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Policy governance from an autopoietic perspective: revisiting Hungary's regionalization experience

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ABSTRACT

This perspective on Hungary's post-socialist regional policy governance is informed by an approach that relates region-building and regional governance to social autopoiesis and the self-referential and self-(re)producing nature of social systems such as states. Following debates in regional studies that reflect tensions between the local constitution and external determination of regional governance, we will demonstrate how Hungary has incorporated European Union (EU) policy frameworks through specific appropriations of territorial politics and regional ideas. These appropriations reflect Hungary's post-socialist transformation not only in terms of responses to global forces, but also as specific spatial practices and regionalization experiences. As we argue, this has in effect resulted in a regionalism without regions – a strategy of Europeanizing territorial politics without creating institutional structures that directly challenge existing power relations. Autopoiesis thus helps explain the resilience of social systems, not only their resistance to institutional change but also their capability to 'domesticate' external influences. While criticisms of Hungary's technocratic and post-political regionalization projects cannot be ignored, our analysis indicates why externally driven intervention in self-organizing governance processes, for example through EU conditionality, has had less impact than expected.

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Introduction

Territorial politics often involves the project of region-building, a project that has waxed and waned with different framings of societal challenges, shifting conceptualizations of social space and changes in state–society relations. In the case of several post-socialist states of Central and Eastern Europe, such as Hungary, territorial politics has been complicated by a lack of regionalist traditions in a political sense and unresolved tensions between centralism and localism (see Elander, 1997). In these countries, regional ideas resurfaced in the 1990s as elements of systemic transformation, but generally as instrumental strategies of political, economic and social modernization and as facilitators of 'Europeanization' (Ágh, 2004; Hughes, Sasse, & Gordon, 2004). Chiding followers of 'objective' and thus objectively measurable paths of Europeanization, Brusis (2005) has indicated that

European Union (EU) norms and governance tenets have been duly adapted and thus transformed locally in Central and Eastern European member states, resulting in highly diverse patterns of institutional change. While the general rhetoric of a 'Europe of Regions' has been subsumed (some would say mainstreamed) within contemporary discourses of territorial governance (Stead, 2014), we suggest that these issues are still highly salient and that Central and Eastern European experience after 1989 continues to raise questions regarding the significance of regional scale in managing complex processes of socio-spatial change and adapting to global economic conditions (see Smith & Timár, 2010). With the exception of Poland, one conspicuous issue in this regard is the general lack of a political-administrative meso-level that performs putative multilevel governance tasks.

One major strand of debate regarding territorial politics focuses on the relationships between the local constitution and external determination of region-building processes and regional governance modes (see, for example, Davoudi & Strange, 2009; Jonas, 2012; Keating, 1997; Paasi, 2013). This debate is highly salient to understanding region-building trajectories in post-socialist contexts. In the new EU member states of Central and Eastern Europe, administrative reform has been a major element of creating parliamentary democracies and, to use the language of the EU's Copenhagen criteria, functioning market economies. Consequently, with the disappearance of state socialist rationalities of economic-territorial development, Hungary's post-1989 focus shifted to national consolidation, on the one hand, and economic competitiveness and the adaptation of European governance and policy practices, on the other (Ellison, 2008; Horváth, 1999). This process of assimilation, or to quote Smith and Rochovská (2007) 'domestication', of the EU regionalist canon of multilevel governance and competitiveness was reflected in the emergence of specific policies designed to reframe and reorganize territorial politics not only regionally but also nationally. However, as suggested above, attempts to create functioning regions in Hungary have been problematic and there exists to date no effective tier of representative government between the national and county levels. And, in fact, the seven planning regions created in 1996 have since been unceremoniously demoted to statistical and programme data aggregation units by the present (2016) conservative government of Viktor Orbán.

Important explanations for the inability of Hungary's regionalization project to live up to expectations can be found in analyses of the governance and policy weaknesses it entailed (Kovács, 2009). And understandably, Hungarian scholars have been among the most vehement critics of Hungary's regionalization process. From the outset they have lamented the government's technocratic approach, criticizing the top-down creation, weak political nature and lack of authenticity of the planning regions (Böhm, 2000; Nárai, 2009; Szörényiné Kukorelli, 1998). According to Szalavetz (2014), this exercise has represented 'facade regionalism' where neither regional identities nor genuinely decentralized governance functions have been involved. Such critiques reflect a desire for objective understandings of regionness based on measureable governance criteria and the performance of specific policies. Nevertheless, these criticisms fail to grapple with the question why, given the historical opportunities after 1989 of breaking with autocratic centralism, Hungary has not chosen to empower regions in governance terms. Addressing this question, furthermore, would also shed light on the limitations of policy transfer within the EU.

