist of car-radiators. Parallel to this he deals with pig-breeding and cucumber-growing. Though not in large quantities, but with the intention of putting them on the market. His wife is an accountant at the office of

the cooperative. He has an employee whom he uses sometimes in after-sale service, sometimes in gathering the cucumbers, while in the dull season the employee is dismissed, to receive the unemployment benefit. In the spring of 1990 he bought a run-down tractor in Austria, with the hope to be able to do with it some wage-labor".

Nowadays one can meet persons with similar careers in every larger village. They are the key figures in rural society who have the highest stakes in the formation of an achievement oriented social and economic system. Probably this stratum will play a significant part in the privatization of agriculture as well.

## Enterprises in the Context of Heavy Industry in the Countryside

From among the small enterprises of the 80s, medium-sized enterprises have been developed in larger settlements that form the private properties of Hungarian citizens that employ a considerable labor force. Their majority are engaged in production, but some of them operate in the field of tourism and entertainment. There are some which have been formed very far from large organizations, in far away settlements that rank as "blank spots." Their owners were previously "jacks-of-all-trades," upward mobile craftspeople, struggling to succeed under the constraints of small towns and large villages, people who used the gaps in economic based deficiencies and irrational regulations. Most of them had no formal higher qualifications, they were skilled workers, technicians or foremen-builders. At the end of the 80s, they formed the most publicized group of the new entrepreneurs (*Pinter Works* in Kecel, *Morvai Boiler* in Nagyrede). This entrepreneurial type has now become the minor partner of foreign firms; its attitudes are formed by foreign capital and its activities are confined to those of outworkers.

By contrast, in the traditional strongholds of heavy industry where, from the technical culture point of view, the foundation of private enterprises would have seemed a more rational option, the few cases of private enterprises can be considered as extraordinary. They are now facing, anyhow, the danger of being engulfed by the crisis of large organizations. (Petrenko Works, Ozd—Mr. Petrenko is a private entrepreneur.) Heavy industry provided jobs and respect for generations of workers in the towns.

In this context, under the impact of a number of impeding circumstances, the alternative solution of the problems, i.e., starting an enterprise is viewed with evident skepticism by all those who do overtime, and take part in so-called economic working communities of state-owned enterprises. These types of enterprises and special forms of companies were typical and in Hungary, in engaging themselves in household farming. Even the managers of the large state-owned enterprises in countryside do not differ essentially from the workers in respect of their mentality, because these managers are hardly ready to react actively to the changes in the market for the simple reason that they do not have the necessary amount of experience, in fact they could not acquire it. In the dependent auxiliary firms or in the large state enterprises enjoying a cushioned position under the conditions of a socialist economy they could hardly find relevant experiences, at most they could "copy" the methods of those entrepreneurs who were engaged in the field of commerce and tourism. These methods could not be used automatically in production processes. The town of Ajka is a case in point.

Ajka is one of the most characteristic towns with heavy industry in Hungary. In that town the enterprises work such coal mine, electric power station, alumina factory, and glass-works.

In the industrial towns the most characteristic form of enterprise was the economic working community of state enterprises in the 80s; the number of self-employed remained very low. In Ajka one of the most successful entrepreneurs is a glass-grinder, who started his business in a kitchen, and now, owing of course to the market demand for his products, he ranks as an influential businessman. The other successful entrepreneur had started with a small shop, held by contract from the state and managed to become the owner of a restaurant. The number of

enterprises begun to grow in 1991 in the town, within a year it was doubled, rising over one-thousand, but the overwhelming majority of those who lost their jobs owing to the disintegrations of the large state-owned enterprises succeeded only in becoming at most agents. The stifling effect of the dominance of these large enterprises is well demonstrated by the fact that until now, the number of those private enterprises has remained extremely low which are engaged in infrastructural services or in such activities that are widespread in the towns with complex structure and diversified intellectual traditions. In Ajka, for example, there was one office for building engineers, two limited liability companies specializing in financial consulting in the autumn of 1991; no enterprises could be found in the field of computer technique, foreign language, teaching, or research and development.

