



Observatory PASCAL

Place Management, Social Capital and Learning Regions

PURE Regional Visit Report (RVR1)

SOUTH TRANSDANUBIA, HUNGARY

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Preamble

The visit of the Consultative Development Group (CDG) to the South Transdanubia Region of Hungary was the last of the 14 visits to take place before the Pascal PURE International Workshop in Vancouver on 21 May 2009. The host Link Person, Balazs Nemeth, planned the visit so as to minimise the time taken in travelling around the region. He invited a range of university members, and representatives of the different relevant stakeholder interests, to meet the CDG and discuss issues of development and engagement. These took place in a series of rolling conversations over two full days in the University of Pécs, and on the third day at Kaposvar University.

Not all those invited were able to attend; in particular it was unfortunate that Mr Zoltan Loboda from the Ministry of Education and Culture could not attend, although the national perspective was well explained by Dr Gabor Halasz. The range of people whom the CDG met was stimulating and impressive. The third day, spent at the smaller and younger University, provided a helpful comparative perspective from the other university in the region, as well as from outside Pécs, the main regional centre.

The CDG was also provided with a wealth of published material about the national system and about the Region, especially its planning processes and purposes. It seems that the Region's participation in PURE is timely, given the challenges facing Hungary and the region. Given the history of the past twenty years, and the longer history of Hungary, it also provides a challenging comparison with other PURE regions having different histories and current circumstances. The CDG is very grateful to Dr Nemeth for his generous hospitality, and for his tireless efforts in preparing for and facilitating the visit.

The Region and its Essential Characteristics

South Transdanubia is one of the seven regions of Hungary, with a population approaching one million in a national population of ten million. It is one of the poorer regions on a range of economic indicators, and peripheral in the sense of being on the southern border of the country adjoining Croatia and Serbia and so the Balkans, an area of recent conflict and division, in contrast to the North and West. Transport is slow and difficult by European standards, with often poor roads and very limited rail and other public transport infrastructure. This is where Hungary, with its still recent accession to the European Union, and its earlier aspiration to separate from the Soviet bloc countries, has tended to face.

EU funding plays a major part in the infrastructure and economic development of Hungary, to the point where the CDG felt that EU structural and other funds largely determined the strategic direction of development. The Regional Profile and the very thorough Regional Briefing Paper on the Pascal PURE website together with the sources referred to there provide a detailed picture of the economic and social profile and aspirations of the Region.

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The Hungarian regions are planning (or statistical) but not administrative entities. Regional Development Councils (RDCs) for each region produce regional development plans and there is much emphasis on innovation and regional information systems. Created by government decree like the other the RDCs, the South Transdanubia RDC has 19 voting members including the two universities in the Region, Pécs and Kaposvar, and the mayors and presidents of the Region's three counties that make up the Region, Baranya, Somogy and Tolna. These are the next level of administration below the national. Below these are 25 'micro-regions' or districts: clusters of from 15 to 25 villages, or city wards, each with its own mayor.

Three quarters of the Region's 600 settlements are what are translated as 'micro-villages', half of them with less than 500 people – 70% of the villages of Baranya, 28% in Tolna and 46% in Somogy. The economic basis and future of these rural communities, some with significant Roma populations, is problematic.

On the other hand the county centres of Kaposvar, Pécs and Szekszard do serve as regional centres. They are growing and suburbanising. Each has a university facility: Pécs dates back to the 14th century and has the largest student enrolment in the country. Kaposvar is much smaller and newer, with a student enrolment around 4,000, based in its great strength in animal science and related agricultural disciplines, while Szekszard has a university presence but not a separate university. The city of Pécs, with a population around 160,000, is by far the largest. A natural regional centre with a long history and cultural heritage, Pécs will be a European Capital of Culture City in 2010. The CDG gained the impression while visiting Kaposvar that Pécs is seen and accepted as a natural regional centre and leader rather than resented for its assets. The Capital of Culture year is prospectively of benefit to the whole Region, and not only to Pécs itself.

Hopes and Obstacles for the Region and its Universities

The CDG came to realise that understanding the character and development potential of this, and perhaps any other, Hungarian region required awareness of its political history and legacy. Despite its peripheral status and economic challenges, the City of Pécs and the Region appear to be vigorous and buoyant in terms of potential and aspirations. There is a wealth of strategic planning and equally impressive data collection and analysis as a basis for planning. Indeed the CDG was at times almost bemused by the quantity of planning endeavour and its connectivity. Much of this may be driven by EU funding requirements, as is much of the innovation process to and from national to regional levels.

The vigour and buoyancy of the Region is reflected in enthusiasm for the prospect of the 2010 Capital of Culture investment and celebrations. This is seen as an opportunity to take the Region forward as a sustainable investment that will continue to yield benefit well after 2010. The vigour was expressed in the creativity and exuberance of a remarkable concert which the CDG was privileged to attend, in the great hall of the Medical School. The team was also struck by the productive richness of the countryside, and the scenic beauty of many parts.

On the other hand, the CDG frequently encountered a spirit of disappointed pessimism about the country's and the Region's prospects: about for example the missed opportunity to do more than the 2010 Capital of Culture Year might prove to be; and about the intransigence of the obstacles to faster economic development and barriers to innovation. Hungary suffered a severe economic crisis (reflected for instance in a massive weakening of its currency) two or three years before the more recent global fiscal/economic crisis occurred, and has suffered political as well as social and economic difficulties for this longer period. Behind this however the CDG sensed what has been shown also in opinion surveys: relative lack of confidence in the future, and a low level of the trust which is a basis for successful partnership, and behind that of strong social capital.



