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Reforms in public administration

Comparative study of Sopron and Seinäjoki

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Thesis abstract

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The thesis focuses on government science. In the study, several indicators of economic status in Hungary and Finland are presented, as well as some of the ongoing reforms. The chosen corner stones of the study are Sopron and Seinäjoki, related to which the administrative details of the ongoing reforms are presented. The author chose the aforementioned two localities, because she completed her studies in Sopron and Seinäjoki, and has been writing her thesis in the latter.

In the first part of the thesis, the reader is introduced to the economic situations in these two countries. Furthermore, the administrative systems and the reforms implemented in both countries are dealt with. After that, the economic situations of the surveyed cities and their roles in the region, as well as the impact of the ongoing reforms on the cities are presented. When choosing the topic of the thesis, the aim was to prioritize a case affecting all the residents directly or indirectly in Sopron and Seinäjoki. The reasons for introducing the reforms in both countries were different. In Hungary, the main reason was to facilitate the public administration of citizens, the establishment of state control over the government's windows with electronic administration and with the help of a new district system. The triggering factor of the reforms in Finland was to ensure the quality of public welfare and health services. In the thesis, the problems that led to the reforms and the offered solutions are explored, and their consequences in these two cities are examined.

At the end of the thesis, the future impacts of the reforms on Seinäjoki and Sopron are summarized.

Keywords: public administration, reforms, Sopron, Seinäjoki, Hungary, Finland.

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1 INTRODUCTION

Public administration is the basic of a well-operating state, which includes the state administration and local governance. This sector affects all residents directly or indirectly. Recently they have been changes in public administration in Hungary and also in Finland but countries are different in many aspects. The reasons for introducing the reforms in both countries were distinct. The newly launched Hungarian reforms are multiple processions and it concerns many institutes and the main reason was to facilitate the public administration of citizens, the establishment of state control over the government's windows with electronic administration and with the help of new district system. It gave the curiosity to look another country, where is also reforms in the same sector. In Finland there are different reasons of the change and they fulfil the processes differently. The triggering factor of the reforms in Finland was to ensure the quality of the public welfare and health services. The main purpose of the thesis is to study the ongoing reforms, the causes of the changes and how these steps influence the administration systems. The chosen cities, Seinäjoki and Sopron are also twin cities.

The fundamental tool of this thesis is comparison as it is a comparative study. In a comparative study, the research design might be many-country comparison, few-country comparison or single-country study. This thesis follows the few-country comparison design because it studies two countries, named by Finland and Hungary.

Sources of the thesis are mainly online what made the writing process more difficult. The reforms are young that is why it is difficult to find printed sources in this topic. To write the thesis in English encumbered the writing process because my mother tongue is Hungarian.

1.1 Background of the thesis

As the role of public administration was highlighted in the first paragraph, it is important to state that Ministry of Public Administration and Justice is the responsible institute for this major sector. It coordinates the government jobs, development of central and local administrations, and the politics of quality public administration and personnel (Kormányportál [ref.17 April 2013]). “The Ministry of Public Administration and Justice is responsible for the harmonisation of government work, for the development of central and regional public administration – which forms the basis of the functioning of the Hungarian state – and for quality and staffing policy related to public administration. Among the Ministry’s priority tasks are the preparation, coordination and implementation of the Government’s justice policy.” (Website of the Hungarian Government [ref. 2 May 2013])

The thesis gives answers for the following questions:

1. To present and compare Finland and Hungary (aspects of economy and welfare).
2. To describe and compare the public administration especially in local level in Finland and Hungary.
3. To describe recent changes in local government in Finland and Hungary.
4. To describe cities Seinäjoki and Sopron and compare the recent and future changes in this cities.

2 METHODOLOGY

The fundamental tool of an analysis is comparison. It is bringing into focus similarities and contrasts among cases. Comparative method is a systematic analysis of small number of cases (Lijphart 1971). This thesis a comparative study because it is analysing two countries among different aspects.

