Pásztor Szabolcs  
University of Debrecen, Faculty of Economics and Business Administration,  
Department of World Economy and International Relations  

Special Border Development Issues in Central and Eastern Europe  

Summary  

This paper tries to approach the question of rural development from a quite different angle: from the possibility of cross-border co-operation between the Hungarian and Ukrainian micro-regions. The importance of this question is gaining grounds because of Hungary’s accession to the EU and the Schengen zone. After unveiling the development and co-operation possibilities of three micro-regions, it tries to outline a series of potential development opportunities. The paper argues that prior rural development is needed to catalyse any cross-border relations.  

keywords: Schengen zone, cross-border regions, development possibilities  

Introduction  

Due to the Treaty of Trianon Hungary lost two-thirds of its territory and almost 60% of its population. The new borders in eastern Hungary were assigned by the victorious nations. The new boundaries were set up according to the railway line connecting larger market-towns between Kosice (Slovakia) in the north and Subotica (Serbia and Montenegro) in the south. In this way many territories populated entirely by Hungarians found themselves on the other side of the border. The new boundaries separated regions that had only recently begun to be developed, and alongside the eastern borders many small regions lost their centre (Baranyi 2008).  

In the Communist era the role of the cross-border cooperations was swept under the carpet, moreover the borders fulfilled the function of segregation and defence (Ratzel 1892). Following Ratti’s description of boundary divisions (Ratti 1993), it is widely known that the role of segregation prevailed since the segregating and shutting factors were dominant. Moreover, the economical punitive effects were also palpable. Martinez defines four interactions in the cross-border regions and the lowest level is the closed border regions (Martinez 1994). The phenomenon was peculiar to countries in the Soviet bloc be-
cause the free and unlimited flow of capital, labour, goods and technology was deliberately blocked. The development policy in the eastern part of Hungary was marginalized so over the decades the cross-border regions alongside the Hungarian-Ukrainian and the Hungarian-Romanian border shifted towards the “periphery of the periphery” (Tóth 1988). However, there was regional co-operation after the political changes of 1989. One of the most important examples of this has been the Carpathian Euroregion which was signed in Debrecen in 1993. This Euroregion was made by the cross-border regions of Poland, Hungary, Romania, Slovakia and Ukraine. Many authors (Baranyi 2008; Dancs 2001; Süli-Zakar 2001) argue that the Carpathian Euroregion has fulfilled its historical mission without bringing any step forward [Niejasne]. In consideration of the new challenges of the European integration, the significance of any question concerning the cross-border interactions and the development possibilities of cross-border regions has been gaining grounds particularly in those micro-regions where due to the Eastern enlargement certain border lines became the outer borders of the European Union (EU) and now belong to the Schengen zone (Baranyi; 2008).

