

ROOTS AND CONSEQUENCES OF LOCAL GOVERNANCE REFORMS IN HUNGARY

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ABSTRACT: The author's aim is to provide a comprehensive evaluation of the spatial frameworks of public power practice in an international and theoretical context with an emphasis on Hungarian specifics. The current relevance of drawing up an assessment is justified by the fact that the institutional framework of Hungarian local governments was created 20 years ago at the change of regime, and so the time is ripe to evaluate experience with its operation, the more so since the reform of territorial public administration is regularly proposed.

KEYWORDS: local governance, governance levels, public administrative reforms, Hungary

INTRODUCTION

The institutional frameworks of local governance were created at the change of regime in Hungary similarly to other Central and Eastern European (CEE) countries. Since that time reforms of territorial public administration have been regularly proposed showing that the territorial division of power in any country is a difficult mission.

Examining the past twenty years of the Hungarian system of local government and recent developments, the question arises to what extent Hungary was able to provide an ideal framework for the democratic practice of local power and the organisation of local administration and services. Where does the Hungarian local governance system stand today and where is it heading?

The quality of local democracy and public services depends not only on the general model chosen but, among other things, on the concrete national and local socioeconomic conditions, the fine-tuning of the public legal system, the culture of central and local politicians and also the specific features of local society. Despite the crucial role of national and local contexts the global trends of local/territorial governance do not stop at the country's borders. Although centralising tendencies cyclically gain power and the position of local authorities in the system of multi-level governance is changing, local and territorial governments occupy a significant role among the public institutions. The degree of decentralisation is one of the most important indicators of democracy. The spatial order of governance is one important aspect of the power-sharing system but the concrete geographical structure and rescaling of territorial governance differs by country and time (Baldersheim-Rose, 2010).

It is also a general phenomenon that local governments are no longer exclusive agents of the exertion of local-territorial power. The previous rigid walls separating branches and levels of power disappear, become permeable, and strong networks develop, defying the models based on traditional institutions. It is no longer possible to confine the description of local and regional authorities to the public sector; the phenomenon of "governance" has local roots and arenas as well (Bouvaird *et al.*, 2002; Jessop, 2011).

In this paper it is inevitable to consider how far the Hungarian system of territorial governance is compatible with the trends mentioned above, especially within the so-called European administrative space. The role of external influence or "conditionalism" is of outstanding significance in

the development of the Central and Eastern European transition countries. With the accession of these further ten countries the need to create a minimum standard in public administration became more pressing and decentralisation was most strongly recommended in the framework of the development of territorial public administration. In the mirror of territorial governance reforms implemented in the CEE countries during the last decade, the evaluation of the adaptation process is quite cautious. The main conclusion was that these countries should refrain from mechanically adopting Western, more developed, market-type practices and innovations and attention should rather be paid to objective and subjective (cultural, political, mental) conditions of implementation (Tönnesson, 2004; Bouckaert, 2009).

Recent developments first of all in Hungary show that a formerly decentralised structure of governance is easy to change by referring to the crisis or to the disappointment with the former "neoliberal" state shown to have failed not just in governing the national economy but the local public service and administrative system also. The new phase of territorial governance reforms seems to start in a way that makes it necessary to understand what happened in the past.

1. HISTORICAL ROOTS

Local government decentralisation has no strong roots even if we prefer to paint a rosy picture of the Hungarian history. Strong centralisation not only characterised the period of state socialism from 1950 to 1990, but also most previous stages of state development. The foremost "victims" of centralisation were the smaller municipalities. The administration of bigger towns and counties showed signs of a kind of autonomy according to the will of the power elite in the form of privileges.

The county and smaller district levels served rather as the frameworks of local agents of the central administration from the very beginning so that local self-governance units remained the weakest elements in the system; their attachment to central power is strong partly due to their economic and public legal dependence. Centralisation was of course the most striking during the Communist regime following the Soviet type of local councils which had no chance to protect local interests under the official Leninist state model.

But the legal model is just one aspect and examination of how the political elite and civil society contributed to or hindered the development of strong historical traditions may open up extremely emotive dimensions of territorial governance. The influence of external factors on the development of the Hungarian state is also not negligible. Its limited public and national sovereignty, the actually obligatory application of foreign state models within the frameworks of the Empire, forced modernisation, and challenges of adaptation to Western requirements have undoubtedly exerted a decisive influence on the mentality of the Hungarian political and governing elite and their ideas about local governance and the traditionally weak local civil society was unable to counterbalance all these rather centralising impacts.

The necessity of changing the model of local government was expressed well before the change of regime among professionals and intellectuals and also in certain movements of local society. During the decades preceding the change of regime empirical studies depicted the dominant processes in civil society as registering some promising signs indicating the emergence of a demand for local democracy and pluralistic exercise of power (Böhm-Pál, 1983-1988, Bihari, 1980). The need to reform / transform the local-territorial public administration into a local government type system was also voiced by the professional elite, who moreover developed the concept of the reform (Verebélyi, 1988).

