

Eötvös Loránd University
Faculty of Sciences
Doctoral School of Earth Sciences
Geography – Meteorology PhD Programme

**The effect of the norms on the socio-economic spatial
processes and the possibilities of the regional regulation in
Hungary**

Main findings of the PhD thesis

Author: Attila Csaba Kondor

Supervisor: Dr. Zoltán Kovács DSc

Head of the Doctoral School:
Dr. Gyula Gábris DSc

Head of the Geography-Meteorology PhD Programme:
Dr. József Nemes-Nagy DSc

Eötvös Loránd University
Faculty of Sciences
Institute of Geography and Geosciences
Centre of Geography
Department of Social and Economic Geography

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1. Introduction

State and other independent normative rules play an important role in the development of socio-economic spatial processes. During the 20th century, most countries set up an institutional structure to support regional development based on state regulation in order to reduce regional tensions emerging along with economic development (Bartke I. 1995). Regional legislation and regional development policies were widely successful as long as the government had partial or complete monopoly in the field of norm formulation. As a result of globalization, however, this monopoly has been challenged; it has become increasingly difficult to coordinate regional processes and the role of the state has changed in regional regulation.

In the past century, critical research in the field of law and geography paid an increasing attention to the spatial impact of certain norms and proved the existence of a relationship between the normative and spatial spheres. However, no in-depth analysis of the features of regional regulation and its role in regional development was carried out, even though the possibilities of norms created to formulate spatial processes are rather limited due to the appreciation of norm systems independent from the state and we have to face serious difficulties when trying to achieve our goals.

2. Objectives of the dissertation

Through the exploration of the relationship between spatiality and the normative sphere and the regional impact of state regulations, the dissertation attempts to address issues such as possibilities in regional regulation, the effectiveness of norms designed to facilitate regional development and the controllability of regional processes. The overall purpose of the paper is on the one hand to explore to what extent can norms, especially laws created by central state institution and local authorities, influence social and economic processes in a given region. On the other hand, it attempts to outline the possibilities of effective regional regulation within the framework of globalization.

We need to address a number of issues to reach the above objectives:

1. What sort of research directions and methodologies exist to examine the interaction between the geographical and normative (legal) sphere and in what ways have they changed in the past decades?
2. What are the main features of the normative (legal) world which has an impact on regional processes? How is it structured and how is it developing?

3. Can normative state regulation bring about relevant changes in the structure of space, and if yes, what is the importance of it?
4. What was the role of the creation of modern states and the consolidation of their institutional structure in the field of regional regulation, and in what ways is the effectiveness of legislation aimed at regional development changing these days as a result of global influences affecting the state and its legal system?
5. What were the opportunities, means and results of the normative control of socio-economic spatial processes in the history of Hungarian statehood, especially in the past decades?
6. What are the possibilities today for state run regional development policies and regional regulation?
7. How would it be possible to create the background required to facilitate the development of under-developed regions amid the complex socio-economic processes of today?
8. Which are the regions where comprehensive changes are required to make regional regulation more effective?

3. Preliminaries

Similarly to other interdisciplinary research, the literature used in the present dissertation is wide ranging. A number of classical scholars, such as Aristotle, Strabon, Montesquieu as Pascal, had already made an attempt to address the question of regulation and spatiality, but the in-depth analysis of the normative and spatial sphere began only at the beginning of the 20th century with the study of the geographical position of different legal systems and the impact of the law on geography (Blacksell, M. – Economides, K. – Watkins, C. 1986; Blomley, N. 2009; Grossfeld, B. 1984; Hajdú Z. 2001; Langhans-Ratzeburg, M. 1928; Whittlesey, D. 1935).

In the two decades following the Second World War, the study of the relationship between geography and the law became of secondary importance. Later, as a result of the increasing importance of critical geography, the law, sociological approaches and post-modern ideas, new critical geographical works were created regarding the normative sphere. By the beginning of the 1990s the main branch of *legal geography* had been developed, which is at the border of geography and law but belongs to the realm of geography and holds that along with legal regulation the normative sphere as a whole is inseparable from spatiality (Blomley, N. 2009; Chouinard, V. 1994).

Going beyond earlier deterministic definitions, *legal geography* is no longer the geography of the distribution of legal systems and it is not restricted to the study of the effects

of legal regulation. Rather, it holds that there is an interaction between norms and space (Butler, C. 2009). Research has revealed that normative systems are tied to space; the normative origins of social space; and significantly contributed to developments in the field of law and regulatory policies (Blomley, N. 1989, 1994; Blomley, N. – Delaney, D. – Ford, R. T. 2001; Butler, C. 2009; Clark, G. L. 1989; Delaney, D. 1998; Forest, B. 2000; Holder, J. – Harrison, C. 2003 etc.).

4. Methodology applied

The methodology applied in the present dissertation aims to arrive at new conclusions through an analysis of the literature published in the field and the evaluation of empirical experiences with the help of formal logic. Since research in the field required the study of a considerable amount of foreign literature, I spent nearly half a year doing research at the Geography Department of Simon Fraser University in Vancouver, Canada, where I had a chance to acquire a deeper understanding of the concept of *legal geography*.

