Local Public Service Management in Contemporary Hungary - From a Local Government Point of View¹

Tibor László BUSKÓ²

ABSTRACT

Subsection (2) of section 2 of Act CLXXXIX. of 2011 on Hungary’s Local Governments declares that “expresses and realizes local public intentions in local public affairs in a democratic way and by creating wide publicity”. Local public affairs are in a large extent associated with the citizens’ supply of local public services. Thus, local public service management should be interpreted as an essential part of the “good local governance”. However, since the right wing coalition led by the FIDESZ Party came to power in 2010, the role and competences of the Hungarian local governments, not independently of the emergence of the ‘New Weberian State’ throughout the world after the 2008 global financial crisis, has been significantly rearranged. Apart from anything else, a lot of mandatory and/or voluntary self-government functions and competences provided previously at local level (for example, the whole local public education system and so on) has been detracted by the State. This is because it seems necessary to scrutinize the Hungarian local governments’ contribution to the local public service system under these changing circumstances.

The paper tries to systematize the local governments’ role in ensuring local public services in an adequate and sustainable manner, in accordance with the customers’ expectations, too. The systematization will be done in the light of (a) the strength of the local government influence on the local public services, and (b) the extent of functionality of the local public services in question.

a) As for the strength of the local government influence on the local public services, we aim at distinguishing – in relation to the so-called ‘mandatory’ and/or the ‘voluntary’ local government tasks – (a1) the direct performance of tasks, (a2) a wide range of delegated forms of the performance of tasks and, mainly in the context of the local public services which has been recentralized after 2010, (a3) the exercising an informal influence.

b) Apart from the degree of the local government influence on the local public services, we will argue for the hypothesis that the local governments’ resilience (otherwise: the adaptive capability to changing circumstances) has a huge positive impact on the efficient operation of all local public services.

On that basis, the main thesis of the paper is that local governments’ role in providing a local public service can be relatively clearly identifiable if we integrate the local public service into the context of (a) and (b) points. In order to verify our main thesis, we will present a few empirical examples from the area of the contemporary Hungarian local public service management as well. Adaptation strategies to the external situation (especially: to the regulatory environment) and the sustainable exploitation of local governments’ own resources will be treated as focal points of this empirical examination. By means of those examples-specific strategies, we will be

¹This writing has been prepared within the framework of the priority project No. KÖFOP-2.1.2-VEKOP-15-2016-00001, entitled “Development of Public Services Serving as the Basis of Good Governance” for the request of the National University of Public Service.
²senior lecturer, Faculty of Political Sciences and Public Administration, National University of Public Service, Budapest, Hungary; Busko.Tibor.Laszlo@uni-nke.hu
hopefully able to justify the importance of local governments in an era in which the opportunities for their defense of interest in the field of local public service management seems deeply problematic.

KEY WORDS

local governments, public services, public service management
1. Introduction

Pursuant to subsection (2) of section 2 of Act CLXXXIX of 2011 on Hungary’s Local Governments (hereinafter: Local Government Act), local governance “expresses and realizes local public intentions in local public affairs in a democratic way and by creating wide publicity”. As of the local public affairs that are key for local governance, section 4 of the Local Government Act basically associates them with “provision of public services to the public and acquisition of organizational-, financial- and human resources facilitating local governance and cooperation with the public”. Accordingly, in the research of the forms of realization of good local governance, taking local public service management in consideration is unavoidable. However, since the right wing coalition led by the FIDESZ Party came to power in 2010, the role and competences of the Hungarian local governments, not independently of the emergence of the “New Weberian State” throughout the world after the 2008 global financial crisis, has been significantly rearranged. In the period after 2010, local public service management responsibilities significantly shifted, too, which justifies for the examination of the extent and methods of contributions Hungarian local governments can make to a good local public service management in the sense of good local governance. The below study is aiming to provide answers for this issue.

