

# 14 Local government reform in Hungary

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## Introduction

The economic, social and political changes that started in 1988 and accelerated in 1990 have transformed the whole structure of the Hungarian state. The one-party system has collapsed while the party-state structure and institutional system has undergone a gradual reshaping. The relationship between legislation and executive power has changed significantly and the judiciary has become autonomous. Some new institutions have also been established, such as the president of the republic, the constitutional court and the National Audit Office. In Hungary this transition took place without revolutionary events or violence. Change in Hungary has been characterised by a series of political compromises.

One logical consequence of the systemic change was the establishment of the new local governments. The model on which the new Hungarian local government system is partly based is the recommendations in the European Charter of Local Government, together with some elements of the Hungarian public administration before 1949. But the main role in shaping the trends of the reform of public administration was played by the considerations and compromises rooted in the transitional stage. The ideal of self-government was upgraded and the basic values of democratic local government accepted as the basic framework for the organisation of society.

## Constitutional basis and legal regulation of Hungarian local government

According to the tradition of the past few decades, the basic structural issues related to the state must be regulated by the constitution. It should be noted that before 1945 Hungary had no formal written constitution. After the communist takeover in 1948 the new constitution of 1949 defined the basic principles of government structure, as well as the main components of the regional division and administrative system. When it came to developing a transition to a democratic system, political and constitutional rules were accepted and the process developed through a tripartite round-table negotiation of the state-party, the opposition and a 'third side'.

As a result of political compromises, the last parliament convened by the state-party modified the Constitution and instituted new agreements reached by political bargaining. In 1990 the newly elected parliament also modified the Constitution several times. As a result it now satisfies the basic requirements of a constitutional state, and a multi-party parliament. There are of course continuous debates in the Hungarian parliament on the character of the Constitution and the need to create a new one.

The legal status of local governments is defined in Chapter IX of the prevailing Constitution, which also enacts the rights and governing principles of their operation. Chapter IX divides the Hungarian Republic into a capital, counties, towns and villages. The capital is further subdivided into districts. Towns may also choose to be divided into districts. All local governments enjoy equal basic rights, there is no hierarchy to subordinate any one to another.

The citizens can assert their right to self-government through the body of representatives they have elected or through a local referendum. The rights of local governments are defined by the law which is enforced by the courts. The body of municipal representatives has the right:

- to regulate and manage matters of local government, protests against its resolutions can only be submitted on legal grounds;
- to assert the rights of proprietor in case of property owned by the local government and to dispose autonomously of the incomes realised by the local government. Local government can also start businesses as their own responsibility;
- to have incomes of its own in order to perform its duties, as defined by the Act on Local Governments, in proportion to its duties each local government is entitled to state subsidy;
- to levy local taxes, and to define their type and amount;
- to develop its own organisation and procedures in compliance with the law;

- to create symbols of local government, and establish awards, certificates of merit;
- to join other bodies of local government in order to establish associations, or cooperate with local governments of other countries, and become a member of international organisations of local governments;
- to make rules that are not in conflict with higher-level regulations.

The head of the local body is the mayor. Local representatives can also elect committees and establish offices. In addition to functions within the local government, the mayor also performs duties related to the executive. The same law defines also the scope of authority for the head of the mayor's office, the town clerk, and other officials employed by the local representatives.

The Constitution stipulates that the Act on Local Governments is of prime importance, therefore it can be modified only if two-thirds of the members of parliament vote for it. The 1990 Act on Local (self-) Government was based on the principles and stipulations of the Constitution. It defined in detail the authority, tasks, rights and organisation of local government, including the functioning of the body of representatives, the rights and duties of representatives, the principles governing the operation of local governmental committees, the way in which the mayor, the deputy mayor and the town clerk can be elected and perform their duties.