The first freely elected parliament in 1990 did not rely on the realistic state of local society nor the rational model based upon professional analysis but based the system on such abstract values as autonomy, freedom, liberty, basic democracy and international standards and patterns which guaranteed its acceptability within Europe. Further, the new and inexperienced government did not consider the circumstances of implementation. If we look at the past it is understandable that autonomy was more important than efficiency or professionalism, but it favoured professional and political values hostile towards the creation of the foundations of efficient and professional local governance.

2. HUNGARIAN LOCAL GOVERNMENT MODEL IN 1990

The message of self-governance during the change of regime as mentioned above was primarily of a political nature declaring the need for autonomy, freedom and closeness to citizens referring to the *European Charter of Local Self-Government* as a pattern, and they even exceeded

European standards in certain fields. Since the new constitution, singularly in Europe, defined the right to local self-governance as a collective right of the local community of voters, it became an extremely difficult task to enforce rational/economic aspects of the shaping of public administration. Naturally, the legislator did not intend to place the professional, organisational circumstances of the provision of citizens in the background. However, it is a fact that the requirement of democratic functioning in the exercise of local power and the guarantee of organisational autonomy prevailed more strongly, so their doctrinal interpretation became a hindrance to modernisation.

The special law on local governments was the first significant product of the parliament elected freely in the period of the systemic change. The legislator's concept was that municipalities are equal and all have the same competences and they can decide upon co-operation with other organisations and local governments and the optimal division of labour, choosing the desired forms as well.

Due to this logic of regulation, four marked structural features can be detected in the Hungarian system of local government which distinguishes it not only from West European but from several Central and Eastern European countries also:

- the highly fragmented nature and therefore small average size of the municipalities,
- the lack of the differentiation in the setting of competencies,
- the exclusively voluntary model of association,
- the weakness of the meso-level of territorial self-government.

Due to the fragmented system of municipalities, the institution system of local public services became similarly fragmented. The legislator in 1990 was quite suspicious of all types of associations, especially obligatory ones, and regarded associations as a right of municipalities, refusing to make them obligatory. The table below shows however that the central finance system was (or rather was not) able to push the municipalities to co-operate "voluntarily" at least in the administrative tasks by joining "district notarities" (*körjegyzőségek*).

Main structural data of local municipalities in Hungary

Year	1990	1991	2001	2011	
Total number of local municipalities	1420	3097	3158	3177	
Municipalities with own offices	782	1562	1668	1200	
Municipalities joining district notariities	2188	1535	1490	1977	
Number of district notariities	638	529	580	768	
Seat of district notariity	Town	n.a.	n.a.	33	75
	Large village	n.a.	n.a.	34	23
	Village	n.a.	n.a.	513	670

Source: *Gazetteer of the Republic of Hungary*, 1990, 1991, 2001, 2011.

The conscious weakening of the county level was the other severe disadvantage among the structural specifics of the Hungarian system of local government. The basic principle was that the meso-level should not fulfil any integrative, controlling role “over” the municipalities. County self-governments also obtained weak legitimacy from a political point of view, gaining tasks and resources on the remainder principle. Instead for the very first time the “deconcentrated” (locally-based) administrative units of central ministries obtained positions in the place of weak county self-governments.

To sum up the structural specifics created by the Hungarian law on local governments we would highlight the fact that the structure exceedingly favoured the autonomy of the “bottom”, *i.e.* the chosen model inevitably led to the extreme fragmentation of the system. The positioning of the points of gravity within the system proved also to be quite disadvantageous. The regulation failed to take into consideration that in the era of the transformation of public functions, the necessity of responding to the latest challenges would enhance the role of large towns and meso-level governments instead of the small communities of micro-settlements.

The errors in the regulation of the public legal model were enhanced also by the autocratic behaviour of self-government stakeholders, mostly unwilling to cooperate, as well as by the system of financing, and the lack of instruments facilitating at least functional integration.

In general the greatest dilemma was posed by the fact that broad responsibilities were coupled with meagre instruments of implementation; the system of broad responsibilities was trapped in broad irresponsibility.

At the level of the entire system, however, the central government and its deconcentrated administrative organs obtained significant competences in the domain of “local public affairs” intended originally for the elected self-governments.

The regulation of the economic bases and finances of local governments could not long retard the imminent financial bankruptcy of municipalities. This is significant from a macro-economic, or if you like, macro-political viewpoint. The reason is that among their European counterparts Hungarian local governments belong to the Scandinavian model on the basis of their economic role and their dependence on the state budget with high expenditures per GDP and as a proportion of the state budget (Vigvári, 2005; Baldersheim-Rose, 2010). Therefore the financial crisis of their operation exceeds local affairs; as a consequence the central government reduced local governmental autonomy to a minimal level.

