

## GEOGRAPHICAL FEATURES OF URBAN TRANSITION IN HUNGARY

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### **Abstract**

Urbanisation and urban development in the former state-socialist countries have always been in the focus of attention of geographers and other social scientists in the past (French-Hamilton 1979, Enyedi 1990, Szelenyi 1983). Cities in centrally planned economies had a number of distinctive features that distinguished them from cities developed under market economies. The growing number of publications in this field reflects that the transformation of urban system and the changing face of "socialist cities" has increasingly drawing the attention of academics both inside and outside the region. Urban transition represents an important measure if not a symbol of the political and economic transformation in East Central Europe (Andrusz-Harloe-Szelenyi 1996, Kovacs-Wiessner 1997, Korcelli 1995, Lichtenberger-Fassmann 1995). This paper seeks to explore the most important features of urbanisation and urban development in Hungary before and after the collapse of socialism. In order to better understand the ongoing processes historical elements of urban development have been also taken into account in the first part of our paper.

### **Urban Development in Hungary Prior to 1945**

Some of the specific features of national settlement system persisted even the 45 years of socialist urban planning and urban development policy. Just like in the whole region, urbanisation and urban development in the Carpathian Basin was considerably delayed compared to the West (Enyedi 1996). Medieval urbanisation started 300-400 years later, and Western-type historic cities with strong central functions only penetrated into the northwestern part of the country. On the other hand large monofunctional agrarian towns and giant villages constituted the loose "urban network" on the eastern plain area of the country. During the Turkish occupation (16-17th centuries) the medieval development of towns was broken and a large part of the urban network was destroyed. As a consequence of the late and disturbed urbanisation process the urban network of Hungary remained relatively poorly developed by the time of capitalist industrialisation (i.e. second half of 19th century), with sparse and functionally weak urban network.

The modern industrial-urban development was also delayed and incomplete in Hungary, just like in the whole East Central European region. Compared to the West, modern capitalist development began only in the 1870s and limited only to Budapest and a small number of towns, mostly due to foreign (Austrian, Czech) capital investment. For most affected Hungarian towns such industrialisation consisted of manufacturing activity in the form of increased food processing. Most Hungarian cities retained a strong agricultural profile with feudalistic traditions. The relatively underdeveloped nature of the urban pattern is well reflected by the fact, that in 1900 the Hungarian portion of the Austro-Hungarian Empire encompassed a total of only 149 towns, with 16,7 % of the total population (Zovanyi 1985).

Another important characteristic of the Hungarian urban network was the increasing weight of Budapest as a primate city. On the eve of the official establishment (1873), with a population of 280,000 the Hungarian capital ranked only seventeenth among the large cities of Europe, while by the 1910 census the population increased to over one million and the city advanced to the seventh

place in Europe. During this period the share of Budapest within the population of Hungary increased from 2,2 to 6,0 %. The significance of Budapest as a regional centre also had stimulated the development of "counterpoles" in the Hungarian Kingdom (e.g. Zagreb/Zagreb, Pozsony/Bratislava, Kosice/Kassa, Nagyvarad/Oradea, Kolozsvar/Cluj Napoca, Temesvar/Timisoara).

The dominance of Budapest was further increased by World War I and the consequent dissolution of the Austro-Hungarian Monarchy. Until the Trianon Peace Treaty of 1920 Budapest had been the capital of a much larger state. By virtue of the agreements fixed in the peace treaty a new regional order was established in the Carpathian Basin, and the socioeconomic character and urban pattern of Hungary were altered fundamentally. Hungary lost 71 % of its territory and 64 % of its population. Only 47 towns remained in the new territory of the state, and most of the bigger and more developed centres which constituted the "counterpoles" of Budapest were transferred to the successor states. Out of the ten most populous country towns only three (Debrecen, Szeged, Pecs) remained in Hungary (Beluszky 1990). The share of Budapest within the country's population increased to 15,4 per cent by 1920. The capital became the "waterhead" or "swollen head" of the country, concentrating more than the half of the Hungarian industrial production.

The period between the two world wars was characterised by slow economic development in Hungary. As a consequence, the speed of urbanisation and urban development also slowed down during the inter-war period. At the time of 1920 census the rate of urban population stood at 31,8 %, which increased only to 34,6 % by 1940. Urbanisation that did occur during the inter-war period reflected the extreme concentration of industry in Budapest, with the capital recording almost 75 per cent of the country's total urban population increase between 1920 and 1940.

### **Urban Development Under State Socialism**

One of the most important characteristics of urbanisation and urban development under state socialism, was the sharp increase in the number of towns. This was partly connected with the growing state intervention and the centrally planned character of modernisation initiated from above. In 1950 there were only 54 settlements in Hungary with urban status, whereas their number increased to 166 by 1990. However, the development of urban system was fairly unbalanced during the whole period, both in space and time.

