

It was just a dream...

# Regionalised development policy in Hungary

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# Both governance and policy matter

- It is commonplace that **governance** context has a crucial impact on policy performance
- But public **policies** have also influence on the shape of governance
- It is especially true for regional policy
- Mutual **interdependence** between regional development policy and regional (or not) governance

# Hungary: the case of negative synergy

Poor governance has generated poor policy performance

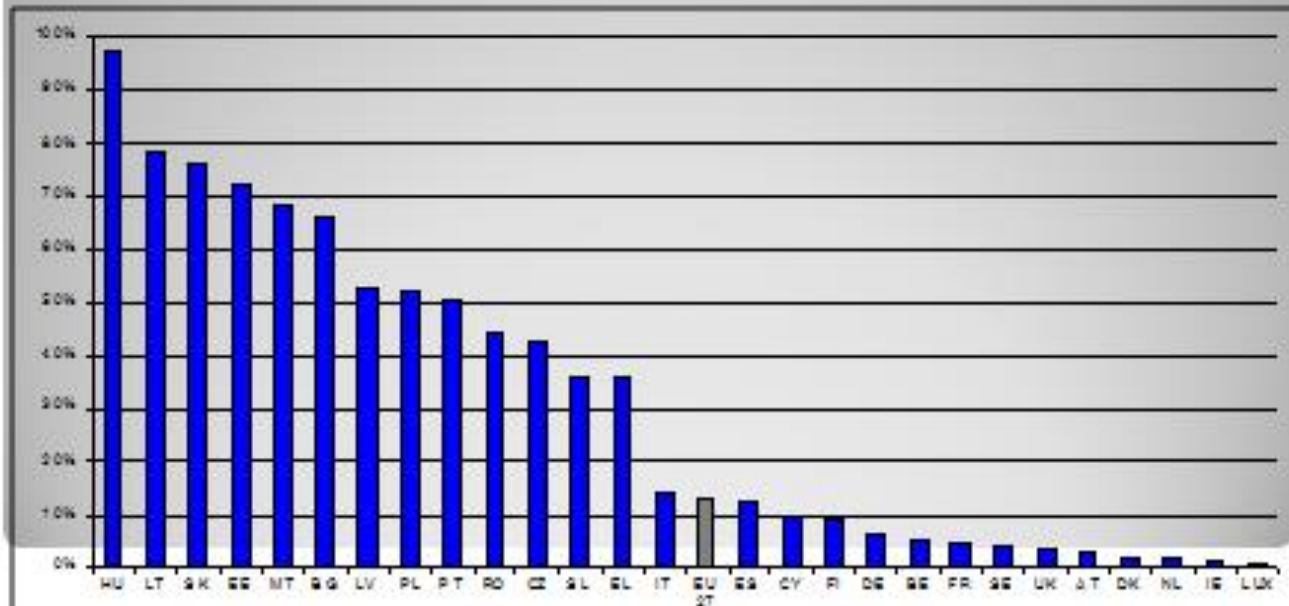
- further polarisation,
- long term efficiency of investments questioned

Regional policy was not able to motivate the regionalisation of governance

- NUTS2 regions disappeared
- Decentralisation was only a dream

# Why are we interested in policy performance? (6th cohesion report)

Cohesion policy 2007-2013 and national counterpart is a significant proportion of public investment in Europe.



# ,Ideal' governance for cohesion policy?

## The neo-liberal paradigm

- Less state - **enabling** role
- **Innovations:**
  1. New actors, stakeholders, political class (Osborne, 2007)
  2. NPM, agency paradigm
  3. Social capital, cultural contexts
  4. Horizontal mechanisms: policy networks, bargaining, grass-roots
- **Subsidiarity:** closeness to the citizens, local governance (CoR, CoE Charters)
- Economy of scale-**rescaling**
- **Decentralisation, globalism, regionalism, MLG**

