

Cui prodest? Why local governance came to a deadlock in Hungary¹

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Abstract: *More than thirty years after Hungary's transition to democracy and the change of territorial governance model, the time is now right to assess the outcome. This paper is primarily an assessment, concluding that the deadlock of the Hungarian local government system can be explained not only by the centralisation efforts of the governing and opposition political elites or the continuous decline of the budgetary position, but also by the indifference of local society. The fact is that the Hungarian local governments were not protected from being squeezed out of a significant part of public services, from a narrowing of their room to manoeuvre and from their authority position being weakened, by the general constitutional provisions introduced in 1990. An important proposition of this paper is that (local) society, although still more trusting of local governments than the central government according to various surveys, has not been able to become an 'ally' of local governments. The question rightly posed in the title of the paper is, whose interest is the local government system, who finds the values of self-governance important? The paper seeks (based mainly on academic literature and on its own and secondary analyses) the reasons/changes that have led to the stalemate of Hungarian local governments despite their initially strong mandate.*

Keywords: *public law, constitution framework, local governments, local elections, voter turnout, municipal duties*

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I. Introduction, theoretical methodological framework

The involvement of the European Community and the Council of Europe has made local autonomy and decentralisation normative political values in European countries. Several international organisations around the world have not only taken up this objective but also taken an active role in providing political and technical assistance for decentralisation reforms (Cheema – Rondinelli 2007). In recent decades, a large body of literature has been accumulated on the subject and comparative analyses and measurements based on complex criteria have been launched. These suggest that, although there is a group of permanently decentralised countries, many countries also show significant changes and fluctuations, and even signs of clear centralisation have become apparent in some countries as a result of the 2008 economic crisis (Ladner et al. 2019). This trend is partially the cause of the fact that the last decade has been marked by increasing centralisation (CEMR 2013; Göymen et al. 2014).

According to analyses, rankings and various reports, Hungary has shown a particularly strong drift, unfortunately towards centralisation, leaving the East-Central European bloc which had been considered unified according to the usual groupings (Loughlin 2011; Ladner et al. 2019; Hooghe et al. 2016). This happened despite the fact that the index of trust in local governments far exceeded that of the central government.

The data clearly show that institutional trust is already highly differentiated in this group of countries, but the trend does not show dramatic changes, with political parties consistently enjoying the least trust and local governments the most (Table 1). The question arises: what is the cause of this paradox, and why, despite the data, has politics moved in the direction of greater centralisation?

The authors of this paper have been studying local governments for decades, with a special focus on the changes of the Hungarian local government system. In addition to the study of the legislation applicable to local governments and public administration reforms, theoretical and international comparative analysis, joint or parallel empirical research has also been conducted on the functioning of local governments, their public service activities, their role in development policy, but also on local politics, elections and the characteristics of local civil society (Pálné 2011, 2019; Kákai 2004, 2019). This paper attempts to explain the above paradox, through which the current situation of local government, considered one of the success stories of the Hungarian transition to democracy, becomes visible and perhaps understandable. Our research question is therefore to identify the direct and indirect causes of the loss of power and prestige of the local government sector. What explains the unwillingness and inability of voters and civil society actors to operate a decentralised, sustainable, democratic and effective local governance system? The question is whether centralisation is the cause or the consequence of this democratic deficit. Over

Table 1: Percentage of trusted members in political parties, national government and local government in Central and Eastern European countries in 2004, 2010 and 2017 (%)

	Political parties			National Government			Local Government		
	2004	2010	2017	2004	2010	2017	2004	2010	2017
Bulgaria	11	13	13	26	34	29	–	35	39
Czech Republic	10	12	13	27	26	22	–	50	56
Estonia	17	18	19	47	55	57	–	64	57
Croatia	–	5	11	–	9	15	–	17	26
Hungary	18	22	23	40	48	48	–	57	63
Lithuania	16	7	10	38	15	33	–	28	47
Latvia	6	6	9	26	20	27	–	40	50
Poland	5	12	14	13	29	29	–	47	47
Romania	18	7	13	40	12	21	–	32	35
Slovenia	17	7	8	35	18	17	–	39	43
Slovakia	9	18	15	22	36	28	–	47	41
EU-25 / EU-28	17	15	18	34	28	36	–	47	51

Source: Eurobarometer 2004, 2010, 2017 based on own calculated.

the last thirty years, has public support for self-governance grown tired or has enthusiasm waned? To what extent has the declining position and performance of local governments contributed to the erosion of local politics and civil society activity? Is the consistently low turnout in local elections² or the declining number of local referendums³ an indicator of this phenomenon? Even during the drastic local government reforms after 2010, there was no perception that citizens understood how their important rights and interests were being violated through centralisation. The number of candidates for mayors and assembly members in local elections is decreasing, especially in small municipalities, and the proportion of multiple re-elections is high: In 2019, only 30% of the more than 3000 mayors were new, and 3% had been in office since 1994. Can these data be considered more of a sign of a crisis in local democracy rather than a sign of overall satisfaction with local leadership?

This paper presents the public law and public policy changes affecting decentralisation over the last thirty years. It also presents some empirical inputs and outputs of the operation of local governments, such as the narrowing of the range of candidates in local elections and public opinion on the improve-

2 With municipality types and regional differences, the average is around 50% (<https://www.valasztas.hu>)

3 The majority of referendums held over the last two decades – a few hundred in total – have been invalid (Radics, 2019).

ment of local public services. The analysis also briefly discusses the years of the pandemic, which show the increasingly conflictual nature of vertical and horizontal relations of the local governments.

