



# Administrative Simplification The Case of Hungary

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**Abstract.** Simplification is a principle to be interpreted within quality legislation, which is important not only for the European countries, but it has been a priority also for the EU in the last decade. This paper tends to make a catalogue of the simplification measures taken by the government in Hungary in the last few years. It concentrates on rationalization programmes that expressively undertake simplification elements, e.g. the Magyary Zoltán Public Administrative Development Programme in 2010 and the ‘State Reform II’ programme in 2014. The paper – beyond a taxation of administrative fields involved within these simplification processes – introduces the most frequent methods and legal tools, as well. Moreover, it draws attention to those measures that were successful (integration, accessibility of administrative bodies) and that were not (e.g. linguistic simplification).

**Keywords:** administrative terminology, deregulation, Hungarian public administration, Magyary Zoltán Public Administrative Development Programme, rationalization, simplification

## I. Introduction

The challenge for governments is, on the one hand, to balance their need to use administrative procedures as a source of information and as a tool for implementing public policies, and, on the other, to minimize the interferences implied by these requirements in terms of the resources demanded to comply with them.<sup>1</sup> Administrative simplification is currently high on the political and policy agenda in most countries. It is one of the most effective methods for fighting against regulatory complexity and inflation.

There are different routes to simplification. There is not one single model that can be applied everywhere. Administrative simplification policies can be designed either on an *ad hoc* basis focused in a sector, or on a rather comprehensive and

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1 OECD 2009. 6

long-term perspective. Usually, first steps are based on the first type of approach, providing outcomes and instruments to continue in other fields and expanding to reach other policy areas.<sup>2</sup>

Simplification has been a priority also for the EU. It has been going on since 2005 as several initiatives of the Commission have been made to facilitate it. Such initiative for example is the action plan of the EU for reducing administrative burdens [COM(2007) 23].<sup>3</sup> In the EU, one tool of simplification is annulment. In order to make legal acts clearer and more understandable, the Commission recommended the abolition of 1,300 legal acts in 2009, which equals to 10% of the *acquis*.<sup>4</sup>

It must be added, however, that while the EU's goal of simplification may be achieved by the rationalization of secondary legal acts, the 'unavoidable complexity' is mainly caused by the case law of the Court.

The OECD has been also at the forefront of the work on administrative simplification issues since the 1990s as a unique international forum where officials and practitioners share their experiences and techniques, thus accumulating knowledge.<sup>5</sup> The 2005 Guiding Principles for Regulatory Quality and Performance set the bases for the work on administrative simplification, and advised governments to 'minimise the aggregate regulatory burden on those affected as an explicit objective to lessen administrative costs for citizens and businesses and as part of a policy stimulating economic efficiency,' and 'measure the aggregate burdens while also taking account of the benefits of regulation'. These principles have been endorsed by all OECD member countries.

## II. Goals and Challenges for Administrative Simplification

Simplification is a principle to be interpreted within quality legislation, the final aim of which is to increase the efficiency of law by decreasing unnecessary limitations and burdens on the side of both the clients and public administration, and the abolition or replacement of formally or substantially disturbing elements. The special feature of this principle is that it is strongly 'cyclic'; sometimes it is in focus, then it is pushed into the background: it may be observed that – broadly interpreted – simplification and – narrowly interpreted – deregulation procedures are conducted every few years (usually every 3–5 years).<sup>6</sup>

2 OECD 2009. 6

3 Drinóczy 2010. 85

4 Commission 2009.

5 OECD 2009. 10.

6 *Among the legal instruments of simplification attempts, the following may be mentioned as examples: Government Decision 1004/1995 (I. 20.) on reviewing laws upon deregulation requirements, Government Decision 1058/2008 (IX. 9.) on the government programme for the reduction of administrative burdens of market and non-market players and for the simplification*

Simplification cannot be a target itself. In order to achieve permanent results, the performance of previous (and subsequent) impact assessment shall be important, as well as – partly within the before mentioned – consultation with those concerned.<sup>7</sup> Ilona Pálné Dr Kovács considers it one of the greatest general mistakes of domestic reform attempts and new administrative organizational solutions that they are rarely based on systematic, empirical analyses – either regarding local governments or in other fields.<sup>8</sup> It may be also observed in part of the previous simplification attempts that they appeared as politically motivated measurement packages (often) without substantial preparation.