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It is a matter of speculation as to the causes of this national mood, and how serious an obstacle it may be to regional development and especially to the full engagement of the universities with the Region. Without a reasonable level of optimism and trust, collaborative planning for the future is very hard. The same applies to relations between the central government and the Region and its localities. The counties became a locus of socio-political energy in the pre-1990 period away from the capital, Budapest, but central political and administrative control still now appears strong, as it has been through much of Hungary's 20th century and earlier history. A result is procedural delays between the necessary central approvals for many kinds of local/ regional development, such that innovation systems operate in a cumbersome way. We refer further to innovation and to political/administrative constraints below.

Generally however, there appears to be a broadly shared sense of purpose and direction in the Region as to a desirable future, and much effort to collaborate. An experienced independent observer well placed to make the judgement considers the University of Pécs and the region to be a national leader in such terms. The CDG found many examples of purposeful collaboration between different parts of the two universities and various public, private the third sector partners in the region.

Given the governance and management arrangements for higher education, it was less clear how far the Rector, especially of the big and ancient University of Pécs, was able to speak and act strongly for the University as a whole. The energy and initiative lies rather with the 10 Faculties. This is not surprising, given that they were only brought together in their present form in 2000, and that most were strong and well established. The much smaller and less obviously secure Kaposvar University appears to be more strongly connected with the local County and the Region as an entity, with more examples at least of plans for inter-faculty collaborative programmes. This too may not be surprising, given the greater vulnerability of a small institution at a time of falling age cohorts coming through the school system, and talk of national rationalisations in the higher education (HE) system. We say more about university governance below.

The language of university 'third mission' and engagement is apparently not widely known and used. However universities and other regional stakeholders are well aware of the issues involved, and of the significance of higher education to the Region: in terms of its innovation and R&D aspects; and in the education, updating and retention of its young people (or human resources) as old mining and industry are replaced by new more knowledge-based activities. The sense of direction seems clear and widely shared, even if the route to travel and the way to overcome obstacles present more difficulties. On the positive side, the CDG met a wide range of 'community' partners, 'social' as well as economic, private and non-governmental as well as from local and regional planning authorities. The view is widely held that both universities are very open to and active in engaging with and working for the future of the Region.

Finally, it is important to add that, as in other big and old universities, the tension between 'pure' academic research with an eye to publication and career advancement is familiar and squarely acknowledged. Those whom we met appear able to live with this tension and put significant time and effort into applied research and dissemination that advances community/regional interests ahead of academic careers. Moreover, *in Hungary the term 'regional' applied to a university signifies high status and stature*, rather than connoting the low status which it carries in many countries. Thus what proves a major obstacle to engagement in many countries is largely absent here.



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The Main Findings of the CDG

Different Areas of Regional Development

Building on the experience of the OECD study *Supporting the Contribution of HEIs to Regional Development*, the PURE project sought to examine the balance struck in different places between strictly economic and wider social development. This includes health and social welfare dimensions, culture and creative industries, the quality of civic life and citizenship, including issues of inclusion and alienation, environmental considerations, and sustainability in ecological and governance senses. These 'quality of life' matters are important in themselves; their neglect may undermine the economic development on which most national and regional planning focuses.

All in all, the CDG found a favourable climate for engagement between higher education and its region, with many examples of useful collaboration – usually 'local' in the sense of involving different individuals, groups and small parts of the institution rather than the whole University, especially with the very large and prestigious ancient University of Pecs. We were told on good authority that whereas the Region was at the lower end of Hungary's seven regions on the usual economic indicators, it was a leader in terms of HE engagement. We were also impressed by the seriousness of purpose of those whom we met from the many different stakeholder interests, private, public, third sector and education itself.

It is impossible in this brief report to do justice to the range and diversity of examples, or to document fully the strategic planning and consultation processes involved. As is often the case, weakness tends to lie less in the planning than in the capacity to put plans into practice. None the less, and only in part because of the requirements of the European Union in order to draw down funds, the CDG was impressed by the wealth of comparative statistical and other material that the Region (and no doubt Hungary in general) assembles and draws on for planning purposes. There is a good basis here for more purposeful and systematic engagement whereby the universities as storehouses and knowledge and engines of development can assist the Region through a very difficult time of transition - from an old rather dirty industrial and mining economy to whatever the future holds.

The optimistically purposeful Kaposvar University strap-line, *Shape your future*, might well be put to serve the Region as a whole. For the University of Pecs in particular, the CDG was much impressed by the clear vision set out by Peter Dobay former Vice-Rector, and presented as *Regional Universities: a Diploma-Mill or a Global Research Center?* Its proposal for a 'Regional strategy with global focus' avoids the temptation to try to be top of a monolithic research-driven world league table. It could be used to help the University clarify its Third Mission, and serve almost as a manifesto for PURE's engaged universities globally.

The Consultative Development Group chose to concentrate on just three aspects of what it found: *Economics and Innovation; Civic Dimensions, Citizenship and Culture; and Critical National Policy Issues and Issues of Governance*. These are covered in turn below.