In agreement with Nagy and Nagy (2013), Pisciotta (2016) and Varró (2008), we suggest that in order to interpret Hungary's minimalist new regionalism more substantially, the enduring legacy of centralist traditions – politically, economically and socially – needs to be openly addressed. How has national scale been reflected in the development of Hungary's post-1989 regional governance policies? Through what mechanisms and according to which logics has regional governance been incorporated into Hungarian public policy? As Pickles (2010) has argued, post-socialist transformation can only be partly understood in terms of 'universal projects' of institutional harmonization and economic integration; in order to understand the 'spirit of post-socialism', specific spatial practices, such as regionalization experiences, require greater attention. This is substantiated by Jacobs and Varró (2014) who claim that an exclusive focus on what regions are 'supposed' to do, for example, with regard to territorial governance, limits the understanding of how regional ideas facilitate different strategic uses of space. In our interpretation, the Hungarian strategy has basically resulted in a regionalism without regions – a strategy of Europeanizing territorial politics without creating institutional structures that directly challenge existing power relations. However, rather than suggesting a path-dependant trajectory to Hungary's regionalization process, we argue that self-referentiality has played a major role by reducing uncertainty and disruption to decision-making processes. This analysis is supported by a perspective that relates region-building and regional governance to social autopoiesis, that is, to the self-referential and self-(re)producing nature of social systems (Mingers, 2004).

In concrete terms, the operation of social autopoiesis will be discussed as a process of appropriation and instrumentalization of regional governance. This has, on the one hand, involved Hungary's adaptation to economic, Europeanization and democratization logics that have emerged in the post-1989 context. On the other hand, concrete mechanisms through which social autopoiesis will be demonstrated include (1) the self-referential interpretation and implementation of regional and Cohesion Policy aims, (2) the absorption of regional governance within the workings of central government and (3) the flexible deployment of regional scale as a space of cautious experimentation. The basis for our observations derives from a literature review that involves a reconstruction of regionalization and regional policy processes. In addition, interviews conducted within the framework of EU-funded research on Cohesion Policy in new member states (see acknowledgements) were also an important source of information.¹ These interviews involved 30 experts representing national programming authorities, public agencies at the county and local levels, beneficiaries and regional policy experts.

Discussion begins with a brief theoretical exploration of the links between region-building processes and autopoiesis, particularly as a strategy of adaptation to changing external environments. It then continues with aspects of Hungary's post-socialist transformation that have had a formative impact on that country's territorial politics and Europeanization. In providing analysis, the paper then focuses on governance ideas and practices that have emerged within Hungary's regionalization context.

Regions, regionalization and social autopoiesis: theoretical considerations

Much of the rich regional studies literature has been devoted to the observation and interpretation of different social processes involved in regional construction, including

the geo-historical emergence of regional ideas (Paasi, 1991), territorial consequences of political and economic transformation of the state (Keating, 2013) and the instrumental use of territory to manage globalization pressures (Brenner, 2004). Furthermore, a key critical debate that has emerged in regional studies regards the status of territorial context vis-à-vis globally operating structural and thus relational forces in region-building processes. This has important consequences for research; while regions as such are highly varied in structural terms, their functional and social expression, for example in the form of territorial politics, can be meaningfully compared and contrasted. Indeed, geo-historical and path-dependent understandings of region-building as territorial politics have provided broad insights into the mechanisms (as well as vicissitudes) of multilevel governance, devolution and regionalization processes. As Douglass North (1990, p. 100) has written: ‘Path dependence means that history matters. We cannot understand today’s choices [...] without tracing the incremental evolution of institutions.’

National contexts and historical contingency, therefore, continue to decisively frame conditions under which regionalist projects emerge (Paasi, 2013; Storm, 2003; Tewdwr-Jones & Allmendinger, 2006). At the same time, territorial politics is relational in the sense that it is engaged with and responds, oftentimes in rather impromptu ways, to shifting political, economic and social environments (Allen & Cochrane, 2007). What has also become clear in the research literature are highly differentiated patterns of region-building, for example in terms of governance functions, within globally operating logics of an increasingly competitive capitalism and economic integration (see Jonas, 2012; Scott, 2013). And yet, much regional theory is informed by generalizations based on specific North American and West European experiences (Antonsich & Holland, 2014; Paasi, 2009), for example the UK’s various experiments in top-down administrative reform, economic networking and region-building (Allen & Cochrane, 2010; Amin, 2004). Neo-liberalism, another important comparative framework for the analysis of territorial politics, describes an important overlying logic of social organization and governance based on ‘market rule’ (Peck, 2013). However, here again, the theoretical debate is heavily influenced by Western urban development and territorial governance practices, and influential contributors to this debate, such as Brenner, Peck, and Theodore (2010), suggest that processes of neo-liberal policy convergence are at work on a global scale.