The gradual weakening of the local government system was “compensated” by an extensive territorial system of deconcentrated public administration. But even this system became the victim of incessant improvisation since the regular changes of government manifested themselves in a series of reform programmes. A primary cause is that the current governing power, profiting from, or in certain cases exploiting, its supremacy over the executive branch of power, engaged itself in arbitrarily building or destroying the existing organisational system according to its own interests.

Summarising we can recognise that the territorial shape of governance in Hungary is like a sand-glass having too strong a bottom (competences and duties) and top (real decision and regulating power and money) and the bottleneck is the meso having no political legitimacy or force for integration.

2.1. EFFORTS TO SOMEHOW INTEGRATE THE FRAGMENTED BOTTOM

The public legal autonomy of small settlements has been taboo since the change of regime, which makes it impossible to talk about merging them. The alternative, the system of associations, has not gained a predominant role in the Hungarian system of local government for a long period. Among the small communes, aversion to associations could stem from the negative experiences of the Soviet council system of the past, and also the fact that newly elected politicians regarded collaboration as a direct threat to autonomy.

The inward-looking attitude of towns was of a quite different nature. Towns, especially at the start, did not strive to collaborate with rural communes. Urbanisation post-regime change produced towns only in the legal sense (which could hardly be called towns or village-towns at best), most of which were unable to fulfil an integrative role in their respective territories due to their size and functions. Currently, from among the over 300 settlements only 200 can be regarded as proper towns on the basis of their functions (Beluszky-Győri, 2006). Another regulatory element is that there are hardly any areas of public services where the differentiated division of competences takes into account the size of the respective settlement or town; therefore even the smallest one may undertake the provision of any type of local government task.

It can be stated that the rationalisation of local public services, therefore, lacked all necessary legal instruments such as the merging of villages, associations, and the differentiated division of competences in the case of larger settlements.

The first years of the 21st century brought about significant structural transformations with the emergence of the "level" of micro-regions. The secret of the "success story" of micro-regions is that mayors were forced into collaboration at the level of districts, predominantly in geographical frameworks designated by the government as areas of development policy. NUTS4 units became the increasingly regulated geographical frameworks for cooperation between local municipalities. The current 174 micro-regions have gained more and more functions and become institutionalised in various organisational forms and legal status.

Micro-regions served primarily as the framework for cooperation in spatial development. Later the aim was that micro-regions should not only serve as units of development policy, but rather develop into an appropriate organisational framework for the provision of services and administration. The legal bases of the system of multi-purpose micro-regional local government associations were laid down in 2004.

The micro-regions have become "containers" with fixed boundaries determined by legal norms and a legally regulated institutional system, which may obtain competences in the field of public services and development policy. Although micro-regions currently cover almost 100% of the territory thanks to the government incentives, one must remain cautious about the long-term success of the model. Would the willingness to join associations be the same in the absence of financial incentives? Do

associations undertake the joint provision of those tasks which can be most beneficially organised at this level, or does collaboration serve only the acquisition of extra sources of financing for local municipalities? The vulnerability of the model lies in its voluntary nature.

2.2. REFORMS OF MESO-LEVEL GOVERNANCE

The deliberate weakening of the role of elected county self-governments was achieved by the Law on Local Government. Counties execute tasks which municipalities or cities are unable or unwilling to fulfil. The analysis of the actual situation shows us a quite chaotic picture. Counties do not have a standard system of functions, and the competences may change in time and space from one county or settlement government to another. The opportunity to shift the responsibility for service provision led to the general postponement of renovation and development, and no strong linkages were able to develop between the providers and the beneficiaries of services.

In the history of county governments, the law on spatial development (passed in 1996) did not result in a positive turn; on the contrary, counties lost a decisive battle in the war for meso-level power. The law on spatial development practically eradicated county governments as actors of spatial development. The legislator started to erect a parallel institutional system with the establishment of development councils in the counties and the macro-regions, thus further weakening the position of county governments.

