

Opportunities of the intervention of the central (regional) government in the decisions and operations of the local governments in Hungary

István Hoffman

PhD in Law, Professor, Eötvös Loránd University, Faculty of Law, Department of Administrative Law; Budapest, Hungary; Senior Research Fellow, Centre for Social Sciences, Institute for Legal Studies, Budapest, Hungary; hoffman.istvan@ajk.elte.hu;

Professor, Marie Curie-Skłodowska University, Faculty of Law and Administration, Department of Public International Law, Lublin, Poland; i.hoffman@poczta.umcs.lublin.pl

ABSTRACT

The regulation on the relationship of the central and local governments in Hungary has transformed significantly in the last decade. However, the government have strong tools for the control of the local activities, these tools are just rarely applied by the supervising authorities. The main transformation of that relationship could be observed in the field of the public service provisions. The former municipally based public service system was transformed into a centrally organised and provided model, thus the role of the local governments in Hungary has decreased. The centralisation process have been strengthened by the reforms during the COVID-19 pandemic.

Key words: centralisation, decentralisation, legal supervision, central government, municipalities, Hungary

I Evolvement of the Hungarian legal supervision of the municipalities

1. The beginning. the regulation before the Democratic Transition

A continental (mainly German) municipal was followed by Hungary before the World War II. The legal supervision of the municipalities evolved during the second half of the 19th century. The local municipalities (communities) were supervised by the county self-governments, and the counties were supervised by the county governors (*főispán*) who were appointed by the Government. Before 1907 the decisions of the county governor could be appealed to the Minister of Interior, therefore there weren't judicial control. In 1907 a new court action, the warranty complain was introduced, thus the decisions of the county governor could be revised by the Hungarian Royal Administrative Court.

This system remained till the end of the World War II. After the World War II, in 1950 a Soviet-type system was introduced, and the self-governance of the counties and municipalities were abolished by the Act I of 1950 on the Councils¹. This system was partially changed in 1971. The Act I of 1971 on the Councils² (the third act on the councils) transformed the system. The partial self-governance of the councils was recognised by the new Act, although they remained the local agencies of the central government, as well. Therefore, the county councils and the local councils were not directed by the central government, their actions and decisions were supervised. The decisions and actions of the counties were supervised by an organ of the Council of the Ministers (Office for County and Local Councils of the Council of Ministers) and the decisions and operation of the local councils were supervised by the county councils. Although it was a supervision, the decisions of the supervisory authorities could not be revised by the courts. A transitional model was evolved: it was not a pure Soviet-type model, but it was different from the liberal models, as well.

2. The regulation of the Democratic Transition (1990-2010)

In 1990, with the Amendment of the Constitution of the Republic of Hungary³ and the new Act on Local Self-governments (Act LXV of 1990, hereinafter: Ötv⁴) the former councils were replaced by self-governments. The concept of the Ötv was based on the European Charter of Local Self-Governments, but the rights and autonomies of the local self-governments were even broader. 'Fundamental rights' of the local self-governments were regulated by section 44/A of the Constitution⁵, the

¹ The original text of the law in Hungarian, see: [Electronic resource]. URL: https://hu.wikisource.org/wiki/1950._%C3%A9vi_I._t%C3%B6rv%C3%A9ny (Access date: 09.02.2021).

² The original text of the law in Hungarian, see: [Electronic resource]. URL: <http://jogiportal.hu/index.php?id=ohwncnaljzbrqlkm&state=19880101&menu=view> (Access date: 21.01.2021).

³ See: [Electronic resource]. URL: http://www.njt.hu/translated/doc/TheFundamentalLawofHungary_20201223_FIN.pdf (Access date: 21.01.2021).

⁴ The original text of the law in Hungarian, see: [Electronic resource]. URL: <https://mkogy.jogtar.hu/jogszabaly?docid=99000065.TV> (Access date: 21.01.2021).

⁵ Nagy, M., Hoffman, I. A Magyarország helyi önkormányzatairól szóló törvény magyarázata. Második, hatályosított kiadás. Budapest : HVG-Orac, 2014. Pp. 32–34.