As a result of Hungary’s accession to the European Union, the Hungarian-Romanian, the Hungarian-Ukrainian, the Hungarian-Serbian and the Hungarian-Croatian borders became the outer borders of the EU. The significance of the Schengen zone in Hungary is important because out of the 2 242 km of border lines, almost half belongs to the Schengen zone and our country has seven neighbouring countries. The Hungarian-Romanian border is 448 km, the Hungarian-Ukrainian is 137 km, the Hungarian-Serbian is 174 km and the Hungarian-Croatian is 345 km long. Consequently, Hungary is often mentioned as a “borderline country” (Hajdú 2000). Academic papers dealing with the questions of cross-border relations appeared before the years of the political changes and they tried to reveal the possibilities of co-operation between the segregated region initiatives. As I have already mentioned, during the Communist times cross-border co-operation were meagre and among the reasons we could find mainly ideological ones. Many researchers describe the features and the process of the build-up of those connections (Baranyi 1999; Süli-Zakar 2001; Tóth 1988). I have to point out that the connections were always loose and they depended on the situation of the two countries. With the transformation of our country many researchers began focusing on border studies. Among Hungarian researchers I would like to highlight those who, using descriptive and/or empirical methods, analyse the possibilities of cross-border co-operations and recently contributed to the growing number of books dealing with this question: Baranyi, Berényi, Enyedi, Erdősi, Éger, Fodor, Golobics, Hajdú, Horváth, Illés, Kocsis, Kovács,
Lengyel, Majdán, Mészáros, Nemes, Pál, Rechnitzer, Ruttkay, Süli-Zakar, Tóth etc. The possibilities of Hungarian-Ukrainian cross-border relations are studied by a small research team in Debrecen which belongs to the Hungarian Scientific Academy (MTA) and led by Bela Baranyi. In the last few years they published their results in a number of books. Just to mention the most important ones: Közelítések (2005), A határmentiség kérdőjelei az Északkelet- Alföldön (2001), A határmentiség dimenziói Magyarországon (2007), Magyar-ukrán határrégió (2008), A határmentiség dimenziói (2004), Az Európai Unió külső határán (2005) etc. The researchers study the rural development possibilities using questionnaires and methods of applied statistics like factor and cluster analysis and they approach it from historical angles mainly on the Hungarian side of the state border. According to the research cross-border co-operation are maddeningly slack mostly because of the unwillingness of the neighbouring countries, which try to distance themselves from co-operation on ideological grounds. Co-operation is also made difficult by the fact that on both sides of the border very rural and peripheral regions can be found (Baranyi 2007).

And if I would like to shortlist the most important foreign researchers of the border studies I face the fact that those researchers are years or decades ahead of the Hungarian researchers: Ancel, Anderson, Aschauer, Clement, Hansen, Martinez, Paasi, Perkmann, Prescott, Ratti, Ratzel, Scott just to mention some of them.

In this study I would like to extend the time scope of the previous studies. Using the latest statistical data with the help of the methods of applied statistics, taking the three small regions of the Hungarian-Ukraine border as a whole, I try to highlight the results of the political changes and the cross-border co-operation to date. I also would like to focus on the further development possibilities. Furthermore, my aim with this study is to give a comprehensive overview of the above mentioned border-line after the new millennium.

**Materials and Methods**

When studying the bibliography of Hungarian-Ukrainian and Hungarian-Romanian border co-operation we can see that the bulk of the research work is merely confined to questionnaires and the role of statistical analysis describing economic and social status is not significant. The only example is that factor and cluster analysis which describes the North-Eastern Great Plain region (Csordás 2001). The studies so far are confined almost entirely
to the Hungarian side of the border since in the neighbouring countries – mainly Ukraine - the access to the statistical data is very limited and the opportunity for comparability is not always provided. It would be a giant step forward when studying the eastern borders to carry out a comprehensive analysis on both sides of the border. This paper aims to extend the number of statistical analyses and is based on wide data collection. I collected the data in question from the KSH (Hungarian Central Statistical Office) in Debrecen. The most important economic and social indicators illustrate the 2008 status and cover the period of 2000-2008. With the help of the data obtained I try to perform simple analyses such as arithmetical mean, scatter, linear trend analysis based on the least squares method. I try to include the most comprehensive, most descriptive indicators in the paper – owing to the lack of data - just on the Hungarian side of the border. After highlighting the most important economic and social attributes I intend to focus on the possibilities of cross-border co-operations in the micro-regions studied.

The Cross-border Regions Studied

The North-Eastern Great Plain

The North-Eastern Great Plain consists of three counties (Hajdú-Bihar, Szabolcs-Szatmár-Bereg, Jász-Nagykun-Szolnok) and does not belong to the densely populated regions of Hungary, its population density is 85 people/km² according to the data of 2001, which is lower than the national average (104.9 people/km²). Its population is 1 million 514 thousand according to the latest data, which represents 15.3% of the Hungarian population. The region lies in the northeast part of Hungary and its centre is Debrecen. It borders Ukraine, Romania and there is a very small borderline with Slovakia. Its territory is 17,729 km² which gives 19.1% of the Hungarian territory (Fig. 1). 10.1% of the gross national product (GDP) is produced in this region. The GDP per capita is just 66.3% of the national average so the region is one of the poorest in Hungary. The proportion of rural areas is high, the endowment for agriculture is hard thus slowing down the economic development of the region. The inner and outer peripheral areas are extended and there are no economic, social and cultural traditions of regional co-operation. This region is the most urbanised in Hungary where 13.4% of the settlements are urban, while the national average is 7.6%. 64% of the population lives in towns (Nagy 2005).
Transcarpathia