The first chapter of the paper outlines the historical, public law and constitutional foundations. The second chapter details the political consequences of the restructuring of the local election system, the narrowing of the candidate base. This is followed by a discussion of the consequences of the change to a centralised model of governance⁴ and its social reception of some (mainly public) services with the specificities of the management of the Covid pandemic. Our research⁵ examined the public's perception of the accessibility of local public services and subjective expectations related to the objective conditions characterising the public service system. Its aim was to explore individual perceptions of government centralisation of public services, i.e. how much importance individuals attach to whether a given service is provided by the state, local government, non-profit or for-profit organisations, and whether they perceive a difference between the quality of public services and the identity of the provider.⁶ The paper ends with a summary of conclusions.

II. The road dependency, the main changes in the situation, public law and constitutional framework of the Hungarian local government system

According to the 1000-year history of the organised state of Hungary, there was no strong tradition of local government decentralisation in the context of a strong, centralising state and weak local societies. In certain periods, elements of self-government could be detected in the governance of large cities, but the feudal dependence of the predominantly village society was the standard basis for the paternalistic functioning of local government.

External factors influencing the development of the Hungarian state cannot be neglected either. The limited state sovereignty and the foreign state models applied within the imperial framework had a significant influence on the Hungarian political elite's thinking on public law and their views on self-

4 The applied methodology for examining the above issues rests on two pillars. One implies the collection of secondary information (desk-based research), i.e. the processing, systematisation and analysis of existing data and information.

5 The survey was based on a sample of 1,500 inhabitants that was representative in terms of settlement size, level of education, gender and age group. For the purposes of the research, a population survey was ordered by the National University of Public Service. (The research was implemented within the framework of the flagship project no. KÖFOP-2.12.-VEKOP-15-2016-00001, entitled 'Public service development basing good governance' /Kákai, 2019/).

6 In the sampling for the purposes of the questionnaire, special attention was given to ensuring that the surveyed settlements are representative of the full spectrum of Hungarian settlements. The analysis was primarily focused on public services that were represented in the case of the analysed settlements.

-government. However, a Western-style modernisation cycle after the liberation from the Soviet empire has also started to revalue self-government.

In 1990, when adopting the Local governments act, the national assembly did not follow a pragmatic model based on professional analysis, nor did it focus on the preparedness of society, but on abstract ‘Westernised’ values such as autonomy, freedom and grassroots democracy, which ensured the good reputation of the changing country in Europe.

Public law autonomy could not be linked to actual room to manoeuvre (especially in the economic and financial sense), partly because of the flawed spatial structure of the local government system. The dominant basic unit was the municipality, regardless of population size. The former local councils were replaced by twice as many (3,100) local governments (see Table 2). As the table shows, the municipalities and their populations have evolved interestingly over the past decades, the country has remained predominantly rural. While the number and population of the smallest municipalities (under 500 inhabitants) has increased, the number of municipalities with more than 50,000 and 100,000 inhabitants has decreased.

Table 2: Number and population of municipalities in Hungary by size category, 1990–2021

Municipality population	Number of municipalities					Total population of each municipality type				
	1990		2021		change [%]	1990		2021		change [%]
	number	[%]	number	[%]		number	[%]	number	[%]	
below 499	965	31.4	1144	36.3	18.5	269 458	2.6	286 488	3.0	6.3
500-999	709	23.1	669	21.2	-6.0	517 670	5.0	490 075	5.0	-5.6
1000-1999	647	21.1	594	18.8	-8.9	927 841	9.0	858 891	8.8	-8.0
2000-4999	479	15.6	476	15.1	-0.6	1 421 841	13.7	1 431 430	14.7	0.7
5000-9999	130	4.2	129	4.1	-0.8	886 272	8.6	886 039	9.2	-0.02
10,000-49,999	120	3.9	124	3.9	3.3	2 317 883	22.4	2 319 821	23.8	0.08
50,000-99,999	12	0.4	11	0.3	-9.0	785 278	7.6	724 272	7.4	-8.4
over 100 000	9	0.3	8	0.3	-12.5	3 229 021	31.2	2 733 756	28.1	-18.1
Total	3071	100	3155	100	2.7	10 354 842	100	9 730 772	100	-6.4

Source: Gazetteer of the Republic of Hungary, 1990-2021.

Not even the low incentive for integration could rectify the fragmented settlement structure. The years highlighted in Table 3 illustrate how even the incentives in funding and the introduction of compulsory partnerships could

not significantly improve the scale efficiency of village governments. The fragmented local government system has also led to a lack of rationality in the institutional setup of local public services. The newly-elected local authorities sought to run schools and health services themselves, sacrificing economies of scale and quality of service in the name of local autonomy. Central financial and sectoral public service regulations have not encouraged efficiency and quality. The partnership model was voluntary, but the offered financial support was not an actual incentive. Most towns and cities failed to fulfil a regional integrating and service-provider role.

Table 3: Main structural data of local municipalities in Hungary 1990–2021

Year	Municipal governments	Municipalities operating independent offices	Municipalities operating joint offices	Joint office
	number (total)			
1990	1420	782	2188	638
1994	3137	1752	1385	499
1998	3154	1827	1327	505
2002	3158	1632	1526	593
2006	3168	1525	1643	646
2010	3175	1202	1973	768
2014	3177	545	2632	749
2019	3178	545	2633	738
2021	3178	553	2625	712

Source: Public administration list of Hungarian municipalities, Hungarian Central Statistical Office, 2021.