## EU 'neoliberal' pressure on the management of cohesion policy

- **Governance principles** of (place based) cohesion policy: subsidiarity, regionalism (MLG), partnership, participation, identity
- **Management** requirements: efficiency, professionalism, transparency, impartial decision making, integrity, creativity



Tasks for Hungary: regionalisation, involving stakeholders, creating professional management

# ,Regional governance' matters?

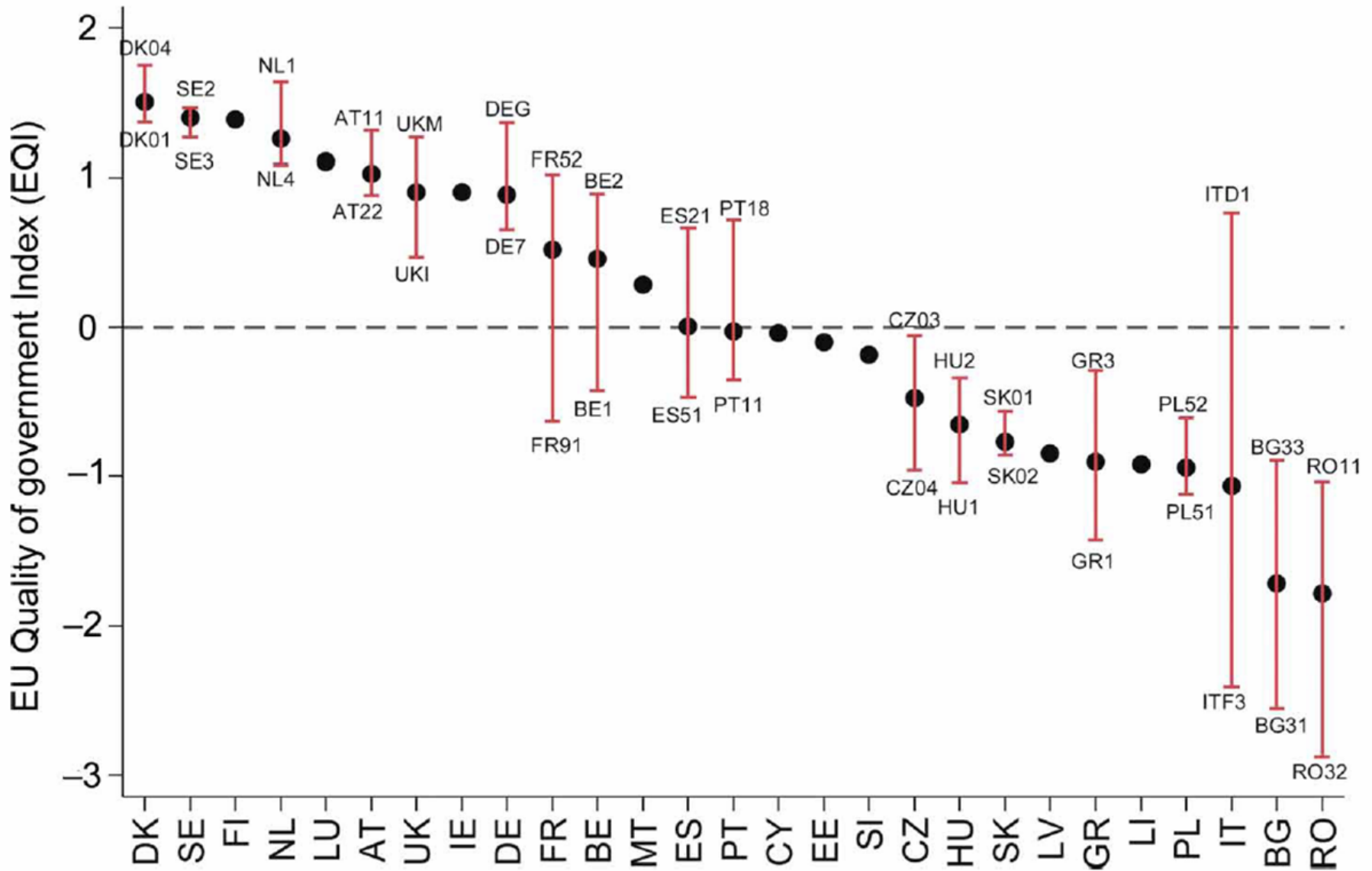
(EC, Charron-Lapuenta, Dijkstra, 2011)

