

Social and Economic Transition in Dunaújváros and its Region

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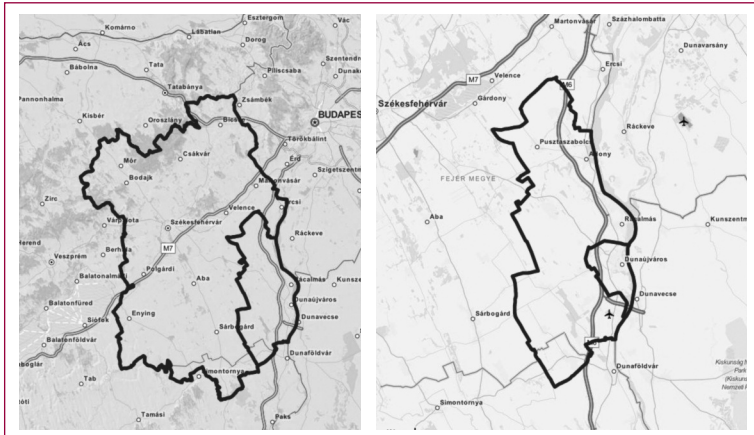
Introduction

With a population below 50,000, Dunaújváros is a medium-sized town situated 67 kilometres south of Budapest, in the south-east part of Fejér county (NUTS3). It is the centre of the Dunaújváros district (LAU1) (*Map 8*). One of the town's most important potentials is its favourable transport geography both in the past and the present. Located in the central part of the country, near the Danube, it boasts of excellent transportation facilities (with the close proximity of the M6 motorway, the Pentele Bridge, a river port, railways and highways). The town resides at one of the subsections of the Pan-European Transport Corridor V connecting Kiev with Venice. The planned construction of the M8 motorway would bring the possibility of new economic relationships. Dunaújváros is situated on the Mezőföld plains area, its loess-covered table structured soil has good fertility. The River Danube plays a prominent role in the region's life with its opportunities for recreation and sports (*IVS, 2008*); although the town does not yet fully make use of the opportunities for tourism provided by the natural and built environment (*TK and ITS Foundation Study, 2013*).

The old town part of Dunaújváros, formerly called Pentele, has existed since the Bronze Age. In the time of the Roman Empire it was called Intercisa and was a part of the eastern fortification sys-

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Map 8: Location of Dunaújváros district in Fejér County (left) and the location of Dunaújváros in the district (right)



Source of maps: OpenStreetMap (2015)

tem (Limes) protecting Pannonia. Hungarian tribes settled in the region in the tenth century. Pentele (which is named after a Greek saint, St. Pantaleon) was destroyed during the Mongolian invasion, and came under Turkish rule in 1541. After the 1688 liberation it saw an influx of Serbs. After the defeat of the War of Independence led by Rákóczi, Hungarians were settled down again in the deserted settlement. The predominantly agricultural town was raised to the rank of market town in 1833. During the administration reforms in 1870, it was again downgraded to village status. It kept its agricultural character until the middle of the 20th century.

The construction of today's Dunaújváros was approved by the Council of Ministers¹ on 28 December 1949. It was built as the most important project of the first five-year plan (1950-54)². The Metallurgical Plants were to be constructed in the outskirts of the village of Pentele, then having a population of 4,000. This selection was justified by the settlement's good transportation geography and location as the Cabinet wanted to keep this new industrial base well away from both the capital and the Yugoslavian border. Dunapentele was declared town and renamed as Sztálinváros

¹ The former name of the Hungarian government between 1949 and 1990.

² The three and most of the five-year plans were medium-term economic development programmes of the state socialist period.

(Stalin City) in 1951. The town and the industrial complex were originally planned for 25,000 inhabitants (later 40,000) and became one of the symbols of the industrialisation of the 1950s and of the Hungarian socialist realist architecture (*Szirmai, 1988*). The ‘Sztálin Vasmű’ (Stalin Iron Works) was renamed ‘Dunai Vasmű’ (Danube Iron Works, today Dunaferr). Sztálinváros was renamed Dunaújváros in 1961.

In the 1950s and 1960s regional development policy including housing developments, community services and infrastructure development, extreme attention was paid to the town. It maintained its privileged position later as well. Industry, namely metallurgy, was the driving force behind the town’s development, although the domination of heavy industry did not lead to an entirely one-sided industrialisation. Many light industrial plants were built in the 1960s and 1970s, mainly to employ the significant amount of women workers. The heavy industrial complex that formed the town’s economic base was built over the first five-year plan and became one of the most important hubs of the Hungarian steel industry. Industrial development and new heavy industrial establishments created many new jobs. The increased demand for labour increased the population more than sevenfold from the 1949 number of 3949 people to 30,976 in 1960. Housing development also boomed with the creation of a large number of new jobs: between 1970 and 1990 the housing stock almost doubled, from 11,627 to 21,942 units. The homes were built by the company and had high comfort levels. Institutions such as nurseries, kindergartens, schools and doctor’s surgeries were built to provide a high standard of care for workers. The combined effect of job and housing opportunities led to the continued growth of the population, which almost reached 60,000 in 1980. The concentration of industry affected the region’s settlements as heavy industry employed more and more workers from neighbouring villages.

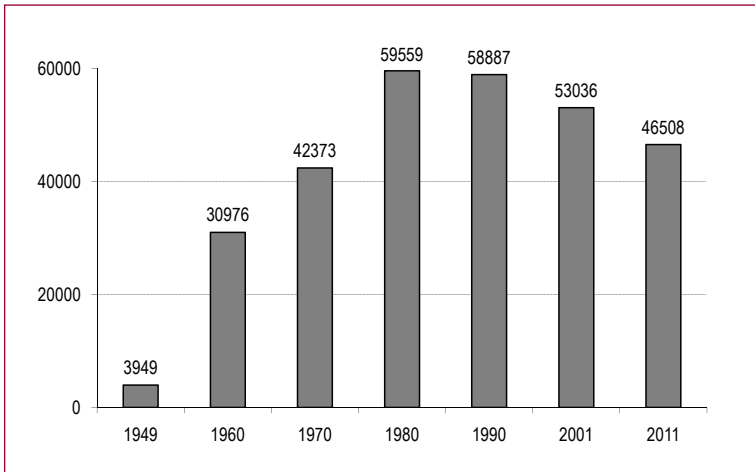
The social characteristics

Over the last twenty-five years the town’s society has undergone significant structural changes. The town’s population numbers were primarily affected by economic processes although overall national trends (e.g. natural population decrease) also played a

role. After a dynamic growth during the state socialist period, the heavy industrial centre’s population started to dwindle slowly but steadily, starting a few years before the regime change (see figure 15). This was caused by (1) the low number of births which was further decreasing, (2) the several waves of suburbanisation, and (3) migration due to the difficulty of finding new jobs. During the boom period the town saw an excess of males (51.1 percent) which plateaued in 1980 and since then it has been steadily decreasing (to 48.1 percent in 2011).

Dunaújváros has an ageing population, which is congruent with national trends (Figure 15). Due to its “artificial town” nature, its population was young in the beginning, most of them of working age, and the influx of young people also meant a significant amount of children. However, after the 1989 regime change the town’s population started to drastically shift towards older people. The 2011 census data show that almost 25 percent of the population is in the oldest age group. The 0.3 ageing index³ of the 1970s and 1980s has increased eightfold, being 2.1 in 2011, which means a very rapid aging of the population.