Economics and Innovation

Economics is not only a matter of money. It is also a question of societal design and construction at a more social, cultural and political level. In the conflicts between our goals for the future and the available means to achieve them in a civilized context we have to *articulate* ourselves and *understand* each other – and here we have no use of money: money don't talk! In fact, if we try to use money as means for argumentation we will end up in corruption, crime or pure gambling and lose some of the most valuable resources for a civilization, such as a living *Institution of Promise*: that

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you can trust other people and *believe* what they articulate as their meaning. You can then build up a future with these promises as realistic and expected components in a shared and common future – without a written contract that stipulates rights (income) and duties (costs) for each partner in the agreement to establish a common future.

When societal commons deteriorate or break apart from the common frame into private components, we can often see examples of the general tendency called the *tragedy of the commons* (Garret Harding), eg when common pasture land transforms into desert when users only consider the individual, private benefit of the common for feeding the own stock of animals, with no concern at all for the common good or the common future shared with others.

In the new digital economy it seems that “The *Tragedy of the Commons*” has to be replaced by “The *Comedy of the Commons*” as Lawrence Lessig has put it. Content is King, but context is Kingdom in the new creative commons. Here you put in your ideas without losing your rights to them, but will be given value-adding contributions to your ideas by other participants in such a virtual community of creative people. All growing social networks are illustrative examples of this evolution of creative commons.

In the context of the South Transdanubian Region, we think that the regional economics must be seen in such a societal and long-term cultural context. In the terms of Ferdinand Tönnies the CDG have been presented with and noticed a number of illustrations of the dialectics between:

- *Gesellschaft*, a society based on formal contracts, well-defined channels for the circulation of one and only one legal currency and with vertical command-and-control lines for the top-down management of formally common resources, and
- *Gemeinschaft*, a society based on informal agreements, many different currencies with different spheres for their circulation and rather public and bottom-up discussion of political and economic issues of genuine common concern.

Hungary in general and the Transdanubian Region in particular seem to be caught in the middle between a *Gesellschaft* and a *Gemeinschaft*.

One of the big problems identified by the CDG in South Transdanubia was the general lack of models, capacities and even willingness to participate in the generation of sustainable economic growth in the Region. The “missing middle” in the governance structure (discussed below) between the national and the local level seems to be just such an example of the consequences of being stuck in the middle between an old inherited *Gesellschaft* structure and a new emerging *Gemeinschaft* structure. It is much easier to create a *Gesellschaft* (due to the command-and-control model) than to create a *Gemeinschaft* (due to the complexity of trust building in open social networks). The Region has many of the instruments of a *Gesellschaft* but needs to develop new instruments to create and support new emerging creative commons in the emerging creative industries, discussed below.

The identified problems in the small micro-villages combine into a long-term scenario of *ghost towns* due to continuous brain drain, increasing un-employment in an elderly population, low degree of local investment motivation and bad commuting facilities. One possible instrument to be used to recover these small villages to a better situation would be to use the EU *Leader* programme more aggressively than has been done so far, according to the information received during the CDG visit in the Region. The *Leader* programme is basically a rural development programme where micro-projects can be set up according to a model for collaboration among local stakeholders that is very similar to the Triple-Helix model. To make such a *Leader* project possible, a number of measures must be taken to mobilise a number of *local societal entrepreneurs* and champions that are willing to take the initial role to formulate and mobilise stakeholders for a local development programme. In the

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Leader programme, input of human time for work in project is considered as co financing even though the work hours are not paid in cash. Obviously engagement in a local development programme together with your neighbours would be much more beneficial for all than passive and massive un-employment. There are things to do, if you just make a serious effort to identify them.

Research and innovation is of course dependent on the economy and of money. The difference is that “Research is the art of *making knowledge* out of money, but innovation is the art of *making money* out of knowledge”.

According to many economists, social scientists and philosophers, the new economic situation with world-wide recession should not be seen as the big problem but as a *BIG opportunity*: the start-up of a new structural cycle with an investment and growth period of some 25-30 years before it reaches the top of growth when the new products and services has become standardised, mass-produced to low costs and the consumer market has matured that leads to lower prices, lower income, lower employment and ends up in a new recession after some 10-15 years (expected to occur around the year 2050 when applying this theory of structural cycles).

One of the new potential industries for innovation measures in this new structural cycle up to the year 2050 seems to be the emerging new *cultural or experience economy*. This economy differs radically from the old paradigm of how the economy is or should be related to social, cultural and biological life on planet Earth. It is already supported by sophisticated ICT-instruments for social networking, global micro-business enterprising; a growing multi-national generation is already living there as ‘digital natives’. But the lifestyle and values of the new generation do not fit very well in the current physical, economical, political and organisational architectures. That is why we have to take a longer view of what is going on in the economy. A recommendation from the CDG would be to set up a general programme for *future awareness and regional foresight* in order to exploit the new opportunities in the region.

The emerging creative industry has been described as people and companies with a creative approach whose primary purpose is to create and/or deliver experiences in some form. So in terms of innovation we are now in a new stage of industrial growth, moving from mass-produced physical consumable products (food, shoes, cars) through client-centric public services (hospitals, schools, prisons) to user-centric mass-collaboration in creative commons in blended virtual and physical space that add new experiences to the art of living as a human being on planet Earth in the 21st century AD.