Hungarian regulation was based on the approach of inherent (local government) rights similar to the Jeffersonian concept of local self-governments.⁶

The control of the legality of local governments' actions was based on the French model, on the reformed French municipal model of the Loi Deferre⁷. This task was fulfilled from 1990 to 1994 by the Republic's Commissioner (whose office was organised at regional level), from 1994 to 2006 by the County Administrative Offices and from 2007 to 31st December 2008 by the Regional Administrative Offices.⁸ The supervising bodies could not suspend the implementation of the local government decisions; they could only initiate the review procedure at the Constitutional Court. This was an exclusive of right of these organs. The Constitutional Court had the right to annul the local government decrees. Besides that, on the grounds of unconstitutionality, an *actio popularis* could be filed by anyone against unconstitutional local government decrees. Other local government decisions could be contested/challenged at the (ordinary) courts⁹. Outside the individual acts ruling on subjective rights and obligations according to the Administrative Procedure Act, self-government decisions could only be litigated by the head of the (county) administrative office as supervising authority after an unsuccessful notification procedure. Decisions, among them the resolutions of the local government could be annulled in these processes by the courts.

Although the regulation on the legal supervision and the judicial review was up-to-date, several dysfunctions had occurred in practice. The main reasons for this were the extralegal problem of scarce resources. On the one hand, the legality control units within the central government agencies were quite small: only approx. 300-350 posts were secured for this task. An average legality controller had to control all issues of 10 municipalities. The central government agency – according to the adapted French model – could only initiate the judicial review of the local government decisions. The competence for annulment was at the courts (local government resolutions) or at the Constitutional Court of the Republic of Hungary (local government decrees). These bodies could also suspend the implementation of the decisions. The courts and the newly organised Constitutional Court had significant resource problems; the procedures were often delayed by which the efficiency of the legal protection was deteriorated.¹⁰

A weak roll was institutionalised by the municipal system of the Democratic Transition for the prevention of the omission of the municipal bodies. The Act XXXII of 1989¹¹ on the Constitutional Court stated an action is missed by a public body and the Constitution and especially the fundamental rights are infringed by the omission, the omission could be stated by the Constitutional Court and it obliges to terminate it.¹²

Similarly, as an *ultima ratio* of the supervision system, the dissolution of a municipal council (officially it is called in Hungary 'representative body' and in the counties, the metropolitan municipality and the towns with county status as 'assembly' – after the Democratic Transition) by the Parliament was institutionalised. If the Constitution was permanently infringed by the operation of a representative body (practically the council) of a municipality, this body could be dissolved by the Parliament. This procedure was a very complicated one, full with guarantees. The procedure should be initiated by the Government, the initiative should be based on the legal supervision of the county agency of the Government. This initiative should be commented by the Constitutional Court, which should give an opinion of it. After that the Parliament should decide, but in the debate at the Parliament the municipality could take part. It was a very rare tool in the Hungarian system, between 1990 and 2010 only 2 municipal bodies were dissolved (there were 5 municipal terms and there are more than 3200 municipalities in Hungary).

The legal supervision, as well as the judicial and constitutional review of the local government decisions required a reform which was achieved by the Fundamental Law of Hungary and subsequently the Act CLXXXIX of 2011 on Local Self-Governments of Hungary (hereinafter MÖtv).¹³

⁶ Jefferson stated that the right of the local communities to the self-governance is an inherent right, not a right which is devolved by the central government (*Bowman, A., Kearney, R. State and Local Government. Boston : Cengage Learning. 2011. Pp. 235–236*).

⁷ Marcou, G., Verebélyi, I. New Trends in Local Government in Western and Eastern Europe. Brussels : International Institutes of Administrative Sciences, 1994. P. 238.

⁸ From 1st January 2009 to 1st September 2010, due to a constitutional court decision there were no bodies which could perform the tasks of the control of the legality of the decrees of the local governments. The main reason of this status was that the regionalization of the Administrative Offices was not performed by an act adopted by a qualified (two-third) majority act and therefore this Act was declared unconstitutional by the Constitutional Court of Hungary. Because the lack of the two-third majority of the then governing parties and the strong opposition against the regionalisation the Parliament could not adopt the required act. Qualified majority acts are a speciality of the Hungarian law (Jakab, A., Sonnevend, P. Continuity with Deficiencies: The New Basic Law of Hungary. *European Constitutional Law Review*. 2013. No. 9 (1). P. 110.).

⁹ Rozsnyai, K. Közigazgatási bíráskodás Prokrusztész-ágyban. Budapest : ELTE Eötvös Kiadó. 2010. Pp. 122–128.

¹⁰ Hoffmanné Németh, I., Hoffman, I. Gondolatok a helyi önkormányzatok törvényességének ellenőrzéséről és felügyeletéről Magyar Közigazgatás, 2005. No. 55 (2). Pp. 98–102.