These characteristics, which are also valid for other towns, seems to suggest the harsh fact that it is the seemingly most preferred type of settlements of the socialist period that becomes, in a wider context (not only owing to the shortage of capital), the most defenseless victim of the transformation of economic life. This view is supported also by the fact that here even the "renewal" of the large scale state-owned enterprises (its organizational transformation, its privatization) does not in the foreseeable future, improve the chances of employment.

## **The Enterprises of Modernization in the Cities**

The cities and especially the capitals are to be distinguished from the other regions of the country not only by the much higher number of the collective and individual enterprises, but also by the great variety of these enterprises. Thus, we can find examples for all kinds of enterprises, but within this variety it can be observed that the enterprises connected with modernization and the very infrastructure of a market economy, with an information economy and innovation are predominant.

The situation seems to be consistent with major international trends; the most influential intellectual and economic centers are at the same time the centers of the most modern types of economic activities; it is in fact from here that they spread to remote regions. Of course, in Hungary, under the conditions of decades-long backwardness, all this has manifested itself with due modification of proportions. In this wave of organizational transactions the number of enterprises connected with technical economic modernization falls behind that of the enterprises in the field of domestic and external trade, a sphere that makes up the main sector of the "consumer society" which has been promoted by the liberalization of imports.

According to our experience among private enterprises undertaken in the 80s in Budapest, those requiring more intellectual than financial capital are predominant. Their spread was promoted primarily by the efforts of the large state-owned enterprises and the administrative apparatus to modernize, securing by that stable markets for the enterprises. The most typical field of this system of relations was computer technology in the 80s. By today other branches, indispensable for the smooth operation of a market economy (and in this respect fulfilling the function of the infrastructure) have also gained ascendancy: enterprises in the field of tax, financial, investment consulting, real estate trade, advertisement, marketing and of other economic and legal activities.

In the case of the former enterprises, in the field of computer technology we could witness the process under which the small organizations had acted not only as merely the market-partners and suppliers of the large enterprises but also the fact that they outgrew them. This challenge was met by the old large-scale enterprises themselves by organizational modernization, "streaming" and thus the organizational structure of this activity became modernized in two aspects as well, moving toward more flexible and more open forms of small organizations.

At the beginning of the 80s the branches of computer technology were represented by some large, state-owned enterprises and by an institute that operated under the guidance of the Academy of Sciences. These enterprises were situated exclusively in the capital and they only had auxiliary firms in the countryside. The legal possibility of starting small private enterprises made

it possible to form a large number of small private organizations primarily in this field. Young engineers left the large state-owned enterprises, or they established a kind of double existence, in order to work in partnerships, economic working communities and small cooperatives. Some became the fastest growing enterprises of the 80s. In Hungary, the best business was not putting the intellectual products on the markets, but importing Western-made machines in components, reassembling them, and adapting them to the domestic and Eastern requirements (and leasing them). In that period, the state-owned enterprises and the administrative apparatus of the state had yet some money to finance the equipment of transport, warehousing, payroll accounting, management with up-to-date computers and the small flexible enterprises could gain much in this market. After this only one further step had to be taken to supply the population with electronic and computer devices from the accumulated capital as well. They could begin to work as the representatives of the large multinational firms, as co-owners of joint ventures or agents of commercial chains. Such enterprises are, for example, the Microsystem, Roliton, Kontrax which are among the largest companies. Microsystem is 5th, Roliton is 12th, Kontrax is 17th among the largest Hungarian enterprises.

These enterprises, consisting of only a few engineers and disposing over practically no capital, have by now become large ones that have succeeded not only in accumulating a large amount of capital and private wealth, but also in gaining economic positions that make rivals of foreign investors in the process of privatization. These dynamic new entrepreneurs, using both their expertise and capital and struggling to hold their gains against the rivals in the cut-throat competition, have become accustomed to finding their ways in rules and decrees, to social manoeuvres and have proved so successful in enforcing their interest as to be able to act frequently as "political decision-makers" having strong organizations of their own, parliamentary representation, and pursuing open and hidden lobbying.

