The 1990s were the years of learning not only in terms of market economics but in terms of joining the European integration processes as well. This is especially true for the establishment of the institutional frames for regions and regional development and cooperation. As a result, seven regions were created in Hungary without the dissolution of the counties, the traditional units of Hungarian public administration. Regions in Hungary are in the process of institutional stabilization and are trying to become real players in domestic and European politics. The Western-Transdanubian region which consists of the three western-border counties of Győr-Sopron, Vas and Zala, is outstandingly positioned among them, since together with Burgenland in Austria, it constitutes the West-Pannon Euroregion, the only one in Hungary with EU borders.

Three quarters of the entire population of 1.3 million and territory of the West-Pannon Euroregion belongs to Hungary. As a consequence, the institutional and social development of the three counties of Western Transdanubia play a determining role in the ongoing process of Euroregionalization.

Since the abolition of the Iron Curtain, this development has been both dynamic and uninterrupted. The Hungarian part of the West Pannon Euroregion is among the most successful in Hungary, whereas Burgenland is the least developed in Austria.

Interpersonal, social, economic and political relationships traditionally play a vital role throughout the entire border region, thus providing an excellent base for institution-building and networking within the recently institutionalized frames of Western Transdanubia. Social cohesion of the new Euroregion can be strengthened by ethnic groups and minorities traditionally living peacefully side-by-side on both sides of the EU's eastern border.

With the opening of borders in 1989, crossborder labor market relations have intensified. Many Hungarian citizens, searching for higher income possibilities, have adjusted themselves to the
requirements of the Austrian labor market during the past decade. Most of the commuting migrants have found employment opportunities in the service sector, agriculture and construction industry. The rising proportion of comparatively cheap migrant labor can lead to social and political tensions, and as a consequence this sensitive issue needs special treatment during the process of framing crossborder regional labor relations.

As mentioned, among the seven Hungarian regions, Western Transdanubia plays a special role. As the only EU frontier region, economically more advanced than the others in the past decade, it went through a faster learning process and could serve as a model and provide assistance to the reform of the entire Hungarian regional development system. Although Győr, as the largest city and industrial center in the region, plays an eminent economic role and attracts the vast majority of foreign capital investment, West Pannonia does not have a regional capital center. Its awakening middle-sized cities, with strong multicultural and ethnically mixed populations provide an opportunity for a regional, crossborder city-network together with a larger circle of Austrian, Slovenian, Croatian and Slovak cities. This emerging chain of cities could become the firm base of a new Central European core region. Being the gateway to the EU, the West-Pannon Euroregion builds its strategy on the unique position of an intersection of five countries. (See maps in appendix).

Statistics underly this dynamism: 65% of the entire traffic oriented abroad in Hungary is concentrated at the border crossings in West-Pannonia. Western Hungary has traditionally been open in its culture and economy. After greater Budapest, it is the most attractive target area for foreign capital investment. The ratio of employment is exceptionally high and the unemployment rate is by far the lowest in Hungary. This part of the country has been able to preserve its natural environment and cultural heritage intact during the years of the Cold War paradoxically because of its proximity to the Iron Curtain. At the same time, this highly controlled and politically sensitive region was exposed to constant police surveillance and the search for illegal immigrants. Institutional and cultural development was purposely held back. The "Iron Curtain psychosis" has remained a determining factor of social life and explains the lack of institutional innovation and social entrepreneurial spirit, at the beginning of the post-Cold War period. Although a multiparty system was rapidly and smoothly implemented and democratic elections were unharrassed, the surviving institutions as well as the democratically elected city and county self-governments were unable to rid themselves of old work methods and remained largely closed institutions which
performed in the old spirit. Although the rhetoric and ideology had radically changed, instead of innovation and opening-up to the world, they were more characterized by a lack of trust and cooperation.

Therefore, it was a real breakthrough when, from the second half of the 1990s, new actors emerged and became activated both in civil society and in the public administration. By the turn of the millennium, the new actors had taken up key positions in regional and spacial development and in Phare CBC project management new working methods were introduced and the spirit of trust and cooperation slowly began to gain momentum. This has not been an easy battle and still not over. But as a consequence, real change occured and there have been successes. Continuity in institutional life has been fundamentally broken.