Figure 15: Changes in the population of Dunaújváros (1949-2011) (people)



Source: The author’s own edition based on the census figures of the Central Statistical Office

Note: The figure uses data for the “present population” for the period between 1949 and 1960, and data for permanent population afterwards

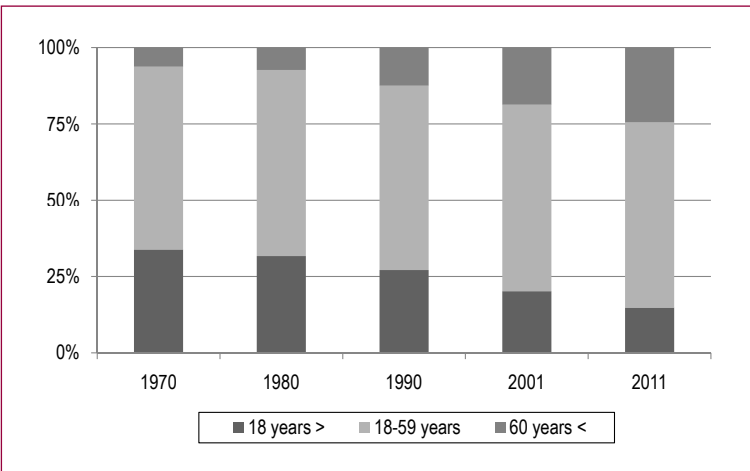
³ As data for the period prior to the regime change is limited, in this case we calculated the index based on population aged over 60 instead of 65.

In line with demographic trends, the number of families is also decreasing, although the average number of family members has not changed in the past 30 years. The share of single-parent families has increased in recent decades, which is also indicated by the nationally significant divorce rate (16.4% compared to the 11.6% national average). In contrast to previous processes, the number of households continues to grow in Dunaújváros, which essentially implies a reduction in the average number of households. In addition to ageing, social problems are also implied by the high rate of families (26.7%) and households (38.4%) with no employed members, which has increased in the past decade.

The educational attainment of the population has significantly changed compared to the early years. It has significantly increased since 2001: high school graduates went from 27% to 33%, while the share of people with college and university degrees increased from 9% to 14%. However, this positive change did not affect the town’s sluggish development much: although the number of high school graduates is significantly higher than the county average, the increase in university graduates has been much slower than elsewhere.

The economy’s industrial nature can be felt by looking at the percentage of employees by economic sectors. Although in recent decades the share of service sector workers has increased, the

Figure 16: Changes in the age structure of Dunaújváros (1970-2011) (%)



Source: CSO Census Data 1970-2011.

share of industrial employees is still important (47 percent). On the one hand, the dominance of industry is a problem, not only because tertiary industry has more favourable indicators in developed economies from the standpoint of employment and GDP, but also from the point that in the case of Dunaújváros industry means practically a single company, which carries significant risks. On the other hand, it is an advantage, as it shows how this sector managed to survive in the last 25 years, unlike in other new towns.

Unemployment in Dunaújváros and its micro-region (especially in a national context) only became a palpable problem due to the 2008 financial and economic crisis when it reached almost 9%. In 2013 it fell back to almost the previous levels. However, long-term unemployment affects a large number of people, especially women, with 33% of job seekers taking more than a year to find a job. The more severe unemployment affecting women is partly due to lower education as they made up the larger portion of semi-skilled and unskilled workers (which was higher than the national average) (Szirmai, 1988), so their job prospects are much worse in the town's male-dominated, qualified workforce. In addition to disability pensions and retirements, the absorption of women workers was mostly possible by services and newly established retail chains, with alternatives including healthcare and education.

Some social features make Dunaújváros stand out from other new towns. With its population boom during the state socialist period, it has become the second most populous new town. After the regime change it also showed the most dynamic rate of population loss (21%). Due to limitations resulting from the size of the town's administrative area, expansion is almost impossible and even with the steadily declining population, its density is particularly high (883 people/km²). This means the majority of the housing stock consists of 50-55 square metre 2-room panel flats, giving Dunaújváros the smallest average apartment size on average (58 m²). However, as a result of planned housing projects the percentage of fully equipped apartments is more favourable than in other new towns (at 95.1%). At the change of regime most (46.7%) of the housing stock consisted of council flats. In the coming years the municipality – by the speed and volume of selling these flats – was among the first ones in getting rid of them, so the amount of council housing dropped from more than 10,000 in 1990 to 635 residential units in 2001 and to 348 in 2011.

In terms of the population's income level, and thus tax paid (2012), Dunaújváros is in a favourable position, ranking 4th among new towns. Statistical data shows that the population is bigger in higher income brackets than in other new towns (except Paks where their numbers are much higher). This is explained by a larger number of managers and especially well-paid skilled workers⁵ (based on questionnaire surveys they make up 45.3% of the active population, compared to the 37.8% new town average). This favourable income situation is also shown in subjective evaluations. Out of the 11 Hungarian new towns surveyed, Dunaújváros has the fewest people struggling with financial problems (including utility payments and loan repayments), although the abundance of wealth is also limited to a relatively smaller group. The above is somewhat contradicted by the fact that residents of the Dunaújváros region believe their social situation is worse than the average of new town regions. The residents of Dunaújváros, a town built with the aim of ensuring high quality of life, is on average more dissatisfied with local, regional characteristics (facilities, environment, infrastructure) than other new town residents. The exceptions are education and social services, which are rated better than average. The locals also attach moderate importance to factors that may play a role in urban development. The expectations of the local residents of Dunaújváros regarding the impact of multinational companies are more subdued (maybe due to Dunafer's problems), while other rural communities have greater hopes for the settlement of these companies. A more detailed exploration of the relationship between multinational companies and urban development shows us that the residents of Dunaújváros region expect miracles from foreign capital to a lesser extent than people do elsewhere. In the interviews one expert also reported on the following phenomenon: "Nowadays the public has negative sentiments towards multinationals but we must not forget that this town would perish without the Iron Works." Despite the relatively unfavourable opinion about the local situation, locals feel social problems and regional conflicts less severe in the Dunaújváros micro-region than in new town regions as a whole. They see the increase of poverty as the biggest problem, and among conflict

⁴ Dunafer employees receive 13th and 14th month salaries as well.

types they list the tensions between employees and managers, probably inseparable from major employers, and tensions between the rich and the poor as the most prominent ones.

Based on objective – i.e. statistical – indices, the subjective opinion of the local residents of Dunaújváros did not match on the favourable position of the town and its micro-region among new towns. We can assume that the atmosphere that sprung up in the last years due to the uncertainty of the issues around Dunaferri has had a significant effect on people's state of mind.

The characteristics of the new town region's development

The ownership structure of corporations changed after the regime change, with privatisation pushing back the amount of state-owned property in new town economies that were often exclusively based on state enterprises, which by now has almost completely disappeared. As a result of globalisation and market economy, foreign capital has become a decisive factor in the lives of new towns, although its influx did not equally affect all cities. With the privatisation of Dunaferri, state capital has completely vanished in Dunaújváros and foreign capital has become dominant (at 57%) since the regime change, and especially since 2003. Major employers completely vanished in some new towns while in others they were replaced by new ones although smaller in numbers. The number of large companies also shrank in Dunaújváros (the town currently has three companies with 500+ employees) although significant ones have remained or been reformed in the past decades. The strength of local economies is illustrated by the specific index of business taxes paid by companies (2011), which ranks Dunaújváros at the 5th place among new towns.