Defining and identifying challenges for administrative simplification is not an easy task since they link on to broader policy issues that are difficult to tackle simultaneously. Some of the key challenges are:

- build a constituency for administrative simplification;
- effective and efficient use of capacities and resources available;
- manage institutional and organizational needs;<sup>9</sup>
- ensure sound multilevel governance;
- involve all stakeholders fairly in administrative simplification strategies;
- develop and improve measurement and evaluation mechanisms.

## II. 1. Main (Target) Fields of Simplification and the Related Goals

### II.1.1. Application of Suitable Norm Types in the Regulation of Life Situations

With regard to this, it must be stressed that legal simplification also serves the regulatory goal of politics, namely that the use of legal acts is justified only if there is no more efficient tool for regulating life.<sup>10</sup> This means that in those fields in which life conditions may be regulated by *self-regulation* or *co-regulation*, ‘withdrawal’ may be reasonable – trusting the regulation of life to other forms of normativity (morals, religion, customs, etc.) instead of or in addition to the rules of law.

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*and speeding up of procedures, Government Decree 112/1994 (VIII. 6) on the tasks of the government commissioner for the modernization of public administration, Government Decree 149/2005 (VII. 27) on the annulment of certain laws and legal provisions, and the already mentioned Act LXXVI of 2012 on the technical deregulation of certain laws and legal provisions necessary for terminating the overregulation of the legal system.*

7 Drinóczi 2010. 86.

8 Pálné Dr Kovács 2010. 138.

9 Administrative simplification is not embedded in the mandate of all government institutions; it needs to be pushed forward in a co-ordinated manner. The establishment of administrative simplification units inside government and outside task forces can help with co-ordination and keeping up the path of reforms.

10 Gyergyák–Kiss 2007. 207.

The technique of self-regulation is spreading in several fields. For example, in order to increase consumers' trust, strengthen the client-centred market, facilitate the grounded decision-making of consumers, and make services more transparent, agreements formulating responsible service provider behaviour – concluded within market self-regulation – are getting more significant. Primarily, the concerned institutions and organizations representing professional interests participate in the establishment of agreements, or, in other words, codes of conduct, concluded within self-regulation (or unilateral undertakings). There are some fields of management in which self-regulation is dominant (e.g. sports administration) contrary to other fields of administration.<sup>11</sup>

Regarding the notion of co-regulation, it shall be mentioned that it is a rather new 'set of legal institutions'. It is important that the White Paper on European Governance published by the European Commission mention co-regulation as an example of better and faster regulation.<sup>12</sup> Co-regulation – regardless of its field – builds on the co-operation of state, market, and other players and contains a mix of legal and non-legal elements, focusing on the previous ones only if the latter ones cannot achieve the set target alone: co-regulating systems are usually based on self-regulation, the results of which are continuously supervised and, if necessary, corrected by the state. The main aim of co-regulation is to channel the activities of self-regulating organizations – usually beyond substantive law – into public power procedures.

During co-regulation, public power – normatively – sets achievable targets and self-regulation fills these with content. Co-regulation makes it possible to transfer the goals set by the legislator to interest representative organizations acknowledged at the given field ('regulated self-regulation'), and by this facilitating the channelling of self-regulatory initiatives.<sup>13</sup>

This way of regulation is common mainly regarding different industries and service areas, but it may also be possible to introduce and use its set of tools in other areas. For example, in Hungary, it is extremely important to establish co-operation partly (co-regulation) with cultural, educational, social, and other service provider organizations as well as with those co-operating in the identification, presentation, and representation of Roma (Gypsy) interests.<sup>14</sup> However, the differentiation of the notions of co-regulation and co-decision seems to be unavoidable in this area. Considering a real administrative example, based on Article 190 paragraph (1) of Act CLXXXV of 2010 on media services and mass communication (hereinafter referred to as: Mttv.), co-regulation is realized in the co-operation of the Media Council and self-regulating organizations (e.g.

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11 Princzinger 2010. 33.

