

Changing Patterns of Social and Ethnic Residential Segregation in Budapest

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Socio-economic segregation

The main findings of this article are results of my research on residential segregation over the last three decades. Before discussing developments of recent years, I sum up my earlier findings on social, ethnic and residential segregation in Budapest.

Despite all difficulties of historical comparison, the basic tendency is clear. Residential segregation slightly increased in Budapest between 1930 and 1939. After this it decreased, probably due to the great social changes of the second half of the 1940s. However, this decrease was not a result of state socialist urban and housing policy. Statistics showed that as early as the 1950s the decrease in segregation slowed down. During the 1960s segregation began gradually to increase. By the 1970s the high rate of the end of the previous decade leveled off. During the 1980s segregation further increased (Ladányi, 1989).

Thus we can say that the decrease of residential spatial segregation among the different social groups took place at a time when the structural characteristics of the previous system had already disintegrated, but the new ones, typical of state socialism, had not developed completely. It was a time when previous privileges had already disappeared, but the new system had not yet developed and crystallized its own system of inequalities. The lower level of segregation cannot be explained by the prevalence of egalitarian policies of the East-European state socialist urban and housing systems because segregation decreased substantially only in the period when this system was still emerging, with increases apparent between 1960 and 1970, and there was stabilization in the 1970s and increase during the 1980s.

In discussing the analysis of spatial segregation of lower-status socio-economic groups, we have to draw attention to the fact that the shape of the segregation curve characteristically differs from the shape commonly used in the literature. It expresses itself in the phenomenon that – no matter what the number, size, and delineation of our territorial units is – the segregation curve has a J-shape instead of the common U-shape, as the indices of the lower status social groups were significantly lower than those of the higher-status ones (Csanádi-Ladányi, 1992). After analyzing this phenomenon, we had to conclude that the irregular shape of the segregation curve could not be explained by the results of state socialist urban and housing policy. In Budapest, on the one hand, the 'irregular' shape of the segregation curve can be substantiated for the pre-Socialist period as well. On the other hand, research data collected by others for various European cities also establishes the 'irregular' shape of the segregation curve (Ladányi, 1989).

The “irregular” shape of the segregation curve can be considered as general in the case of European cities. That, in our view, can be ascribed to the power relations in cities. Whereas high-status social groups have the opportunity to be concentrated in those parts of the city where they want to be, low-status groups can only relocate when they have the means to do so and only if they are permitted. Therefore, high-status groups concentrate in their “own” areas of the city, and are able to develop advantageous systems of housing subsidies, high-quality educational and service networks, etc. for themselves, and exclude others by various tactics. In contrast to this, low-status social groups can only live in those parts of the city where nobody wants to live – yet or already. These groups can only 'choose' among the wide variety of the most unfavorable living conditions. As a consequence of these factors – at least in European cities – there is a tendency for higher-status groups to be clustered in fewer, usually larger and spatially coherent area(s), whereas lower-status groups are usually segregated in several, smaller, spatially non-coherent

'micro-segregates'. It is not the extent, but the pattern of their segregation that is basically different.

Ethnic segregation

These tendencies are characteristically different in North American cities. There are not simply different social and occupational groups, but primarily different racial and ethnic groups are segregated. Social and ethnic differences are closely related to each other in American cities, and the vast majority of the most underprivileged social and occupational groups come from among African Americans. As the most underprivileged ethnic groups, besides their unfavorable social position, they are also afflicted by a whole series of ethnic prejudices and discrimination. This spatial segregation in North American cities compared to that in Europe is thus not only stronger, but also has a characteristically different pattern. Thus in North American cities low-status groups are segregated in similarly few, large, and spatially coherent areas as the high-status groups.

During the 1980s and 1990s the above tendencies could be identified in Budapest in the spatial segregation of Gypsies, who are the only disadvantaged minority with a considerable size. Areas that are inhabited by Gypsies in the highest ratio and those where they practically do not live form in Budapest major areas – big in size and spatially contiguous. Nearly half of the Gypsy population lived in the inner Pest slum belt, typically in old state-owned tenements, and their presence there grew dynamically. By contrast, in the high-status parts of the hilly areas of Buda, where mostly privately owned condominiums could be found, there were hardly any Gypsy families (Ladányi, 1993).