2. Methodological Background: Diversity of Local Government Roles Associated with Local Public Services, in the Light of Contingency Theory

In the following, good local public services mean the provision of local public services to an adequate standard, meeting the requirements of sustainability and consumers’ expectations at the same time. However, regardless of who the public service provider is, as provision of local public services to a standard that meets the above criteria is quite complex, this can only be done if mediated by various organizations. This writing doesn’t aim for a detailed theoretical approach with regards to the organization, so I will use the definition created by Antal Zsuzsanna and Dobák Miklós: “Organizations are established as systems consisting of humans and objects that are created for a long-term purpose, have a formal structure, and in their operation, they follow practical rules.” (Antal – Dobák 2011, 29.)

Obviously, the long-term purpose means the provision of good local public services to meet the above criteria. However, following this definition gives rise to the issue of how good local public services should be provided. A common view in the modern organization- and leadership theories is that no organizational structure could be efficient in every situation. This view is most used by contingency theory, saying that “the optimal course of action organizations have to take to be efficient is contingent upon the internal and external situation”. Internal situation comprises the organization’s various resources, such as human- and other resources and its formalized organizational structure, while the external situation means the factors that are present in the organization’s environment. (Antal – Dobák 2011, 35.) Of course, I am not going to question this, even less so, because adapting to the external or internal situation translates to different actions for each local public service. I would only like to point out that relativization would make any modelling, thus defining good local governance and good local public service impossible in the first place. But, this is not what contingency theory was created to do, either. According to Alfred Kieser, the research program of contingency theory has to answer the question of “how organizational structures can be described using standardized terms, and how these terms can be operationalized, i.e. can be made measurable to facilitate the indication of organizational differences during empirical research” (Kieser 1995, 214.) Accordingly, not questioning the most important conclusion of contingency theory, i.e. the importance of adapting to the internal and external situation, in the following, I will mainly seek the structural similarities of organizations realizing local public services that can serve as an adequate guideline to indicate good local public services, regardless of the ever changing internal and external situations.

First of all, let’s take a closer look at the term of local government, as a prominent provider of local public services. As starting points, I will use the concept below. The Local Government Act clearly differentiates:
a) statutory responsibilities of local governments, in short: mandatory local government tasks;

b) voluntary local government tasks that are not mandatory, but are not statutorily and exclusively allocated to any other organization. Voluntary tasks may not jeopardize fulfillment of mandatory local government tasks. Such tasks are funded by the local government’s own income or separate resources allocated for this purpose.

In the case of both mandatory and voluntary tasks, the provision of local public services within its area of jurisdiction to an adequate standard and meeting the requirements of sustainability and consumers’ expectations at the same time is the express responsibility of the local government. In these cases, I will use the term actor for local governments (where actions mean the provision of local public services). However, the meaning of the term “actor” is twofold at its best. With an interim simplification: there is a difference between the situations whether the local government performs these mandatory or voluntary tasks directly (through its own official organization or through local government institutes) or in any other way. Local governments can be deemed actors in the narrow sense of the word only if we regard direct performance of tasks, while in the latter case, local governments’ acting capacity is limited or can only be exercised indirectly. Not to mention public services that no longer fall within local governments’ responsibilities, yet there is still a possibility that local governments exert some indirect influence with regards to those. On the methodological base of the contingency theory, I intend to examine below whether some abstract model can be created that would help us in the interpretation of Hungarian local governments’ contributions to the provision of good local public services within the diversity of performing tasks in the period after 2010. In order to achieve this objective, we will analyze a wide range of source of law related to the local public service management as well as try to present a few empirical examples from the area of the contemporary Hungarian local public service management.

