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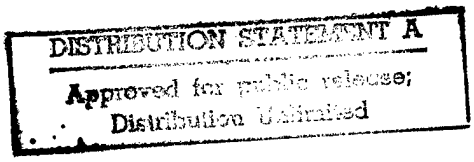

East Europe

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JPRS-EER-90-139 *11 October 1990*

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INTRABLOC

Romanian Politics, Minority Issues Analyzed

Hungarian Minority View

90CH0459A Budapest BESZELO in Hungarian 18 Aug 90 pp 9-11

[Interview with Kolozsvar (Cluj) University Professor Eva Cs Gyimesi, by Ottilia Solt in Sweden; date not given: "Parallel Interviews—Two Female Politicians From Transylvania"—first paragraph is BESZELO introduction]

[Text] Eva Cs Gyimesi (age 45) teaches Hungarian literature and the literary sciences. As a professional she is held in high regard by the entire Hungarian cultural community. "I was sort of pushed into politics," she says, expressing the common sentiment and situation of so many European intellectuals in the Soviet sphere of interest. She did not prepare herself to play a political role, but scientific and moral considerations assumed political dimensions. All of a sudden she found herself involved in politics. At first she "earned" a house search by the Securitate in conjunction with "Counterpoints." Subsequently she registered her protest with the government for the forced placement of her students who majored in Hungarian studies. As a result of mandatory job placement they were systematically dispatched to pure Romanian areas. During the final years of the Ceausescu era she was harassed because she publicly proclaimed solidarity with Doina Cornea, a fellow teacher at the university. Together with her husband Peter Cseke, the well-known journalist, she took food to Cornea at the time that the latter was under house arrest. Gyimesi and her husband were able to report developments in Cornea's situation. Gyimesi was among the founders of the Democratic Association of Hungarians in Romania [RMDSZ]. Still today she is one of the leaders of the RMDSZ county organization. During the feverish, highly politicized days while visiting the villages and cities of her country she did not miss a single class at the university. Many of her colleagues moved to Hungary and settled there. For the first time in her life she visited Europe last summer: She was invited to Finland and Sweden. Our conversation took place at a function organized by the Hungarian Society of Sweden.

[Solt] Various, mainly emigrant organizations repeatedly raise the issue that the evolution of the fate of Hungarians in Transylvania is conceivable only in the framework of an autonomous Transylvania of sorts. What is your, and the RMDSZ' viewpoint in this regard?

[Gyimesi] How should I say this—we are unable to seriously consider perceptions in regard to Transylvania's state administrative status primarily for tactical reasons. We, who live there, and see how the relationship between the majority and the minority evolved in recent months cannot perceive a possibility for implementing these plans. Incidentally, the endeavors of a majority of the Romanians are democratic in character, while the "true saviors of the nation" recognized that it was in the interests of the Romanian people to put an end to the terrible isolation that tore off the country from Europe, from an economic and all other points of view. To accomplish this they support action which would change the country's economic and social structure. Any political trend demands the autonomy of enterprises and local communities which then enable a transition to a lively, flexible market economy.

[Solt] What role could the approaching local elections play in this regard?

[Gyimesi] If the autonomy of enterprises, economic communities and local governing bodies indeed becomes reality, autonomy which enables the independent management of municipalities and of larger political subdivisions could also become a natural way in which minority issues are settled, in which the problem by which minorities endeavor to be separate would not occur. If in the course of local elections some truly legitimate representatives gain power, it will become selfevident that in Hargita county where Hungarians constitute an 85-percent majority of the population, Hungarians will also enjoy a majority in the leadership. I am more concerned about the possibility that this natural and selfevident method of democratization will by stymied already at the very beginning of the process. It could happen that they will want to import leaders to counties with a Hungarian majority population from other counties or from the central government.

Accordingly, if matters evolve in a normal manner, the situation of Transylvania may be resolved through adaptation as a result of the network of local autonomous governing bodies. At that time it would be selfevident that Hungarian majority or fully Hungarian municipalities and cities enjoy autonomy, and we would have political autonomy to ensure the minorities' self defense. In dispersion areas, such as in the Hungarian populated areas of Hunyad County or Fejer County it would be impossible to have a Hungarian prefacture, but our political and legal representation would see to it that Hungarians residing in those counties enjoy protection. Local autonomy would make possible the introduction of bilingual practices, that is, minority languages are used in addition to the official language of the state. This process would be very slow of course, but in my view it is a far more realistic approach than more radical perceptions concerning Transylvania.

No local election law has been enacted as of now, and the national parliamentary election law did not contain a numerus clausus in regard to minority representatives to be elected. It seems that election districts were established consistent with the traditional division for local administration, i.e., the old Kolozsvar districts remained. So then, unless they manipulate the election law prior to local elections, the Vatra Romaneasca or similar forces must accede to very transparent means—

including force—if they want to prevent a Hungarian majority in local government say in Hargita County.

[Solt] What will you do if this happens?

[Gyimesi] I believe that from our standpoint it is of primary importance that the framework of local elections be legitimate, so that we may take steps on the basis of that framework. The question is what the Vatra can and what it wants to do. Will they prevent Hungarians from casting votes? Will they bring voters from Oltania? They have no legal basis whatsoever to do so. There may be fights, but most certainly shots will not be fired, because the present Romanian government cannot permit itself to do so. Nevertheless in the days prior to the elections it will be worthwhile to organize some kind of guard for self defense purposes.

[Solt] The RMDSZ was established as a kind of national interest group which presumes a unified system of national interests. But even the outlook, the views of Hungarians vary. How does a national organization express this variety?

[Gyimesi] Initially there were indeed some Hungarians who related to the RMDSZ as outsiders, and in a rather hostile manner. They presented more or less reasoned arguments claiming that it was not clear what "alliance" of political views the RMDSZ represented. Even at this point it is unclear what political forces rallied within the RMDSZ. Political forces did organize outside of, or parallel with the RMDSZ, even though RMDSZ members could join or even organize other parties from the outset. The Hungarian Christian Democratic Party and the Smallholders Party came about this way. The RMDSZ declared that anyone may join, irrespective of party affiliation. At the beginning some members raised the question whether Hungarians of Schwabian or Jewish origin could join, but then we specified in our program that anyone able to identify himself with our goals may join. No one wishing to join has to prove that he can speak Hungarian. We have Romanian members, for example. If our parties gain further strength they must be represented in the parliament. I think the most useful thing would be for representatives of Hungarian parties to run on a joint slate, but meanwhile also observe the political steps taken by the corresponding Romanian parties. This would not be a conspiracy against Hungarian interests, because one may hope that the appropriate Hungarian consensus will evolve once minority rights are at issue.

[Solt] Viewed from the outside it seems somewhat absurd to form parallel political parties on the basis of ethnicity.

[Gyimesi] Some of our Romanian friends expressed similar doubts. But what can one do in a situation when a myth about a "great nation" stands between two ethnic groups? What could we do until such time that Romanian opposition parties acquire power, moreover: as long as they are not even real political parties but only national organizations? Here you have the Libera Nationale for example. This does not mean that it is a national liberal party, but rather that it is a Romanian national liberal party. Their national character is so strong that they do not endeavor to respect the various ethnic minorities, but would rather integrate them. Should we join these parties? The parties which suddenly reveal that they take positions opposed to our minority rights?

[Solt] And what if the parties organized on a regional, not on an ethnic basis?

[Gyimesi] There is only one regional party which declares itself to be Transylvanian. That party is the Vatra. The United Opposition of Romanians in Transylvania. It has no political program of any kind, it is only nationalistic. The liberal and democratic-minded Romanians of Transylvania are outside of the Vatra, they condemn it. But they are not sufficiently liberal to show a really great inclination to enforce Transylvanian Hungarian minority rights. During the past decade the Romanian economic and social situation leveled out in a way that the the Transylvanian standard declined while the standard in the old Romanian areas did not increase. But the Transylvanian region is still different, and this goes to prove why the Romanians prefer to voluntarily migrate to Transylvania. Devoid of any ideals, without a mission. They like the Szekely, Hungarian and Saxon regions very much, because traditionally these are rich areas with great agriculture. Most of those who voluntarily migrated years ago learned to speak Hungarian and were able to adapt themselves very well. At this time, however, as a result of the Vatra and the hysterical mood, a counter process, a process of alienation has begun: they begin to act like aliens and do not speak in Hungarian. But I think this is only a temporary phenomenon. These people resemble that tolerant Transylvanian Romanian stratum which peacefully coexisted with Hungarians for centuries, and to whom the national issue presented no problem. There exists such a traditional mentality, except that the most recent era has forgotten about it.

[Solt] Are there Hungarians who harbor an expressly anti-Romanian sentiment?

[Gyimesi] There are I am afraid, in Szekely country. They suffered the Ceausescu oppression all alone, in their eyes this oppression meant Romanian rule, whereas everyone knows very well that the Romanian people did not oppress the Hungarian people in Romania. We met Szekely people to whom the revolution meant only the raiding and chasing away of the militia, or in worse cases, beating up members of the militia. In their eyes power was symbolized by the Romanian militia. At the Kolozsvar RMDSZ we do not identify the militia with the Romanian people, despite the fact that there exists a Vatra, and despite the experience of the Marosvasarhely events. The majority may be characterized by this sober—or how should I call this?—normal attitude.

[Solt] In its days the Kolozsvar Front also started out as the repository of the greatest variety of trends and influences.

[Gyimesi] At the very beginning its members consisted mostly of people in the opposition, party outsiders and members of the intelligentsia, and of those who really resisted, who were thrown by the protesting forces in the midst of events. At one point we noticed that in specialized committees evolving around the leadership of the Front some "experts," the officials of the old party apparatus began to appear. All of these people were compromised in one way or another. Then came the religious, the engineers, the young members of the intelligentsia who consciously thought through the path for democracy. In the end the revolutionary council became the assembly of people of a different variety of outlook. Originally this Front should have seen to it that the old leadership be relieved everywhere, and that human rights are respected. But the influential enterprise leaders were able to resist the pressure exerted by the local front: enterprise workers were unable to relieve their directors because they had some kind of support all along, some mysterious Hinterland.

[Solt] What is the situation in regard to trade unions?

[Gyimesi] Initially, in their excessive zeal Hungarian workers wanted to establish local RMDSZ organizations within the enterprises. These were then used by the Vatra for its own purposes. At the time, together with several people, I recommended that we should much rather establish free trade unions, but unfortunately the old trade unions were transformed into free trade unions without making any changes, without changing the leadership. Actually nothing has happened, we pay the same membership dues as before and to the same place. Even if new trade unions were formed, such as the one organized by physicians, these are mostly like the national, Hungarian medical societies. These are not at all beneficial in my view, but this is what we have. There is nothing we can do.

Supportive Romanian View

90CH0459B Budapest BESZELO in Hungarian 18 Aug 90 pp 9-11

[Interview with director of the Marosvasarhely (Tirgu Mures) puppet theater Smaranda Enache; place and date not given: "Parallel Interviews—Two Female Politicians From Transylvania"—first paragraph is BESZELO introduction]

[Text] Smaranda Enache is the director of the Marosvasarhely puppet theater. She is of Romanian nationality, her native tongue is Romanian, but as many other Romanians born in Transylvania who live in mixed ethnic areas, she also speaks fluent Hungarian. As a well known-member of the opposition intelligentsia she became the cultural secretary of the local revolutionary autonomous government in January. She was nominated to become a representative in parliament, but 158 citizens challenged her candidacy in court. In Marosvasarhely a similar motion of no confidence was entered against five candidates including her: One of these was Elod Kincses, the attorney representing Laszlo Tokes, two Securitate officers and the fifth who had a criminal background. Persons affected by court actions heard of the decision by way of rumors, and were able to inspect the docket only after the hearing. According to these documents Enache was accused of failing to take appropriate steps in her capacity as cultural secretary to prevent the ethnic clash in Marosvasarhely. Kincses was found objectionable for the same reason. The court disqualified both of them as candidates for election. We will remind the reader that challenges were also filed against Iliescu, but the court having jurisdiction found the general fit to be nominated. According to Smaranda Enache the real reason for attacking her was that on 28 January she made a statement to Bucharest television in which she stood up for Hungarian language education and university training. The nationalist Romanian press regards her as one of the Hungarian extremist leaders. During the past few weeks she visited Hungary and also paid a visit to our editorial offices.

[BESZELO] Is there any ongoing assessment of the Ceausescu era in Romania?

[Enache] The [National Salvation] Front did not analyze the nature of the dictatorship. This makes us believe that they intend to continue to utilize the mechanisms of the dictatorship. There are a few opposition newspapers, independent, not party newspapers mainly in Bucharest, such as for example the weekly newspaper EXPRESSZ, that's where the analysis is made. But the Romanian intelligentsia finds itself in a rather tragic situation; those in power do everything they can to isolate the intelligentsia.

[BESZELO] Yet in Hungary many believed that Iliescu and the Front were still better for minority Hungarians than any other political force in Romania.

[Enache] Yes, at the beginning Romanians felt the same way. In early January the Front issued a statement concerning minorities. In it they promised absolutely everything: equality, schools, universities, everything. A huge "love of the Front" manifested itself among Hungarians and minorities in general. Everyone supported the Front, and this support was highly visible. Particularly in mid-January when an old, longtime member of the Peasant Party group announced on Bucharest television that the minorities, and especially the Hungarians, should not raise their hopes! The victorious party, the regular government to take office after the elections will not recognize the privileges the minorities were promised to receive. In response to this statement the Hungarians felt that the worst thing that could happen would be for the Peasant Party to win the elections. Subsequently the Peasant Party took part in the Brussels meeting of European Christian democratic parties. I do not know what happened there, but thereafter the

Peasant Party's absolutely nationalist stance changed somewhat. Ratiu became their presidential candidate. He returned from exile in England and he held different views. He even paid a visit to Szekely county prior to the elections and uttered a few Hungarian words.

[BESZELO] Ceausescu did the same....

[Enache] Yes, Romanian politicians do this kind of thing as a matter of tradition. And yet, Iliescu did not come to Marosvasarhely on 20 March, he did nothing to realize the promises he made in January. And at that point everyone gave up with the Front and with Iliescu. They were looking for someone else. They had no confidence in Ratiu, they pinned some hopes only to the Liberal Party. But in Romania even the Liberal Party is only a nationalist party, as its name indicates. Their presidential candidate Cimpeanu met with RMDSZ chairman Geza Domokos, they had a nice chat about something but he did not promise anything to the RMDSZ. And yet, Cimpeanu was the only one to sign some kind of document with the RMDSZ after the March events. In the end, at the last moment the RMDSZ suggested to its voters to cast their ballot for Cimpeanu from among the presidential candidates. They did not discuss this matter publicly, but after counting the votes they learned the persons for whom voters in Hargita and Kovaszna [Covasna] counties cast their ballots. Iliescu made the point that Hungarians would have liked Cimpeanu to become president. I am aware of the fact that some commentators regard the RMDSZ statement concerning nationality policies in Hungary as if it had been made under pressure exerted by the Front. This is unlikely, the RMDSZ and the Front do not enjoy such profound relationship. Nevertheless the RMDSZ statement was rather odd.

Iliescu received 50 percent of the vote in Transylvania and in the Bansag region, even in the Regat he received only between 70 and 75 percent of the vote, but in Moldavia, Eastern Romania he scored 95, even 97 percent. This is an amazingly difficult case. Here in Hungary people think in a rational manner. In Romania sentimentalism has the best chance of carrying people away. It was a fantastic surprise that in Pitestin, Oltenia and Krajova the RMDSZ received more votes than the number of Hungarians residing in these areas. The reason for this might have been that RMDSZ executive secretary Geza Szocs argued on television that the situation of Transylvania must be resolved because a large number of minorities reside in Bessarabia, and this is an important matter from the Romanian standpoint. Many interpreted this broadcast to say that the RMDSZ is the party which wants to reacquire Bessarabia. People came from the greatest variety of places wanting to help the RMDSZ, promising to vote for the RMDSZ. We loved Bessarabia, even though no one knew anything about it! We would like to see a grand, grand Romania, we do not know how it should be, we do not know how difficult it would be and what it would cost, nevertheless we would like to see it.... In a word: everyone is guided more by nostalgic feelings.

[BESZELO] What are the future chances of an opposition party?

[Enache] Thesee chances are very bad at present because the entire opposition has been discredited. All of the opposition parties are reorganized old parties, and it is very easy to accuse them by saying that in olden days they had good relations with the Iron Guard, that they helped break the workers strike of 1929. These charges are presented in a very clever fashion by the newspapers of the Front. The opposition parties were unable to find charismatic figures, at a time when the Romanian people need such figures! Both Ratiu and Cimpeanu are aged persons, they did not live in Romania and did not suffer with the people. At this point in time one cannot even speak of the existence of an opposition party in Romania. There are none, they must be invented. Following the elections, within the opposition parties the younger members tried to establish a more youthful line, a new wing, but this represents an even greater sin in the eyes of the Romanian people. "They are not holding together!" "They are pulling apart!" "Wasn't the Front correct? These people are creating anarchy!" The extent to which people can be defrauded is unbelievable. We constantly try to figure out ways to establish a strong opposition. After all, there is a promise—only a promise, of course—that another election will be held in Romania in two years. The Front's majority is so large in parliament that by now even they are embarrassed, the whole thing is so transparent.

But not even tactical cooperation among the parties is conceivable, no one wants to surrender leadership roles. Every leader shuts himself off from the elite intelligentsia, they do not agree to use the intelligentsia even as some kind of feedback.

We want some kind of a movement, because such movements have a greater potential in Romania. People do not want to deal with parties. We need some liberal, pro-European movement, one that is not built on nationalities. A substantial part of the RMDSZ could belong to such an organization. But this requires some more time. We need some credible, competent independent personalities who agree to perform the tasks. The Temesvar [Timisoara] proclamation attempted to establish a platform of this kind, with a collective membership, and the RMDSZ, the Hungarian Democratic Youth Association [MADISZ] and the trade unions joined. But Hungarians amount ot 2.5 million people altogether. This is not enough. We must start all over again.

Ecological and social problems must be made the center piece. People shut themselves off as soon as political issues are raised. I would like to establish a Romanian language newspaper which represents the opposition.

[BESZELO] Is the catchword "European character" as attractive in Romania as it is in Hungary?

[Enache] Everyone uses this catchword, ranging from the Front to the Peasant Party. Only the Vatra does not, they are against it. They state their position clearly: "We will

not sell out the country!" "A new internationalism must replace proletarian internationalism!" This is how the former communists and Securitate people try to discredit orientation toward Europe. But even aside from that there exists a pan-Romanian, reto-Romanian trend, a romantic sentiment of this kind. In reality the people do not know what the word Europe means. They never travelled, they know nothing.

Not only anti-Hungarian sentiments exist. There also exist anti-Gypsy and anti-Semitic sentiments, and it is more or less the same group that curses these. This group gathers around the Vatra and is extremely dangerous, it makes continuous provocations: as soon as the situation abates somewhat they call a grand meeting, preferably in Marosvasarhely. And of course simple members of the minority drinking in a tavern after work have their blood pressure raised. It instantly occurs to them to go and organize a counterdemonstration. Another ethnic clash may occur at any moment.

[BESZELO] The videotapes available clearly show that in March the Romanians were promised money....

[Enache] Yes, we are also aware of that. We are also aware of some names, Elod Kincses announced these names on Radio Free Europe. Lawyers, court officials, members of the old nomenklatura. They were there in the Gorgeny Valley a week earlier. The Romanian shown on the video tape was kicked and beaten without mercy after he fell; at present the Bucharest Hungarian television paid him a bedside visit. Iliescu also paid a visit when Andras Suto returned. Suto told Hungarian television that in his village the [Romanian] priest announced a week earlier: prepare yourselves, be prepared when the bell tolls, because you must march to Marosvasarhely. I do not believe that these Romanian peasants can be mislead a second time. These people made a living from carrying wood from the forests to the neighboring Hungarian villages, and from selling that wood. At this time they find themselves in difficult straits. Perhaps, as I heard, this kind of trade had resumed once again. That Romanian village has been frequenting the Hungarian village for a hundred years, they felt that they were endangered jointly. These interests also develop a certain common resistance.

[BESZELO] Does Vatra function only in Transylvania?

[Enache] Yes. A few of their ideologues also reside in Bucharest. But they are no longer that strong in Transylvania. Some 3,000 people gathered at their latest meeting in the Sports Pavilion, but according to them some 70,000 Romanians live in Marosvasarhely. And these people did not go to the Sports Pavilion to applaud! People got bored with them. They yell, they repeat the same words, and do not provide the people anything. On the other hand the RMDSZ also has a concept concerning the economy.

[BESZELO] Are you being harmed these days?

[Enache] I encountered quite a few problems with my views. At first they threatened to kill me. I received telephone calls, and not only I, but also others whose family name is Enache. The local newspaper, one of the Vatra's mouthpieces, mentions my name at least once a week. I am in good company. They start with Laszlo Tokes, continue with Doina Cornea whom they call Doina Juhasz. Her husband's name is Juhasz, but he is a Romanian and does not even speak Hungarian. But it suffices to refer to someone as "Juhasz," it creates a negative connotation. I am at the end of the line in every instance.

CZECHOSLOVAKIA

Law on Association Passed by Federal Assembly

90CH0362A Bratislava NARODNA OBRODA in Slovak 12 Jun 90 p 12

["Text" of Law on Association]

[Text] The Federal Assembly of the Czech and Slovak Federal Republic passed the following law:

INTRODUCTORY PROVISIONS

Section 1

1. Citizens have the right to associate freely.

2. The exercise of this right does not require the permission of a government agency.

3. This law does not apply to association by citizens:

a) in political parties and political movements;

b) for gainful employment or to assure proper performance of certain professions;

c) in churches and religious societies.