Transcarpathia county lies on the Ukrainian side of the Hungarian-Ukrainian border and in the southwest part of Ukraine. Its territory includes the southern slopes of the Ukrainian Mountains and the minor part of the Great Hungarian Plain. Transcarpathia borders in the northeast with Lvov and Ivano-Frankovszk counties, in the south with Romania and Hungary, in the west with Slovakia and Poland. Transcarpathia as an administrative unit bears the name of Zakarpatszkaja oblaszty, which consists of 13 smaller regions. Transcarpathia is not considered to be a separate geographical formation. Transcarpathia, after several changes in its territorial affiliations, is part of Ukraine, which gained its independence in 1991. Its area is 12,800 km², which represents 2.12% of Ukraine. Its population is 1 million 248 thousand people, 2.63% of the whole population. According to data of the Ukrainian census in 2001, 12.1% of the population of Transcarpathia belongs to the Hungarian minority which accounts to almost 151.5 thousand people. The proportion of the population living in towns is 37.0% while this number in Ukraine reaches 67.5%. Ten town, thirteen smaller regions, twenty village and 579 non-classified settlements can be found (Baranyi 2008). The ethnic particularity of the Hungarian-Ukrainian cross-border region is that on the Ukrainian side of the border a significant Hungarian minority live in large ethnic groups mainly alongside the border. The
The number of the Hungarian minority is steadily decreasing. This region has been characterised by massive migration since 1980. The role of underproductive agriculture is dominant and the direct foreign investments are extremely rare. The reasons for this are the very low standard of infrastructure, the large number of unskilled workers and the prevalent corruption etc. For the large number of the unemployed, only the agricultural seasonal jobs can create an income-supplementing possibility on the other side of the state border in illegal forms (Sallai 2003). Unfortunately, we do not have information about Transcarpathia’s share in the GDP of Ukraine, and its GDP per capita, since such data measurement is in use just in the EU member states.

The Small Regions of the Hungarian-Ukrainian Border

In the North-Eastern Great Plain Region just three micro-regions border with Ukraine. Namely, Fehergyarmat, Zahony, and Vasarosnameny. They are all in Szabolcs-Szatmar-Bereg county. These areas are among the most impoverished micro-regions in Hungary. The Hungarian-Ukrainian border is 136.7 km long and the bulk is given by the River Tisza and its tributaries. The location of the above mentioned territory can be seen in (Fig. 2):

![Map of the small regions of the Hungarian-Ukrainian border](source:www.mzsk.hu)
As we can see, the territory of the small regions is small, merely 1,416 km² and the Fehergyarmat Small region has an area of 703 km², the Vasarosnameny one of 567 km² and the Zahony Small region one of 146 km². This area is just 8% of the regional territory. Taking into consideration the population of the Fehergyarmat micro-region, it has 38,258 people, the Vasarosnameny micro-region has 30,613 and the Zahony micro-region has 19,997 citizens which represents no more than 5.87% of the population of the region. A massive population decrease is typical for the three small regions (Fig. 3). If I take into consideration the period of 2000-2008 then an average population fall of 5.2% can be seen, which is significant because this number in the North-Eastern Great Plain Region is just 2.9% (Fig. 3). To have a better look at the trend we can apply linear trend functions to the data of the population between 2000 and 2008:

\[
\begin{align*}
\hat{y}_F &= 39,649.63 - 153.77x_i \\
\hat{y}_V &= 31,919.5 - 139.55x_i \\
\hat{y}_Z &= 20,610 - 73.27x_i
\end{align*}
\]

(1) (2) (3)