Until the early-1960s the promotion of villages to towns was quite limited, only 9 settlements were granted urban status. The majority of the new towns were so-called socialist industrial towns, settlements developed most often around an industrial estate or mines (e.g. Komlo, Varpalota, Ozd, Oroszlany). The role of new socialist towns in moving Hungary closer to an urban nation during the 1950s may partially be illustrated by the fact that seven of the nine centres granted urban status in the first two decades of socialism were new towns. While Budapest recorded significant absolute increases in both inhabitant and industrial workers between the 1949 and 1960 censuses, the decentralised industrialisation policy contributed to the reduction of the capital's share of total urban population in Hungary from 48,5 per cent to 45,1 %, and its share of all industrial workers from 51 to 41 %.

From the beginning of the 1960s more efforts have been made to alter the unbalanced spatial development of the country through the tools of industrial policy. It meant that more industry was located in provincial towns, which accelerated the development of the overall urban system. The National Plan for Settlement Network Development (OTK) approved in 1971 specified a strict sequence of order among settlements, including towns. As a consequence of the national

development policy, in the following two decades the urban system was extended significantly by 45 new towns, the majority of which had long traditions of urban functions and excessive zone of influence. This was an indication that the promotion of towns was an adjustment of administrative division to the organic development of settlement system rather than a mere legal step. Another characteristic of the 1960s and 1970s was that bigger cities sought to devour neighbouring villages by administrative means, because a larger population brought benefits in the redistribution of resources. As a consequence the speed of urbanisation accelerated in this period, the number of micro-regions without towns significantly decreased. After 1980, in the final phase of socialist urban development, however, we could observe phenomena which were far from normal. The number of settlements granted urban status sharply increased at the end of 1980s, which was partly connected with the weakening role of central planning and the gradual abolishment of the former urban development policy. This is well reflected by the fact, that during spring 1989 altogether 41 settlements were authorised with urban status. In most cases the title came before the reality, as some of the new towns were rather weak in central functions, and underdeveloped both in terms of technical infrastructure and urban landscape.

Thanks to the legal extension of the urban system and the high-level rural-urban migration the ratio of urban population also increased substantially during the state socialist period. In 1949 the national level of urbanisation was still 37 percent, thus, Hungary was predominantly a rural country compared to the West. However, by the time of the 1980 census already 53 percent of the population lived in urban places, which increased further to 62 percent until 1990. By the middle of the 1990s, roughly two-thirds of the Hungarian population lived in towns, therefore, we can say that Hungary approached the level of the more urbanised part of the world, although with some distance from the level of highly developed countries of Western-Europe (e.g. Germany, Benelux) and North-America.

The growth of urban population and the intensity of rural-urban migration was fairly uneven during the state socialist period. The peak of rural-urban migration fell to the 1950s and 1960s when over a million of people left villages and moved to cities, as a consequence of the forced collectivisation of agricultural land and the extensive development of heavy industry. However, rural-urban migration slowed down gradually during the 1970s, and subsequently even population decrease occurred in some of the towns of the Great Hungarian Plain due to natural decrease. This process became general in the whole Hungarian urban system by the end of 1980s, which resulted in stagnation (and later decline) of urban population.

The political changes of 1989/90 (or as it is called in Hungarian the "system change") did not represent a sharp break with the liberal practice of late socialist urban development policy and the promotion of villages to towns became rather symbolic. As a consequence, the number of towns in Hungary increased to 218 by summer 1996, although functionally and infrastructurally only cca. 150 of them could be qualified as real towns, the rest remained villages in many respects (Berenyi - Dovenyi 1996). As Toth pointed out (1993) the large number of towns is also accompanied with significant regional variations, some parts of Southern-Transdanubia and Northern Hungary still lack of towns, whereas the eastern plain area has got a lack of subordinated settlements and a surplus of towns, basically due to, historical reasons (Fig 1 ).

At the end of communism functionally and structurally the Hungarian urban network could be separated into three distinct types, these are spatially more or less discrete (Budapest has to be treated separately within the urban network because of its size, national and international functions). In order to display the basic characteristics of the different urban types we aggregated some demographic and housing indicators selected representatives from each urban group (Table 1).

*Socialist (New) Towns* (Ozd, Tatabanya, Kazincbarcika, Dunaujvaros, Komló, Tiszaújváros, Salgotarjan, Ajka): These cities were mostly developed after 1945 on pure ideological basis, through the rapid industrialisation of rural settlements, most often around an industrial concern. Infrastructurally these are the best-supplied towns. The housing stock is generally young (90 per cent post-1945), the majority of the dwellings are in high-density housing estates and nearly one-half are public rentals. According to comfort indicators, such as the ratio of bathrooms, socialist towns are far more developed than the rest of the urban system. The population is generally young and the majority of the active earners are employed by industrial branches.