12 Csink–Mayer 2012. 62.

13 Csink–Mayer 2012. 63.

14 Rixer 2013. 155–159.

media service providers, programme transmitters, professional organizations of press publishers) ‘for making the public power law enforcement system of media management more flexible’.<sup>15</sup> The Mttv. gives dual purpose to co-regulation. On the one hand, regarding authority competences, Article 191 paragraph (1) of the Mttv. provides that – within the scope of certain case types – the self-regulating organization may perform self-regulating tasks (e.g. preliminary dispute resolution). On the other hand, self-regulating organizations may assist in the operation of the Media Council in substantial matters in relation with the basic principle-level regulations of Act CIV of 2010 on the freedom of the press and the basic rules of media contents (protection of human dignity, the prohibition of the abuse of making declarations).

From a scientific approach to public administration, the co-regulation system of the Mttv. realizes functional decentralization regarding the media management tasks and competence which may be delegated to self-regulating organizations, therewith that media co-regulation provides for participation in public task performance not for public-law legal persons but for private entities (such as self-regulating organizations like associations). However, it is still important that the media co-regulating organization does not perform, not even indirectly, public power or authority activities.<sup>16</sup>

### *II.1.2. Simplification of the Legal/Administrative Language*

Laws and other legal texts are extremely important tools for forming social narratives also in spheres with significant information demand, and therefore the formulation and comprehensibility of language contents is a very important factor.

It is an important fact – as mentioned above – that the language of the (presently) valid laws is often the last form of appearance of the older spoken language – let it be special grammar structures or certain words or expressions. At this point, differentiation between the ‘formally used’ and spoken language is important because the special language of law shows some kind of difference from spoken language (especially when the legal culture was mainly in German or Latin...), but the difference between the presently used general Hungarian grammatical structures and the grammatical structures used in 30-40-year-old substantial law texts is also huge. Based on this phenomenon, the danger of the decrease of language capacities may be raised; simply the difference between the unchanged reality of legal terminology (fixing decades-old language conditions) and the daily reality of today’s general language may be described as the growing distance of an opening pair of scissors. Solutions and the possible changing and modification tendencies are obviously not limited to the incorporation of

15 Csink–Mayer 2012. 66.

16 Csink–Mayer 2012. 67.

anglicisms and the elements of British/American legal terminology nor to the expressions originating from the special language of the European Union;<sup>17</sup> in the medium term, probably the renewal of the Hungarian legal terminology and of language in general would be timely.

At this point, it must be mentioned that the simplification of legal terminology is very difficult at the level of the European Union because, for example, the ‘long sentences’ of the Court are needed since the unification and ‘simplification’ of the applied legal terminology would be limited, especially because of the difference between the legal systems of the member states.

The UNESCO’s ‘Guidelines for Terminology Policies: Formulating and Implementing Terminology Policy in Language Communities,’ published in 2005, urging the establishment and maintenance of a national terminology policy, draws attention to the fact that, if the professional terminology of a language in certain fields develops slowly or does not develop at all, it may happen due to the present pace of technological development that no substantial communication may be conducted in the given language in certain professional fields (thus, the loss of linguistic functionality may occur), and this may lead to the exclusion of monolingual communities from scientific and economic development.<sup>18</sup> It is important that laws (and individual decisions put down in writing) are also significant elements of a collective social (community) memory. Maurice Halbwach’s concept of collective memory basically refers to the social feature of remembering: to the fact that remembering is a collective interpretation, i.e. a reconstruction process. It is a question that in what personal scope and at what level this reconstruction may be realized if linguistic abilities (e.g. of understanding the text of laws) are available in a limited way. Within the scope of certain social units, the examinable collective memory is a phenomenon strongly tied to time and environment. In the life of smaller groups – therefore also in families –, there are common stories; ‘each family has its own special spiritual life; memories cherished only by it and secrets which are only known by its members’.<sup>19</sup> This statement may be justified not only at the level of families but also at the level of society as a whole. ‘The events of the past play a fundamental, crucial role in our lives, giving shape and form to our experiences. Without stories, our experiences would be mere amorphous, undifferentiated flows of events. Storytelling and story – synonyms of our knowledge of the world and our daily experiences – get meaning through them, and we formulate our future expectations through our stories expressed in words’.<sup>20</sup> Who would deny that in a society organized by the state shared and interpretable stories may be reconstructed quite often from

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17 Lánkos 2012.

18 Bölcskei 2011. 28.

19 Andó 2010. 55.

20 Andó 2010. 55.

written legal norms... and in this sense the renewal of the Hungarian legal system carries the need for a kind of change in narrative.