After I found that the largest average population in the Fehergyarmat micro-region (1) – as it was anticipated. The most significant population decrease was registered here, since according to the slope of the trend function, it is more than 300 people every year. The population fall in the other two small regions is more moderate but still significant - almost 150 and 280 people a year (2), (3). I checked the relative error of function set in every case and I found it perfect when I compared them to strictly theoretical criteria. I could get a more precise picture if I took the migration difference into consideration which represent an average of -8.13% between 2000 and 2008 compared to the regional -2.8% value. Among the reasons the lack of employment possibilities, fear for the future, an extremely low standard of infrastructure and the very meagre level of foreign direct investments are the most important. The studied small regions are not able to retain the qualified workforce so the employment of foreign teachers, doctors, engineers is gaining a new meaning. They come from the neighbouring countries, so in this way they contribute to cross-border co-operations. The demographic structure is deteriorating in the cross-border regions since the proportion of the population over 60 or so is 17.7% and slowly but steadily increasing. This cannot be wrong because the national average is 21.3% but we get this low number because of the positive balance of birth rate of the Roma population. Bearing in mind current tendencies, as a result of underdevelopment,
the Roma population will not be able to become integrated into the labour market and contribute to the pension funds (Szarvák 2001).

The population density in these micro-regions remains well below the national average, since it is 81.7 people/km². In addition, the real picture is skewed as a result of the data of Zahony micro-region (137 people/km²).

If I analyse the settlement structure it is unambiguous that the three small regions have just 4 towns out of the 87 settlements. Such tiny villages are typical of the area and only the centres of the micro-regions, Vasarosnameny and Fehergyarmat, have more than 5,000 inhabitants.

Analysing the economic situation, my first point is that this area is very impoverished and rural in every aspect. The unemployment rate is very significant (18.4%) and comparing it with the regional (11.0%) and the national (6.7%) average I could state that this area is one of the most unemployment stricken in Hungary (Fig. 3).

Local unemployment is extremely high (15.7%), which is higher than the regional (11%) and the national average (9.0%). Taking into consideration the number of taxpayers per 1,000 people, I have to argue that the average of 320 people is more unfavourable than the regional one of 390 and the national one of 442. After examining taxable income, it is clear that the Zahony Small region is odd because the average taxable income per person is 1,616,996 HUF which is more than in case of Fehérgyarmat (1,264,923 HUF) and in case of Vásárosnamény (1,358,457 HUF). The reason for this is the switching disc role of Zahony because the centre is the biggest transfer station between the different European and the Russian railway lines. In the Communist era a large number of workers worked here but their number dropped due to the transformation crisis. Today many workers work in the town where foreign companies are also present. Consequently, it should not come as a surprise when we acknowledge that the taxable income per capita exceeds both the county (1,448,016 HUF) and the regional average (1,501,388 HUF). It is not surprising that some researchers think that this small region is more competitive and not so impoverished than the other two. But in my opinion one indicator is not enough to make a balanced judgement. Taken into account the number of registered companies, I have to claim that they are mostly agricultural or operating in the service sector. Their numbers have been increasing very slowly. In the Fehergyarmat, Vasarosnameny and Zahonyi micro-regions there were respectively 2,584, 2,299, 1,465 companies according to the KSH data in 2008 (Fig. 3).
Analysing the number of companies I can draw the conclusion that an extremely low entrepreneurial spirit is typical of the area. Using the exact data I set linear trend functions and it turned out that the majority of companies have been in the Fehergyarmat micro-region. This is not surprising since this is the most populated small region out of the three. The growth rate of the companies was the highest in this small region with more than 60 a year (4). The pace in Vasarosnameny was 55 (5) and 24 in Zahony (6). The set linear trend functions were the following:

\[
\hat{y}_F = 2,340.38 + 30.23 x_i \quad (4)
\]
\[
\hat{y}_V = 1,979.125 + 27.79 x_i \quad (5)
\]
\[
\hat{y}_Z = 1,355.625 - 12.23 x_i \quad (6)
\]

I checked the relative errors of the set functions and I found them to be correct so they could be used for describing certain trends. I have to add that the competitiveness of new and settling companies is adversely affected by the fact that their distance from the county centre is quite long and the number of low textured areas are high. Commuting to the centre takes more hours and the settlements are connected to the main communication roads with sacklines deads ends (Dancs 2001).

