

## **SPATIAL DISPARITIES IN THE NORTH GREAT PLAIN REGION (HUNGARY) AND THE WESTERN MEDITERRANEAN REGION (TURKEY): GROWING REGIONAL CENTRE AND ITS PERIPHERY**

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### **Abstract**

*In this paper, we examine a comparison of regional inequalities and spatial disparities in Hungary and Turkey not only at the interprovincial level but for different regional definitions as well. It has raised questions about inequalities and disparities not only between interregional but inequalities within each region. Based on the concept of Europeanization, this paper examines the extent and direction of change in Turkey's regional policy to date under the influence of the EU and also Hungarian concepts of regional development policies to be a member of the EU. Thus, this study set out in the two examples from the country's regions and compliance with the EU's regional development strategy, both in terms of a comparison will be sample of the regions. As set out in two different country's sampling, settlement network of regions will be investigated the adaptation to and transformation within the EU's regional development strategy and in the light of European Spatial Development Perspective's recommendations.*

**Key Words:** regional development, strategic spatial planning, NUTS-2 region, Hungary, Turkey

**JEL Classification: R50, R58**

### **1. INTRODUCTION**

Regional inequalities and spatial dimensions or effects of growth have become more significant and the studies emphasizing these issues enhance the literature recently. Especially for the European Union (EU) project, there have been two main trends as deepening on one hand and widening on the other. Therefore inequalities both between member states and newly member states, furthermore within states should be examined in order to establish the regional policy of the EU. Reducing "spatial disparities" has been an essential part of the integration and cohesion process since 1972. The concept of cohesion is explained as the degree to which disparities in economic welfare between countries and regions within the Union are socially and politically tolerable (Keane, 1999).

For practical reasons which have to do with the data availability and the implementation of regional policies, the EU has established the nomenclature of territorial units for statistics (NUTS). This geographical classification system provides a single uniform breakdown of territorial units for the production of EU regional statistics. According to European Regional Statistics Reference Guide (EC, 2004), definition of a region depends on two main aspects such as delimitation of space on the basis of one or more criteria and use for administrative purpose at a level below that of the nation state. The system is also helpful for the identification of disadvantaged or less developed regions in order to direct development objectives and funds of the EU.

From the economic point of view, Europe seems to be still divided between the western and more affluent part and the eastern part that is still faced with a lower development level (Petraikos, Maier & Gorzelak, 2000). On the other hand, there would be opportunity for relatively peripheral regions. The expansion of EU would shift the economic centre of gravity in Europe eastwards. Economic gains would be least to southern and western peripheral regions (McQuaid, 2000). It seems that the approach to Eastern Europe will change with reorientation of the European Project as a whole away from a single Europe to a patchwork Europe by accepting and valuing local and regional differences (Agnew, 2001).

The shift of regional policies in European states in the 1980s was towards an “endogenous development approach,” which sees regional development as a product of increased endogenous potential achieved by building institutional capacity (Sabel, 1989; Rhodes, 1995; Bull & Baudner, 2004). In this approach, the region is viewed as an economic entity full of underused or unused resources. Regional policy seeks the development of these resources rather than importing them from outside, while still keeping many of the policy tools to achieve “exogenous growth” through attracting firm relocations by incentives and infrastructural development.

The new approach focuses on upgrading the local supply-base, favouring bottom-up, region-specific, longer-term policy actions. Growth and development factors such as human capital, local business culture, knowledge-transfer networks, quality of production factors and systems, and learning from the regional experience are emphasized for regional development (Moulaert & Sekia, 2003). Moreover, the implication of the new approach is decentralization of decision-making to lower territorial levels.

The first major reform of regional policy in the EU in 1988 similarly amounted to a shift to an “endogenous development” approach. Through the package of regulations adopted in 1988 the Commission established four basic principles in the operation of the Structural Funds, which is the main mechanism for regional development: partnership (between the EU, the national and regional levels, and with social and economic partners), programming (linking all projects to a coherent developmental strategy), concentration (of resources to the most needy regions) and additionality (Structural Funds supplementing, not replacing, national structural expenditure).