The town's regional organisation functions could only strengthen after the regime change as in the early period its institutions were deficient and lacked traditional relations with surrounding communities. In addition to the gradual, spontaneous expansion of central functions, the creation of the micro-regional system strongly influenced the development of regional relations⁵.

⁵ Micro-regions became the building blocks of regional development thanks to the 1996/XXI. Act on regional development and physical planning. In multi-purpose micro-regional associations they fulfilled public service tasks as well. The district

Dunaújváros is the centre of employment, services and institutions in the region. The town's attraction is mainly apparent on a regional⁶ and county level (in the eastern and southern parts of Fejér County), although some of its functions (education, transportation, employment) have elevated it to a regionally important municipality. The construction of the Pentele Bridge in 2007 brought a significant change by creating an interregional role for Dunaújváros. This can be seen in the intensification of relationships with settlements near the Danube in Bács-Kiskun County (expansion of the catchment area of suburbanisation, employment and education).

As a result of the global steel crisis the town's development significantly slowed down even before the regime changed. The recession continued to deepen in the early 1990s. The large enterprises of Dunaújváros reached a crisis due to huge debts, the loss of eastern markets, unprofitable production and outdated products and prices (*Szirmai, 1997*). The town's role in Hungary's spatial structure changed after the political transition. Dunaújváros lost its privileged position but retained its original, mono-cultural economic structure that was based on heavy industry. Any form of economic transition (and its associated symptoms and problems) barely appeared in the next decade.

Thanks to the Antall government's privatisation policy⁷ the Danube Iron Works stayed among long-term state-owned assets, meaning it was still state property (although it was partly council property as well by then)⁸, so changes only affected the company's internal organisational structure. After the crisis prevention stra-

system established in 2013 stripped micro-regions of their functions, leading to their demise in 2014. Excluding Dunaújváros itself, the Dunaújváros micro-region was formed by eight municipalities: Baracs, Daruszentmiklós, Előszállás, Kisapostag, Mezőfalva, Nagykarácsony, Nagyvenyim, and Rácalmás. In addition to these municipalities, the Dunaújváros district also includes Adony, Kulcs, and Perkáta, which had formerly separated from the micro-region.

⁶ The intensifying relationships with neighbouring municipalities are indicated by the fact that the 2014 demarcation of agglomerations by the CSO included the creation of the Dunaújváros joint settlement (which includes Kisapostag, Kulcs, Nagyvenyim and Rácalmás in addition to the centre). (*Tóth, 2014*)

⁷ Hungary's first government after the political transition (MDF-KDNP-FKgP coalition) led by Prime Minister József Antall (1990–1993).

⁸ The Municipality Dunaújváros possessed initially 15%, later on, at the time of privatisation 5.59% of the shares of the Danube Iron Works Corporation Limited.

tegy of the 1980s⁹ the foundation of the Dunaferri Iron Works Corporation in 1992 meant the development of a new enterprise resource planning system, and the reorganisation of the various units into one company. Following national trends, the town's other companies and factories were either privatised, significantly downsized or dissolved after the collapse of the Soviet market, giving rise to unemployment, especially among women employed in light industries. The settlement's new town nature left another distinctive mark on the local economy, namely the lack of entrepreneurial spirit. In the full employment (and hidden unemployment) of the socialist period entrepreneurial culture did not develop and there was no need to acquire skills and knowledge needed for enterprise. Although local small businesses did appear after the regime change but they were largely destroyed as they could not compete with newly entering multinational companies. The entrepreneurial sector is still not strong on a regional level (see Table 11), and despite a significant restructuring during the last decade the presence of industrial companies is still stronger (especially among business partnerships) than in historic cities.

Although more than a decade did not bring significant changes to the economy of Dunaújváros (especially when compared to other cities), the situation immediately changed in the early 2000s with the privatisation of the Danube Iron Works. The Medgyessy government decided to sell state property in 2002¹⁰ and although it built safeguards¹¹ into the contract to mitigate the crisis that would have followed privatisation, local society was shocked by the sale of the company in 2003. The company group was bought by the Donbass-Duferco investment consortium¹². It is currently owned by the ISD Donbass Group¹³.

⁹ In the 1980s the corporate strategy of the Danube Iron Works included distancing the company from relying on CMEA exports (Havellant, 2007).

¹⁰ The fifth government of Hungary after the regime change (MSZP-SZDSZ coalition) led by prime minister Péter Medgyessy (2002–2004).

¹¹ see V. Szirmai's chapter for more details.

¹² Consortium members include the Donbass Industrial Union (Ukraine), the Alchevsky Steel Combine (Ukraine), Duferco International Trading Holding Ltd. (Switzerland) and Kundax AG (Germany).

¹³ Founded in Donetsk in 1995, the company is among the world's 40 largest steel producers, with a yearly capacity of 10 million tons of steel. In 2009 the majority of Donbass shares (50% + 2 shares) were acquired by a Russian buyer (Weiner, 2013). Presumably the state-owned Vnesheconombank is the entity behind these indirect capital investments (Kalotay et al, 2014).

Table 11: Main features of the economic entities in the Central Transdanubian (NUTS 2) towns of county rank (2014)

settlement	Number of businesses per 1000 inhabitant (No.)	Number of corporate enterprises per 1000 inhabitants (No.)	Proportion of enterprises operating in industry (%)	Proportion of joint enterprises operating in industry (%)
Dunaújváros	121	44	12.7	23.6
Tatabánya	131	58	15.0	23.2
Székesfehérvár	178	68	10.9	19.4
Veszprém	173	62	10.7	16.2
Country total	173	59	10.0	17.9

Source: CSO

Contrary to other cities' efforts, the leaders of Dunaújváros – feeling confident in Dunaiferr (formerly the Iron Works) and the financial security it provided – did not seek to encourage the establishment of domestic or multinational companies. The need for foreign direct investments appeared only almost a decade later than in the country as a whole. For such purposes, the town designated two potential industrial parks from its limited territory, one in the north (1997) and one in the south (1999). However, the expected impact was moderate (obviously due to the delay in interest), with the first major foreign investor (Aikawa) only inquiring in 1999. Hankook, the company able to counterweigh Dunaiferr and having similar economic importance, settled in 2005 in Rácalmás (a northern neighbour of Dunaújváros) and has been producing since 2007. The South Korean tire-manufacturing company chose this site because of its favourable location, transportation, its distance from the capital, the availability of skilled labour, and significant industrial traditions. With the closure of the plant's third phase of expansion, Hankook's labour demand is more than 3000 people although interviews showed that the company is only interested in hiring male workers who are qualified and younger than 35. ("The company does not really, how should I say, advertise this, but it does not hire women or anyone over 35."). The company therefore absorbed all appropriate available

workforce in the region but it cannot remedy the problems of unskilled groups, and it increasingly satisfies its needs from (in some cases remote) areas outside the region. Disputes are still standing between the two municipalities surrounding Hankook's establishment, especially the division of business tax. Rácalmás managed to implement many improvements thanks to the mostly freely usable local taxes. Meanwhile, Dunaújváros believes that it has lost opportunities due to Hankook's site selection decision: "Hankook did not come here because of Rácalmás but because of Dunaújváros. You do not find Rácalmás on a map of Europe, and yet they are the ones that can reap the rewards". Hankook's significance and economic power is clear when we look at its position among the top 500 list of companies in fiscal year 2014, where it took favourable positions by ranking 8th by profit and 57th by turnover. The company's development and national economic importance is highlighted by the fact that it is ranked the 3rd among companies who have increased their profits most since the economic crisis, and 24th among those yielding the highest added value (HVG, 2015, 2015b).

