

*Conference theme:* Urban and regional peripherality and interactions between urban and rural spaces

*Title:* Local strategies for tackling uncertainties, decline and peripherality through transnational networking in East Central Europe

Authors: Erika Nagy, Centre for Economic and Regional Studies, Hungarian Academy of Sciences ([nagye@rkk.hu](mailto:nagye@rkk.hu)); Gabor Nagy, Centre for Economic and Regional Studies, Hungarian Academy of Sciences ([nagyg@rkk.hu](mailto:nagyg@rkk.hu))

*Abstract*

The financial and economic crisis that deepened socio-spatial inequalities and hit the “structurally weak” South and East particularly has been discussed in the context of uneven development and imbalanced power relations of the European economic space by political economists since 2009. It was widely argued that the recession, the fiscal problems and their social consequences have a diverse landscape shaped largely by the changing global/European division of labour and by the spread of neoliberal practices in various institutional settings and cultures. In this paper, we choose *place* as an analytical framework to understand, how larger-scale structural changes and various local, historically emerged social arrangements interact: what strategies local agents (i.e. the political elite, public institutions, firms and NGOs) employ to respond to the rise and the deficiencies of the “competition state”, to the local manifestations of the crisis of capital accumulation – producing new inequalities across space. We focus on urban regions in Hungary, Slovakia, and Romania that i) are vulnerable due to their position within European spatial division of labour (GPNs), ii) were hit by subsequent cutbacks in public spending, and iii) are border towns, being scenes to various cultural interactions of individuals and institutions.

Our *key argument* is that, local agents react to their perceived “peripheral” position within hierarchical institutional systems and capital flows by expanding their networked relations – that are contested, imbalanced, culturally (and often, ethnically) defined – beyond the boundaries of the urban region, exploiting the supranational institutional arrangements and cross-border potentials. Local agents that act to revalorize the fixed assets of the urban region had to (have to) work under the pressure i) of rapidly changing institutional systems (transition; EU accession; crisis-related “reforms”), ii) of lacking or insufficient knowledge, information, institutional capacity and capital, iii) as well as of the deficits of social control (clientism, corruption, short-termism, limited autonomy of communities) in post-transition societies. Consequently, the strategies of local growth alliances must rely largely on personal relationships; they get worn-out quickly; and raise conflicts within existing hierarchies, as well as locally, within urban spaces and in urban-rural relationships.

The results – that rest basically on series of (over 200) interviews and document reviews in seven study-areas – suggest that i) new institutional and individual strategies and daily practices were adopted in cross-border urban regions that are nested into various transnational networks; such networks are organised across (linking) various scales and they are sources of knowledge, information, profit and thus, of stability for local agents. ii) The “single Europe” idea, as well as ethnic, local and national identities that provided an ideological frame of reference for the post-socialist transition, were reinterpreted pragmatically in the context of global flows and the “competition state”, to exploit differences in regulations, labour relations, and rents. iii) Strategies adopted by powerful local agents (their growth alliances) focused on economic produced new socio-spatial inequalities and conflicts. Emerging social problems are being shifted increasingly to NGOs (relying increasingly on transnational professional networks and EU funding) within cities, or channelled into rural areas – changing

rural-urban relationships and putting daily practices related to suburbanization, consumption and commuting into a new geopolitical (cross-border) context.

By discussing the above results, we contribute to the ongoing debates over uneven development and the imbalanced power relations within the (neoliberalized) European institutions (reproducing South/north, East/West differences), over the diversity of capitalisms as well as the to the discussion on the scalar organisation of socio-spatial processes.