

Propositions
to the
PhD Dissertation
Entitled
"Examination of the Logistic Role of the Town of Szeged"

Introduction

In 1920 the decisions of the Trianon Treaty brought about dramatic changes in the space structure of Szeged and its sphere of attraction which had a great effect on several aspects of agriculture, infrastructure and the subsequent flow of social processes. A newer influence of our day, originating from Western Europe is due by 2004. At that time as a consequence of our accession to the EU new economic mechanisms will come into play, which are not going to change the borders, but will strengthen certain poles of the space structure. Both changes, both decisions started out, start out from Western Europe. In less than a century they have changed the relation of the town to its neighbourhood, its sphere of attraction, its judgement and scope have changed. The effects of the Western European decisions on Central and Eastern Europe are partially known, and partially unknown.

The purpose of this paper is to survey – relying on results of domestic and foreign research – the changes in the logistic task of Szeged, and draw up the expectations that are to be fulfilled in order that Szeged could, in the near future, grow into a modern commercial and logistic centre and play an integrating role in the region within and beyond the borders.

Precedents of the research subject

Several historical studies are available to show the economic, social and infrastructural effects of the period before and after Trianon, among the rich, comprehensive studies I can mention the work of Ferenc Glatz: "Hungarians in the Carpathian Basin", the work of László Péter: "Beloved Town" as well as Ernő Raffay's papers about Trianon. The history of the most

significant economic units of the town can best be learned by analysing professional studies, like those dealing with the history of the Salami Factory, Hemp Processing Factory and the Post Office.

When surveying Szeged's logistic neighbourhood for the present and future we have several works on hand, first of all Rezső Mészáros's "The Future of the Town of Szeged", a summary study from 1999, which defined the influences and changes affecting the town following accession to the EU. Ample literary sources helped the description of the logistic background of this paper, here I primarily relied on Hungarian literature on logistics, in which the publications of the Technical University of Budapest edited by József Perzenszki gained a decisive role. These publications outlined and described those elements of logistics that present the logistic tasks of a region, an economic centre and arrive at defining the notion of a trade centre and the description of a "gateway". In the description of the role of towns within a region and the country especially the works of Imre Lengyel – János Rechnitzer offered a unique opportunity, with special regard to a writing of Imre Lengyel, which offered a professional milestone in the analysis of the competitiveness of the plain-land regions and summed up the indices regional competitiveness, namely the per capita amount of the GDP, the work productivity of the region and the employment rates of the region. It was along these lines that I have surveyed the present and past of Szeged and its sphere of attraction.

Methods

When compiling this paper it was my organising principle to draw conclusions from as large bases as possible, both from the effects of the Trianon Treaty and the effects to be expected following accession to the EU in spring 2004. Besides the study of the above mentioned literature and drawing up the tendencies to be concluded from them it was the statistic data of the individual economic units and the town as a whole that served as yet another source of research. On several occasions I had the chance of making interviews with experts and researchers from the management of the town, whose opinions – besides the written materials – helped shape the chapter dealing with the future of the town.

Exposition of the subject, its novelties

After surveying the research findings of the examined period "it has to be decided, whether the town's past development, its present functional, morphological state and state of supply can serve as a basis for further development, or in order to achieve the desired future image of the town an absolutely new course of development has to be followed". This is how Professor Rezső Mészáros put it in 1999, when relying on the knowledge of the past he outlined the vision of future of Szeged. This definition unanimously marked the framework of the vision of future whose details I have chosen to elaborate on in this dissertation.

Most of the investment in Szeged was made in well-profitng companies, which in earlier days had gone through organic development, then fusion and which realised large-scale industrial production. Thus in local industries it can be stated that:

- ◆ salami production developed through different investment periods, which, besides, bore the marks of branch concentration in the industry.
- ◆ The first big industry-style development of hemp processing industry, the establishment of the Bakay factory – according to records – followed half a thousand years of industry and guild traditions. The hemp industry firms established later in Szeged exploited the potentials of an already successful enterprise.
- ◆ The new, export producing branch of milling industry (steam-mill) continued the traditions of water-mills in Szeged.
- ◆ The "smaller" industries in Szeged (iron-working, machine-manufacturing, coach-building, leather and skin industry, paprika-mills, etc. grew from small firms into medium-size firms.

Industrial development always sped up in Szeged at times when considerable investment from outside was made.

In a period of rapid development Szeged was the centre of capital investment, too, in the region. I can be shown that on the one hand it mobilised the resources gained in the region, on the other hand investors from Budapest and abroad found secure profit-making chances here.