Territorial politics and the post-socialist context

Despite its significance for international comparative analysis, the regional studies mainstream often lacks explanatory relevance for specific contexts such as those of post-socialist transformation. For example, Hungary, as well as other Central and Eastern European countries, does not have a history of regional devolution to which an analysis of institutional path dependency might be easily applied without important qualifications. And yet, rather than representing mere outliers of region-building practice, the experiences of Central and Eastern European countries are stark examples of territorial reform and adaptive governance within situations of complex societal change and thus more than domestications of wider global projects (Pickles, 2010). Parnell and Robinson (2012) have argued that the perspectives of non-core areas require greater attention as theorizations rather than simply case studies that, for example, reflect the hegemony of the neo-liberal paradigm and local hybridizations of neo-liberal governance logics. What we,

therefore, propose is a ‘bottom-up’ perspective on region governance and regionalization that develops conceptual arguments based on Hungary’s post-1989 experience. The approach we will develop here is in essence an exercise in conceptualizing the emergence of Hungary’s regional policy as an adaptation process that has sought to incorporate EU policy instruments while minimizing disruptions to existing territorial-administrative governance logics. The post-socialist context has been one of considerable pressure and impetus for reform. At one level, this has been achieved by introducing parliamentary democracy and individual freedoms – in the case of Hungary, this included one of the most liberal interpretations of local autonomy among new EU member states. However, the question of centralism as a fundamental element in post-socialist nation-building remains of persistent salience. After 1989, there were theoretically excellent chances for decentralization policies, despite a lack of clear ideas on how to implement such a project. Why decentralization was a path only partly taken is a complex question. Certainly, political cultures and traditions in countries such as Hungary have lacked strong and politically salient regionalist elements.

Social autopoiesis and self-referentiality as a perspective

Our reason for mobilizing the notion of social autopoiesis lies in an attempt to contextualize Hungarian region-building in ways that alternative explanatory frameworks, path dependency and neo-liberal governance, in particular, do not. Focusing on the simultaneity of change and continuity, and the interplay of endogenous and exogenous drivers of region-building, social autopoiesis provides an understanding of regionalization as an incremental process of adaptation. The concept of social autopoiesis also helps explain the resilience of social systems and their resistance to institutional change despite situations of crisis and deep uncertainty.

The notion of social autopoiesis, originally derived from neurobiology (Maturana & Varela, 1980) and Luhmann’s (1984) sociological elaborations of the concept (see Kjaer, 2006), puts forward the idea that systems establish their boundaries and become recognizable as systems through their internal workings. What this means is that social systems (like living systems) are self-constructing, self-modifying, closed yet connected functional systems that have their own historically evolving operational order. Admittedly, such a perspective begs questions of agency and the social embeddedness of power (Fuchs, 2003). However, critical elaborations of Luhmann’s original thesis (Haslett, 2013; Mingers, 2004) indeed situate knowledgeable actors as central elements in the reproduction of social systems. In a manner very close to Giddens’ (1984) theory of structuration, social autopoiesis, through its recursiveness (see Giddens, 1991), reflects the duality of agency and structure and thus the role of state-society and other power relations which are not only embedded in but that also transform rules, traditions and conventions. At the same time, social autopoiesis operates according to the proposition that perception and cognition are contextual – they provide us with interpretive frameworks that are conditioned by historical experience.

For our purposes, the main utility of this approach lies in recognizing that the self-referentiality of social systems (e.g. national societies) and recursive nature of social practices fundamentally condition territorial politics. Following non-teleological readings of social autopoiesis as developed by Mingers (2011), Jessop (1998, 2001a) and others, systems

(such as states) strive for ‘ontological security’ that allows not only a degree of closure (boundedness), but also a simultaneous need for adaptation (openness) with regard to their environments. Ontological security involves individualized routines and cognitive-affective resistance to identity change (Giddens, 1991) and thus describes an unwillingness to abruptly part with available certainties and assumptions because of the potential disruption this can cause. Ontological security is also a question of identity and the stability of ideas, values and points of common reference that create a sense of group belonging (Mitzen, 2006). Rules, values, conventions and formal and informal institutions are among the basic structural elements that are constantly produced and reproduced within systems and that create boundaries around societies, making, for example, national societies recognizable. In ways that reflect the hegemony debate, Jessop (2001b) argues that social autopoiesis helps explain why systems such as markets and states historically display such resilience despite the existence of unmistakable forces of change. Nevertheless, these internal structural elements are also subject to external effects that are domesticated through processes of incorporation, interpretation and reappropriation.

In this understanding, social autopoiesis is also an important elaboration of the idea of path dependency; it substantiates the arguments of Boschma (2015), Martin (2009) and others that evolutionary processes, rather than equilibrium, explain the emergence of specific regional governance modes. In our case, this includes the creation of a policy space in response to internal transformation and external forces of change: it involves mediating new information (e.g. EU structural policy doctrine), making it intelligible within and compatible with domestic governance contexts and the hierarchical power relationships they entail. As we will attempt to demonstrate, in the case of Hungary, the operation of autopoiesis and ontological security helps explain the long-term significance of national scale in balancing different spatial logics that have emerged as part of post-socialist transformation, including the subsumption of regionalization within a process of post-1989 nation-building.