In the Region, the four identified and supported innovation and industrial clusters are (according to the National Office for Research and Technology in Hungary):

- Food science
- Energy and environment
- Health and thermal tourism
- Creative industry

These seem to be reasonable focus areas for long term economic development where the different regions can compete and cooperate within these fields of R&D and enterprising. The South Transdanubian Region seems to be able to mobilise a critical mass of stakeholders for each of these clusters. We have selected one of these clusters for a more detailed analysis, the Creative Industries.

In the Swedish context a policy framework for the creative industries has been published as the ERIBA model (accessible at <http://www.kks.se/templates/StandardPage.aspx?id=14522>). The model is based on the experiences from a number of successful clusters within the creative industry in

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Sweden, such as the Hultsfred rock festival, turning this rather small village in the south of Sweden (5 300 inhabitants) into *Rock City* for some 30,000 people that regularly come to the festival each year, together with some 1,300 journalists from over 40 countries and with a turnover budget of 40 MSEK each year. How is this possible?

Rock City in Hultsfred has the normal six components of an industrial cluster as defined by Michael Porter:

- **Core products:** phonogram and concerts.
- **Specialized inputs:** composers, musicians, artists, music recording teams.
- **Production technology:** sound equipment, lighting, CD pressing tools.
- **Supporting services and industries:** music publishers, video production, PR.
- **Related industries:** IT, media, film, hotels, food suppliers.
- **Customers:** participants in concerts, buyers of music records.

The basic idea is to identify the whole spectrum of these components to see the potential for up-scaling the event and its related activities to a world unique cultural expression that can be experienced.

Obviously, from such a perspective the Pecs role of being a Cultural Capital of Europe in the year 2010 should be taken as a once-in-the-lifetime opportunity to establish a similar cultural expression that can be repeated and extended each year and generate revenues and more jobs in the creative industry in the Region. It is important, though, that the focus is on societal entrepreneurship and *cultural events* rather than on only creating new cultural *buildings*, which seems to be the actual case in the current project plan for Pecs as a Cultural Capital. The long-term economic potential lies in the human, social and cultural capital in the Region, not in the physical and building capital.

Civic Dimensions, Citizenship and Culture

Pécs as the European Capital of Culture 2010

The European Capital of Culture (ECoC) project is at the centre of quite ambitious strategies regarding both cultural and economic development of Pécs, its county of Baranya, and its region. In fact the application submitted by Pécs involves not only the South Transdanubian Region and its cities, including the Region of Lake Balaton, but also the town of Szeged and other cities in what is described as the South Cultural Zone.

Pécs is a 2000 year old medium-sized city with a multicultural past: Roman, Turkish, German, Croatian, Hungarian, and today Romani communities. The main minority ethnic groups remaining are German, Croatian and Roma. Of all the German groups living in Hungary, 33% live in South Transdanubia, Croats and Roma representing over a 3rd and 13% respectively. Therefore, the City of Pécs, (the "Borderless City") and its partners identified this multicultural heritage as the main characteristic of the Region, emphasising its position as the cultural gateway to the Balkans.

It is important to stress the multicultural aspect of the city and its Region: there are nine minority local governments working in Pécs: German, Romani, Croatian, Serbian, Bulgarian, Polish, Greek, Ukrainian, Ruthenian. Interestingly, it was pointed out that Pécs is the only Hungarian city where the Roma population (the majority belonging to the Boyash branch, and the rest to the Rumanian Gypsies) is able to study in its own language, from kindergarten to university, through the Romany educational institutions such as the Ghandi grammar school, the Collegium Martineum and the Department of Romology at the University (40% of its permanent staff being from the Roma community, according to the department website).



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These facts were only mentioned in passing during the first day meeting by Dr Terez Kleisz, of the Faculty of Adult Education and Human Resources. The education, social, cultural and economic dimensions of developments aiming at the Roma communities were therefore not explored; however, considering the high level of discrimination against these communities in central Europe, *the Pécs educational development and the University's Romology programme could feature as part of a case study on the integration and social inclusion of minority groups through the establishment of educational, cultural and social policies.*

The familiarisation and recognition of Romany culture appears to have been given a prominent role in the ECoC bid, according to the *Pécs Borderless City* document, and as such merits attention.

The Region's identity was also considered to be strengthened by the tradition of the City of Pécs as a decentralised city, with its strong cultural heritage and history of artistic innovation. It is worth noting that Pécs has five theatres, and hosts the national festival of theatrical arts. The city's philharmonic orchestra, mentioned earlier, is also a regional orchestra. The city's rich artistic tradition includes several museums, (such as the Vasarely museum), two publishing houses, and the Zsolnay Museum (of the Zsolnay factory, well-known across Europe in the 19th and early 20th century for its porcelain and ceramic which decorates Pécs buildings). The Zsolnay factory is to have an important role within a cultural development plan for an artistic cluster of creative industries plan referred to later in this report.

The University of Pécs is also the only Hungarian University to have a Faculty of Visual Arts and Music and an affiliated Masters' School of Fine Arts. Unusually, the University runs a popular Dancing University, free of charge for its students, lecturers or other staff, linked to the ECoC project, whose secretariat is run by the University.