From the above-analysed factually supported development tendencies I have drawn the following conclusions:

- ◆ In the last decades of the 19th century Szeged developed into a regional economic centre whose economic, commercial and cultural influence affected the whole area triggering development all around.
- ◆ During the rapid (occasionally stormy) development of capitalist relations of production thousand-year-old organic relationships made their way, which manifested that in the confluence of the rivers Tisza and Maros Szeged grew into a logistical centre of the region, where world market-level processing of agricultural products was coupled with commerce of produce.
- ◆ By the end of the 19th century all preconditions of connecting to the world market were granted (railway, postal services, shipping, etc.)
- ◆ Organic and mutually favourable relationships of production were formed between the industry of the town of Szeged and the agriculture of Bácska, Bánát, the region of Csongrád and the area between the Danube and the Tisza.
- ◆ Pyramid-like organisations also raise their head (agricultural production, primary processing of products in focal points, the production of goods in Szeged sellable on the world market).
- ◆ The building of infrastructure (especially the railway network) was based on realistic economic needs, or rather on its potential chances for development; the principle of proportionate development was realised.
- ◆ The industrial processing of products in Szeged has always mirrored the demands of the world market towards agriculture and primary treatment of produce (e.g. quality of hemp, salami etc.).
- ◆ Industry in Szeged was successful, when proper technical development was also ensured (salami production, hemp industry).
- ◆ The industry of Szeged gave rise to firms successful on the world market and capable of manufacturing marketable products from the agricultural produce of the region even in the most critical times.
- ◆ The products of the region would never have been able to force their way into the world market, if it had not been for a sound marketing approach as well as proper P.R.
- ◆ Acquiring a successful position in the world market always required governmental help, which had several efficient forms (subsidy, customs allowance, tax allowance, promotion

of getting out to the foreign market, promotion of scientific activity, participation in international conferences, etc.).

- ◆ In several industries raw material arrived in Szeged, it was worked up here and the ready product was transported away. (Swine – salami, wheat – milled products, hemp – canvas, linen, rope, string, etc., raft-wood – timber, etc.).

Based on the analysis of the data concerning Szeged and its region I find it of utter importance to make one more supplementary statement. I do believe that Trianon interrupted, dramatically slowed down the economic growth of the region, blocked the strengthening of organic economic relationships. It is very likely that certain areas in the region fell behind a hundred years as a consequence of the Trianon dictates, the decisions of Jalta paralysed development for the past fifty years.

Also it was the analysis of the data that led me to the conclusion that even in our days there exist platitudes that have little truth in them. Such is the above mentioned, frequently formulated view that "From the protected large market of the Monarchy the vulnerable economy of the little country was thrown out to the world market without transition." (There are sources to prove that Hungarian machine manufacturing was in many ways internationally competitive, just like milling industry and salami making, like sugar and distilling industry as well as the hemp industry branch of textile industry. It is also a fact that the Monarchy's market – however large it was – never served the interests of Hungarian companies. Since Szeged's traditional markets for milling industry – Austria, Bohemia, Moravia – were constrained into the framework of new nations, sales chances for Szeged's mills narrowed down.

Following analysis of the effects of Trianon – as I have already said – I am not going to offer a detailed discussion of the economic and socio-geographic effects of the events of the 20th century since they are beyond the scope of this paper, however, I think it is worth discussing the incredibly great changes of the past decade and show some of the stages and great changes leading to them.

Prior to the political changes an important milestone on this road in the economic sense was the new economic mechanism introduced in 1968, which attempted to model the proprietary approach and fit it in the framework of national property amidst the then socialist

relations of production. In the economic sense it was an unanimous success, however, due to the strong eastern authority politically it was a failure, because between the years 1971-73 among others the 50 largest domestic companies were withdrawn – following political decision – from the scope of the new economic mechanism, which made it impossible for the new mechanism to really successfully serve Hungarian national interests.

As a consequence of this by 1982 the debt stock of the nation leapt up from the initial USD 1 bn to USD 9 bn, which meant insolvency of the country, and if we had not joined the International Monetary Bank and the World Bank (this time with western support), the country would have gone bankrupt and a process of serious recession would have started.

As of 1st January 1987 first among the Eastern European countries the two-tier banking system was introduced which facilitated the growth and development of not only the commercial banks, but also of state companies and private companies.

The bank consolidation of 1991 created the background of financing companies and it became possible to abandon the principle of restrictive financial policy.

The economic changes and struggles of the past decade served one goal, which is now in easy reach: the accession to the EU in 2004.

In the operation principle of Szeged as future regional and logistic centre the different forms of transport play a key-role, which by "space-span" and "time-span" appear integrated in the process as a whole both in the area of transport and information transfer.

Time-span has another comprehensible meaning, when information transfer processes take place without time limits by bridging over the limitations of space structure, and simultaneously with transport production and perhaps packing and storing take place. This, then, projects the prospective that modern production organisation techniques and trade techniques continuously merge in each other resulting in a uniform transport system owing to the speeding up of the most valuable logistic asset: information-flow.

The spread of the concept of trade centres functioning as logistic, reception and distribution sites has conceived and developed a new model, the so called "gateway" practice.

The "gates" between systems built upon each other in the multi-stage structurally cohesive logistic systems serve as junctions that offer a chance for further regrouping and diversification of persons and goods.

The use of gateways is justified by several reasons, e.g. the transfer between the individual logistic systems is not automatic, good must be identified, distributed on the basis of quantity and quality, also in some cases the performance of administrative tasks has to be checked. To mention practical examples, duty-free areas, customs-yards can all be qualified as gateways, of which we can find several examples in Szeged, too.

