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**Urban Development Paths and Crisis Management Alternatives
Social, Economic and Spatial Changes of Miskolc, Ózd and Kazincbarcika after
the regime change of 1989**

THESES OF DOCTORAL (PHD) DISSERTATION

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*"The post-communist city can be regarded as
the outcome of unarmed struggle between heritage and transition"
(Borén – Gentile, 2007, p. 95).*

Introduction

My doctoral (PhD) dissertation focuses on the main characteristics of the *structural crisis* in Northern Hungarian former industrial towns (*Miskolc, Ózd and Kazincbarcika*), emerged due to the *regime change* of 1989. The processes of *urban transformation* and the diverging *development paths* of the (new) capitalist period are introduced in a *complex way* shedding light on crucial *social, economic, spatial changes*, moreover, the features of *regional and urban development*. These settlements performed similarly under Socialism concerning their economic features and preferred status by the state redistributive system, then had to tackle with the effects of a severe *transition*. Within the confines of recent study the *survival and renewal capabilities* of these (post)socialist towns are presented.

These settlements *suffered* differently owing to the loss of their exceptional positions within the settlement hierarchy, the economic decline and the worsening conflicts of society. Major factors that differentiated the *crisis management* were the *reorganization* or shutdown of industries, the extent of state subsidies and the length of disbursement. Based on a shock therapy some settlements were left to decline, industrial facilities were closed, consequently the forced process of *crisis management* began. Although, some other settlements were re-structured gradually and the negative effects of the labour market crisis could have been mitigated

Former Socialist industrial towns had to deal with a *wide variety of problems* during the last quarter of a century in searching of *new images*, which contributed to the development of different *transformation models*. There were towns which – due to their resilience of the general recessions – have been successfully adapted to the new conditions set by the new market economy, though others have suffered from the fragmentation of the disadvantaged situation, the deterioration or the lateness or interruption of the *structure change* in the local level. The *polarization* processes were sharpening resulting the *asymmetry and fragmentation* of both the fabric of society and the economic and spatial structure of the settlements. *Distorted social and economic structures*, deep *conflicts* basically determined the chances of a *new begin*, moreover, in some cases *hibernated the crisis*.

Objectives of the research

My aim was to give useful contribution to the existing *scientific content*, to expand the overall *knowledge* and to fill the *research gaps* with deep analysis of the chosen settlements. This *dissertation* intentionally deviates from the scientific foci of such *post-crisis areas* in three fields. First and foremost, my doctoral research deals with *urban transition* on a long term (*nearly three decades*). As a research *reference point*, I have chosen the *regime change*, because this specific time frame meant an indispensable *turning point* for all the analysed towns, furthermore, for the entire *Northern Hungarian Region*. Another explanation concerning the relevance of the chosen analytical base is the previous *experiences of international research* dealing with development practices of *reorganization* of Western-European post-crisis areas. Accordingly, to tackle the negative consequences of *recession* and the *transformation of social and economic structures*, a significant change may be measured and evaluated after a *minimum of 15 to 20 years* on the basis of objective criteria. Secondly, due to its *integrated nature*. The integrated approach as a compulsory pattern of all European Union's urban development policies is of utmost importance. That is why I considered all social, economic, spatial structure changes as well as the development policy features to be presented in a *complex way*. My goal was to give an insight of *successes* and / or *failures* of three decades' urban development, to show those elements which were crucial so as to *enhance growth*, besides I tried to explain both generalities and local peculiarities simultaneously. Thirdly, because of the *theoretical framework*, as apart from the examined de and re-industrialization narratives, the *urban shrinkage* of the settlements were presented. This is explained by the fact that the investigation of shrinkage shows a full range of *successful institutional and economic transformations* of settlements burdened by severe crisis.

Research questions

A *plethora of research questions* were elaborated in order to recapitulate the particularities of the different *development paths*, the *urban processes* and the *changes* of the former industrial towns ensued from the regime change of 1989. The aim was provide a contribution to the *decade-long scientific discourse* that endeavours to explore the results of the *unfavourable socio-economic situation* of the region for thirty years. Based on this I submitted the following research questions:

I. How can urban shrinkage considered as a failure or an alternative of urban development?

- *What are the spatial, social and economic features of shrinking cities?*
- *Is it still appropriate to interpret urban shrinkage as decline of cities?*
- *What new urban functions might be invented in shrinking cities that redound sustainable development?*
- *Is it adequate to interpret urban shrinkage as a process of socio-spatial 'normalization' after the abnormal development of industrial towns during the heydays of State Socialism?*

II. What are the characteristics of individual demographic paths of the examined post-crisis settlements and which societal challenges they were forced to face up with?