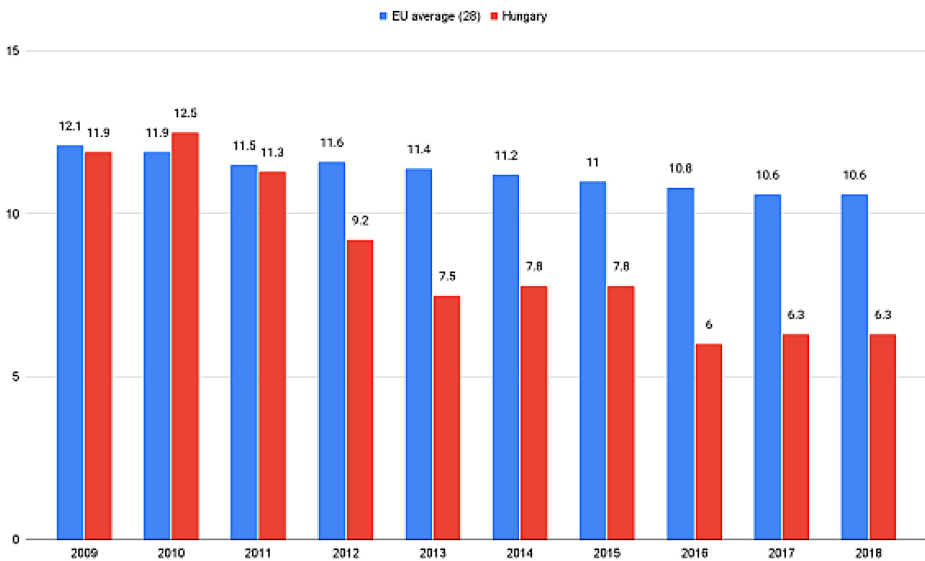
In this fragmented and ‘self-sufficient’ model, the role of regional, medium-level self-governments (19 counties plus the capital) would have been particularly important. The legislature has taken a historic revenge on the counties (county councils), which had been powerful before the regime change, by drastically reducing their role. County councils were given hardly any powers of their own in the law. The counties were deprived of their planning and coordination roles. The political authority of the county councils and their relationships were weak due to the indirect election approach, and the county seat cities are not allowed to elect representatives to the county assemblies.

The initial territorial governance model did not ensure effective functioning due to structural problems. Although there have been several reform efforts since the transition to democracy, these have been generated mainly by the necessity to adapt to the European Union. Hungary was one of the quick and well-adapted candidates in the run-up to accession, and meeting the expectations linked to the use of cohesion funds in particular was a matter of concern for the political elite. Thus, in 1996 the so-called territorial development councils were set up at county and a larger regional (NUTS) level. In 2002 and again in 2006,

the government made unsuccessful attempts to create elected regions, invoking the EU principles of subsidiarity and regional decentralisation. Following accession to the EU (2004), it was not the territorial actors (elected or delegated partnerships) that were designated to receive EU funds, but the central government agency (Pálné 2015), as a result of which the Hungarian administration of the EU cohesion policy has remained highly centralised to this day.

Self-governance and decentralisation have lost significance as political priorities. Even before 2010, local governments were already suffering increasing financial constraints. The steadily declining share of financial resources of local governments in relation to the central budget and GDP shows that the real decentralisation of resources has not been in line with the legislative decentralisation of responsibilities (see Figure 1).

Figure 1: Evolution of local government expenditure as a percentage of GDP between 2009 and 2018



Source: Calculated on the basis on Eurostat data (2018) (Bordás et al. 2020: 94)

Local governments have therefore not been put in important positions in public services, or the development of local economy and infrastructure either, and their means and room to manoeuvre have been steadily reduced. This process cannot be exclusively linked to right-wing governments, centralisation was a permanent ambition of government policy even before 2010 (albeit sometimes hidden behind loud slogans) (Pálné et al. 2016).

The right-wing government that came to power in 2010 is associated with the most major and in-depth disempowerment of the local government system. The

new Fundamental Law laid down the foundations for a process of centralisation that was to expand, e.g. it no longer declares the collective right of local communities to self-government (Balázs – Hoffman, 2017). The article of the constitution on the territorial division of the state also brought an end to the era of attempts at regionalisation, reinstating the power of the counties. The references to Budapest and county government offices in the constitution foreshadowed that they would have a greater role in governance than elected county councils.

In 2011, following the adoption of the new local government act, they lost their most important public service functions (education, healthcare, social care, etc.) and thus state institutions took over a significant part of public services and infrastructure operation. It is difficult to draw the line between forcing municipalities to manage finances rationally and eliminating their autonomy. While there were rational elements in the tightening of financial rules, such as the prevention of indebtedness, the financial crisis was also the primary reason given for nationalising public services.

The reform also calls into question Hungary's compliance with the European Charter of Local Self-Government (CoE 2013, 2020). The new law also included responses to previous issues of economies of scale of municipalities. In municipalities with a population under 2,000, mayor's offices have been eliminated (see Table 3), the number of representative bodies has been halved, the supervisory role of committees has been weakened and the mayor's position against both the assembly and the notary has been strengthened. All these changes have also brought with them the risk of a local democratic deficit.

III. The social context of the new model of territorial governance

The position of the local government system has been steadily declining over the past decades, but the most significant negative turnaround occurred after 2010. In the following, through the analysis of some empirical correlations and operational data, we aim to shed light on the role of social reactions and support in this process.