During the transition of Dunaújváros, 55 foreign-owned enterprises settled in the town (these include production facilities and retail establishments), which is small on a regional scale but in terms of capital strength these are the most significant ones, with equity capital per company at 2.5 billion HUF each (*Megyei jogú városok, 2011*). The town's former light industrial sector was revived by Hamburger Hungária. The company, which employs about 400 workers and is the industry leader in Hungary¹⁴ (HVG, 2015a, 2015b), made Dunaújváros one of Europe's leaders in paper production. Another branch of light industry is the clothing industry, which also returned to the town with the establishment of Body Fashion Magyarország Kft., creating employment opportunities for women and promising qualitative development in the town's urban economy.

Despite the appearance of major employers and multinational companies, the economic engine of Dunaújváros is still Dunaferr, and although its relationship with the town is weakening, the dis-

¹⁴ Based on fiscal year 2014 results, Hamburger Hungária is ranked 80th by profit and 124th by turnover. Among Fejér County companies it is ranked 6th and 10th, respectively.

solution of the company would lead to unprecedented social problems. Layoffs have been continuous since 2012 as the agreement made at the time of privatisation had expired and the employee head count needed to be rationalised, especially among administrative workers. The last such layoff included some 100 people. Department closures affecting more people have not yet been realised due to protests and political negotiations, although owners have refused purchase offers from the Hungarian government. After operating with loss in recent years, the factory has now financially stabilised, with renovations also being followed by other developments and the factory aiming for new directions (namely, to become a supplier for the automotive industry), all indicating positive tendencies. At the same time, surviving and achieving these goals require more developments and (more importantly) capital. To secure these, the company applied to the government for resources such as EU funds for financing strategic investments.

Table 12: The basic data of Dunaújváros micro-region's most important companies

Company	Founded	Main activity	Number of employees (in year)
ISD Dunafer Zrt.	1955	Manufacturing iron, steel and ferro-alloy base materials	4526 people (2014)
Hankook Tire Hungary Kft.	2005	Manufacturing rubber tires and tubes	3182 people (2016)
ISD Kokszoló Kft.	1992	Coke manufacturing	641 people (2014)
ISD Power Kft.	1996	Steam supply and air conditioning	434 people (2014)
Hamburger Hungária Kft.	2005	Paper production	374 people (2016)
Ferrobeton Zrt.	1991	Production of concrete products for construction	370 people (2016)
Body Fashion (Hungary) Kft.	2000	Production of undergarments	333 people (2016)
Momert Zrt.	1989	N.e.c. Production of miscellaneous general-purpose machinery	255 people (2016)
Aikawa Hungary Kft.	1998	N.e.c. Production of miscellaneous metal processing products	199 people (2016)

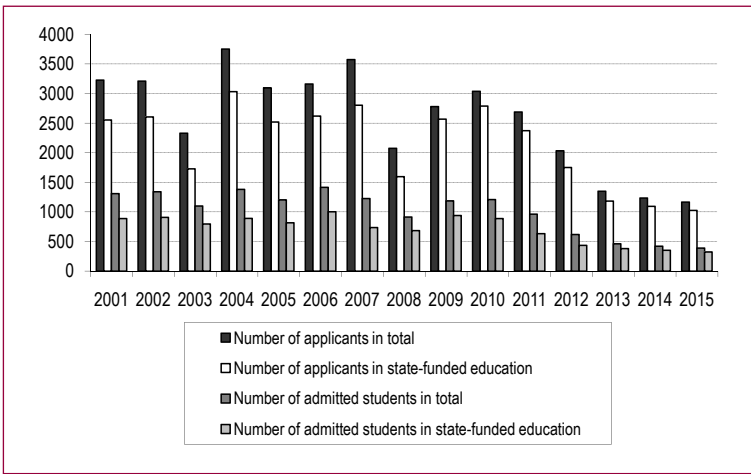
Source: <http://ceginformacio.creditreform.hu>

The College of Dunaújváros satisfies local economic needs for education in metallurgical and mechanical engineering, playing a key role in the town's scientific, professional and intellectual life and the creation of knowledge capital. Its predecessor was the Kerpely Antal Metallurgical Technical Centre established in 1953. The palette of this institute of higher education which separated from the University of Miskolc in 2000¹⁵ later on was expanded with other engineering and business administration programmes and, after 2000, with liberal arts education as well. Development projects implemented in education and infrastructure (a major project of which was the creation of the Campus) have greatly contributed to the growth in the number of students, increasing Dunaújváros College attendees to sixfold between 1990 and 2000. Since 2008, this dynamic growth has turned into a gradual decrease in both the number of students (*see Figure 17*) and professors. The change in numbers is mostly the result of higher education reforms, which brought about the elimination of humanities and social sciences degree programmes and even threatened the college's autonomy. Since 1 January 2016 the institution has been operating independently as a university of applied sciences under the name University of Dunaújváros.

In addition to political and economic actors, civil society organisations and professional organisations have also played a significant role in the region's development. In order to develop the region, the "Összefogás Dunaújváros és Térsége Fejlesztéséért" /Coalition for the Development of Dunaújváros and its Micro-region/ foundation and the „HÍD” Association of Dunaújváros and Its Neighbourhood focused on fostering the cooperation of (regional) political, educational and economic spheres and the creation of common strategies. The main goals of the micro-regional development strategy (which was unique in being created early, in 1999, and by civil initiatives), and the Acél-Híd Employment and Regional Development Programme (2003) founded during Dunaferri's privatisation – such as privatisation, a bridge over the Danube, the M6 motorway, the establishment of new companies,

¹⁵ The institute was called Technicum of Metallurgy and Mechanical Engineering between 1962 and 1969, Dunaújváros College Faculty of Metallurgical Engineering and Metalworking from 1969 to 1990, and University of Miskolc College Faculty of Dunaújváros between 1990 and 2000.

Figure 17: Enrolment figures of the College of Dunaújváros (2001-2015) (people)



Source: felvi.hu

and the development of the college – have been realised. However, its intended successor, the strategy of “Regional Programme of National Cooperation – Dunaújváros”, did not bring similar successes: “But none of these have been realised, so this was all on a political level now. What we had before, and this is important, is that leaders used to constantly communicate with each other, for example at Board of Trustees meetings. By now this has completely vanished with the new leadership, as new leaders on either the Iron Works’ side or the political side simply did not realise that you have to be on good terms with each other. And thus, no major developments have been realised in Dunaújváros ever since.”