- *What are the recent and former trends in population change, demographic aging and inter- and intraregional migration?*
- *To what extent has the level of social polarization increased / decreased?*
- *How has urban poverty emerged?*
- *What spatial and social patterns describe the ghettoization?*
- *Which processes led to the serious imbalances of the labour market?*

III. How urban economies were altered, moreover, which similarities and differences characterize the chosen towns?

- *How economic transformation was affected by the legacy of Socialism?*
- *What were the features of economic development?*
- *What are the similarities and difference of the interventions effectuated in order to mitigate the crisis?*
- *How could the mono-functional (industrial) urban economies become more diversified?*
- *What were the most important processes due to de- and / or reindustrialisation?*
- *How did urban economies respond to the changes of regional / global economy?*

IV. What major alterations have occurred in the spatial and urban patterns?

- *How do urbanist interventions during socialist times determine the urban landscape after 1990?*
- *How did the different urban morphological units (city cores, transitional, suburban, industrial zones and housing estates) change?*
- *At what measures could the examined towns expand their activities?*
- *What qualitative and quantitative changes characterize suburbanization processes?*
- *What new urban forms have emerged (e.g. gated communities, regenerated brownfields, refurbished gentrified quarters)*

V. How has the priorities, goals, and tools of regional and urban development altered over the past three decades?

- *What documents were published, moreover, which directions did they delineate for regional or urban crisis management, regeneration then further dynamic development?*
- *What major changes have occurred in the area of regional development before and after the accession to the European Union?*
- *How did the lobbying activities of the examined settlements improved, in addition, what changes can be observed concerning the redistribution of EU financial funds?*
- *What are the specificities of different urban public policies?*

Methodology

The principal method of the PhD thesis is the *comparative study* based on inductive, problem-oriented examination of spatial, social, economic phenomena with the help of *reviewing international and Hungarian scientific literature, statistical data analysis, participatory observation and semi-structured long interviews*. I examined both similarities and differences, what is more, the specific features in historical confines, where Socialism was considered as a *historical perspective* so as to clarify and present the processes and modifications of urban development. In the course of my studies, I tried to apply the three-

tiered and complementary practices that characterize the research. I have deliberately combined the results from *literature review, qualitative and quantitative data collection and data analysis*, because I considered it logical to describe, explain and deduct *urban development* processes in detail. According to me *contextualization* is indispensable, so I have introduced all research findings in a broader *geographic, sociological, urbanistic, economic theoretical and policy frameworks*. As a sorting principle of scientific content, I chose the breaks, interruptions, nodes of urban development which determined and / or delineated the directions of urban renewal / decay. Concerning time frames my work is a *longitudinal research*, so I observed the same phenomena and processes over a long period of time (three decades). Besides two types of *sampling method* were used. On the one hand, *trend* and on the other hand *panel analysis*. The directions of my research are *dual*, because I have taken the “town” as an integral part of the former socialist and then post-socialist / new capitalist systems, and I also examined *Miskolc, Ózd and Kazincbarcika individually* observing their special features of spatial, social, economic and architectural patterns.

Research results

A recapitulation of the results of my PhD dissertation can be found in the followings:

Crucial findings of the theoretical chapter deals with *urban shrinkage* are based on the review of international and Hungarian literature. I focused on the *difficulties of interpretation* of the process, moreover, the *explanatory models* that have come into the topic. In addition, I took into account the *pioneering research* of shrinkage, especially the results of American and German Schools. I have presented the typical social, demographic and economic processes – highlighting the *duality of the city*. I have proved that *polarization* and *concentration* of urban spaces are parallel: some neighbourhoods are *homogeneous* from the inside, while they *differ* basically from each other. I have proved that urban shrinkage can be interpreted either a *failure development* or as an *alternative urbanization phenomenon*, in addition, these approaches are presented through the examples of the three chosen settlements. I took into consideration the *strategic urban development concepts*, international *good practices*, which reckon adaptable to the social and economic milieus of Northern Hungary. I was *critical* of the insistence of the Hungarian regional and urban planning and development profession because their *growth-oriented urban development paradigm*, which presumes shrinkage to be *abnormal*, a process that is different from general trends. As an explanation of this, I

emphasized the *lack of developer and urban planner practices* related to the phenomenon as a consequence of the lack of experience or resources available to optimize shrinkage. In my view, as long as there is no consensus on the *future of shrinking cities*, there will not be prospects for implementation into global urban policies – apart from some good practices created in local scales. Eventually, based on the theoretical research results, the extensive development under Socialism of Miskolc, Ózd and Kazincbarcika must rather be considered as *abnormal*, so in the last three decades there has been nothing but a *re-structuring of urban development processes*.

