CENTER FOR POLICY STUDIES

ANDREW CARTWRIGHT, ENDRE SIK, SARA SVENSSON

Promoting Social Capital Through Public Policy in Hungary; the 2004 National Development Plan

SOCIAL CAPITAL WORKING PAPERS 2008/4

© Central European University

The views in this report are the authors' own and do not necessarily reflect those of the Center for Policy Studies, Central European University or the Open Society Institute.

CENTER FOR POLICY STUDIES
CENTRAL EUROPEAN UNIVERSITY

Nádor utca 9
H–1051 Budapest, Hungary

cps@ceu.hu
http://cps.ceu.hu

This paper is one of a series of papers contributed by the Center for Policy Studies/Central European University to the Social Capital and Social Policy Network for the project "Social Cohesion, Trust and Participation: Social Capital, Social Policy and Social Cohesion in the European Union and Candidate Countries." Supported by the European Commission's Directorate General for Employment and Social Affairs, this group from nine countries contributes monitoring reports and policy briefs for the annual Social Situation Report. These reports can be found at
http://ec.europa.eu/employment_social/social_situation/index_en.htm

As a contribution to the Social Situation Report 2007, the Terms of Reference for this paper was to produce a 5-page report discussion on the question if public policy should aim at increasing the social capital stock, looking for evidence in Hungary that public policies can create social capital that have a "positive impact on living conditions" while "taking into account the debate on path dependence and historical determinism within the social capital theory."

Typesetting • Judit Csikós

ABSTRACT

If public policy should deliberately aim for enhancing social capital is of course a complex issue that can not be answered at length or in the affirmative in a few pages. However, as this paper on Hungary points out, there are many instances of current development policy where fostering self and community confidence is accepted as critical for success. As these programs often address areas where there are many different but related problems, perhaps there is not so much pressure to produce exact rigorous indicators, rather than simply recognize that social capital is accepted as an object and an outcome of public policy.

Should public policy try to enhance social capital?

Although there are several references to the importance of building up social capital in the recent National Development Plan[1] (NDP), it by no means follows that its place as an object or goal of public policy is settled. There are many direct references to social capital as an input and outcome of development. Sub-priority 3.5.7 of the Social Renewal Operational Program, for example, the "Development of local communities and the civil society," is designed to "increase the social and cultural capital of people and their communities."[2] Social capital is also referred to as an important factor in the development of the regions (3.14) and in the development of civic and public organizations (3.2.3.). In terms of resource allocation, the Social Renewal Operational Program has the third largest budget of all the O.Ps.[3]

Even if social capital is mentioned as one of the 13 strategic development goals, it could be argued that this is little more than gesture politics. What were the arguments for why public money should be spent on building up social capital? How will the planners evaluate just what counts as effective investments in social capital?

The justifications for intervention offered in the NDP take two main lines. The first relates to the influence that socialist rule holds over sections of the population, whilst the second relates to the experience of the changes post 1990. The framers of the NDP argued that "confidence towards each other and the public sector was shattered by an obligatory equalization which characterized socialism." Interpersonal trust might exist throughout Hungarian society but it tended to be within strict boundaries concerning place and occasion. Whilst there might be fairly high levels of general trust within the realm of shared experience, feelings of trust towards state institutions, especially central state ones was "shattered."

The framers second argument justifying a need to address social capital deficits relates to the losses and shocks felt with the collapse of the old system and "the ensuing rapid changeover" - the closing down of huge enterprises, the emigration of thousands, the influx of new neighbours and new goods, the rise in prices, the fall in wages and the general sense of loss felt throughout different social groups. For the NDP framers, the conclusion that many of the population took was to "turn a cold shoulder to changes" which, in turn, hindered "the adoption of innovative solutions and mobility."

1 See National Development Agency, Hungary - http://www.nfu.hu/

2 Social Renewal Operative Program 2007-2013, page 111, available in English at http://www.nfu.gov.hu/index.nfh?r=&v=&l=&d=&mf=&p=umft_opprog

3 Website of the Hungarian Development Agency. http://www.nfu.gov.hu/index.nfh?r=&v=&l=&d=&mf=&p=umft_opprog (2007.03.24)

Whilst this might be a justified reaction, for the framers of the NDP it was both a barrier to development and a "considerable unexploited resource for social renewal, individual and community commitments, and joint action." Social capital in Hungary, they argued was at low levels but there were signs that it was growing and therefore, it was worthy of public investment, even though these would not be returned in the short term. One passage suggested that "development programmes for young communities may provide considerable opportunities … in the medium term."[4] Later on, it is clear that the NDP framers consider that social capital can help sustain 'long term growth' as well as help in the creation of 'better quality jobs'.[5] The key question for the sceptical would be how?