¹¹ Text of the law in Hungarian see.: [Electronic resource]. URL: <https://alkotmanybirosag.hu/alkotmanybirosagi-torveny-1989> (Access date: 21.01.2021).

¹² Fábrián, A., Hoffman, I. Local Self-Governments. In: Patyi, A. & Rixer, Á. (eds.): Hungarian Public Administration and Administrative Law. Passau : Schenk Verlag. 2014. P. 321

¹³ For the current version of the law, see.: [Electronic resource]. URL: http://njt.hu/cgi_bin/njt_doc.cgi?docid=139876.386439 (Access date: 21.01.2021).

II Transformation of the Hungarian system

1. The transformation of the legal supervision

In 2011, a shared competence system was introduced by article 24 and article 25 paragraph 2 point) c) of the Fundamental Law and by the section 136 of the Mötv. Since then, the right to review the legality of local government decrees belongs to the Local Government Senate of the Curia, the supreme court of Hungary, which can annul the local government decree if regulations of an act of Parliament or of decrees of the central government bodies are violated. The local government decree can be annulled by the Constitutional Court, if it is unconstitutional. The delimitation of the powers of these two bodies was uncertain, but Decision 3097/2012¹⁴. (dated 26.07.2012) of the Constitutional Court stated that the constitutional complaint or motion can only be decided by the Constitutional Court, if it refers exclusively to the breach of the Fundamental Law. If there is also a question of legality, not only of constitutionality, the lack of competence of the Constitutional Court will be declared, and the complaint or motion will be transferred to the Curia. This regulation has been partially transformed after 2017. The Constitutional Court stated its competence in those cases in which not only the Fundamental Law, but another Acts of Parliament are infringed if fundamental rights are seriously harmed by the municipal decree [Decision 7/2017¹⁵ (dated 18.04.2017)].¹⁶

The legal supervision of the local government decisions is performed by the County (Capital) Government Offices. Their competence is regulated by the Mötv and by the Act CXXV of 2018 on the Administration of the Government.¹⁷ The ombudsman can examine the legality and the harmony with fundamental rights of the local government decrees, as well. The judicial review of a local government decree can thus be initiated either by the county (capital) government offices or by the ombudsman. The procedures of the Curia can also be initiated by the judge of a litigation, if the illegality of a local government decree that should be applied in the case is probable. *A posteriori* constitutional review of the Constitutional Court can be initiated by the judge of the given court case, by the ombudsman and by the Government of Hungary. Latter is based on the notice of the Government Representative (the head of the county or capital government office) and on the proposal of the minister responsible for the legal supervision of local governments (now the Minister leading the Prime Minister's Office).

The *omission procedure* is a new element of the system (Nagy, 2017: 24-25). As I have mentioned, a weak tool was institutionalised by the former model. In the new model the Curia can declare a local government to have failed to adopt a decree. If a resolution or a provision of a service has been missed by the municipality, the responsibility belongs to the designed (8 court of the 20 county courts) county (and Metropolitan) courts which have administrative branches (these courts are operating actually on regional level). The procedure has been regulated by the Act I of 2017 on the Code of the Administrative Court Procedure since 2018¹⁸. The case can be exclusively initiated by county government office if a municipal decree has not been passed and it can be initiated by the county government office and by the party who assumes an individual infringement.¹⁹ In Hungarian public law authorisation for adopting a decree can stem from an obligation of the legislator, therefore the omission of regulating can be declared. Although the local governments also have original legislative powers, several important subjects of these original powers are listed by the Mötv. An omission procedure is justified by the failure to adopt a decree in these fields. Similarly, the county government offices can provide the omitted services and could adapt a missing resolution, as well.

Prima facie, full legal protection is provided by this new model of judicial and constitutional review to individuals. If we take a closer look at the regulation, several lacunas can be noticed. The main problem is that individuals affected cannot initiate the judicial review of a local government decree directly. As it was mentioned above, only the judge of the case, the ombudsman and the county government office may submit a request to the Curia. The procedure aims to safeguard first of all public interest, while safeguarding subjective rights and positions only applies as an accessory aim. Although individuals can submit a constitutional complaint to the Constitutional Court against the decisions of the courts, the success of these procedures is highly doubtful, as a local government decree rarely violates exclusively the Fundamental Law without

¹⁴ The text of the decision of the Constitutional Court in Hungarian, see: [Electronic resource]. URL: <http://public.mkab.hu/dev/dontesek.nsf/0/E9ADCBBB19353CFEC1257ADA00524D3C?OpenDocument> (Access date: 21.01.2021).