Hungarian adaptation to changing environments: regionalization as continuity and change

The collapse of the state socialist system signified a dis- and re-embedding of social and economic relations of historic proportions (Enyedi, 1998). This meant a break with a specific form of territorial governance and industrial/economic organization: the county council system, which operated for 40 years as a vehicle for centralized political control, and the networked industrial and agricultural combines that served central planning goals rapidly disintegrated, leaving both a considerable vacuum and new spaces for local governance and economic activity. And indeed, after 1989, Hungary faced a number of challenges in its drive to create a liberal democratic society according to West European models. In terms reminiscent of Polanyi’s (1957, 1944/1968) ‘double movement’, new economic and political forces sought to exploit the openings provided by the transition, while Hungarian society sought to contain and steer change in order to minimize the disruptive forces of globalization and Europeanization. At the level of everyday life, this meant not only greater individual freedoms and opportunities, but also a greatly increased need to manage risk and insecurity (Nagy, 2001; Stenning, Smith, Rochovská, & Świątek, 2010). At the level of the state, this manifested itself in

an attempt to mediate between external pressures, domestic expectations of greater local autonomy and state support and a perceived need to maintain a commanding role of the centre as guarantor of national cohesion. Within this context, region-building emerged as a potential strategic element in the comprehensive modernization of Hungary's society, economy and territorial relations (Ágh, 2001). Thus, in the early 1990s, new regionalist paradigms of modernization and innovative development resonated among policy actors faced with serious development challenges (Farágó, 2005; Kovács, 2001). This included the prospect of region-building as helping create foundations for more balanced national development by attenuating the overwhelming dominance of Budapest, the capital city (Horváth, 2010; Kovács, 2001). Furthermore, as the idea of a 'Europe of Regions' gained momentum in Hungary, as well as in other post-socialist states, suggesting that regions would increasingly be a vital locus of economic competitiveness, democracy and cultural identity, the question of territorial governance was gradually transformed into a normative political strategy (Ellison, 2008; Scott, 2013).

After 1989, territorial politics in Hungary was fundamentally reorganized and reconceptualized. Since 2004, this system has been responsible for the domestic implementation of EU Cohesion Policy. On the one hand, the system was consolidated by EU membership and the accession of the Hungarian state as a full-fledged partner in locally executing EU policy, but, on the other hand, it has also emerged from Hungary's resilient political culture and administrative traditions. As a result, region-building was not based on a historically developed availability of regional identities, but rather on a set of contingencies and expediencies that reflected the challenge of post-1989 social transformation (Fowler, 2002). As we argue here, the operation of social autopoiesis can be demonstrated in the appropriation of regional scale within a process of what can be termed 'national consolidation' and the reframing of the Hungary's central government role within a new European context. In addition, three socio-spatial logics that will be elaborated below appear particularly relevant to understanding how regionalization was conditioned in the Hungarian case: (1) democratization and local autonomy, (2) economic dualization and spatial inequalities and (3) Europeanization and its national mediation.

Local autonomy as a region-building challenge

Local democracy, representative government and centralization have evolved as mutually interdependent elements within Hungary's post-socialist nation-building experience. Partly because of the odium of single-party control during state socialism, the establishment of local autonomy played a central role in the reframing of state-society relations and public administration. In fact, a de facto absolutization of local self-government took place, which meant that most settlements, regardless of size, were entitled to administrative functions that facilitated the exercise of executive powers. Economic upheaval and the dis-embedding of local economies due to restructuring and privatization were accompanied by a re-embedding of territorial-administrative relations. This was particularly the case with regard to regional centres which saw themselves as assuming new economic and political functions beyond their administrative borders. Evidence of this was provided by voluntary region-building initiatives that emerged in anticipation of the official creation of Hungary's regions in 1996. South Transdanubia existed as an association of counties and founded its Regional Development Council (RDC) already in 1994 as an

non-governmental organization (NGO) (Kovács, Sik, & Cartwright, 2007). This ‘region’ had by the early 1990s defined specific development strategies based on innovation, education, tourism and culture.