Attempts at creating new legal terminology in Hungarian legal language (and in legal sciences) may be observed nowadays: for example, the previous act on legislation (Act XI of 1987 on legislation) regulated – in addition to acts – the other legal instruments of governance; in contrast, the new act on legislation – leaving behind the terminology introduced in state socialism, carrying a sort of paternalist ‘atmosphere’ – introduced the term legal instruments for state administration. It would be a natural need to avoid naming the same way phenomena and institutions appearing in the same field but with different content. Hungarian public administrative law offers several unfortunate examples: e.g. government office (*kormányhivatal*) refers to a type of central state administrative bodies as well as to the territorial bodies of the government.

A special border between written and spoken forms of the language is the so-called SMS (texting) language. Its unique features appear also in laws, in so far as different abbreviations and ‘structure-shifts’ – which may be considered serious linguistic mistakes – are present in the latest legal instruments. The incomplete structures of the spoken language may be traced back to the simultaneity of expression and reception: the sending and receiving of the message have the same context.<sup>21</sup> Let us present a specific example of the spreading of SMS-language in our legal system: after one of the modifications of the previous Constitution in 2010, Article 61, paragraph (3) received the following text: ‘In the Republic of Hungary, public media services contribute in preserving and fostering national identity and European identity, Hungarian and minority languages, in strengthening national togetherness and in satisfying the needs of national, ethnic, family and religious communities.’ The serious mistake is not apparent in the spoken language, but it is unacceptable in writing; correctly, it should have been written (...) the Hungarian language and the minority languages (...) because ‘Hungarian languages’ do not exist.

Another new example is the text of the preamble of Act CCXI of 2011 on the protection of families modified with Article 152 of Act CXXXIII of 2013: ‘The protection of families and the strengthening of their well-being is the task of the state, of local governments, civil organization, media service providers and the economy’s participants’. In this case, we may face a ‘simplified’, incomplete grammatical structure resembling everyday language, from which possessive suffixes are missing (because the state or civil organizations do not have ‘participants’).

It is very interesting to examine when the linguistic revision of Hungarian public administrative legal documents will happen, with regard to the aforementioned fact that certain words and expressions present in the valid provisions have disappeared from everyday language. Civil law and criminal law have some advantage in so far as these have codes of substantial law (which are at the same

21 Andó 2010. 33.

time also new) and they have been linguistically revised upon the conscious intentions of the legislator.<sup>22</sup>

In relation to deregulation, in order to facilitate easier and more efficient law enforcement, for the ‘detoxification and clarification’ of the legal system in 2010, the Ministry for Justice and Public Administration together with the Balassi Institute employed so-called language guards working for the government, guarding the comprehensibility and linguistic precision of laws.

Unfortunately, efforts made for linguistic simplification were not successful enough in Hungary; it became obvious that the complexity of the legal system makes it really difficult to simplify any normative tool – even linguistically.<sup>23</sup>

### *II.1.3. Improving Access to ‘Law,’ Increasing the Accessibility of Public Administration*

Citizens shall be allowed to be in touch with public administration substantially and continuously, which is a fundamental precondition for enforcing the rule of law, the realization of constitutional rights, especially of the right to due process.<sup>24</sup> In Hungary, the accessibility of laws through a governmental website, the establishment of district offices, and the development of one-site and electronic case management definitely serve the achievement of these goals. The number of government client service desks [*kormányablak*] is to be risen from 71 to 280 also in 2015.

Direct access is greatly increased by the transparency of the organization and the functioning of public administrative bodies, which is ensured also by the latest elements of legal development which regulate the use and content of websites. Last but not least, the existence and features of applied responsibility bearing and supervisory techniques is of great importance in the public sector – also from the aspects of corruption, especially regarding the use of public funds.

### *II.1.4. Simplification of Processes, Mainly by Reducing Direct Administrative Burdens*

The simplification of procedures primarily means the reduction of administrative burdens (e.g. reduction of procedural steps, of the length of documents, abolition

22 See, for example, the reasoning of Article 219 of the new Criminal Code: ‘[...] in order to achieve the goal of simplification, the Submission related to the crimes of rape and sexual harassment provides a new title which covers both and is obvious also for civilians. The new name of the crime is sexual violence, which is simpler and more modern.’ In addition to the article mentioned, the legislator also changed (abolished) the names of other prohibited sexual acts with regard to the fact that in everyday language they had received uncertain content or they had been abandoned.