The principle of partnership has led many scholars to depict the EU governance as “multi-level” (Marks, Hooghe & Blank, 1996; Risse-Kappen, 1996) in which not only “authority and policy-making influence are shared across multiple levels of government – subnational, national, and supranational,” (Hooghe & Marks, 2001) but also an increasing range of policy actors have opportunities for participation and influence (Gualini, 2003). As a result of the multi-level

governance framework, increasing attention has been devoted to the diverse and contradictory trajectories of institutional change and institutionalization related to building multi-level governance (Gualini, 2003). Due to different national institutional and cultural traditions, implementation of partnership among member states varies enormously. Despite a general trend of territorial decentralization and regionalization in Europe, there are great variations in the nature of regions where they emerge.

From this framework, this paper will give an opportunity to evaluate adjustment process related to regional issues such as definition of new regional statistical units in Hungary and Turkey by examining between and within regional inequalities considering space. Next section will make a summary of regional development issues and policies in countries' regions and, evaluate definition of regional statistical units (NUTS) as one of the significant instruments in/to the EU.

## **2. BACKGROUND OF REGIONAL DEVELOPMENT EFFORTS OF HUNGARY**

After the change of the political regime, Hungary faced a number of challenges to be tackled, such as the unavoidable structural reform of the network of towns. In the period of state socialism, territorial planning fundamentally served economic interests. Back from the 1950s to the end of the 1980s, a multitude of plans and concepts was drafted for regional development with the purpose of managing the spatial structure problems that Hungary had inherited, and at the same time complying with the expectations of the Socialist ideology. The strictly centralized development concepts were concentrated around two parallel theses: on the one hand, due to political reasons it was necessary to resolve the economic dominance of Budapest, while on the other hand – from a purely economic perspective – large towns playing central regional roles needed to be strengthened. The available development funds made it clear that the development of the settlement network was to be handled selectively, and the focus had to be laid on the larger members of the town network. It was the growth pole theory having already been applied efficiently in France that became the most important means of territorial planning.

Worked out by Perroux in relation to economic development, this theory could be adapted to the process of Hungarian territorial planning in its pure form, without changes (Perroux, 1955). Approved in 1971, National Settlement Network Development Concept (NSNDC) specified the desired directions of regional development for decades ahead, and the winners of this concept were obviously the large towns designated to have regional roles as counter-poles. NSNDC described 65% of the settlement network as elements whose long-term development was not prioritized on the long run. From the 1970s, the counter-pole towns became the key target areas of the decentralization of the economy, yet decision-making, management and innovative economic activities remained in the capital. From the middle of the 1980s, it was increasingly apparent that the extensive growth of the counter-poles should be stopped, and the focus of planning should fall on small and medium-sized towns. Then, NSNDC was modified along this line in 1985, but as a consequence of the political and administrative rearrangement this plan was never implemented in practice.

Concurrently with the change of the political regimes, Hungary's economic regime was drastically transformed, as well. One of the most spectacular elements of the change was our conversion to market economy, but serious problems were posed by the country's under-development in

economic structure and technology in comparison with the Western countries. The sole exception was Budapest, which was in possession of the large majority of innovative economic activities, and thus became the key target area of foreign investments. In spite of additional efforts made in the field of territorial planning, the economic dominance of Budapest further strengthened, while Hungary's monocentric spatial structure became increasingly apparent. By the middle of the 1990s, the large towns of Western Hungary had been able to become target areas of foreign working capital investments, which led to the intensification of the East vs. West dichotomy. By the beginning of the 21st century, the focus of economic development shifted towards the Eastern parts of the country, the economic potentials of the large towns of the East could approximate or reach those of the large towns of Western Hungarian. Nevertheless, the monocentric spatial structure did not change with the strengthening of large towns, and moreover on the regional level new territorial inequalities have emerged.