3.1. Elections

In the following, we examine the changes in participation and electoral competition that have occurred in the context of local elections by municipality type. There is no doubt that the post-2010 electoral system has brought along a new logic to the central and territorial power relations, resulting in the very strong overall dominance of the ruling parties, limiting the possibility of real competition between political sides. The number of representatives has been reduced, the cycles of national and local elections have been differentiated, the latter period being extended to five years, and the abolition of the county electoral

list means that parties are no longer forced to engage in county politics and sustain party organisations in the parliamentary elections. Since 2014, the rules on conflicts of interest have pushed out mayors from parliament (previously around 100 municipal leaders held mandates).

The rules for local elections have also been tightened, reducing the chances of non-partisan organisations. And the rules on the allocation of seats further strengthened the dominance of national (mass) parties. Parties became dominant not only in county assemblies but also in cities with county rights (Dobos 2011). Also, the reduction of compensation paid to local representatives and mayors devalued the prestige and weight of local politics and thus the role of competition between the candidates.

In previous decades, conservative, nationalist parties in rural areas and left-wing, liberal parties in larger cities generally performed better. Since 2010, the right has gained a steady advantage over the opposition (left-wing) parties throughout the country (Mészáros et al. 2022: 393). Among the most vulnerable, the popularity of the governing party, FIDESZ, is particularly prominent. Low-educated, low-income and low-wealth voters, manual workers, people living in villages, the Roma and those without internet access show a significantly higher than average proportion of pro-government voters (Róna et al., 2020: 13). There is also a remarkable variation in the proportion of voters by municipality size (Stumpf, 2019, see Table 4).⁷

Table 4: Turnout rates by municipality size and legal status (2019)

	participation rate
below 1000	60.2
population: 1001-10 000	49.2
above 10 001	44.9
Villages	52.5
Towns and cities	46.9
Total	48.6

Source: <https://www.valasztas.hu/valasztasok-szavazasok>.

There has been a negative impact on the electoral chances of smaller organisations, mainly NGOs, and their role, like that of the opposition parties, has been very small (Table 5). As 89% of Hungarian municipalities have a population of less than 5,000, the role of parties in this category of municipalities is not decisive, and thus local politics is apparently dominated by independents. However, parties hold strong positions in cities.

⁷ This also supports the theory of Dahl and Tufte (1973) that democratic legitimacy can be more efficiently sustained in small municipalities than in big cities. This (in principle) explains the higher turnout in electoral contests of small municipalities than in large municipalities (Maciej – Gendźwiłł, 2021).

Table 5: Distribution of individual list candidates by nominating and winning organisations

Municipality	Municipal election results 2019							
	candidate				seat won			
	Independent candidate	NGO, civil society association	Pro-government	Pro-opposition	Independent candidate	NGO, civil society association	Pro-government	Pro-opposition
Village	93.6	0.8	4.5	1.0	93.4	0.8	5.4	0.3
City	69.9	5.1	20.9	4.1	64.0	5.7	28.8	1.5
Total	91.0	1.3	6.3	1.4	90.6	1.3	7.7	0.4

Source: <https://www.valasztas.hu/valasztasok-szavazasok>.

The dominance of the governing parties in this dimension was broken only in large cities, mainly by the formation of special coalitions pretending to be non-partisan in nature (Table 6). In the larger cities with county rights, the number of independent parties has declined and the involvement of joint or separate coalitions of parties and NGOs to win seats has become more pronounced, although these electoral coalition formats have little to do with genuine social organisations.

Table 6: Proportion of mandates of the cities with county rank, by type of nominating organisation, 2010–2019

	2010	2014	2019
Independent parties	45.6	16.4	3.7
Coalitions of parties	44.4	65.5	53.2
Parties' and social organisations' alliances	5.6	15.0	23.5
Independent social organisations	3.3	1.4	18.9
Coalitions of social organisations	0.2	0.6	–
Other (independent)	0.9	1.1	0.7
Total	100.0	100.0	100.0

Source: Own calculation based on data of BM OVI, 2010; 2014; 2019.

The data for cities with county rights however show significant volatility, as the 65% FIDESZ-KDNP mandate advantage in this category of municipalities in 2014 was reduced to 48% in 2019.⁸ In the Budapest capital and county assemblies, the share of seats won independently has also decreased, while the share of party and civil coalitions has increased (see Table 7).

⁸ The voters of the cities with county rights do not vote for the lists of the county assemblies, so the support of FIDESZ outside the capital and the county capitals is less prevalent at the level of small municipalities.

Table 7: Proportion of mandates of the Budapest and County Assemblies, by type of nominating organisation, 2010–2019

	2010	2014	2019
Independent parties	36.5	39.5	26.3
Coalitions of parties	61.6	59.3	68.8
Parties' and social organisations' alliances	–	–	3.4
Independent social organisations	1.9	1.0	1.1
Coalitions of social organisations	-	0.2	–
Other (independent)	–	–	0.5
Total	100.0	100.0	100.0

Source: Own calculation based on data of BM OVI, 2010; 2014; 2019.

The results show a clear dominance of the governing parties (Kákai – Pálné, 2021). The proportions can be followed over time in the following table, which, with the exception of the cities with county rights, gives an accurate picture of the not particularly volatile party preference in the countryside over the past decade (see Table 8).