23 Nagy 2014.

24 Lőrincz 2009. 51.



of unnecessary documents, obligation to harmonize various pieces of information, publication of understandable case descriptions, increasing the scope of electronic public services, reduction of the frequency of reporting, reduction of other – similar – burdens). Through these, naturally, the reduction of direct and indirect costs and other expenses is also an objective. The spreading method of measuring administrative costs in Hungary is the Standard Cost Model (SCM), which facilitates the establishment of standardized cost data about resources used at companies for the enforcement of certain legal regulations.

It must also be taken into consideration that measures for simplification (e.g. the radical and quick reduction of administrative burdens on entrepreneurs) not only result in narrowly interpreted direct financial savings – both for entrepreneurs and for the state – but also in broadly interpreted economic and political costs, which must also be calculated. In the case of certain simplification steps, the run of all costs of the ‘whole system’ must also be considered; in our case, for example, the financial (one-shot, large amount severance pays) and political (procedures of interest representations) ‘costs’ of possible governmental cut-backs.

Simplification, however, cannot always be considered the only or the most effective tool. Referring to the previous example, at the time of recognizing the need for simplification, possible alternative solutions (e.g. motivation of civil servants to provide better services to entrepreneurs, introduction of tax allowances) must also be examined.<sup>25</sup> The latter may be realized through the opportunity cost analysis.<sup>26</sup>

### III. Tools of Simplification

Based on Hungarian literature, the tools of simplification may be categorized in several ways on a legislative basis and also upon the content of the regulations.<sup>27</sup> Regardless of the categories, such tools are, for example:

#### a) *Deregulation*

Deregulation as concept means the annulment of certain regulations of substantial law as well as its formal and material simplification. It is very important to limit the mass of laws in our continental legal system which strives to fully regulate all life conditions.<sup>28</sup> One of the main reasons for the gap between civilians and professional legislature as well as between law enforcement and mistrust towards law is the mass of laws impossible to handle for individuals,

25 Samuelson–Nordhaus 1990. 667–671. Obviously, nothing hampers the simultaneous or gradual realization of these steps (measures), but in practice there may be several political, budgetary, and other difficulties.

26 Vigvári 2007. 169.

27 Drinóczy 2010. 28–29.

28 Gyergyák–Kiss 2007. 207.

which is unsuitable for individual orientation due to its quantity and to the real or assumed internal complexity of it.

The two basic forms of deregulation are technical deregulation and material deregulation. The former serves the annulment of unused rules, thus increasing the transparency of the legal system, while the latter has actual relevance, making the regulatory environment simpler. It shall be noted that the notion of deregulation may be extended to individual administrative decisions too, not only to normative regulations.<sup>29</sup> During the last deregulation process in 2012/2013, 1,035 parliamentary decisions, 1,971 decrees and provisions of 460 acts were brought ineffective in Hungary. In addition, contrary to the rules before 2010, the automatic legal technical deregulation embedded in the legal system today serves technical deregulation built into the legislative process. This measure contributes to a more transparent legislation and improves the quality of the preparation of legislative acts.

b) *Re-regulation* (maintenance and continuous revision of existing rules) and consolidation (repeated enactment of the given law in more interpretable, 'handier' form with different content).

c) *Rationalization* (application of horizontal legislation instead of sectoral, vertical legislation, through which the filtering of parallelities and inconsistencies is possible).

The target group of the reduction of administrative burdens is typically the citizen appearing as client as well as the entrepreneur (business), but lately mainly non-profit organizations and churches have also appeared in this scope. It is important that public administration and its staff may also be the subject and eventually the beneficiary of measures aimed at reducing costs and achieving optimal use of resources. Among these, the governmental integration answer given to large-scale segmentation under the aegis of government offices may be mentioned as a typical example.