Section 2

1. Citizens may form associations, societies, alliances, movements, clubs and other civic associations, as well as trade union organizations (further referred to only as associations) and associate in them.

2. Legal entities can also be members of associations.

3. Associations are legal entities. Government agencies can intervene in their standing and activities only within the bounds of the law.

4. Soldiers on active duty cannot establish trade union organizations and associate in them. The extent of legitimate trade union organizations for members of the National Security Corps and the Correctional Institution Corps for for the purpose of applying and protecting their social interests will be determined by a separate law.

Section 3

1. No one may be forced to associate, to become a member of associations, or to participate in their activities. Every one can leave an association of his own free will.

2. No one shall suffer prejudice because of membership in an association and participation in its activities or support for it or because he does not join it.

3. The rights and responsibilities of an association member are established in the bylaws of the association.

Section 4

The following associations are not permitted:

a) those whose objective is to deny or limit personal, political or other rights of citizens because of their nationality, sex, race, origin, political or other views, religious beliefs and social standing, to foment hate and intolerance, or to otherwise break the constitution and the laws;

b) those who pursue their objectives by means which are in conflict with the constitution and the law;

c) armed or with armed units; associations whose members own or use firearms for sport or to exercise hunters' rights are not considered as such.

Section 5

Associations may not perform the function of government agencies, unless a special law determines otherwise. They may not direct government agencies and assign duties to citizens who are not their members.

REGISTRATION AND ESTABLISHMENT OF ASSOCIATIONS

Section 6

1. An association comes into existence by registration.

2. An application for registration shall be submitted by at least three citizens, of whom at least one must be over 18 years of age (further referred to only as the organizational committee.[1] The application shall be signed by members of the organizational committee who shall state their full name, date of birth, and address. They shall further state which of the members over 18 years of age is authorized to speak on their behalf. To the application they shall attach two copies of the bylaws, which shall contain:

a) name of the association,

b) address,

c) its purpose,

d) committees of the association, methods of appointing them, designation of committees and officers authorized to debate in the name of the association,

e) rules for organizational units, if such are to be formed and if they are to debate in their own name,

f) management policy.

3. If the bylaws do not determine otherwise, the organizational committee will speak in the name of the association until the committees mentioned in paragraph 2, letter d) are formed.

4. The name of the association must be different from the name of any legal entity that is already active in the Czech and Slovak Federal Republic.

Section 7

1. The application for registration is submitted to the Ministry of Interior of the Czech Republic or the Ministry of Interior of the Slovak Republic depending on the residence of the association named in the registration application (further referred to only as the Ministry).[2]

2. If the application does not contain the requirements according to Section 6, paragraph 2 and 4 (or if the information therein is incomplete or inaccurate), the Ministry will inform the organizational committee immediately, within five days from the delivery of the application at the latest, that if these omissions are not remedied, the registration process will not begin.

3. The registration process begins on the day the application that does not contain omissions mentioned in paragraph 2 is received by the Ministry. The Ministry immediately informs represenatives of the organizational committee of the day on which the process has begun.

Section 8

1. the Ministry will refuse the registration if it is clear from the submitted bylaws that:

a) at issue is an organization mentioned in Section 1, paragraph 3,

b) the bylaws are not in accord with Section 3, paragraphs 1 and 2,

c) at issue is a prohibited association (Section 4)

d) objectives of the association are in conflict with the requirements mentioned in Section 5.

2. The Ministry shall decide whether to refuse registration within 10 days after the process has begun. It will deliver its decision to the representative of the organizational committee.[3]

3. Members of the organizational committee may appeal for legal remedy to the highest court of the Republic within 60 days after receiving notice that registration has been refused.

4. The court will void the decision of the Ministry if reasons for refusing registration have not been given. The day when such a decision is handed down by the court is the day of the association's registration. At the request of the representative of the organizational committee the ministry shall send him one copy of the bylaws on which it shall enter the date of registry.

5. If the representative of the organizational committee has not received the decision of the Ministry refusing registration within 40 days from the day the process began, the association will come into existence on the day following the expiration of that term; that day will be the day of registration. At the request of the representative of the organizational committee the Ministry shall send him one copy of the bylaws on which it shall enter the day of registration.

Section 9

1. If the ministry does not find cause to refuse registration, it shall enact the registration within 10 days from the beginning of the process, and within that time limit shall send the representative of the organizational committee one copy of the bylaws on which it shall enter the day of registration, which shall be the day it is sent. The decision on the registration in not issued in administrative proceedings.

2. The Ministry will send notification about the existence of the association, its name and address within seven days of the registration to the Federal Statistical Office, which keeps a record of associations which are engaged in activities in the Czech and Slovak Federal Republic; this applies also to the forming of associations according to Section 8, paragraphs 4 and 5.

Section 10

If an association registered in the Czech Republic intends to engage in activities also in the Slovak Republic, it will notify its Ministry and enclose a certified copy of the bylaws on which the day of registration is entered. The same applies if an association registered by the Ministry of the Slovak Republic intends to become active in the Czech Republic.

Section 11

1. An association shall notify the Ministry in writing of any amendments to the bylaws within 15 days after they were approved and shall enclose two copies of the text of the amendments.

2. If the amendments to the bylaws are not in accord with the provisions in Section 6, paragraphs 2 and 4, or if the statements are incomplete or imprecise, or if there is cause to refuse registration according to Section 8, paragraph 1, the Ministry shall notify the association immediately. The association is obliged to correct the errors within 60 days from the day it receives the notification, and within the period of another 10 days notify the Ministry accordingly. If it does not do so, the Ministry will dissolve the association; an appeal for legal remedy may be submitted to the highest courts of the Republics.

3. If there is no reason to proceed according to Paragraph 2, the Ministry shall send to the association within 10 days from the day it receives the notification according to Paragraph 1 one copy of the amendments to the bylaws on which it will confirm that it has duly taken note of it.

4. If the association engages also in activities in the other Republic (Paragraph 10), it will send to its Ministry within 30 days a certified copy of the bylaws amendments which were duly noted by the Ministry of the Republic where the association resides.

DISSOLUTION OF AN ASSOCIATION

Section 12

1. An association ceases to exist:

a) by a voluntary dissolution or by merging with another association,

b) by a legitimate decision of the Ministry to dissolve it,

2. If the bylaws of the association do not provide for a method of voluntary dissolution or merger with another association, the decision shall be made by its highest officer. This officer shall notify the appropriate Ministry about the dissolution of the association within 15 days.

3. If the Ministry learns that an association is engaging in an activity:

a) which is reserved for political parties and political movements or organizations in which citizens are associated for the purpose of gainful employment or for engaging in religious activities in churches and religious organizations (Section 1, Paragraph 3),

b) or which is against the principles stated in Section 3, Paragraphs 1 and 2,

c) which is in conflict with Section 4 or Section 5, it will immediately bring it to its attention and ask it to cease that activity. If the association continues to engage in such an activity, the Ministry shall dissolve it. Such decision may be appealed to the highest court of the Republic.

4. In reviewing the decision according to Section 11, Paragraph 2 and Section 12, Paragraph 3 the court proceeds according to the provisions of the court rules for reviewing the decisions of other agencies.[3] The appeal for legal remedy has a delaying effect; if important causes exist, the court may stop the activity of the association until the time its decision becomes legally valid. During that time the association may engage only in such activities which are unavoidable in order to fulfill its obligations under the law. The court will quash the decision of the Ministry if no cause existed for dissolving the association.

5. If the Ministry finds (Sections 7 and 10) that the organizational unit of the association which is authorized to act its own name, conducts meetings of the kind

described in Section 12, Paragraph 3, it shall proceed as described therein. The provisions of Paragraph 4 apply similarly.

Section 13

1. A separate law applies to financial matters of an association.[4]

2. At the time of the dissolution of an association, a financial settlement is made.

3. In a dissolution of an association according to Section 12, Paragraph 1, letter b), its financial settlement[4] is executed by a liquidator appointed by the Ministry.

4. The method stated in Paragraph 3 is used for dissolving an association according to Section 12, Paragraph 1, letter a) if it does not have an authorized body to execute the financial settlement.

Section 14

The Ministry shall notify the Federal Statistical Office about the dissolution of an association within seven days from the day it learned about it.

PROTECTION BY THE COURT

Section 15

If a member of an association considers a decision of one of its officers, against whom a legal remedy cannot be requested according to the bylaws, to be against the law or in conflict with the bylaws, he can request the district court up to 30 days after learning about it or at the latest up to 6 months to review it.

2. The request for review does not have a delaying effect. However, the court may stop the execution of the decision in justified cases.

CONTRACTS ON COOPERATION

Section 16

1. Associations may enter into contracts on cooperation among themselves in order to achieve a certain goal, or to pursue some common interest. The validity of the contract must be confirmed in writing.

2. The contract on cooperation will delimit the object of the cooperation, the method of implementing it, rights and obligations of the associations in question and means with which they shall contribute to the cooperation.

3. On the basis of a contract on cooperation a new legal entity may come into being, for which the same provisions on the financial management of social organizations apply.[4]

4. The contract on cooperation may be used to create a union of participating associations, which shall be a legal entity. The same provision of this law shall apply to the union.

5. It may be stated in the contract on cooperation that the contract becomes void by agreement of the participants when the goal, for which it was made, is achieved or for some other reason stated in the contract.

PROVISIONS IN COMMON

Section 17

If meetings or some other gatherings of the association are open to the public, the citizens who are present have the obligations of participants in the meeting.[5] They must not take part in the debate, unless the presiding officer decides otherwise.

Section 18

In accord with the goals of their activity the associations have the right to petition government agencies.[6]

TRANSITIONAL AND CLOSING PROVISIONS

Section 19

1. Considered as associations already established according to this law are voluntary organizations which were formed after 30 September 1951 or which were declared to be voluntary organizations according to Law No. 68/1951, Coll. of CSSR Laws, on voluntary organizations and gatherings and which were not dissolved. Such organizations are only obliged to notify the Ministry mentioned in Section 7, Paragraph 1, or Section 11, their name, address, and bylaws by 30 June 1990.

2. Clubs which came into existence prior to 1 October 1951 are considered to be associations already established according to this law, if they were not dissolved. They are obliged to notify by 30 June 1990 the Ministry mentioned in Section 7, Paragraph 1, or Section 11, Paragraph 4, of its name and address. If they do not do so, the Ministry shall ask them if they intend to continue their activity. If the club does not meet the obligation according to the second sentence by 31 December 1990, it shall be assumed that it ceases to exists on that day.

3. Information on associations (Section 9, Paragraph 2) mentioned in Paragraphs 1 and 2 shall be sent by the Ministry (Section 7, Paragraph 1) to the Federal Statistical Office to be placed on record.

Section 20

Law No. 116/1985 on conditions for activities by organizations with an international element in the Czechoslovak Socialist Republic remains unchanged.

Section 21

Rescinded are:

1. Law No. 68/1951, Coll. of CSSR Laws, on voluntary organizations and gatherings, in the wording of the latest regulations, if volunteer organizations are concerned;

2. Decree of the Ministry of Interior No. 320/1951, Official Gazette of the Czechoslovak Republic (No. 348/1951, Official Gazette of the Czechoslovak Republic), on voluntary organizations and gatherings in the wording of the decree of the Ministry of Interior No. 158/1957, Official Gazette of the Czechoslovak Republic, if voluntary organizations are concerned;

3. Government Decree No. 30/1939, Coll. of CSSR Laws, on forming special associations not subject to valid rules on associations and their supervision;

4. Section 2 of Law No. 126/1968, Coll. of CSSR Laws, on some temporary provisions for strengthening military discipline;

5. Section 2, Paragraph 8, letter c) of Law No. 128/1970, Coll. of CSSR Laws, on the definition of activity of the Czechoslovak Socialist Republic in matters of internal order and security;

6. Section 45, Paragraph 1, letter c) of Law No. 194/1988, Coll. of CSSR Laws, on activities of the Federal central agencies.

Section 22

This law comes into effect on 1 May 1990.

Footnotes

1. Section 8 of the Civil Code No. 40/1964, Coll. of CSSR Laws, (full wording No. 70/1983, Coll. of CSSR Laws).

2. Law of the Czech National Council No. 2/1969, Coll. of CSSR Laws, on the organization of ministries and other central government agencies of the Czech Socialist Republic, in the wording of the latest regulations, Law of the Slovak National Council No. 207/1968, Coll. of CSSR Laws, on the organization of ministeries and other central government agenices of the Slovak Socialist Republic, in the wording of the latest regulations.

3. Sections 244-250 of Law No. 99/1963, Coll. of CSSR Laws, obciansky sudny poriadok [as published], in the wording of the lastest changes and additions.

4. Law No. 109/1964, Coll. of CSSR Laws, Economic Code (full wording No. 80/1989, Coll. of CSSR Laws).

5. Law No. 84/1990, Coll. of CSSR Laws, on the right of assembly.

6. Law No. 85/1990, Coll. of CSSR Laws, on the right to petition.

HUNGARY

Local Autonomy: Powers, Structure, Institutions

90CH00330A Budapest MAGYAR HIRLAP (supplement) in Hungarian 3 Jul 90 pp I-III, V, VII-VIII

["Text" of the Draft Law on Local Government Units, of the National Assembly's Draft Resolution on Counties, and of the justice minister's exposition]

[Text]

Text of Draft Law

Adhering to our country's progressive traditions of self-government and also to the basic standards of the 1985 European Charter of Self-Government, the National Assembly recognizes and supports the fundamental rights of local communities to self-government.

Local self-government enables local communities of enfranchised citizens to administer their local public affairs independently and democratically, either directly or through their elected local government.

Supporting the local communities' independent spontaneous organization, the National Assembly helps to create the prerequisites for local government and promotes the democratic decentralization of state power.

To realize these objective, the National Assembly hereby enacts the following law:

Chapter I.

GENERAL PROVISIONS REGARDING LOCAL GOVERNMENT

The Rights of Local Governments

Section 1.

1. As units of local government, the town, the city, Budapest and its districts, as well as the county (hereinafter local governments) administer independently the local public affairs that fall within the scope of their functions and authority (hereinafter local public affairs).

2. Local public affairs are associated with providing municipal services for the population; with exercising state power locally, as a local government; and with creating locally the organizational and material prerequisites for all this.

3. Within the limits of the law, a local government may idependently regulate or, in individual matters, freely administer the local public affairs that fall within the scope of its functions and authority. The local government's actions are subject to review by a comptetent state organ only if the actions violate statutory regulations.

4. Through its elected council or by local referendum, a local government may voluntarily assume the independent administration of, and authority over, any local public affair that statutory regulation has not assigned to another organ's exclusive jurisdiction. In voluntarily assumed local public affairs, the local government may do anything that does not violate statutory regulations. The administration of voluntarily assumed local public affairs may not jeopardize the performance of functions or the exercise of authority that statute prescribes as mandatory.

5. Mandatory functions and authority also may be assigned to local governments by statute. When specifying mandatory functions and authority for local governments, the National Assembly must also decide what material provisions the given functions and authority will require, including the amount and type of budgetary grant.

6. Within the limits of the law, a local government may:

a) Devise independently its own rules of organization and procedure, design its own emblem, and establish local decorations and honorary titles;

b) Freely dispose of its property, administer its revenue independently, and adopt a consolidated budget to finance its voluntarily assumed as well as its mandatory functions and authority. It may engage in business activity for its own account. The municipality operating under adverse financial conditions through no fault of its own is entitled to a revenue-supplementing block grant from the state budget;

c) Freely combine its functions with those of another local government; join a regional or national association to promote and safeguard its interests; cooperate with a foreign local government, within the scope of its functions and authority; and join international organizations of local governments;

Section 2.

1. A local government asserts the principle of popular sovereignty; in local public affairs it articulates and carries out the local public will.

2. The local government acts through its council—or under the council's delegated authority, through the committee or official elected by the council—and by local referendum, respectively.

3. The local government may express its opinion and introduce proposals in matters that do not fall within the scope of its functions and authority, but which affect the local community. The decisionmaking organ concerned must give the local government a pertinent answer, within the time limit specified by statute.

Section 3.

The Constitutional Court and the regular court, respectively, uphold the local governments' rights and safeguard the lawful exercise of those rights.

Section 4.

The rights guaranteed under Sections 1-3 are equal for every unit of local government.

Section 5.

The enfranchised citizens residing on the territory of a local government (hereinafter enfranchised citizens) are collectively the subjects of the rights to local self-government. They exercise these collective rights either through their elected representatives on the local government's council or by voting in local referendums.

Scope of Functions and Authority

Section 6.

1. The functions and authority of the town, city, metropolitan Budapest and a Budapest district (hereinafter municipalities) and of the county may mutually differ:

a) In accordance with local requirements and capabilities, local governments may assume mutually different functions and authority.

b) Statute may assign more mandatory functions and authority to local governments with larger populations and greater capabilities than to other local governments. A municipality with a small population—if it is able to do so either alone or jointly with one or more other municipalities—may voluntarily undertake to organize on its own territory the services that statute makes mandatory for larger municipalities or the county. In such cases the small municipality may claim for its budget a share of the larger municipality's or county's revenue that is commensurate with the assumed function.

2. A local government's voluntarily assumed and mandatory functions and authority cover a wide range of local public affairs. Only exceptionally may a local public concern be assigned by statute to another organ's scope of functions and authority.

3. The municipalities are not subordinate to the counties or to one another. The units of local government cooperate with one another on the basis of their mutual interests.

Section 7.

1. Statute or a decree of the Council of Ministers may vest the mayor or metropolitan mayor with state-administrative authority. Statute may vest also an official of the municipal council's office with such authority.

Note: Laws and other statutory regulations specify the local governments' state administrative authority. If the National Assembly considers it warranted to assign a wide range of state administrative matters to the local governments, then an official of the mayor's office who has the necessary qualifications, primarily the municipal clerk, may handle a proportion of such matters.

2. In cases specified by statute or by a decree of the Council of Ministers, the mayor participates in performing locally the national functions of state administration.

3. When the mayor exercises state administrative authority with which statutory regulations have vested him, or when he performs any of his state administrative functions, the municipal council may not supervise him or review his actions.

Chapter II.

THE MUNICIPALITY

The Municipality's Functions, Authority, Organs

Section 8.

1. A municipality provides local municipal services and exercises state power in local public affairs.

2. The municipality's functions include particularly: municipal development and planning; stream regulation and drainage; maintenance of local roads and public areas; operation of local mass transport; street cleaning and garbage collection; local fire prevention and firefighting; participation in maintaining law and order locally; local supply of electricity, gas and heat; installation of sewers; maintenance of cemeteries; operation of kindergartens and grade schools; provision of health care and welfare services; support of cultural, scientific and artistic activities; help with enforcing the rights of national and ethnic minorities; and promotion within the community of conditions conducive to a healthy life style.

3. On the basis of the population's requirements and depending on its own financial ability, the municipality itself determines what functions it will perform, how, and to what extent.

4. Statute may make certain public services and local public functions mandatory for the municipalities. These responsibilities may also differ by municipalities, depending on their area, population and other conditions.

5. Within the scope of its voluntarily assumed functions, the municipality supports activities by spontaneously organized citizens' groups.

Section 9.

1. A municipality's functions and authority are vested in its council. The municipal council is a legal entity.

2. The municipal council and its organs—namely the mayor, the council's committees, and the council office—perform the municipality's functions.

3. The municipal council may delegate some of its authority to the mayor or to its committees. It may give them instructions on exercising the delegated authority, and it may also revoke the delegation of authority.

4. To provide the public services that are within the scope of its functions, the municipal council may establish municipal institutions, enterprises or other organizations (hereinafter jointly institutions) and appoint their heads.

Section 10.

The municipal council has exclusive authority:

a) To enact ordinances, to devise its own rules of organization and procedure, and also to hold the elections, make the appointments and award the commissions over which the municipal council has been assigned authority by statute;

b) To schedule local referendums, to design the municipality's emblem, to establish decorations and honorary titles, to regulate their use, and to grant the freedom of the municipality;

c) To adopt the municipality's economic program and budget, to approve or reject the reports on the economic program's and budget's fulfillment, to levy local taxes, to approve the municipality's plan, to negotiate loans in excess of the limit specified by the municipal council, to issue bonds, to accept and transfer municipal foundations and their assets;

d) To combine the municipality's functions with those of another local government, and to join a combination or a [domestic] interest-representing organization;

e) To agree on cooperation with a foreign local government or to join an international organization of local governments;

f) To establish an institution;

g) To name streets and public areas, and to erect monuments;

h) To institute proceedings before the Constitutional Court;

i) To elect lay assessors;

j) To adopt a standpoint on the reorganization or abolition of a county institution, and on the area supplied or served by it, if the service affects the municipality;

k) To express an opinion on matters for which statute requires that the local government concerned be consulted.

Section 11.

1. There is no appeal from the municipal council's action on matters that are within the municipality's scope of local government functions and authority.

2. In matters that are within the municipality's scope of local government functions and authority, actions by the

mayor (metropolitan mayor) or by a committee of the municipal council may be appealed to the council.

3. Based on a claim of a violation of statutory regulations, a lawsuit for the judicial review of the municipal council's action pursuant to Paragraphs 1 and 2 may be filed with the court within 30 days from receiving notice of the action. The lawsuit must name the municipal council as the defendant. The provisions of Law No. III/1952 (Code of Civil Procedure), Chapter XX, apply to the proceedings.