On the role of the University of Pécs in the Capital of Culture project, both Ms Gyöngy Pozsgai, Secretary for foreign relations at the University and Mr József Póla, Head of the Department of Human Development of the City Council of Pécs, highlighted the strong link between the University, the City and the Region: in spite of a recognised, urgent need for vocational training, they saw the University as having a central position regarding the construction of a knowledge-based society with emphasis on technological development. They mentioned the importance of international students, living in the city, a presence which seems to encourage residents to speak English as a result.

For the city, Mr Póla mentioned the link between a learning city, knowledge development and the recognition and promotion of active citizenship: for him, a learning city is an organisation whose main purpose is to enhance the quality of life of its citizens. The city sees itself as the natural centre of the region, and the coordinator of the planning and goal setting process, with the University as a key stakeholder.

It was however difficult for the CDG to establish how much the citizens of Pécs and of the surrounding region were or are involved in the identification of their needs and in the aims of the ECoC project, although the University's business school (the Faculty of Economics) ran a survey among the young people in Pécs to find out if, and how, they would contribute to the ECoC project; the results were encouraging, with 70% positive responses, willing to do 'anything' towards the project.

In order to generate community interest and involvement in the ECoC project, the City has developed a cultural heritage curriculum for pupils in the last year of primary education; moreover, it is promoting an intergenerational programme to engage parents and family members in learning about the city's cultural heritage. The University is also involved in the school reform programme of the National Curriculum, through the Faculty of Humanities and its Institute of Education, and its secondary education teaching programme.

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Within the cultural development plan, the two main ECoC project's objectives are:

- To build a conference & concert centre; it would be owned by the City, supported for nine years, and run as a business; it would include a knowledge centre and a library, combining the existing city and university libraries – with obvious attendant issues of software compatibility to resolve -
- To create a Zsolnay cultural Quarter, at the site of the Zsolnay factory, thus making the area the biggest brown field development of the Region; apart from retaining a factory building still in operation, it is planned to include an exhibition centre on Zsolnay ceramics and porcelain, to install the Faculty of Arts and some Departments of the Faculty of Humanities, and create an incubator house for creative industries, thus attracting artists as well as fostering cultural tourism. It would appear that 85% of funding will come from the EU as it would not be run on a business contract.

Some doubts were however expressed about the viability of these projects, regarding the management and the complexity of the decision-making process concerning the ECoC project. It would seem that the legacy of the previous political era is being felt in a certain lack of trust about having a coordinating 'entity' (the term leadership was seen as problematic) within the partnership which would carry the project forward. Instead it seems that political partisanship, political reality (already the project has unluckily seen two mayors gone) and multiple ownership of the project are seen as a barrier to project implementation.

The civic dimension and citizenship

It was difficult to gauge the involvement of the citizens or of the civil society to the ECoC project, either through University or City involvement, or through the non-governmental organisations (NGOs).

The CDG met Ms Csilla Vincze, the Managing Director of the House of NGOs in Pécs. This project obtained various sources of funding, including the USAID-United Way International Network for Democracy, local government, and recently through LEADER. This, also called 'Civil House' association, sees itself, according to its website, as an incubator which provides services and programmes for the civil society, in particular for the homeless, and for people with disabilities. It has the support of the Ministry of Youth, Family, Social Affairs and Equal Opportunity, along with 19 such centres in Hungary. The association gathers up to 3000 organisations, and in the Northern part of the Baranya County, through LEADER funding, has supported neighbourhood project campaigns. The association aims to add to the quality of life through inert-regional learning via its link with the university – in particular with the Faculty of Adult Education and Human Resources.

It would be worthwhile exploring these links further, and the nature of the work carried out by university staff and students, for example.

Dr Terez Kleisz has carried out much research relating to social capital and active citizenship. She highlighted the close-knit character of social groupings within the local communities, and the importance family and personal relationships. Considering the consistent reference to isolated rural communities – the 'micro-villages' – it would be interesting to delve further into the potential for increased university intervention into those small communities.

It was interesting too that one of our hosts liked the suggestion by a member of the CDG to celebrate the citizens of Pécs, rather than merely organising a festival of citizenship, as part of the ECoC.



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The University and its community, the role of student placements in the community, and vocational higher education

The University of Pécs' Business School contributed to marketing and communication strategy as part of the consultation regarding the creative industry cluster already mentioned; it organises placements for students with companies through its newly established Network Office.

At the University of Kaposvár, where the CDG spent the last day of its visit, student placements also play an important part in connecting university departments with the local environment. It was partly through the Faculty of Pedagogy's presentation there that the CDG discovered the role of "Vocational, or 'lower level', Higher Education (VHE)". This could be compared to the UK Further Education sector, except that this VHE is delivered by the universities. It could be said that these programmes act as pathways to HE as it is possible for students to go on to a BA. However, this is not explicit and was not presented in this way (see also the final point in the Action Plan notes below).

The Faculty of Pedagogy's programmes include vocational training for primary and kindergarten education, speech therapy and pedagogy for children with disabilities, andragogy, training for private adult education organisations, youth and care sector, computer information technology for librarianship. Interestingly, the University runs its own kindergarten and primary schools where it sends its students for 6 months of practical placements. There seems to be no policy, however, to involve the parents of young / primary age children in the life of those schools, as far as the CDG could understand.