I provided an overview of the *demographic trends* and *social challenges* of the chosen towns. An analysis has been done on the social processes influencing the urban development paths in the long run, including the specific features of *selective migration, social residualization, demographic aging, population growth, fertility, and educational attainment*. In my work, I pointed out that both the *groups of different social status*, in parallel the *fragmentation of urban areas* became spectacular since the regime change. For a quarter of a century – with the exception of shorter convergence periods – the *(re)polarization* is constantly deepening, contributing to the *asymmetries of the social system*. In some parts of the towns, the emergence of *slums*, the development of *poor and blighted* neighbourhoods can be observed, while *gentrification* and even *elite segregation* occur elsewhere. Local societies are characterized by fragmentation, which lead to intensifying *intra- and inter-urban mobility*.

I have assigned those *global tendencies* that affect the segregation and also have effects in the chosen settlements: (1) *Depletion* of a significant part of the lower and lower middle class, moreover, the persistence of poverty. (2) Increase of *intra-urban inequalities*, so underdeveloped areas will be eroded, new segregated ghettos emerge, and the old ones will thrive. (3) *Accumulation of deep conflicts* between the majority of society and the Gypsy ethnic groups, which contributes to the strengthening of *physical and symbolic segregation* between high and low status social groups.

Within the frames of the description of *economic transformation*, I made a historical overview of *socialist industrial development* and the 20th century features of constructing *new industrial towns*. Subsequently, I introduced those particular *macroeconomic* and *political changes* that led to the crisis of former heavy industry. I ascertained that post-socialist governments pursued *neoclassical* and *neo-Keynesian* politics simultaneously with legitimizing the enforcement of market economy, though insisting on more decisive, but market-based, state inventions. I summarized the *evolution of the former heavy industrial*

plants of the chosen towns (LKM, ÓKÜ and BVK) from the period of state Socialism through Capitalism. The approach of the transformation of the regional and urban economies was two sides, on the one hand, from the *period of crisis management* and the years of *consolidation*. I highlighted how urban development paths – that were kind of parallel under Socialism – were diverged, how did Miskolc become a *dynamic pole of regional attraction*, what has Kazincbarcika achieved in order to *stabilize its development path*, lastly, how the urban transition of Ózd was ceased and how it became a *disadvantaged* settlement.

With the analysis of the crisis, it could have been pointed out that the most important factor to undermine regional economies was the *stubborn preference of heavy industry* for four decades. The evidences proved that the towns' economies were characterized by *mono-functional industrial structure*, extreme *spatial and sectoral concentration* and the permanent *decline in the production*. As a consequence, the perception of the region has deteriorated dramatically, leading to a still existing *stigma* in our time. I came up with the fact that all these problems did not start with the advent of market economy as this process only *brought conflicts to prevalence*. In my view, the economic structure of all three settlements remained *unilateral*, being a *risk factor* for a possible macroeconomic recession. Nevertheless, there has been no major changes concerning these issues, only the *relations and directions of dependency have been re-structured*. Due to the decline in the share of the urban industry, the cities are *no longer 'traditional' industrial towns*, despite their future roles, functions have not been determined so far. Based on the research results it may be confirmed that the negative effects of the crisis caused by the transformation in the first half of the 1990s have been partly *consolidated* during the second half of the decade. Parallel with the positive processes, the *fragmentation* of the economic and spatial structure has begun. The differences between the *dynamic poles* (e.g. Miskolc) and the *declining settlements* (e.g. Ózd) became sharper. During the first half of the 1990s, *polarizing effects of the crisis elements* seemed to be strong, while in the second half of the decade the *dynamic factors* gained ground. Regional differences have consolidated, consequently *developed urban areas* and expanded, *large-scale crisis zones* have characterized the spatial patterns.

