

## ABSTRACT ON THE REGIONAL QUESTIONS OF EMPLOYMENT

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### Abstract

Region, locality and area are expressions that have their special meanings in a certain social question. In the East and Northeast the unemployment rate is above 20% while in the Western counties it is under 10%. The Western counties are in relatively good position. There are some groups of settlements where the rate of unemployment is as high as 25-40%. What is then the best way to interpret locality, where can be set the borders of a possible region?

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I with my colleagues very often try to clear the very practical problem of 'region'. One of the most remarkable sources of conflicts is employment and unemployment that are first and foremost regional problems.

Region, locality and area are expressions that have their special meanings in a certain social question. We often talk about local society while meaning direct environment of the domicile, which practically means a part of the settlement. In other cases, by region we mean the economic unit in which those involved in the processes of economy are in close relation, interdependence. Now we would like to argue for an approach to the notion of region that seems very useful in launching certain social and economic processes.

Nowadays, in Hungary, politicians and sociologists show great concern about employment problems. In our country the rate of unemployment is 13.3%. This rate, however, is very uneven concerning different areas. In the East and Northeast this rate is above 20% while in the Western counties it is under 10%. Even in this very simple case I used two different expressions for regional unit, one for the Eastern and Western parts of the country, which kind of units are often called regions, and, on the other hand, I mentioned the county which is an administrative unit. If we are thinking in smaller regional units, the above picture becomes more complicated. In

the Western counties, that are in relatively good position, there are some groups of settlements where the rate of unemployment is as high as 25-40%. Which is then the best way to interpret locality, what can be the borders of a possible region? Theoretically these can be:

- administrative borders,
- geographical, natural borders,
- ethnic borders,
- borders created by traffic possibilities,
- borders of the active market unit,
- cluster of certain settlements, etc.

At the beginning of the seventies, after the oil crisis in many regions of Europe, local employment difficulties arose, and several programs were set up to manage them. These regional programs worked with practical regional definitions given on one hand, by administration and terms of economic geography, on the other hand, they drew up their propositions in regions to be handled as regional units.

That is it. It is possible to define a regional unit with the main characteristic that its participants (inhabitants, institutions, companies, municipal governments) are able to act together, have common interests in the development of the region and in the independent functioning of the region as a market unit. What does this mean? It means that the participants of an employment development program, the social participants of the region, at the same time being the participants of the local market, count on each other as consumers, manufacturers and servicemen. This means that the majority of the market and economic relations are formed locally.

### Fundamental Principles

A development program can be only performed in the particular locality, and not in the capital city or in the centre of the county. The employment development always runs parallel with the development of the economy.

One of these general regional employment development programs is LEDA consisting of the following stages:

- the analysis of conditions and possibilities regarding economic and technical potentials, environment and infrastructure, local resources and labour market;
- the setting of aims concerning the future characteristics of the region;
- the exploration of possible directions of action, e.g.: which branches of economic activities should be improved;

- the selection of important personalities and institutions of the society (entrepreneurs, municipal governments, banks, chambers, trade unions, sponsors of enterprises, institutions of science and education, prominent private personalities, etc.), and the construction of a well-functioning network among them;
- local 'will' and intent (the persuasion of policy makers);
- the elaboration of programs (priorities, goals);
- the selection of programs to be executed, the elaboration of strategy;
- the execution of the program, action.

Naturally, the above listed stages include only the most important elements of such a program, and this is only a rough approach.

These programs have proved to be effective in different regions of Western Europe, and were adaptable to both rural and urban conditions. It seems evident that they can be successfully applied in areas with extremely high unemployment rate mentioned in the foreword.

Regarding our previous experience concerning the Hungarian local societies, the following question arises. Are there any special characteristics or differences between the regions of Western and Eastern Europe that can bring about relevant differences in the Eastern European adaptation?

As mentioned above, the most important principle ruling the indication of the area for the action is that the participants of the program should regard their region as a functioning market unit. To achieve such a conscious view of the functioning market, there is an indispensable need for extensive knowledge, habitual and conscious participation in market economy and a need for the network of institutions that have well-functioning elements within market conditions. Hungarian experience shows that minor regions have not been socialized to functioning in market conditions during the last decades.

At the same time, in Hungary, and most probably in other former socialist countries, there is (partly as a consequence of the above) a phenomenon that can be called 'regional local-patriotism' that connects the participants to the certain region. This can be a dimension through which areas can be indicated and one of the potentials which the action can build on.

Another important difference is that the regions could achieve an 'economic success' through fighting for a better position in the centralized distribution than the others could. The connections were characterized by leading to the centre(s), and not to other participants of the region. It is true for most of the participants because in a centralized society not only the political, administrative and economic institutions are centralized but the specific companies, producers and distributors as well. Thus, both

the municipal governments and the ventures have upward pointing vertical perspectives, and they form their business and personal relations towards the county centres and the capital. After the disintegration of the centralized system these participants often do not realise their personal interests and the mutual advantages of the cooperation with their 'natural' partners. Such a mutual interest, for example, is that the municipal government has both financial and employment-political interests in the development of the venture, and the entrepreneur together with all the above mentioned participants and the social-political representatives of the region is interested in the wealth and enrichment of the citizens of the region, and they have a strong counter-interest in the impoverishment of the population.

The political control and centralisation brought about the lack of strong municipal governments, and generally speaking it did not support the birth of well-functioning civilian and self-organising municipal institutions.

Again as a consequence of the centralized system, people sought the next stage of a 'successful career' outside the region, either in the county centre or in the capital. In the last decades, if someone was regarded as a successful person, sooner or later he/she received appreciation, post, responsibility and flat in a place closer to the centre. Local careers seem to be more valuable after the division of the centralized companies and with the growing value of local politics, which means new possibilities for local success. This potential is very important as far as the economic development is concerned.

Another important aspect of regional development programs is the question of financing. In market and civil circumstances where the central and normative distribution of central sources is natural and regular, the normal way of acquisition of the development sources is to connect the central sources to the development project. But if the connection with the central sources is doubtful or the connection itself needs more energy than the acquirable money, local bases, investments, etc., then the project's reasonable direction turns to the local sources.

I hope these few data can contribute not only to the elaboration of the East European regions' development projects but also can be taken into account in development of such regions that in any terms show similarities to these ones.