It also appears that these kindergarten or primary education teaching programmes do not attract local mature students, particularly women (and are maybe not designed to do so) as might be expected, even though there is real concern about the declining number of (young) students with the demographic downturn.

The apparent lack of explicit policy about attracting mature students on university programmes (apart from those labelled as adult education), and therefore the implementation of lifelong learning policies, might be an issue worth pursuing.

Although the Arts Faculty obviously sends its students all over Hungary, and works in collaboration with Pécs art galleries and museums for entrepreneurial practice, there seems, surprisingly, to be little emphasis on the Faculty's potential contribution to the ECoC project, and no links with the University of Pécs' Art Faculty. This reinforced the impression that this University feels itself to be in a vulnerable position towards a much bigger, well established competitor in the non-agriculture, food science and animal husbandry areas.

The Faculty of Animal Sciences produces a very well presented, easy-to-use booklet for farmers. It is part of the EU and national farm advisory system, training and sending advisors to farmers. It appears that university staff are not in direct contact with the farming community; the advisory system is encountering some structural difficulties relating to the uneven competences of advisors, and administrative difficulties.

A question therefore arises about direct involvement and dialogue between a University and its local community, in order to foster an explicit and practical sense of involvement in local and regional development.

On the other hand, the University seems to be working closely with its County, the Somogy County, and with the Labour Office, which receives job-seekers, trains in job-seeking skills, and takes



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students on placement. It is currently training 150 students for the ECoC project, the majority being from Pécs, with only 25 from this County.

Finally, both Universities cater for the health needs of patients in their Region by providing MRI and radiology services through highly developed technological services (Pécs Neuro CT Diagnostic Centre and Kaposvár Institute of Diagnostic Imaging and Radiation Therapy).

Critical National Policy Issues and Issues of Governance

Effective regions are those that overcome two principal obstacles: the challenge of shared vision, and the challenge of regional management capacity. The first challenge relates to whether a plurality of different groups who together inhabit a region can come together over time and define a common set of outcomes that articulate their preferred balance among various economic, social, and cultural goals that can be blended together into a well-articulated shared vision for the region's future. Regional collaborations and partnerships can then emerge from the willingness of key people and institutions to pursue elements of the shared vision.

Beyond this, however, some form of democratically legitimate, regional institution is needed to set priorities, mediate tensions among various regional groups, represent the region's interests to national and international authorities, and provide accountable authorisation for the expenditure of public funds in pursuit of the shared vision. There is no one best way for a region to overcome each of these obstacles. Flexibility from place to place is important, as is flexibility over time in the same place.

In the case of South Transdanubia, throughout the site visit the CDG team saw evidence of many examples of collaboration and partnerships that are forming among leaders and key individuals within the local governments, HEIs and NGOs in the South Transdanubia Region. A clearly-worded shared vision is not yet articulated, but the major ingredients of a shared vision are beginning to emerge. There is widespread consensus on some fundamental elements of the Region's future.

Prospects are less optimistic for overcoming the challenge of regional management capacity. The national context in which regions are beginning to take shape in Hungary is not yet resolved. As mentioned earlier, regions in Hungary are still partly the construct of administrative requirements for EU membership. In many cases they are statistical units used largely for purposes of planning. Hungary has a long history of centralised authority. This tradition empowers the central government to set national priorities and to sublimate regional ambitions in pursuit of larger national objectives. Sub-national interests have been recognised traditionally at the very local or county level, but there is not a tradition of aggregating those local interests into regional clusters.

Hungary's accession into the EU is still very recent. The governmental structures put in place in 1989 create a powerful central parliamentary government in Budapest and a very decentralised network of independent local governments at the level of cities, towns, and villages. There is no regional level in the nation's formal governmental structure (no 'NUTS2' level). Officials are elected to serve four year terms at national and local levels, but no one gets elected to any office at the regional level. Although county governments exist, they are too small to represent regions, and their powers are quite limited in comparison to the authority of the national and municipal governments.

This 'missing middle' in Hungarian government has been debated vigorously, without clear resolution. It is unclear how important this is to national politics, but it is a fact that national governments have had difficulty being re-elected in Hungary since the current structure was put in place. One result of this volatility is that a proposal to elect officials to a new set of regional institutions scheduled for 2006 was cancelled.



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Because of the 'missing middle' there is no governmental partner at the regional level to bring democratic legitimacy to the wide range of regional partnerships and collaborations emerging in South Transdanubia. In this regard, the total value of these initiatives is less than the sum of their parts, because there is no mechanism in place to exploit the synergies, and thereby to create and sustain a genuine regional shared vision of the future.

The regional power vacuum has been offset partially by two externally imposed processes. Each has benefited the Region by allowing regionally-based groups to rally around a central source of government legitimacy and leverage that external legitimacy on behalf of some portion of the region's shared vision for its future; but each also reveals the limits to what can happen within the existing structure.

The first was the development of the 2007–2013 Operational Programme for the investment of funds from the European Regional Development Fund, the second has been the successful effort of the City of Pecs to be named a 2010 European Capital of Culture.

In the first instance, the EU recognised the internal conflict within Hungary regarding how regional governance should be organised by concluding that for the period 2007 to 2013 it would funnel all regional funding through a newly formed administrative unit of the national government in Budapest, named the National Development Agency (NDA). Although each region has its own Regional Development Agency comprised of locally elected mayors and appointed regional representatives, and each is advised by a wide-ranging appointed Regional Development Council, the EU's requirements for democratic accountability were not satisfied by allowing each Regional Development Agency to administer E.U. funds on its own.