The parts analysing the general laws of the normative sphere and regional processes are based on an analysis of the literature published in this field. The chapters on Hungary include case studies to illustrate the relationship between the development of normative regulatory systems and regional processes, which required data collection and the application of quantitative and cartographic methodology and the study of certain archives. In order to have a better understanding of ongoing processes, the inquiry was completed with interviews conducted with economic players and an analysis of these interviews.

5. Results

1. *The research has revealed that there is a dynamic relationship between normativity and spatiality.* It had been known earlier that some of the normative rules are completely independent from states, but the role of these rules in changes in spatial structures was believed to be unimportant. However, at least partly due to the influence of those involved in *legal geography*, it has become clear that normative systems independent from the law, such as trans-national norms between international economic players or the own rules of society, have a significant socio-spatial influence. Therefore, the relationship between normativity and spatiality is more complex than the examination of the spatial impacts of the law alone. There is a constant interaction between normative systems, such as the law, and space. Today, independent regulatory systems strengthened by socio-economic

processes outside of the scope of state legislation, such as globalization, are reorganizing the entire normative and regional sphere. Increasingly complex relationships are created between spatiality and regulation; therefore, there is a need for a novel, dynamic interpretation of normativity and spatiality. All that goes beyond the scope of a static, teleological approach to the relationship between law and space.

2. *Since the normative understanding of space is founded on the interrelation between spatiality and normativity, spatial processes can be traced back to a normative origin.* According to the above mentioned dynamic approach, space is interwoven by normative rules: legal and non-legal norms both appear in the normative sphere. Based on works produced in the field of *legal geography* as well as on my own research results we can state that space is structured by normative social relationships and normative actions between objects and people. Therefore, space is normative in nature. Different elements of space are governed by different rules, which determine spatial processes. According to the dynamic concept, spatial changes result from the functioning of normative systems. Naturally, normative actions are created not only by legal regulations, but by all the norms together, and new normative processes (actions) take place in a normative space created as a result of normative relations.
3. *Spatial processes are formed by all existing norms together, which means that the power of the state in regional regulation is rather limited.* The normative base of regional development is tied to legal structures created by the state and to regional regulation. Its development is based on the normative monopoly of the state, and as a result the state has a primary role in the formation of normative space. However, the normative means of regional development, regional regulation, can by no means be complete. Therefore, it can lead to dismal failure. We should take into consideration the role of norms independent from the state in the formation of space. Besides, political decisions may result in normative systems even in strongly centralized states which work against official development policies. It is particularly true in a global environment, for transnational processes have fundamentally changed the basic features of the normative regulatory function of the state and have strengthened the normative systems outside of the scope of state laws.
4. *In the age of globalization, the role and structure of the state changes; the scope of state level regulation also changes and legal pluralism becomes the norm in the normative sphere. As a result, regional differences are primarily related to the rules of independent transnational economic players and local socio-economic players.* In the past two decades,

increasing rates of globalization and international economic processes undermined the sovereignty of the state, and the monopoly of the legal system of the state has been questioned regarding the formation of regional processes (Axtmann, R. 2004; Hirst, P. – Thompson, G. 2002). As a result of globalization, the influence of the nation state is weakened for the benefit of levels above and below state level and local and global networks of socio-economic and power relations are created. A part of state level regulations are moved to the local and global level (Douglas, L. – Sarat, A. – Umphrey, M. M. 2003; Held, D. – McGrew, A. 1998; Swyngedouw, E. 1997). Globalization strengthens the role of locality and regional diversity; therefore, local inequalities and differences also remain. A legal pluralism is developing due to changes in state regulations and the strengthening of norm systems independent from the state (for example: transnational norms, *lex informatica* etc.), which results in an increasing differentiation on the local level. Globalization strengthens local level law-making and creates new governing forms and local normative networks, thereby significantly weakening the influence of the state.

5. *In Hungary, the age of normative pluralism was replaced by the primacy and legislative monopoly of the state after 1945, which provided a great opportunity for regional regulation. At the same time, however, regional processes, due to alternative regulatory systems, differed from the original regulation.* The aim of regulation carried out by the centralized totalitarian state was to promote equalization and regional levelling, which became mechanical, and due to economic necessities created other norm systems working according to a different socio-economic rational (for example: the regulation of local branches of the Hungarian Socialist Workers' Party and the regulation of companies). My studies regarding the development of Budapest have proved that these regulatory systems were effective mainly in areas where the state had little influence: On the regulatory and geographical peripheries, such as the under-utilized parts of the city, or in areas taken over from state regulation (for example: the premises of companies). Regional development in the communist era reveals that the normative monopoly of the state cannot be maintained in the long run and normative primacy becomes unsuccessful in the formation of regional processes due to the lack of a flexible institutional structure. It has also proved to be an illusion that regional interests can be integrated into the regulatory environment, for they are oppressed by other socio-economic interests.
6. *After the political transformation of the country, the nation state feature of regional regulation became weaker, and as a result of legal pluralism and institutional problems, regional development is facing serious challenges.* Hungarian law is becoming

internationalized and increasingly globalized due transnational norms. Examining the regional characteristics of insolvency, we can state that due to the existence of normative systems above the state, regional inequalities are changing and these changes are difficult to manage by employing classical legal means. All that is exacerbated by the fact that the success of Hungarian regional development is affected by setting the wrong goals and by the lack of innovative institutional systems. Disharmony between central and local regulation and the failure of local development projects also contribute to the lack of success in regional development and an increase in differences. My research in Soroksár proved that today, instead of integrating and involving the business sphere, the municipal system and local law-making processes keep away external players due to the bureaucracy involved. It should also be mentioned that the state is not using its instruments appropriately to deal with regional inequalities and economic development counters regional goals aiming at equalization.