However, it must be stated that the simplification of the legal and institutional system at excessive speed (and degree), making them 'more applicable', may violate (constitutional) rules and principles of guaranteed value, even though behind the new regulations is the intention to adjust them to the traditional and actual practices. The previous separate act on cabinet civil servants (Ktjt.) introduced the rule according to which the dismissal of a government servant did not have to be reasoned. According to the reasoning, the new regulation 'provides an opportunity for establishing quality staff and for increasing the quality of work performed for the public,' thus for terminating the contract of unsuitable government servants 'easily'. However, the Constitutional Court did not accept this need, and in its Decision 8/2011 (II. 18.) ABH – as mentioned previously – it considered the provision unconstitutional for several reasons.

<sup>29</sup> Gyergyák–Kiss 2007. 208.

## IV. Latest Developments in the Simplification of Hungarian Public Administration

In Hungary, the so-called Simplification Programme was part of the public administrative programme. It was started by the new Government in 2010 as part of the Magyar Zoltán Public Administrative Development Programme.<sup>30</sup> The Government wished to simplify the life of citizens by 2014 – gradually – in approximately 230 types of cases.<sup>31</sup> The direct and primary goal of the Simplification Programme was to review authority procedures affecting the population and reduce administrative burdens of citizens which are related to the management of the different cases. ‘During simplification, unnecessary bureaucracy is excluded from procedures and the goal is to assist citizens through less paperwork, fewer documents, less queuing and simpler case management procedure, and at the same time to speed up public administration itself.’<sup>32</sup> The goal was to increase the number of those types of cases ‘[in] which citizens may observe the reduction of bureaucracy in case management process, in the

30 See Government Decision 1304/2011 (IX. 2.) on the approval of the Simplification Programme of the Magyar Programme. Based on its Annex 2, the simplification of procedures shall be realized by achieving one or more targets from the following ones:

- a) termination of cases;
- b) fusion of cases with other cases;
- c) reduction of case management time;
- d) development of communication between the client and the office, extension of a client-friendly information system;
- e) reorganization of the procedures of the case;
- f) reduction of the number of those participating in the management of the case;
- g) increasing the online administration of cases;
- h) reduction of case documentation and its information needs;
- i) preparation of a handbook for participating administrators;
- j) preparation and publication of short and understandable case descriptions for clients.

31 Practically, every ministry has been participating in the realization of the programme since 2012, reviewing the procedures in its competence from the aspect of further possible simplification, mainly regarding family and children, in the field of employment, unemployment support, social services, taxation, agricultural issues, public and higher education, issues related to property, authority administration in traffic issues, pension, marriage administration, and health insurance services. Among the already realized measures, it may be mentioned that **requesting motherhood allowance (TGYÁS) and child care contribution (GYED) has become simpler as a result to the fact that, in addition to the reduction of the number of necessary documents, the previous 30-day administrative deadline was reduced to 18 days. But, for example, the deadline for issuing agricultural producer identification card was also reduced to 18 days from the previous 30.** Another material simplification is that instead of the previous three authorities only one acts, for example, in assessing reduced working abilities and health damages, and a similar easement is that in the case of inquiries related to accommodation allowances there is no need for the notary to act anymore; everything may be managed at the Hungarian Treasury. Among the developments of online administration, it may be mentioned that due to the programme decision-making about family allowance and child support (GYET) has been accelerated by an IT development.

32 Retrieved on 22. 2. 2015, from: <http://magyaryprogram.kormany.hu/egyszersitesiprogram>.

reduction of the length and costs of procedures'. In its Programme for Bureaucracy Reduction and Better Regulation officially adopted on 25 April 2006, Germany's Federal Government decided to measurably reduce administrative costs incurred by businesses, citizens, and public authorities to an absolute minimum.<sup>33</sup> One of the main goals of the Hungarian State Reform Committee – appointed in the very end of 2014 – is mainly the same.<sup>34</sup>

In parallel with changes occurring from the Simplification Programme, other client-friendly measures have been taken too: for example, since July 2011, clients may automatically receive e-mail or SMS messages about the completion of their document. It may also be mentioned that since January 2011 authorities shall calculate deadlines in calendar days, not in business days, thus restoring the previous practice. The most significant change is undoubtedly the establishment of Government Offices and the start of one-site case management and its continuous extension to new case types – this way facilitating the management of several cases at one place. The establishment of the National Unified Card is also a step forward, allowing for the retrieval of several different – parallel – types of documents.