Strategic planning, a blasphemy for a long time, has regained its legitimacy and returned to public discourse and administrative thinking. In the last few years, county and city governments established strategic planning departments. Within this institutional rejuvenation, new financial resources became available, such as Phare CBC, and played an important role. Ridding themselves of hierarchical attitudes, self-governments began to build coalitions with NGOs and started to play an initiating role vis-a-vis the central government. This new attitude has recently penetrated the institutional world of the "old" players to a lesser degree. Wherever it is present, regional thinking and developmental processes work efficiently.

**NEW PLAYERS**

*The Significance of Phare CBC and Interreg in the Creation of the West-Pannon Euroregion*

After Austria became an EU memberstate in 1995, the opportunity opened for Hungary to join the EU support programs of crossborder cooperation. The participation of Hungary and pre-eminently Western Transdanubia in these programs was made possible by the availability of EU resources.

*The Regional Development Council*

Regions in Hungary, including Euroregions, are *in statu nascendi* in all meanings of the phrase. Their
legal/constitutional and administrative status is uncertain and subject to political bargaining. This weakness, however, is at the same time their strength, since their uncertain state provides a larger space for manoeuvre and greater flexibility vis-a-vis the unwritten rules of a hierarchical world. The Western Danubian Regional Council was established in 1997 by Győr-Sopron and Vas counties and it was reestablished in 1999, when Zala county joined.

The Councils' committees elaborated the regional priorities such as human resource development, entrepreneurial and technological innovation and the development of regional institutions; its committees are responsible for the realization of these priorities.

There is a conscious effort, from the side of the council, to shape cooperation with the traditional bodies of public administration in order to harmonize mid-term regional and state sectoral development strategies. Most of the decentralized organizations are in favor of this cooperation since they understand that an improved, extended and intensified flow of information serves their interests and they can get a more comprehensive and up-to-date picture of regional changes via networking.

The Regional Development Council integrates different functions: it is a body of professional experts, at the same time it acts as a virtual regional parliament.

The Regional Development Agency is the executive branch of the Council and the engine of regional and crossborder cooperation. Its primary role is to realize the priorities of the Council and to create a new and unified image of the region. It supports the initiatives of micro-regions and organizes workshops, fora and conferences to promote the interactivity of different regional players.

The Agency has a direct effect on the everyday life of the population, on the business sphere, and on the decisionmaking bodies at all levels of governance.

Micro-regions and micro-regional associations started to come into existence in Hungary in 1992. Their creation was supported by local self-governments, and in 1996 a law ordered their establishment. Their characteristic specifica is their simultaneous organization from above and below. The truly efficient micro-regions are led by strong personalities with the ability of social
innovation; their professional attitude is shaped by EU experience.

The example of the Zalakar Microregional Development Association demonstrates how efficient a micro-region can be in adopting a cooperative attitude. After its establishment in 1992, it needed 7-8 years to become a real player. Since 1999, it runs a professional service company in the public interest. Among many things, they offer a social program for marginalized families with the help of the Ministry of Social and Family Affairs. In cooperation with the Ministry of Traffic and Communication they established a "Telehouse" which functions as a sort of information center; with the assistance of the Ministry of Agriculture they organized a "wine road", etc. In the year 2000, they began a management program for women. This example shows that for a proper change in insitutional attitude, a period of 7-9 years is required. At the same time, new actors are able to learn to build efficient partner-relationships with each other and with traditional players.

Similar success stories can be mentioned from Vas county and Győr-Sopron county as well. The *Pannonhalma Micro-region Development Association* supported by a private, local ecological foundation functions as a regional ecological center and has developed a model of bio-agriculture (farming), combined with the utilization of renewable resources like solar energy. This example demonstrates a spontaneously developing, functional association which takes advantage of a formally established structure in pursuit of its goals. After success was demonstrated, the 23 previously passive rural self-governments became full supporters of the program.

The training program for career advisors, launched by *Reginnov Consulting Ltd.* in Vasvár, is a genuine model for crossborder cooperation. This path-breaking program fits the crossborder strategy of Western Hungary and Eastern Austria. Parallel applications were submitted to the Phare CBC by the Vas County Labor Center and by the Burgenland Employment Office to Intereg II. The project is also connected to the training of social-economic managers and to the crossborder cooperation development program elaborated in 1999, which led to the establishment of two employment information centers. The training was realized in 1998-99 and represents a successful twin program at two venues: at Szombathely (Hungary) and Oberwart (Austria).