2.1 Comparative strategy

It is important to state in the beginning the number of studied cases. There are two types: variable-oriented studies and case-oriented studies. In the case of variable-oriented studies many countries are studied while in case-oriented studies a single country or only few countries are studied (Ragin 1987). Finland and Hungary are examined about the case of public administration reforms thus this thesis belongs to the type of case-oriented study.

2.2 General methodology

In the case of general methodology, there are two types: quantitative and qualitative. Quantitative research is deductive, which has a hypothesis. The hypothesis is identifies before the research begin. The qualitative research is inductive what does not need hypothesis to start the research process. The qualitative methodology seems the most appropriate for the aim of this thesis (Lor 2011).

3 COMPARISON OF FINLAND AND HUNGARY

The map (FIGURE 1) shows the location of the examined countries. Finland is a Nordic country situated in Northern Europe. It is surrounded by the Baltic Sea, Gulf of Finland and Gulf of Bothnia, among Sweden, Norway and Russia. Hungary is Central European country bounded by Slovakia, Ukraine, Romania, Serbia, Croatia, Slovenia and Austria (Central Intelligence Agency [ref. 17 April 2013]).

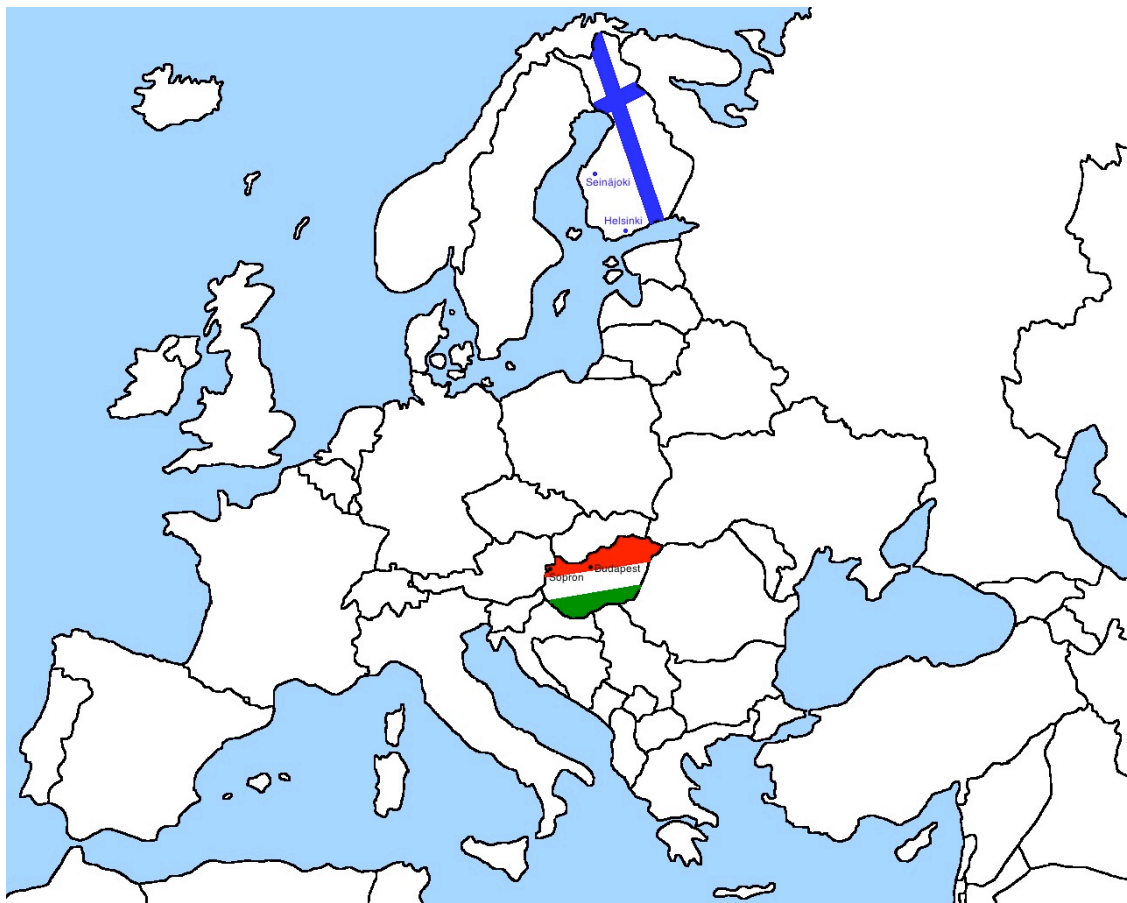


FIGURE 1. Location of Finland and Hungary (Digital Map of Europe [ref. 6 March 2013])

3.1 Finland

Finland (the conventional long form is Republic of Finland) is the country of lakes and forests and the unspoilt beauty of natural is perhaps the best known. The population is approximately 5,3 million so Finland is ranked on the 24th place

among the EU countries and on the 116th in the world. The capital is Helsinki with 1,107 million citizens. The country's administrative system is divided for 19 regions. Finland has been member of EU since 1995 and has been member of the euro zone since 1999. The country is well developed, modern and has competitive economy. In telecommunications equipment Finland is world leading- but also is a strong competitive in manufacturing. The GDP composition by sectors has significant differences; the agriculture takes 3.3%, industry takes 27.1% and services take 69.6% of the GDP. Half of the whole population is effective labour force but the unemployment rate is low compared it to the world; with 7.3%. The country's budget shows \$129.4 billion revenues and \$134 billion expenditures in 2012. The taxes and other revenues give the 52.3 % of the GDP. The inflation rate is 3 % so Finland is on the 76th place on the countries comparison list. The central bank discount rate is 1.5 %. (Central Intelligence Agency [ref. 10 March 2013]; European Union [ref. 10 March 2013]).