The Workings of the Municipal Council

Section 12.

1. The municipal council meets when necessary, but at least four times a year. A meeting of the municipal council must be called at the request of a quarter of the councilmen or of a committee of the council.

2. The mayor is the municipal council's chairman. He convenes and chairs the municipal council's meetings.

3. The municipal council's meetings are open to the public. When warranted, the municipal council may decide to meet in closed session.

4. The municipal council adopts its resolutions by open vote, but may order a vote by ballot when warranted.

Section 13.

The municipal council may schedule a public hearing at which citizens and the representatives of local interest groups may introduce proposals in the public interest. The mayor must be informed in advance about such a proposal.

Section 14.

1. The municipal council has a quorum when more than half of the councilmen are present. To pass a resolution, more than half of the councilmen present must vote for it. When tallying the votes, an abstention counts as a vote against.

2. In the case of a tie vote, unless the rules of organization and procedure specify otherwise, the municipal council votes anew on the proposal at its next meeting.

Section 15.

1. A qualified majority is required to pass a resolution on matters over which the nunicipal council has exclusive authority, and also on matters that the rules of organization and procedure specify.

2. Unless the rules of organization and procedure specify otherwise, a qualified majority means a vote in favor by more than half of the elected councilmen.

3. If the proposal on a matter requiring a qualified majority for passage contains several alternatives and the first vote has been unsuccessful, then—unless the rules of organization and procedure specify otherwise—the council passes the resolution by a majority vote of the councilmen present.

Section 16.

1. The municipal council enacts municipal ordinances to regulate local social conditions not regulated by statute, or to implement statutes.

2. The enacted municipal ordinance must be promulgated in the municipal council's official journal, or in the manner that is customary in the municipality and is specified in the rules of organization and procedure.

3. The mayor and the municipal clerk sign the municipal ordinance. Its promulgation is the municipal clerk's responsibility.

Section 17.

1. Minutes must be kept of the council's meetings. The minutes must contain the names of the councilmen and invited persons present, the items on the agenda, the gist of the deliberations, and the passed resolutions. The municipal clerk sees to the keeping of the minutes.

2. The mayor and the municipal clerk sign the minutes of the meeting. Within eight days following the meeting, the municipal clerk must send the minutes to the county prefect.

3. Enfranchised citizens may examine the proposals before the council and the minutes of its meetings, except in the case of closed sessions.

Section 18.

The rules of organization and procedure regulate in detail the workings of the municipal council.

The Municipal Councilman

Section 19.

1. The municipal councilman represents the interests of his constituents, with responsibility for the municipality as a whole. The municipal councilman may participate in drafting the municipal council's resolutions, and in organizing and overseeing their implementation. The rights and obligations of municipal councilmen are identical. Acting in his capacity as a member of the municipal council, the municipal councilman is an officer of the law.

2. The municipal councilman:

a) May put a question on municipal matters to the mayor (deputy mayor), the municipal clerk or the chairman of a committee of the municipal council, at the council's meeting. A pertinent answer to the question must be supplied at the meeting, or in writing within 15 days;

b) May request that the text of his submitted speech be attached to the minutes of the council's meeting;

c) May attend, with a voice but no vote, a meeting of any of the municipal council's committees. He may propose to the committee's chairman that an item over which the committee has jurisdiction be included in the agenda of the committee's next meeting, to which the municipal councilman must be invited. He may propose that the municipal council review a resolution of any of its committees;

d) May act for the municipal council within the scope of his assigned responsibility;

e) May request the municipal council's office to provide information and clerical assistance for his work as a councilman. In a matter of public interest he may propose action by the municipal council's office, to which the office must give a pertinent answer within 15 days.

Section 20.

1. The municipal councilman must be released from work at his place of employment, for the time necessary to participate in the work of the municipal council. The municipal council compensates him for the resulting loss of income or may establish a flat rate of compensation.

2. The municipal council reimburses the councilman's expenses and pays him an allowance as specified by statute or municipal ordinance, and it fixes a monthly honorarium or annual allowance for the commissioners and committee chairmen.

Section 21.

On the motion of the mayor or any municipal councilman, the municipal council may elect commissioners from among the councilmen. A commissioner oversees the municipal functions specified by the municipal council.

The Municipal Council's Committees

Section 22.

The municipal council determines its committee structure and elects its committees. The municipal council elects a steering committee and, in municipalities with more than 2,000 residents, also an auditing committee. Statute may prescribe the formation of other committees as well.

Section 23.

1. Within its purview, the committee drafts the municipal council's resolutions and also organizes and oversees their implementation. The municipal council determines what proposals the committee may introduce, and what proposals must first be referred to the committee for its opinion.

2. The municipal council may grant decisionmaking authority to its committee and review its decisions, and may define by municipal ordinance the committee's official responsibilities.

Section 24.

1. The committee chairman and more than half of the committee's members must be elected from among the municipal councilmen. The committee chairman is a commissioner. A worker of the municipal council's office cannot be the chairman or member of a committee.

2. The representative of a more significant organization providing services that fall within the committee's purview, the delegate of a voluntary public association, and any enfranchised citizen using the given services may be elected to the committee.

Section 25.

1. The committee must be convened at the mayor's request.

2. The mayor may suspend implementation of the committee's decision if it conflicts with a resolution of the municipal council or is detrimental to the municipality's interests. The municipal council considers the suspension of the decision's implementation at its next meeting.

Section 26.

If the chairman or member of the committee, or a relative of the chairman or member, is involved in a matter before the committee, the chairman or member is disqualified from participating in the committee's decisionmaking. The mayor rules on the committee chairman's disqualification, and the chairman rules on a committee member's disqualification. If the committee chairman or member disqualifies himself in a matter before the committee, he may not participate in the committee's deliberation and voting on the given matter.

Section 27.

Within its purview, the committee oversees the work of the municipal council's office on drafting and implementing the municipal council's resolutions. If in the activity of the municipal council's office the committee perceives a departure from the council's policies or intentions, a violation of the municipalities interests or a failure to take necessary action, the committee may propose action by the mayor.

Section 28.

The municipal council may create a board (collegium) comprising the mayor as board chairman, and the commissioners, committee chairmen and other municipal councilmen as board members. The board drafts the municipal council's resolutions in matters specified by the council.

Section 29.

1. The municipal council may create a municipal district committee to handle the affairs of a specific municipal district. The members of the municipal district committee are councilmen elected in the municipal district, and other enfranchised local citizens. Only a councilman elected in the municipal district may chair the municipal district committee.

2. In matters affecting the municipal district, the municipal council may delegate some of its functions and authority to the municipal district committee and provide funds for it.

Section 30.

The municipal council's office handles the committees' paperwork. To aid the work of the municipal district committees, the municipal council's office may open branch offices in the districts. The branch offices may also receive clients.

The Mayor, Deputy Mayor, Municipal Clerk

Section 31.

The municipal council holds its first meeting within 15 days following its election. The ranking municipal councilman presides at the first meeting as chairman by seniority.

Version A

Section A/32.

1. The municipal council elects the mayor at its first meeting following its own election. Any municipal councilman may propose a nominee for mayor. The nomination is by open vote. Whoever receives a third of the municipal councilmen's votes will be the candidate for mayor.

2. The municipal council elects the mayor by ballot. If the election produces no winner, the municipal council elects the mayor at its next meeting, held within 15 days.

Version B

If the mayor is elected by direct vote, the Law on Local Elections regulates his election. There is a proposal to let municipalities with fewer than 5,000 residents elect their mayor by direct vote, and to let the municipal council elect the mayor in municipalities with more than 5,000 residents. In which case the text of this version reads as follows:

Section B/32.

1. If the municipal council elects the mayor, the election takes place at the meeting of the municipal council. (From here on the text is identical with the provisions of Section A/32., Paragraphs 1 and 2.)

Section 33.

Upon his election, the mayor takes the following oath of office before the municipal council: "I, (name), pledge allegiance to my country, the Republic of Hungary, and to its people. I swear to uphold the Constitution and the constitutional laws; to preserve state and official secrets; to act in conformity with my instructions, impartially and in accordance with my conscience; and to serve the municipality's interest to the best of my ability and knowledge."

Section 34.

The municipal council exercises the employer's rights in relation to the mayor and sets his pay within the limits set by statutory regulations. For his state administrative activity the mayor is accountable according to the rules governing civil servants.

Section 35.

To substitute for the mayor, to assist him in his work, and to handle some of the municipality's functions, the municipal council may elect one or more deputy mayors. As appropriate, the rules governing the mayor apply also to the deputy mayor.

Section 36.

1. The mayor performs his state administrative functions and exercises state administrative authority with the help of the municipal council's office.

2. The mayor supervises the municipal council's office through the municipal clerk. Within this purview the mayor:

a) Defines the duties of the municipal council's office in organizing the municipality's work, and in preparing, drafting and implementing the resolutions and decisions;

b) Makes the decisions in the state administrative matters and local government responsibilities assigned to him by statutory regulations, and may delegate some of his functions and authority;

c) Presents proposals for the internal organizational structure of the municipal council's office, its work rules, and its schedule of office hours for receiving clients;

d) Regulates the issuance, by the municipal council's office, of true and exact copies of local government documents and records;

e) Appoints, and exercises disciplinary authority over the workers of the municipal council's office.

Section 37.

1. On the basis of invited applications to fill a vacancy, the municipal council appoints a municipal clerk who

meets the qualificational requirements specified in statutory regulations. The appointment is for an indefinite period.

2. The municipal clerk:

a) Under the mayor's supervision, sees to the performance of the tasks in conjunction with the municipality's operation;

b) Manages the municipal council's office, organizes its work and exercises the employer's rights in relation to its workers, with the exception of authority to appoint and to discipline;

c) Prepares for decision the state administrative matters that fall within the mayor's purview;

d) Decides all local government matters that the mayor assigns to him;

e) Attends, with a voice but no vote, the meetings of the municipal council and its committees.

3. The municipal clerk is obliged to notify the municipal council, its committee and the mayor whenever he finds that a resolution or decision violates statutory regulations. The municipal clerk must attach a copy of such a notice when he submits the minutes of the municipal council's meeting [to the county prefect].

4. In a district clerkship, the district clerk appoints the workers of his office and exercises the employer's rights in relation to them.

Section 38.

In a town with fewer than 2,000 residents, the municipal council may also opt for a part time mayor serving without pay.

Municipal Council's Office

Section 39.

The municipal council creates an integrated office to administer the functions of the municipality, and to prepare and implement state administrative decisions.

District Clerkship

Section 40.

1. Within the same county, contiguous towns with fewer than 1,000 residents each may establish and maintain a district clerkship to handle their administrative tasks. A town with more than 1,000 but fewer than 2,000 residents also may participate in a district clerkship. A town may establish a district clerkship also with a city. The municipal councils concerned contribute commensurately with the populations of their municipalities toward the costs of maintaining the district clerkship.

2. Even the municipal council of a town with fewer than 1,000 residents may establish an office of its own, by appointing a municipal clerk who meets the prescribed qualificational requirements.

3. It is possible to join, or to withdraw from, the district clerkship as of the first day of the calendar year. The decision to join or to withdraw must be made at least six months in advance.

Section 41.

1. The municipal councils concerned establish their district clerkship by mutual agreement. A joint session of the municipal councils appoints the district clerk. When necessary, joint sessions of the municipal councils decide questions relating to the work of their district clerkship.

2. The district clerk handles the administrative tasks in conjunction with the activities of the municipal councils, their committees and councilmen, and he also prepares and implements the state administrative decisions that fall within the mayors' purview;

3. The district clerk or his deputy must attend the meetings of each municipal council and must provide the necessary briefings for them there.

4. To each municipal council the district clerk presents an annual report on the district clerkship's work.

5. As frequently as specified in the municipal councils' coordinated rules of organization and procedure, but at least once a week, the district clerk or his deputy must hold office hours for clients in each town.

6. At their joint conference, the mayors of the towns concerned review and coordinate the work of the district clerkship. The municipal councils may establish a board to supervise their district clerkship and the joint institutions.

Chapter III.

COMBINATIONS FORMED BY MUNICIPALITIES

Section 42.

1. The municipal councils may freely form combinations to make their functions more efficient and effective. Other forms of combination besides the ones specified in Sections 43-45 also are possible.

2. The combination may not infringe on the participants' rights as local governments.

3. The combination is a legal entity. The agreement establishing the combination specifies the latter's headquarters and who is authorized to act for the combination.

Combination for Administering State Administrative Functions

Section 43.

1. By mutual agreement, municipal councils may form a combination to administer professionally matters of a certain kind within their state administrative functions.

2. The agreement must specify:

a) The names and locations of the combination's participants;

b) The kind of matters the combination is to administer;

c) The manner of appointing the combination's chief, hiring its employees, and exercising the employer's rights in relation to them; also the proportions in which the combination's costs will be shared;

d) The rules for joining the combination, and for withdrawing from it;

e) The combination's area, and the provisions for administering matters locally.

3. The county prefect must countersign the agreement. He must refuse to countersign if the agreement violates a statutory regulation. Within 30 days following his decision to refuse to countersign, the county prefect—claiming that a violation of a statutory regulation exists—may file a lawsuit with the court for a judicial review of his refusal. The provisions of the Code of Civil Procedure, Chapter XX, apply to the proceedings.

Combination for Joint Management of Institutions

Section 44.

1. The municipal councils concerned may agree to form a combination for the joint management (establishment, operation and development) of one or more institutions serving two or more towns, or cities and towns. In the absence of any stipulation to the contrary, the municipal councils concerned share the costs of maintaining their joint institutions commensurately with the populations of their municipalities.

2. The agreement must specify:

a) The activity and service area of the joint institution;

b) The proportions of the individual municipal councils' financial contributions;

c) The rights and obligations in conjunction with maintaining the institution, as well as the manner of exercising the rights; and

d) The conditions for cancelling the agreement.

3. To direct and oversee the joint institution, the municipal councils set up a committee, to which they appoint members commensurately with the populations of their municipalities. The committee elects its chairman and adopts its own rules of procedure.

4. The committee must be convened at the joint request of the committee members from any of the participating municipalities, or at the request of the institution's manager.

Joint Municipal Council

Section 45.

1. A municipal council may form a joint municipal council with another municipal council.

2. Upon forming a joint municipal council, the municipal councils partially or entirely consolidate their budgets, jointly maintain a council office and operate their institutions jointly.

3. Matters that concern only one of the municipalities are decided independently by its own municipal council.

4. At its first session, the joint municipal council adopts a resolution establishing itself, designating its seat and listing its participating municipalities. The joint municipal council adopts its own rules of organization and procedure. A meeting of the joint municipal council must be convened at the request of the mayor of any of the participating municipalities.

Affiliating Villages

Section 46.

1. A village with fewer than 200 residents forms a local government by affiliating with a contiguous town. The village meeting decides with which of the contiguous towns to affiliate. The selected town may not refuse the proposed affiliation.

2. As village elder, the councilman elected in the village chairs the municipal district comittee and convenes the village meeting.

Chapter IV.

LOCAL REFERENDUM, POPULAR INITIATIVE

Section 47.

1. The enfranchised citizen who maintains his permanent residence in the given municipality is entitled to participate in a local referendum or in a popular initiative.

2. In a resort, on issues affecting it, the enfranchised citizen who owns property in the resort is entiled to participate in a local referendum or in a popular initiative, even though he does not maintain his permanent residence there.

Section 48.

1. The municipal council must hold a local referendum on the following issues:

a) A proposal to merge or consolidate with another town or to end the merger or consolidation;

b) A proposal to incorporate as a new town;

c) A proposal to form, or to withdrawn from, a joint municipal council; and

d) Any other issue that a municipal ordinance specifies.

2. The municipal council may hold a local referendum:

a) On a matter that is within the municipal council's purview; or

b) To ratify a municipal ordinance.

3. A local referendum may not be held:

a) On the municipal budget;

b) On an ordinance levying local taxes or setting their rates; or

c) On personnel matters that are within the local council's purview.

Section 49.

1. A proposal to hold a local referendum may be presented to the mayor:

a) By at least one-fourth of the municipal councilmen;

b) By a committee of the municipal council;

c) By the governing body of a local voluntary public association; or

d) By the number of enfranchised citizens specified by municipal ordinance.

2. The municipal council must schedule a local referendum when the proposal to hold it has been presented by the number of enfranchised citizens specified by municipal ordinance.

3. The municipal council must act at its next meeting, but within a month at most, on a proposal to hold a local referendum. It must be held within two months following the proposal's adoption. The local referendum may be scheduled to be held on one day or two consecutive days.

4. In a town with fewer than 500 residents, the municipal council may let the town meeting decide the outcome of the local referendum, provided that more than half of the town's enfranchised citizens attend.

Section 50.

The outcome of the local referendum is binding on the municipal council. If the outcome was undecided, the municipal council decides the issue that was submitted to referendum. Another local referendum on the same issue may not be held within a year, not even if the outcome of the referendum was undecided.

Section 51.

1. Any matter within the municipal council's purview may be brought before the municipal council by popular initiative.

2. The number of enfranchised citizens specified by municipal ordinance may present the popular initiative to the mayor. The municipal council decides at its next meeting, but not later than within a month, whether to consider the popular initiative. The municipal council must consider the popular initiative that has been submitted by the number of enfranchised citizens the municipal council had specified.

Section 52

The municipal council regulates by municipal ordinance the further conditions and procedures for local referendums and popular initiatives.

Section 53.

A complaint of a violation of the Constitution may be filed with the Constitutional Court if the ordering of a local referendum or consideration of a popular initiative has been refused illegally, or if the local referendum was held illegally. The complaint must be filed within 15 days following the violation.

Chapter V.

THE TOWN, THE CITY, THEIR AREAS

Section 54.

1. On the local residents' proposal, a separate inhabited municipal district may incorporate as a new town if its conditions make it capable of exercising the fundamental rights of a local government, and of performing the functions prescribed by statute. As a prerequisite for incorporation, the local public services that are in place, a grade school with at least the first four grades, and a district dispensary must be maintained, without any significant deterioration in the quality of these services, and in a way such that also the remaining town will be able to provide them in its own area.

2. When incorporation as a new town is being considered, the municipal councilmen elected in the municipal district form a steering committee that drafts a proposal for the new town's area and—on the basis of expert opinion—for its name, for the division of assets, rights of monetary value and obligations, and for the sharing of costs. At the steering committee's request, the county prefect provides expert assistance to draft the proposal.

3. The steering committee presents its draft proposal to the residents who then approve it, either at a town meeting or by local referendum held in the municipal

district. On the steering committee's motion, the municipal council passes a resolution adopting the proposal. The president of the Republic acts on the proposal, which includes also the possible minority opinions.

4. The new town's outskirts adjoin its center to form a continuous area. In the absence of an agreement to the contrary, the municipality's outskirts must be divided proportionately with the number of residents living in the [new town's and the municipality's] centers.

Section 55.

The conditions and procedures under Section 54 apply also to a proposal for ending a merger or consolidation of towns. If the merger or consolidation is ended, then—in the absence of any agreement to the contrary—the areas of the towns will be the same as before.

Section 56.

1. On the basis of a local referendum, the municipal councils concerned may adopt resolutions calling for the merger or consolidation of the towns, or of a city and town, coalescing through expansion. The resolutions also propose a name for the new town. The ceasing town retains its name as a municipal district.

2. In the wake of a consolidation or merger, all the rights and obligations of the towns devolve on the new town or the city.

Section 57.

On the proposal of the residents of a municipal division [a ward, housing project, resort area, center of detached farms, etc.], the municipal council may grant the division local government rights over matters that affect only the division. The municipal council cannot refuse to transfer authority over such matters to the following:

a) A municipal district that arose as a result of a merger or consolidation;

b) An affiliating town;

c) An inhabited place in the outskirts; and

d) A resort area whose population is at least a fourth of the municipality's year-round population.

Section 58.

1. The municipal councils concerned may agree on transferring, taking over or exchanging sections of their areas.

2. In the case of transferring an inhabited section, the agreement requires the support of a majority of the local residents, expressed at a village meeting or in a local referendum. The transfer of an inhabited section cannot be denied when it has been proposed by a majority of the local residents, in a local referendum.

Section 59.

The costs of a change in area are borne by the town or city in whose favor the annexation occurred. The change in area becomes effective the first day of the [next] calendar year.

Section 60.

A town or city must be named so that it will not be confused with another locality in the country. When ending the merger or consolidation of a town, it usually regains its former name. The professional opinion of the agency concerned with geographic names must be sought before the local residents adopt a standpoint on naming a new town.

Section 61.

A town may propose that it be declared a city if its development and regional role warrant city rank. The municipal council submits its proposal to the President of the Republic, through the interior minister.

Section 62.

The territories of the state organs that are located in the city, but have jurisdiction also over the towns, must be coordinated and drawn in a way that is favorable for the population.

Chapter VI.

CITY WITH COUNTY STATUS

Section 63.

1. On the city council's proposal, the National Assembly may grant county status to a city with a population of more than 100,000 (version A) or a population of about 60,000 (version B). The city with megye status is a municipality that also assumes—with departures as appropriate—the county's scope of functions and authority on its own territory.

Note: Version A regards our present cities with megye status as qualified to perform also county functions. Version B holds that the requirement of population size can be set at 60,000, which still makes for a large city under our domestic conditions. At present we have eight cities with populations of more than 100,000, and twelve cities whose populations reach, or are close to, 60,000.

2. The governing body of a city with megye status is the city council. It may form districts and establish district offices.

3. The head of the district office is the district magistrate, to whom the city's mayor delegates some of his local government functions.