Table 8: County list election results, 2010–2019

	2010	2014	2019
Proportion of municipalities where Fidesz did not win	2.4	3.2	1.4
Proportion of municipalities where Fidesz earned close victory (relative difference of votes <50%)	6.6	10.3	4.4
Proportion of municipalities where Fidesz earned landslide victory (relative difference of votes >100%)	79.1	69.9	87.1

Source: <https://www.valasztas.hu/valasztasok-szavazasok>.

Only the capital city Budapest can be considered an exception, where opposition parties won 18 of the 33 seats up for grabs in 2019, not only winning the election for mayor, but also a majority in the capital's assembly. However, the results of the parliamentary elections held in April 2022 show that neither in the capital nor in the larger cities, where the opposition still had the upper hand in 2019, could the expansion of FIDESZ be prevented, with opposition candidates on average 12 percentage points worse off than in the 2018 parliamentary elections. The by-elections held in 2022 confirm this trend, with only 12 opposition or independent candidates winning at elections for mayor and representatives held in around seventy places.

3.2 Changes and acceptance of the municipal task system

In this chapter we explore the question of how the rearrangement of local government functions has been responded to by the local population and whether this correlates with the size of the municipalities. As mentioned earlier, after 2011, local governments lost control over the management of very important local public affairs (Balázs – Hoffman 2017; Kákai – Vető 2019). The entire system of primary and secondary education, as well as specialised health care facilities, became state-run. The role of local governments has also been reduced in the area of municipal and infrastructural services. The role of the state has become dominant in the provision of energy, water and sewerage, waste management, urban management, road maintenance and local public transport duties. County councils have been deprived of all their public service functions (cultural centres, libraries, museums, archives, etc.), and as compensation, participation in development policy has become almost their only function (Pálné; 2019). The continuous cuts in municipal budgets for public services before 2010 indeed worsened the quality of public services. However, empirical analyses show that the nationalisation of these functions has not contributed to improving quality (ÁROP 2012; KÖFOP 2017; Horváth 2014, 2015).

With the nationalisation of almost the entire range of public human services, the right of local society, the ‘consumers’, to control and have a say was also violated. When autonomy and room to manoeuvre is shrinking, on what basis can people place their trust in the local government? Have their interests been damaged by centralisation?

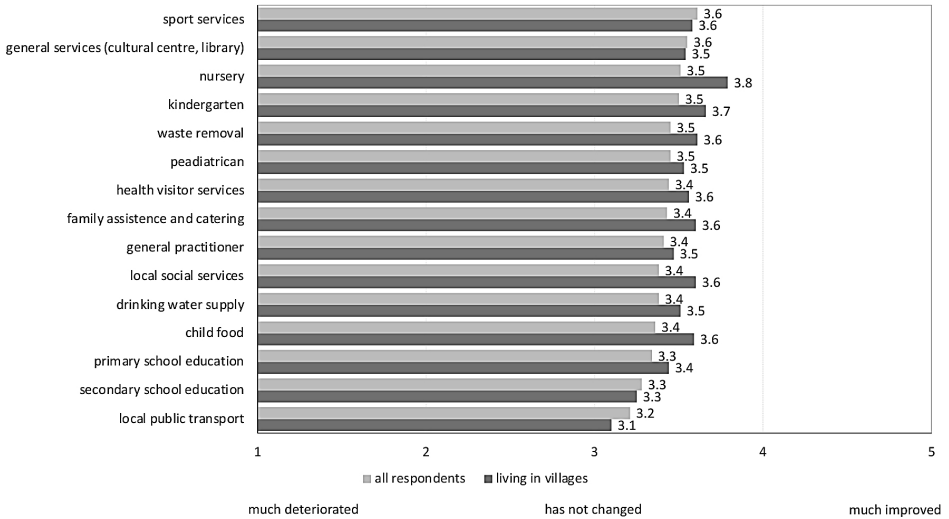
In 2018–2019, the authors of this paper conducted empirical research on how the reform was received by consumers. Can they even tell the difference between who provides the service and whether there is/are significant differences between the state and the municipality as service providers?⁹ The results show (Figure 2) that the local community did not perceive any significant change. The opinions of people living in villages did not differ significantly from those of people living in larger settlements. There are only a few areas where people living in villages were more satisfied after nationalisation, which may be explained by the fact that these services were mostly not available locally before.

The majority of respondents see a more important role for local governments in the provision of public services (Figure 3). However, they also recognise that there are some duties that the state has to carry out, so they agree that the division of tasks between the two actors needs to be very carefully implemented.

9 The primary research was based on a nationwide population questionnaire survey of 1,500 respondents. The sample used for the survey is representative of gender, type of municipality and educational level. The research was carried out in the framework of the project ‘KÖFOP-2.1.2-VEKOP-15-2016-00001 Improving public services for good governance’.