Being researchers of the regions, we have to clearly see that this group almost embodies those mechanism and driving forces that are behind the conspicuous renewal of the economic predominance of the capital. This trend can be explained not only by referring to the favorable infrastructural conditions, the well-known concentration of intellectual capital, the role of the political career, but also intellectual center.

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# Colloquium on Regional Development

*Mrs. Maria Dolors Oms,  
Spain*

At the beginning of July I was visited by Mr. Skaloš, Bardejov's Mayor and Mr. Mižák, Manager of "Konzultex," who invited me to take part in a Colloquium for Regional Development. Both gentlemen asked me to talk about my experience as Mayor of Blanes, as far as tourist development in my town was concerned. I promised to do all I could to be here with you and, to be honest, I am very happy to have been able to come. I trust that I will be able to present a small contribution to this colloquium.

To start with, Blanes lies geographically in the southern part of the tourist coastal area known as the Costa Brava. The administration is situated in Catalonia, one of the 17 Autonomous Regions recognized by the Spanish Constitution.

I will talk about tourism, its problems and our plans for the future of the town, although Blanes, with its 27,000 inhabitants (100,000 in the summer season), is a town that has a mixed economy in which tourism and industry are combined.

Tourism, as we consider it to be today, is a modern phenomenon, a social conquerer derived from the industrial revolution. It has transformed our economic structure radically and has also had an important role as a communicational phenomenon with other countries. Actually, few territories have experienced such an intense and accelerated transformation as has the Costa Brava over the past 40 years.

However, although it is true that these transformations have meant wealth and development, we must admit that errors have been made, some of them critical, which have led us to an uncertain situation. But it would be unfair not to admit that the circumstances under which the transformation took place justify, up to a point, its most negative sides:

1. The growth rhythm was hardly foreseeable.
2. No illustrating precedent examples were known nor were studies available in our country.
3. The fact that it generated much wealth (easy money), was a very important factor.
4. The process was begun and consolidated under a non-democratic regime which just capitalized and instrumentalized the phenomenon.

The origin and the evolution of tourism in the Costa Brava are analyzed in a written communication, but due to its length and to the time available here, we will basically talk about tourism from 1979 onwards, thus, from the day democracy reached our Town Councils.

The Blanches we inherited in 1979 was a city that:

- had grown in an uncontrolled and rapid way as far as urban planning was concerned;
- demographically, it had suffered an exceptional population increase, as Blanes was the biggest receiver of immigrants coming from the other provinces (until 1975) and later from the bigger Barcelona Area;

- socially and economically, Blanes, just as the other towns, was immersed in the economic crisis and suffered critical social disequilibrium; and
- as far as the infrastructure and services are concerned, it suffered a general lack, which particularly affected some sectors—the most marginal ones—which only had minimum services.

## **First and Second Municipal Governments (1979–1991)**

The situation required us to start from scratch, but also to set up priorities according to the social and economical urgencies. *What did we do? We:*

- drew up and approved the General Urbanism Development Plan in order to plot growth, to better the population's dissemination, and to endow the Town Council with public soil for equipment and clear areas;
- carried out urban proceedings in order to reduce different sectors, divided our society to avoid margination of some areas and favored the coexistence facilitating communication amongst the inhabitants;
- endowed Blanes, in general, with Public Services, particularly with Personnel Services, although most of the latter were not of municipal competence;
- influenced the unemployment problem;
- began to endow Blanes with social and sporting equipment;
- took part in infrastructural works of public enterprises in sectors which were meant for the local economy. Thus, we began an economical recovery work in order to generate a process to create wealth;
- as far as tourism was concerned, in 1987, when almost nobody in our country talked about the need to reconvert the tourist sector, the Town Council worked out and approved a *Reconversion Plan for the S'Abanell Sector*. (The S'Abanell sector is situated at the South-Western end of the town next to the mouth of the river Tordera and close to the central area. It is one of the very few areas of the Catalan and Spanish coast which, having exceptional natural qualities—wide beach, pinewoods, river banks, etc.,—has no buildings).