The Act also states the public duties of local government. These include development and construction of the settlement, protection of both the man-made and natural environment, housing policy, water management, drainage of rain water, sewage management, maintenance of cemeteries, local road systems and public areas, public transport, air quality protection, fire fighting, public order and safety, participation in the local electricity supply, solution of employment-related problems, provision of kindergartens, basic level education, social welfare and medical services, public education, scientific and cultural activities, sport, protection of minority and ethnic group rights, promotion of a healthy way of life.

It is the prerogative of the local government to decide which of these tasks it is able to perform, depending on the demands of the population and its own financial resources. Notwithstanding this, it is obliged to provide: good drinking water, primary education, basic health and social services, public lighting, the maintenance of roads and cemeteries, and to guarantee the rights of minorities and ethnic groups.

In order to perform their activities in a more efficient way, local governments have the right to establish associations. These associations can extend their activities to public administration and the

direction and maintenance of institutions, but there must also be a joint body of representatives. Associations are attractive to small settlements that have no supply systems of their own.

The Act on Self-government recognises the historically established settlements as communities with village status, regardless of the number of inhabitants or the level of development. The conditions for establishing new villages are, however, defined in detail. The inhabitants can take the initiative for a settlement to be given village status if the available supply system enables it to perform its duties (i.e. the local services have attained a certain level of development and the settlement has at least a school for the lower grades of the primary school and a district surgery).

A village can apply for town status if its level of development justifies the application. At the initiative of the local representative, it is the Minister of the Interior who submits the application to the president of the republic for approval.

At the request of local government representatives, parliament has the right to give cities with a population over 50,000 the status of 'town of county rank'. The local government of towns of county rank, although basically of municipal authority, also perform the functions of county level government in the region that belongs to them.

The self-government of the capital and its districts was first regulated in a special paragraph of the Act on Local Government. Later a separate act was passed on government in Budapest.

In the administration of the counties, the Act on Local Government has brought fundamental changes, which also have a bearing on the status of the counties. It has decreased their importance from the communist period. The county level has the duty to maintain those services and institutions of medium level whose activities extend over part of the county that cannot be listed among the duties of the village or town level. In addition the county-level government has the right to undertake any type of public duty that is not delegated to other authorities and the performance of which is not in conflict with the interests of the villages or towns in the county.

A new function within the Hungarian public administration is Representative of the Republic (prefect), which came into being as a result of political compromises. The prefect is appointed by the president of the republic at the recommendation of the prime minister. The prefect acts as a legal supervisor of the local governments. In matters defined by the law or by government order, the prefect is the administrative authority of first instance. He pronounces judgement on legal remedies referred to him and performs state administrative tasks as ordered by the government, and coordinates the activities of the other state administrative agents in his region.

The 1991 law defines the details of the responsibilities and rights of

the local governments and the prefects. This Act covers the whole range of public administration in Hungary. The constitutional definition of the structure of public administration in Hungary is outlined in Figure 14.1.

### The transformation and new structure of local-regional administration

By the end of the communist period of local soviets, Hungarian public administration had become extremely complicated (see e.g. Hajdú, 1987; 1989). This was due to the fact that the Hungarian public administration gradually modified, and 'customised' the 'original model and example'. The Third Act on Council (1971) went as far as attempting a reform of the council system by incorporating elements of the local self-government principle, but this reform failed fully to materialise. The effect of partial reforms and incomplete restructuring of the administration resulted in a very complicated situation both as to the legal status and the functions of local government. The old system is summarised in Table 14.1.

Table 14.1 Structure of councils in number, 1989

Type of councils	Number of councils
County councils	19
Council of Budapest	1
County town councils	8
Town councils	140
Town joint councils	17
Large village councils	118
Large village joint councils	162
Village councils	571
Village joint councils	507

The 1991 Act on Local Government has brought significant changes in every respect, but the depth of changes is different at each level. In defining the administrative units, categories, election procedures and responsibilities, the 1991 Act mainly took the population of the settlement into consideration. The purpose was to restrict the criteria as much as possible. The number of representatives in each local government depends on the number of inhabitants in the settlement. Villages with a population under 300 have 3 representatives, the largest number, 88, is defined for Budapest.