¹⁵ The text of the decision of the Constitutional Court in Hungarian, see: [Electronic resource]. URL: <https://net.jogtar.hu/jogszabaly?docid=A17H0007.AB&txtreferer=00000001.TXT> (Access date: 21.01.2021).

¹⁶ In the case building of the minarets and the practices of the muezzins were banned by the municipal decree, by which not only the constitutional regulations on the freedom of faith, but the regulations of the Act on Freedom of Faith and the regulations of the Act on Protection of the Built Environment (the municipalities do not have competences on the ban of these religious buildings) were infringed. According to the former regulation, the case – which was initiated by the ombudsman – should have been transferred to the Curia (the Supreme Court of Hungary), because not only the rules of the Fundamental Law were infringed by the local regulation. The Constitutional Court decided the case and quashed the regulation. In the justification the competence of the Constitutional Court was based on the serious infringement of the fundamental rights of the citizens and the required high level of their protection.

¹⁷ Supra note 12. Pp. 346–347.

¹⁸ Text of the law see.: [Electronic resource]. URL: http://www.njt.hu/translated/doc/J2017T0001P_20180101_FIN.pdf (Access date: 21.01.2021).

¹⁹ Hoffman, I., Kovács, A. Gy. Mulasztási per. In: Barabás, G., F. Rozsnyai, K. & Kovács, A. Gy. (eds.): *Kommentár a közigazgatási perrendtartáshoz*. Budapest: Wolters Kluwer Hungary, 2018. Pp. 694.

being contrary to lower sources of law. The unconstitutional local government decree often violates an act of Parliament or a decree of a central government organ and – if the constitutional complaint is based on the unconstitutionality of the applied decree – the decree cannot be reviewed by the Constitutional Court in lack of competence.²⁰ Exclusively the Curia is authorised by the new constitution and by the Court Act for judicial review of the legality of local government decrees. Other hindrances can stem from the strict legal requirements of the admission procedure of the Constitutional Court.²¹ Thus a decision on the merits of the complaint rarely occurs.²²

The main problem thus stems from the lack of a remedy similar to the constitutional complaint for local government decrees, which would be necessary because of the shared competence of norm control in this field. The judicial review procedure of the Curia cannot be directly initiated by an individual; individuals can merely – and not bindingly – ask the county government office, the ombudsman or the judge of the given case to ask the Curia for revision of the legality of the local government decree contested. If an individual submits a direct application to the Curia to annul a local government decree or if the Constitutional Court transfers such a complaint because of the shared competence to the Curia, the application or the complaint will be rejected because of the lack of standing.²³

Till 2020 the local government body cannot contest the decision of the Curia before the Constitutional Court. It has changed by an Amendment of the Act CLI of 2011 on the Constitutional Court in 2019, thus the municipalities have the right to submit constitutional complaint against those court decisions (including the decisions of the Curia) by which their competences are infringed. It is not clear, and because of the novelty of the regulation a standing practice has not evolved whether the municipalities can or cannot submit successful applications against the decisions of the Curia based on the infringement of the competences, if they are not agree with the decisions of the court. So far there has been one single complaint against the resolution of the Curia, and it was rejected based on the logic of the regulation before the 2019 Amendment. In this case a local government appealed the resolution of the Curia and the Constitutional Court rejected the complaint. In the practice of the Constitutional Court, the local government cannot submit a constitutional complaint because it can be submitted only on the grounds of violation of fundamental human rights. According to the interpretation of the Constitutional Court, local governments have no fundamental rights, they have just “competences protected by the Constitution”. There is no means of contesting, no effective complaint²⁴ against decisions which infringe the self-governance of the local governments.²⁵ This practice – which does not recognise the right to submit a constitutional complaint – is a strong limitation to the autonomy of local governments, because their competences are only partially protected. As I have mentioned, this regulation changed in early 2020, but there has not been relevant case based on the amended regulation, therefore its impact cannot be yet estimated.

It is clear, that the legal regulation on the control of the local government decision making has been significantly transformed after 2012. If we look at the actual practice, it can be stated, that these procedures are just rarely used by the supervising authorities. First of all, the supervising authorities have limited resources – similarly to the former situation. Therefore, they detected low number of infringements during their activities (see Figure 1).