Institutional and environmental specificities

Even after the regime change, Dunafer played a significant role in maintaining the local system of institutions developed in the state socialist era. More accurately, through the business taxes paid by the company, the local government could smoothly perform its statutory obligations. The rationalisation of educational and social institutions only took place after 1999 by way of e.g. closing institutions due to the decreasing number of children. This and the concentrated nature of institutions created local and regional conflicts. Later the threat of bankruptcy due to the local

municipality's internal debts was remedied by the national debt consolidation programme, with central budget assuming 11 billion HUF debt from the local government in 2012, and an additional 5.2 billion HUF in 2013. The transfer of educational and healthcare institutions to state funding meant relieving the municipal budget and putting an end to regional conflicts created by deficient funding of the institutions and the lack of cooperation among their maintainers. The town's hardest task was the maintenance of the St. Pantaleon Hospital and Clinic which served the inpatient and outpatient needs of the entire region (about 130 000 people). It was among the first to be privatised on 1 May 2012. Since then many projects have been implemented in the institution from EU funds. Numerous institutions formerly managed by the local government have been taken over by the state. Public educational institutions were handed over by 1 January 2013 with the creation of school districts. At this time most of the country's schools were integrated into the Klebelsberg Institution Maintenance Centre¹⁶. A change to the social sphere was the reorganisation of the social benefit system effective from 1 March 2015, with the disbursement of certain benefits (income compensation grants) now being handled by district offices instead of local governments.

The special features of Dunaújváros include a cityscape and structure, which in the beginning (prior to the construction of the dull, prefabricated panel flats) undoubtedly made it a liveable town. The design of the town centre reflects a complex town-building approach, so residential buildings were built here alongside supply and service institutions. With the central reduction in infrastructural and housing investment funds and the rapid increase of the population, higher density housing estates were built, mostly consisting of prefabricated panel flats, which had worse ecological conditions than the town centre. The negative effects of "artificial urbanity" can be felt when comparing the town with other traditional cities: Dunaújváros never had a real pedestrian central area, and churches are entirely absent from the

¹⁶ Founded in 2012, the Klebelsberg Institution Maintenance Centre is a budgetary organisation under the control of the Ministry of Human Resources, participating in national public education and the maintenance of educational institutions.

town centre's view. It did have large public spaces and green areas (which are missed in other cities) and residential areas with all necessary facilities provided favourable living conditions and a framework for the development of small communities. However, the neighbourhoods that were classified as residential areas after the regime change are mostly lacking in institutions and facilities, merely providing housing. To mitigate the environmental damage caused by Dunaújferr's industrial activity, an environmental rehabilitation programme and significant environmental investments have been actioned, although air pollution is still a problem with a considerably high level of noise pollution.

Features of the social polarisation

In the region

Within the urban area of Dunaújferr, two groups of suburban municipalities are increasingly visible: the inner¹⁸ and outer¹⁹ rings, which both have completely different socio-economic and developmental characteristics. The suburbanisation that started in the 1980s first focused towards Rácalmás in hope of a better quality of life. The settlement, which has since evolved into a town, could improve the quality of its existing infrastructure and services thanks to Hankook and effective tendering. However, the settlement's increasing property prices due to its popularity did not make Rácalmás an ideal choice for all social groups who wished to leave the town, and so they started to move out to other nearby settlements providing quick commuting opportunities for them.

The unanimous opinion of experts is that these settlements saw mostly the influx of intellectuals and managers who considered maintaining their contact with the town important but now also had the opportunity to create their homes in environments providing a higher quality of life. Settlements more distant from Dunaújferr, belonging to the inner periphery of the southern part of Fejér County are not so popular, in part due to their dis-

¹⁷ Baracs, Kisapostag, Nagyvenyim and Rácalmás

¹⁸ Daruszentmiklós, Előszállás, Mezőfalva and Nagykarácsony

tance and to the quality of transportation. However, they can provide an alternative of city life for less well-off social groups. These people are moving away from Dunaújváros in hopes of lowering their housing costs and they seek “a house worth maybe 2 or 3 million forints that at least won’t collapse on them”. The services and infrastructure of this underdeveloped region are weak compared to settlements in the inner ring.

Among the groups affected to varying degrees in suburbanisation the migration wave between 1980-2011 brought positive impacts on the society of the settlements of the inner ring, which was suitable for mitigating the natural loss of population; so this is a clear indication that young people (young families and young couples) moved out of the town. The volume of immigration was lower while the volume of outmigration was higher in the settlements of the outer ring so on the national level otherwise typical natural decrease could not be outweighed by the migration process. Dunaújváros, in terms of migration, is an absolute loser; positive natural population trends have resulted from (mainly) the 1980s and the 1990s; during the last decade, however, the difference between births and deaths was -2,145 people. The value of ageing index partly correlates with this process, which in Dunaújváros by far exceeds the national average, while in the suburban zone the situation is more favourable.

The spatial location of the higher education graduates is another indicator of the suburban zone’s social polarisation. The smaller than national average ratio of highly qualified strata (16.4%) highlights the new town nature and migration losses of Dunaújváros and at the same time the migratory gains – with a ratio of higher education inhabitants between 10.6 and 21.6% – of the settlements of the inner ring as well. On the less developed parts of the micro-region highly qualified classes rate up to a maximum 7.7%, from which it can be assumed that the majority of those who have completed university or college moved out from those settlements. However, these differences are not only characteristic of higher education, but they also exist among secondary and primary education graduates; this in total view indicates the existence of significant regional inequalities.

The favourable labour market situation of Dunaújváros and its micro-region indicates that the employment rate of the micro-region is above while the unemployment rate is below the nation-

Table 13: The main demographic and labour market indicators of Dunaújváros micro-region (2011) (%)

Demographic and labour market indicator	Dunaújváros	inner ring	outer ring	micro-region	Hungary
Natural increase or decrease (1980–2011, people)	707	-1349	-904	-1546	-902307
Migration difference (1980–2011, people)	-12959	6652	314	-5993	130472
Total population change (1980–2011, people)	-12252	5303	-590	-7539	-771835
Ageing index (2011, people)	1.53	1.05	1.12	1.36	1.16
The proportion of higher education graduates in the population older than 25 years (2011, %)	16.4	15.5	5.8	15.0	19.0
Employment rate within the working age population (2011, %)	60.1	62.4	55.3	59.9	57.9
Unemployment rate within the working age population (2011, %)	7.3	6.2	10.0	7.4	8.3

Source: Hungarian Central Statistical Office

al average both within the circle of the total and the working age population. The degree of polarisation within the micro-region is spectacularly high. It is better in Dunaújváros and the inner ring than the national average, while it is worse in the outer ring according to these indicators. It is also worth pointing out that the inner ring has more favourable employment and unemployment indices than the town of Dunaújváros. Beside Dunaújváros Rác-almás is another major employment centre; the commuting difference indicator in these two settlements are positive (31.2 and 6.4 %), the proportion of daily commuters is 78.2% in Rácalmás and 36.7% in Dunaújváros. From the above data it can be concluded that while in Dunaújváros the proportion of daily commuters to other towns is relatively small (16.9%), in the neighbouring small town except for a small group virtually the total range of residents is replaced at “working time” (with a commuters’ rate of 76.8%).

The social characteristics of commuters can be interpreted in the context of developed-undeveloped categorisation. Among the

daily commuters of Dunaújváros the proportion of young people (max. 29 years), is the highest which partly can be explained by the employment principles of the local branch of Hankook Company, partly by the town's labour market shortcomings. The commuters from the settlements of the inner ring mostly belong to the elderly and middle generation, while the commuters from the villages of the outer ring are mainly members of the young and middle generation. There are pronounced educational differences among the commuters as well; of the commuters from Dunaújváros and the settlements of the inner ring the majority have graduated (at least) from high school, but the employees commuting from the outer ring of settlements are typically less educated, without high school graduation certificate.