However, while the 1990 Act on Local Government catalysed the emergence of municipal actorness, this came at a significant price. Public resources would be distributed among a vast number of settlements, over 3000 in total, many of them very small, while county governments, which could have consolidated subnational administration, were considerably weakened (Pfeil, 2010). This was ironic as it is the county level that has been the traditional regional focus of everyday economic and institutional life and thus provided a semblance of regional identity in a political sense (Kakai, 2004; Nárai, 2009). The result has been an extreme fragmentation of interests which have tended to be defined in rather localized terms and/or divided along urban–rural divisions (Kovács et al., 2007). The foundations for regionalization were thus partly determined by a highly fragmented pattern of local government which would have required considerable meso-level institutionalization. However, such a strong meso would have exacerbated tensions at the county level. Regional constructions based on cooperation between strengthened counties would have necessitated a degree of decentralization – perhaps at the expense of municipalities – that national governments were hesitant to concede. As one interviewee stated: ‘the centre has been reluctant to shift more than technical responsibilities to the counties, there are so many small local governments that they are afraid of chaos ensuing’.² Thus, the question of ‘strong’ independent regions emerged in this context as a politically charged and ideological issue. As Palkó (2011) has shown, Hungary’s political elite was split between support for consolidated counties (thus representing traditional, conservative outlooks) and the creation of full-fledged regions (thus representing the ranks of modernizers and Europeanizers). This rift between national-conservative and Europeanist positions was exacerbated by a growing ideological polarization after 2002 and the defeat of the first Orbán government.

Economic transformation and spatial inequalities

Liberal interpretations of local autonomy and democracy were an important achievement of Hungary’s post-socialist transformation, but they did not automatically provide local actors with the tools necessary to manage rapid economic, social and structural change. Privatization and the rapid contraction of Hungary’s heavy industrial, engineering and agro-industrial base after 1989 exacerbated pre-existing spatial patterns of unequal development within the country (Nagy & Nagy, 2013; Nagy, Nagy, & Timár, 2012). The rapid dualization of the economy caused by a new dependence on foreign direct investment and spatial patterns emerging from selective growth favoured Budapest and West Hungary, while virtually decoupling many areas of Eastern Hungary from either domestic or international capital flows (Barta, 1999; Fazekas & Ozstvald, 2010; Pavlínek, 2004). This pattern of disparity was reinforced by huge productivity gaps between the emergence of new export-oriented sectors with a high degree of foreign participation and a labour-intensive and low-tech domestic sector characterized by small enterprises.

Widening regional disparities thus became a defining issue within the drive to modernize and improve international competitiveness, and they produced highly polarized responses. On the one hand, macroeconomic policies after 1990 targeted rapid

convergence to the West through austerity and the conspicuously neo-liberal and ‘anti-Keynesian’ economic policies such as those introduced by finance minister Lajos Bokros (see Andor, 2000). These policies clearly favoured western regions and Budapest, which readily attracted foreign investment and were seen to function as motors of general national competitiveness. On the other hand, there was a need for policy instruments that channelled European resources to the weaker regions – the so-called losers of transformation – in the East and elsewhere (Dezséri, Maisel, & Racz, 2000), responding to a perceived need for more comprehensive strategies as well as large infrastructural and other physical investments (OECD, 2001). Thus, Hungary’s region policy was conceptualized in terms of a rebalancing of national development through redistribution, while addressing the ambitions of different actors to develop competitive strategies (related to industry, tourism, etc.) in order to attract direct investment (Horváth, 1999).

Europeanization and its mediation

If region-building was largely conditioned by Hungary’s transformation experience, a major political impetus was provided by the EU and the conditionality of pre-accession and membership. This, among many other regulatory and institutional adaptations, included a NUTS 2 spatial level in terms of the territorial coverage of regional policy. Without appropriate scales of regional governance at which to frame credible narratives of innovative growth and modernization – without the NUTS 2 level already familiar in West European contexts – Hungary, as other accession countries, would not be able to benefit from EU structural funds (see Brusis, 2005). The communication of regional ideas – both within the networks and to wider audiences – was facilitated by incorporating terms such as ‘subsidiarity’ and ‘endogenous potential’ into the local development vocabulary. As in the case of the region of South Transdanubia, this vocabulary also served to reconceptualize regional situations in terms of structural problems and strategic, innovation-oriented potentials within a larger European context (Hajdú & Kovács, 2003; South Transdanubian Regional Development Agency, 2004). At the same time, regionalization also entailed a translation of the ‘European’ idea of regions based on multilevel governance and competitiveness into an instrument for promoting overall overall policy development – at the national scale (Varró, 2008). This also involved mainstreaming European regional development practices within domestic policy based on project competitions and (in theory at least) strategic perspectives.

Autopoietic appropriations of regional policy and regional scale

In 1996, national legislation created seven NUTS 2 regions (Figure 1) and a number of corresponding regional development bodies. With regionalization, the prospect of creating an integrative mechanism in order to balance different territorial interests was opened. Municipal and county-level actors were highly motivated to participate in the development of regional strategies that might meet EU guidelines. However, this perspective confronted another reality, that of central government which sought to streamline the regional policy process and executively guide the use of EU structural funds (Pálmai, 2013). Varró (2008) has indeed suggested that it was the Hungarian national space, rather than any semblance of regional scale, that joined the EU in 2004. Turning Paasi’s (1991) geo-