If an infringement is detected, the municipalities are mainly cooperative: the majority of the calls for legality are accepted by the municipal bodies: only 1,58% of the calls were rejected in 2019 (see Figure 2)

Because of the lack of the resources, the great number of the municipal decisions, the focus of the legal supervision activity of the county government offices have been transformed. As I have mentioned earlier, the *a priori* tools were institutionalised in the early 1990s. It can be emphasised that now legal supervision in Hungary focuses on the *prevention* of the infringements.²⁶ The main tool of the county government offices for this prevention is the professional aid (assistance) to the municipal bodies (see Figure 3)

Therefore, the role of the court cases has remained very restricted, and the majority of these cases are not submitted by the county (capital) government offices, but the by the judges of litigations and ombudsman. Thus, the court cases are mainly based on the protection of the subjective rights (private interests) and not on the protection of the public interests (see Table 1 and Figure 4).²⁷

²⁰ See for example the Resolution No. 3097/2012. (dated 26.07.2012) of the Constitutional Court, the Resolution No. 3107/2012. (dated 26.07.2012.) and the Resolution No. 3079/2014. (dated 26.03.2014.) of the Constitutional Court.

²¹ See for example the Resolution No. 3315/2012. (dated 12.11.2012.) of the Constitutional Court in which the Constitutional Court rejected the complaint because the decision of the local government could be appealed. The Constitutional Court rejected the complaint for the same reason in the Resolution No. 3234/2013 (published on 21st December).

²² For example, the Constitutional Court accepted the complaint in the Resolution No. 3121/2014 (dated 24.04.2014.) but dismissed it because the local government decree which regulated the fees, the licences and the appearance of the taxis of Budapest was declared constitutional.

²³ See the grounds of appeal of the Resolution of the Local Government Court of the Kúria No. Köf. 5054/2012/2.

²⁴ Such an effective remedy is the German Kommunalverfassungsbeschwerde which can be submitted for the infringement of the local government competences guaranteed by the Grundgesetz (Umbach and Clemens 2012: 1625-1632).

²⁵ See Decision No. 3123/2014. (dated 24.04.2014.) of the Constitutional Court.

²⁶ Hoffman, I., Rozsnyai, K. The Supervision of Self-Government Bodies' Regulation in Hungary. *Lex localis — Journal of Local Self-Government*. 2015. Vol. 13 No. 3. Pp. 496–497.

²⁷ In 2012 and 2013 the significant number of the cases initiated by the county government offices were based on the transfer of pending cases from the Constitutional Court to the Curia.

Table 1 Judicial review procedures of the Curia from 2012 to 2020

Year	Mainly protection of the public interest		Protection of the public and private interests	
	Omission cases	Judicial review of the municipal decrees initiated by the county government offices	Judicial review of the municipal decrees initiated by the judge of a litigation	Judicial review of the municipal decrees initiated by the ombudsman
2012	5	34	10	0
2013	6	27	24	3
2014	13	10	9	1
2015	2	14	26	9
2016	0	24	22	1
2017	4	9	22	2
2018	4	6	21	1
2019	3	8	27	1
2020	3	1	16	0

(Source: edition of the author, based on the Municipal Decree decisions of the Curia, see: <https://kuria-birosag.hu/hu/onkugy>)

2. New tools for the intervention of the central government: the delimitation of the financial autonomy of the municipalities

The paradigm on the relationship of the central and local governments have been transformed radically by the new Hungarian Constitution, by the Fundamental Law.²⁸ The former regulation was based on the passive role of the central government, but now it has such responsibilities which provide them a strong and active intervention into the local affairs.

First of all, as we have mentioned, a missed decision can be substituted by the County Government Offices. Although these procedures are rare (yearly 3-6), it provides the possibility of the central intervention.

Secondly, if an obligation based on the international law or based on the European Law is jeopardised by the municipalities, the Government can substitute it. The main reason was that several omission and infringements of the municipalities caused procedures against the (central government of) Hungary at the European Court of Justice. To prevent these procedures, the Government have the possibility to substitute the municipal decisions.²⁹ Although it is clear, that the political question doctrine could be applied for these cases, but the resolution of the government can be sued by the municipalities.