Further examples for the gradual development of the spirit of cooperation can be seen in the *Naturpark Association* in Köszeg, and the *Savaria Scientific Society* in Szombathely. After several years of
experimentation, all of these new initiatives have attained the practise of cooperation which guarantees long term sustainability. An outstanding example of this change in attitude is the Reflex Ecological Organization from Győr which has turned from a radical "deep green," non-cooperative protest NGO into a networking development institution with a broad regional perspective without abandoning their green commitments. In cooperation with the regional Environmental Center they are establishing Green Points throughout the region, pursuing the principles of horizontal networking and sustainability.

The successful micro-regions and the civil organizations cooperating with them are recognizing the possibilities for social dialogue within newly established frames via employing the methods of conscious planning. Comparing them to the old players at the county level with a thousand years of tradition in public administration, their result- and success-oriented attitude and efficiency is even more outstanding.

TERET - The Consultation Council for Developmental Regions was established in January 2001 by the 7 Hungarian regions in order to enable and empower regional actors at the national level. The Council closely cooperates with representatives for the Hungarian regions in Brussels. Its dual aim is successful preparation by the counties for EU accession and the strengthening of the role of regions in long term development policy implementation.

A DOUBLE LEAP: ENABLING NEW INSTITUTIONAL LEVELS

Many other empirical examples prove that the 1990s were the decade of institutional learning, renewal and the period of shaping new thinking. Institutional change took place at two levels: vis-a-vis traditional institutional structures characterized by a lack of cooperation among old players like county and city governments, the level of micro-regional associations emerged above local (village) municipalities and above the county level the region was established. This development has encouraged local self-governments to break out from their isolation and counties found new space for manoeuvre which gave them the chance to get rid of their paralyzing rivalry which is often accompanied by nostalgia for the ancien regime.

A specific, common feature of the micro-regions and regions is the lack of a legal/constitutional
status, at the same time, their role and capacity in institution-building is *de facto* increasingly recognized at both the national and EU levels. Exactly the transitory character of these developmental bodies provides them with the chance to soften and dissolve old, petrified structures and to exercise their "soft" functions when facing bureaucratic, financial and political challenges.

There are strong family ties among the new actors. Micro-regions and their associations understand the new language of the region better than anyone else. They began themselves to build their own administrative structures, networks and apparatus. On the other hand, the Regional Development Council and the Regional Development Agency provide them with well-targeted assistance for capacity-building. This double effect leads to the consolidation of the system of regional networks and relations. For the representation of this new micro-level, competing ideas have emerged. One was the establishment of a regional "mini-ministry," which involves the danger of reestablishing traditional hierarchical structures at the regional level. Instead, the Regional Development Agency decided in favor of regional network management. Its success in the last two years is astonishing. The building up of the regional network has been in large part accomplished.

How can this fast network development be explained? The beginning of the transition period was characterized by a new kind of atomization both in the world of civil society and in official institutions. Half a decade was needed to realize that individual solutions are not all that efficient. Long term projects, based on proper ideas can be fully realized only in cooperation. These examples are attractive models. Their success has made an impact on many other civil and official institutions who have slowly come to realize that there is no alternative to cooperation if they want to stabilize early success and secure the path for further development. From the second half of the 1990s, therefore, one can observe an obvious shift of emphasis within successful institutions towards sustainability and organized structures accompanied by long term strategic thinking. After the initial period of sparkling successes, long term life-processes came to the forefront. New actors have gradually developed a sense of timing and the ability to program.

The shaping of the micro-level, between local and national governments, has the utmost significance for the EU integration process. We are witnessing the birth of new phenomena and institutions whose unintended results and natural imbalances might seriously influence both political and social life. Representatives of political life on the traditional, local level have largely recognized the new
chances offered by the micro-level. They understood that solutions to burning problems cannot be found within the traditional institutional frameworks of counties and local municipalities.

At the same time, regionalization, as a politics-shaping force, hardly exists at the national level. It is still more rhetoric than reality. As a consequence, "old" and "new" coexist according to the rules of spontaneous and planned development in a peculiar combination of symbiosis and antagonism. Old hierarchies are covered with new functions, inflexible and rigid structures are softening, the practise of spontaneous politics gains momentum. The new rules of the game have not chrystallized because there has been no breakthrough neither at the national level of politics nor in public thinking. The game, however, is not over. The legal status of the region needs to be guaranteed by constitutional amendment.

