

**Cecília, Mezei**  
Pécs, Hungary  
mezeic@rkk.hu

## **Changing economic development role of the Hungarian local governments\***

The Hungarian public administration system has moderately changed between 1999 and 2010. After this period, however (following the last parliamentary elections) a radical turn occurred in Hungarian local government's tasks and their system of financing. During this research period the local economic development (LED) role, tools and financial resources of local governments have also been changed from period to period. Although local economic development isn't a compulsory requirement of local governments, the needs of local actors (inhabitants, enterprises, investors, tourists etc.) exerted a strong pressure on the local level to develop local public services, to construct local infrastructure, to create local jobs, to support local enterprises, to create a local innovative milieu and so on.

The current paper presents some empirical studies' solutions which have focused on the evolution of the Hungarian local governments' local economic development opportunities in light of the changing regulatory system. We can identify some periods from the point of view of central development policy which determine the possibilities of local governmental local economic development incentives.

From these empirical (questionnaire based) studies we may learn that the locally attraction of foreign direct investment (FDI) and the construction of physical infrastructure for the potential FDI lost their priority role in local governments' own hierarchy of interventions between the 1990s and 2012, while gaining external public support and the successful allocation of resources have remained the most important ambitions of local politicians. The competition for the limited amount of state and EU economic development funds clearly require enough and adequate local human capacities (i.e. officials with project management or entrepreneurial experiences) and supporting institutions (i.e. Structural Fund or economic development or regional development institution etc.).

The role of LED in the Hungarian local governments has been changed from the 1990s to today's. The reasons of this evolution are partially external, such as the worldwide evolution of LED tools, globalization, the global financial crisis etc., and there are some internal factors, too: for example the centralization process of the Hungarian governmental system, the change of the partnership-making "culture" and so on.

The study focuses on determining the various periods of Hungarian local governments' LED practices between 1990 and 2013, and attempts to connect the main characteristics of these milestones.

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