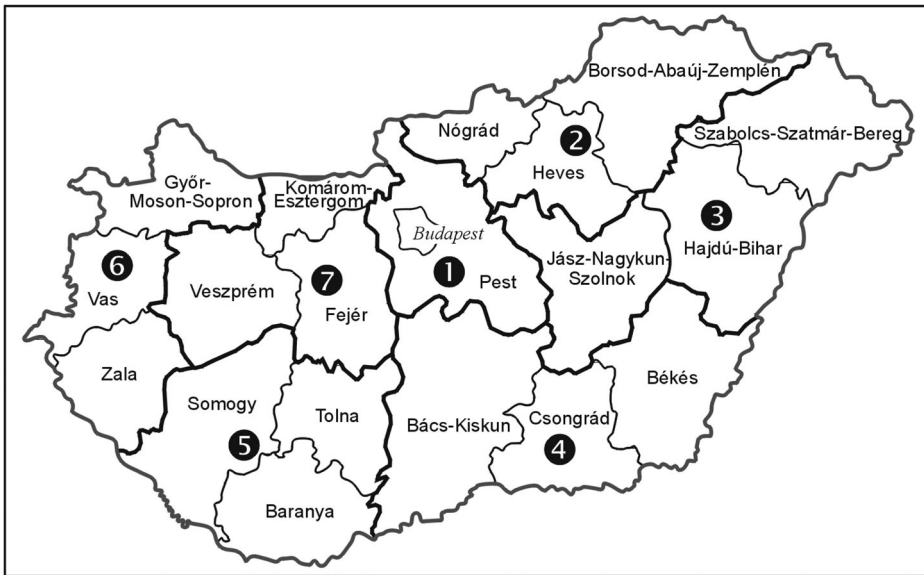


Figure 1. The 7 Hungarian (NUTS 2) regions and 19 counties (Megye). Source: Centre of Regional Studies of the Hungarian Academy of Sciences.

Note: 1 – Central Hungary, 2 – North Hungary, 3 – North great plain, 4 – South great plain, 5 – South Transdanubia, 6 – West Transdanubia, 7 – Middle Transdanubia.

historical model on its head, post-socialist region-building in Hungary first took shape in mapping and naming based on general but historically based geographical divisions and in the strategic definitions and proclamations of policy elites. Institutions of policy implementation were likewise central creations. With the seven regions emerged a complex regional policy field that linked all levels of government from the national to the local, while initially allowing for a degree of regional discretion in policy implementation. The main regional-level institutions were RDCs, which represented stakeholder interests, and Regional Development Agencies (RDAs) entrusted with the concrete management of EU regional policy instruments. However, these bodies did not result in de facto regional empowerment. Both RDAs and RDCs operated more or less as ‘quangos’, answerable directly to the national government and operating independent of counties and municipal governments. Indeed, national government representatives were key actors at the regional level, maintaining general supervision of the policy process.

As a result, Hungarian regionalization brought forth a highly complex territorial mosaic of governance with three different sectors (deconcentrated state agencies, local self-governing units and an intermediate, ‘parastate’ sector) at three spatial scales (micro-regional, county and regional tiers) struggling to co-ordinate their policies. Regionalism based on networked local governments and civil society participation – that is, on a degree of social institutionalization and a sense of region – was partially integrated into the policy system, thus, at least theoretically, satisfying a need for multilevel governance. In reality, these regional institutional arrangements were only weakly connected to underlying networks at the local and county levels. There were few working relationships between principal actor groups other than public sector agencies directly involved in regional policy (Kovács, Paraskevopoulos, & Horváth, 2004; Kovács et al., 2007).

Within this context, the operation of social autopoiesis is perhaps most evident as self-referentiality and absorption in the transformation of new rules introduced with European regional and territorial development policy. While the aim of EU policy was comprehensive regionalization and decentralization of governance, at least during the formative period of pre-accession and the first years of Hungary's EU membership, regional policy was in fact translated into an instrument for the enhancement of national agency. Ultimately, regional policy governance practices championed by the EU were duly co-opted to conform to the Hungarian situation and subsumed within existing procedures. According to the policy actors interviewed, including persons representing Cohesion Policy programming bodies and regional advocates of more powerful meso-level governance, interpretations of Cohesion Policy have intentionally reinforced central control. Several reasons for this were given. One interviewee acknowledged that 'Hungary has centralised the process in order to minimize risks regarding implementation, for example, regarding public procurements [...] potential beneficiaries need to first get permission from the government in order to proceed with any bid for support'. Another expert observed that 'too much decentralisation would mean a loss of coherence and cohesion in national development, the real goal of the policy system'. Yet another person interviewed stated that 'the national government has consistently interpreted EU rules in order to confirm its commanding role'. Interviewees also emphasized that regional policy has clearly privileged national priority spaces with regard to major strategic interventions. Competitiveness as a priority area has been used to favour strategic investment in and around Budapest, the Central Region and the Northwest. According to one expert: 'this is where foreign investment is happening and for this reason, major infrastructure investments are taking place here. Even the Budapest metro can be seen as a national strategic investment'.