We have seen until now that since the 1930s, the lowest-status areas could increasingly be found in sporadic micro-segregates of different size in the various parts of the city, but especially on the Pest (east) side, while the majority of highest-status neighborhoods were increasingly situated on the hilly parts of the Buda side in spatially contiguous and gradually expanding areas.

That pattern began to change roughly in the early 1970s. As a result of the massive construction of new housing estates consisting of high-rise blocks of flats, the vast majority of state housing projects were increasingly concentrated in the outer regions of the city, whereas the areas in inner Pest, mostly the belt around the city center with apartment houses, increasingly deteriorated. Until the mid 1970s, most the apartments in the new housing estates were allocated to 'medium to high-status' young families. At the same time, central Pest became increasingly the location of an ageing population, whose average status became gradually lower (because of higher-status families moving outwards). Rapid construction of condominiums on the Buda side had very similar influences. Especially since about the mid and late 1960s, the moving of high-status families to the green belt on the Buda side accelerated. Evidently, deterioration of areas dominated by state-owned flats took place in almost every part of the city. Indeed, the Pest side of the city was particularly affected, because here the vast majority of apartment houses were located. The decline of neighborhoods of state-owned apartment houses can be explained by the facts that – as it is well known from Szelényi's analysis for many years – the heavily subsidized rents were insufficient to cover renovation of the existing housing stock, let alone for building new state-owned apartment houses (Szelényi, 1972).

However, the pattern of residential segregation did not only change for the above reasons. According to our data, the fundamental change of the pattern of residential segregation in Budapest was primarily caused by the rapid shift of Gypsies into the state-owned flats in the much-deteriorated belt of apartment houses of inner Pest during the last two decades. In 1971 the ratio of Gypsy population in Budapest stood at 1.3 per cent. In 1993 it was almost double the figure: 2.4 per cent – which was half of the Hungarian national average (Kemény, 1997). Our own

data show that in 1986 already 46 per cent of the Budapest Gypsies lived in these areas of the capital city, and this proportion had increased to well over 50 per cent by the early 1990s (Ladányi, 1992). Our data covering the first part of the 1990s indicated that in that segment of the city ghettoization continued; and residential and school segregation increased (Ladányi, 2002).

Migration processes

As could be seen above, during the two decades before the collapse of state-socialism in Budapest, the traditional social pattern of the city considerably changed. On the hilly Buda side of the city and in the suburbs, a large and highly homogeneous, high-status zone of condominiums developed, where high-status social groups are concentrated to an extent uncommon even in most of the capitalist cities of the world. However, in the inner parts of Pest, where deteriorated apartment housing is typical, an expanding, increasingly homogeneous belt of ghettoized areas were developing, which more and more concentrated the Gypsy population

This increasing ghettoization in the inner parts of Pest started two decades before the collapse of state socialism. Under the conditions of post-Communist transition, this process picked up speed. That can be largely explained by the internal migration processes, which began at around the time of the transition.

One of the most surprising consequences of the early years of post-Communism was a demographic turnabout: for the first time in the peace-time history of the country, the population of cities, including that of Budapest, declined. By a sharp contrast, the population of Hungarian villages increased. Part of this process can be ascribed to suburbanization, that is, the outmigration of the middle and the upper-middle class from the city. Another part of this process can be attributed to the escape from the cities to rural villages in areas beyond the suburbs. People involved in this process include major groups of the Gypsy and non-Gypsy poor, who have a low level of education, lost their jobs in the cities, and mostly come from rural areas (Ladányi and Szelényi, 1997).

The acceleration of suburbanization is a principal factor of the decrease of population in the cities. In the state-socialist, centralized model of redistribution introduced in Hungary after the Second World War, little attention was paid to the development of the residential infrastructure. Infrastructural investments were drastically cut, revenues generated locally were channeled to other sectors of the economy, and repeated attempts were made to hamper isolated local examples of infrastructural growth (Konrád-Szelényi, 1971). After the collapse of this system, however, a highly dynamic development began first of all in the suburban areas despite the recession or stagnation of other sectors of the economy. In the opening years of the 1990s, a spectacular development has occurred in Hungarian suburban settlements with regard to the supply of tap water, sanitation, and piped gas. The telephone network, which used to be on a very low, almost Third World level, has also undergone rapid development.

