

## Chapter 22

# Local Economic Development in Transition Economies: A Tool for Sustainable Development of Rural Areas

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### **ABSTRACT**

*There are significant inequalities in development both within and over the borders of countries, in addition, urban and rural areas show significant differences in the level of development. The reason for the occurrence of spatial discrepancies is that the economic and social processes are always restructured in space and time and such processes are even accelerated by the globalization. In order to get precise and realistic picture about territorial processes, it is worth to learn the spatial processes that have already happened as well as their impacts on the spatial structure, since these may enable the regions to break out from the disadvantaged situation. In such a multivariable system, the development strategies need to be built on the endogenous potentials and own strengths of the regions. The aim of this chapter is to highlight the importance of local values and local conditions in the sustainable rural development, thus emphasizing the importance of localization in long-term progress. The chapter puts emphasis on the characteristics and features of transition countries.*

## **INTRODUCTION**

Spatial processes are interpreted in the European Union as series of long-lasting social, economic, cultural and demographic phenomena, which have area-specific imprint (Enyedi, 2004). According to the duration of their emergence, they can be long and short ones. They are created by the series of decisions made by the determining players of the phenomena: individuals, businesses, institutions, local governments, national governments, international organizations, etc. (Faragó, 2007). Due to the continuous spatial changes, the spatial inequalities are inevitable and long-lasting. It is important to note that there have been various social responses to the appearance of territories with unfavorable conditions, including the prevention of migration and the improvement of unfavorable conditions (e.g. isolated location, infrastructural handicaps). General features of disadvantaged areas include poor infrastructure, low quality of services, and lack of jobs. Consequently, the unemployment rate is high and the salaries are low. The migration of young generations from disadvantaged rural areas is also a common phenomenon, leading to the unfavorable age-structure in long-terms. Due to the shortage of high quality roads and highways, it is difficult to get access to rural areas, resulting in their isolation from the national economic and social circulation, which can be the obstacle in the new economic development approach. The objectives of this chapter are to summarize the major reasons for spatial inequalities and the features of rural areas lagging behind to provide some ideas for their sustainable development.

## **BACKGROUND**

The economic restructuring of the 1990s, e.g. in Hungary, also contributed a lot to the creation of spatial discrepancies, since it was the time when the gap between the dynamically developing centers and the underdeveloped peripheries speeded up (Dusek, 2001), not to mention the impact of revision of borders at the beginning of the 20th century on the spatial discrepancies. While examining the spatial inequalities, it has to be highlighted that the two basic components of the spatiality are inequalities and order (Nemes Nagy, 2005). The duality of inequality and configuration are usually equal to the duality in the expressions “region” and “spatial structure” (Szabó, 2006). Nowadays, in the researches on inequalities two basic questions are raised: how much are the spatial discrepancies and how do they change? Due to the developed information technology society of the 21st century, there are no places in the world about which there would be no information available regarding the environment or the society. This allows the spatial researches to show real results (Jakobi, 2002; Dusek, 2003; Nagy & Káposzta, 2003). The harmonization of spatial elements providing the social basic functions and the social needs was carried out in different ways during the history.

Both spontaneous and organized economic/social processes happen in the space used by the population. In one-centered countries, like France, Austria, Hungary, as well as in most of the Central and Eastern European countries and partly in the United Kingdom there are dominant capitals existing, while peripheries perform poorly, the railway system was developed in a radial structure (serving the needs of the national center, the capital) and the cultural and political functions are also located in the capital (Berend & Ránki, 1987; Horváth, 2004). The rapid development of sectors with high demand of raw materials started in remote areas from former growth centers (Antwerpen, Venice, Florence, Amsterdam, Bordeaux), thus the population of such developing areas (North-and East-Anglia, Lorraine, Ruhr, North-Italy) has jumped.

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