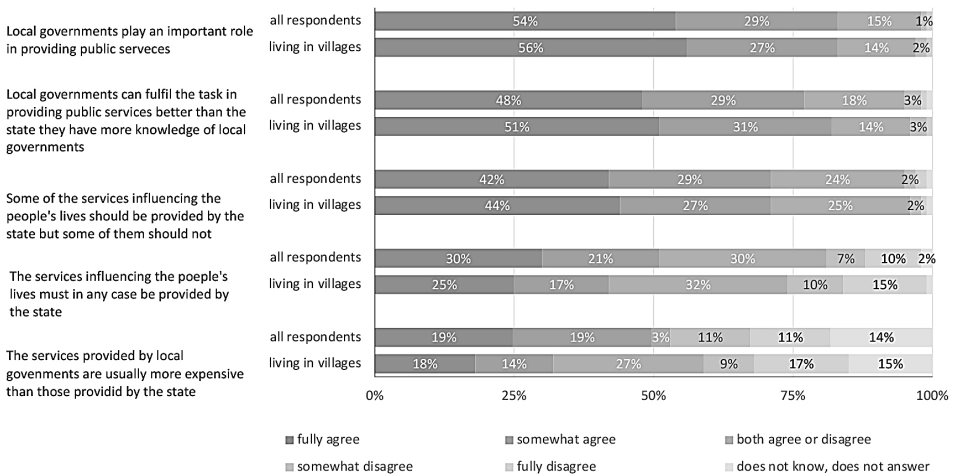
There has been a clear negative view on the over-extension of the state and the centralisation of local government functions (see Figure 4).

Figure 2: Since 2011, how do you think the quality of the following services has changed? (among all respondents and people living in villages)



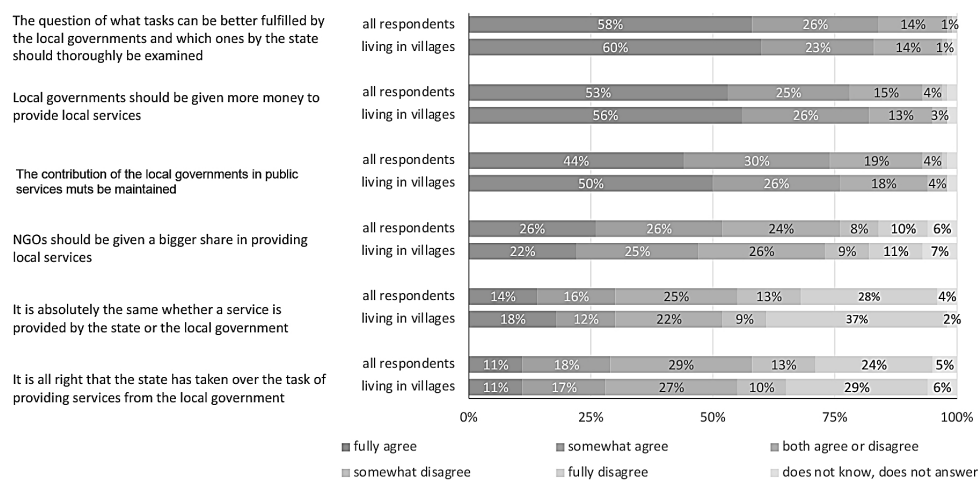
Source: Based on KÖFOP-2.12.-VEKOP-15-2016-00001 calculation by Kákai, 2019.

Figure 3: Local government or state? (among all respondents and people living in villages)



Source: Based on KÖFOP-2.12.-VEKOP-15-2016-00001 calculation by Kákai, 2019.

Figure 4: Local government or state? (among all respondents and people living in villages)



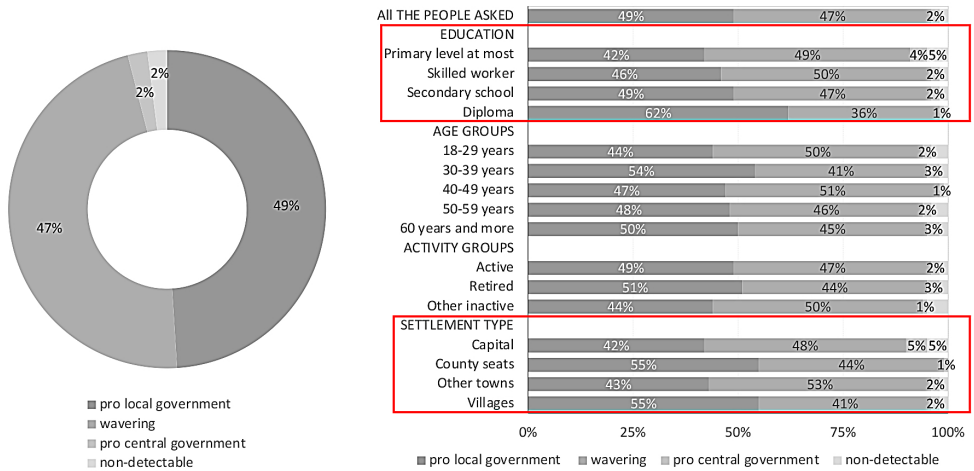
Source: Based on KÖFOP-2.12.-VEKOP-15-2016-00001 calculation by Kákai, 2019.

The Likert scale analysis showed that centralisation, the ubiquitous role of the state, has a very small support base (2%). Half of citizens (49%) would clearly put the provision of everyday services in the hands of local governments. Among people with a university or college degree, there is a clear majority (62%) in favour of local government, but the proportion of those in favour and those who are not is evenly balanced in other education groups. There was no significant degree of clear ‘pro-government’ stance in any group. A similar pattern can be seen in the breakdown by the type of municipality: there is a clear predominance of support for local government among those living in cities with county rank and in villages (55–55%), while in the capital and cities the proportion of those who support the local government and those who are swinging is balanced. There is no significant support for centralisation at any level of municipality (see Figure 5).

Previous research¹⁰ has also concluded that people prefer local governments to organise public services. In 2013, when asked which provider they trusted most, local governments came out on top (52%), compared to public, private, civil society and church providers. Also in 2017, around 30% of respondents agreed that the state had taken over institutions from local authorities, with people particularly demanding local government involvement in human services (ÁROP 2012–2013; KÖFOP 2016–2019).