During the 2000s the municipal debt was a great challenge. The new Municipal Code, the Mötv and the Act on the Economic Stability of Hungary have regulations to prevent the municipal indebtedness. First of all, the municipalities are not permitted to plan in their budget deficit of the annual operation, deficit can be planned only for investments and developments. Secondly, a permission of the Government is required for the municipal borrowing (in principle). These resolutions cannot be sued by the municipalities. The investment decisions of the municipalities are significantly controlled by the (central) government. This control is strengthened by the centralisation of the national management of the EU Cohesion Funds. Because the majority of the local investments and developments are co-funded by the EU cohesion funds, the central control is strengthened by the centralised management.³⁰ These tendencies were encouraged by the ASP system which is a centrally monitored application centre for the local budgeting and spending.

III The transformation of the municipal tasks: strong centralisation after 2011/12

After 2010, the newly elected Hungarian government decided to reorganize the system of human public services. The main goal of the reform was to centralise the maintenance of public institutions in the fields of primary and secondary education, health care and social care. Before 2010, most of the institutions were maintained by local governments: e. g. inpatient health care was a compulsory task of the counties, primary care was under the authority of municipalities. According to governmental statements, serious problems occurred before 2010 in these sectors. The local governments lacked sufficient budgetary resources to maintain their institutions effectively and transparently, therefore only the state administration could provide these public services on a unified high level of quality. Governmental decision-makers deemed that only the control of the central government is able to ensure equal opportunities in these sectors.³¹ The Government established agency-type central bodies and their territorial units for the task of maintaining institutions (e. g. schools, hospitals and nursing homes) in the aforementioned three fields:

²⁸ Fazekas, J. Central administration, in: Patyi, A. & Rixer, Á. (eds.) *Hungarian Public Administration and Administrative Law* (Passau: Schenk Verlag). 2014. P. 292.

²⁹ Supra note 13. P. 346.

³⁰ Hoffman, I. *Bevezetés a területfejlesztési jogba*. Budapest : ELTE Eötvös Kiadó, 2018. P. 100.

³¹ These governmental statements are summarized in the Rapporteur's Justification of the Act CLIV of 2011 on the Consolidation of the Self-governments of Counties and the Rapporteur's Justification of the Act CXC of 2011 on Public Education.

Figure 1 Number of municipal decrees, another municipal decisions and infringements of the local decisions detected by the county / capital government offices in 2019 (Source: OSAP 2019)¹

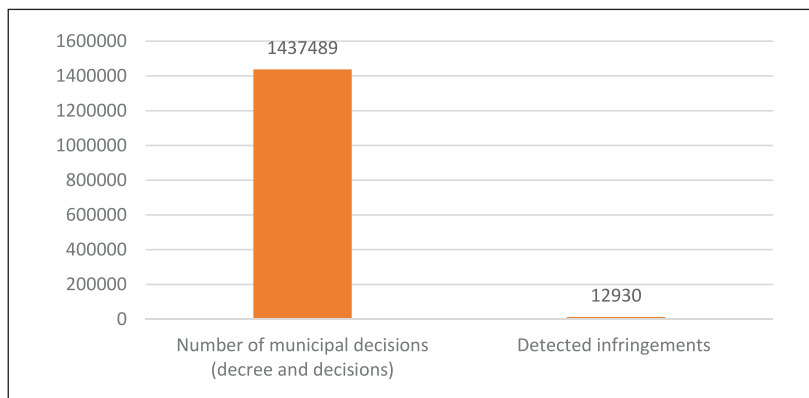


Figure 2 Legal notices in 2019 (Source: OSAP 2019)