In settlements with fewer than 10,000 inhabitants, mayors are

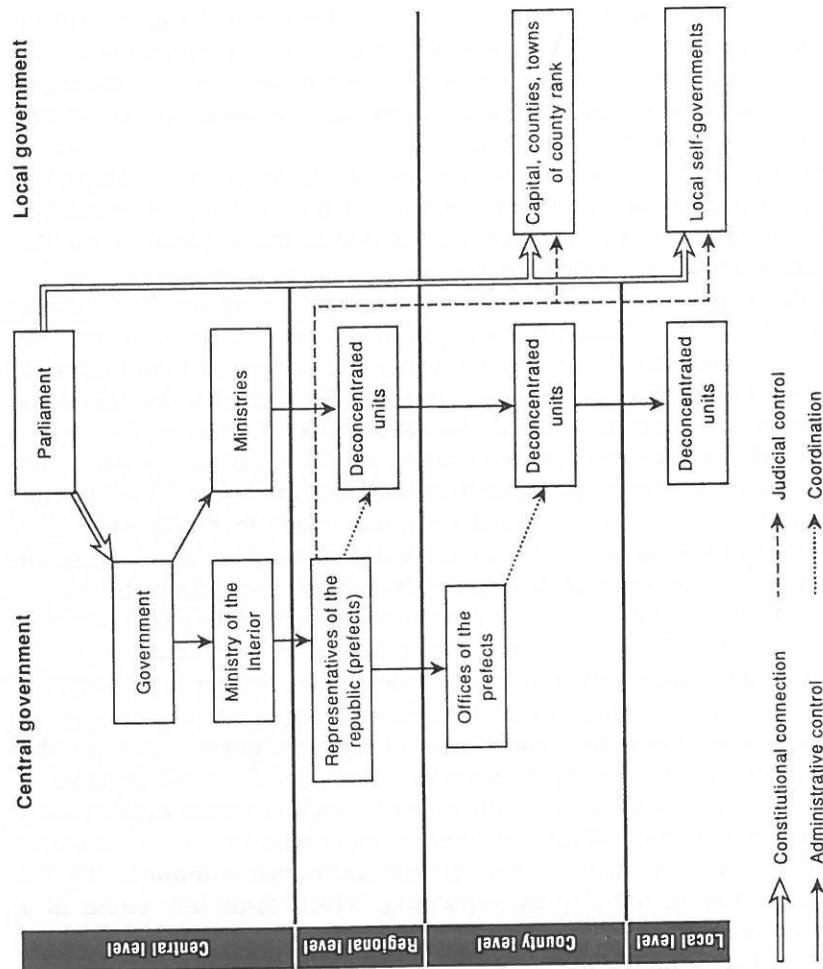


Figure 14.1 The formal structure of Hungarian public administration since 1991.