The new governmental programme in 2002 promised the election of the seven NUTS2 macro-regional governments from 2006, so regionalisation was officially launched. However, it remained cautious concerning the future of counties and did not explicitly mention their full eradication. The extremely ambitious governmental programme was not realised, however. Even though preparations and certain draft legal rules were elaborated in the field of the reform of regional self-governance, the process did not even enter the political decision-making phase. The government re-elected in 2006 made attempts towards the comprehensive reform of the constitution and the local government act, yet it failed to gain parliamentary support for regional reorganisation. The government also made no real efforts to attain support for its reform ideas, since the proposals submitted to Parliament without previous agreement were hardly acceptable in the eyes of the opposition. The fact that the government did not really consider regionalisation to be a serious matter became obvious

after the events during the period following the unsuccessful reform package. By the end of 2006, the government prescribed regional reorganisation for deconcentrated public administrative organs in the counties. This “breakthrough” towards regionalisation was not without contradictions, however. The integration of county organisations at a regional scale meant only a shuffling of chairs and no one calculated what real benefits regionalisation would provide. A specific charm of regional integration was that the cities aspiring for a seat at the table have managed to implant the official headquarters of different types of organisations in various towns in their regions. An even more delicate question is whether the regionalisation of the system of self-governments will really be implemented at all, since the creation of self-governing regions with strong political legitimacy would limit the scope of action of central power.

The progress of regionalisation in the area of spatial development was also laden with contradictions. The three-level system of competing micro-regional, county and regional councils was established simultaneously by the Law on Spatial Development of 1996, although only the NUTS2 regional level would be suitable for efficient regional policy and the management of EU funds. Paradoxically, while the Law on Spatial Development of 1996 was already born in anticipation of the coming EU accession and regionalism, the Hungarian management system of EU Structural Funds became strongly centralised after joining in 2004. Each operational programme, even the so-called regional operational programme is managed by the central managing authority. The regional development councils and agencies were not granted decision-making positions; they are only endowed with a certain transmitting and advisory role. Arguments in favour of centralised management undoubtedly existed; it might also be that the front-line fighter for regionalism, the European Commission, did not insist on regional partners, but it is still quite contradictory that the formerly consciously supported process of regionalisation was halted on EU accession.

3. OPERATIONAL FEATURES OF THE SELF-GOVERNMENT SYSTEM IN THE LAST 20 YEARS

Even though the structural specifics discussed above predict a lot about the performance of the Hungarian system of local government, we need to analyse the specific features of its functioning which were

not solely determined by the structure, but other factors of an economic and cultural nature.

3.1. WIDENING RESPONSIBILITIES AND NARROWING SCOPE OF ACTION

A crucial element of each system of self-government is the scope of tasks whose provision is guaranteed by local governments, but we must also add that broad self-governmental competences without the necessary instruments amount to no more than the devolution of responsibility.

Depletion and overburdening go hand in hand, due to which, neither the interests of citizens, their access to services, nor the aspects of the economies of scale and quality can be validated.

The fact that broad competences were coupled with a narrow system of instruments meant that the system of broad responsibilities was caught in the trap of broad irresponsibility contributing to the growing disillusionment of society.

3.2. DETERIORATING FINANCE

The regulation of the economic foundations and finances of municipalities is based on the principle of municipal autonomy, yet this was far from sufficient to prevent the financial bankruptcy of local authorities. This is significant from a macro-economic, or even more, a macro-political aspect, since Hungarian local governments belong to the Scandinavian model based on their economic weight and role in the state budget, where expenditures per GDP and as a proportion of the state budget is high (Vigvári, 2005), and, therefore, the financial crisis of their operation cannot be confined to the sphere of local affairs.

The deteriorating position of municipalities may be explained by the changes that have occurred in central redistribution and the exploitation of own resources, as well as the lack of modernisation of the management of resources and property and public services. The most crucial problem of the system of financing does not lie in the degree of centralisation of income, but in its unpredictable nature, “structural messages”, and the fact that it restricted the autonomy of the economic activity of municipalities to a minimum level. The model of financing has not been resource-based for a long time; instead the real model of task-financing fosters the conservation of the institutional system.

The strong role of special additional state support in compensating for the lack of necessary resources shows the basic paradox in local-

government finance in Hungary. The initial system designed for tackling temporary disorders became a stable and crucial part of the system of local government finance, and a permanent "additional" resource for a great number of municipalities. The biggest problem with the system is that this scheme has not been designed to provide a solution in particular cases anymore, but to regularly make up for permanent shortages.

The financial conditions of local governments with respect to the GDP and the state budget carry an important message in terms of political science and the theory of power. The loss of decision-making positions shows that decentralisation of resources is still a task for the future. The financial bankruptcy of local governments and the deterioration of the quality of public services cannot be halted just through legal regulation and the simple modification of the distributive system, but rather the thorough analysis of the operation of the more than 12,000 municipal institutions maintained by the local governments.

4. DIMENSIONS OF LOCAL POLITICS

During the change of regime, the particular attention paid to local societies and the revalorisation of the role of localities were a part of a new paradigm of power theory, which hardly prevailed in previous eras.

As we have already seen, the constitutional frameworks have provided an outstanding opportunity for creating a totally new, bottom-up model of power in Hungary. Local governance could not be automatically identified with democracy since decentralisation of functions does not necessarily indicate its presence (Pickvance, 1997). Further analysis clearly indicates that the creation of public legal frameworks in itself is not sufficient for democratic local politics.