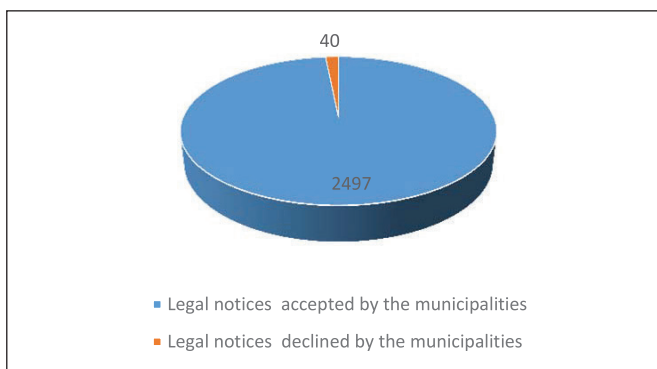
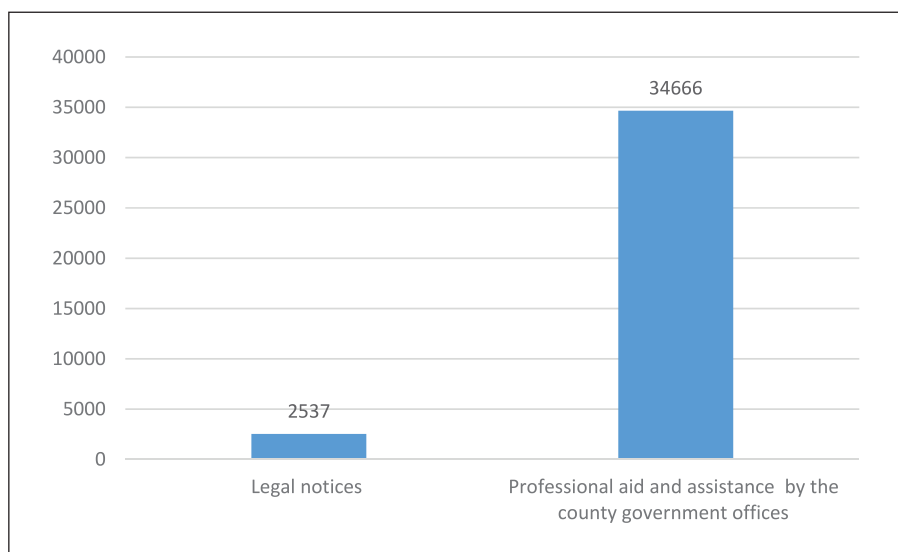
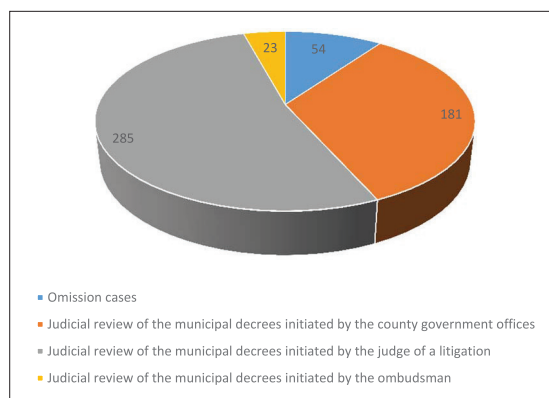


Figure 3 Professional aid and legal notices of the county (capital) government offices in 2019 (Source: OSAP 2019)



¹ OSAP (2019) A törvényességi felügyelet statisztikai adatai. См.: [Электронный ресурс]. URL: <https://2015-2019.kormany.hu/hu/dok?sourc=7&type=308#!DocumentBrowse> (дата обращения: 21.01.2021).

Figure 4 Judicial review procedures of the Curia from 2012 to 2020 (in total)

1. health care: National Institute for Quality- and Organizational Development in Healthcare and Medicines, (Reorganised in 2015 as National Health Care Service Center);
2. primary and secondary education: Klebelsberg Centre and the Directorates for the School Districts for the maintenance of service providers;
3. vocational education: National Office of Vocational Education and Training and Adult Learning and the (regional) Vocational Training Centers;
4. social care and child protection: General Directorate of Social Affairs and Child Protection.

Agencies are widely used types of the non-ministerial sphere of central administrations. These bodies are usually to some extent independent from Government and are entitled to rule-making and individual decision-making competences, too. The main advantage of their existence is that they concentrate on a few specified tasks, while the ministries can develop policies and higher rule-making.³² Furthermore, agencies as buffer organizations may provide a much more flexible framework of human resource management during personnel cutback campaigns, which are rather frequent in Hungary.³³ In spite of their (respective) autonomy, agencies often carry out political tasks and frequently operate under tight governmental or ministerial control.³⁴

Another very important aspect of centralization is the organisational power³⁵ of the Government and the minister overseeing these agencies. In accordance with the Fundamental Law, the Government may establish government agencies pursuant to provisions laid down by law (Art. 15). The origin of this power is the authorization of the Parliament to the Executive to implement its program in certain sectors and in general. For this purpose, the Government must have an appropriate and well-constructed administrative system. The transformation can be observed by the analysis of the annual budget of the Ministry of Human Capacities, which is now responsible for the centralised service provision.³⁶

Table 2 Total expenditures (in million HUF)³⁷ of the budgetary chapter directed by the Ministry of Human Capacities

Year	Total expenditures (in million HUF) of the budgetary chapter directed by the Ministry of Human (formerly National) Capacities*
2011	1 535 370,6
2012	1 949 650,5
2013	2 700 363,9
2014	2 895 624,8
2015	3 049 902,2
2016	3 011 947,7

* Inflation rate was 3,9% in 2011, 5,7% in 2012, 1,7% in 2013, and -0,9% in 2014 based on the data of the Hungarian Central Statistical Office (www.ksh.hu, downloaded at 5th January 2016).