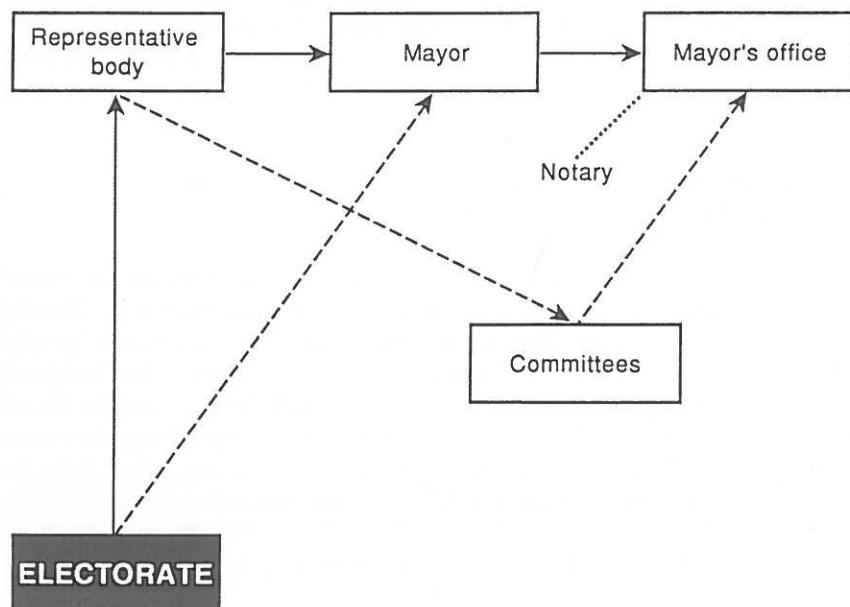


Figure 14.2 Schematic structure of Hungarian local self-government since 1990.

elected directly by the population, while in larger settlements it is the body of representatives that has the right to elect the mayor. The lowest size for towns of county rank is a population of 50,000. Below this level towns cannot get county rank, even though the special treatment required for some towns provoked a heated debate in parliament.

The Act also stipulated that in villages with a population of under 1000 notary offices should be set up to perform public administration. If, however, the village is able to hire a 'Town Clerk' with the proper qualification, the restriction is not as strict. The structure of local government is summarised in Figure 14.2.

The range in size of Hungarian settlements does not easily fall into the categories defined by the 1991 Act on Local Government. As shown in Table 14.2, when the Act was drafted the population of 41 towns was less than 10,000; 104 towns had a population of between 10–50,000, and only 21 towns had a population of more than 50,000. Since the Act was passed the number of small towns has increased further because several villages have gained town status.

For villages, the dominant group is constituted by those that have

Table 14.2 Number and population of towns and villages by population size-group (December 1989)

Population size-groups	Towns	
	Number of towns	Percentage distribution of population
-9999	41	4.6
10,000-19,999	64	14.4
20,000-49,000	40	18.5
50,000-79,000	11	10.9
80,000-119,000	4	6.4
120,000-219,999	5	13.8
2,000,000-	1	31.4
Total	166	100.0
	Villages	
-499	947	6.7
500-999	716	13.2
1000-1999	644	23.3
2000-4999	484	36.3
5000-9999	91	15.1
10,000-	16	5.3
Total	2898	100.0

Source: Statistical Pocket Book of Hungary 1990 (Bp., Staiquim Ltd, 1991)

a population of under 1000. This group includes 1663 villages (i.e. 57.4 per cent of the total number, containing 19.9 per cent of the village population). The distribution of the villages by size is very differentiated: the Great Plain is characterised mainly by medium-size and large villages, while most of Transdanubia has tiny villages.

The 1991 Act has established two levels of local government, settlement and county levels, in such a way that they are differentiated from each other by their responsibilities and authority and not by the legal status. Since either level is subordinated to the other in other ways.

#### Local government in the villages and towns

There was general agreement about the main objective of the 1991 Act that the responsibilities and authorities should be delegated primarily

to the smallest settlement level of the commune. No distinction as to quality or legal status was made between the local governments according to the type of settlement (towns or villages) but the difference in ability to cope with the responsibilities was taken into consideration.

### Villages

The 1991 Act on Local Government has brought about revolutionary changes in the life of villages. The role of representation in local government has greatly increased. All the villages elect representatives and a mayor of their own, without exception. The previous system of joint councils has been completely removed, mainly because they chose not to take the opportunity offered by the 1971 Act to establish a common body of representatives.

In compliance with the stipulations of the Act, villages with a population below 1000 perform their administrative duties in the traditional districts used in Hungary (*körjegyzőség* – approved notarial district). The 1526 villages have established 529 'notarial districts' (see Table 14.3). The district notary and his office serve several village governments and cooperate with several mayors. The authority and activities of the 'notarial district' system extend over about half the villages, performing the tasks of both the executive and self-government.