4. The city council appoints the heads of the district offices. It may form district committees from among the city councilmen elected in the individual districts.

Chapter VII.

BUDAPEST

Section 64.

1. Local government in Budapest—in view of the capital's outstanding role in the country's life, and of its unique situation—is achieved through organs of the Budapest districts that the National Assembly establishes, and through metropolitan organs.

2. To the Budapest districts the law generally assigns the same scope of functions and authority as to other municipalities.

3. The governing body of metropolitan Budapest is the metropolitan council. By law, the metropolitan government performs the functions and tasks that affect all or a large part of the capital.

Section 65.

1. District mayors are elected in the Budapest districts, and a metropolitan mayor is elected for Budapest. A clerk heads the office of each Budapest district council, and the chief clerk heads the metropolitan council's office.

2. In view of the capital's unique situation, statutory regulations may grant to the metropolitan mayor, rather than to the Budapest district mayors, authority over certain local government matters.

3. The Budapest district councils may agree to form a combination to administer local government matters of a certain kind for several Budapest districts or for entire metropolitan Budapest.

Chapter VIII.

THE COUNTY

The County's Functions and Authority

Section 66.

1. The county is obliged to perform the statutory functions that may be prescribed as mandatory for municipalities. Statute may assign the county mandatory responsibility for providing public services of the consolidated-district type that cover all or a large part of the county's territory. Statute may prescribe as a mandatory county responsibility the organization of a consolidated-district public service when most users of the service do not reside in the area of the municipality where the institution providing the service is headquartered.

2. The municipality where a county institution providing a consolidated-district public service is headquartered may voluntarily assume responsibility for the institution's development and management if, on average for the preceding four years, the municipality's permanent residents accounted for a majority of the users of the public service that the county institution provides.

3. Within the range of the public services that statute prescribes as mandatory for the county, a municipality—alone or in a combination with other municipalities—may establish a new consolidated-district institution and organize a new consolidated-district service.

4. In cases that fall under the provisions of Paragraph 2 or 3, the municipality receives a share of revenue commensurate with the assumed or undertaken functions. Over and above the sharing of revenue from the county or state budget, the municipality where the institution providing the service is headquarted may not claim any other revenue-supplementing grant-in-aid from the state or county, and it may not refuse to supply the nonlocal demand for the public service it provides.

Section 67.

In addition to its statutory responsibilities, the county may voluntarily undertake any public function that statutory regulation has not assigned to another organ's exclusive jurisdiction, or the performance of which does not violate the interests of the cities and towns that the county represents.

Section 68.

The county represents and safeguards the interests of the county's municipalities and regions, as well as the interests of the county as a whole.

Section 69.

1. On the basis of its own plan and budget, the county freely administers its revenue, may freely dispose of county property as defined by statute, and may engage in business activity for its own account. To administer its functions more effectively, the county is free to form a combination with another county or with any municipality.

2. On the basis of statutory authority, the county may enact county ordinances and may order a county referendum.

The County Government's Organization

Section 70.

1. The county's governing body (the county council) and its organs perform the county's local government functions.

2. The county council has one councilman for every 10,000 residents, but at least 50 councilmen.

Section 71.

1. Delegates chosen by the municipal councils elect the county councilmen.

2. The county prefect determines, commensurately with the size of the district's population, the number of county councilmen the delegates of one or more municipalities elect in a district.

3. Each municipal council elects three delegates, by ballot and a two-thirds majority. Two of the delegates are elected from among the municipal councilmen; and the third delegate, from among the municipality's enfranchised citizens.

4. The municipal council nominates one of the three elected deputies as a candidate for county councilman.

5. The meeting of delegates may propose and nominate additional candidates. Nomination is by open vote.

6. The name of every candidate must be included on the ballot. Voting is by ballot. Each delegate may vote for as many candidates as there are seats to be filled on the county council.

7. Depending on the number of seats to be filled on the county council, the candidates with the most votes become the county councilmen.

8. The ballot on which votes have been marked for more candidates that there are seats to be filled on the county council is invalid.

Note: If the National Assembly does not accept the indirect election of county councilmen as provided above, the county councilmen will be elected directly. The draft of the Electoral Law contains detailed provisions for their direct election. In the professional debates it has also been proposed to have a county council consisting of the local governments' chief executives. The Council of Ministers does not support that proposal because it would make for too one-sided representation of interests.

Section 72.

1. The executives of the county council are its chairman and deputy chairman, whom the county councilmen present elect by ballot and a two-thirds majority, to four-year terms.

Note: An equivalent solution would be to have as the county council's chief executive a county subprefect whom the elected county councilmen elect by ballot and a two-thirds majority, to a four-year term. The view is widespread that a county subprefect would be more in accord with the Hungarian traditions of local government.

2. The county council must establish an auditing committee. For the more effective performance of the county council's specific functions, moreover, the county council may freely establish also other committees, but must reserve a majority of the seats on the committees for the councilmen who have been elected county commissioners, as well as for other councilmen. The county council elects the committees' other members from among representatives of the services' providers and users, as well as of other interested parties. The committee chairmen are county commissioners.

3. From among its councilmen, the county council forms a board with comprehensive responsibilities. The members of the board are the county council's chairman and deputy chairman, the chairmen of the county council's committees, the county commissioners and—with a voice but no vote—the head of the county office. The county council may appoint also other persons to the board.

Section 73.

1. The county office aids the county bodies and executives in their work. Its task is to professionally draft and prepare the resolutions and decisions, and to organize and oversee their implementation. The chairman of the county council supervises the county office.

2. The head of the county office is the county chief clerk, whom the county council appoints for an indefinite period. The county chief clerk exercises the employer's rights in relation to the workers of the county office.

3. The county council adopts the office's rule of organization and procedure, and also provides the material prerequisites for the office's operation.

Section 74.

The rules prescribed for municipalities apply, as appropriate, also to counties.

Chapter IX.

THE ECONOMIC FOUNDATIONS OF LOCAL GOVERNMENT

Local Government Assets

Section 75.

1. Property, and rights of monetary value to which a local government is entitled constitute its assets that serve the realization of local government objectives.

2. Primary assets are a separate part of the local government's assets, and separate records must be kept of them. An inventory listing the local government's assets must be attached to the annual local government budget's report balance of revenue and expenditure.

Section 76.

1. The primary assets are either nontransferable or their transferability is limited.

2. Nontransferable primary assets are the local roads and their fixtures, the squares and parks, and all other real estate and movable property that the local government has declared nontransferable.

3. Primary assets of limited transferability are the public utilities, institutions, public buildings, and all other real estate and movable property that the local government

specifies. Primary assets of limited transferability may be disposed of under the conditions specified by local ordinance.

Section 77.

1. Except as specified in the present law, a local government enjoys all the rights and bears all the responsibilities of an owner. The local government's council exercises the owner's rights.

2. A local ordinance may require approval by referendum as a condition for selling, mortgaging, contributing as capital or using in any other way the local government's specific assets or equity interest.

3. A local government's business ventures may not jeopardize the performance of its mandatory functions. A local government may participate in a business in which its liability is limited to its capital contribution.

4. The assets a local government contributes to a combination with other local governments (Sections 44-46) must be entered in the records as the property of that local government. However, the accretion of the contributed assets is the joint property of the participating local governments, and the Civil Code's rules of joint ownership apply.

Section 78.

A local government may own any asset that is not owned exclusively by the state.

Local Government Finances

Section 79.

1. The local government performs its functions, which stem from the local population's needs and central statutory regulations, by operating institutions and enterprises, procuring services, and subsidizing the activities of businesses and funds.

2. The local government finances its functions from its own revenues, the shared state tax revenues, the revenues received from the social security fund, the central budget's standard block grants and other grants-in-aid.

Note: A separate law will regulate in detail the revenues received from the social security fund.

3. The local government prepares and adopts its own economic program and budget. Its consolidated budget is separate from the state budget.

4. The local government sets up its accounting system in accordance with the state system for the administration of public revenues.

Section 80.

The local government's own revenues are:

a) The local taxes levied and assessed as specified by statute;

b) The earnings from its own activities, businesses and assets;

c) The fees specified by separate statute;

d) Received funds; and

e) Other receipts.

Section 81.

The tax-sharing that the National Assembly approves for local governments by separate statute includes:

a) The specified share of personal income tax revenue; and

b) Other shared taxes.

Section 82.

1. The National Assembly provides standard block grants from the state budget, in proportion to the size of the municipalities' populations and age groups, to the number of persons their institutions serve, and on the basis of other indicators.

2. Local governments in general and the ones performing a function within the scope of functions defined by statute, respectively, are directly entitled to the amount specified in the law adopting the [annual] state budget, without any spending restrictions.

Section 83.

1. The National Assembly sets socially preferential objectives. Statute contains the levels and conditions of the special purpose grants-in-aid [for such objectives].

2. Local governments may claim special purpose grants-in-aid collectively as well as individually. Any local government that meets the conditions is entitled to the special purpose grants-in-aid.

3. A special purpose grant-in-aid may be used solely for the given objective.

Section 84.

1. The National Assembly may provide specifically targeted grants-in-aid to individual local governments for the realization of costly development and modernization projects.

2. A specifically targeted grant-in-aid may be used solely for the specified purpose.

Section 85.

To safeguard the independence of municipalities and their ability to function, the municipality that is in adverse financial conditions through no fault of its own is entitled to a revenue-supplementing block grant from

the state budget. The National Assembly determines the conditions for providing such grants and their amounts in the law adopting the [annual] state budget.

General Rules of Local Government Finances

Section 86.

The local government:

a) can form an institution and assume public works;

b) can borrow credit and issue bonds, but no local government base assets can be used to do so.

Section 87.

1. Local government shall support its institution. It cannot use or include any revenues not received through mandatory institutional fees in its subsidy for the institution.

2. The institution spends its receipts and subsidy independently. Without prejudice to its basic function, the institution may utilize its real estate and movable property to augment its income.

3. The local government may subsidize the operations of institutions maintained by others.

Section 88.

1. The governing body is responsible for the soundness of the local government's finances, and the mayor is responsible for compliance with the regulations.

2. The local government is responsible for any deficit in its finances. The state budget is not liable for the local government's obligations.

3. On the petition of the creditors, the court may declare the local government insolvent.

4. The local government is insolvent when attempts to levy execution on its assets to satisfy a claim have repeatedly been unsuccessful over a longer period.

5. To restore its solvency, the local government must suspend the financing of all its functions other than local government functions and essential services for the population.

6. The local government may obtain a bank loan to finance its local government functions and essential services for the population.

Auditing Section

Section 89.

1. Whenever necessary but at least once every two years, the local government's council must call in outside auditors to audit the local government's accounts.

2. The Office of the State Auditor General audits the spending of the specifically targeted and special purpose grants-in-aid, and the legality of the claims for standard block grants.

3. The local government audits the accounts of its own institutions.

Chapter X.

LOCAL GOVERNMENTS AND THE CENTRAL GOVERNMENT: PROTECTION OF LOCAL GOVERNMENT RIGHTS

Central Organs' Functions and Authority Regarding Local Governments

Section 90.

1. The National Assembly regulates by statute:

a) The legal status of local governments, the scope of their exclusive functions and authority, their mandatory functions and organs, the guarantees of their activity, their assets, and the basic rules of their finances;

b) The legal status of the local governments' councilmen, the manner of electing them, and their rights and obligations.

2. On the proposal of the Council of Ministers, the National Assembly may dissolve a local government's council whose activity is unconstitutional (Section 19, Paragraph 3, Item l, of the Constitution). A byelection must be held when the National Assembly dissolves a local government's council.

3. The National Assembly must act on the dissolution proposal at its next sitting. The mayor of the local government concerned must be invited to the deliberation of this item on the National Assembly's order of the day. Before the proposal is submitted to a vote, the mayor has the right to address the National Assembly and to present the council's standpoint.

4. The National Assembly determines the country's territorial subdivision and—after consulting the local governments concerned—decides about consolidating or dividing counties, changing their boundaries, naming them, designating the county seats, granting a city county status, and establishing Budapest districts.

Section 91.

The president of the Republic:

a) Schedules local elections (Section 30/A, Paragraph 1, Item d, of the Constitution);

b) On the proposal of the local governments concerned, decides about granting a town city status, incorporating a new town, merging or consolidating towns, ending the merger or consolidation, and naming the cities and towns;

c) Appoints, until the election of a new council, a commissioner of the republic to supervise the performance of specified local government functions and the state administrative functions, when the National Assembly has dissolved a local government's council.

Section 92.

The Council of Ministers:

a) In cooperation with the interior minister, oversees legality in local government through the county prefect (Section 35, Paragraph 1, Item d, of the Constitution);

b) Proposes to the National Assembly the dissolution of a council whose activity is unconstitutional;

c) Regulates by decree the state administrative functions and authority of the mayor, metropolitan mayor and county prefect, and the qualificational requirements for local public servants;

d) Oversees the performance of the state administrative functions within the local governments' purview, and ensures the conditions for their implementation; and

e) Decides disputes arising between a state administrative organ and a local government when other, legally regulated procedures for the resolution of disputes do not apply.

Section 93.

The prime minister, on the interior minister's recommendation, appoints the county prefect and has authority to discipline him.

Note: In the course of preparing the draft law, it has been proposed that the prime minister appoint the county prefect from a list of names submitted by the county council.

Section 94.

The interior minister:

a) Prepares the territorial subdivision decisions that are within the purview of the National Assembly and of the president of the Republic, respectively;

b) Recommends to the Council of Ministers the introduction in the National Assembly of a proposal for the dissolution of a local government's council whose activity is unconstitutional;

c) Participates in drafting the statutory regulations, the other legal instruments of government, and the special government decisions affecting, respectively, the local governments' scope of functions and authority, and the activities of the mayor, metropolitan mayor or county prefect;

d) Coordinates the regional and municipality planning in which local governments are involved, and the central government's functions in conjunction with the local governments' own planning and finances; and

e) Under authority delegated by the Council of Ministers, supervises the activities of the county prefects.

Section 95.

The minister:

a) Establishes by decree departmental rules for the state administrative functions of the mayor, metropolitan mayor and county prefect, and oversees the enforcement of such rules;

b) Regulates by decree the departmental requirements for the operation of the local governments' institutions as well as the qualificational requirements for the institutions' workers, and oversees enforcement of such regulations;

c) Informs the local government of the results of the inspections his department conducts pursuant to Items a) and b). Recommends measures for the elimination of shortcomings and may propose that the local government's council debate the findings of the inspection. Informs the organ overseeing legality in local government whenever violations of the law have been uncovered;

d) Informs local governments about the central policy objectives and regulatory tools of his government department, and supplies local governments with the information they need to perform their departmental functions;

e) May request local governments to supply data and information regarding their departmental functions; and

f) May provide grants-in-aid for local governments, under the conditions and for the purpose specified in the law adopting the [annual] state budget.

The County Prefect (Government Commissioner)

Section 96.

In the county, in the city with county status and its districts, and in Budapest and its districts, the county prefect:

a) Oversees legality in local government;

b) Acts as public authority of first instance in matters specified by statutory regulations and decides the appeals over which he has jurisdiction in all state administrative matters in which the mayor (metropolitan mayor) or the head of a district office in a city with county status acted as public authority of first instance;

c) Performs other state administrative functions assigned to him by statutory regulations;

d) Upon the local government's request, provides professional methodological guidance and assistance;

e) Coordinates the activities of his office with those of other state administrative agencies operating in the county, the capital or [other] city with county status.

Note: Throughout the course of preparing the Draft Law, it has been suggested that government commissioner would be a more suitable designation than county prefect.

Section 97.

1. Within his scope of overseeing legality, the county prefect serves the council notice to end a violation of the law and sets a time limit for ending it.

2. The council must study the contents of the notice. Within the specified time limit the council must inform the county prefect either about what action it has taken on the basis of the notice or that it disagrees with the notice.

3. If the council does not reply to the notice within the specified time limit, or if it has failed to act to end the violation, the county prefect may:

a) Institute proceedings before the Constitutional Court to review and to declare null and void an ordinance that violates the law;

b) Institute proceedings before the [regular] court for the judicial review of a resolution, internal rule or other decision that violates the law;

c) Propose the convening of the local government's council to end the violation and to establish which council official is responsible for the violation.

4) In the case of Paragraph 3., Item b), the suit must be filed against the council within 30 days following the expiration of the specified time limit. The filing of the suit has no dilatory effect upon the implementation of the decision, but the court may be requested to order the suspension of implementation. Otherwise the provisions of the Code of Civil Procedure, Chapter XX, apply to the proceedigs.

Section 98.

1. The prime minister appoints the county prefect for the duration of the current National Assembly from among persons who meet the qualificational requirements set by statutory regulations. The county prefect has the rank of a titular state secretary.

2. Except as provided under Section 93., the interior minister exercises the employer's rights in relation to the county prefect.

3. The county prefect's office assists him in performing his functions. He appoints the workers of his office and determines its internal rules of organization and procedure.

4. The Council of Ministers sets the appropriation for the county prefect's office, within the Interior Ministry's budget.

Right of Recourse

Section 99.

1. In any matter involving the local government's rights or the scope of its functions and authority, the local government's council—either directly or through its interest-representing organization—has recourse to the head of the state organ with jurisdiction in the given matter, and may:

a) Request from him information, data, professional advice or an interpretation of the law (hereinafter jointly information);

b) Present proposals to him and initiate action;

c) Comment on or object to the activities of the state organ he heads, the statutory regulation or other legal instrument of government he issued, or other decision he made; and propose amending or rescinding the regulation, instrument or decision.

2. The state organ resorted to must give a pertinent answer within 30 days.

3. If providing information, giving an answer or taking action is in the jurisdiction of an organ other than the one resorted to, the latter must transfer the application to the appropriate organ and must inform the resorting local government of this within three days.

Representation of Local Government Interests

Section 100.

1. Local governments may form national or regional organizations to collectively represent and safeguard, and to promote the assertion of, their rights and interests, and to develop their activities.

2. The national organization representing the interests of local governments expresses its opinion of the drafts of statutory regulations and other governmental decisions affecting local governments. The decisionmaking organ must be informed of the interest-representing organization's standpoint.

Chapter XI.

FINAL PROVISIONS

Section 101.

1. The executive committees of the [present] local councils will continue to function until the first meetings of the [new] local government councils.

Note: If Section B/32 of the Draft Law is adopted and the mayor is elected by direct vote, then the executive committee will continue to function until the mayor's election.

2. The employment of the secretary to the [present] local council's executive committee will continue until the appointment of the clerk (or chief clerk).

Section 102.

1. The new municipal council of a peripheral town belonging to a joint local council that is in existence when the present law becomes effective (hereinafter joint local council) will decide by 30 November 1990:

a) Whether to maintain its institutions alone or jointly with another municipal council;

b) Whether to establish a district clerkship (with which towns, and where to have its seat) or to set up an independent office and appoint a clerk;

c) Whether to establish a joint municipal council, with which towns, and where to have its seat.

Note: This Draft Law assumes that the first round of the local elections will be held on 23 September.

2. If the peripheral towns of the joint local council do not establish a joint municipal council, they will agree on a division of the existing assets.

3. The municipal council of the town where the joint municipal council maintains its seat cannot refuse to let the town serve as the district clerkship's seat.

4. The village meeting of a village with fewer than 200 residents will decide—within ten days following the announcement of the local elections' date—with which neighboring town it will form a local government.

Section 103.

If the towns concerned are unable to agree, the county prefect will determine which towns are assigned to the district clerkship. If the assignment is prejudicial to the population's interests, the town council may have recourse to the interior minister, through the county prefect.

Section 104.

The institution established by the [present] joint local council and serving several towns will be jointly owned by the towns in question. If the joint institution can be divided among the towns, their municipal councils may agree on a division that will become effective as of 31 December 1990.

Section 105.

1. The following state-owned assets are to be transferred to, and become the property of, local governments:

a) The range of real estate property, forests and waters specified by separate statute and located on the local government's territory;

b) A share, specified in a separate statute, of the assets of the production, trade, service, local transportation enterprises and publicly financed plants that are managed by the [present] local councils or were established with their budgetary resources;

c) In the centers of the municipalities, the structures, lines and installations of the public utilities serving the population, except the structures owned exclusively by the state;

d) The assets of the educational, cultural, health care, welfare, sports and other establishments that the [present] local councils manage or oversee as owners;

e) The stock of public housing administered by the [present] local councils or their housing management agencies;

f) The public buildings and the land attached to them, with the exception of the buildings that serve the central government's functions; and

g) All cash assets, securities and other rights of monetary value belonging to the [present] local councils.

2. By the force of the present law, all state-owned real estate, forests, waters, cash assets and securities managed by the [present] local councils, their organs and institutions will automaticaly become the property of the local governments the day this law goes into effect. The [present] local councils' claims and obligations will devolve on the local governments.

Note: The computers procured at the state budget's expense and used by the offices that maintain the accounts of the local councils' budgets will not become the property of the local governments.

3. To transfer to local governments the state-owned real estate properties, forests and waters specified by separate statute, the structures of public utilities, as well as the assets of the production, trade, service, local transportation enterprises and publicly financed plants, or to divide such assets between the local government and the enterprises, the central government will establish in each county a committee for the transfer of assets. These county committees will make the decisions about transferring the assets, and about settling the debts with which the properties and assets are encumbered.

4. Until ownership of the assets pursuant to Paragraph 3. is transferred to local governments, the assets are transferable only with the consent of the committees for the transfer of assets. The committees will function in the manner, and for the duration determined by the central government. The costs of transferring the assets must be covered from the state budget.