- European **quality of government index** at national and regional levels (survey in 27 MS, in 172 regions, 2009)

## Results

- **Size of the region does not** matter in general
- **Political decentralisation has** no direct impact!
- The **macro** governance context has more impact on the performance
- Regions of CEE countries perform below
- In spite, Regional governance **matters**: improving regional administrative capacities is a performance reserve

# Ranking of governance quality in MSs and regions (HU=19/27; HU1=Central Region, HU2=Transdanubia)





## Handicaps in governance legacy - imperfect policy adaptation

- The challenge of preparation for cohesion policy
- Hungary suffers from lack of tradition in
  - decentralised governance
  - cooperation with partners
  - professional public policy management
- Lack of time: too fast, too much (high transitional costs)
- Lack of real political will (weak partners, polarised political elite)

## Regional rescaling & institution building in order to absorb the money

- Law (or dream?) about ,regional' development in 1996
- Hesitation about the scales (map drawing)
  - **Micro-regional** associations (1993-2004)
  - **Macro regions** (for NUTS, development, self-governance, state governance), 1998, 2004
  - Emptying **counties**
- Development councils: exclusive and politically penetrated networks
- Development agencies in the prison of politics

# Shock after the accession in 2004, „dream over”

- Region is not important any more (stop in administrative reforms)
- Centralised management system: national development agency
- Single ROP (or single managing authority of ROPs) enough and easier to manage
- Only academics and cohesion policy experts missed regionalism

# External changes: crisis and neo-weberian turn

## **Disappointment and critics of governance and regionalism**

- Less democracy: less transparency, accountability, power loss of elected actors, closed networks, (Olsson, 2001, Dreschler 2009, Lovering, 2011, Saito, 2011)
- Economic crisis, debt

## **Renaissance of old values (neo-weberian state)**

- Strong (good) state
- Traditional representative democracy and executive model
- Hierarchy, centralization
- Weakening regionalism (Keating, 2008), new secessionist movements (Spain, Italy, UK)

## **No or weaker external(EU) pressure for adaptation**

Hungarian answer to the paradigm shift:  
**explicit** centralisation, returning to the past or  
neo-weberian turn

Need (crisis, debt) and political chance (2/3) **to change the governance paradigm in 2010:**

- **New** constitution, new act on local government
- Strong ,Neo-Weberian' state
- **Regionalisation cancelled**
- **Nationalisation** of many local services: local government system is an almost **empty bottle**
- **Further centralisation of management of SF** (even the national development agency disappeared, direct political control)
- Seemingly stronger involvement of counties and large cities in development policy

# Dilemmas

- Is **territorially blind** governance ‚good‘ for development policy?
- Is centralisation the **only** solution for efficiency and impartial decision making?
- How to motivate **local** knowledge, support, identity, creativity?
- Spending (**absorbing**) money is easier than ‘investing into the future’

# Conclusions

- Regional policy adaptation was only the **surface**: map drawing and institution building
- Empowerment would need **enabling** (responsibility + resources, functional instruments) and **capacity** (trust & knowledge)
- Hidden and than explicit **centralisation** (among others) hindered the better policy performance
- Who's **responsibility**? Not only of the recent regime, abut also
  - ever political elite (locally as well!)
  - social and economical partners
  - professionals

# This is the time... to weak up!

- To **know** more about governance's (political, social, cultural) context
- Not to **copy** the 'best policy practices' but to learn, experiment, create national/local solution
- To be honest, there is **no uniform** regional (cohesion) policy in the EU.

Thank you for your attention!