The role of networks is undoubted in connection with the development of towns. The most significant benefit of networks is that no innovation made in any of the cooperating towns can remain isolated, but the members of the network dynamize each other. In the period of state socialism, the formation of networks was less characteristic of Hungarian towns, because territorial planning focused solely on large towns. On the other hand, Western European examples have showed that network building means comparative advantages against large towns and for the benefit of small and medium-sized towns coping with structural problems. Following the change of the political regime, Hungary saw networks gaining larger significance, but due to the relative under-development of small and medium-sized towns it was primarily the large towns that were able to integrate themselves in networks.

The economic and social transformation in the transitional period from the change of the political regime to our accession to the European Union (EU) rather favoured large towns. The most important document of development policy of the age, National Spatial Development Concept (NSDC) approved in 1998 considered the establishment of NUTS 2 regions and the creation of the associated institutional framework to be priorities, while the polycentric network of towns lost grounds. Not too surprisingly, large towns could efficiently exploit the weakening of the network of towns, and shape their respective regions in line with their own economic-social dominance.

With respect to the tendencies of our times, differences among towns have become increasingly sharper: the town network consists of internationally competitive large towns, as well as small and medium-sized towns of varied functions. Obviously, in theory intervention is feasible, because the means of regional development policy should partly serve the ends of even regional development. European Spatial Development Perspective (ESDP) accepted in 1999 clearly sets as an objective for all the member states of the Community to strengthen the regional settlement network and formulate a polycentric network of towns. Since May 2004, Hungary has been a full member of the EU, and therefore the ESDP recommendations have been consistently integrated in the national concepts of development policy, such as the new NSDC approved in 2005. A key priority among the medium-term development objectives of NSDC is the strengthening of the development (growth) poles of the regions and the improvement of relationships within the town network.

### **3. BACKGROUND OF REGIONAL DEVELOPMENT EFFORTS OF TURKEY**

In contrast to the shift towards “endogenous development approach” in the EU in the 1980s, Turkey continued with the traditional “exogenous growth” approach in its regional policy. The two main components of this strategy have been public investments and incentives to the private sector to invest in lagging areas, decided and implemented by a centralized system. The main logic behind traditional regional policy instruments has been one of re-distribution. In Turkey’s context the re-distribution logic did not achieve its aim of transferring resources to the neediest regions.

One reason for this policy failure has been the prevalent patronage politics, where policy instruments are used for delivering material benefits to “clients” or blocs of voters rather than for addressing regional disparities. Another reason is the centralized nature of policy-making and implementation, which does not leave any room for sub-central levels in the determination of policies. Given the geographical size of the country, the assumption that the center knows the needs of the regions and localities was flawed. A third reason for policy failure has been the priority given to ‘national’ development over ‘regional’ development.

The implication of traditional policy instruments for institutional structures has been that they did not require regional institutional structures. The policy instruments applied uniform remedies to every type of region or area. As such they were top-down and did not appreciate the contribution local and regional resources could make to regional development. Therefore, regional institutions to mobilize local and regional resources were not seen as necessary.

In terms of regional development in Turkey, firstly, regional planning works were started in 1950s for pilot areas and aimed to solve different regional problems. Nevertheless, after the establishment of SPO (State Planning Organization) in 1960, the perspective of development plans and works were changed with Five-Year Development Plans and institutionalization efforts were also accelerated in the following years, however, regional issues were usually penetrated in the Five-Year Development Plans.

Nowadays, the number of regional arrangements has reached more than ten projects since 1950s, and some of them completed projects but other projects are still under construction. Similarly, Five-Year Development Plans has been published eight times since 1963, which correspond to more than forty years. Currently, regional arrangements are directly related to local administration as a part of Turkey’s obligations to access to the EU (European Union), in which necessary legal and administrative arrangements were firstly outlined in the Eighth Five-Year Development Plan unlike other plans.

