

Nora Teller

Mórahalom - Case Study

History of the City

Mórahalom, a settlement of 5800 inhabitants in South-Eastern Hungary, 20 km from Szeged, the capital of Csongrád County, became a city in 1989. At that time, the soft and hard infrastructure of the settlement lacked many objects: there was no school, no police, no medical services were available, not to mention telecommunication facilities. Today, however, the city has an elementary school (developed in 1996 in a new building with up-to-date information technology) and a music school, wide ranging medical services, a cultural centre, it is 100% supplied with public utilities, 70% of the roads have solid road surface. Mórahalom has become a centre of the Homokhát micro-region with e-services and a lively agricultural area.

Initiation

In 1993, one year before the issue was brought to the Hungarian Parliament, the Mórahalom Municipality established a local economic development department in order to ensure a better coordination of information and input of material supply for the local population, most of which depends on agricultural production, since the cooperation of the individual growers was lost after the agricultural cooperative was privatised. Additionally, at this time the bigger ventures, mostly seated in Szeged, had gone bankrupt and only small local enterprises were working in Mórahalom, and so the local government realized the need to open new prospects for employment and occupation for the inhabitants.

Structuring and initial results

In 1994, the Hungarian Parliament passed a decree on local tax incomes, including, among others, the local business tax, and set the admissible amount at 0,8 percent. At that time, Mórahalom was not able to make use of this opportunity, since there were no major enterprises that could have paid a considerable amount of taxes to the local government. Consequently, the

department decided to support firms that would soon recover the municipality's outlay. Thus, the municipality started to apply for all relevant types of funding, and at the same time, it started to support the gathering of local NGO's, mainly local foundations. The sources that were gained were not great, but nonetheless, two new occupational centres for the disabled would soon be opened, and since municipal institutions could also file applications, other developments, such as an elderly club could be opened. Local infrastructure was developed, roads and bicycle-ways were built, public lighting was renewed, and the rubbish-shoot was put in order.

Implementation

The municipality formed enterprises to better accomplish its duties and established a co-operation with the surrounding municipalities.

In the middle of the nineties, the municipality bought the area of the former military barracks and, as an infra-structural investment, made its own enterprise construct a gas pipe to this outskirts of the settlement. Nowadays there are flats, an occupational centre, and the elderly club in the building of the renovated old school. This investment induced more investments, since the enterprise had to develop its machine stock. The enterprise, originally established with 1 million forints and 8 people, currently has 45 million forints capital and employs 60-70 people.

One of the biggest investments in the settlement was the foundation of the Agro-Industrial Park in 1997. The cost of 146 million forints was in 50% sponsored by central funds and 30 million forints were gained from the county. The park is fully supplied with public utilities, has a so-called 'incubator' house and an 'incubator' hall, offering low rent for the enterprises.

The most prominent enterprise of Mórahalom, Mórakert, also has its seat in the industrial park, renting offices in the incubator house. Additionally, Mórakert has built its own plant for vegetable and fruit buy-up and packaging on a rented plot in the industrial park. This company is the 'successor' of the local economic development department of the municipality. After 1994, the local entrepreneurs found out that having their own foundation would enable them to more successfully deal with the issues of purchasing. However, this formation turned out to be insufficient after one year; therefore, they established a co-operative, Mórakert. The co-operative's tasks are arranging the buying-up, manipulation of the products (waging and packaging), storage, and finally, distribution. All members pay an entrance fee and further investment contributions. The municipality was one of the 52 founding members of Mórakert, and today, it is one member among 258. During the

wintertime, the company organizes trainings for members about the treatment of different vegetables and fruits, economic issues, and monitoring.

The companies in the industrial park receive tax allowances and all administrative issues are arranged as primary tasks of the municipality. At present, there are 12 enterprises in the park, three of which work closely together - Mórakert, Herena, which produces the packaging materials for Mórakert, and Móraprizma, which also prepares products for Mórakert. The firms altogether employ 200 people.

A second pillar of the local economic development is the thermal spa with medicinal waters, also attracting people from the nearby county capital. For the development of the bath, the municipality won a PHARE subsidy as well. This year, the construction of a thermal-hotel was completed; the municipality was its investor.

The municipality is one of the most important actors of the local economic development. The mayor, who was recently re-elected for the third time with 80% support of the voters, is one of the most important initiators in the city. Since most employees of Mórahalom work in municipally run institutions, and also the municipality employs most people with university level diplomas in the field of economics, the human capital of the local government is the best in town. Further, the municipality has the greatest stock among other economic actors of Mórahalom.

Outcomes and further goals

While observing the output of the local economic development processes in Mórahalom, during the past some years an average proportion of 1:34 of local tax is dedicated to the founding of projects. The tax income of one million forints in 1994 has grown to 30 million forints, however, for further developments, such as establishing secondary education, health service development and sport investments new sources still must be found. Since the change of central government, Mórahalom now faces some obstacles in receiving higher amounts of funding from central funds but its central role in the region cannot be questioned, being the standard-bearer, with its development strategy and implementation success.