Dunaújváros – although with a reduced share of employment in industry – is still a workers' town. With some exceptions it is true to the town's surrounding settlements, i.e. the proportion of industrial workers is high (from 43.8 to 51.7%), but declining. The distribution of population by occupational or positional category also points at the differences between the town and the two settlement groups formulating its urban area. The proportion of managers, intellectuals and other white collar workers in the settlements of the inner ring is near or sometimes even exceeds the values of Dunaújváros, while the dominance of industrial workers – which is therefore characteristic for all the settlements in the micro-region – is greater in the villages of the outer ring.

The ratio of long-term job seekers among jobless people is relatively high in the micro-region; it is between 40-60 percent in case of people with over 180 days of unemployment. The problem is even more important as the proportion of people receiving unemployment benefit in the region is higher than the national and county average; here in the micro-region lives a significant group that cannot participate even in public employment¹⁹ that masses of people are involved in today. The public employment indicator²⁰ exceeds the national average only in some economical-ly backward settlements hit by serious unemployment (2.59%);

¹⁹ Public employment (a kind of special, temporary employment) is a state program aimed at returning public employees previously long-term unemployed successfully back into the mainstream of labour market.

²⁰ The public employment indicator is the annual average number of public employees in the population of working age.

Table 14: The major taxation data of Dunaújváros micro-region (2012)

	proportion of taxpayers (%)	personal income per capita (HUF)	business tax per capita (thousand HUF) (2011)
Dunaújváros	49.6	326582	72
inner ring	50.2	356508	62
Baracs	48.8	313439	20
Kisapostag	52.7	334653	15
Nagyvenyim	51.5	350894	11
Rácalmás	49.4	402984	156
outer ring	44.6	250481	8
Daruszentmiklós	37.7	277763	15
Előszállás	45.8	249401	8
Mezőfalva	46.0	252187	9
Nagykarácsony	44.3	225045	2

Source: National Tax and Customs Administration, Central Statistical Office

this form of employment became widespread rather in less developed suburban settlements (*kozfoglalkoztatás.bm.hu*).

The above described suburbanisation trends, the social composition of the population moving out to the different types of settlements and the development gaps between the micro-region's settlements can be supported by the differing income and tax data as well (see Table 14). The proportion of taxpayers and (partly) resulting from it the personal income per capita is high in the settlements of the inner ring characterised by better employment indicators. In Dunaújváros a smaller amount of taxpayers pay a smaller amount of income tax, which once again confirms the hypothesis that the truly wealthy people live in the settlements of the suburban zone. However, the development of settlements is influenced not only by the structure of the local society but local businesses, settled in enterprises also play a part in it through their business tax payments. Rácalmás, through the presence of Hankook Company by outperforming even Dunaújváros, stands out from the crowd.

In the city

Dunaújváros, as an artificial town, had a local society different from traditional cities. During the state socialist period urban and deployment policy focused mainly on the balanced spatial distribution of population with vocational qualifications. This was manifested in the randomness of housing allowances. Despite deliberate efforts to prevent segregation social homogenization was not successful at this time either. The town's more liveable districts already concentrated the higher, while the less green urban areas with less developed infrastructure accommodated the lower-status population (*Szirmai, 1988*). After the change of the regime with the privatisation of housing stock, with the development of new residential areas and with the dominance of private house construction instead of central state initiated housebuilding, mobility possibilities within the town had undergone a substantial transformation which opened the door to greater spatial and social segregation. The expansion possibilities of Dunaújváros due to the reasons described above were limited, but in the post-transition period, previously unused areas were reclassified as residential areas, mostly in the north part of the town. On the new functionless residential neighbourhoods private family homes were built but the value of real estate properties built close to the Danube bank (Táborállás) depreciated because of landslides. In the downtown area's green zones also a lot of new family houses and terraced houses have been built. In Újpentele district this makes up for almost the full real estate portfolio, while in Újtelep district new streets lie next to the old streets. In the latter district houses were rented for the South Korean employees of the Hankook but a significant number of them have moved (mainly to Budapest). The town's more traditional or prefabricated building stock image has also undergone significant changes during recent times.

With the implementation of a panel building renovation programme, 80% of the residential blocks have undergone modernisation; in the Római district not only the buildings, but also the social environment has been renewed under the social urban regeneration programme (2013-2015). The downtown's function expanding revitalisation project (2012-2014) has recently been completed. The renovation of brick buildings – because unlike in case of panel buildings no government support is available for the

funding of this programme – depends on the residential community's will and potentials, but in many cases not every household has the necessary resources, so a significant part of the housing stock is deteriorating. Kertváros, the town's slumming quarter, consists of three to four multi-storey residential buildings belonging to the inner part where the majority of municipal social apartments (formerly CS-apartments) are situated.

The not at all insignificant differences in the quality of life provided by the different architectural and residential areas make flats and houses in the town's districts liveable for groups of different social status (with different income, lifestyles and needs). The somewhat simplistic categorisation by local experts pointed out that while the private family house zones are the homes of the elite (senior entrepreneurs) and of the middle-classes, the blocks of flats zones are inhabited by the working class, the traditional residential areas are populated by the elderly town founders, while Kertváros threatened by segregation is the dwelling place of disadvantaged groups. The results of the questionnaire survey also support this; by the respondents' opinion the 'poor' evidently live in Kertváros (47 mentions) in Római district (19 mentions) in the outskirts (18 mentions), while the 'rich' live in Újpestele district (42 mentions) and in Újtelep district (37 mentions).

Although during the interviews, the experts emphasised that the status of residential areas has not changed fundamentally, demographic processes and internal migration undoubtedly have transformed the town's internal structure. The decline in population in some residential areas – particularly in the panel house districts of the town – was significant even in the period between 1990 and 2001 although because of their densely built-up and prefabricated nature they remained the most densely populated parts of the town.

However, as a result of deaths, internal and external migration processes in the last decade the relative depopulation of certain residential areas also became characteristic (“there are blocks, where out of the twenty flats two are inhabited, and the rest are completely empty, in fact, there are parts where we cannot show a family in the whole block, just because only single elderly people live there... there are lots of them like this”), which is confirmed by an increase in the number of unoccupied housing units (in 2001 there were 724 unoccupied flats, and this number in 2011 increased to 1612 properties).

The social processes set back the demand for housing as well, which led to the depreciation of local properties. The characteristics of age structure by districts are basically determined by the residential area's construction date, and the following movements within the town. Beside the oldest parts of the town mainly inhabited by the town's founders (Downtown, Barátság, Technikum) however, now even on the so-called young age structured housing estates – especially in the Római district – and on some suburban areas (Újtelep) the proportion of elderly people is high. However, the younger generation even in districts with widespread old generation groups forms a significant part of the local society; this is indicated by the fact that the proportion of child-aged population on none of the traditional residential areas or housing estates differs significantly from the urban average with the only exception of Barátság district where the ageing process has accelerated. The proportion of child-age population is higher than the average, however, in the unfavourable inner city (Kertváros) and in the favourable suburban zones such as Újpetele and the residential area in the town's northern part stands out with its proportion more than twice of the town average. The ageing index and the dependency ratio give a complex picture of the demographic composition of town districts. The Barátság district has the highest ageing index (3.7), while Újpetele, the Northern Residential Area (0.2) and Béke district (0.6) have favourable values – and the same is true in Kertváros as well, but this may primarily be due to the greater number of children in the socially disadvantaged groups, and to the shorter lifespan of the significant number of Roma population living there. The dependency ratio values for Béke and Napospart districts are the best (25.6 and 28.6%), but while in the first one it may be due to the relatively low percentage of the elderly population, in the second one it may be explained by the relatively low percentage of children.