## **The Plan, Why?**

In 1986 the socio-economic researchers in Blanes came to the conclusion that, besides the already existing farming and industrial activities, the economic basis for Blanes for the future should rest mainly on the improvement of the tourist sector with all its undersectors.

With this aim, the Town Council assumed the initiative of setting the conditions in order to support important tourist development in Blanes and we began to review the General Urbanism Development Plan, as our town did suffer, at that moment, a lack of appropriate sites which hindered the ability to satisfy the demand of new tourist promotions.

## **Why Did We Begin With the Review?**

In spite of the fact that the possibilities to influence the final tourist product by means of urban planning are limited, this does not mean that they are not essential, and inversely, wrong urban planning can lead tourist promotion to failure, even though all the other factors which set up the tourist product are faultless.

## **Why Start an Initiative of the Town Council?**

We did and do know that the economic development of a tourist product is essentially the private sector's job, but it is also true that the Town Council has the clear responsibility to prepare the

conditions, to impel and to coordinate the private sector which, logically, operates in a more disperse way.

## What Did we Propose?

The initiative of the town council worked out the proposal to impel the development of the S'Abanell area and we planned a *Specific Tourist Development Model*, a model which tried to avoid old errors (thus, well urban-planned) and which additionally tried to give an answer to the new trends of tourist demand (thus, to be able to offer our future tourists a diversified offer).

Following these viewpoints, the urbanism plan we proposed contemplated in outline:

1. This big area of 100 hectares, besides hotels and apartments, included a wide range of shops and services as well as restaurants and bar-terraces located on the ground floors which would be organized as the main axis for liveliness.
2. It also contemplated that there should be wide areas meant for leisure, parks, gardens, sea-promenade, riverbank promenade; an educational and convention center, a service-area for coaches with a large parking area, and a wide sports offer.
3. Finally, it included something very important: the participating operators would gather to guarantee the general globality, from commercial promotion, name and image of this tourist unit, to the functional sides.

Between 1987 and 1991, this Plan has been consciously stopped. Four years later, it is not possible to execute it anymore: continuous buying and selling have led to a considerable increase in the price of the land, and expected investments are no longer interesting.

## Present and Future

Since 15 July 1991, we have started an *Integral Action Economical Plan*. Its goodwill is to get a complete development from the different economic sectors, facilitating the installments of new managing activities. Thus, creating new wealth sources for the town.

Regarding tourism, we keep thinking that replanning continues to be necessary and possible, and we believe that it is not true to say that tourism, in general, is a sector in crisis, as people continue to traveling.

What really happens is, that all through the years a deep disequilibrium has been generated between the existing demand and the products supplied by our market, and this obliges us to design new strategies with the purpose of making our offer competitive and better adapted to even more exigent customers.

As far as new trends of tourist demand are concerned, one can observe that the user:

- is very demanding of professionalism in service;
- is more interested in environment and urban planning questions;
- looks for more comfort;
- wants to be more in touch with nature;
- is interested in knowing about culture and traditions of the place he is visiting;
- thinks of sports as a complementary activity to sun and beach;
- has a trend of taking more holidays for shorter periods of time.

We also observe that a very important segment of our society is being introduced in tourist demand: the elderly people.

Being aware, then, of these trend changes and convinced of the real possibilities which still has our town concerned with the tourist sector's development, we have designed a proceeding strategy for the town, based on a new tourism concept, as we think that the classic concept has become obsolete and that it is necessary to understand it as something much more complex, a

product in which many factors take part, all of them in intimate relationship to such an extent that, when one is wrong, the global image gets immediately damaged.

Nowadays, the tourist has not enough with our geographical privileged situation, nor with our sun and our climate. The user, as we have said, wants the goods, the public or private services and the surroundings he observes and uses during his holidays, not only to be in good condition but also to be in the best condition and, at the same time, we must be able to satisfy his socio-cultural needs.