*Historic (Market) Towns* (Vac, Nagykanizsa, Pápa, Dombóvár, Keszeg, Sarospatak, Baja, Barcs): Primarily in Northern and Western Hungary, these towns have retained their historic functions and architecture, and were less transformed during 45 years of socialism. Most of them are perceived by the public as ancient settlements rich in history. One-fourth to one-third of the dwellings can be classified as "old" (pre-1945), the ratio of public dwellings is 20-25 per cent and the density is one-half that of socialist towns. The age structure of population is less advantageous than in the socialist towns and tertiary employment is higher than in the other two categories.

*Agrarian Towns* (Mezőtúr, Jászberény, Karcag, Kiskunfelegyháza, Kiskunmács, Kiskoros, Kiskunhalas, Nagykoros): Dominant in the Eastern part of the country on the agricultural plain, these towns have a rural orientation with excessive territory scattered with single farmsteads (tanyas). These towns were particularly disadvantaged and the least transformed by socialist urban development policy (Timar, 1989). Cca. forty per cent of the dwellings are "old" (pre-1945) with considerably lower comfort levels, and the ratio of public dwellings is around 10 per cent. The ageing of the population is very typical in these settlements and a substantial part of the labour force is still employed by the agriculture.

### **Urban Development After Socialism**

Prior to 1990 cities of Hungary were organised in a hierarchy according to the level of their central functions. The cities' share in the central budget depended on their position in the hierarchy. The availability of resources for development was determined neither by a city's actual circumstances, nor by successful management, but merely by the city's effective bargaining power in the process of redistribution at its own level of the hierarchy. The political transition led to the dissolution of this practice of central planning and the role of state influence was replaced by the regulatory forces of market. Moreover, the shift of control from central (state) to local (community) level also meant that cities could adopt their own development policies, adjusted to their potentials and priorities.

All these resulted in the strengthening process of *differentiation* within the urban system. This differentiation was embodied in a sharp east-west regional polarisation on the one hand, and in the growing differences within the various functional types of towns on the other hand. The possibility of turning local characteristics and advantages to account has released enormous energies and led to a spectacular development of some of the towns, especially Budapest and those located in the north-western part of the country (e.g. Győr, Szekesfehervár, Sopron, Szombathely). On the other hand cities located in regions with traditional heavy industries and agricultural sectors (e.g. Miskolc, Ozd, Debrecen, Nyiregyháza) have been hard hit by economic restructuring under the new competitive circumstances. The geographical pattern of new types of businesses reveals some features of strengthening regional differentiation within the country.

Another important factor, that despite the excessive development of urban network during the post-1945 period, the evolution of small-towns (i.e. towns under 10,000 people) remained very slow in Hungary and the bottom part of the urban hierarchy is still weak. There are approximately 80 settlements with urban status, whose central functions are underdeveloped and they can be

classified as intermediate formations between towns and villages in many respects. The number of such "semi-towns" is especially high on the Great Hungarian Plain, where quite often several smaller towns lying next to each other form a functional unit (dispersed city) and play the role of a bigger centre.

The image and popularity of the different functional types of towns has also differentiated in the last decade. The divergent prospects of the various types of towns can be indicated by migration figures and employment opportunities (Table 2). *Socialist towns* have become the least attractive among people, having lost their glorious past. There is massive out-migration going on in the socialist new towns, which has been exacerbated by declining heavy-industry and the subsequent high rate of unemployment. On the other hand *historic (market) towns* are in a much more favourable position. As there was not a preponderance of industry, the recent economic downturns have not created high unemployment and many of these towns have expanded tertiary sectors or tourism based on preserved historic areas. Overall, there is a balance of migration and even an increase in population in some towns, in contrast to the declining population of the country as a whole. *Agricultural towns* represent an intermediate category. They had a slowly developing housing market and a lack of investment in infrastructure during the state socialist period, the local society was least transformed among the three groups. They have negative migration figures, although not as sharp as in the case of socialist towns. These towns were also hard hit by the post-socialist transformation of agriculture, although this has not created problems such as in heavy-industrial socialist towns.

Hungarian towns have gone through substantial *economic change* in the last few years. As far as economic development was concerned, the towns of Hungary were hermetically cut off from the effects of global economic restructuring and urban competition during the state socialist economic system and they preserved a strong industrial character of Fordist type until very recently. In terms of economic change we can distinguish two important sets of development which have impacted the transformation of Hungarian towns.