These developments and changes during years, of course, affected the condition of regions and with the integration to the EU, Turkey has also entered into a new phase in terms of regional issues. Thus, in the past regional policies and implementations, Turkey tried to establish a balanced social and economic distribution among its developed and underdeveloped regions.

On the other hand, in recent years: Turkey as a candidate country has become a region within the EU. This situation has naturally brought additional obligations on the governments while balancing interregional inequalities, in which it has to be achieved at the international base as well.

Furthermore, Turkey has been divided 12 NUTS (Nomenclature of Territorial Units for Statistics) level-I regions, 26 NUTS level-2 regions and 81 NUTS level-3 regions in the base of adaptation with the EU in September 2002. NUTS level-3 is based on 81 provinces; NUTS level-2 was defined by grouping the neighbor provinces in the scope of level-3 and NUTS level-I, similarly, was constituted by grouping the NUTS level-2 regions. Preparation of the preliminary National Development Plan aimed to draw up the guidelines of economic and social cohesion policy for 2004-2006 (PNDP, 2003), and the adoption of the draft law establishing Regional Development Agencies (RDAs) for 26 new regions.

The draft law on RDAs was submitted to the Parliament in December 2004 and is set to be passed when the Parliament reconvenes in October 2005. The last of the examples of development agencies was established in the region in 2009 and Western Mediterranean Region Development Agency was named. In this study, in the Western Mediterranean Sub-Region TR-61-coded sampling will be done.

The Western Mediterranean Region is Turkey's second largest and second most populous region, which is at the same time developing area of the country. In spite of this fact, in terms of morphology the region can be regarded to be polycentric, while from a functional perspective the dominance of Antalya city is apparent. Territorial inequalities were induced by the differentiated development of settlements in the era of tourism. The region, in this situation, is in the foreground as the most important tourism and agricultural center of southern Turkey.

#### **4. CONCLUSION**

The question is whether parallelity exists between countries with completely different geographical locations, area, population, culture, societal and economic environment? The answer is yes according to our opinion, and the point of connection is the cohesion polity of the European Union. The NUTS regional system is a relatively homogenous system, in which differences observable at the level of nation states dominate to a less extent. Hungary is a member state of the Community with full membership since 2004, and Turkey is one of the three states which have officially submitted application to join the Community. As a fundamental expectation of the Community's cohesion policy, NUTS 2 regions has to be established to fit into the NUTS system in both countries, 26 of those in Turkey and seven in Hungary. Financial means of regional development are different, while aims are similar: in the period between 2007 and 2013, Hungary can spend EUR 14.3 billion to achieve convergence aims through Structural Funds, while Turkey has a budget of EUR 2.3 billion for structural development of the regions through IPA (Instrument for the Pre-Accession Assistance) support between 2007 and 2010.

There is definite similarity between conditions of introducing the NUTS system in the two cases. Areal planning preceded formation of NUTS with decades in both countries, which was achieved in 2002 in Turkey, while 1998 in Hungary. The new regional system obviously resulted in the formation of a sort of homogenous territorial structure, while, at the same time, it also brought attention to significant problems: as a result of dominant status of central cities of the NUTS 2 regions (like the city of Debrecen in the North Great Plain Region or the city of Antalya in the Western Mediterranean Region), dimensional structure of regions became monocentric. The establishment of regions with a relatively polycentric dimensional structure meant a great

challenge for the original member states of the European Community (it is also signalled by ESPD), and upon joining the community, Hungary had to face with the problem of how significantly its regional centres, which are small relative to European proportions, distort the dimensional structure of NUTS 2 regions.

The actual situation in Hungary can present exemplary values for Turkey: financial support from Structural Funds predominantly targets regional centres, as a result of which the balance developed between townships within a region over the decades can easily be ruined.

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