INTELLIGENT REGION: MOVING FURTHER ON THE ROAD OF NETWORKING

The region of West-Pannonia can serve as a model for regional development elsewhere since it demonstrates in the practise of everyday life the principle of horizontal networking. There is nothing like "the center" in the region. The success stories indirectly prove that the region cannot be organized from above. All players decide themselves with what and to what extent they contribute to regional construction. Despite proven successes, old fashioned, institutional mentality has remained and most likely these two different behaviors will clash for a long time to come. This chaos, however, is productive in as much as it gives new forms for hitherto suppressed tensions. It makes hidden conflicts open and subject to public discourse. The speedy expansion of information technology is likely to give a serious push to horizontal networking and institutionalized partnerships among old and new players. The building up of info-parks, tele-houses, and the regional intranet has begun and moves forward intermittently.

By the spring of 2002, a new Phare CBC program will be launched which provides each micro-region with 3-5 work stations and free Internet access for two years. These new opportunities to reach crucial information will significantly reduce the hierarchical dependence on central offices and therefore render the constraints of adjustments obsolete.
The Western Hungarian Regional Development Association has shown its capacity to innovate in the field of management, in so far as it has brought the programs and complexities of regional development to applicants. This interactivity is an entirely new element in Hungarian public administration, institutional and regional development.

Crossborder cooperation was not enhanced by the EU failure to harmonize the Interreg and Phare CBC programs. Disharmony became of permanent feature as a result of different deadlines and Hungary always lagged behind Austria. Today this situation has actually reversed since the EU has blocked the start of a new Austrian Interreg program. It is, therefore, hard to discuss common management. This makes sense only if partners are mobilizing national resources in order to achieve common goals (or pursue common interests).

"By making joint management impossible, the European Commission sometimes irritates both partners so much that they realize their projects out of their own resources," says Gábor Győrffy, the executive director of the regional development Agency.

At what levels did significant changes occur thanks to cooperation?

First of all at the regional level. Five years ago, in Hungary, there was no mezo-level. Today it is reality even if not in legal and constitutional terms. The process began in 1996 and increased in speed from 1999 on. Despite disharmony and administrative frustration, Western Hungary gained significant advantages as a result of crossborder cooperation in comparison to other regions of the country. Crossborder cooperation and interactivity among different players is more advanced in the Euroregion of West Pannonia than in any other Euroregion with Hungarian participation. A shift can be observed even at the level of the city and county self-governments from traditional institutional behavior towards a more open, and cooperative one. It might be too early, however, to speak in terms of a breakthrough. The same is true at the level of national institutions, sectoral branches and ministries.
QUALITATIVE IMPACT OF STRATEGIC COOPERATION IN THE REGION

The new Euroregion provides an excellent frame and conditions for the West-Pannon border region to nurture its Central European identity, multicultural and multilingual traditions. The cities in this region have both Hungarian and German and sometimes also Croatian and Slovenian names, according to the ethnic origin of local populations which have never been homogenous. Populations on the two sides of the border mostly understand each other's languages. In Western Hungary German is still the most widespread foreign language. Thanks to open borders and intensified crossborder activities, a growing part of the population in Burgenland speaks and learns Hungarian. More and more secondary school students from Hungary go to school in Austria and bilateral cooperation between secondary schools have become an everyday practice. The need for stronger and regulated crossborder cooperation has been recently formulated at the level of higher education as well.

The European University Center for Peace Studies in Stadtschlaining and the Center for European Studies at the Berzsenyi College in Szombathely have been regularly working together since the early 1990s. Since 1996, the Savaria International Summer University in Köszeg can be seen as a "mirror" project of the Summer Academy in Stadtschlaining. From this cooperation was born the idea of a virtual, crossborder university with a Szombathely-Köszeg-Stadtschlaining triangle. (These cities are approximately 20-30 kilometers from each other.) As a first step, the introduction of a joint university degree program in International and European Studies is planned.

Approaching the expected date of enlargement, cultural relations have intensified in other terrains as well. "Hello Neighbor!" - a Euroregional project is a bilingual TV series which was launched in 2000 about matters of common interest and recent developments in European integration. The number of music festivals and concert series is steadily increasing. Parallel to the famous international Haydn festivals in Eisenstadt (Kismarton) (Haydn lived and worked in Eisenstadt, the largest city in Burgenland, located 10 km from Sopron), the city of Sopron (Odenburg) initiated a Franz Liszt Festival (Franz Liszt was born in a small village near Sopron and gave many concerts in the city and neighborhood).