More importantly, a transition started from a specific state socialist model of suburbanization to another model that is more typical of post-industrial societies. What we call the state socialist model of suburbanization has the following characteristics: heavy taxes are imposed on the rural settlements, various subsidies and credits are only available for certain types of buildings, groups of owners, and construction arrangements – typical only in larger urban settlements (Ladányi and Szelényi 1998). As a consequence, under state socialism the 'suburbs' emerged within the boundaries of metropolitan areas, in Budapest mainly on the hilly areas on the Buda side, and they mostly consisted of condominiums and single-storey villas. Their residents

were sociologically homogeneous, mostly of high social status, who had access to various covert and overt state subsidies.

As far as areas beyond the suburbs were concerned, they were not populated by people of a high social status, but by 'rural workers' who ingeniously combined farming and industrial pursuits, and by people who had an industrial job in the city but lived in the countryside. The latter group had no hope of becoming the tenant of state-owned home and were therefore forced to commute to work. They were 'post-peasants' (Márkus, 1991) or 'pre-workers' (Kemény, 1972). Once the prohibitions of the former regime were cancelled, many people of higher social status decided to leave the metropolitan areas for adjacent areas that were more favorable. This process was augmented by the fact that, compared to the level of the country's economic development and especially the state of the stock of dwellings, the ratio of second homes, called weekend cottages in the region was very high, and the major part of them were to be found in the vicinity of metropolitan areas. By now, these areas have also started out on the road to become suburbs.

Because of the decline in living standards, the rise of rents and prices of utilities, large groups of poor people have also decided to move from metropolitan areas to nearby rural settlements (Ladányi-Szelényi). As early as the early 1990s, some of these poor people were forced to move even further way from the cities, where rents and property prices are lower. Unemployment was rampant among these people and they were thus eager to rent or buy a plot of land where families can produce at least some their food. In addition, a considerable number of the former users of workers' hostels have decided to return to their home villages. In most cases, they have lost their jobs and the hostels no longer operate.

A new type of settlement was emerging on the peripheries of the Hungarian settlement system: the ghetto village. In previous decades, the population of these villages fell drastically, in fact, everybody left who was able to leave. The only residents there today are the infirm elderly, young 'drop-outs', and new settlers who cannot strike roots anywhere else. With the exception of the village teacher – if there is one – the mayor and two or three persons who do public work, all the residents of such villages are unemployed. The proportion of Gypsy families is very high (Durst, 2000, Havas, 1999, Ladányi-Szelényi, 1998, Virág, 2006). This recent type of settlement attracts as new social category: *the rural underclass* (Ladányi and Szelényi, 2006). It is a new phenomenon because until now the relevant Western literature only mentioned the emergence of the underclass exclusively for the case of urban ethnic ghettos.

Moreover, the term 'underclass' does not simply refer to the unemployed and/or poor or very poor people. It carries an entirely new meaning. Normally, even very poor people have a function in the national and local division of labor, even if this role is marginal and subordinated. By contrast, the 'rural underclass' mentioned here consists of people who, due to the substantial social and economic changes, have become completely redundant in the emerging division of labor (Wilson, 1987). In Eastern Europe the major change that unleashed this process was the end of the almost unlimited demand of state-owned factories for unskilled labor. To make a bad situation worse, next to nothing has so far been done to arrange retraining or alternative employment for these workers. The members of this underclass are the principal losers in the transition from Communism to a free market economy. They have found themselves on the periphery and are likely to remain there for quite some time. They and their children – in the event that the present trends continue – will not get a proper job, social security, and a pension during their lifetime. The emergence of this underclass means that although Hungary is about to join the European Union and is linked to the rest of the world with sophisticated telecommunications, the Third World has appeared in impoverished rural regions of the country – and also in the heart of its capital (Ladányi-Szelényi, 1996).

In Hungary, just as elsewhere in Eastern Europe, the emergence of an underclass is not only an urban but also a rural phenomenon. Eastern Europe differs from Western Europe in that there is a continuous immigration of the rural poor residents into urban areas and the urban poor retain their strong hinterland in backward rural areas. Let us enumerate some of the causes of this phenomenon: industrialization came later than in Western Europe and it was enforced by the central state rather than spontaneous; urbanization was delayed (Konrád-Szelényi, 1971), for example, the number of new homes built in towns was always lower than that of new urban jobs; and thus the proportion of commuter workers was always higher in state-socialist countries than that in capitalist ones (Kemény, 1972, Ladányi, 1977, Ladányi-Szelényi, 1998). These are the main reasons why we can speak about an urban and rural underclass and about urban and rural ethnic ghettos in post-Communist Eastern Europe.