3. The New Framework of External Situation after 2010

To understand the changes that were brought about in the period after 2010 – as these are hardly unique to Hungary, much rather part of a global trend – we have to consider the international context of the changes of the actual external situation. Keyword is the paradigm crisis of the New Public Management supposed to be market-friendly, however, it much rather aimed to extend economic categories and theories to the government (public administration) institute system. (Fábián 2010, 142.) Though New Public Management was criticized from the early 1990’s (Gellén 2013, 81-85.), it ultimately lost its position in 2008. Stumpf István points out quite accurately that the “global crisis of the money market distinctly outlined governments’ roles in eliminating market failures and in managing the resulting social crises” (Stumpf 2009, 111.). Such appreciation of governments’ roles gave rise to the Neo-Weberian State’s bureaucratic and government-centered, centralized approach and made it to the era’s prevailing paradigm. (Pálné Kovács – Mezei 2016, 61.). In terms of local governments – especially in the sense of city/town-level performance of public tasks – these changes can be interpreted in two ways. Stumpf István calls our attention to the possibility that the Neo-Weberian State – as opposed to the previous New Public Management and its universal-style approach – demonstrates more empathy towards particularities, i.e. “it understands geographic, cultural and political differences more” (Stumpf 2009, 117.). The conclusion made by Horváth M. Tamás with special regards to the significance of local governments – saying that the weight of domestic municipalities able to represent local interests have only decreased if compared to the central level; if compared to the narrow regional level, county- and regional level, it has even increased – can be interpreted as a kind of justification of such opinions. (Horváth M. 2014, 2.) Despite of this, the Weberian heritage inherently present in the Neo-Weberian State (where strengthening of the state is exhibited as the only public means to respond to globalization, technological changes and demographic and environmental challenges) (Gellén 2013, 88.) still tips the balance towards decreasing of municipalities’ weight. This holds especially true to new democracies similar to the ones in Central-Eastern Europe, where the heritage of a strong

---

3 These include tasks that are only mandatory for certain local governments, for example that are deemed to have adequate financial capabilities, residents, area of jurisdiction, etc.
4 Subsection (2) of section 10 of the Local Government Act. Tasks taken over from other local governments by way of agreements or tasks falling within the scope of government responsibilities, but taken over by the local government, also by way of an agreement.
5 For example, in the case of a company partially owned by the local government, in the proportion of the local government’s ownership.
6 For example, if a local government exercises its acting capacity through the content of the applicable public services agreement.
government is combined with a local government level still in the process of reinvention (and bearing the dysfunctionalities inherent in transformations).

This outlines the direction the domestic local government level took after 2010, which, considering the international context, cannot really be called “unorthodox”. First of all, I have to establish that the local government system introduced by Act LXV of 1990 on Local Governments (hereinafter: Local Government Act 1990) have been subject to major changes after the government rotation in 2010. However, these changes should also be regarded as a possible (but not the only possible) reaction to the dysfunctionalities between 1990 and 2010. By 2010, the presence of the above dysfunctions became legitimate not only in the political, but also in the professional discourses: enough to mention the conference held to celebrate the 20th anniversary of the Hungarian local government system in 2010, with the telltale title: “Local Governments Turned 20. Anniversary or Funeral Feast?”. Though at this conference, Pálné Kovács Ilona spoke about a “Hungarian local government system ready for reforms” (Pálné Kovács 2010) as the solution for those dysfunctionalities, in a research launched in 2012, she already referred to the rigidity of the domestic political and public legal system making them unsuitable for such reforms. In the wake of this, the government gave up on even basic subnational-level reforms confined to corrective and adaptive measures in the first place. After 2010, serious centralization efforts took shape. (Pálné Kovács 2016, 8.) Nevertheless: by 2010 it was obvious that the scale of local government responsibilities and the financial means to provide for those are out of proportion. Let’s quote Pálné Kovács Ilona’s remark made at a presentation in 2010 to point out the very essence of the dysfunction of the concept as a whole (though starting from the problem of provision of local government services): “...the Hungarian local government system, though it was able to adapt to the continuously deteriorating circumstances and survived the different shocks, has depleted all its internal resources to remedy its problems. It should also be admitted that such adaptions served only survival, with a continuously declining performance manifesting in not only the quality of public services and financing, but also in the dysfunctionalities of the relations within the local government organizations and with the local political environment.” (Pálné Kovács 2010, 74.)