As a result the 2007–2011 Operational Plan for the South Transdanubia region was developed with input from the region, but the final authority was retained by the national government in Budapest. Despite this, EU and Hungarian national requirements for participation in the planning process clearly created a platform that local and regional groups throughout South Transdanubia used to aggregate their components of a shared vision for the Region's future. As the Plan itself states on page 63, 'The South Transdanubia Operational Programme went through a partnership consultation process of a large scope in the region as never before'.

An informal organisation, the South Transdanubia Regional Planning Network, was formed to host more than 90 forums and 30 workshops. More than 2,500 people participated in meetings to discuss what elements should be included in the Operational Plan.

The first full draft of the plan was released by the NDA in October, 2006. Over 4,000 organisations were invited to submit comments on the draft, and more than 1,300 did so. In addition the NDA organised a series of consultation meetings with representatives of the central government's ministries as well as the national advisory groups to the NDA for feedback and advice. Most of the comments received from the South Transdanubia Region related to concerns over the draft plan's priorities. Although the report does not provide details on these concerns, the final version was not much different from the original draft.

The universities, it was reported, 'mainly complained about the omission from the programme of support for educational establishments' infrastructural developments and action to broaden the knowledge-based society', but these complaints did not generate much change to the draft either. As the final draft concluded, 'these considerations come under the competence of the Social Renewal Operational Programme and the Social Infrastructure Operational Programme, and not of the region'.



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A more thorough assessment is beyond the scope of this report. However, the documents reviewed and the discussions held suggest that local and regional actors were unable to assert their priorities on the 2007-2013 Operational Plan, despite being included in the process. The final policy choices rest with the central government authorities at the NDA.

Planning for the successful application of the City of Pecs as a 2010 Capital of Culture designation seems to have been similar. Local and regional leaders are genuinely thrilled about this success, but mindful how more could be achieved had regional groups been given more voice in how the funds should be spent. For example, EU funds will be used to construct several important signature buildings as part of the project. But the designs were not chosen by local committees, and do not embody any of the key aspects of the region's cultural heritage. Even though the funds are being administered by the local City and the local University (Pecs and the University of Pecs), neither of these local institutions has been given much leeway by E.U. administrators in setting priorities.

Each of these cases shows the same pattern: vigorous local and regional groups coming together over their aspirations for the Region, but facing important limits on their ability to implement their priorities because there is no region-wide institution that can act with democratic legitimacy to set regional priorities, negotiate with national and/or European agencies, and implement programmes with appropriate social and financial accountability.

In summary, while the current situation is problematic, it reflects the underlying fact that Hungary's own democratic institutions have not yet resolved these issues. No clear remedy can be imposed. Until this is resolved the engagement context for HEIs in the Region will remain difficult.

Policy and Governance Issues Within Higher Education

Similar issues are reflected within the Region's higher education institutions. As with the larger nation, the current governance structure of the University of Pecs is very new. There are unresolved issues related to its ability to function as a partner in achieving important regional goals. As noted earlier, the University was formed in 2000 by uniting several colleges that are not physically proximate, and that have very long histories of independent self-management. In addition, several new colleges have been formed since that time.

It is an old adage that a university is united only around car parking; in the case of Pecs, not even parking problems are shared. The extreme form of independence embodied in this adage does not allow a university as an institution to commit to effective engagement. On the other hand universities are not like traditional corporations. As knowledge-based institutions that do not function well with autocratic central control. They encompass many different interests, but still need common ground to function well, and to engage with the wider world. The challenge for university governance is to enable the university's stakeholders to develop with the university a shared vision for how they can together serve the needs of their region, and translate it into coordinated action.

The CDG found evidence of deep commitment to meeting regional needs in different parts of the University of Pecs, and more obviously in the smaller Kaposvar. It is important that in Hungary the term *regional university* conveys a high level of prestige. Perhaps the best example is the Pecs Medical School which functions as the principal source of high quality health care for the Region, the University thus transferring the educational and research benefits of higher education to its region by training medical professionals and operating a network of clinics that dispense health care to tens of thousands of residents each year.

Other examples of serving regional needs can be found in the faculties of adult education, health sciences, economics and business, among others, as well as widely at Kaposvar. It is clear that the



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practice of Third Mission and engagement is widespread, even if the language is unfamiliar. There is also evidence that some faculty are able to collaborate across internal boundaries, although this type of boundary-crossing may still be new and tentative.

In an interesting parallel to the 'missing middle' in Hungarian government, the University of Pecs does not yet have a set of centralised functions able to aggregate and strategically direct the interests of different faculties to meet regional needs. As the chief officer of the University, the Rector is elected from the faculty and serves to epitomise the highest aspirations of traditional scholarly achievement, rather than give a strong executive lead. Vice-Rectors are also elected to serve more practical administrative roles, but the balance of institutional authority remains firmly in the hands of autonomous deans. No mechanism appears to exist within the established pattern of autonomy to strengthen central decision-making.