As a result, the administration of the villages has changed so that their representation and their local government have become widely decentralised. The administration itself has become more rational. For the time being the village local governments still guard their independence and do their best to keep it; this is the main reason why very few of them have taken the opportunity offered by the law to establish associations. I would expect this attitude to be only temporary.

### Towns

In the case of towns, the 1991 Act has enlarged their responsibilities, primarily by increasing their economic independence. Two categories have been created: towns and towns of county rank. In terms of administration there is no real difference between the two, but in its area the town of county rank also performs the public services delegated to the county level. Consequently these towns do not send representatives to the 'county assembly' and therefore they are not considered as parts of county-level self-government.

Table 14.3 Structure of local government administration (January 1991)

Capital, county	Capital, town of county rank	Other towns	Villages	Villages with own notary	Number of notarial districts	Number of villages in notarial district
Budapest	1	–	–	–	–	–
Baranya	1	4	293	23	74	270
Bács-Kiskun	1	10	105	97	4	8
Békés	1	11	62	55	3	7
Borsod-Abaúj-Zemplén	1	14	332	128	73	204
Csongrád	2	5	52	44	4	8
Fejér	2	4	99	79	10	20
Győr-Sopron-Moson	2	3	162	100	23	63
Hajdú-Bihar	1	11	67	49	7	18
Heves	1	5	112	90	9	22
Jász-Nagykun-Szolnok	1	11	62	57	2	5
Komárom-Esztergom	1	7	63	50	6	13
Nógrád	–	6	116	60	20	56
Pest	–	15	167	145	10	22
Somogy	1	8	228	61	59	167
Szabolcs-Szatmár-Bereg	1	9	218	144	31	74
Tolna	–	7	101	55	21	46
Vas	1	6	206	51	49	155
Veszprém	1	8	211	44	62	167
Zala	2	4	249	47	62	202
Total	21	148	2905	1379	529	1526