Fragmentation of the ethnic ghetto in Budapest

Ghettoization entered a new phase in Budapest in the early to mid-1990s. Until then families that rose into the middle class moved to better homes without leaving the ethnic ghetto (Ladányi, 1989). Certain signs indicated that this was not the case any more. What happened was similar to the case of ethnic ghettos in the United States where the emergence of a Black middle class disrupted an earlier residential pattern. Roma families that had risen into the middle class tended to leave the ghetto, had sizeable single-family houses built in outer parts of Pest or in a locality in Budapest's commuter belt. Because the ratio of Gypsy families in the ghettoized areas was very high and conditions were abominable, there were not any social groups of a more or less established social status to fill the vacuum. As a consequence, the concentration of the poorest Gypsy families continued in the most run-down areas, and ghettoization picked up speed and spread to new areas (Ladányi, 1992).

At around the year 2000 we predicted that ghettoization would pick up further speed in internal districts of Pest. At that time we thought that this tendency can only be avoided if the following projects are realized simultaneously: the slum in internal areas of Pest undergoes genuine social rehabilitation, the environmental degradation of those areas is reversed, and regional development projects enable backward rural areas to retain their Gypsy and non-Gypsy poor population (Ladányi-Szelényi, 1998). We only noted few promising signs at the time, and the developments that have occurred since then have not filled us with optimism (Ladányi, 2005).

Many of the severe social consequences of the post-Communist economic crisis were inevitable. When the heavily subsidized, large state-run industrial enterprises lost their traditional markets, it was inevitable that a painful process followed. Sizeable groups of unqualified industrial workers lost their jobs. A part of them, especially the commuters and those without roots in towns, could not maintain their urban residence. However, we believe that the social consequences of those inevitable traumas could have been lessened if the economic transformation had been more cautious, the employment policy had been more proactive and, most importantly, Hungary's welfare policy had been better adjusted to the new circumstances. And it is still not too late to reduce the harm done (Ladányi-Szelényi, 1996).

Those harm-reduction measures could have been taken, by among other agencies, the local government authorities. Indeed local municipalities could have helped those who were pushed to the margin and/or whose ability to retain their home became precarious. But as we have indicated it in earlier studies, the municipalities were unprepared to such a development and, instead of giving help; their measures increased the exclusion of the victims of transition (Ladányi, 2000). The history of so-called urban rehabilitation projects arranged by Budapest's local authorities

clearly illustrates that point (Ladányi, 2005). Those projects suffer from multiple weaknesses: they evidence dysfunctions of the Hungarian local government system in general and the tensions between the Budapest's central municipal authority and its district-level authorities. The district municipal authorities that conducted the urban rehabilitation programs could not be regarded as institutions to correct "market failure." Neither could they be seen as genuine market players. They were just quasi-owners of the housing stock they received recently, so in the course of their quasi-rehabilitation projects they pursued just quasi-welfare policy and administered the creation of quasi-modern neighborhoods. The problems were not exceptions to the rule; instead, they followed from the very contradictions of the system.

What we said of Budapest above applies to the Hungarian local government system in general. Budapest has to face the following problems: it is divided into 23 districts, and few of the districts form sociologically homogeneous spatial units. The 23 district authorities are not subordinated to Budapest's central metropolitan authority or to anyone else for that matter. Their local staff of administrators, who pursue their own presumed or real interests, manages them.

As can be seen, the district municipalities of Budapest were instrumental in reducing the size and homogeneity of the ethnic ghetto of inner areas of Pest. But they did not reach that goal by employing social rehabilitation projects in the real sense of the term. Instead, simply by tearing down many old houses and thereby compelling the poor Gypsy and non-Gypsy residents to leave the areas concerned (Ladányi, 2005). As a consequence, the number of the residents of ethnic ghettos did not considerably decrease in Budapest but the pattern of ghettoization changed. The large ethnic ghetto that surrounded the inner part of Pest became fragmented; the concentration of the poorest Gypsy and non-Gypsy families increased in poor quarters on the perimeters of Budapest and in neighborhoods that "once saw better days." That process further strengthened segregation between Budapest's social and ethnic groups, which had been strong anyway.