5. The decision of the committee for the transfer of assets conveys to the local government ownership of the state-owned land in the local government's center.

Note: In the course of the committee's work, it will be necessary to ensure that the local governments get back from the state primarily the land they used to own. In the Land Law that is now being drafted, it will be advisable to assign to the category of exclusive state ownership the Soviet barracks, together with the land attached to them, located in the centers of municipalities. Provisions regarding their future will have to be made after the Law on the Units of Local Government goes into effect.

6. Unless the local governments concerned agree otherwise, the committee for the transfer of assets will convey to the county, or to the municipalities as joint owners, the interlocality structures, lines and installations of the public utilities and municipal enterprises serving several local governments, and also the roads connecting the localities.

Section 106.

The designation township may be used by the towns that had township councils when the present law became effective, as well as by towns with populations of at least 5,000.

Section 107.

The present law will become effective the day of the 1990 local elections.

Section 108.

1. When the present law becomes effective, the following will be rescinded:

- Law No. I/1971 on Local Councils, as modified and amended by Sections 1-18 of Law Decree No. 26/1983, and by Law No. IV/1985, Law Decree No. 21/1987 and Sections 1-3 of Law No XXII/1990.
- The provisions governing local referendums and popular initiatives in Law No. XVII/1989 on Referendums and Popular Initiatives.
- The passages "the council is of a local nature" in Section 3, Paragraph 3, and "and the councils"' in Section 18, Paragraph 1, of Law Decree No. 3/1976 on State Decorations.
- Resolution of the Presidential Council No. 23/1983 on Designating the Cities Participating in County Administration, the Townships With City Status and the Suburban Towns, but this does not affect the individual state organs' territorial jurisdictions established on the basis of the said resolution.
- Decree of the Council of Ministers No. 4343/1949 (14 Dec) on Naming the Counties, Designating Their Seats and Drawing Their Boundaries, as modified and amended by Decree of the Council of Ministers No. 96/1989 (31 Aug).
- Government Decree No. 11/1971 (31 Mar) Implementing Law No. I/1971 on Local Councils, as modified and amended by Sections 1-34 of Decree of the Council of Ministers No. 50/1983 (28 Dec), by Decrees of the Council of Minister Nos. 9/1985 (7 Mar) and 25/1985 (6 May), by Section 1 of the Decree of the Council of Ministers No. 33/1986 (26 Aug), by Decree of the Council of Ministers No. 86/1988 (15 Dec), and by Sections 1-3 of the Decree of the Council of Ministers No. 44/1990 (13 Mar).
- Decree of the Council of Ministers No. 9/1985 (7 Mar) on Local Boards.
- Decree of the Council of Ministers No. 34/1986 (26 Aug) on the General Rules for Establishing and Closing Down the Local Councils' Cultural Institutions.
- Resolution of the Council of Ministers No. 1006/1974 (22 Feb) on Designing and Using Local Emblems and Banners and on Granting Freedom of the City or Town, as modified and amended by Sections 15 and 16 of Decree of the Council of Ministers No. 44/1990 (13 Mar).
- Resolution of the Council of Ministers No. 1033/1977 (17 Aug) on the Decorations and Other Awards That Local Councils May Establish, as modified and amended by Part II of Resolution of the Council of Ministers No. 1006/1985 (1 Mar).
- Resolution of the Council of Ministers No. 1055/1983 (28 Dec) on the Local Councils' Health Care and Welfare Institutions.
- Regulation of the Council of Ministers' Office for Local Councils No. 1/1985 (28 Mar) Setting the Honorariums of Village Elders, as modified and amended by Resolution No. 3/1987 (14 Dec).

2. The National Assembly authorizes the justice minister to restate, with the necessary editing, and to reissue the updated text of Law No. XVII/1989 on Referendums and Popular Initiatives.

Note: Following the enactment of the Law on the Units of Local Government, a wide-ranging effort to draft new legislation will be necessary. The Council of Ministers has instructed the individual ministers concerned to prepare the draft laws that will flesh out the Law on the Units of Local Government. Specifically, the draft laws on property reform, the administration of public revenues, local taxes, land reform, and civil servants will have to be elaborated this summer so that they may be ready to be introduced in the National Assembly during its September session. The local governments' scope of functions and authority will have to be spelled out in detail in a breakdown by government departments. In addition to the provisions that the present Draft Law lists as having to be rescinded, it will be necessary to modify and amend other statutory regulations as well. As a result of the work on drafting the new legislation that the Council of Ministers has already identified, by the time they will have been formed the local governments will have at their disposal the conditions necessary for their work.

Text of Draft Resolution on Counties

Section 1.

Pursuant to Section 90, Paragraph 4, of Law No .../1990 on the Units of Local Government, the National Assembly hereby determines the division of the Republic of Hungary into counties with their present boundaries, names the counties and designates their seats as follows:

1. Bacs-Kiskun County, county seat Kecskemet;
2. Baranya County, county seat Pecs;
3. Bekes County, county seat Bekescsaba;
4. Borsod-Abauj-Zemplen County, county seat Miskolc;
5. Csongrad County, county seat Szeged;
6. Fejer County, county seat Szekesfehervar;
7. Gyor-Moson-Sopron County, county seat Gyor;
8. Hajdu-Bihar County, county seat Debrecen;
9. Heves County, county seat Eger;
10. Jasz-Nagykun-Szolnok County, county seat Szolnok;
11. Komarom-Esztergom County, county seat Tatabanya;
12. Nograd County, county seat Salgotarjan;
13. Pest County, county seat Budapest;
14. Somogy County, county seat Kaposvar;
15. Szabolcs-Szatmar-Bereg County, county seat Nyiregyhaza;
16. Tolna County, county seat Szekszard;
17. Vas County, county seat Szombathely;
18. Veszprem County, county seat Veszprem; and
19. Zala County, county seat Zalaegerszeg.

Section 2.

The present resolution will become effective the day of the 1990 local elections.

Note: The Draft Resolution retains the present division into counties. The [present] Gyor-Sopron County Council proposed the change of that county's name. Because of the need to prepare and hold local elections, the division into counties cannot be changed at this time. Once the new local government councils are in place, on their proposal and after thorough analysis, the National Assembly might decide to change the division into counties.

LEGISLATIVE INTENT

For the Draft Law on Local Governments

GENERAL LEGISLATIVE INTENT

A rule-of-law state can find its supporting pillars only in democratically constituted and functioning local governments endowed with suitable autonomy. Through strong local governments, spontaneously organized local exercise of power is realized under which the population is able to administer a wide range of local affairs within the limits of the law, either directly or through its elected representatives. Under a system of local governments, local communities democratically exercise their independence. In an environment that is friendly to local governments and provides the financial, organizational and legal prerequisites for local independence, local governments become capable of initiating locally the processes of their own development; of adapting effectively and with public satisfaction to the diversity of local peculiarities and requirements; and of participating as autonomous local governments in the local realization of national public functions. Acting within their wide scope of functions and authority, the local governments express the local public will and articulate the local public interest. This way the system of local governments, once developed, is also capable of raising barriers to attempts at excessive centralization.

According to the Draft Law, the present system of local councils is being replaced by a system of local governments. It was a historical loss of direction that in 1949 we had to liquidate our self-governing local organizations, of which we had centuries of experience. Hungary's system of local councils, similar to the Soviet-type state structure's solutions, became the local servant of society's and the economy's organization that was overcentralized and preferred administrative methods. The excessive centralization left little room for local independence. The democratic leaders of local actions were not the elected governing bodies, but actually the local council officials whom the higher state organs wanted to direct by manual control, and who simultaneously were subordinate also to the local organization of the state party's monolithic apparatus that likewise was controlled from above. In 1971, the latest Law on Local Councils attempted to build an incomplete solution of self-government into the old system of local councils, but within that system these attempts at modernization were no longer able to produce the desired results.

Recognizing all this and parallel with the development of the multiparty, democratic rule-of-law state, the National Assembly is introducing a system of local governments to replace the old system of local councils. Local reform of the self-governing type relies on Hungary's enduring historical traditions of local self-government. Adapting to the specific conditions in Hungary, the reform pursues the common values and basic requirements that have evolved in the course of the development of self-government in Europe.

DETAILED LEGISLATIVE INTENT

Chapter I.

Ad Sections 1-5

The Draft Law mentions three local government rights of outstanding importance: the right to independence, the democratic right to exercise state power locally, and the right to judicial protection of local government rights. Among the general provisions and in the subsequent

chapters, the Draft Law spells out these rights in detail, attaches guarantees for their assertion, and provides the organizational and operational framework for exercising them.

a) A local government has a right to local independence: It may regulate independently, or administer individually, public affairs of local interest.

Independence in voluntarily assumed local public affairs means that the local government may freely undertake the administration of any local public affair that statutory regulation has not assigned to another organ's exclusive jurisdiction; in such matters the local government may do anything that does not violate statutory regulations. Within the scope of its local functions mandated by statute, however, the local government has an obligation to act (to perform the functions), but it is independent in choosing how to fulfill locally its statutory obligation. In the course of performing locally its mandatory functions, the local government may set further objectives in accordance with the local conceptions and capabilities, and may independently devise local methods for the realization of central objectives.

The right to local independence means local freedom. Within the limits of the law and in the manner that the law guarantees, the local government may deliberate independently all matters within the scope of its functions and authority. It may act independently:

- in organizing local public services;
- in the course of exercising state power locally; and
- in creating the organizational, material and financial prerequisites for organizing society and the economy locally.

The local government's independent local decisions are not subject to review by another organ from the viewpoint of their expediency. In this sense the local government's decision is final, and it may be reviewed by another state organ (the Constitutional Court or regular courts) only from the viewpoint of legality.

Naturally, the right to independence cannot mean the local government's total independence. The laws of the National Assembly, the embodiment of national sovereignty, set limits for the local government and restrict it. State oversight of legality ensures that the local government exercises its independence legally. The Constitutional Court and regular courts review the illegal local decisions. The National Assembly and the government organs aid and influence the realization of local independence by providing financial and material resources.

The right to local independence presupposes that the legislature will interfere in local government affairs only when absolutely necessary, and that central overregulation of local affairs will cease.

b) Implementing locally the principle of popular sovereignty, the local government is entitled to administer local affairs through democratic procedures and in democratic fashion. The provisions relating to the democratic system and their social practice broaden the social bases of state power, subordinate to the local public will the local public services that are a part of local government, and ensure the citizens' wide participation in public affairs at the most immediate, local level.

It is the democratic right of the local community of enfranchised citizens to form their governing body in free elections. The enfranchised citizens may elect the head of their local government and may hold a local referendum on specific issues. The local government can act only through its elected body or official or by local referendum.

A committee of the local government's council or the council's office has only delegated authority in local government matters. Regarding the workings of the council, the detailed regulations in subsequent chapters of the Draft Law guarantee that decisionmaking follows democratic rules of procedure, that the majority's will decides, and that minority opinions may be voiced and are protected. The local administrative apparatus that helps to prepare and to implement the local government's decisions operates under the supervision of the council and of its elected head.

c) The rights of the local government and the lawful exercise of its authority enjoy the protection of the Constitutional Court and regular courts, in the cases and in the manner specified in other statutes.

According to the Draft Law, the local enfranchised citizens collectively are the subject of local government rights. To exercise those rights continuously and in an organized manner, the local enfranchised citizens set up a local governing body and elect its head. By comparison, the local referendum is an exceptional, rarer form of exercising local government rights. An important feature of the system of self-governing local authorities is that all units of local government have equal rights, but they may differ in terms of the scope of their functions and authority.

Ad Sections 6-7

Local capabilities and requirements differ, and so do local governments in terms of the scope of their functions and authority. The differences may arise in the local governments' voluntarily assumed (permissive) functions and authority, as well as in their (mandatory) functions and authority prescribed by law.

To ensure that in the rule-of-law welfare state as many essential services as possible (public education, health care, etc.) are organized by elected local governments rather than by deconcentrated state organs, the National Assembly—as the general rule—includes such services in the mandatory functions and authority of the local government councils. Statutes determine the mandatory functions in a breakdown by government departments. Whenever possible, statutes in the future will assign the

organization of most mandatory local government services to the basic units of local government, i.e., the towns and cities. But that does not prevent a municipality, if able to do so alone or in a combination with other municipalities, from voluntarily undertaking to provide a service that statute has not made mandatory for the municipal government. The central organ prescribing a mandatory function must see to providing the necessary prerequisites for performing the prescribed function locally.

In addition to its mandatory functions, a local government may freely undertake in its own area the administration of any public affair (especially a locally specific organizing or service function) that statutory regulation has not assigned to the exclusive jurisdiction of another organ. The local government must solve its permissive functions in a way that does not jeopardize the performance of its functions mandated by statute.

The development of local governments with wide-ranging responsibilities requires that each local government administer as many local public affairs as possible, performing its comprehensive scope of functions in a territorially complex manner. This way the local government is able to freely coordinate the public services provided locally by the various sectors. Such comprehensive administration covers the articulation of local requirements for a local service that is mandatory nationwide, as well as the mutual coordination of the various local services.

A larger local government cannot have any supervising or controlling function over a smaller one (the city over the surrounding towns, and the county over the cities and towns). A state official separate from local government, the county prefect (or government commissioner), oversees legality in local government. The actions of a local government are subject to review solely by the Constitutional Court or the regular courts, but only if the actions violate statutory regulations.

A statutory regulation may vest the municipality's chief executive also with state administrative authority. The local chief executive performs official duties that statutory regulations assign exceptionally to him (e.g., the performing of marriage ceremonies), participates in the local implementation of national campaigns (elections, referendums and censuses, for instance) and handles other state administrative functions (local administrative tasks during states of emergency, etc.). When warranted, the local chief executive may delegate specific state administrative functions and authority to individual members of his apparatus. Statute may vest exceptionally also an official of the municipal council with state administrative authority. This is warranted when local governments are assigned a wide range of state administrative matters.

Note: On local government it is expedient to enact a unified law, one that contains general provisions applicable to every unit of local government, and also the departures for the town, city, Budapest and the county. In the course of drafting this legislation, a minority opinion emerged favoring a separate laws to regulate the town, city and county as units of local government, and another law for Budapest. However, the present Draft Law is based on the logic of a unified law, with separate chapters for the individual types of local government units.

The Law on the Units of Local Government is necessarily a fundamental law, one to which important laws will eventually be linked. The National Assembly will enact most of these laws (on the administration of public revenues, land reform, the listing of the local governments' mandatory functions and authority, etc.) before the first local elections.

The [present] local councils' eclectic scope of functions and authority will have to be reviewed. It will be warranted to let the local governments retain, or expedite to assign to them, those public affairs in which the independence of local governing bodies makes sense. But it will be necessary to exclude those matters now in the present local councils' scope of functions and authority that do not tolerate the independence and characteristics of local self government. School inspectors and health inspectors, for instance, are able to function only as strong state services not subordinate to local authority. Similarly, legislation will eventually have to assign to independent specialized state agencies a significant proportion of the agenda now administered by the local councils' specialized agencies.

Chapter II.

Ad Sections 8-11

As units of local government, the basic mission of the town and city (municipalities) is to provide local public services and to exercise state power in local public affairs. The Draft Law mentions particularly municipal development and [other] functions essential to local society's life as a community. The local government freely determines the main objectives, tasks, areas and rate of municipal development, in accordance with the population's requirements. With due consideration for those requirements, the local government assumes its voluntarily, permissive functions on the basis of its capabilities, primarily its financial ability. According to the Draft Law, statute may mandate for the municipalities local government functions and public services that must be provided for the assertion of the citizens' rights. While the fundamental rights are equal and identical, statute may prescribe the mandatory functions differently for municipalities varying in their size. For larger and more capable municipalities (the ones with populations of 30,000, 50,000 and 80,000, for instance) statute may also prescribe additional (incidental) obligations, over and above the basic services.

In the interest of successfully performing its functions, the municipality supports its population's spontaneously organized citizens' groups.

The municipality's functions and authority are vested in its council. But the municipal council may delegate authority to its elected organs, thereby ensuring that the delegated responsibilities are administered continuously. The municipality performs its mandatory or permissive function through its own institution, or by subsidizing an institution that supplies the given service.

To assert the municipal council's governing role, the Draft Law lists the local matters over which the municipal council has exclusive authority that it cannot delegate.

The independence of the municipality as a unit of local government finds expression in the fact that matters within the municipality's scope of local government functions and authority are decided by the municipality and remain within it. If action taken by the municipality violates a statutory regulation, the client may go to court.

Ad Sections 12-18

The Draft Law regulates certain basic questions of how the municipal council works and takes action. These provisions ensure legality, the values of self-government, democratic rules of order, openness and the consideration of minority opinions. The municipal council itself determines all other rules of its organization and procedure.

At so-called public hearings, the Draft Law enables citizens' groups and voluntary public associations to present proposals directly to the municipal council on matters of public interest. The purpose is to allow bringing the collectives' proposals before the municipal council not just through its apparatus. As a rule, the municipal council does not act immediately on a proposal presented in the public interest, but sends the proposal to its own organs for study.

To pass a resolution, more than half of the councilmen present must support it. The votes must be of the same kind, identical in content (for or against). Because an abstention essentially means that the abstaining councilman does not support the proposed resolution, the abstension counts as a vote against, unless the rules of organization and procedure specify otherwise.

A tie vote shows that the proposal failed to gain majority support. A new proposal and further reconciliation may also be warranted in order to gain majority support.

When alternative proposals are presented on matters requiring a qualified majority, it may happen that none of the proposals gets enough votes for passage. If the matter is not urgent, the municipal council may also order the redrafting of the resolution and the presentation of additional alternatives. But if the matter is urgent or there obviously is no other alternative, it is warranted to submit the proposed resolution to another vote and permit passage by a simple majority.

Exercising state power locally, the municipal council enacts ordinances, either to regulate local social conditions or to implement statutes.

The establishment of contacts with the population, political parties, voluntary public associations and spontaneously organized citizens' groups is essential to the effectiveness of the municipal council's activity. In view of the differences between municipalities in terms of their size, nature, etc., it is not possible to regulate this system of contacts uniformly. It is important that the municipal councils themselves tailor these contacts to their local peculiarities.

Ad Sections 19-21

The municipal councilman's rights and obligations are in part the elected representative's traditional rights and obligations, and in part new rights and obligations stemming from the principles of self-government and the functioning of the municipality. Responsibility for the municipality as a whole permeates the councilman's rights and obligations.

The municipal council's entire work is based on the activity of the municipal councilmen. They participate not only in the municipal council's deliberations and decisionmaking, but also in drafting and implementing the council's resolutions.

The councilmen's rights and obligations are identical, regardless of how they were elected. In their capacity as members of the municipal council, the councilmen are entitled to the same protection [under criminal law] that officers of the law enjoy.

Although municipal councilmen are assigned responsibilities in the local government system, it is not warranted to make them full-time officials. They serve as part-time officeholders, without pay. But it is unavoidable that occasionally they must be released from work at their places of employment, for the time necessary to perform their official duties. However, employers cannot be expected to bear the financial burden of releasing the councilmen from work: It is warranted that the municipality compensate the councilmen for their resulting loss of income. The municipal council fixes the amount of compensation, and in general the allowances that municipal councilmen, commissioners and committee chairmen may claim.

From among its councilmen the municipal council may elect commissioners to continuously direct and supervise specific functions of the municipality.

Ad Sections 22-30

On the basis of the Draft Law, the municipal council's committees will be playing a greater role in the future: The municipal council may delegate decisionmaking authority to them. Nevertheless, the drafting of the

municipal council's resolutions and the overseeing of their implementation will remain the principal mission of the committees.

The municipal council freely determines its committee structure. In smaller municipalities the municipal council itself is able to administer the expanded functions of local government, without forming any committees other than a steering committee.

The local government's independence requires an auditing committee, except in smaller towns. Statute may mandate the formation of other committees as well.

The chairman and more than half of a committee's members must be municipal councilmen. The new role of the committees requires that representatives of organizations providing services within the committees' purview, of the services' users, of voluntary public associations, etc.—none of whom is a municipal councilman—also be elected to the committees.

According to the Draft Law, a municipal council may form a board comprising the mayor as board chairman, and the commissioners, committee chairmen and other municipal councilmen as board members. The formation of a board arises where there are several committees, and in more important matters it becomes necessary to reconcile the committees' views and to coordinate policy, before a meeting of the municipal council. The board has only delegated authority: The municipal council assigns its functions, and the board is answerable to the municipal council.

The Draft Law assigns a separate role to municipal district committees as subdivisions of municipal governments. A municipal district committee may consist of municipal councilmen elected in the district, and of enfranchised local citizens. It is particularly important to form such subdivisions of municipal governments in self-contained municipal wards, housing projects and resort areas. Desirable cooperation between the year-round residents and vacationers in resort areas, as well as the assertion of their interests, can be enhanced through resort associations and the municipal council's resort area committees. Through their resort area committee, vacationers are able to articulate their interests in matters before the municipal council; and matters that concern only the resort area can be decided by its committee, with the participation of the persons concerned.

Ad Sections 31-38

The mayor is elected either by direct vote or by the municipal council.

According to one version, the municipal council elects the mayor by ballot and a qualified majority. To stand for election as mayor, a person must be an enfranchised citizens, but not necessarily a municipal councilman.

The mayor is politically accountable to the municipal council. At the same time, he has also state administrative functions, for which he is accountable according to the rules applicable to civil servants. The municipal council determines the mayor's detailed functions. The election of one or more deputy mayors may be warranted to substitute for the mayor and to assist him in his work. The municipal council determines the number of deputy mayors and the scope of their functions. It is up to the municipal council to decide whether to elect a full-time deputy mayor or a part-time one serving without pay. The deputy mayor may be assigned responsibilities in municipal matters.

