



European Economic and Social Committee

***Organised civil society in the candidate countries
and the Future of Europe***

Brussels – 30 and 31 January 2003

Round Table 3

"Participatory democracy and the role of the EESC"

**Intervention of Dr Peter VADASZ,
Vice-President of the Confederation of Hungarian Employers and Industrialists
(MGYOSZ)**

"Some thoughts on the representational democracy in Hungary"

The Republic of Hungary was the first among the candidate countries where the changeover from the state socialism to the pluralist democratic market economy took place peacefully. Its grounds were based on the liberalisation (free enterprise) that developed gradually between 1982 and 1988 as well as on the amendments to the constitution and the new laws.

It was the time, when the multiparty system, the parliamentary democracy and the municipal system and the network of institutions mutually controlling each other evolved (government - Parliament - independent constitutional court - independent courts - ombudsmen, etc.).

The three sectors, the market, the state, and the civil sphere, will usually always appear in societies built on market economy and democracy.

Work sharing and co-operation between the three spheres is also being shaped in Hungary. However the contingency, the inordinateness (or the too strong regulation) and the doubtfulness are also observable beyond the results.

After 1988 thousands of new NGOs came into being and the old NGOs also transformed. In this way, new trade unions were formed and the existing ones changed fundamentally, and the employers created new organisations.

Several organisations for the protection of the rights of the minorities were founded (including Roma rights organisations) and many more emerged in different fields such as environment, consumer protection, women's associations, youth and children's organisations, gay associations, organisation for the disabled, as well as lots of other associations and foundations emerged. One could easily state that in the last 10 to 15 years a perfect representational democracy was established in Hungary, but the reality is more shaded and problematic.

The multiparty system, the system of the free parliamentary elections is consolidated indeed. The courts are independent from the government and from the political parties, although certain groups of the society will query that statement from time to time.

The Interest Reconciliation Council that is constituted by the employers, the employees and the government works well, even if its intensity varies. But it raises a serious issue since nobody knows exactly who and what kind of powers are represented in the trade unions and labour organizations sitting in the Council.

These organizations keep reporting about huge numbers of affiliates and supporters, but such figures can be seriously put into question. Such anomalies can also be found for example on the employers' side, the side of the association of the state-owned strategic companies which represents primarily the interests of the government and not that of the employers.

Organisations which no longer have members are still part of The Interest Reconciliation Council but so far none of the governments have been interested in going to the heart of the matter.

One decade was enough to develop the Hungarian civil sector that is exceptionally structured and varied. It includes:

- Service provider non-profit organisations
- Self-active organisations, clubs, associations
- Organisations representing and safeguarding various interests
- Fund-raising and donors organisations

The situation is extremely confused about the other NGOs. In fact, it is completely impossible to find out whom they represent. Many of these organisations were set up by political parties to help them to get special privileges and support from the government. A good number of doubtful cases took air in which corruption was suspected.

The international literature clearly defines the criteria for civil society organisations: institutionalisation, inner organisational structure, independence from the government, own representation, self-government, non-profit and voluntary participation. Organisations established for direct political and religious activities are not treated as typical civil society organisations.

In 2000, the Hungarian civil sector employed 62,5 thousand jobholders, and the number of volunteers contributing was more than 400 thousands. The number of the employed as well as that of the volunteers - as a result of the conscious transferring and take-over of the public functions – is systematically increasing.

The laws treat these NGOs bona-fide, hence the grotesqueness of certain situations. (The international press was also studying that particular case, when in 2002 the nomination of the President of the state-owned television was counteracted by the association of the free-style BMX circlers - that has 10 members! -, and the Hungarian public television still does not have a President).

The confederations of the Hungarian employers and employees are looking forward to having their representatives in the European Economic and Social Committee. The other organizations probably still have not heard about this opportunity. Given the above-mentioned circumstances, selecting the representatives will not be easy.

According to the measures in force today in Hungary there are some 60 thousands different atypical civil organisations - meeting the criteria above - registered by the courts, and 47 thousands of them is deemed operational by the KSH (Central Statistical Office). This number indicates that during the period following the change of the political system there was a noticeable quantitative development, which was most typical in the early 90s.

APPENDIX

**Number of enterprises
(30 September 2002)**

	Number of enterprises	
	Registered	Active
Corporation with legal entity	195 611	165 380
Of which: limited liability company	179 422	152 298
Co-operatives	6 823	5 389
Partnerships without legal entity	243 037	207 958
Of which: limited partnerships	206 153	174 905
Company and partnership, total	438 648	373 338
Sole proprietor	707 017	468 719
Corporation and unincorporated enterprises, total	1 145 665	842 057
Government and social security institutions	15 298	15 298
Non-profit institutions	68 778	68 778
ESOP ¹ -institutions	198	198
Total	1 229 939	926 331

¹ The acronym ESOP stands for Employers, employees and other organisations