¹⁰ Results of a questionnaire survey of a representative sample of 1,500 people each time, in two periods (2012–2013 and 2017–2018).

Figure 5: Local Government or state?



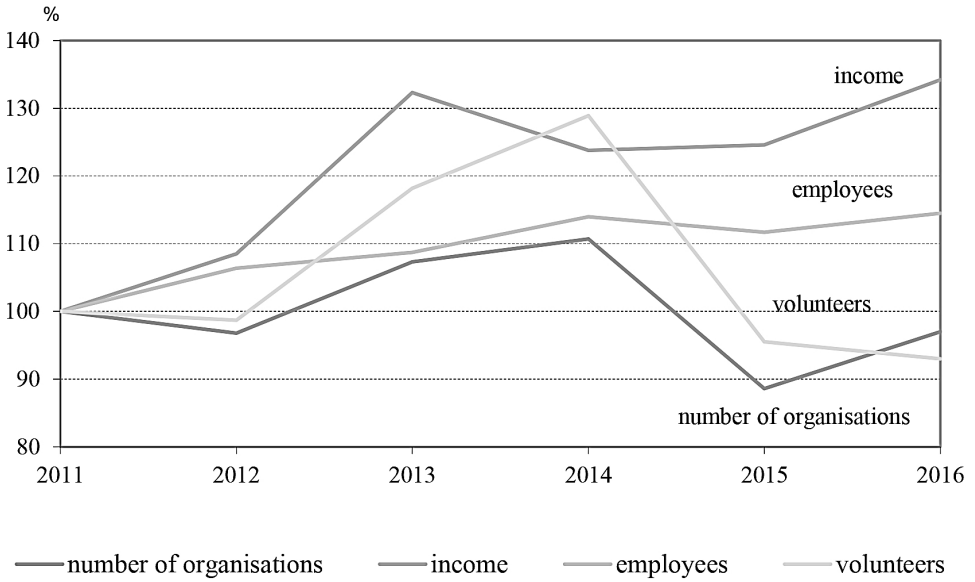
Source: Based on KÖFOP-2.12.-VEKOP-15-2016-00001 calculation by Kákai, 2019.

3.3. NGOs in public services

The state has not only reorganised public services with regard to local authorities, but also for other actors, including non-profit organisations. With the new act on NGOs in 2011, the governments have not only changed their legal standing, but their roles as well. Since significant government task centralisation has primarily been implemented in the area of human public services, the civil society sector, which plays a role in this area, also found itself in a new position (Kákai 2019).¹¹ Organisations involved in the provision of public services have somewhat different characteristics than the civil society sector as a whole (see Figure 6). They include a higher proportion of employing organisations, a higher proportion of organisations with a public benefit status and a higher proportion of organisations with significant revenue. However, in addition to more intensive employment, volunteering also plays a larger than average role in their activities, and public subsidies account for the majority of their income, right because of their active involvement in public services.

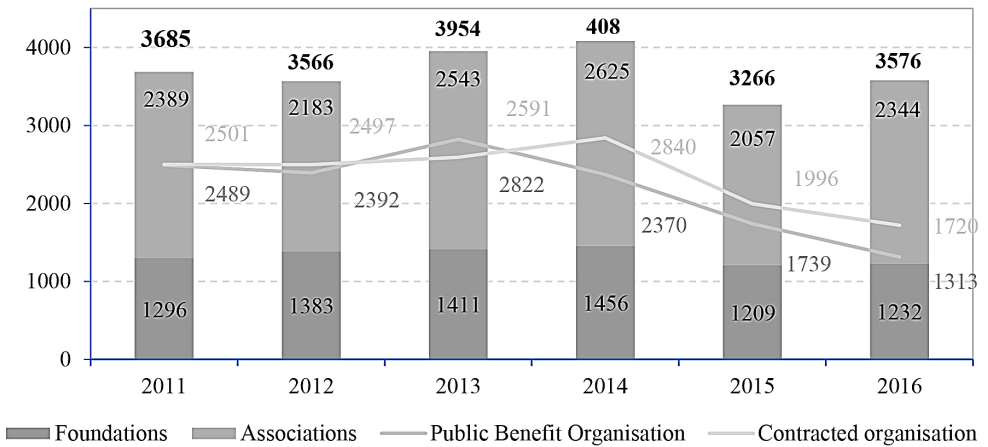
¹¹ In a full survey of data from 2012 (Sebestény 2015), local governments mentioned a total of only 340 foundations and 768 associations, i.e. 1,108 NGOs nationwide with which they had a contractual relationship for such purposes. This is significantly less than in the previous period. In 1996, 338 municipalities had contracts with 900 non-profit organisations. By 2000, 632 municipalities had contracts with 1,666 non-profit organisations. Finally, the 2004 municipal data collection reported 752 municipalities contracting with 2,666 NGOs to perform public duties (Kákai, 2019: 63).

Figure 6: Key indicators of the sector involved in the provision of public services, 2011–2016



Source: Hungarian Central Statistical Office (KSH) data from 2011–2016, own calculation

Figure 7: Number of organisations involved in the provision of public services based on organisation type, public benefit status and relations with local governments, 2011–2016



Source: Hungarian Central Statistical Office (KSH) data from 2011–2016, own calculation

The ups and downs in the number of organisations is closely correlated with government measures. The nationalisation of public services has not favoured the expansion of organisations involved in the provision of public services (Kákai 2018: 61), which is reflected in the dramatic decline in the number of foundations and associations contracted to perform public tasks (see Figure 7).