7. *The development of under-developed regions and local economic development under global conditions is hardly possible without the creation of a network between state and municipal regulation and socio-economic norm systems, for in the lack of the above we are just wasting our resources.* Experiences gained from successful development projects (for example: Mátyás tér in Budapest) indicate that there is a need for collaboration between the public sphere, society and economic life. Big investment projects can easily fail as a result of conflicts arising from the separation of norm systems due to opposing spatial effects. Progress this field is full of challenges and it is a lengthy process requiring profound changes in regional regulation, which in return requires at least partial changes in prevalent legal approaches and a re-thinking of our entire regulation policy.
8. *Municipalities and the state should develop a new regional regulation strategy, which requires the transformation of the public administration system and our approach to law-making (Figure 1).* The state, besides the re-regulation of certain areas, may have a role in the control of transnational processes and the development of a regulatory framework with the help of *meta-regulation*. However, the development of under-developed regions is only possible through local initiatives, by developing, strengthening and coordinating local normative networks. Therefore, there is a need for the harmonization of local and regional developments, for successful regional regulation is only possible through collaboration among local level normative networks.

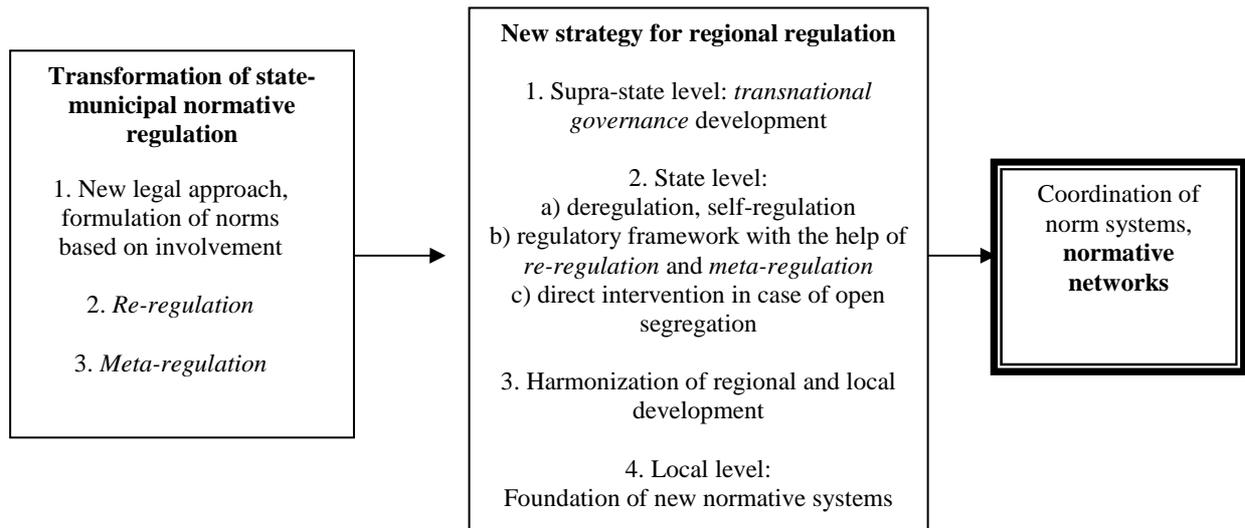


Figure 1. Conditions required for the reform of regional regulation
Source: own work

5. Final conclusions

The dissertation attempted to find an answer to what kind of forces shape regional processes in a global environment and what are the means with the help of which regional inequalities may be managed. The paper defines the formation of spatial processes as a result of the collective work of normative systems and reject a closed, positivist legal approach. Finally, it points out that state regulation as a whole should be fundamentally changed in order to place regional regulation on new foundations.

Based on research work summarized in the present paper, we can state that the centre of regional regulation should be on the local level. Instead of large scale regional convergence, we should aim at the development of under-developed districts, settlements and micro-regions through the creation of local normative regulatory networks and the strengthening of local *governance*. Within the framework of the legal pluralism born as a result of globalization, this is the only way to ensure the appropriate utilization of resources arriving to under-developed regions (not only regionally oriented support) and the commence of development processes. All that requires a change in closed legislation, the foundation of local regulation strategies based on involvement, and a revision of regional development policies. These are necessary steps resulting from fundamental changes in the normative sphere, the detailed development of which requires further research.

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