These centralization endeavors after 2010 attempted to solve the dilemma of “ample responsibilities” versus “insufficient financial resources” by lessening local government responsibilities (including a significant proportion of basic public services), instead of providing financial resources for local governments. This has placed seriously restrictions of the financial autonomy of local governments. The debt consolidation implemented in three steps between 2011 and 2014 (Lentner 2014) – with the main goal of saving the new economy model of municipalities from being smothered by their inherited dysfunctionalities – was experienced by those affected as a relief. The provisions of Act CXCIV of 2011 on Hungary’s Economic Stability that were aiming to prevent production of new local government debts, such as subsection (5) of section 10, saying that all local government payment obligations for the actual year that are arising from the transaction that resulted in the debt may not exceed 50 per cent of the local government’s own income in any year until the end of said transaction’s duration, may be regarded as logical consequences of the consolidation. However, subsection (1) of section 10 of the same Act, pursuant to which “the local government may only enter into a valid transaction resulting in a debt...with the Government’s prior approval only” - as a prominent example of decreasing autonomy, reinforces the state’s patronizing role.

The Local Government Act that entered into force at the time of reinvention of local government responsibilities – unlike the Local Government Act 1990 – no longer aims to exhaustively list local government responsibilities or differentiate between mandatory and optional tasks; it assigns such categorization to the specialized trade statutes. This can be taken that centralization endeavors are part of a project that can be continued by the legislator at any time, however, to not to forget about the other side of the coin, the Local Government Act still contains a list of local government tasks regarding local public affairs and local public tasks, though the list is not exhaustive and doesn’t specify detailed rules of performing such tasks. This shows that despite of the many discontinuities, a continuity is present, provided that municipalities are able to remain the most significant recipient of the provision of local public services, even in the wake of such centralization endeavors. This writing doesn’t aim to go in the details of local government tasks listed in subsection (1) of section 13 of the Local Government Act; a few prominent examples will suffice to indicate certain trends:

a) The most characteristic examples of centralization are the local public services that - due to the centralization efforts - have disappeared from the text of the statute completely. For one, “primary school education” had been a local government responsibility under subsection (4) of section 8 of the Local Government Act 1990, but it has been taken from local governments by Act CXC of 2011 on National Public Education.

b) Another group of local public services remains part of the list of local government tasks, but at the same time, the Local Government Act implies another alternative, too. A good example for this is public water supply. The Local Government Act 1990, had mentioned “ensuring the provision of healthy drinking water” (including drinking water supply from water pipelines or otherwise) as a mandatory local government task,
however, due to the fact that regional water utility service providers were state-owned, allocation of this task exclusively to local governments wasn’t a really fortunate choice, even at that time. On one hand, the Local Government Act didn’t do anything else but rectified the error of the previous legislation, however, by classifying water utility services as local government tasks only “if pursuant to the provisions of the Water Utility Act, water supply falls within the scope of local government responsibilities”; it allows for the further centralization process already started in the water utility sector, and in extreme cases, it also allows for a full acquisition by the state.

c) The third group of public services are listed by the Local Government Act as local government tasks. However, as under the effective legislation, the Local Government Act is a framework statute, it does not (and may not) contain the detailed rules on how these tasks are performed. Therefore, centralization could also affect these tasks of local public services, regardless of the fact that they were allocated to local governments. A prominent example of this is waste management. Pursuant to subsection (1) of section 33 of the Act CLXXXV of 2012 on Waste, by way of a waste management public service agreement with the public service provider, the public task of waste management is still to be performed by municipalities. Nevertheless, the latest associated changes, for example withdrawal of the board of representatives’ authorization to establish prices or taking the collection of public services fees from local governments in the favor of the National Coordination of Waste Management and Asset Management Plc. (wholly owned by the Hungarian National Asset Management Inc.) will potentially be regarded by local governments as a kind of acquisition of waste management by the state.