No remedial programs have been deployed to ease the predicament of the most disadvantaged areas of Hungary yet, which means their ability to retain their population has not been increased. That is one of the causes why there have been an increasing number of ghettoized villages, where the population is growing. In the past their population decreased and this recent reversal in tendency can only partially be ascribed to the higher than average number of children. The most important cause of population growth there is that it is next to the impossible to move from such villages, while there has been an immigration of families that could not maintain their residence in any other type of settlement. Impoverished Gypsy and non-Gypsy families have had to leave Budapest and, to a lesser extent, numerous other towns that have managed successfully to integrate into Hungary's postindustrial economy. Many long-time unemployed and excluded families are forced by circumstances to give up their residence in commuter belts of towns and move to ghettoized villages even though it was just a few years ago that they had moved to the commuter belts from towns. We are witnessing the tendency that a segment of society that is considered as "redundant" by the *postindustrial economic and social system* has no other option but to move either to the leftovers of *industrial space*, which is incapable of change, or to the segregates of *pre-industrial space*. The latter segregates were either left out from the forced and inorganic waves of state-socialist industrialization or only felt the negative effects of industrialization.

Alongside the small ghetto villages mentioned above, a new, unprecedented type of rural ethnic ghettos is also emerging. To the best of my knowledge, Hungarian history has not produced such a phenomenon before. Northern, north-eastern and southern peripheries of Hungary, especially in areas Cserehát and Ormánság (Ladányi, 2005, Virág 2006) rural ghettoization has transcended settlement boundaries, which means in those areas it is more realistic to speak of *ghetto regions* rather than ghettoized neighborhoods or settlements.

The revived “stealthy wave of systematization” (Ladányi-Szelényi, 2005) in Hungary leaves those ghettoized localities and regions helpless against the so-called small-region associations, which are looking for short-term gains. Ostensibly voluntary, those small-region associations are not formed on the basis of equal partners weighing the advantages and disadvantages of association. Instead, those associations are forced upon the least viable settlements of regions (where social relations are still reminiscent of feudalism) by staff members of re-centralized administrative agencies, who use “financial incentives.” As it is especially this “regional development conception” that has strengthened the growing disadvantages of the ghettoized villages and regions, despite the Euro-babble spread by politicians and the media and despite an ostensibly well-designed system of distributing state grants to the best bidders, the disadvantages of those settlements are unlikely to decrease in the foreseeable future.

Conclusion

All in all, it can be concluded that in the early years of the 21st century in Budapest, after some three decades of a tendency for concentration, the pattern of ethnic ghettoization has markedly changed in a manner that differs from what the relevant literature says. Despite the widening ethnic gap between Gypsy and non-Gypsy Hungarians, the ethnic ghetto in the inner slum belt of Pest has become fragmented. Nowadays in Budapest there is a higher number of smaller but more homogeneous ethnic ghettos than before.

However, it would be a mistake to conclude that we have to revise our earlier tenet on the different patterns of social and ethnic residential segregation. We should say, instead, that there is a new social and spatial form of exclusion emerging as the result of increasing social, ethnic and spatial inequalities and their crystallization at the bottom of the social hierarchy. The above spatial consequences cannot be interpreted within the context of Budapest or the capital and its suburban belt any more but in the context of the advantages and disadvantages of the entire Hungarian settlement structure.

In an earlier, transitional period – during the forcible formation of agricultural cooperatives and forced industrialization in the 1960s – the segregation of the Gypsy population inside Budapest took the form of small, highly concentrated Gypsy settlements. Later on those Gypsy settlements were eliminated as a result of a lasting and dynamic economic growth and the consolidation of welfare provisions during the final period of the Kádár era. The fragmentation of the sizeable ethnic ghetto of Budapest and the emergence of minor, spatially unrelated ethnic ghettos, where the ratio of poor Gypsy families is much higher than before, also seems to be a spatial consequence of another transitional period: the transition to market economy. It is our prognosis that, after the emergence and consolidation of a new model of East-European new capitalism, in case there is no tangible improvement in the labor-market and welfare situation of Hungary’s Roma population, the immigration of poor and unqualified Gypsy population from rural ethnic ghettos into Budapest will intensify and eventually the spatial concentration of ethnic ghettos in Budapest will once again strengthen.

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