The state administrative functions mandated by statutory regulations require the municipal council to appoint a municipal clerk who meets the prescribed qualificational requirements. Under the mayor's supervision, the municipal clerk manages the municipal council's office.

The Draft Law ensures for the mayor a supervisory role over the municipal council's office. It also defines the municipal clerk's functions in managing the office and organizing its work.

On the basis of the Draft Law, statutory regulations give the mayor authority to decide municipal matters affecting a wide circle of the population. The mayor also supervises the work of the municipal council's office. Therefore the mayor's job is usually a full-time one. But a town with a population of fewer than 2,000 residents may opt for a part-time mayor serving without pay. That is for the municipal council to decide.

Ad Section 39

The municipal council establishes an integrated office to prepare for decision the municipal matters that the council specifies, to implement the decisions, and to handle the paperwork of the municipal council and its committees. The office also attends to the state administrative functions mandated by statutory regulations. Within this scope of such functions, the municipal council does not supervise the office's activity and, in specific matters, cannot instruct the mayor who directs the office. But the municipal council supervises the civilian administration of the citizens' affairs by the office.

Ad Sections 40-41

Towns with fewer than 1,000 residents are usually unable to maintain their own municipal council's office. As the general rule, therefore, the Draft Law makes the establishment of district clerkships mandatory for towns of this size. This way it is possible to ensure the professional administration of both local government and state administrative matters.

The Draft Law enables even a town with fewer than 1,000 residents to maintain a municipal council's office

of its own, provided the municipal council appoints a clerk who meets the prescribed qualificational requirements.

A separate grant-in-aid to pay the district clerk's salary will be warranted. Also for that reason, it will be necessary to limit the number of towns joining a district clerkship.

For the convenience of the residents of the towns belonging to the district clerkship, office hours for receiving clients must be held in each town. The municipal councils of the participating towns will mutually agree on the frequency and schedule of such office hours.

The municipal councils concerned may establish a board to supervise their district clerkship and their joint institutions.

Chapter III.

Ad Section 42

According to the basic principles of self-government, municipal councils may freely form combinations to make their functions more efficient and more effective. However, freedom to form combinations may not lead to infringement of the municipality's rights as a local government. The Draft Law grants local government rights to every town, but the segregated functioning of small municipalities is not the legislative bill's intended purpose. The Draft Law contains the principal forms of combination, from among which the municipalities may freely choose. From the principle of freedom to form combinations it naturally follows that municipalities may employ also other solutions to their mutual cooperation.

The Draft Law's aim is the formation by municipalities of larger, more comprehensive combinations. But only a lengthier process, the gradual creation of the social and economic conditions (of the infrastructure), can produce this result. Our towns must first become real local governments to consciously seek to develop more efficient and more economical public services of better quality through combinations, the way European local governments are doing.

Ad Section 43

Municipal councils may form a combination to professionally administer, within their state administrative functions, matters that are typically rare and require special knowledge. Such matters are specified by the state, and the [county prefect's] countersignature is a guarantee of legality.

Ad Section 44

The municipal councils concerned may form a combination for the joint management of their institutions, to jointly establish, maintain and operate institutions serving two or more towns, or cities and towns. Many different variations of such a combination are possible. On the basis of the Draft Law, the institutions that were established by former joint municipal councils to serve several towns will be jointly owned by the towns in question. The towns will continue to maintain the institutions jointly, by forming combinations for the joint management of institutions.

Ad Section 45

The most comprehensive form of combination is the one where municipal councils establish a joint municipal council. As a rule, the joint municipal council functions as the local governing body, and the individual towns' municipal councils retain only those functions that concern exclusively the given town.

Under this form of combination, every town retains its independence in matters that affect it alone, but the towns are also able to pool their material resources. An institution-maintaining combination is formed to jointly operate the towns' institutions. In the joint municipal council the towns may jointly act on matters pertaining to development and other functions. This way, in accordance with their mutual agreement, the towns are able to solve more effectively also their investment, modernization and other tasks as well.

Ad Section 46

A village with fewer than 200 residents is unable to form a council of its own. It is warranted to let such villages affiliate with a contiguous town to form a local government. But the affiliating village, as a quasi-subdivision of the local government, retains its independence to decide matters that concern it alone.

Chapter IV.

Ad Sections 47-53

Local refendums are an exceptional way of exercising local government rights. National referendums and national popular initiatives require statutory regulation. To take the local peculiarities into account, however, local referendums and local popular initiatives require regulation by local ordinance. Therefore the Draft Law contains provisions that guarantee local referendums and local initiatives, but leaves the details for the local government's council to regulate by ordinance.

Chapter V.

Ad Sections 54-62

Every part of the country's territory belongs to some local government. Municipalities have a constitutional right to their area, which can be changed only with their agreement.

The development of towns is a natural process. The populations of some towns decline, and at the same time new towns are incorporated. A basic condition for incorporating a new town is that the local citizens must propose the incorporation, must want to administer the

community's affairs themselves as a local government, and must be able to exercise the local government's fundamental rights and fulfill its obligations. It is not our objective to split up integral municipalities into separate towns. Therefore an important condition is that only separate, relatively self-contained municipal divisions can be incorporated as new towns. It is not warranted to make a new town's incorporation contingent upon the size of its population. As the minimal prerequisite for the community to live as a separate town, however, it must have a grade school with at least the first four grades, and a district dispensary. Essentially the decision to incorporate as a new town is made locally, and the Draft Law regulates the conditions and procedures for making such a decision.

Many towns were merged or consolidated in earlier decades. Here again, the Draft Law leaves it to the discretion of the local residents whether to propose ending the merger or consolidation.

In accordance with the municipality's structure and the local population's segmentation, the Draft Proposal assigns an important role to subunits of local governments. Cities and certain towns have divisions (wards, housing projects, resort areas, centers of detached farms, etc.) which—over and above their close supply and service links—also form distinct and relatively independent local communities. These communities, too, want to administer independently their own affairs within specified limits. Therefore the Draft Law authorizes the municipalities to form subunits of local government. Furthermore, to protect the interests of residents who are in a minority, the Draft Law specifies the cases in which the formation of a subunit of local government, and the transfer of local government rights over matters that affect only the division, cannot be denied.

By retaining the appellation of city, the Draft Law preserves the cities' values. It also makes possible the granting of city rank to additional towns, in recognition of their development and regional roles. It is not warranted to set detailed conditions for this.

The Draft Law protects the interests of town residents when it includes the organizing principle that the territories of state organs (courts, public prosecutor's office, land office, etc.) that are located in cities, but include also towns in their jurisdiction, must be cooordinated and drawn in a way that will make for the most convenient administration of the residents' affairs.

Chapter VI.

Ad Section 63

A city with more than 100,000 residents—or perhaps with about 60,000—is a municipality, but it also has county functions and authority in its own area. The city's developed network of services and its real functions qualify it to perform county functions and to exercise county authority. The role of such a city is reflected in its appellation of city with county status. Since the city itself performs county functions, it does not send a councilman to the county council.

The characteristics of the city with county status are reflected also in that it may form districts and establish district offices, and the districts may function as subunits of local government. This brings the administration of both local government and state administrative matters closer to the population.

Chapter VII.

Ad Sections 64-65

The capital requires special regulation. According to the Draft Law, Budapest will have two levels of local government. Local government functions, authority and responsibilities will be divided between the two levels so that unified administration and operation of metropolitan Budapest will be possible, yet the provision of basic services for the population and its representation will take place "closer" to the population, in the Budapest districts as the lower level of local government in the capital. For this we will need a local government for metropolitan Budapest, and also Budapest districts with separate legal status under public law. The boundaries of the present Budapest districts may be redrawn.

This two-level system of local government essentially differs from the [present] system of councils. Two things will change: the interpretation of local government according to the general rules that are to be institutionalized, on the one hand; and the definition of the scopes of functions for the two levels of local government in the capital, on the other. In the future the Budapest district will be a unit of local government whose basic functions and authority are defined by statute, generally the same way as they are defined for municipalities.

These basic units of local government are unquestionably necessary because of the capital's size. A single decisionmaking center would be too remote for the nearly two million residents. Furthermore, close to the small groups they serve, there are community service functions that are not organized on a large scale and warrant direct supervision. A single level of local government in the capital would pose the danger of power concentration also because the capital would be able to concentrate more rights than the other municipalities. The Budapest district is a local government with municipality functions defined and guaranteed by statute, performing its specific mandatory functions and the permissive ones it voluntarily assumes. According to the provisions of the law, the Budapest district will be responsible primarily for some areas of essential services. Thus, for primary education (kindergartens, grade schools, etc.), basic health care (day nurseries, network of district physicians and dispensaries, district outpatient clinic), basic welfare services, and management of the district-owned housing stock.

It will be well worth forming new districts primarily in divisions with separate concerns, where the population

wants an independent forum under public law. Hence it follows that in some Budapest divisions it will be possible to form also units of local government that are smaller [as published] (for example, the consolidated historical wards in the outer districts) or larger [as published] (new housing projects, for instance) than the present Budapest districts.

It will be more appropriate to identify the Budapest districts by their geographic names, rather than by numbers.

Ownership and the other conditions of independent finances will have to be provided at both levels of local government. It is extremely important to guarantee for the districts financial authority matching their functions. Statute, rather than the metropolitan government, will regulate the districts' revenues commensurately with the functions they perform. The only exception to this rule will be the regulation of tax sharing, and of authority to levy local taxes. On the one hand, it seems warranted to grant only the metropolitan government authority to levy local taxes. On the other hand, the reasonable ratio of tax sharing in the capital will probably be different than in the case of tax sharing between the municipalities and the counties. Therefore the National Assembly will set the ratio, or statute might require metropolitan Budapest to employ uniform regulation and a uniform ratio (not differentiated by districts). At the same time, the metropolitan council must have authority to give the districts standard block grants and special purpose grants-in-aid to narrow the differences between districts in terms of revenues and availability of services. The Budapest districts are entitled to the state grants-in-aid to municipalities for essential services. In this sphere (essential services), of course, the Budapest districts may claim the state grants-in-aid for development just like any other municipality (without having to refer to the metropolitan council).

On its part, the metropolitan level of local government in Budapest performs the functions and tasks that affect all or a large part of the capital. Ownership and material resources must be divided between the two levels of local government in accordance with the principles outlined above.

Chapter VIII.

Ad Sections 66-69

In the [present] hiearchic system of local councils controlled from above, the county councils and their organs gained a significant role, indeed a dominant one. The cities and towns criticized primarily the county councils' authority to withdraw and redistribute revenue, to act as the municipalities' superiors. The view prevailed that the counties were accountable to the central government for everything happening in them, and that the counties therefore had to supervise and control, constantly and comprehensively, the entire activity of the local councils' organs. The county became predominantly the servant of the central organs' expectations; the representation and reconciliation of the local councils' interests by the county lost their importance.

The self-governing county will have a [new] county council with wide-ranging authority and its own status under public law. On the basis of its composition and precisely defined functions, the county council will be able to articulate effectively the municipalities' interests, primarily before the central organs. It should be emphasized that the municipalities will not be subordinate in any way to the county government and its organs. The self-governing county's fundamental, primary responsibility will be the operation of institutions or services that supply special needs (an institute for the protection of infants and youths, a resident nursery, for instance) and/or cover all or a large part of the county's territory (the county hospital or museum, for example). A common characteristic of such functions is that they would not be feasible, or would be uneconomic and impractical, at the level of the municipalities.

At the same time it follows from the logic of regulation that the self-governing county must perform all the functions that the municipalities (especially the villages and the smaller towns) are unable to perform. To that end, the county operates various institutions and organizes various public services.

Over and above its local government functions, the self-governing county may undertake also additional functions, primarily the ones stemming from the given county's peculiarities. But it is important to declare the principle that the county may perform its functions only without prejudicing the interests of the municipalities and with full respect for their rights. The county has no right to dispose of the municipalities' material resources. Consequently, the county is concerned only with functions of the consolidated-district type and with the representation of interests. At the same time, there are unified, standard regulatory instruments to narrow the territorial differences, and the local governments themselves are directly the subjects of the basic economic rights associated with these instruments. This solution rules out the possibility of the redistribution of resources at the county level.

Since the county is a local government, it follows by definition that it, too, is entitled to the local government rights specified in Chapter I. of the Draft Law. Here the Draft Law does not repeat these rights. In conjunction with the county's scope of functions and because of their outstanding importance, however, the Draft Law does mention the county's authority to enact ordinances and to order county referendums, its freedom to adopt an economic plan and budget, freedom to form combinations, and its ability to acquire, hold and dispose of county assets.

Ad Sections 70-74

The Draft Law contains those main provisions regarding the county council and its organs that differ from the

provisions for municipalities, especially the way in which the county council and its organs are formed, and what they are called. For instance, the county subprefect, the county commssioners, the county council's board, and the county chief clerk.

The county council is elected indirectly, with the meanigful cooperation of the delegates whom the municipalities elect. The Draft Law takes into account the considerable variations in the present counties' size: It ensures proportional representation by districts (groups of municipalities among which there are truly close links). The principle of democracy is reinforced by the provision that one of the three delegates whom a municipality elects must be a local enfranchised citizen who is not a municipal councilman. The procedures for nomination and voting guarantee that the elections are clean.

The scale and nature of the counties' local government functions warrant the creation of a county board in every county. The main function of the county boards is to reconcile interests before the county councils act, to explore realistic alternatives, and in general to coordinate and draft the county councils' decisions.

At the county level it is both expedient and necessary to consistently separate the administration of local government functions from that of state administravice functions. A small apparatus (headed by an appointed county chief clerk) supports the county's local government bodies and their officials; and the county prefect, as the central government's local representative, handles state administrative functions with the help of his office. There cannot be any relationship of subordination and superordination between county organs and municipal ones. One of the guarantees of this principle is that legalitiy in all the local governments within a county is overseen by the county prefect (or government commissioner), a government official independent of the local governments in every respect.

Chapter IX.

Ad Sections 75-78

An essential condition for the functioning of local governments is that they own assets suitable for their functions. In contrast to state ownership that is nonsubjective at present, the right to acquire, hold and dispose of assets must be guaranteed as real ownership to local governments, and to municipalities in particular.

The main purpose of local government assets is to ensure a proportion of the public services that local governments provide. This fact necessitates that assets which serve to ensure the provision of essential services receive increased protection as compared with other assets. The Draft Law intends to satisfy this requirement first of all with provisions regulating the local governments' primary assets, which are either nontransferable or have limited transferability.

Within the limits of the present law, the ownership of business assets by local governments generally places the latter in the same legal category with other owners and enables them to engage in business for their own account. The Draft Law states this fact and at the same time confirms that special rules apply to primary assets.

The local government organization is the legal subject of the owner's partial rights. But exercising those partial rights is not the same as being their owner: The legal subject of local government ownership is the collective of the municipality's residents. This is reflected in the fact that the Draft Proposal requires approval by local referendum for strategic decisions on local government assets.

The local governments' freedom to participate in business ventures for their own account cannot jeopardize the performance of their essential functions. Legal restrictions on the assumption of liability ensure that.

Local government ownership must be carved out from monolithic state ownership by means of the present law's provisions. It is also in accord with the present law's general concept that local governments participate as owners in organizing and ensuring public services (with their primary assets), and that they simultaneously have sufficient assets to make them independent and to enable them to engage in business for their own account.

Determination of the scope of local government assets takes into consideration the principle that providing these assets should burden the state budget as little as possible.

Ad Sections 79-85

Local government finances, and their revenues in particular, are of decisive importance. Because revenues in a sense are guarantees, the Law on Units of Local Government must regulate them in detail. Therefore there are special sections dealing with the local governments' own sources of revenue, and with the so-called shared central taxes as well.

For similar considerations of principle, the Draft Law enumerates the grants from the state budget. Especially important among them are the standard block grants that local governments may claim as entitlements, as a legal guarantee of their economic independence. The essence of standard block grants is that the state supports the individual local government functions to a specified extent, on the assumption that the unit costs of performing the given functions are the same for every local government. A local government's grant from the state is determined as the sum total of several so-called partial per capita quotas, which the National Assembly sets. The partial per capita quotas are not estimates of expenditure, and local governments may spend the grants as they see fit.

Other significant sources of revenue will (or may) be the specifically targeted grants-in-aid, and especially the special purpose grants-in-aid.

To maintain their independence and ability to function, the financially weak local governments may claim revenue-supplementing grants in aid as their entitlement.

Ad Sections 86-89

A primary objective is to end the earlier, unwarranted restrictions on the finances of local governments, to ensure for them wide freedom in managing their finances in general and to significantly broaden their scope. But all this also increases the local governments' responsibility, requiring them to manage their finances prudently, purposefully, economically and in a disciplined manner. In addition to effectiveness, also conformity to the regulations is of decisive importance, and so is security in the administration of finances in general.

The listed requirements presuppose that the state organs concerned and the local governments both devise and employ effective auditing systems. In addition to the audits conducted by the State Auditor General's Office, the local governments audit the accounts of their institutions and regularly have their own accounts audited by outside auditors.

Chapter X.

Ad Section 90

The Draft Law gives the National Assembly exclusive authority to regulate the legal status of local governments, their rights, mandatory functions, the basic questions of their organization, their material resources, the principles of their finances, and also local elections. Except in a military or civilian state of emergency, these questions can be regulated only by statute.

The most serious action the state can take agains a local government is to dissolve its council. The law allows such drastic action solely when the local government is functioning unconstitutionally. If the council continues to function or act unconstitutionally, despite the notice of the organ that oversees legality and even after the expiration of the time limit specified in the notice, constitutional order can be restored only by dissolving the council. The Draft Law—in agreement with Section 19, Paragraph 3, Item 1, of the Constitution—gives the supreme representative legislative body the authority to dissolve a local government's elected council.

As the general rule, the population exercises its rights to local self-government through the local government council it elects. Therefore the council's dissolution necessarily means the suspension of the population's rights to local self-government. That situation should be kept as brief as possible. Therefore the Draft Law provides that the National Assembly must act at its next sitting on a proposal to dissolve a local government's council. Another legal guarantee is the provision that the mayor of the local government concerned must be invited to the National Assembly's sitting when it deliberates the dissolution proposal, and he must be given opportunity to present his council's standpoint, either in writing or orally, before the National Assembly acts on the proposal.

The Draft Law prescribes that a byelection must be held whenever the National Assembly dissolves a local government's council. After the promulgation of the National Assembly resolution dissolving the local government's council, the President of the Republic schedules the byelection, in accordance with the Draft Law on Local Elections.

The Draft Law grants the National Assembly authority to make the most important decisions regarding the country's territorial subdivision. Counties are the basis of the local governments' organization and operation within them. The local governments have definite political, economic, supply-related, infrastructural, employment-related, etc. interests associated with how the [counties'] areas and administrative boundaries develop. Therefore it is of importance to local governments as a guarantee that state organs not be able to make decisions about consolidating or dividing [counties], changing their boundaries, naming them or designating their seats, without first consulting the local governments concerned. The provision that there must be prior consultation with the local governments concerned, before such territorial decisions are made, serves this purpose.

Ad Section 91

In agreement with the Constitution, the Draft Law contains the most important power that the President of the Republic has in conjunction with local governments, namely his authority to schedule local elections.

The Draft Law reserves for the National Assembly authority to make the most important decisions regarding the country's territorial subdivision, but it gives the president of the Republic authority to make such decisions when they are not in the county or metropolitan category. A condition for exercising this authority is that the proposal to do so must come from the local governments concerned.

When a local government's council is dissolved, the president of the Republic appoints a commissioner of the Republic. The commissioner's authority in local government matters is limited (to urgent decisions that cannot be postponed), but he has authority over all state administrative matters.

Ad Section 92

According to the Draft Law, the Council of Ministers is given authority to oversee legality in local government, with the provision that it exercise this authority, perform its oversight functions and take the procedural actions prescribed by the present law—with one exception—through the county prefect. That one exception involves

proposing the dissolution of a local government's council. The Council of Ministers itself presents that proposal to the National Assembly.

The Draft Law limits exclusively to the local governments' state administrative functions the authority of the Council of Ministers to supervise local governments and to regulate them by decree.

As the organ in charge of state administration, the Council of Ministers decides disputes arising between a state administrative organ and a local government when other procedures for the resolution of disputes do not apply. The purpose of this provision is to leave no dispute without an organ that has authority to resolve it. In view of the Draft Law's provisions regarding the protection of local government rights and legal remedies, respectively, action by the Council of Ministers may be proposed only when the cause of the dispute is not the violation of a statutory regulation, and no other legally regulated procedure for resolving the dispute is available.

Ad Section 94

Within the branches of administration under his own supervision, the interior minister's authority in conjunction with local governments is the same as that of the other ministers. This section contains provisions regarding the interior minister's general authority to organize public administration and, within it, his scope of special functions stemming from his responsibility for drafting the statutory regulations affecting local governments, as well as from his coordinating role.

The interior minister prepares the local government matters that the Council of Ministers presents to the National Assembly, and the ones that are within the purview of the president of the Republic. He drafts the proposal for the dissolution of a local government council whose activities are unconstitutional.

In the interest of articulating and safeguarding the local governments' rights and interest within the central state administration, the interior minister participates in the drafting, by other ministries, of statutory regulations, other legal instruments of government and special central government decisions affecting, respectively, the local governments' scope of functions and authority, and the activities of the mayor or county prefect. He is getting authority to coordinate the government's responsibilities in conjunction with regional and municipal planning where local governments are involved, and with the local governments' own planning and finances. The purpose of this coordinating authority is to ensure that the requirements of the local governments are taken into account and met in the legislative programs of the Council of Ministers and individual ministries. In its specific content this coordinating authority places upon the other ministers the obligation to reconcile their programs, and it grants the interior minister the right to introduce proposals and to comment on other proposals.