³² Peters, B. G. *The Politics of Bureaucracy. An Introduction to Comparative Public Administration*. London and New York : Routledge, 2010. Pp. 129–130, 314–315.

³³ Hajnal, Gy. *Agencies and the Politics of Agencification in Hungary*. *Transylvanian Review of Administrative Sciences*, 2011. Special issue. Pp. 77–78.

³⁴ on politicisation see. Hajnal, Gy. *Op. Cit.*

³⁵ Böckenförde, E.-W. *Die Organisationsgewalt im Bereich der Regierung. Eine Untersuchung um Staatsrecht der Bundesrepublik Deutschland*. Berlin : Duncker & Humblot. 1964; Fazekas, J. *Central administration*, in: Patyi, A. & Rixer, Á. (eds.) *Hungarian Public Administration and Administrative Law*. Passau : Schenk Verlag. 2014. Pp. 290–291.

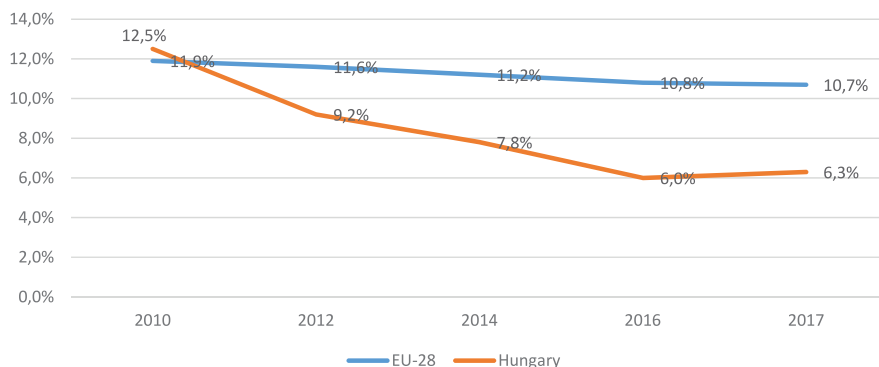
³⁶ Hoffman, I., Fazekas, J., Rozsnyai, K. *Concentrating or Centralising Public Services? The Changing Roles of the Hungarian Inter-municipal Associations in the last Decades*. *Lex localis — Journal of Local Self-Government*. 2016. Vol. 14. No. 3. Pp. 468–469.

³⁷ In January 2020 1 EUR is about 360 HUF and 1 RUB is about 4 HUF.

Source: Act CLXIX of 2010 on the budget of the Republic of Hungary, Act CLXXXVIII of 2011, Act CCIV of 2012, Act CCXXX of 2013, Act C of 2014 and Act C of 2016 on the central budget of Hungary

In sum, the maintenance agencies in these three sectors are rather tightly subordinated to the Government and more directly to the Minister of Human Capacities. This influence expands to the territorial units. Thus, the role of the municipalities have been significantly weakened which can be observed by the municipal expenditures (Hoffman, 2018b: 937).³⁸ In 2010 the municipal expenditures were 12,5% of the GDP and in 2017 only 6,3% (in the EU-28 in 2010 the municipal expenditures were 11,9% and in 2017 10,7% of the GDP) (see Figure).

Figure 5 Local government (in the % of the GDP) expenditures in the EU-28 and in Hungary between 2010 and 2017



Source: Eurostat (<http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00023&language=en>)

This process has been strengthened by the legislation after the COVID-19 pandemic. The regulation on local taxation was amended, and the shared revenues from the vehicle tax has been centralised and the most important local tax, the local business tax has been reduced for the small and medium enterprises, thus the local revenues were reduced and the national incomes became more centralised.

Conclusions

The regulation on the relationship of the central and local governments in Hungary transformed significantly in the last decade. Although the government have strong tools for the control of the local activities, the main transformation could be observed in the field of the public service provisions. The former municipally based public service system was transformed into a centrally organised and provided model, thus the role of the local governments in Hungary has decreased.

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