The proportion of the inactive population is the highest in the downtown area with an outstanding 46% dependency ratio of the elderly people. The level of education and especially the change in the proportion of residents with tertiary education is a major factor in the fundamental transformation of a workers' town. The homogenous distribution seen in 1990 had greatly changed by 2001 and neighbourhoods concentrating highly qualified social strata have emerged (Downtown, Old Town, Újtelep) which still

today are characterised by high values different from the average. The most highly qualified population lives in Napospart with an almost triple percentage than the municipal average (35.6%), but in the suburban areas and in the downtown also higher than the average values are typical. The lowest proportion of tertiary educated people lives in Kertváros, the town's segregation threatened area. The labour market situation is another important indicator in the assessment of the characteristic features of the population of the town districts. The ratio of the employed within the total population and within the population of active employment age is by more than 10% higher than the town's average in Béke housing estate, as well as in some suburban areas as Újpentele, the Northern Residential Area, Napospart and in a part of the Old Town. These neighbourhoods concentrate commuters in the largest proportion as well. The educational attainment and labour market data suggest that commuting in these local societies, on the one hand, is directed towards the Hankook Company (workers or managerial groups), on the other hand to other relatively easily accessible towns. These town districts have relatively

Table 15: The difference between the best and the most disadvantaged urban areas in each socio-economic indicator in Dunaújváros (2011) (%)

the higher value of the socio-economic indicators of the villa quarter	degree of difference between the two zones (%)	the higher value of the socio-economic indicators of the working class quarter	degree of difference between the two zones (%)
the proportion of 0-14 year-olds	9.5	the proportion of 65+ year-olds	8.6
dependency ratio	1.8	ageing index	0.7
the share of higher education graduates	15.0	the share of unemployment	5.1
the share of employment	12.6	the share of unemployment (between aged 15-64)	7.1
the share of employment (between aged 15-64)	18.7	the share of Roma population	7.4
the share of commuters	5.5		

Source: research room of Central Statistical Office

favourable unemployment rate, we have seen an outstanding unemployment figure on local level in Kertváros only, which was higher than 8% of the total population.

Based on the results of statistical data and opinions – which coincide²¹ with the typical characteristic features of residential societies described in the Town Development Strategy – it can be demonstrated that social polarisation is present in Dunaújváros, and that spatial and social disparities are not insignificant at all. The urban neighbourhoods dominated by higher status, middle-class and low-status groups are clearly outlined and if we compare the data of the zones located at the two endpoints²², the degree of social polarisation can clearly be perceived (*Table 15*).

Despite the internal social differences no segregated areas were formed in the town; based on the segregation index²³ only one segregation threatened area (a part of Kertváros described above) has been identified in the town (*IVS, 2008; ITS, 2014*). Experts explain this phenomenon by the town's "artificial" character: "The construction of panel housing estates created an urban structure where the apartment stock consists of flats between 50-55 square meters, with mostly two rooms, making up 80% of the total housing stock. This is the reason whyt people living there represent the same stratum. Now, where can segregation start? Only at places with no adequate infrastructure but there are no such places all around the town, because it is an artificial one. Or at places where some ethnic groups have been formed, and the town has no such parts either."

Besides hard indicators it is essential to nuance the picture by the opinion of the locals, since the statistical and the experienced sides of the polarisation do not necessarily match. The town is still basically considered a workers' town by experts. The work culture bound to the working class has played a major role in the town's development and this characteristic feature has also proved deci-

²¹ Although these neighbourhoods do not completely agree with the areas we delineated, they are significantly overlapping with them.

²² It must be added that not in all cases do these two residential zones represent the extreme values of a given indicator.

²³ According to the definitions of IVS – Integrated Town Development Strategy – segregated areas are places where the ratio of people with maximum primary education or with no regular employment income reaches or exceeds 50 per cent of the working-age population in a given area (*IVS, 2008*).

sive during the site-selection and establishment of firms. The rhythm of the town's life is defined by the working class, at the time of shift changes it livens up but in the evenings, all the streets become deserted. There are no cultural effervescences – this was another characteristic feature of a workers' town mentioned by the experts – and in a broader sense, there is no traditional middle-class, which has not been strengthened during the past decades, “because there was nothing it could have been originated from and taken root.”

Of course, this does not mean that the intelligentsia is missing in Dunaújváros, but “they are not as numerous, as say, in cities with a historic past.” The experts also emphasised that the town has lost much with suburbanisation, “however, such a middle-class is starting to take shape, so this is why the urban, the so-called elite lives there in Rácalmás.”

However, emphasising the workers' town character does not necessarily mean that the local society was regarded as homogeneous by experts, although some of them emphasised that the new towns' formerly typical relative social equality is still palpable. According to that opinion Dunaújváros “was homogenous, and I think it is still very homogeneous, in comparison to say other historic towns” and social differences are also smaller than what is observed on national level.

In another approach, the new town character „cannot be felt any more today; it is felt only minimally that we started out from an industrial town, where almost everyone was equal to start life, everyone got an apartment and a Trabant or Buri, so it's about this is where we started (...) we are the same as say, Győr or Székesfehérvár, although they are historic towns.” The truth may be somewhere between the two views, the phenomenon cannot be originated from the ideology and policy of the state socialist period only. The intensifying processes since the regime change (suburbanisation and migration) have transformed the society of Dunaújváros; the town lost a significant portion of its high status inhabitants and the lower social strata have also moved out of the town in significant number (as a result of this, the settlements of the outer ring have depreciated, “they received a lot of social problems but nothing from personal income tax”). Due to these processes, many are on the opinion that only the middle-class remained in Dunaújváros; this cannot be supported by the above

described statistical data, but a more moderate form of spatial polarisation can be verified by the argument that in fact no segregated areas have been formed in the town. Although the low and high status suburban zones are located in the outskirts zone of the town, in the majority of cases they lie next to one another, between the town's so-called elite part (Újtelep-Napospart) and the slumming zone (Kertváros) situated in the central part of the settlement and this makes real isolation between the two urban districts' societies impossible. For example, one expert said about Kertváros, the segregation threatened district: "This problem has not worsened, because it had no space to grow or it could not suck in the surrounding areas (...) it has not reached the critical mass and it has remained so up to this day". However Kertváros, the district facing major social problems and being problematic from public safety aspects as well, is a less noticeable daily phenomenon for the local society and its size and local transport routes make it easy to be circumvented. A local programme led by DHHF – Dunaújvárosi Hátrányos Helyzetűek Foglalkoztatásáért Nonprofit Kft. (Nonprofit Ltd. for the Employment of the Disadvantaged of Dunaújváros) founded and owned by the Local Roma Self-Government is trying to prevent the further expansion and deterioration of the town's disadvantaged social strata. The employment pilot programme provides employment and training opportunities not only for persons belonging to minorities but also tries to help the towns' whole disadvantaged society. Under the programme, the members of the groups involved were given a job in various forms of employment under 2159 contracts between 2012 and 2014.