According to the Draft Law, the interior minister will have delegated authority from the Council of Ministers to supervise the activities of the county prefects.

Ad Section 95

The Draft Law aims to sharply curtail the individual ministers' earlier authority over the former local councils. It limits the scope of a minister's regulatory authority over local governments to establishing by decree departmental rules for the state administrative functions of the mayor and county prefect; furthermore, to regulating the departmental requirements for the operation of the local governments' institutions as well as the qualificational requirements for the institutions' workers.

The minister oversees compliance with the requirements he sets, and informs the local government of the results of the inspection his department conducts. He makes recommendations for the elimination of the uncovered shortcomings. And he informs the organ overseeing legality in local government whenever violations of the law have been uncovered.

It is the minister's responsibility to provide for the local governments the information they need. From local governments the minister may require the data and information he needs to perform his departmental functions.

The minister may give local governments grants-in-aid, under the conditions and for the purpose specified by statute.

Ad Section 96

The Draft Law assigns the county prefect five main functions.

The county prefect's first main function, one of outstanding importance, is the oversight of legality in municipal, county and metropolitan governments. His second main function is to decide certain matters in which he acts as public authority of first instance; these are matters that require a high level of professional knowledge and occur rarely. At the same time, as supervisor, he is also an appellate forum in state administrative matters in which local governments acted as public authority of first instance. (Not the exclusive appellate forum, because various specialized agencies that are not parts of the county office also belong by definition to the system of legal remedies.) The county prefect's third main function is to administer such important state administrative matters as national defense, civil defense, statistical reporting, census taking, referendums and elections.

[As his fourth main function,] the county prefect plays a decisive role in aiding local governments, especially newly formed ones during their initial period of consolidation. He keeps his local governments informed, and

provides professional and methodological guidance and assistance for the municipalities, upon their request.

As his fifth main function, the county prefect coordinates the activities of his own office with those of the various deconcentrated state organs in the county and with the municipal councils' offices. Furthermore, he is also responsible for the mutual coordination of the activities of the localgovernment offices and of the deconcentrated state organs.

Ad Section 97

The Draft Law defines the county prefect's authority to oversee legality in local government, and the local governments' responsibilities in connection with the oversight of legality. The county prefect first serves the local government's council notice to end a violation of the law and sets a time limit for ending it. The council must study the contents of the notice and act on it within the specified time limit. The council must inform the county prefect of the action it took, or of its reasoned standpoint as to why it disagrees with the contents of the notice. If the local government's council fails to carry out its outlined responsibilities, the county prefect may:

institute proceedings before the Constitutional Court to review a local government ordinance that violates the law;

advise the interior minister to draft the Council of Ministers' proposal to the National Assembly for the local government council's dissolution;

institute proceedings before the [regular] court for a judicial review of a resolution, internal rule or other decision that violates the law; or

propose the convening of the local government council to end the violation and to establish which council official is responsible for the violation.

Ad Section 98

The county prefect's appointment is for the duration of the current National Assembly. A change of government during the current National Assembly does not terminate the county prefect's commission. In compliance with the statutory regulations, however, the new prime minister may name a new county prefect.

The county prefect's office assists him in the performance of his state administrative functions. He appoints the workers of his office and determines its rules of organization and procedure. The Council of Ministers sets the appropriation for the county prefect's office, within the Interior Ministry's budget.

Ad Section 99

The broad right of recourse (right to petition) granted the local government councils is intended to promote the protection of local government rights. This legal institution gives the council of any local government a legal opportunity to turn to the competent state organ in any matter affecting the local government. The council may: request information, data, a legal opinion or specific action from the state organ resorted to; present a proposal to it; object to the given organ's specific decision and request that it be rescinded or revoked.

By way of a guarantee, the Draft Law provides that the state organ resorted to must give a pertinent answer or take appropriate action within 30 days. If the state organ resorted to does not have jurisdiction, it must transfer the application within three days to the organ that does, and must simultaneously advise the resorting local government of this.

Ad Section 100

Local governments may form national or regional organizations to represent and safeguard, and to promote the assertion of, their rights and interests.

For the national interest-representing organization the Draft Law ensures opprtunity to express its opinion on the drafts of statutory regulations affecting local governments. The national organization sees to it that the regional associations, and the local governments they represent, are informed of the proposed statutory regulations.

The interest-representing organization's standpoint is not binding on the legislative organ, but the state organ with authority to issue statutory regulations must explain its reasons for disregarding the organization's standpoint and must advise the organization of this.

The effective protection of the rights of local governments requires that their interest-representing organizations have the same right of recourse as the local governments themselves.

Chapter XI.

Ad Sections 101-108

These sections of the Draft Law contain transitory provisions in conjunction with the formation of the [new] local governments. The executive committees of the [present] councils must function until the new councils are formed, and it is also necessary to regulate the status of the executive committees' secretaries.

The Draft Law enumerates the matters the new municipal councils will have to decide following the cessation of the present joint local councils. The municipal councils will decide and agree independently to form combinations.

As a rule, a district clerkship will be formed on the territory of a [former] joint local council. To ensure the state administrative functions' continuous performance, in the absence of a mutual agreement it might become necessary for the county prefect to designate the towns that will belong to the district clerkship.

The Draft Law specifies the assets that will become the property of local governments by the force of the present law. The committee for the transfer of assets, which the central government will set up in each county, will decide about transferring other assets to local governments.

Foundation Formed for Disabled Contract Workers Returning From USSR

90CH0457C Budapest NEPSZABADSAG in Hungarian 27 Aug 90 p 5

[Article by Judit Hunyadi: "Hey Pal, That's the Ukrainian Disease, Eat Chocolate; Orenburg, Where Is Your Truth?"]

[Excerpts] We are at the 600-seat planetarium filled to capacity. "It was a real Gulag," the woman sitting behind me says. "A camp with barbed wire, paid squealers, letters that were opened and disappeared, and tapped phones.

"They promised us everything in 1975, at the time they lured us to Orenburg in hopes of good income. Five years of credit toward an early retirement and special arrangements for housing at home. Then we got diarrhea first, and scurvy thereafter. I lost my hair and my teeth, and my nerves were wrecked. Half of me is partially paralyzed, my left leg is shorter even today. My bones fell apart at the age of 40, in medical terms I have osteomalacia. My skin is peeling and itching, frequently I am unable to venture out on the street. I am surviving on a disability pension, and it's becoming worse year after year. I only wish I had stayed home to eat larded bread! During the past five years I spent in vain more on doctors than what I earned out there in 40 degrees below zero cold and 38 degrees heat, while drinking contaminated water, and smelling the odor of the airfield, the fueling station and the swamp all day. But looking at my colleagues I should be grateful to heavens for being here."

The staff slowly takes its place on the podium, and Dr. Istvan Egyed, lawyer and chairman of the Orenburg Foundation registered a few days ago, introduces the participants. Those present include Dr. Adam Vass on behalf of the Ministry of Public Welfare, Dr. Gyorgy Ungvari, head of the labor and occupational health college and chairman of the physicians' committee, and Dr. Gabor Sinka from Esztergom. Next to Bela Isaszegi, the person who presses the cause of those returning from Orenburg we find Dr. Szabolcs Mozsa, the Orenburg workers' chosen medical representative. An independent nonpartisan interest group is about to be formed here, and although some of the concerned parties are dead, their widows came to the meeting. Many former Orenburg workers are hospitalized. Introductions are performed by Dr. Egyed, with dignity befitting a lawyer. Everyone's pal, Bela Isaszegi, is first to speak. He described the working conditioned as not enviable at all, the diarrhea they "cured" with chocolate but which has not abated to this date, the recurring burn injuries acquired from handling bitumen, the unexplained oedemas, tumors. Not too long ago Isaszegi learned that 20 of the 50 chauffeurs who worked there had died. [passage omitted]

[Mozsa] wants to find the cause of the trouble, because 144 people who died between the ages of 30 and 35 cannot be shrugged off [passage omitted]. Mozsa is becoming increasingly certain that the diseases are of industrial, military and occupational origin, and that they were caused by chemicals. Tar, bitumen, water, food and the pollution in the air were all poisonous. Together with the occupational risks they cause chronic respiratory, heart, vascular and nervous conditions, not to mention malignant tumors. The picture Mozsa sees is not complete, but data gathered thus far shows that throat and bronchial cancer tops the list, followed by intestinal cancer, and cancer of the liver. The "Orenburg ensemble of symptoms" also proves that bone marrow which generates blood, the spleen, mucous membranes, intestines, skin, the liver which removes toxins ,and kidneys suffer the most from environmental harm. [passage omitted]

"Don't be ashamed colleagues, even the BBC is here, show yourself so that the world may see your wounds," Isaszegi called out. The handicapped of Orenburg lined up on the podium: Some are blind, others limp, one weighs 35 kilos at the age of 40. His body is filled with tumors, rashes and the scars of six or eight operations. [passage omitted]

Antall on Coalition Parties' EDU Membership, Other Negotiations

90CH0457A Budapest MAGYAR HIRLAP in Hungarian 3 Sep 90 p 2

[Article by diplomatic correspondent Denes Gyapay: "Jozsef Antall's Helsinki News Conference—Cohesive Force in the Coalition"]

[Excerpts] [passage omitted] Antall viewed the acceptance of the three Hungarian coalition parties by the European Democratic Union [EDU] as a breakthrough of great significance. The founders of the EDU: Adenauer, De Gasperi and Schumann were pioneers of the European unity movement. In these days Christian, conservative civil parties constitute an important faction in the Council on Europe. The possibility of a 1992 EDU meeting in Budapest was raised at the Helsinki conference. This would contribute to the growth of Hungary's international prestige.

Responding to a question, Antall said that in the EDU's assessment socialism, as the prevailing ideal of social organization, has failed in Europe. The term means different things in the West and in the Soviet Union, and even the advocates of socialism never talked about functioning socialism.

In summarizing discussions with leaders of individual countries in Helsinki, Antall regarded his negotiations with Margaret Thatcher as most significant because the approaching Budapest visit of the British politician, and Hungary's chances of joining the European Economic Community [EEC] were discussed. In contrast to Delors, Great Britain favors the fastest possible acceptance of East European states into the EEC. Antall reviewed Hungarian-German relations with Bernhard Vogel, a member of the Christian Democratic Union [CDU]. Promises made by Bonn to compensate for the disadvantages Hungary is suffering as a result of German unification were the focal point of discussions.

Specific topics of future bilateral cooperation were discussed with Danish Prime Minister Poul Schluter. The Obuda island will be developed as a Danish investment. In addition to that, a possibility for broadly based agricultural information exchange exists: the Danish model may serve as an example to Hungary, because in Denmark private farms operate on a cooperative basis, complete with common sales activities and the common use of machinery. Future Hungarian agriculture must be developed in a similar fashion, and attention must be paid to neighboring Austria which ceaselessly emerges with new products, responding to the needs of the Common Market.

In discussing Hungarian-Finnish relations, Antall stressed that cooperation between the two countries began a long time ago—in the 1930's. Finland successfully completed its change in product structure. Several branches of industry—such as electronics—caught up with the state-of-the-art production of West Europe. This was evidenced in the course of a visit to the Nokia firm. For this reason deepening bilateral relations with Finland are in Hungary's interest. [passage omitted]

Asked by MAGYAR HIRLAP what Antall meant by the statement according to which acceptance of the three coalition parties by the EDU represents a strong cohesive force, the prime minister had this to say: "The three parties must progress together, therefore integration of these parties within a common organization is important. Joining the EDU would broaden the outlook of these parties and would make even more clear the way in which one should view the future at the threshold of the 21st Century. The fact of joining the EDU lines up realities next to the nostalgic elements that prevail in Hungary. I am convinced that as a result of joining the EDU the parties' ideal of centrism—in the broad sense of that term—will also gain strength. Only a sober mind and reality may serve as a basis for cooperation. Ultimately the political parties will certainly benefit from being able to view their passions and role in Hungary in light of the international reality, and from abandoning certain false ideals as a result.

MSZP Paralysis Envisioned as Result of Property Accounting Law

90CH0456A Budapest NEPSZABADSAG in Hungarian 6 Sep 90 p 5

[Interview with MSZP [Hungarian Socialist Party] representative Dr. Pal Vastagh by Andras Sereg; place and date not given: "Will Parliament Sequester MSZP Assets? Vastagh: They Paralyze Party Operations"—first two paragraphs are NEPSZABADSAG introduction]

[Text] At yesterday morning's session of the Committee on Constitutional Affairs, representatives of Legislative Drafting and the Judiciary debated amendments to the legislative proposal concerning the duty of certain organizations linked to the previous system to account for their property. A majority of committee members supported Hungarian Democratic Forum [MDF] representative Bela Horvath's proposal which provides that the eight organizations enumerated in the legislative proposal—including the Hungarian Socialist Party [MSZP]—should not only be required to account for their assets, but should also be subject to a restrictive provision which "prohibits the transfer of assets beginning on the effective date of the law, and until such time that the National Assembly takes further action."

During recess we asked committee member, MSZP Representative Dr. Pal Vastagh to state his position.

[Vastagh] At the time the Committee voted on the legislative proposal as a whole we abstained from voting. By abstaining we wanted to express the sense that the MSZP is not protesting the duty to account for its property. Instead, we object to the fact that at this time accounting for property takes place in the framework of a political qualification. We also proved our positive attitude in this regard at the 21 May session of parliament when the socialist faction proposed that the State Accounting Office review the party's accounting, then close the case.

[Sereg] The present committee meeting revealed that the MSZP is aggrieved not only by the qualification, but also by several provisions of the proposal. Why are you aggrieved?

[Vastagh] We are aggrrieved because we regard some of the methods used to resolve this matter as unacceptable. In my view, the fundamental concern rests with the fact that the government and the governing coalition is unable to reduce its political endeavors into legal-technical forms which do not conflict with legal principles, perhaps with specific legal provisions. In addition, the present legislative proposal covers only four main items: real estate, machinery and equipment, protected works of art, and foundations established by, and managed with, the participation of the organization subject to account for its property. These property categories were expanded as a result of proposals introduced by various representatives. The Committee also made securities and cash, as well as bank accounts, subject to

accounting. The uncertainty of the cabinet is shown by the fact that an amendment opposed last week by the cabinet representative was proposed for adoption today by another person.

[Sereg] What legal impediments exist in regard to the legislative proposal?

[Vastagh] There are several issues in my view. On the one hand, the inclusion of bank accounts as part of accounting violates the concept of bank secrecy. On the other hand, the prohibition to transfer or encumber property violates property rights.

[Sereg] What consequences could the MSZP expect if the proposal became law in its present form?

[Vastagh] Taken as a whole, the various measures bear a strong influence on the party's economic activities. They would actually paralyze the party's functioning. The question is this: From where will the government obtain an objective yard stick on the basis of which it will be able to determine what and how much is needed for the financing of an opposition party in parliament. In conclusion I would like to stress that the MSZP will abide by all provisions of the law, irrespective of its content.

Periodical VILAG To Be Discontinued

90CH0457B Budapest HETI VILAGGAZDASAG in Hungarian 11 Aug 90 p 11

[Unattributed article: "The End of the World?"]

[Excerpts] UNIO Newspaper and Book Publishing Enterprise will discontinue or temporarily suspend publication of the weekly periodical VILAG toward the end of August, according to publishing director Bela Horvath. A final decision concerning the fate of the periodical will be made by the supervisory committee convening on Thursday, 9 August. With its subject selection and sophisticated approach, VILAG stood out among the many new newspapers published during the past year or two. Horvath has no doubt about the outcome of the meeting. This step was prompted by the 30-million forint loss incurred by the publisher. [passage omitted] The initial number of 30,000 copies published, declined to 16,000, and instead of the planned seven pages of advertising per week, only one or two pages materialized. [passage omitted]

POLAND

POLITYKA Weekly News Roundup

90EP0822A Warsaw POLITYKA in Polish No 32, 11 Aug 90 p 2

[Excerpts]

National News

Scythes have appeared in reports on the harvest. An hour of work by a combine costs 200,000 to 500,000 zloty. Many cannot afford it. The State Grain Plants have announced purchase prices negotiated in talks between the government and the agricultural organizations: the prices for a quintal of wheat, 75,000 to 85,000 zloty depending on the region; for a quintal of rye, an average of about 60,000 zloty.

The daily papers noted a fragment from an interview with President W. Jaruzelski for the Belgian L'ECHO DE LA BOURSE: "I cannot imagine that I can continue in office to the end of my term; it will end much sooner. The end should come at the most appropriate moment and in the best manner."

Wages in the health service will increase beginning 1 July 1990; the minimum basic wage will increase by 24 percent. The increase is mandatory. The maximum wage will increase by 50 percent, but it will depend on whether the individual facilities have the funds.

Customs duties have been reduced and for some goods suspended. Among the items free of duty to the end of 1990 are washing machines, detergents, some machinery and equipment, and car batteries. Duties for cars have been reduced by one-third, but the duty cannot be less than $350. Duties on inner tubes and tires, diesel engines, and bathroom fixtures have been reduced by the same amount.

The 10th anniversary of Solidarity is to be marked by a commemorative coin struck in gold and silver. A 10,000 zloty cooper-nickel coin will be put into general circulation. According to rumors (according to TRYBUNA), the 100,000 zloty silver coin will cost 120,000 zloty, and the one ounce gold coin will cost 4 million zloty. The National Bank of Poland has signed a contract with the foreign firm Ryan James Limited.

The Public Opinion Research Center on the government. The social mood in July worsened; approval for the economic program of the government fell by five percent in comparison with June. Of the respondents, 55 percent think the cabinet of T. Mazowiecki is serving society well; 28 percent thinks the reverse (their numbers have increased by five percent). The number of individuals negatively judging the government has increased six-fold since its formation. On the actions of Deputy Premier L. Balcerowicz, 45.3 percent of the respondents commented favorably, and 34.8 percent, negatively; 51 percent believe that the government will handle the economic crisis (in June, 58 percent).

The Senate Commission on Human Rights and Legality has supported a proposal to increase the budget of the Ministry of Justice by 1,000 judgeships and by 2,000 administrative positions. [passage omitted]

A law creating special appeal courts has gone into effect: the courts will be formed in Warsaw, Bialystok, Gdansk, Lodz, Lublin, Poznan, Krakow, and Rzeszow. After resolving space problems, such courts will also be formed in Katowice and Wroclaw. [passage omitted]

The Ministry of Justice has received information that Piotr Karpowicz Soprunienko, a major in the NKVD in the 1940's, whose signature appears on the execution lists of the Katyn victims is living in Moscow. Minister A. Bentkowski has asked the prosecutor general of the USSR to interrogate Soprunienko in the presence of representatives of the Polish ministry.

KONTAKTY, published in Lomza, reports "how much the new elite is taking." The government plenipotentiary for reform of local self-government in Lomza Voivodship: 1.45 million zloty plus an official supplement of 529,000 zloty. The president of Lomza, 960,000 zloty in a basic salary and a supplement of 1.5 million. The mayor of Szczuczyn: 1.5 million zloty (supplemented by earnings from a car repair shop). The acting mayor of Ciechanowiec: 3 million zloty. The head of the Lomza Gmina has a miner's retirement of 1.4 million zloty. (He has a garden plot on which he raises potatoes and vegetables for his own needs; thus, he spends less than others on food.) The secretary of the Voivodship Executive Committee of the Social Democracy of the Republic of Poland (SdRP) in Lomza: 1.1 million zloty. The president of the Voivodship Board of the Polish Peasant Party (PSL): 960,000 zloty. The acting director of the executive office of the SD in Lomza: 750,000 zloty. The secretary of the Solidarity Branch in Grajewo: "That is my business. I am outraged by the question. I think that it is out of place. I will not tell you how much I earn." The editors report that the average monthly wage in the four basic sectors of the socialized economy in Lomza Voivodship was 729,300 zloty in June 1990.

Student apartments in Warsaw: nearly 75 percent of the students are from outside of Warsaw; only one in 10 has a chance of finding a place in the dormitories. The price for an apartment: the Apartment Agency offers rooms in villas for 550,000 zloty a month (three months payable in advance); the Residence Agency, a room with a family for 800,000 or a efficiency apartment for $70 (six months payable in advance). A private rental, a little apartment in Ursynow, $120 a month (a year payable in advance). TRYBUNA, the source of the information, reports that one young women travels from Katowice to Warsaw everyday on the express train: leaving about 0600 and arriving at about 0900. [passage omitted]

The Ministry of Education has issued instructions permitting religious instruction in state schools and preschools when requested by the parents and pupils.

ANEKS, a quarterly published in the underground for 17 years, has ended operations. In the name of the editorial staff, Aleksander Smolar bid the readers farewell in RZECZPOSPOLITA.

Andrzej Drzycimski (age 48), an historian, a journalist, a participant in the strikes at the Gdansk Shipyard in 1980, interned after the introduction of martial law, a participant in the strike at the Gdansk Shipyard in 1988, and coeditor of Lech Walesa's autobiography "The Path of Hope," has been named press spokesman for the chairman of Solidarity.

The editors of PRZEKROJ have published a special issue of the magazine dedicated to Katyn. It contains more than 100 pictures (some published for the first time), numerous documents, and maps. The price 5,000 zloty. [passage omitted]

Opinions

Wojciech Lamentowicz, a lawyer and political scientist:

(Interviewed by Joanna Konieczna, PRAWO I ZYCIE 7 July 1990)

[Question] Is the opposition a good place for discovering political individualities?