There are certain areas where it is only possible to commute by car, which the majority cannot afford to do. This means that many people cannot arrive at the beginning of the day shift. In addition, the standard of the current roads and railway lines is deteriorating and there is no financial source for maintenance and renewal.
Comparing the indicators analysed with other small regions of the county same trends can be outlined. However the amplitude of negative trends is higher in the cross-border regions. The three micro-regions form a homogeneous area if social, economic and other factors are taken into consideration (Pásztor 2008). Sources of income are not always clear and both legal and illegal trade is common not to mention fuel and tobacco smuggling. Without jobs the residents try to supplement their incomes using the price gap between the Hungarian and Ukrainian products. The nearness of the border allows temporary and uncertain employment possibilities, which is burdened by the permeability of the borders and small-scale smuggling.

The Character of Cross-border Co-operations after the Millennium

Since the second part of the 80s new political winds had been blowing in Central and East Europe. The spectacular collapse of Communism gave a new impetus for the development possibilities of cross-border co-operations radically changing the type of relations in the studied small regions. The conditions of border-crossing were simplified, new crossing points were assigned and the small border-crossing was launched. Consequently, the case of cross-border co-operations got a new impetus but mainly the people’s relations started developing (Baranyi 2008).

Another milestone was Hungary’s accession to the European Union, which gave the following advantages in the relations: mending economic, social and integration relations alongside the inner EU borders, better chances of resources for development of cross-border regions (like Interreg, TACIS etc.) greater opportunities for cross-border movement, a positive political atmosphere due to changes in the internal affairs of Ukraine. But I have to mention some drawbacks as well: the introduction of Schengen rule (increased smuggling and a deterioration in Hungarian-Hungarian relations). The peripheral status, the presence of economic problems is still a major issue on both sides of the borders. In addition, cultural and ethnic problems can occur as well. Other, new problems are also peculiar to the area: illegal trade, legal and illegal migration, delinquency. There have been two (in 1998 and 2002) comprehensive empirical studies analysing the character of cross-border co-operation alongside the eastern borders of Hungary (Baranyi 2004, 2007). According to the results of questionnaires, two-thirds of the settlements have one or more partner settlements mainly in the bordering country where the Hungarian minority is significant (Baranyi 2007). And if we analyse the changes in the
border-crossings, we could see that their number increased after the political changes and reached its peak in 1995. Due to the Russian financial crisis in 1998 it nosedived in the second part of the decade and since then we have experienced a slow but steady rise (Sallai 2003). There have not been any dramatic changes in foreign relations but we could see a slight shift in case of trade and economic activity and a degree of co-operation became more intense because the frequency referred to in the surveys has increased (Fig. 4).

Fig. 4. The character of cross-border relations in the North-Eastern Great Plain
Source: Baranyi, 2008.

With regard to cross-border relations it is evident that they are developing very haltingly and they depend on the willingness of the other states. Rural and impoverished areas can be found on both sides of the borders and so the efficiency of cross-border co-operation will remain low.

**Development Possibilities of the Cross-border Co-operations**

It is almost an impossible task to assign the centre of gravity of the development policy in the part of Hungary described here, and in the western part of Ukraine. Partly because, alongside the 137 km long border the peripheral situation and cross-border character is obvious. However, a cross-border status of a certain region does not necessarily mean peripheral status but the coincidence between the two classifications is without doubt present in the area mentioned. The cross-border status in this area – due to the Treaty
of Trianon – results in underdevelopment partly because of this peripheral and therefore disadvantageous situation. Unfortunately, this situation has continued due to the dividing role of the borders. Despite the political changes there were no radical changes. The EU accession of Hungary led to new problems as well because the Hungarian-Ukrainian border became the outer border of the EU. So the segregating role of the borders in case of Ukraine could be stronger in the long run and in this way it can aggravate both interethnic and economic relations.