4.1. LOCAL ELECTIONS

The first local elections soon dissolved the illusions about somewhat stronger "localism" preceding the change of regime. The role of the new political elite gaining legitimacy through free elections was to make decisions about basic political, social and economic measures, and naturally, attention was primarily directed towards parliamentary elections. The turnout in the first free local elections indicated the lower degree of attention paid to the local level (Szoboszlai, 1992), and it did not show any significant improvement in later periods (generally 50%). It can be said

that the abolition of the minimum turnout requirement and the second round in 1994 was still based on political reality, while it was confirmed that local elections are of less interest to Hungarian society.

The election rules of vary according to type of settlement, and were modified over time. The system of small lists in settlements below 10,000 population favours independent candidates, while in settlements over 10,000 population individual electoral districts and compensatory party lists rather favour parties.

If we take absolute numbers as reference points, then it turns out that the majority of the total number of local government representatives were independent in the first two cycles. The most homogenous and transparent group is mayors of small settlements, of whom 80% have remained independent since the change of regime. Based on the outcome of the local government elections even in 2010, out of the 3,200 mayors, 576 have been in office for 20 years, indicating the low level of competition.

On the other hand, in settlements over 10,000 population, where the party-based electoral system has prevailed, the rate of independent representatives (13%) and mayors (8%) is low and decreasing, just as the rate of candidates of civil organisations is decreasing compared with parties. Meanwhile, if we focus on data from larger settlements, then despite the 80% superiority of parties the number of mandates of civil organisations rose significantly, from 3.56% to 12.63% (Kákai, 2004).

In settlements over 10,000 population, the party-based electoral systems have led to the strong attachment of representatives and mayors elected in larger settlements to parties, but even in settlements over 3,000 population, the dominant presence of parties is characteristic. In larger settlements, neither independent candidates, nor other local groups have great chances of gaining local power. It is also true that independent candidates and civil organisations are quite often backed up by political and economic interest groups (Böhm, 2002), so their independence from parties is only formally achieved.

The participation of parties in local government over the last 20 years has been greatly transformed due to the change in the party structure, the modification of the electoral system, and the changes occurring in local government and their civil social environment.

During these decades, polarisation in the party structure has generally resulted in the formation of blocs in the sphere of local government as

well. A significant number of smaller parties were erased not only from parliamentary, but also municipal representatives, or at least became highly marginalised. Parties were trapped within the limits of national party struggles and power relations at local level as well, and cooperation is rare in the sphere of local affairs with the chances of pragmatism and consensus. Regarding the elected stakeholders of local politics, a highly integrated and polarised field developed, which is in dominant position in the capital and larger settlements, and the role of independent candidates and civil organisations remained significant only among small settlements. Further drastic changes had occurred in the proportion of parties and independent candidates by 2010. We must note that these changes were partly due to corrections in the electoral system which the government taking power in 2010 carried out with a two-thirds parliamentary majority. On the one hand, there has been a significant reduction in the number of local governmental representatives, minimising the chances of smaller parties gaining elected members. The proportion of independent representatives and mayors fell from the previous 80% to 64% (equalling 34% of total votes cast), the mandates obtained by parties is 34% (on the basis of 61% of the votes cast) and civil organisations only have two percent representation. The formation of party systems was accompanied by strong polarisation, since out of the 43% of seats obtained by parties, 29% are shared by the two conservative government parties.

The strong influence of parties, the restriction of competition (which is due to the weakening of small parties and the high rate of re-election) went hand in hand with the dominant elitism in local politics. According to analyses of the origin and social position of elected representatives, "the over-representation of the elite in local power exceeds by far its weight in society", the presence of the economic, intellectual and cultural elite is particularly predominant, yet varying in each settlement type (Bugovics, 2006).

4.2. LOCAL SOCIETY

The Hungarian Constitutional principle is that the direct subject of local governance is the local community of citizens eligible to vote. This ideal, unique background has been far from sufficient to assure the support of local and civil society for local governments. The relations of local society and local governments cannot be separated from the general context of civil society and politics. Hungary belongs to the group of countries where, like other Central Eastern European countries bearing

the marks of the heritage of state socialism, trust in institutions is still relatively low (Szabados, 2002).

The problems of democratic embeddedness originate primarily from the level of organisation of local societies. The formation of party systems during the change of regime "decapitated" the awakening civil societies. The group previously active in local politics became party politicians, getting hold of functions and roles which do not exactly fit into the framework of parties. The expansive, "catch-all" attitude of party politics, the frequently intolerant style of domestic politics, the unstable partnerships between politics and civil sector also had paralysing effects on civil organisations as in neighbouring countries due to the common heritage (Soós-Zentai, 2005).