So at the moment of decision how to act, we have started, in outline, from two general aims:

1. to improve the quality;
2. to lengthen the season.

### **First Aim: Improvement of Quality**

To talk about quality does not mean to talk only about more or less hotels of many stars and also not about tourists with a high purchasing power.

For us, quality means, on the one hand, to decrease growth: to have a tendency towards a more reduced and selective tourism. On the other hand, to create the best living conditions and consequently, to offer a larger welfare.

In short, quality means:

- a) Urban planning;
- b) Create strategies to stimulate quality architecture;
- c) Environmental treatment;
- d) Guarantee the safety, besides promoting the local police staff, which means to give them permanent training to provide them with professionalism and specialization;
- e) Improve the social, cultural, health, and sporting equipment.

### **Second Aim: To Lengthen the Season**

When we talk about it, we refer to the need to open our market to the Elderly People's Tourism, Sporting Tourism, Green Tourism and Cultural Tourism; without lengthening the season seems infeasible.

Seasonal tourism, such as we have in Blanes, supposes a very strong disequilibrium comparing the season to the rest of the year, both referred to the services demand and to the new jobs offer. To lengthen the tourist season would allow us to overcome these difficulties and would help us to develop our town globally. In spite of the initial efforts that this objective involves, we believe that the multiplicative effects that a more regular tourist flow might generate, would clearly benefit all sectors of our population.

# APPENDIX A

## Statement of the Participants

Participants of the **Second International Colloquium On Regional Development in Bardejov (ČSFR)** heard lectures of experts from 12 countries on various problems of regional development with particular focus on near and transborder cooperation. The aim was to articulate messages from international experiences in addressing similar issues. In order to enhance the significance of this colloquium for practice the participants would like to reiterate the most significant ideas reflected by their deliberations.

Regional and local development should be understood as a complex socio-economic phenomenon, of which the recent economic transition to a modern market economy is only one component.

In regions of Central and Eastern Europe, the legacy of the political and economic systems inherited from the Cold War era is mixed with elements characteristic of emerging market economics. Under these conditions, processes important for endogenous growth and development are attenuated. This is clearly manifested by the significant lack of the necessary infrastructure for regional development. Such deficiencies mainly include:

- Existing road and air transportation as well as communication networks that noticeably lag behind present and future needs. In order to procure successful transborder cooperation, new border crossing points to facilitate the future movement of resources are a *sine qua non* condition for tapping the benefits of this new opportunity for prospective economic growth.
- A presently inadequate financial and banking system. With improved communication, the need for financial institutions focused on improving transborder interregional trade will be necessary. Already now, specialized banks could help to extend useful economic contacts and stimulate business and commercial activities.
- An information deficit. During the discussions, an acute need was observed for improved and relevant information collection and transfer both within the region and with respect to the rest of the world.
- An unclear distribution of responsibilities between local, regional, and central authorities. In order to revitalize the border areas, the central government also has an indispensable role in responding to the needs of the regions regarding certain policies. Cases from West and East have verified that central government policy can abate or accentuate problems of regional development. For example, it was pointed out that some custom tariffs between East European countries are larger than between these countries and those of Western Europe. New methods for cooperation are also required between the central government and local as well as regional authorities so that potential benefits will not be foregone due to inappropriate, conflicting, or short-sighted policy implementation at any of the governing levels.

Only in this manner, is it possible to stand-up to the challenge posed by new opportunities in border areas for economic growth and development in the near future.

- Lack of small and medium-sized enterprise activities. It was stressed that even in Western market economies some old industrial areas have experienced decline, while new areas have come to the forefront based on the mobilization of internal resources. In this respect, it is important to recall that such development has required an extensive network of similar and cooperating enterprises. Small and medium-sized enterprises (SMEs), most successful in a highly interactive economic environment in which exchange and cooperation determine both competition and achievement, play a crucial role in dynamic growth and development.

Advantages for SMEs operating in networks rather than in isolation include:

- participation in and access to information networks;

- discounts on large purchases of inputs;
- joint exporting;
- sharing expensive technology (CAD-CAM);
- subcontracting enabling fulfillment of larger orders by the distribution of the production process (even cooperating with competitors);
- vocational schools, etc.