The future of the local society

The young generation's large-scale outmigration is the biggest problem of Dunaújváros. The town's population retaining power does not apply in the case of the youngest age group, which can partly be explained by the absence of future perspectives and partly by the lack of parochialism: "there is a very local patriotic old generation who built the town (...), and another generation of the seventies and eighties; they grew up together with the factory, they see how the town has developed, and it is hard for them to change

(...), but those who came afterwards are the generation after the regime change, they are by far less attached to the town.” The town’s job opportunities offer limited chances for the educated classes, so in the case of a favourable job offered from other cities the mobile young people do not hesitate too much. The same applies to employees coming to Dunaújváros (“a good job may attract professionals, it may attract them but they must be retained here, which is not an easy task”) and to the freshly graduated from the College of Dunaújváros of whom there are “very few who settled in here in the town ... they go west. Or go to Budapest.” Graduates after finishing their higher education studies do not return to the town, but settle down rather in the seat of their Alma Mater – often in Budapest and Pécs – and start working there. However, recently an increasing proportion of population is working abroad, which is typical among the young adult generation, and its negative impact on the town cannot be estimated yet. However, one interviewee has mentioned the future losses arising from this problem, “especially those in their 30s, I know and hear, 30-40 olds go out to work, and very often with children or just alone, young women, for example, who cannot find a job in Dunaújváros; I could bring many examples for those who have not given birth to a child yet and unfortunately they will not do this here.”

The outmigration is expected to lead to a further population decrease and ageing, which already – with the simultaneous ageing of the builders of the town – is a great challenge for the town and its social care service systems. Dunaferri Iron Works still plays a significant role through its organisations in the elderly care system and in the maintaining and improving the quality of life for seniors. Within the older age group the “Iron Works’ pensioners” therefore are in privileged situation on the one hand due to the high pensions, on the other hand, as a result of social benefits having provided still today by the manufacturer (e.g. reduced priced meals) and other programmes (e.g. excursions).

Dunaferri Iron Works provides extra services not only for the past but also for the current employees; such an example is the 13th and 14th monthly income having already been terminated in the public sector. Hankook, although in different form, but provides significant fringe benefits (e.g. high-quality food service, work clothes, Christmas presents) for its employees. Because of the additional

benefits and the income gap tensions have also been developed at the company on the one hand between local white-collar groups and white-collar groups coming from other parts of the country and living in the Hankook Apartment House and on the other hand, between Hungarian and South Korean white-collar workers.

The residents of the apartment house receive benefits (free accommodation, a monthly reimbursed return ticket for travelling home) which the local residents do not dispute but they resent for not receiving the same level of refunding (e.g. contribution to the costs of housing, bills). The South Korean company employees receive higher income than the Hungarians – for the same attainment level, position – and receive their salary in euro. The completely different work culture can also raise tensions and despite the fact that the company settled down in the region already a decade ago, there is no convergence in this matter.

However, the company's social responsibility role (reconstruction of institutions, sponsorship, grants, and donations) is indisputable, it can more or less fill in the gap left after Dunaferri Iron Works Corporation.

Local society by itself, from own resources is certainly unable to solve the problem of stopping the decrease of the town's population. Even to maintain the current level would require significant surplus population, which may take place according to two scenarios. One would be the settlement scenario, which is justified by the micro-region's long-term labour market needs. The two largest employers are still struggling with labour shortages; in the case of Hankook this has justified the construction of the apartment house.

Despite the company's strategy which was based primarily on absorbing micro-regional labour, all pre-formulated needs, both in recruitment and geographical scope had to be changed: "First they wanted to employ everyone who had a GCSE, but they could not find too many. Then they opened positions to everyone who has a vocational certificate, but did not find anyone; then they expanded the circle; now it is already enough if someone has some primary education and completes the Hankook's basic course".

In Dunaferri Iron Works the age group of the 40s and mostly the 50s constitutes the majority of employees, so the company may face labour supply problems in the future ("I actually think in the Iron Works even the skilled worker supply is not solved. That is, neither the problems of intellectual nor the skilled worker labour

supply“) which will have to be ensured mainly by external labour force. Another possible alternative of increasing or at least maintaining the current level of population is immigration.

Among the news about the refugees reaching the country it was said that the region gives shelter to migrants displaced from their homeland: “people were very scared in this migrant situation. The military barracks in Mezőfalva are completely empty, their suitability for accommodating migrants often came up as an idea together with Dunaújváros. There exist such ghost houses here...”. Of course, it is not necessary to set the maintenance of the current level of population as a goal, although the shrinkage of the settlement is noticeably a painful point both for the city administration and for the public – especially the town builders. One expert referring not only to Dunaújváros but with respect to the future of all the medium-sized towns struggling with similar problems underlined the possibility of some positive scenarios resulting from the population decline: “you might have to forget it and have to reckon with the fact that we are among the towns with 60-40 thousand inhabitants, but we will be among those with 25 thousand inhabitants but the town will be viable and appropriate for everyone.”

Conclusions

Dunaújváros by preserving Dunaferri Iron Works, which has been playing a dominant role in the town’s life, in state ownership succeeded in preventing the threat of a severe economic and social collapse in the late 1980s and early 1990s. The avoidance of crisis could have been really successful if the town’s administration had used the time gained for economic restructuring and for measures aimed at preventing and mitigating the eventually unavoidable social crisis. However, this did not happen and the economic structure based on one large-scale employer, typical for the state-socialist period, survived until 2005, and the change of model took place only after a considerable delay.

The failure of restructuring, leaving the mono-cultural economic structure untouched, the total indifference towards promoting foreign or domestic capital investments delayed transition by a decade in Dunaújváros. Despite the emergence of companies suitable for dissolving mono-functionality, operating prosperously,

and mitigating the problems of employment and of the municipal budget in the region, Dunaferri Iron Works, struggling with difficulties due to the crisis in the European steel industry, is still the town's driving engine, its survival is a matter of key importance not only in economic, labour market, but even in symbolic sense.

The decline and ageing of the town's population is more dynamic than the national trends, which is the consequence of a town essentially created from scratch, once attracting mainly young people to settle in, and now turning into a society of simultaneously ageing people in great numbers. In addition to the natural processes, outmigration including suburbanisation processes also plays an important role in the town's population decline and social restructuring. Regional polarisation is clearly demonstrated by the data in the sub-chapter, which can be interpreted in the following sequence: the inner ring formed by advanced settlements – Dunaújváros – the settlements of the outer ring of the disadvantaged inner periphery. The settlements of the inner ring with the moving out of high status and in a considerable part young people are winners of the suburbanisation process both in demographic-social and economic terms. The villages of the outer ring with the inflow of low status groups are typically forced to face new problems to be solved.

The demographic and social indicators examined by town districts revealed clear internal differences and polarisation. Social segregation, however, is not extreme in the locality, and the will to solve or at least to mitigate the social problems of the problematic areas exists. The high level of young people's outmigration in many cases to foreign countries which may lead to further radical reduction in the population raises rightful concerns about the town's future. The exodus – which mostly affects the educated strata; those who in search of better living conditions leave the town because of a reasonable job offer or hopes for it. However, this decrease foreshadows a more unfavourable demographic and social situation than the current one. At the same time outmigration highlights the main problems of the settlement and of the micro-region in a wider aspect; the structural concerns of the labour market, the poor quality services, all of which can be traced back to the delayed regime change and to the specific model consisting of a mixture of socialist and market development.