4. A Possible Model for Local Government Contribution

The next issue this paper is going to discuss is the possibilities left open by the above conditions of external situation for local governments for the “provision of local public services to an adequate standard, meeting the requirements of sustainability and consumers’ expectations at the same time”. Let’s start from the fact that said criteria can hardly be separated from each other, and out of these, – for the time being, only as a working hypothesis to be clarified later by the forthcoming analysis of the terms – I focus on the term of sustainability first. The National University of Public Service’s research with regards to the appraisability of Good State interpret the term of sustainability in connection with the so-called resilient systems. Resilience or flexible adaptation in this context is nothing else than “the ability of a system to maintain stability of its basic functions when circumstances change”. (Bukovics – Bessenyei – Szakács – Rakonczai 2014, 148.) The term of resilience can be important for us, because it allows for the linking of the threefold criterion defined by us to the changes of the external situation brought about by the era after 2010. Under these, I mean the following: The stability of public services that ought to be maintained during the turmoil of public administration should go hand in hand with adequate standards of provision and meeting consumers’ needs. This approach renders the last two factors the town local government’s responsibilities regarding the given public service. These primarily mean cases

---

7 Act CCIX. of 2011 on Water Utility
where the local public services were taken from the local government. However, we shouldn’t forget about the fact that due to taking public services out of county local governments’ scope of responsibilities, municipalities could also incur new responsibilities, for example tasks after conversion of county libraries/museums into county-level city libraries/museums.

In the light of this, I can finally attempt to formalize my model. Let’s draw a random, local public service in a coordinate-system and name it “A”.

- On axis X, we indicate the strength of the local government influence exerted on A, and
- on axis Y we depict the extent of A’s functionality.

If the external situation is unchanged (hereinafter: “normal circumstances”), the values indicated along axis X remain constant, and changes in the extent of the functionality of the public service A are mainly resulting from the changes of the internal situation of the providing organization or an organization that has indirect effects on the former. Unlike in the cases where the strength of local government influence on public service A noticeably changes within a reform period. In such cases, resilience basically affecting the functionality of A will inevitably be tested. “Adequateness” of the local governance in question will be contingent upon how the local governance can deploy its internal characteristics for the public service’s flexible adaptation.

Considering this, let’s continue with a sort of classification of the public services we examine here by method of completion of public tasks. In his writing published in 2015, Horváth M. Tamás differentiates two types of task completion patterns with regards of organizations performing public tasks. Groups of (1) direct completion of tasks, financed from budget allocations and characteristically falling within the scope of public finances law and (2) delegated forms of public task completion financed by own resources and falling within the scope of private company law. Examples for the former:

1a) service provision activities performed by internal organizational units of (local) government offices, 
1b) maintenance of the (budget) institutes, 
1c) entering into agreements with a state-owned service provider for the completion of public services tasks, and 
1d) performance of joint tasks by way of cooperation associations.

As of the delegated forms of public task completion:

2a) operation of various level public task performance forms by way of public forms 
2b) public service agreements for the completion of tasks re-allocated to private organizations, 
2c) management of local government assets, 
2d) comprehensive sale and private operation of service assets to allow for the provision of public tasks, and 
2e) performance of public tasks in cooperation with other local governments or companies, within the framework of joint operation.

(Horváth M. 2015, 151-152.)

These patterns of task performance will help in structuring municipalities’ different ways of meeting the criterion of functionality. However, for the sake of completeness, let’s consider further two remarks:

i) First, I’d call attention to the fact that the quoted text is not written to outline the features of local government task performance, as it represents only a special case of the “performance of government public service tasks”. Therefore, under the category of „government sector”, performance of local government- and - after 2010, the increasingly important - state tasks will inevitably merge. For us, wishing to clarify the term of good local governance, it does matter whether for example a given local public service is still provided by the local government or already an internal organizational unit of a state office (for example through an office delegated to a district level). Therefore, beyond the public tasks performed directly by local governments and delegated forms of public task completion, local public services provided by the state before or after 2010 should also be mentioned. Of course, in these cases, the role played by local governments in the provision of functional public services can mostly be described by the above “indirect influence”, and it may not be appropriate for such “indirect influence” to be embedded within the blueprint of a public law - private law dichotomy system.