In the twenty-year-long development of the relations between civil society and local governments we can detect certain tendencies and phases:

During and due to the change of regime, civil society was one of the most influential players in local politics; it frequently initiated significant changes, appointed representatives, and mayors.

By the mid-nineties, this enthusiasm had sufficiently decreased; a part of the activists of civil society joined the arena of public power or party politics, though the participation of civil organisations in elections still remained significant.

As a result of the conscious support of civil social organisations, especially through financial incentives, their involvement in local public services, and the spreading of foundations and non-profit organisations initiated by the public power, we can witness a significant quantitative increase from the second half of the nineties. The spatial distribution of improving financial conditions is quite uneven and varies from settlement to settlement (Kákai, 2004), indicating that the struggle for resources and influence in the development of civil society develops with unequal chances. Nevertheless, the price to pay for the strengthening of civil society is quite high. A qualitative and quantitative improvement is induced by the proximity to public power and public funds. Some civil organisations maintain direct relationships with local power, or are directly involved in it, and some remain in the periphery of power as real civil society players; all this contributes to the quite ambivalent nature of the relationship with the political practice of power (Péter, 2000)

Civil organisations, as we have seen in the analysis of elections, can only become elected members in larger local governments in alliance with parties; to that extent they have lost their occasionally important role as the other side of the balance in promoting consensus. While the number of civil organisations is rising, and a great majority are actively involved in interest assertion and organising services, it seems that they have lost ground in the realm of local politics as compared with parties.

Thus, we can see that the development trend in a key element of local governmental democracy is laden with contradictions. On the one hand, we can observe a definite quantitative growth, higher level of organisation and increasing activity in the civil sector, while on the other hand the position of civil organisations in the realm of local politics has not become stable; on the contrary, they are on the road to marginalisation.

Undoubtedly many share the view that civil stakeholders are “civil” due to their distance from local public power; their role is to exert control and influence over it and defend interests which are not necessarily advocated in the institutional system of traditional representative democracy. On the contrary, domestic civil society has successfully and clearly managed to become part of local power via participation in local government. This confusion of roles is less successful these days, since civil stakeholders are permanently cast out of local “parliaments”. The question of whether as outsiders they will be able to exert sufficient influence on local political decisions in the future remains unresolved.

4.3. LOCAL DIRECT DEMOCRACY

Initially, local governments were reluctant to regulate and apply direct forms of democracy, e.g. until 1994 they attempted to restrict opportunities for initiatives in their local areas.

In the history of local referendums, the first years of the nineties can be considered atypical, since, usually, the separation of communes was voted on the basis of obligatory regulation (altogether in 52 of the 79 local referendums between 1990 and 1993). Once the regulation was crystallised, the results of the period 1999-2001 can be called remarkable. Out of the 58 referendums held during the three years, a significant number (23) were called to resolve territorial organisational questions. The topics of these referendums organised bottom-up and outside local governmental organs ranged from large-scale investments to environmental protection

questions. The invalidity of 50% of the referendums held indicates that the mobilisation of citizens is by no means always successful.

Undoubtedly, changes have occurred in recent years. As the number of national referendum initiatives shows an increasing tendency, the institution of local referendums might become an instrument of sharpened party political struggles, and we can already see signs pointing towards this direction.

5. ASSESSMENT

5.1. HIDDEN CENTRALISATION

While powerful processes of institution building have occurred in the area of local and territorial governance, new levels and actors have emerged, but overall, the power structure has remained centralised. The multi-actor, fragmented and insufficiently conditioned spatial sector was unable to gain dominant positions to counterbalance the central administrative level. The persistence of centralisation can be detected in various ways:

Local governments have been delegated few tasks which were centrally managed by territorial public administration, thus the so-called “deconcentrated” sector remained strong.

At the meso-level of governance, new institutions (development councils, youth councils, tourism committees, etc.) have mostly been top-down, representing the influence of the government, and the principle of bottom-up organisation is much weaker in institutional expansion.

The position of local governments has deteriorated in the redistribution of national funds and community resources; central redistribution and resource allocation still occupy a predominant role in the financing of operations and development in particular.

Local governments are merely beneficiaries of EU support, without being involved in decision-making, due to the weak position of meso-level governments, and their role in the management of EU resources is also negligible.

There has been no significant improvement in the practice of interest reconciliation. Due to the great number and political cleavage of local governmental interest alliances, the government is not forced into making compromises. The public legal model which permits the simultaneous

mandates of mayor and parliamentary representative has meant that a great number of mayors have obtained parliamentary seats (almost 20%), while the overall prestige of local interests and lobbying forces has not improved significantly.

The sharpening political conflicts have spread into the battlefield between the government and local governments as well; the current government is mostly committed to centralisation, and the opposition is primarily pro-local governments, without constituting a sufficient counter force.