There have not been many academic papers that have critically reviewed the links between public policy and social capital in Hungary. One major exception though is the study by the social research institute TARKI and the National Development Agency from 2005. It provides a long list of public policies that deliberately targeted the enhancement of social capital stock and it analyses how Hungarian governments have absorbed and operationalized the concept.[6] It is not possible to divide these actions according to whether they are designed to support the development of bonding or bridging forms of social capital. There are different combinations and emphases throughout.

Examples of public policies for social capital accumulation

The 'telehaz' movement was an attempt to ensure that technological advances were democratically distributed.[7] The idea was to connect smaller rural settlements to advances in information technology by creating dedicated open access buildings equipped with well-maintained computers. There are now over 500 such facilities in the country and their example has spread to neighbouring countries' rural areas.

A second set of policies describes state actions to encourage self-help and self organization for addressing common problems, for instance, in the establishment of neighbourhood watch groups and migrant associations. Related, albeit including other policy and political goals, are the actions cited as building up the social capital of ethnic Hungarians living outside Hungary. They include the issuing of Hungarian ID cards by the tens of thousands in the early 2000s. They also include solemn presentations of honorary Hungarian flags to specially constituted local delegations of Hungarians in Romania, Slovakia, Ukraine and Serbia. However, the examples of supporting ethnic communities are not just concerned with Hungarians abroad. Midway through the NDP, the framers include the recommendation

> "..the cultural resources, the social capital and the international contacts available in regions with large minorities have great potentials in terms of economic and social development. The cultural life of Swabian, Slovakian or Serbian people is a good example for that."[8]

Although, the Roma minority do not have access to such wealthy or well-organised Diaspora as the ethnic German minority in Hungary, the NDP nevertheless stresses the importance of building up social capital for overcoming poverty and disadvantage amongst the Roma.

4 The New Hungary Development plan, page 39. Available in English at http://www.nfu.gov.hu/index.nfh?r=&v=&l=&d=&mf=&p=umfttartalom

5 ibid

6 Toth Istvan Gyorgy and Sik Endre (2005) A társadalmi tőke növelésének lehetőségei fejlesztéspolitikai eszközökkel (The possibility to increase social capital with development policy tools). Available at http://www.tarki.hu/adatbank-h/kutjel/pdf/a768.pdf

7 http://www.telehaz.hu/

8 New Hungary Development plan, page 45

A final example of how public policy was used to support social capital is a project aimed at encouraging greater involvement in local development decision making. It was also an attempt to promote social cohesion or at least prevent the loss or erosion of social cohesion. It also sought to create confidence and trust between locals and officials, and contribute to local sense of belonging. The renovation of the Magdolna district in Budapest is one of the few urban renewal projects that contain strong non-physical elements.[9] The aim of the programme is to improve the physical environment but to counter the effects of gentrification by creating new local meetinghouses and youth clubs. Co-operation is encouraged between citizens and institutions in the planning process, for example, over the renovation of schools.[10] Whilst the Magdolna program has been presented as a best practice in terms of political will and professional knowledge, it receives only limited public funding, and depends on securing access to larger EU structural funds.[11]

The final question relates to the proof that investments in social capital were worthwhile. The TARKI authors argued that the social aspects of operational programs often seem to have been included because they were expected and that social capital was something to "tick off". They argued that there were not so many signs of serious reasoning underpinning the particular objectives, and that there was often little in the indicators that could meaningfully measure success.[12] One of the big problems in estimating the impact social capital levels is that it is so tied into to other 'factor endowments,' that isolating its unique contribution is difficult. Whilst the relative economic success of the ethnic Germans in post-socialist Hungary owed a lot to their transnational networks, how much more was determined by their attitudes to work, by opportunities in the local economy or by the intervention of non-Germans?[13] Is social capital a clean input whose contribution can be isolated and weighed?

In Hungary, it would be fair to say that the matter is open, and that there are many instances of current development policy where fostering self and community confidence is accepted as being critical for success. As these programs often address areas where there are many different but inter-related problems, perhaps there is not so much pressure to produce exact rigorous indicators in Hungary at this time, rather than simply acknowledge that social capital has become accepted as both an object and an outcome of public policy.

9 See for example Ivan Tosics, 'Urban Renegeration in Budapest', Paper presented at the REGENERA Final Conference, Lyon, 22 February, 2007. Excerpts at http://urbact.eu/fileadmin/subsites/regenera/tosics_budapest.pdf

10 Toth Istvan Gyorgy and Sik Endre (2005) A társadalmi tőke.. see FN 18 for full reference

11 ibid

12 See Az Uj Magyarorszag Fejlesztesi Terv Operativ Programjaninak horizontalis ex-ante ertekelese, ½. Kotet: Osszefoglalo megallapitasok. Page 12

13 See for instance, the section on social capital and border region development in the report by Katalin Kovacs, Endre Sik and Andrew Cartwright, ' Social capital and regional development in Hungary: A literature review, part of the SOCCOH project, led by the European Institute of the London School of Economics and accessible at http://www.lse.ac.uk/collections/ESOCLab/researchActivitiesAndProjects/soccoh/documents.htm