ii) The second problem is that it would just be wrong to suppose that in the case of direct performance of tasks, local governments exert greater influence on the functionality of the public services than in the case of delegated forms of task performance. Though it is hardly questionable that own offices and/or budget-
sponsored institutes maintained by local governments mean an efficient support for local governments in realizing their intentions, in cooperation associations however, the extent of this influence depends on the strength of the local government’s position within the cooperation association, and in the case of agreements with service providers, upon the content of the given agreement. In the case of delegated forms of task performance, if possible, the picture is even more complex. We could say that strength of local government influence is determined by the way the public task is delegated. And the spectrum is wide: starts with a 100 per cent local government ownership of a company, being a typical case of management by shares of assets (in terms of defending interests, it’s not very different from direct task performance) and ends with the various forms of privatization of public assets, leading to a significant injury of local government- and public interests.

Our model explaining the strength of local government influence on public services and detailing the extent of functionality of the latter can most effectively be presented through the three variables of “direct task performance” – “delegated performance of public tasks” – “indirect influencing”. While in the case of indirect influencing, local government influence is obviously weaker than in the other two cases, my simplified formalizing attempts in the case of direct task performance and delegated performance of public tasks don’t look as promising. Therefore, I explain my best model through a few exact examples.

5. Examples and Conclusion

5.1. Forms of direct task performance

Direct task performance forms may offer local governments ample opportunities to exert influences, though in the case of “performance of joint tasks by way of cooperation associations”, this might be restricted by the strength of its position within the association. Consequently, the example of service provision by state-sponsored institutes maintained by local governments or internal organizational units thereof would also be worth to examine. In such cases, legislators did not significantly restrict the autonomy of local governments in the period after 2010, therefore, the external situation that may challenge functionality of public services and/or resilience of a good local government is not the result of legislation changes; it’s definitely something else. A good example for this is housing management, which is listed by the Local Government Act (and also, Local Government Act 1990) as local government task, however, no express responsibilities have been allocated to local governments with regards to such tasks by any of the statutes. In the case of such voluntary tasks, higher level of local government autonomy (in this case: setting up and operating their own housing policy and apartment management the way they see fit) goes hand in hand with the scarcity of resources provided by the state. Remember: (subsection (2) of section 10 of the Local Government Act mentions local governments’ own income as the primary resource of voluntary local public affairs, and though it also lists “separate resources allocated for such purposes”, local governments can seldom rely on those. Therefore, the external situation can manifest in two forms: On one hand, these are the external environmental factors basically determining the expectations towards the given public service. On the other hand, we should also remember the external environmental factors (for example funds), making use of which, a good local government may be able to adequately manage the given public service. And this criterion leads us to the internal situation of the local governments in question, which not only explains the external environmental factors (for example, mapping demands for apartments by a local government organization), but also helps in exploiting those (for example by the effective draw of funds).

5.2. Delegated performance of public tasks

In the case of various forms of delegated performance of public tasks, local governments – as delegating authorities – still possess significant influencing capabilities, but the strength and nature of these depend on the characteristics of the delegation of performance of public tasks. The simplest way to categorize this group further is to look at where the local government delegates performance of the public task originally falling within its scope of responsibilities. In some cases of the so called management of local government asset shares – they can mean a task performance by a company owned by the local government in 100 per cent – the local government’s influence comes close to or reaches the extent of the influence exerted in the forms of direct task performance. In cases of public services agreements for delegating tasks to private organizations or performance of various levels of public tasks by way of community forms, local government influence may depend on two factors (somewhat simplified): First of all, note that for the various agreements for the performance of public services or other tasks – though agreements fall under private law, as the term of public services agreement is defined by
section 6:256 of Act V of 2013 (Civil Code) –, considering the public nature of public services, restriction of freedom of contract is quite typical. Subsection (1) of section 34 of the Act CLXXXV of 2012 on Waste requires municipalities to enter into a written agreement with the public service provider for the performance of the public task of waste management. Sure, but requirements towards the public service provider rule out the involvement of public service providers in which the state, the municipality or the association of municipalities does not directly or indirectly have the majority of votes, based on the ownership shares. And this – even if to defend public interests – can be regarded as a sort of restriction of local government autonomy. Other than such restrictions, the extent of local government influence resulting from the content of the agreement is contingent upon the internal situation of the municipality. For example, Act CXL of 1997 On the Protection of Cultural Goods, Museum Institutions, Public Library Services and Community Culture allows for municipalities to fulfill their obligations to provide community venues and/or public cultural institutes by way of a public cultural agreement through churches, other organizations or private individuals. In other words, beyond the mandatory content elements of the agreement laid down in subsection (2) of section 79 of the above statute, local governments have quite an unrestricted freedom. If we add that under section 80, “For the fulfillment of the duties set forth in the decree or other duties, the local community government may provide financial assistance to parties conducting community cultural activities”, it becomes obvious that precisely these internal situations (here: good financial conditions) put local governments in the position to effectively enforce their interests.