There are no signs to indicate that the Hungarian system of local government has obtained strong positions in the system of European multi-level governance, since the lobbying institutions in Brussels have remained under-exploited or are considerably weaker than the influence of the central government (Ágh, 2007). It is also true that the regional/local level of multi-level governance has remained a peripheral actor in the most EU member states (Gualini, 2006).

5.2. CODIFIED CONFLICTS

The loss of ground in the national power structure occurred not only as a result of the centralising efforts of the government; internal contradictions and conflicts in the spatial sector have also contributed to the process:

Even though various informal and institutional forms of collaboration have a significant role in the relations of settlement governments, the existence and adequate functioning of these relies mostly on the system of public funding and incentives and much less on the situational awareness and long-term strategies of local politicians. The majority of local government politicians have preserved massively autocratic attitudes.

Despite the fact that the number of towns and cities has increased and micro-regional associations have emerged covering the entire country, towns are still not fully aware of the responsibility they have for their environment, and this still does not permeate town leaders' decisions concerning economic development and the organisation of services.

Relations between county general assemblies and cities with county rights are still low in intensity, the preparation of joint strategies has still not become customary, and parallel institutions have continued. Large towns do not form a cooperative network, and their region-forming force is weak.

County councils are less and less capable of the outward representation of counties and ensuring their internal cohesion, and confrontational styles of functioning have become particularly visible since the most recent elections.

Regional development councils have not become catalysts of consensus seeking on the basis of their members being able to integrate the more influential players of the region. This is primarily because they generate rather than resolve conflicts due to their mission and resource -allocating functions, and also because their restricted competences and field of action do not allow them to become an arena of wide dialogue and joint action for the various stakeholders. Moreover, the members of regional development councils, as potential meso-level poles of power, mostly represent the central government.

Collaboration at the national level between local governmental alliances is a rare phenomenon due to their divisions and politicised nature, their weak power of interest assertion and the lack of adequate organisational and professional background.

The territorial system of public administration has remained "trapped in the sectoral approach" despite every effort to modernise and merge organisations, rendering the territorial integration of sectoral policies impossible. One change here is that the central government that came to power in 2010 has established county governmental offices with strong competences which integrate the majority of formerly separate deconcentrated authorities. The government commissioners representing the government seem to be becoming powerful politicians, their political force enabling them to establish a unipolar spatial power structure.

5.3. POOR EFFICIENCY AND QUALITY OF LOCAL PUBLIC SERVICES

It is almost impossible to formulate a general opinion about the performance of local public services, but it is sure that local governments have at least been able to maintain public services despite deteriorating financial conditions. Hungarian local governments are "autopoietic" systems, having not only survived and suffered through an era characterised by objective and subjective external circumstances, but also actively influenced the conditions themselves, and despite their limitations, they did have a scope of action in local decision-making. Local performance is, consequently, a result of complex factors and effects, where the context and actors also contribute to its evolution.

Local governments are supposed to be a "success story" of the change of regime in Hungary. No thorough elaboration and analysis of this success has been performed; instead, it has remained conserved in the discourse of politicians. The success of local governments was foremost linked to development policy, which produced visible, community-financed infrastructural changes in villages, backward regions in the nineties, and after the turn of the Millennium, also had visible achievements in the modernisation of cities and reconstruction of public spaces. The quality and development level of public services was considered to be of rather less importance. Certainly, it is in itself a significant achievement that local governments successfully managed to maintain their inherited institutional system without any serious modification. Their lack of success can also be explained by this fact, namely that local governments were long unable and did not even attempt to locally reform the oversized system of public services inherited from the Socialist era.

In an almost miraculous way, when the "family silver ran out" (Vigvári, 2006), the system of local services did not collapse in the midst of deteriorating conditions of financing. The success is due rather to organisational inertia, and not to municipal reforms of public services, the involvement of profit-seeking and non-profit actors, and the implementation of other cost-saving methods, which seldom characterise Hungarian local government. The state of institutions shows signs of deterioration in the absence of structural and capacity reforms, and the narrowing system of finance. EU membership slightly improved this situation, since local governments received significant support for the improvement and enlargement of the infrastructural and physical conditions and personal capacities of their educational, cultural and health institutions. This obvious advantage became a disadvantage since these priorities took resources away from economic entrepreneurship and employment-creating investment, and the investment achieved in the public sector is not likely to be maintained in the long run either, since recently local governments have been suffering from a huge amount of debt.

Prospects for the reform of local public services are difficult to envisage; what is certain is that local governments have recently lost many competences and public service institutions as a result of their inability to consolidate the situation in the last 20 years.