I have presented three decades of *complex urban transformation* by introducing changes in *spatial structures* and *urban landscapes*. The *fragmentation* of post-socialist towns, the *eclecticism* of architecture and the *commercialization* of urban space are the outcomes of *postmodern urbanization*, where new urban layers have been superimposed on the former socialist spatial structure. With the examination of the above mentioned layers

more than half a century of *urban transformation* can be shown. I emphasized that once the unified structures of these settlements were fragmented then these pieces were drifted into different directions owing to social, economic and political changes of varying strength and depth. As a result, the period of post-socialist transition has appeared in *chaotic development patterns*. I showed why *polarization and fragmentation* of the urban space *intensified*, how much the *socialist urban heritage* influences the constructions of the capitalist period, moreover, introduced some adequate examples of the ‘expropriation’ of *cultural space*. I sought to concentrate on the transformation of the most important *urban structures* that defined urban landscapes. In the case of urban centres, I reviewed the *soft and hard-type urban rehabilitation* interventions, the *alteration* of residential buildings and soviet block of flats, suburbs, lastly, regenerated brownfields.

Due to its complex problems and the unprecedented crisis management interventions in the area, Borsod-Abaúj-Zemplén County was one of the *pioneers of Hungarian regional and urban development*. Its new approaches, strategies, concepts and operative plans were *unique* in the country, so they were used as *models for future integrated spatial and urban development* documents. In addition, from the new millennium, the investigated county got into the focus of regional development interest as an *adequate area for strengthening the economic diversification and reduce social polarization*. Based on the content analysis of crucial development documents, I have recapitulated the changes in terms of *priorities, goals and tools*. Five *principal foci* might be grouped during the previous quarter century: *economic restructuring / transformation, consolidation of social processes, development of infrastructure and improvement of regional accessibility, the protection of the natural environment, and finally, cultural and tourism developments*. However, I criticised that among the hierarchy of goals social segments are at the back.

As final consequences, different social, economic, natural and political factors intertwined and mutually reinforced the *cumulative crisis* that ended outstanding position gained under state Socialism and contributed to the ‘*hibernation*’ of the settlements in 1989. These towns were the most outstanding achievements of socialist era, which were ‘*amputated*’ and forced to build on the *ruins of state Socialism* after the regime change. All three cities were characterized by severe recession, from which they tried to exit at different times and with different speeds. After nearly half a century of state protection, within the confines of the new capitalist system, their vulnerability enhanced.

Miskolc could have left most of its crisis features in the early 2000s due to its status as a *seat of Northern Hungary*, moreover, owing to the *urban interventions* (e.g. it was granted as development pole in 2006) and to the overwhelming interest of foreign direct investments. Its economy is strongly *tertiary*, though performs well in the field of *research, development and innovation*. After the deindustrialization of the 1980s and 1990s, *re-industrialization* became a major phenomenon. The paths of urban development have been nearly *stabilized*, however, finding a particular path and accurate self-definition still remain a task for future. *Kazincbarcika* has started consolidating its economy since the second half of the 2000s, as well as the *mitigation of social conflicts*. The city's *image* has changed fundamentally due to *cultural investments*, however, its *mono-functional* character has not altered with a great extent. In the case of *Ózd*, apart from its preference in terms of socialist redistribution, the attempts of *economic regeneration* did not bring radical change. The city remained a *crisis settlement*, where the regime change was not finished, but *interrupted* instead.

Those towns could have *survived* during the new capitalist era successfully where the *economic activities maintained* and could *prosper* apart from international competitors, where the local economy was *diversified*, thus, the *vulnerability* to the global / regional economic changes in business has *declined*, besides the *functional complexity* of the city has also strengthened. Economic competition among cities, levels of economic performance and social vitality were those basic elements that shaped the urbanization of the post-socialist era, and determined which cities became *attractive* and who started off *decline*.

With my dissertation I tried to give contribution to the multidisciplinary discourse of urban development of *post-crisis towns*, in addition, to interpret and explain the processes leading to the decline of a region. Based on objective and subjective research methods, I presented both *positive changes* and *failures*, additionally the possibilities of *urban 'survival'* and future development. The roles have become uncertain at the beginning of the 1990s, besides this their *social foundations have ruptured*. In my view, the development and renewal of these settlements must be perceived, on the one hand as a *history of suffering*, on the other hand as a *real triumph*. The major result of my dissertation is the *redefinition* of their positions based on the processes of the last quarter of a century.

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