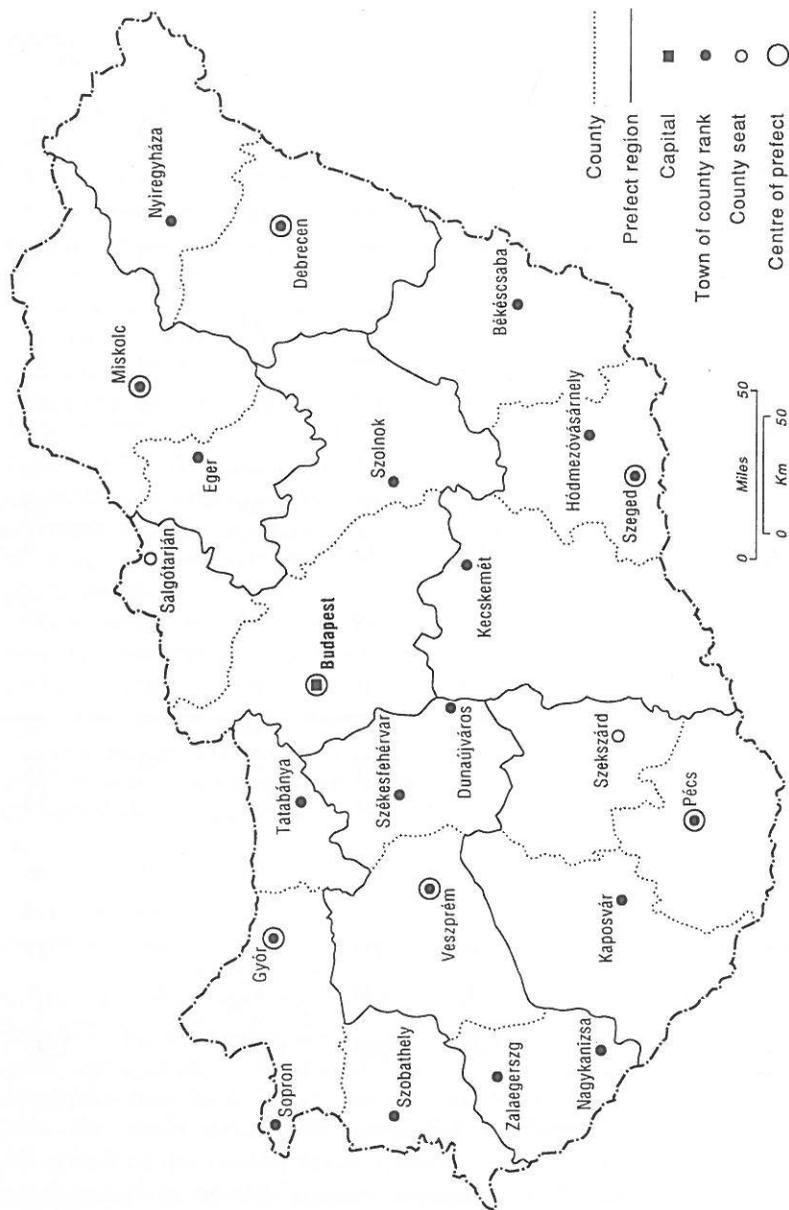


Figure 14.3 Towns of county rank in Hungary 1992.

The Hungarian parliament granted county rank to 20 towns (see Figure 14.3). Although these towns differ from one another in size and function, they have one common quality, their population is over 50,000. Two of the former county seats did not obtain the county rank, while four others did. The development of the new institution of cities of county rank has put the four counties Győr-Sopron-Moson, Csongrád, Fejér and Zala in the strange situation of being counties while their largest towns are also counties. As a result there is a danger that they will lose their cohesion.

### Local government in the counties

When the 1991 Act was being developed, the most heated debate was provoked by the question as to whether the county system should be maintained or liquidated. A compromise was finally reached whereby the counties were kept as organs of self-government but with their role and importance considerably reduced. It is not far-fetched to say that the reform made the counties the scapegoats for the mistakes of state socialism.

The present legal regulation of the counties is contrary to Hungarian traditions: before 1949 the county governments had great power and influence. They did not dispose of significant financial resources but they had the right to function as supervisory and coordinating organs of local government and administration in the villages.

There is only one thing in common between the present counties and the previous ones – their territory. Given the low level of functions now assigned to the counties, a territorial reform would have made no sense. The only important function the counties have been left is the organisation and maintenance of public services in their area.

Now that the legislation has received full publicity, the relationship between the county governments and the county seats of towns with county rank has become very tense. The main issue has been the settlement of the ownership and maintenance of certain institutions. A typical element in the new relationship is the determination of towns to safeguard their autonomy and their lack of willingness to cooperate with the counties.

### Local government of Budapest

In accordance with the significance and special status of the capital and its districts, their administration is regulated in a separate law.

**Table 14.4** The characteristics of the Regions of Prefects

Seats of Prefects	Regions of Prefects	Territory (km <sup>2</sup> )	Number of population 1.1.1990	Local government above 10,000 inhabitants at the time of local election	Local government under 10,000	Local government altogether
Budapest	Jász-Nagykun-Szolnok	5607	438,795	74	10	64
	Nógrád	2544	233,303	121	4	117
	Pest	6394	941,345	102	26	156
	<i>Together</i>	15,545	1,613,443	377	40	337
Miskolc	Borsod-Abaúj-Zemplén	7247	783,055	347	10	337
	Heves	3637	339,692	110	4	114
	<i>Together</i>	10,884	1,122,747	465	14	451
Debrecen	Hajdú-Bihar	6211	553,338	79	8	71
	Szabolcs-Szatmár-Bereg	5938	593,308	227	6	221
	<i>Together</i>	12,149	1,146,646	306	14	292
Szeged	Bács-Kiskun	8362	550,666	116	10	106
	Békés	5632	419,751	74	9	65
	Csongrád	4263	434,473	59	5	54
	<i>Together</i>	18,257	1,404,980	249	24	225