3.4. *Conflicts during a pandemic*

Empirical research conducted during the pandemic confirmed that the role of local governments was side-lined by the government, although they played a crucial role in local crisis management (Finta et al. 2020a).

The municipalities were generally successful in fulfilling the tasks assigned to them by the central government. The community leaders considered their own performance to be appropriate, many were dissatisfied with the level of state aid or its absence and the lack of money proved to be the main limiting factor.

On the one hand, the resources of local governments were cut because of the epidemic, and on the other hand no supplementary funds were provided for the additional tasks. In addition to budget cuts, a further problem was that the vast majority of municipalities had no mobilisable reserves of their own (Finta et al. 2020b).

The settlements identified as the other major problem the lack of information and trust, which was more evident in the cities (Table 9).

Table 9: The basic limits of municipal defence work (rated on a scale of 1 to 5)

	in all settlements	in towns	in municipalities
shortage of money	3,1	3,4	2,9
lack of information	2,7	3,1	2,2
lack of trust	2,0	2,3	1,8
lack of expertise	1,8	1,9	1,7
shortage of human capacity	1,7	1,7	1,8
lack of legal authorization	1,6	1,8	1,5

Source: Telephone questionnaire survey April-May 2020¹²

In the period following these empirical research efforts, the situation did not improve in the following waves of the pandemic either. Cuts in local revenues and chronic lack of information became commonplace, and cooperation with

¹² The backbone of the empirical research was a telephone survey covering 44 municipalities. Nineteen questions were formulated for the leaders of towns and municipalities with different population sizes, different spatial roles and a representation of the country's settlement structure and settlement characteristics.

the central government was also hampered by political differences. The financial situation of municipalities, especially the larger cities, had deteriorated further, with the loss of important local revenues (tourism, vehicle taxes). To make up for the lost revenue, the government started to negotiate with municipalities one by one, and deals rather than transparent agreements were reached, heavily penalising the larger municipalities, mostly led by the opposition.

IV. Conclusion, discussion

This rapid and profound transformation of the local government system in Hungary was not just a manifestation of the constraints of the economic crisis, but a deliberate strategy prepared by the government. Clearly, negative changes in democratic political systems in many places (Ágh 2014) have strongly influenced attitudes towards local governments. The government has given what was considered a rational public policy response to the problems that have been plaguing the local government system since 1990, and has also settled the issue of centralisation and decentralisation that has existed since the transition to democracy in favour of the former. However, it is difficult to draw the line between forcing municipalities to manage finances rationally and eliminating their autonomy. If the well-being and satisfaction of the people depend on local governments, their underfunding becomes a political liability. The Hungarian model of governance is increasingly characterised by competition for power between different levels and the shifting of responsibility. For decades, the share of local governments from public expenditure has been declining, while the range of local government functions has remained unchanged or even increased. However, after 2010 the range of functions has been greatly decreased. The position of the central government has significantly improved over the local governments; however, it is also apparent that centralisation failed to bring about the prevalence of public consumer interests that has been expected and promised (Kákai 2021) and contributed to degradation.

When interpreting the data, it should also be taken into consideration that neither election results, nor voter opinion on public services, nor the strength of civil society cooperation provide a solid basis for local government as a model of territorial governance. To put it like this: the values of self-governance and decentralisation have not been supported enough by society. Note that social perceptions of self-governance in the CEE region were by no means uniform and easy to interpret (Swianiewicz 2001).

Government action and legislative steps taken since the government's landslide parliamentary election victory in 2022 do not forecast a positive turnaround for municipalities. The question arises as to whether local governments, in a much weaker position of power than in the past, can play an integrating role in society at all, or whether they will function in the future as subordinate

agents of the central will, as local states. It is certain that the autonomy of local governments will not be strengthened in the medium term, that the scope of their powers will not be extended, and that their dependence on government resources and connections will remain high. The very significant regional and municipal differences in living conditions and the quality of public services differentiate the rooms to manoeuvre available to local governments and, of course, public satisfaction. It can be assumed that, in the longer term, dissatisfaction with local living conditions will also undermine, or at least strongly differentiate, confidence in local government. So there is no expected positive outlook either for local government room to manoeuvre, autonomy or satisfaction with public services.

The question is whether the role of local government is shifting away from public services towards local community organisation and advocacy, which could provide some counterweight in a governance and political system with strong hegemonic features. It is possible, however, that trust or dependency on government will be stronger in relation to local government. Even with a stronger local embeddedness, it is not certain that they can succeed in gaining greater influence over central public policy decisions that determine local development and quality of life, but without it, the only option is patriarchal dependency. In centralised, shrinking political arenas, local politics may become not simply second-rate but irrelevant.

Our results show that people do not base their trust in local government solely on local government performance and satisfaction with public services, since the quality of services was not perfect when local government was maintained, but they still preferred the local government. People prefer access and proximity more than who provides the service, especially if they do not perceive a significant improvement in quality or access. Surely, we are not far wrong to claim that local government is in a sense itself a source of value for people. The fact that Hungarian society already favours the governing parties in local elections may be a well-perceived pragmatic interest.

Based on the electoral behaviour, the attrition of the opposition parties, the question remains open: whose interest is local government, who are the allies of local government? Is there a social and political alternative against centralisation in the long term?

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