[Answer] Conspiratorial conditions, the style of operation, being accustomed to secrecy—all tend to continue. And today it is necessary to act openly in order for everyone to see the differences. It is not necessary to pretend that there is no left or right or to pretend that there are no differences between the nationalists and those oriented toward Europe.

Until now many in the opposition have been against the state. And now suddenly it turns out that it is necessary to set about building the state. Not every member of the opposition can be a builder. Many of them will have to depart from the political scene. One constantly hears accusations that someone is manipulating someone else; now fear of the formation of a monopoly is spreading. That is a sign of the inability to move to a natural form of variety. I will say even it is the remaining ballast of conspiracy. [passage omitted]

Andrzej Malanowski, secretary general of the Central Executive Committee of the Polish Socialist Party (PPS):

(Interviewed by Miroslaw Dolegowska-Wysocka, DZIENNIK BALTYCKI 31 July 1990)

[Question] What is your position in the dispute between the Center Accord and the newly formed Citizens Movement-Democratic Action" (ROAD)?

[Answer] We are keeping our distance from both sides of the conflict.

[Question] In spite of J.J. Lipinski's background in the Workers' Defense Committee?

[Answer] I repeat: we are on neither side of the dispute. Personally, I see a threat to authentic democracy in the victory by one as well by the other side! [passage omitted]

Prelate Boguslaw Bijak, secretary of the Episcopate Commission for Pastoral Care Among Farmers:

(Interviewed by Andrzej Nalecz, SOLIDARITY—TYGODNIK ROLNIKOW 29 July 1990)

[Answer] The task of pastoral care is to give religious education to farmers, in our situation also a national and cultural education. Well educated in this way, people are good union members, good honest members of the Polish Peasant Party "Solidarity" (PSL "S").

I think that such a goal for the work and activities allows one to say that the profile of the trade union Solidarity of Individual Farmers is becoming increasingly clear in a positive sense, and unity and faithfulness to the peasant movement are maturing.

If at the margins—as I would say—of the reconstituted Polish Peasant Party (PSL) there remain some breakaway elements, over time they will either join the main group or be destroyed by the press of time.

Missionary work and more missionary work—that is the key to a good future for the Polish peasant movement.

Jan Litynski, deputy of the Citizens Parliamentary Club (OKP):

(From comments for GAZETA KRAKOWSKA 24 July 1990)

"The unresolved problem of Lech Walesa lurks behind the political game. In my opinion, he made a great mistake in deciding not to enter parliament. If he had done so, today he would not only be the leader of Solidarity, but also the leader of the Citizens Parliamentary Club. As a result, he would gain direct influence on policy; he could act directly to energize the program of reform and to provide the program essential guarantees."

Alfons Soczynski, chairman of the Voivodship Confederation of Trade Unions in Wroclaw:

(Interviewed by Eugeniusz Stelmach, SLOWO POLSKIE 28-29 July 1990)

[Answer] In my opinion, Miodowicz should not be chairman of the OPZZ. But not because he is incompetent as an activist or organizer. He has these requisite abilities for a leader; I would even say he is the best in these respects in our unions. I am concerned that the chairman of the OPZZ is implementing bad goals, that he is leading the entire movement in the wrong direction. This road leads nowhere. Basically, I accuse him of not creating a climate of social support for us, of not feeling the changes that have happened in Poland, of acting as if he wanted to reverse the course of history. As a result, today we resemble political cave dwellers.

[Question] Those are strong words, but for my taste a little too general....

[Answer] Okay, I will say it directly. The cardinal mistake of the central officials of the OPZZ and of Miodowicz himself has been the absence of unambiguous support for the social movement Solidarity.

Senior Politicians Implicated in 'Schnapsgate' Corruption Scandal

90EP0849A Munich SUEDDEUTSCHE ZEITUNG in German 22 Aug 90 p 44

[Article by Thomas Urban: "'Schnapsgate' in Poland: Probably Also Well-Known Politicians Involved in Alcohol Smuggling"]

[Text] Warsaw, 21 August—For several days now the Polish public has awaited the publication of an explosive list. It purportedly contains the names of former leading politicians who are implicated in alcohol smuggling on an immense scale. The partners of the Poles in question were for the most part West German companies. The Polish press has coined the word "Schnapsgate" for the affair in reference to the scandal that cost an American president his office a decade and a half ago. Everyone in Poland understands the good German word schnaps.

The list of names, however, is still under lock and key; nor have any of the companies been pilloried yet. The head of Warsaw's main customs office, Tomasz Bartoszewicz, refuses to confirm or deny anything. The first phase of the inquiry concerned none of the present or former staff, according to him. He will not express an opinion as to what course the second phase might take. That is why the days of the heads of customs are spent exerting themselves with explaining why the inquiry only began a few weeks ago. According to the figures published on Tuesday, papers for the importation of alcohol were falsified on a massive scale. Investigations have thus far indicated that fraud occurred in three-fourths of all shipments, from pure alcohol to expensive wines and liquors, and that it went on in both directions. Most of the West German exporters registered very high prices in the invoices. In this way they were allowed to receive higher amounts in value added tax as is provided for in West German export law.

Copies of the invoices that accompanied the goods to Poland were, however, of a value many times lower than the real worth of the goods. According to the report of the main customs office, many firms registered a price of ten pfennigs per bottle of schnaps. The discrepancy was not immediately apparent since the papers did not have to indicate individual prices but rather a lump sum for the shipment. In this way enormous sums in customs duties and alcohol taxes were evaded. According to the Polish Treasury, losses of at least one and a half billion Zloty (DM300 million) were incurred, based on the evidence given by the main customs office. Members of Parliament consider these figures to be an exaggeration.

It seems however certain that this massive manipulation of documents could have only been possible with the help of customs officials who were protected by their personnel. The chief of customs officers will not say in what place or at what level he is searching for culprits. But nor can he avoid taking a side-swipe at the West German authorities: Someone was asleep over there as well. Furthermore, the Poles are hardly in a position to undertake investigations of West German companies. Bringing all the circumstances of the affair to light will ultimately depend on the West German Republic as well.

HUNGARY

U.S.-Hungarian Investment Fund Operations Begin

90CH0458A Budapest FIGYELO in Hungarian 30 Aug 90 p 11

[Unattributed article]

[Text] The U.S. Congress appropriated a total of $60 million, payable over a three-year-period to the Hungarian-American Investment Fund [MABA]. The organization was established by Congress. The first installment of the funds arrived on 17 May, and the MABA opened offices in New York, Washington, and Budapest.

The purpose of the Fund is to develop political and practical solutions which favorably impact on Hungarian private ventures and on the development of the Hungarian capital market.

Investments using the resources of the Fund take place in various forms. Primarily Hungarian firms and Hungarian-American joint enterprises will be targeted. They will involve particularly those segments of the market which clearly hold out a promise to Hungary. The resulting profits will be reinvested in Hungary.

Strong management in a firm weighs heavily in the process of making investment decisions. Accordingly, the leaders must possess appropriate experience and must have the necessary aptitudes, abilities and even an avocation.

Special products and services unique from the standpoint of their market situations and manufacturing processes are preferred, provided that as such they are able to remain competitive in the long term.

World Fair: Status, Controversies Discussed

90CH0332B Budapest FIGYELO in Hungarian 28 Jun 90 pp 8-9

[Roundtable discussion with Government Commissioner Etele Barath, National Association of Entrepreneurs Co-Chairman Istvan Kovacs, and Kopint-Daturg Division Director Bela Greskovits, moderated by Robert Becsky; place and date not given: "How To Display Ourselves? The World Fair"—first paragraph is FIGYELO introduction; last four paragraphs are FIGYELO editorial commentary]

[Text] One of the tasks facing the government, and not even the smallest one, is making a decision concerning the World Fair. Although the government's program took position in favor of going ahead with the minimal plans, it also made the final decision dependent on financial plans that would clarify the issue of potential earnings and expenses. We organized a roundtable discussion in the offices of the FIGYELO about the present state of affairs. (Robert Becsky was representing our publication.)

[Becsky] There is a wide range of concepts concerning the preparations. According to some people we are already too late, while others mention a slide of "only" six months or a year. How do those present feel about the World Fair's chances of being held?

[Barath] When it comes to organization, we cannot talk about a major delay. The World Fair Foundation was established in April with 100 million forints of startup capital, and there are ministerial decrees in effect determining the tasks of the program bureau and the government commissioner. The goal is to create an entrepreneurial framework for the Fair. The program bureau was created with the task of promoting the birth of Expo, Inc., as well as other Austro-Hungarian marketing share issuing organizations.

[Greskovits] If I compare the Hungarian organizations preparing the World Fair with the Austrian ones, one thing I immediately note is the lack of guarantees in Hungary. In Austria there is a 31 December 1990 deadline by which the Fair shareholding enterprise, the Expo Vienna AG, has to be privatized. Furthermore, they placed limits on the budgetary operating expenses of the state-owned Expo Vienna AG. By the way, that amount is 180 million schillings, or almost 1 billion forints. As for the other differences in fiscal guarantees, I will return to them later. I consider it threatening that the overly accelerated process of privatization, toward clients from abroad as well as from Hungary, may bring about the selling off of our real estate wealth.

[Barath] Organizers of the World Fair are frequently asked: Why has not a Fair-related and business-minded entrepreneurial organization come into being in Budapest, as it has in Vienna? In Austria, Expo Vienna AG, jointly owned by the city of Vienna and the state, has been operating for a year. According to plans, even after privatization that firm will remain at least 50 percent state-owned. The December deadline for privatization was set because that is when the architectural competition will close, based upon which it will be decided what kind of buildings will be erected on the Fair's grounds, and how those will be used after the Fair. Based on that, one can figure the amount of profit expected from the facilities, and this enables one to figure out how profitable privatization will be. The same reasons delay the formation of a shareholding company in Hungary. There is no startup capital, and we are not familiar with the economic conditions and technological parameters that make operation and privatization possible. As of today, not even the Budapest Municipal Council has access to the necessary resources. As for the guarantees, in part they are developing in the same manner as in Austria, and in part they will depend on future constructions.

[Becsky] In the final analysis, what areas of Budapest, and of what size, are involved?

[Barath] There will be a "split" region in South Budapest, on both banks of the Danube, where the World Fair will be located. The two designers who placed first in the

competition prepared a joint outline, according to which the area of the Fair will be 40 hectares plus parking facilities, totalling over 60 hectares. The area in Vienna will be of a similar size. However, the general development plan calls for the rebuilding of some 170 hectares in Budapest in such a manner that it would fit into the city's long-range growth.

[Becsky] The guarantees mentioned by Bela Greskovits may be important because of the real estate deals, too.

[Barath] Unlike the Austrians, we wish to determine the value of our wealth. That is why our plans include for the World Fair Foundation to create the Budapest Development, Inc., in tandem with those state enterprises which handle a significant amount of stateowned real estate within the area set aside for the Fair. In addition, we are requesting the participation of the larger commercial banks, and we are negotiating with the National Property Agency about promoting the transfer of state property to the shareholding company. The shareholding company will use the money contributed by the new members to prepare the newly acquired real estate, demolish the present structures and improve the lots, that is, increase the properties' value. And since all that time it will still be owned by the state, no one will be able to accuse it of selling off the national wealth. We propose to create a special "World Fair" urban planning district in the area, along with the establishing of economic circumstances that are also favorable for the enterprise's Hungarian participants.

[Becsky] By the way, how will the commercial banks acquire money to accomplish all this?

[Barath] Our proposal in that regard, approved by [former] Minister Laszlo Bekesi to a parliamentary committee, is for the Hungarian National Bank and the Ministry of Finance to permit the shareholding company's member banks to invest their sequestered money in real estate. We have determined what will be the use of the previously mentioned evaluation. On the whole, when we consider the value of expenditures, the value contributed to the shareholding firm by Hungarian participants could be increased at least four-five fold. In other words, if at the moment it appears that we could contribute eight percent, this could increase to 30 percent with suitable preparation.

[Kovacs] According to the National Alliance of Entrepreneurs (as voiced in its resolution of last December), the World Fair is a rare opportunity for Hungary to display and call global attention to itself, and it could produce direct and indirect benefits.

I am happy to hear about the enterprise oriented concept that was described above. Whenever someone comes to our organization for business advice, we propose that they associate themselves with foreign firms by first improving the properties they wish to contribute to the joint undertaking. On the other hand, I disagree with the proposal that would permit commercial banks to become members of this economic association. After all, this would only remove auxiliary monies from the economy: I feel that it would be sufficient for the Hungarian National Bank to participate.

[Greskovits] Without going too deeply into the details of the concept presented here (which may be theoretically sound), I would like to call your attention to a certain lack of clarity when it comes to functions. After all, the functions described by Etele Barath are those of management, and they do not belong to the tasks of a government office or a program bureau.

When the Expo AG was established in Vienna, no program bureau played a role in that act. The supervising government commission (with the ministers of finance and economy as members) and Vienna's city council were the participants. I also feel that the authority of the program bureau reaches too far, while governmental control is too limited. Let us not misunderstand: I do not wish to see the return of a national committee; I only wish to see a certain degree of national supervision.

By the way, when it comes to privatizing the World Fair, it is not easy in Vienna either. First they envisioned this through a populist investment firm; however, small businessmen were not enthusiastic to buy shares. Later, there was an effort to promote the participation of banks and enterprises. However, since these are aware of the privatization deadline, they are biding their time in the hope that with the passage of time they will be able to obtain more favorable conditions from the government.

[Barath] In theory, of course, I agree with Bela Greskovits's observation that the program bureau's functions include some that are of a business nature. However, under Austrian marketing conditions there is no need to establish an infrastructure for developing tourism or for moderating discrepancies existing between the various regions of the country. By contrast, in Hungary these are in part governmental tasks; although less so with the passage of time. These tasks will have to be transferred to the entrepreneurial sphere, but the omissions of 30 years cannot be corrected by a single election. Nor can we make overcoming backwardness in the infrastructure of transportation and communication the task of this shareholding company.

[Becsky] According to Etele Barath's promise made during a recent radio program, relatively reliable expenditure-earnings calculations will be available quite close to the opening of the World Fair; even though the most heated debates are concerning the project's financial feasibility.

[Barath] Indeed, the projection of 12-18 months appears to be quite long, but the financial plans promised by the previous government have not been feasible either. Who could provide final figures five years in advance for projects in which everything, from technological costs to the number of visitors, has been designated as "variables". The planners in Austria are aware of certain costs and expect certain earnings; yet they do not have a cost-earnings analysis either. We have already developed

three versions of what the World Fair could cost and how much we might profit from it, and turned these in for examination. Our proposal is to use the developed model, the designated goals and the approved parameters, and gradually improve "the plan's" accuracy. This is also required by modern investment theories.

[Greskovits] Recently, along with a group of experts, I was in Vienna and consulted with members of the Municipal Council and associates of Expo Vienna AG about Austria's preparation for the Fair. Indeed, it is difficult to estimate expenses and earnings. Still, I would consider it very negative if the Fair's budgetary expenses would be revealed after the Fair or one year before it was to open. But in Austria they say: Let us figure on a 10 + 10 billion schilling investment for the infrastructure and divide it 50-50 between the budgets of the federal government and the city of Vienna. Let us suppose a similar amount for the local expenses of the World Fair, which would be borne by private capital after the privatization of Expo Vienna AG. Although coverage for this amount is not yet assured, there are certain guarantees against budgetary cost over-runs: One of these is the December 31 deadline for privatization.

[Becsky] When it comes to the Hungarian financial coverage for the World Fair, almost everyone agrees that the Fair can only be realized on an entrepreneurial bases, and budgetary participation could be only minimal. However, the expression "entrepreneurial participation" has several different meanings.

[Kovacs] The National Association of Entrepreneurs also feels that the World Fair can only be conceivable on an entrepreneurial basis; however, domestic entrepreneurs lack sufficient funds. Nor can the World Fair be entrusted to an economic organization that is based on budgetary allocations and government guarantees. It is our conviction that at this time no specific capital, state or private, should be transferred from the Hungarian economy to the purposes of the World Fair. Thus, the only remaining solution is to award, through competition, the Fair's management to an international economic alliance. It should be specified that in order for an international organization to receive the commission, it must demonstrate an ability to use its own channels to obtain the resources necessary for producing the Fair.

A great many inquiries and proposals arrive at our Association from abroad. The problem, in my view, is that foreigners do not know with whom they should negotiate. This is a situation that must be changed soon. Other sources of uncertainty are the lack of hard currency, inflation and the awkwardness of administration. Before anything else, however, the government must make a decision as to whether to produce the Fair or not; that is the only way one can start negotiating with potential clients from abroad.

[Greskovits] In other words, Hungarian entrepreneurs, at least those in whose name Istvan Kovacs speaks, approve of the World Fair but are not willing to contribute any money to it.

[Kovacs] Because they do not have any. In any event, I do not approve of stating the conflict in terms like that. Entrepreneurs, just as the entire Hungarian economy, suffer from a lack of capital. We need orders and credit, and then we could create job opportunities. That is why we suggested that foreign proposals be examined as to how much opportunity they provide for Hungarian firms to participate as suppliers. According to the National Association of Entrepreneurs, those applicants should be given preference who would ensure at least 20-30 percent participation for Hungarian private firms. Based on their knowledge of local conditions and their preparedness, Hungarian entrepreneurs are willing to compete. We are certain that the World Fair could provide a great impetus for the development of domestic enterprise, and could be instrumental in stimulating business life. Investment in projects to develop the infrastructure could have a favorable effect on economic development and improve the atmosphere for attracting foreign capital. The World Fair will also contribute to the state's revenues and will reduce unemployment, since most of the large investments would be realized with the use of domestic labor.

[Greskovits] It is often said that those who have doubts about the World Fair fail to see hope for Hungary. I doubt that the World Fair is the only means through which our infrastructure could be developed. At the same time, development must be planned on the load-bearing capacity of the country, rather than on demands that are desirable in themselves, but are impossible to achieve. Our immediate economic goals, which include stabilization, slowing inflation, reducing budgetary deficit, implementing strict credit policies and creating a convertible currency, all contradict programs involving the megalomaniac development of infrastructure.

What can we do, then? We need investments in the processing industries aimed at Western exports, and a boom based on small and medium-sized firms. This is where we should utilize our internal and external resources. Today's Hungarian industry is quite unable to stage the World Fair; in other words, capacity, as well as capital, is lacking.

[Barath] I agree with Bela Greskovits as far as the need for a boom in the area of export-oriented processing industry. However, we can achieve this only in a gradual manner. It is inevitable that domestic markets also gain a new life, and it is also expected that our production first become competitive on the domestic market, even if it involves the influx of billions in capital from abroad. It is this domestic market where the entrepreneurial capital must first be tested and create job opportunities for domestic industry. I do not believe that an export-oriented industry can suddenly come into being without capital, know-how and infrastructure. This is especially so, because Hungarian industry lacks competitiveness primarily due to the infrastructure's shortcomings. As for being worried about megalomaniac development of infrastructure in any sense of the term, I find this to be a

slight exaggeration. Our backwardness is so great that we will not be able to approach Europe for at least 10 to 20 years.

[Greskovits] I was talking about this in terms of financial possibilities.

[Barath] I cannot accept this in any context. In the absence of telephone equipment, highways, etc., our deals will fall through, we will not be able to meet our deadlines. If, on the other hand, the incoming foreign capital contributes to the broadening of domestic market and the building of hotels, and it will utilize the services of local manufacturers of construction material and furnishings, that will also help in the export-oriented development of our processing industries. In the end, the incoming capital will not only contribute to our hard currency income, but also become the engine of economic transformation through the multiplication effect. In talking about capacities, in the construction industry, for example, we can refer to an all-encompassing status of orders. Still, I agree with Bela Greskovits in that certain conditions exist for staging this World Fair. One of these conditions, in my view, is that we should have a concept as to the system of support for entrepreneurs, the development of infrastructure and the legal and economic system of accommodating foreign capital in Hungary.

[Kovacs] The World Fair is a business opportunity for entrepreneurs; many foreign businessmen could come here and sign contracts or affiliate themselves with Hungarian firms, and this could reduce the unemployment created in the course of transforming the structure of large enterprises.

In my opinion, it is the press' task to make sure that the view of all experts be made public in accordance with their professional weight, so that our public could form a realistic view of the World Fair.

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(It is conceivable that participants of this roundtable discussion deceived neither each other nor the skeptical Reader when it comes to aspects of the World Fair discussed above. Thus, we await the views and comments of experts, professional associations and the parties.)

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(In the course of this roundtable discussion, an argument arose concerning the cost-earnings calculations first mentioned by the government's commissioner for the World Fair. Bela Greskovits objected to the fact that the studies that contain the calculations reached the experts of political parties and others, even though, in his view, they contain no state secrets, other than data concerning the various enterprises. In this manner, no one had the opportunity to question the accuracy of data included in these studies. He referred to this not only as an infringement on the freedom of research, but also as something going against the freedom of the press.

In response, Etele Barath stated that for the time being the studies in question should be considered as interim material. That is exactly why they were turned in, so experts could argue with them but, for the time being, not in public. During the next two months, any disagreements among the various branches would be taken care of. That is a good opportunity for finalizing the proposals and, subsequently, expose them to broad social discussion.

The editors would have welcomed any discussion of these studies, which will form the basis of the government's future position, during the above roundtable discussion. Regrettably, this did not occur.)

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