The West Pannon Euroregion has formed a working group in order to establish links between the
common cultural heritage and the high quality wellness tourism and started to explore the cultural history of Pannonia and put together a guide to the common historical heritage.

In the field of the economy, industrial parks and clusters are the most obvious manifestations of new methods and innovation. The economic working group of the West-Pannon Euroregion has organized crossborder cooperation between industrial parks since 1999. The industrial park located on the border at Szentgotthard and Heiligenkreuz became a special industrial zone. The working group is responsible for the elaboration of marketing strategy of the region, for concrete, harmonized development of services, for the more intensive utilization of renewable resources, for creating a friendlier environment and better networking conditions for small- and medium-size enterprises, etc.

In October 2000, the West Pannon Regional Development Agency launched a new program called the "Pannon Business Initiative," with the declared aims to create an attractive, innovative business environment and to strengthen the social and economic cohesion of the region. The impact of the program can be felt in the increasing interactivity and partnership among spatial and economic development organizations in the region. The development policy based on the principle of networking is able to transfer the economic dynamism of big business to the world of small enterprises. After the successful launch of the Pannon Automotive Cluster, the Pannon Business Initiative attempts to create the framework conditions for further clustering in other dynamic branches such as in the electronics, wood, fruit production and thermal tourism industries.

The new dynamism has slowly reached other related areas such as research and development and higher education. Joint workshops, conferences, and negotiations about common strategies have become frequent events and the flow of information has intensified between university centers, research institutes, NGOs and the business sector. Mutual recognition of long term interdependencies and the recognition of the central role of culture in its broadest terms, and scientific research (including social sciences) are the most recent and novel results of joint developmental efforts. The Hungarian Academy of Sciences has expressed its interest in co-establishing academic research centers and even a Regional Committee in Köszeg and Szombathely. The regional Association of the National Alliance of Industrialists together with Chambers of Commerce are lobbying together with educational centers for institutional improvements.
The first fruits can be harvested from the successful realization and institutional introduction of the principles of networking and partnership. It made an impact on political life, as well. Within interregional working relationships, the practice and principle of horizontal, co-decisions and transparent decisionmaking came to the forefront at the expense of the old practices of secrecy and partisanship which can no longer avoid entering networks of cooperation. Old methods and ungrounded "democratic" decisions reached by secret voting are being questioned by the new partners. In many ways this signals the real end of the ancien regime in the countryside where the survival of institutional enclaves was made possible by their relative lack of importance and peripheral positions. In a certain way, regionalization can be interpreted as a new way of mobilizing the dormant energies of civil society locally, and pushing further the blocked process of social democratization through fostering tendencies of decentralization on the national level. Thus the success of regionalization is linked to democratization.

West-Pannonia is traditionally a region of peaceful coexistence among different ethnic and religious groups. Slovenians, Croats, Slovaks, Austrians, Germans, Vends, etc., can be found living together in settlements, cultivating their cultural and linguistic roots. Pannonia has become a generic term for this. It began to recognize, enjoy and propagate its multicultural and multilingual character. A recent cultural project of the Europe House in Eisenstadt, "Polis Pannonia," is a telling example for new efforts of civil society to revitalize the best values and traditions of this frontier region: and initiate open fora for discussion on hitherto undiscussed or suppressed elements of common history.

Recently, civil society went through an intense process of institutionalization in the region. This process, intertwined with European integration and globalization, has resulted in a new consciousness and thematization of public issues: ecological awareness, questions of human rights and minorities, intolerance and discrimination against the Roma, alternative programs for education and training of the socially marginalized. The new social environment provided by the Euroregion and its new players favors the flourishing of civil society and vice versa, civil society is participating vigorously in the process of regionalization.

Thanks to its historic traditions, geographic location and economic success, Western Hungary is ready for the further intensification of crossborder cooperation. Social, cultural and economic
synergies underlie the legitimacy and plausibility of the Euroregion. Local obstacles and administrative clumsiness can be overcome. In a paradoxical way, the great advantage of the region is its malleability, soft structures and amorphous character. Great processes of transformation, symbolized by a break with the past, would have gotten stuck within more rigid structures.

The results and accomplishments of regionalization can be explained by the aggregate impact of the new economy, highly developed human resources, culturally anchored social capital and by the new, dynamic, open and flexible institutions and actors. At the same time, the local representatives of national politics, for the time being, are rather passive followers and observers of the changes and not instigators.
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