The New Global Crisis

Since the planning for PURE began in early 2008, a new global fiscal and economic crisis has occurred, which is now recognised to be sustained and severe. It has at times almost eclipsed the longer standing and chronic ecological sustainability crisis associated with global warming. Some policy-makers and observers seek to address the need for changed environmental thinking, for example via alternative renewable energy resources and the development of 'green' technologies, as a means of also tackling the economic crisis and reducing unemployment. It was thought desirable for CDGs to take note whether and how far each region perceives and is responding to this new situation.

In the case of South Transdanubia, there is keen awareness of both environmental and economic problems and threats. The CDG encountered frequent references to the global economic crisis, to rising unemployment, and to the effect on prospects for economic growth. Hungary suffered traumatic economic crisis two years before the global one, and this may have dampened the shock of the new world crisis. There may also be a hope or assumption that European Union funds, which are a main engine of infrastructure and economic development, will continue to flow. There were no obvious signs to the CDG of seriously rethinking strategy or engagement in light of the new situation. On the other hand, there is a generally positive experience of and attitude to university-regional linkage and partnership for development on both sides already.

Similarly, environmental problems are well in people's minds. The waste management system in Pecs is seen as one of the Region's best examples of good practice. Climatic change towards drier and more Mediterranean conditions is a source of concern.

Some staff at Kaposvar have an embryonic vision for the future of the region through a number of inter-related developments that would identify and badge the whole region as 'green and organic'. There could be a niche for building on the region's agricultural traditions and natural assets. This would use the University's relevant animal husbandry and agricultural expertise for R&D, with its broad socio-ecological approach, in promoting healthy, locally produced and distinctive farm produce. This could be associated with expanding tourism in particular directions, stressing outdoor activities and sports such as horse-riding and hunting as well as the Region's food and wine, and looking to what could be a growing European-based tourist industry. Farm stay and village stay at interesting and scenically attractive locations might be considered, looking at models that work elsewhere. The University's well established farm advisory service, and its efforts to encourage innovation potential and market responsiveness in the SME sector, provide a good basis for integrative partnership planning and development.



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For the PURE Vancouver agenda May 2009

(a) Specialist sub-group cluster subjects and possible partner regions

The following subjects are all important to the South Transdanubian region; two or three might become the basis of closer cluster collaboration within the PURE project:

- Regional innovation systems, with special reference also to the SME sector – regions and their HEIs becoming learning city/regions
- University third mission: managing fragmented Faculty autonomy and developing the culture and systems for integrative University engagement
- Pecs 2010 European Capital of Culture - linked to other 'mega-events'? and possibly also to
- Cultural and creative arts
- Rural and remote peripheral regions in relation to the urban centre(s) – possibly part-linked to
- Tourism – ecotourism involving SMEs, with a distinctive 'green/organic' regional identity
- New community forms including NGOs as partners in building inclusive and active civic life
- Implementing sustained and balanced regional development despite national and regional political uncertainty

(b) Possible examples of good practice to be written up later

The Group did not have sustained discussion about examples of good practice, but several possibilities were raised. They included:

- the Waste Management system of the City of Pecs involving the University;
- the processes of engagement by the University in preparing for the 2010 European Capital of Culture (to some extent involving also the wider region);
- the regional innovation system and processes at different levels;
- the University of Pecs Romology programme as part of a study on the integration and social inclusion of minority groups through the establishment of educational, cultural and social policies;
- the University of Kaposvar's engagement with the rural community and economy through its agriculture-related expertise.

(c) Initial use of and reactions to the Benchmarking Tools

So far the PURE HEI and the draft regions benchmarking tools have not been tested. Both might be of value to the region and the universities, in themselves and in the context of a Region Action Plan – see below.

(d) First indicative notes about a Region Action Plan.

These notes are no more than starting suggestions to prompt the thinking of the Regional Steering Group to exploit the South Transdanubia participation in PURE as fully as possible.

The Capital of Culture Year 2010 provides one possible focus for an Action Plan, mainly but not only for the City of Pecs. There is a concern that opportunities will be missed despite strong collaborative preparation. Action could include encouraging and monitoring engagement, and treating the whole Year as an action research and learning project from which this and other region can learn (failures as well as successes, short- and long-term gains, unintended and unexpected outcomes etc.)



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Despite the many mechanisms for planning at different levels and the wealth of strategic plans that result, the Region needs more effective implementation-focused and integrative collaboration arrangements. A target for the PURE period could be to *create an effective regular Forum for regional planning* (in the absence of a regional planning authority). A stronger culture of familiarity and trust will allow more profitable engagement by the HEIs.

Thirdly, the two PURE benchmark tools could be used as a backbone for action. The HEIs tool would enable the Universities (especially Pecs) to put together and see for the first time what the totality of its dispersed engagement looks like, as a basis for more systematic and integrative University-wide Third Mission development. The Regions tool could be used in the proposed Forum to clarify and critique the current situation and planning, and thus to clarify what it most needs of its universities.

Finally, the CDG was interested in substantial current provision and planned developments for the lower levels of HE. Given the wish to create a knowledge economy and society, and the importance of HE access and pathways for wider participation to strengthen the Region's human resources and innovation capability, it may be wise to focus on this under-featured aspect of provision, perhaps by means of an Access and Widening Participation working party that looks especially at provision bridging into both vocational career pathways and/or into higher education.



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ANNEX: those whom the CDG met during the visit to the Region

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