With respect to *sectoral* economic change, due to the collapse of COMECON market the overweighted Hungarian industry (especially the heavy industrial branches including mining, metallurgy etc.) sank into deep recession after 1989. Most of the former state complexes and giant firms went bankrupt and were either closed or disintegrated into smaller, more flexible units. In the meantime there was a real boom in the tertiary sector, especially in the fields of trade, tourism, financial and business services. As a consequence, the share of industry on the national labour market has decreased from 37,3 to 30,1 % between 1990 and 1996, and the tertiary sector became the dominant branch of the Hungarian economy. A good example for the rapid de-industrialisation is Budapest, where the number of industrial workers dropped nearly half between 1990 and 1996, and the total share of industry decreased from 36,0 to 17,4 per cent on the city's labour market.

From a *structural* point of view, as part of the post-Fordist type restructuring of the economy, the number of small and medium-sized enterprises has rapidly increased in Hungary after 1989.

In 1996 already 94,4 % of the Hungarian firms employed less than 20 persons. The large number of small firms with a handful of employees became crucial in the development of local economies. Similarly, the appearance and investments of multinational companies have also had great impact on urban development. The shift of Iron Curtain created favourable conditions for Hungarian cities to establish links and intense cooperation with the western part of Europe. Up to now Hungary has attracted some 20 billion USD Foreign Direct Investment (FDI), which is the highest per capita value in the former socialist countries. Towns which enjoyed such investments have successfully integrated to the European urban network (e.g. Budapest, Győr and Szekesfehervar).

In term of the society, we could observe a rapid *social change* in Hungarian cities after the collapse of socialism. As in the whole Eastern Europe capitalist types extremes of social inequality were attacked and to a large extent eliminated in Hungary through different channels (e.g. nationalisation, social housing provision, new wage system etc.) after 1945. As a result, the very rich and very poor strata disappeared, social differences and the level of segregation within cities started to diminish very quickly (Ladanyi,1989). The capitalist system of housing production and distribution, blamed for the previous inequalities and segregation, was abolished and replaced by a communist type housing system. Mass state-housing construction started at the beginning of the 1960s also contributed to a lowering segregation.

Economic restructuring after 1989 has set off profound social change in Hungarian cities. Thanks to the growing differentiation of incomes, social differences increased very rapidly. State housing has been privatised excessively, and became negligible on the urban housing markets. The remnants of public housing has become more and more the shelter of urban poor, whereas the better-off and the young are leaving the cities and invading the green suburbs, copying the suburbanisation processes of western cities in the 1960s and 70s.

The population decline of Hungarian cities is well documented by the statistics. According to the latest figures the number of population in Hungary decreased by 1,7 percent between 1990- 1996, which was the consequence of a 3,7 percent population decline in urban areas and a 1,7 percent population growth in rural areas. The phenomenon of suburbanisation has perhaps been most characteristic around Budapest. The Hungarian capital lost a total of 130 thousand inhabitants (cca. 7 % of the population) between 1990-1996. Approximately 41 % of this loss could be attributed to ou n rest to natural decrease.

Another important characteristic of the post-socialist period is the *change of urban structure* and the relocation of urban functions within Hungarian cities. The mechanism of land rent generally did not apply in socialist cities and social policies also aimed at minimisation of disparities across urban space. Therefore, the central business area in these cities remained generally small preserving much of its residential functions. After 1945 much of the public expenditures was spent at the edge of the cities in the form of huge, system-built high-rise housing estates, containing vast number of almost identical dwelling units. Simultaneously inner-city quarters were neglected and slums grew up because of physical decay and failure to maintain state-owned residential buildings.

The political changes and the subsequent re-establishment of market circumstances have led to the far-reaching transformation of urban landscape and processes which analogous to those found in cities of Western Europe. The inner urban areas have become the scene of high-spired business activity, attracting large scale office and business developments (photo). n most of the historic town-centres we can also observe excessive renewals, mainly attached to international tourism (e.g. Sopron, Pecs, Eger, Sarospatak, Esztergom), or better-off housing projects. On the other hand socialist housing estates have started to decline both physically and socially and becoming more and more the concentrations of poor and/or socially disadvantaged.

## Conclusion

The profound change in the political and economic system have resulted in a radical transformation both within the Hungarian urban system and inside the cities. The concept of urbanisation as a continuous concentration of population has been replaced by the notions of suburbanisation and, even, desurbanisation. Cities in Hungary are not analogue with the absolute centres of development any more, as they are highly differentiated by the forces of market. In this respect Hungary is typical in the region as there is a growing differentiation among cities. Budapest and the towns of

Northern Transdanubia have benefitted from their favourable geographical position and traditionally good infrastructural background, attracting the majority of new enterprises and foreign direct investment. With the increasing reintegration of the Hungarian economy to the global economy Hungarian cities have been also rapidly re-integrating into the network of European cities. However, the transition to market economy impacts the members of urban network very differently. Some towns such as Budapest, Győr and Szekesfehervar have fared exceptionally well in attracting western and domestic direct investment since 1990. Other cities especially heavy industrial 'socialist cities' and towns of the eastern plain area on the other hand have found themselves in deep economic crisis.

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