In addition to self-referential interpretation of EU policies, the Hungarian government largely 'absorbed' regional governance within its existing administrative apparatus. Importantly, the management of EU Regional and Cohesion Policies was from the beginning separated from the everyday business of public administration and thus were only indirectly accessible to local governments and stakeholders. In other words, the regional policy system was a parallel governance structure to that of democratically legitimated decision-making processes at the local and state levels. A balancing of decentralized territorial governance with central oversight was to be achieved through non-binding forms of engagement (consultation) with all levels of government and a degree of regional administrative discretion in policy implementation. Regionalization also went hand in hand with deconcentration, but not decentralization of central government (Palkó, 2011). These arrangements were intentional: while democratization brought with it very liberal understandings of local autonomy, the national government sought through regionalization to counterbalance fragmentation and maintain its commanding role in managing Hungarian transformation (see Fowler, 2002). From the outset therefore, the regional policy system was designed to enhance the executive role of government decisions in the policy process. While the complexity of the policy process did basically simulate multilevel governance, spaces for bottom-up inputs did in fact emerge. The bottom line nevertheless remained central control and the prerogative of the government to modify or even eliminate regional institutions, replacing them with new arrangements if necessary (Kovács, 2009). Indeed, the new regional governance structures proved to be only transitory, perhaps ephemeral, institutions in the evolution of regional policy.

At the same time, the Hungarian government was also careful to satisfy EU requirements and criteria. While the idea of strategic programming was clearly reflected in the framework documents, tendering and funding decisions were informed by the goal to maximize overall absorption of EU funds in terms of euros spent (Buzogány & Korkut, 2013). Performance in terms of 'objective' criteria of efficiency, such as quantitative benchmarks and formal accounting standards criteria, took precedence, while objectives of democratic legitimacy, decentralized capacity-building and institutional performance were marginalized (Ágh, 2010; Buzogány & Korkut, 2013; Ferry, 2015; Scott & Szalai, 2014).³ This situation not only strengthened the hand of the national government, but also created pressure for centralized management of regional policy in order to assure the fulfilment of EU requirements. In addition, the considerable resources that were apportioned to Hungary after 1989 reinforced the central government's self-perception as policy coordinator and guarantor of national cohesion (Ágh, Rózsás, & Zongor, 2004).

According to Perger (2009), the general aim of the Hungarian policy system has always been to communicate the fulfilment of objective targets rather than advancing more complex, contentious and less steerable aspects such as strategic effectiveness. Furthermore, the ability of central government to intervene at will, even at the level of individual projects, has been constantly ensured by the internal organization of policy processes and an EU-monitored (!) regulatory system. Central government participates in the coordination of implementation, and through the choice of Monitoring Committee members as well as the composition of NGO representatives, the policy system is able to sustain its own operating rules and thus recreate itself (Perger, 2010). Since 2010, the tendency to internalize regional policy governance within the working of central government has accelerated; institutions previously entrusted with these tasks have been either abolished or subsumed within various ministries and the Office of the Prime Minister.

Hungarian regions as spaces of experimentation

For reasons discussed above, Hungary's regions are difficult to understand in terms of the putative governance or rescaling functions that new regionalist thinking might assign to them. Hungary's regionalization process was in large part an attempt to reconcile different tensions within a shifting governance system that included a new quality of local self-government, weakened county levels, increasing regional disparities and the central government's aim to promote national territorial coherence. While the policy system itself has confirmed its resilience, regions and regional ideas have emerged as temporal spaces of experimentation in order to maintain the coherence of the policy system. Hungary's seven regions were not, nor could they realistically be, strictly speaking, 'organic' and bottom-up creations. Nor could the regions emerge as an expression of representative government as there was not enough support for this idea; indeed, the creation of such regions would have been widely understood as an attack on local government autonomy and a further weakening of the counties (Schmidt, 2006). The question of creating planning regions was furthermore constantly subject to ideological contestations that questioned the efficiency and national relevance of a regional meso. Already as an opposition party, the presently ruling FIDESZ questioned the legitimacy and rationality of regions, insisting that the county level was traditionally the focus of most local public services

and source of regional identity. Despite their targeted nature and limited reimits, these regions did create a limited framework for action and for propagating regional ideas shared by different social and actor groups. But this limited institutional space was drastically reduced by the elimination in 2012 of RDCs and the assimilation of RDAs into the internal workings of the executive branch of central government; the 'simulated' multilevel policy system since has been transformed into an executive area of central government policy discretion.

Since 2010, the regional scale has been gradually transformed into a symbolic policy element. The seven NUTS 2 regions remain significant for the sake of European Cohesion Policy and function as statistical and general data aggregation regions. However, it is presently the counties plus the city of Budapest, the 20 NUTS 3 level units, which will be the focus of integrated territorial development during the 2014–2020 Cohesion Policy cycle. Hungary's Smart Specialization Strategy (S3), for example, has 'rediscovered' the significance of 'micro-regional' scale as the natural locus for growth based on innovation and research (National Research, Development and Innovation Office, 2014). The central government has determined the national priorities for S3 and, with the involvement of local stakeholders, outlined the regional priorities for the implementation of the programme.