The Carpathian Euroregion organised according to the western models has been weighed in the balance and found wanting. This multinational and transnational organisation, like other Euroregions, was scheme that had not been properly thought through. It has not been easy to integrate a West-European model to such a system where adequate economic, political and social conditions were not available. So in this situation the Carpathian Euroregion has not been able to show significant results and operate efficiently. Smaller, two or three-sided interregional organisations are taking shape within the confines of the Carpathian Euroregion. This huge region is slowly reaching its end and it now has a purely symbolic role. I have to point out that different interregional organisations have their problems as well, but give a good example of cross-border co-operation in the case of reducing the development differences of the regions. After Hungary’s accession, the compensatory effects make the integration of peripheral areas possible. The interregional organisations due to the cross-border co-operations could catalyse the attainment of EU financial sources and their more efficient utilization. To this, the analysis and utilization of the western examples are indispensable. The most important question is whether the residents living alongside the borders can respond positively to the new possibilities offered by increased EU funds, and how they deal with historic and ethnic problems. If they can seize the opportunity then these regions will have an excellent chance to leave their past-rooted problems behind and, using their cross-border opportunities, could be able to break out of their detrimental situation. Furthermore, the Hungarian-Ukrainian border region has the potential to strengthen the role of the border as a bridge leading to the reunification of broken spatial units and functions. And finally there is the possibility of creating a transnational economic macro-region in the Carpathian Basin. This opportunity cannot be underestimated in Ukraine because the path towards the EU leads through Hungary and the co-operation of cross-border regions.
Results

After the performed analysis I have to state that the cross-border regions of the Hungarian-Ukrainian border are in an unfavourable position and the negative tendencies peculiar to this part of Hungary are multiplied. I also have to argue that the above mentioned borderline is the most sensitive area of the Hungarian development policy. Negative trends such as decreasing population, worsening demographic structure, the uncompetitive role of agriculture and the underdeveloped service sector, massive migration of the qualified workforce, a high unemployment rate, low entrepreneurial spirit, exceptionally weak capital attracting capability, an extremely low standard of infrastructure, lack of perspectives stemming from the peripheral situation, significantly limit the possibility of any cross-border co-operation.

These factors lead to the conclusion that the Hungarian-Ukrainian cross-border regions are among the most impoverished micro-regions. Attaining the desired development requires a rate of development significantly higher than the national average. In the light of the tendencies described in this article we can see that there is no real impetus for such development, and so it will not be realised for some time. Cross-border co-operation requires clear desire on the part of regions on both sides of the border, with a qualified workforce and a strong entrepreneurial spirit. This paper argues that we have to expect the further marginalisation of the three micro-regions, and that this tendency completely undermines any initiatives for co-operation.

Discussion

The development of cross-border regions would be primary task by the government and the EU because active cross border co-operation can only take place if there is sufficient human capital and developed infrastructure. We can find several examples in Western Europe. To boost cross-border co-operation it is vital to improve the level of development and economic integrity of the given micro-regions; otherwise every real and potential co-operation initiative will remain stillborn. A significant shift in the way of thinking would be also needed on the other side of the borders because the Hungarian approach is almost always accepted as a revisionist intention and as a result co-operation faces an insurmountable obstacle. The permeability of the borders is worse than it would be necessary due to the Schengen rules. Moreover, many point to negative attitude of the Ukrainian and Romanian partners and unjustifiably long waiting hours in crossing borders. Unfor-
tunately, a recognition of the benefits of an intensified and cross-border co-operation which will lead to a greater level of economic integrity is still needed by both sides.

References

Baranyi B. (1999), A „periféria perifériáján”– a határmentiség kérdőjelei egy vizsgálat tükrében az Északkelet Alföldön, „Tér és Társadalom”, Budapest


Nagy J. (1995), The role of the University of Debrecen and agricultural higher education in the development of the North Great Plain region and the cross-border relations, MTA Regionális Kutatások Központja. Debrecen.