Comprehensive sale and private operation of service assets to allow for the provision of public tasks can be regarded as a special case of delegated task performance. Although subsection (1) of Article 38 of the Fundamental Law of Hungary declares local governments’ property as national asset, this doesn’t mean such property would be entirely untransferable. Such conditions and restrictions are laid down in a separate statute. Based on this, Act CXCVI of 2011 on National Assets classifies local government assets into equities and business assets. Important to note that the legislator only rules out transferability of the so called untransferable equities. A category of restricted transferability local government assets on the other hand does not rule out disposal over such assets under conditions laid down in the statute or a local government bylaw. In the case of business assets that are subject to civil legal transactions, these restrictions are not present. Local government autonomy is mostly incident to business assets and/or some restricted transferability asset elements not regulated by any statute. In such cases, a local government always clarifies whether or not full sale of such service assets would adversely affect functionality of the given public service. Our conclusions show that this rarely happens. Nothing could show this trend more accurately than the privatization of local government apartments transferred to local governments from the state under Act XXXIII of 1991 on Transferring National Assets to Local Governments. Rents collected from tenants of local government apartments proved insufficient for the renovation of said apartments left in wrecks after the communist regime change (Csomós 2006, 139.) and local governments hoped privatization would solve the problem. Based on Act LXXVIII of 1993 Residential and Commercial Leases (Rental Apartment Act), the majority of these apartments was transferred to the ownership of the former tenants, but some of them was sold to private investment groups. Though these solutions could momentarily even improve financing of apartments remaining with the local governments, on the long run it rather increased the proportion of apartments used by tenants with low financial status unable to pay the rent, making provision of said public service to an adequate level even more difficult.

5. 3. Indirect influencing

Finally, I would mention the possibilities of local governments’ indirect influencing in cases where direct defense of interests – for example due to taking the given public service out of the scope of local government responsibilities – are not possible. If a local government sees an opportunity to do so, they should consider delegating certain public tasks to those over whom they could exert indirect influences more successfully later. A nice example of this is to release schools to churches, which - compared to the state - are still easier to control at a local level. However, irrespective of the possibilities remaining for a local government to retain the last pieces of their influencing power, one thing is for sure: analysis of the means of indirect influencing is quite complex, thus, local and empirical studies suit this purpose the most.
REFERENCES


Pálné Kovács Ilona and Mezei Cecília. 2016. Regionális politikai és kormányzati ciklusok Közép- és Kelet-Európában. (=Regional Political and Governmental Cycles in Middle and Eastern Europe.) Tér és Társadalom. 4: 55-70.

SOURCES OF LAW

Fundamental Law of Hungary
Act LXV of 1990 on Local Governments
Act XXXIII of 1991 on Transferring National Assets to Local Governments
Act LXXVIII of 1993 Residential and Commercial Leases
Act CXL of 1997 On the Protection of Cultural Goods, Museum Institutions, Public Library Services and Community Culture
Act CLXXXIX of 2011 on Hungary’s Local Governments
Act CXC of 2011 on National Public Education
Act CXCIV of 2011 on Hungary’s Economic Stability
Act CXCVI of 2011 on National Assets
Act CCIX. of 2011 on Water Utility
Act CLXXXV of 2012 on Waste
Act V of 2013 (Civil Code)