The purpose of this paper is to describe Szeged's vision of future, determine the relationship between accession to the EU and Szeged's sphere of attraction, whose advantages and disadvantages have been reassessed in the past century time and time again owing to the town's borderland position. For the town it is inevitable to realise the development project, the final objective of which is to create a trade and logistic centre, which will become the centre of transport routes, service networks, financial and commercial processes and also of informatics and telecommunication networks. Its role as a centre has to be enhanced in the area of education and research, as – due to their geographic position - neither Temesvár, nor Újvidék has such education, research or health-care facilities as Szeged.

In order to exploit the comparative advantages arising from the town's geographical situation, the following have to be developed:

- ◆ The regional airport of Szeged has to be transformed to function as an international arrival and departure site, which makes it possible that through the airport both passenger and goods transport could link to the air-traffic of the nearby Budapest-Belgrade-Zagreb-Arad zone.
- ◆ The road and railway network have to be integrated into the European transport network by creating and developing the main international transport route junctions.
- ◆ According to the above the logistic service centre will not only be involved in storage, distribution and further processing of its own products, but as part of the European network it can also become the international centre of goods flowing through the regional centre.

- ◆ The agricultural trade centre can start to function as centre of the space structure of the region that reaches beyond the border by establishing the capacity for proper processing, packaging and storing (cold-storage plant).

In order to create a knowledge-based economy the following have to be done:

- ◆ The innovation park of the University of Szeged has to be established relying on the professional background and existing "distributor-customer" relationship of the Science, Law and Economics faculties at the university.
- ◆ The biotechnological innovation centre can become a practical training centre as well as "manufacturing site" of the academic level biological research workshops, which have a long tradition in Szeged.

In order to exploit the potentials of quality tourism the following need to be done:

- ◆ We have to establish a network of healthcare hotels based on our thermal waters, which the corresponding departments of the University of Szeged can also utilise.
- ◆ With the participation of the Faculty of General Medicine and Healthcare College Faculty of the University of Szeged a rehabilitation park has to be established, which – in co-operation with health tourism – can count on solvent EU demand.
- ◆ The opening of an Education and Information Centre will open new perspectives for conference tourism in the town, with all its benefits: growth of hotel capacity, relaxation and entertainment facilities.

We can declare that in the regional and settlement policy of the new millenium towns, especially the eastern outposts of the EU have an enhanced role. The togetherness of centres having different levels and functions, their network and their sphere of attraction will get a complex set of tasks in the formation of the regional system. The town of Szeged enjoys comparative advantages in its sphere of attraction both within and beyond the borders due to its existing foundations of a "knowledge-base", which can help increase its competitiveness, especially if we think of the far-reaching scientific activity of the University of Szeged. The town also enjoys comparative advantages owing to its position in the region, since its state of development, its development perspectives are much more promising than those of Kecskemét, Békéscsaba, Arad, Temesvár or Újvidék. Szeged's population pattern, the income terms of the population, the expected positive effects of the development of the infrastructure

make it very likely that a goods-transport and logistic centre should be formed here, which can reverse the presently negative tendencies of its economy.

It is important to state the fact that the trade balance of Szeged today is negative considering output, which means that the decline of processing industry and the situation of forwarding agents do not ensure that the town could appear as a net issuer, and only the added value connected with transit goods-transport can compensate for this.

Short summary of the paper

This work can be broken off to several distinct chapters. On the basis of logistic aspects in the introduction I compiled its SWOT analysis, which provides the framework, within which in the last chapter of this paper the urban development tasks to be performed after accession to the EU. In the first part I examine the statements of logistics pertaining to the subject, with special regard to logistic systems and regional centres, the potentials of logistic centres, their varieties and activities. In this chapter I gave some thoughts to the basic principles of regional logistics and town logistics. Following the survey of theoretical principles a whole chapter is devoted to the economic situation before and after Trianon, to its changes broken down to industry, branch level. It is at this stage that I go through those aspects of Szeged's traditional industry which to some extent are of significance even today, like salami production, hemp processing, paprika processing, milling and the background infrastructure belonging to them, namely road transport, railway transport and cargo-shipping.

I assigned a distinct chapter to the exploration of the economic logistic situation after Trianon, where I describe the social effects of the changed space structure, the structural transformation of contractors, consumers, further users.

The second large unit of the paper gives an account of the changes in the infrastructure environment of Szeged and its sphere of attraction in the past decade, sketches up the questions of the prospective changes after accession to the EU. When presenting the changes of the past decade I use statistic data to support the main tendencies, the changes in the number and composition of economic units as well as the directions of the flow of capital. Special attention is paid to the new tendencies in industry, agriculture and commerce and also

the economic processes approachable not only from the economic side. The most detailed description is given to mapping up the tendencies after accession to the EU, here I discuss infrastructure development demands and potentials, the formation and operation of trade logistic centres, the creation and future operation of an agricultural trade centre.

The paper takes up 174 pages, contains 13 figures, 24 tables, 2 maps and 4 map attachments, as well as a summary in English.

24th April, 2003

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