5.4. DEMOCRACY OF LOCAL GOVERNANCE

During the introduction of the local government model which coincided with the change of regime, the most "rose-tinted" illusions for local democracy and the participation of citizens were cultivated. On the basis of the experience of the last twenty years, we must note that the involvement of citizens in decision-making has not necessarily resulted in growing transparency, participation, and particularly not in trust and support. Local democracy shows deficits compared with ideas formed twenty years ago in several respects:

The effective functioning and character of the local government system and the layer of politicians is generally not open to outside influence. Internal political conflicts restrict the number of stakeholders in decision-making, and isolated local government politicians do not regard civil society as a partner but rather as a "target group", which may influence their re-election, but are only to be taken into account with just before elections.

The networks organised around the local government system are to be considered less as conscious partnerships and development coalitions, or public policy networks, than as influential clients of party politicians holding multiple offices.

Local civil society surrounding local governments may exert an influence on local decisions only where it is institutionally integrated in decision-making during the elections, the chances of which are smaller and smaller; in contrast, the force of consultative mechanisms and the public sphere proves to be less effective.

Trust in local government is still stronger than in other actors of the political institutional system, especially parties, yet the stability of local government politicians is fostered more by the lack of any alternative with name-recognition than by satisfaction or positive support.

The problems of meso-level governance, the lack of popularisation of the meso-level, the emergence of uncontrollable networks, and the growing influence of the central government have preserved the "hour-glass structure" of power, thus further contributing to the fragility of the Hungarian system of power.

Local governmental politics is approaching the parliamentary model of functioning, and due to the aggressive ambitions of the parties, is losing

its multi-coloured character, its "true localness", and does not provide space for new forms of democracy and participation.

The local government political sector has lost its neutralising, buffer-zone role, and has become a field of party political struggles. Relations with local governments provide a new area of conflict for the central government as well, not so much as a result of consensus-seeking with local governments, but of the more intensive lobbying activities of local governments within Parliament.

To make local governance more open, receptive and "democratic" is not a question of reforms of regulation and political programmes. In this field, "path dependency" has a greater role, and democratic political culture cannot be prescribed like a recipe. Yet some of the anomalies listed above can be cured. The establishment of strong pools of local governments can be facilitated by the legislator via, say, decisions made for a system of interest reconciliation. The opaque nature of the meso-level jungle can be eradicated by the creation of strong elected local governments.

The situation can be significantly improved by the organisational knowledge of local government politicians and the redesign of the mechanisms of decision-making. Much is to be expected from local society on the road to *embourgeoisement*, civil organisations obtaining autonomy and the public sphere capable of fulfilling monitoring functions.

6. NEW DEVELOPMENTS, OPEN CENTRALISATION

The resolution of ongoing structural problems since the system change has been inhibited by internal factors of a political, legal, sectoral and ideological nature, while the driving force of external motivations (EU accession, the management of Structural Funds) has considerably decreased.

A new period began with the ambitions of the right-wing government gaining power in 2010 in overall terms and also in relation to spatial public administration. In overt defiance of the previous neo-liberal civil philosophy, we can currently witness the centralising and nationalising efforts towards a neo-Weberian state, which has obviously also to do with the need to cope with the emerging economic crisis.

The new government accepted the new Constitution or as it is officially known, the "Basic Law" as a symbol of the beginning of a new era, claiming that the Constitution created by the political elite of the era during

the change of regime 20 years ago was only meant to be temporary. The new Basic Law follows the idea of strong, centralised government, denying the previous neo-liberal model. It is no wonder that the new law on local governments adopted in 2011 also moved towards a weaker and more centrally controlled model of local government.

The position and status of self-governments in a strong and centralised state underwent serious modification and, in the meantime, the government refrained from regionalisation in structural aspects, with the stabilisation of "old" counties as the meso-level of governance, but counties just as geographical frames and not county self-governments. Following the example of the French prefecture system, commissioners were appointed in counties with stronger official and administrative backgrounds that grant them a much more influential position than that of county self-governments, which are responsible only for planning and development policy, losing all former public service institutions.

The future is hard to forecast in the case of micro-regional associations but the prevailing ideas seem to foster the strengthening of the positions of the state at this level as well introducing the so-called districts as departments of county government offices.

At the same time no significant reforms are planned for the consolidation of municipal governments. However, the government does not wish to limit formally the autonomy of self-governance of small settlements but it introduced the legal opportunity of compulsory associations of municipalities. The marginalisation of the entire system of local government is a dominant trend which extensively curbs the scope of action not just of the smallest units but the cities and counties as well, due to the regulatory and implementing decisions taken by the parliament and government on the centralising/nationalising of many local public services (education, health care etc.). The outcome of this process is not yet clear but it is sure that the state and its offices and institutions will be much stronger in terms of competences, resources and power than the local government sector ever has been.

The objective of modern and democratic local governance and decentralised governance system has been temporarily (?) cancelled, confirming the iron law of path-dependency in the region.

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