In addition to the Simplification Programme reducing the administrative burdens of the population, several measures aim at reducing the administrative burdens of domestic businesses, primarily within the framework of the Simple State Programme. Part of this has also aimed at reviewing authority procedures.<sup>35</sup> Simplified company registration, public procurement procedures, investment permissions, and the tenders of the New Széchenyi Plan may also significantly assist the participants of domestic economy. All in all, due to dozens of measures – defined also in the Széll Kálmán Plan –, the burdens of entrepreneurs have been reduced.<sup>36</sup> It must be mentioned that there was a similar programme earlier, resulting in a mass of law changes related to businesses: the 'Tuned for Business' programme was announced by the Ministry of Economy and Traffic in October 2006 and several laws were modified in relation with the programme (reducing the burdens of businesses by making the establishment of businesses easier, reducing the circular debts of businesses, increasing the rate of electronic trade or by increasing the value limit of obligatory audit). Also important in international

33 A foundation for better law: five years of bureaucracy reduction and better regulation. 2011 Federal Government Report pursuant to Section 7 of the Act on the Establishment of a National Regulatory Control Council. Published by the Federal Chancellery Better Regulation Unit, Berlin, 5 April 2012.

34 Government Decision 1602/2014 (XI. 4.) on the Hungarian State Reform Committee.

35 See Government Decision 1405/2011 (XI. 25.) on the Simple State medium-term governmental programme for the reduction of administrative burdens of businesses and Government Decision 1406/2011 (X. 1.) on the modification of certain tasks of the Simple State medium-term governmental programme for the reduction of administrative burdens of businesses, annulling the former decision.

36 Retrieved on 14. 3. 2015, from: [www.egyszeruallam.hu](http://www.egyszeruallam.hu).

context from the standpoint of business simplification is the implementation of Directive 2006/123/EC on Internal Market Services,<sup>37</sup> aimed at reducing barriers to the movement of services.

## **V. Results of the Administrative Simplification Process in Hungary**

With implementing the administrative simplification process, Hungary succeeded in reducing administrative burdens with 25 percent – according to the Hungarian Government.<sup>38</sup> The promise originally meant to lower entrepreneurial administrative necessities, but the government was able to realize this reduction on the whole population. Unnecessary bureaucratic burdens were eliminated in 228 processes, so less paperwork, forms, and standing-in-lines will burden the citizens. With the simplification of directives and shortening of administration periods, enterprises got rid of useless obligations in 96 processes. Also, formal simplification has been carried out on the legislation process, with which more than 3,400 unneeded parliamentary resolutions and other decisions were repelled.

With the Magyar Zoltán Public Administration Development Programme, the government aimed to reduce bureaucracy and administration to put a curb on complex and unpredictable state regulations. In the content of the Magyar Programme, the government implemented the Administrative Simplification Programme for the reduction of residential administrative burdens and the Simple State Programme to mitigate the administrative burdens of enterprises.

The Simplification Programme reduced administrative burdens in 15 areas and 228 processes (a total of 249 with sub-processes). Among these were affairs of taxation, citizenship, family, matrimonial and property-related matters, employment, pension, and social affairs.

Out of the 114-point Simple State Programme package, 96 points were implemented by the end of December 2013. The simplifications achieved in taxation, employment, construction engineering, food industry, and the field of public administration have significantly reduced the bureaucratic burdens. Implementation of the last ten actions was completed in early 2014.

Prior to this, the government has already carried out steps in order to reduce the administrative burden of the business sphere. With creating the conditions

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37 See the framework law implementing the service provision directive, Act LXXVI of 2009 on the general rules of starting and performing service provision activities. The aim of the directive is to establish a real internal market for services by reducing legal and administrative barriers in front of the development of service provision activities between member states.

38 Retrieved on 3. 3. 2015, from:  
<http://2010-2014.kormany.hu/en/ministry-of-public-administration-and-justice/news/simplification-process-of-the-government-reduced-administration-by-a-quarter>.

in public services for a One Stop Shop, citizens will soon have the opportunity to deal with administration using this citizen-centric service delivery model; the individual pension insurance registration form is no longer a must, and the flat tax system has been introduced. In addition, the statutory audit threshold has been raised to 200 million HUF, leaving more than 17,000 small and medium-sized enterprises to be exempted from the application of an audit. The actions of the government reduce the bureaucratic administrative costs of entrepreneurs with hundreds of billions of forints.

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