Hajdú (2007) has characterized the Hungarian regional policy system as a 'buffer zone' between national and European policy, on the one hand, and local and central scales of governance, on the other. In developing this mediating role, the appropriation of regional scale has been continuously redefined according to the needs and specific logics of political authority and power. The emergence of Hungary's regional policy governance system can in this way be characterized as a product of constructive interaction with the political, social and economic environments of post-1989 transformation, creating a sense of order within unchartered territory. While dynamic and subject to contestation from within, as different political groupings have vied for power to define concrete regional development agendas, the self-referential and relatively closed nature of Hungary's regional policy system is reflected in the modes of domestication of EU Cohesion Policy and the enduring centrality of national scale. These factors thus helped consolidate the commanding role of central government as the 'default' guarantor of stability, efficiency and strategic agenda-setting.

Conclusions

Our results suggest that Hungary's particular version of Cohesion Policy, and the EU-inspired regionalization processes it has entailed, has involved a form of self-referential 'context steering' in order to accommodate new rules and routines, and orchestrate convergence to EU norms, while maintaining the primacy of national scale. In the case of Hungary, regions and regional policy have provided a 'space of experimentation' within which to create a sense of coherence and legibility within a situation of flux and that have generated a highly conservative response to Europeanization, minimizing upheaval to the more traditional system of hierarchical governance. This has also involved a need to reconcile new local autonomies with the centralizing exigencies of 'nation-building' and, at the same time, develop a response to increasing territorial inequalities.

If regions can be interpreted as contingent knowledge constructs, rather than phenomena that fit a priori defined criteria, then Hungary's regionalization and regional policy system have not been 'artificial' in any strict sense. Hungarian regions and regional institutions have, following Jessop (2006), served as a spatio-temporal meso-level fix, generating flexible but highly unstable spaces of policy experimentation and adjustment to Europe. Furthermore, rather than state rescaling in the strict sense, centralization, 'nation-building' and a desire for territorial coherence set major parameters for the trajectory of Hungary's region-building experiment. Hungarian regions thus found their purpose in the implementation of a specifically targeted yet fluid policy framework. While Hungary's regions have not corresponded to European 'ideals' of decentralized governance or to organic notions of bottom-up construction based on place identities, they have reflected domestic interpretations of and adaptations to new economic and political environments. They were also conditioned by power relationships embedded in Hungary's centralist traditions and the national government's ability to consolidate its commanding role in the programming and implementation of regional policy.

Apart from more theoretical considerations, our analytical approach has clear policy ramifications. One of these is the reminder that self-referential systems (e.g. states) are characterized by a high degree of inertia and resistance to external intervention. Such systems also reduce cognitive dissonance associated with new and potentially disruptive governance paradigms and assimilate it into the existing repertoire. To use our vocabulary of autopoiesis, while subject to structural coupling with the EU, most member states filter and adapt the impacts of the EU according to their historically evolving identity, their own internal operational orders. This underscores the problematic nature of designing EU policies that do not take into consideration socio-spatial specificities of the individual member states.

None of this implies, however, an objectivization of Hungary's regional governance practices. Criticisms of their technocratic and post-political nature as well as of the lack of opportunities they offer for the empowerment of local governments, civil society actors and other stakeholders cannot be ignored. While resilient, the system has not served the creation of a truly strategic framework for regional planning and policy. Instead of employing EU funding for the innovation of policy structures and the strengthening of a long-term perspective, an instrumental and short-term approach has been taken in order to assure central control of the policy process as well as compliance with immediate EU rules (Perger, 2010; Szalavetz, 2014). Furthermore, external evaluations of the system's workings confirm its lack of responsiveness and consideration of local needs (HÉTFA Centre for Analysis, 2013). Hungary's regional policy system has been slow to react to criticisms from beneficiaries, stakeholders, external observers and policy actors themselves. However, there are some signs that changes might be underway. Cohesion Policy managing authorities have been integrated into the ministries and central coordination will certainly remain. At the same time, the role of the county will potentially be enhanced, regional development programmes will be decentralized and, significantly, municipalities will be in charge of implementation. One of the major issues for the 2014–2020 period will thus be whether and how the local level can be strengthened through multilevel partnerships, place-based development strategies, integrated territorial investments and other new instruments of Cohesion Policy.

Notes

1. These anonymized interviews were carried out during 2013 and 2014. The principal aim of the interviews was to detect elements of institutional change and continuity in EU policy implementation and territorial governance.
2. Interview with a former representative of a RDA, June 2013.
3. This is another major observation substantiated by 2014 interviews with former representatives of the National Development Agency as well as new Cohesion Policy managers.

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