**Table 14.4** continued

Pécs	Baranya	4487	417,767	297	5	292
	Somogy	6036	346,908	237	6	231
	Tolna	3704	258,596	108	6	102
<i>Together</i>	14,227	1,023,271	642	17	625	
Veszprém	Fejér	4373	422,739	105	5	100
	Veszprém	4689	386,179	220	7	213
	Zala	3784	311,867	255	3	252
<i>Together</i>	12,746	1,120,785	580	15	565	
Győr	Győr-Moson-Sopron	4012	428,010	167	5	162
	Komárom-Esztergom	2251	316,536	71	6	65
	Vas	3337	277,487	213	5	208
<i>Together</i>	9600	1,022,033	451	16	435	
Budapest	Capital	525	1,931,774	23		23
	<i>Altogether</i>	93,033	10,385,589	3093	163	2930

This law was made in compliance with the requirement of strong self-government for the 22 districts in the capital, while the representation and integration of the common interests of the capital was of secondary importance. In many respects the law was very liberal, offering the possibility of free bargaining between the districts and the capital even in very important matters.

The considerations related to the interests of the different political parties are quite striking in the Act on the Self-Government of the capital. In my judgement the real problem is that neither the parties in power now, nor the opposition (who have gained a majority in the capital and most of Budapest's districts) had been prepared for a really democratic 'rotation' in either parliament or local government. This is particularly important in case of laws requiring a two-thirds majority of votes. Most probably the Act on the capital will be the most short-lived of all the laws on local government and when new regulations are developed more attention will be paid to the administration of the capital as a whole.

### The prefects

The prefects of the republic perform their duties in regions defined by parliament. These are listed in Table 14.4. One of the most important functions of the prefect is the legal supervision of local government. About 5 per cent of local governmental resolutions have been contested so far, but most of the objections have been of procedural character. The number of resolutions made by the prefects is also very low. The institution of the prefects is still widely debated because the government is seeking to increase their scope and authority while local government and the opposition do not think that this is necessary.

Centrally controlled bodies have always existed in Hungary, both under the Hapsburgs and under the communists. The controversial issue is whether their number and functions should be enlarged or not. The present efforts of the government seem to support the idea of enlargement. In addition to the traditionally decentralised bodies such as the Water Management Traffic Inspectorate, Protection of Nature and the Environment Inspectorate, new centrally-controlled bodies such as Job Centres, Municipal Health Officers, and the Public Health Service have been established.

The main offices of these centrally controlled bodies are established at county level. The question is whether the potential coordination of the regions administered by these bodies and those administered by the prefects can lead to a special Hungarian state regionalism. If this proves to be the case, would it not be better to find a way to

subordinate these bodies to local government? The number of such centrally operated bodies is still low so that it is still too early to say that the administration of the most important areas has been taken over by the state and the importance of local self-government reduced, although the danger is potentially present.

### Conclusion

The constitutional and structural reform of the Hungarian administrative system can be considered as a very positive step in all respects, in spite of some problems. The establishment of local governments and the open regulation of the scope and conditions of their operation, has had a favourable impact on the internal life of the local communities. The establishment of local self-government has had a particularly beneficial influence on revitalising villages.

The time that has elapsed since the establishment of the local governments is not long enough to allow us to make a final judgement, but there are signs already that in some respects further significant changes will have to be made. One of the critical issues is the role of the middle (county) level. In its present form the county level will either become unnecessary and therefore should cease to exist, or will 'recapture' a part of its old historical and functional role and importance from local government or the prefect.

The quasi two-tier system of administration in Budapest cannot function properly for issues requiring a citywide approach. Most probably the need will arise to enforce the integration of certain local decisions. Hungary's ambition to catch up with the European Community and the potential realisation of the idea of the Europe of Regions will make us reconsider the role of regional units. In this aspect the regions based on the prefects might gain importance or, within a new regional structure, we shall have to establish a network of regional units with their own self-governments.

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