Regional authorities should pay particular attention to creating an environment propitious to the establishment of networks for cooperating SMEs.

- The need for complex monitoring and management of transborder cooperation is a necessity. There is a need to reduce the potential for negative externalities. However, this positive activity could induce notable partial negative effects and can be misused by anti-social forces if not properly operated.

The participants amenablely acknowledged that participating government officials indicated a readiness to transform the messages of the colloquium into practical application. The participants thank the organizers of the colloquium (IIASA and Konzultex), the Mayor of Bardejov, and the Director of Spa Bardejov for creating a friendly, pleasant, and productive environment for the colloquium.

## APPENDIX B

### PROGRAM

#### Second International Colloquium on Regional Development

*Bardejov, Spa-Ozón, ČSFR,  
12-14 October 1992*

Scientific Sponsor: Professor Tatsuhiko Kawashima  
Gakushuin University  
Tokyo, Japan

#### Sunday, 11 October

Arrival of Participants

19:00 SOCIAL GATHERING

#### Monday, 12 October—*Chairman: Professor Tatsuhiko Kawashima*

09:00 OPENING SESSION

- *L. Skaloš*, Mayor of Bardejov City
- *T. Vaško*, Representative of IIASA
- *M. Matej*, Director of Bardejov Spa

09:30 Regional Economy Management: Problems and Approaches to Solution, *M. Buček*

10:00 Characteristic Properties of a Region, *R. Múdra, M. Barolák*

10:30 *Coffee Break*

11:00 Development Problems and Opportunities in International Border Areas:  
Lessons from Mexico-United States Experiences, *N. Hansen*

11:30 Socio-Territorial Analysis of the North-East Region of Slovakia, *R. Király*

12:00 Regionalism and Minorities in Hungary, *J. Tóth*

12:30 Basic Problems of International Cooperation of Slovak Cities and Communities,  
*F. Murgaš*

13:30 *Lunch*

14:30 *Sightseeing of the region and visit to Tesla Stropkov Company*

17:30 *Visit to a Tokai wine cellar and dinner*

21:00 *Return to Bardejov*

**Tuesday, 13 October—Chairman: Niles Hansen**

- 08:30** From Regional Planning to Local Development: The Case of France, *S. Savey*  
**09:00** Strategy of Development of Slovak–Polish Border Regions, *M. Mojzeš*  
**09:30** Innovation Stimulation in Mature Regions. A Technology-Oriented Approach Described by a Case Study of the Austrian Region of Upper-Styria, *S. Huemer*  
**10:00** *Coffee Break*  
**10:30** Towards Regional Innovation Systems in Central Europe, *H. van Zon*  
**11:00** Practice of Regional Transborder Cooperation, *T. Vaško*  
**11:30** Project on Transboundary Cooperation Vienna–Bratislava–Győr, *D. Slimák*  
**12:00** Some Regional Problems in the Area of St. Petersburg, *V.L. Pashkov*  
**12:30** General Discussion  
**13:00** *Lunch*  
**14:00** *Visit to JAS Company and discussion with the management*  
**15:30** *Visit to Bardejov's City Hall*  
**16:00** *Roundtable Discussion of Foreign Colloquium Participants with Local Entrepreneurs*  
**18:00** *Dinner*

**Wednesday, 14 October—Chairman: Suzane Savey**

- 08:30** Problems of Transcarpathian Region of Ukraine, *S.I. Ustich*  
**09:00** Colloquium on Regional Development, *M.D. Oms*  
**09:30** Discussion  
**10:00** *Coffee Break*  
**10:30** Presentation of the Most Important Issues for Future Research and Discussion  
**12:30** Assessment by Scientific Sponsor  
**13:00** *Lunch*  
**14:00** *Departure of Participants*

## APPENDIX C

### LIST OF PARTICIPANTS

Second International Colloquium on Regional Development

Bardejov, ČSFR, 12–14 October 1992

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