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**REGIONAL POLICY AND INNOVATION:
how to handle modernisation in Hungary**

To analyse and evaluate the regional policy and elaborate the applicable solutions concerning modernisation processes in Hungary it is necessary to point out the crucial points that are the bases on which one can begin to decide the main questions to be answered before shaping alternatives for modernisation projects.

These are as follows:

1. Regionally, the units of work are continuously changing, overlapping and multiple units are emerging because we view man as a communicative creature living in the section of groups, rather than as an individualistic or collectivistic being. Consequently, the units would range from local communities to regional units extending well beyond national boundaries.

2. As to communication models, Thomas Marshall and Brian Turner's theory distinguishes four concentric circles of human rights: civic, political, social and the communications. This model can only be accepted as valid in the case of an overall law consciousness; however, the modernisation phenomena to be investigated by us appear to lie well below this level. The decisive criterion is the hierarchic and grid-type nature of communications since in the case of hierarchic ingroup and outgroup communications there evolves a mass opinion, whilst in the case of grid type communications we witness a tested public opinion that can be an orientation how to realise modernisation goals. In the case of the first we cannot speak of a law consciousness, but the negative phenomena characterising a 'bad' innovational action evolve and survive, whilst in the second case, i.e. 'good' innovational action, these phenomena do not evolve or their significance is diminished.

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3. We have to define 'good' and 'bad' innovation, since there are so-called innovational processes which destroy economic, social, territorial and human structures, while there are innovational structures as well, which create or recreate these structures. The decisive criterion is the communication network which becomes more dense or less dense as a consequence of the innovational process. If the communication network gets more dense, the innovation is 'good', while if it gets less dense, the innovation is 'bad'.

4. Economically, we must concentrate on the scope of modernisation processes. It seems to be rational to keep in mind the difference between the long run and short run capital investment calculus. The short run investment does not take into account the wider interdependencies, so it diminishes long term necessities and aims, while long term investment works in the opposite direction. The latter takes into account trigger and multiplier effects, segmentary market structures, skills and complexity, while the former does not.

5. Socially, it is a crucial point whether modernisation action pays attention to social conflicts, conflict prevention and conflict management or not. One must realise that conflict costs a lot, more than its prevention, so a modernisation action costs less if it calculates with conflict prevention.

6. Culturally, it is the very point that we must look for feasible suitable methods to apply western norms and forms in the special Hungarian situation.

7. We are sure that it is impossible to modernise a country if its regional, European position is not clearly defined. Post-communist countries often think that the task is to catch up with the West. Our point of view is that there exist central, peripheral and semi-peripheral regions in the world economic system. East-Central Europe belongs to the semi-peripheral type. It means that economic, social, cultural, territorial, communicational, R&D poles have special characteristics, i.e. they are cultural enclaves, commercial gateways, social melting pots. Only transitional and step-by-step ways of modernisation are to be utilised, simple import of ready-made and immediate 'miracles' are harmful.