3.2 Hungary

Hungary is famous for its endless flat and Lake Balaton. The population is around 9.958 million so Hungary is ranked on the 15th place among to the EU countries and it is on the 87th place compared to the world. The capital is Budapest. Hungary's administrative division contains 19 counties, 23 urban counties and a capital city. The country has joined to the EU in 2004 but it has not been member of the euro zone. Hungary changed its economy from centrally planned to market. The per capital incomes two-third of the EU-27 average. The country has foreign currency dept and bond obligation. The GDP composition by sectors has differences; the agriculture sector takes 4.2%, the industry sector takes 30.1% and services take 65.7% of the GDP. The unemployment rate has been growing since 2011; it is 11.2%. The country's budget shows \$55.05 billion revenues and \$58.55 billion expenditures in 2012. The taxes and other revenues are 42.7% of GDP. The inflation rate is 5.6 % so Hungary is on the 153rd place compared to the world's countries. The central bank discount rate is 5.75 % (Central Intelligence Agency [ref. 10 March 2013]; European Union [ref. 10 March 2013]).

3.3 Economic situation

As the table (TABLE 1) shows below Finland and Hungary are significantly different. The numbers tell that Finland is in better economic status than Hungary. However the amount of Gross Domestic Product is higher; in Finland the labour force approximately half of the Hungarian's number. It seems Finns have more effective economy.

TABLE 1. Finland and Hungary economy's differs according to GDP in 2012 (Central Intelligence Agency [ref. 10 March 2013])

	Finland	Hungary
GDP (official exchange rate)	\$247.2 billion	\$128.8 billion
GDP - real growth rate	0.30%	-1%
Labour force	2.679 million	4.178 million
Unemployment rate	7.30%	11.20%
Inflation rate	3%	5.60%

3.4 Your Better Life Index

The better life index is created to compare some of the key factors such as education, housing, environment that contributes the well being in OCED (Organisation for Economic Co-operation and Development) countries. The OCED has been helping the governments to design better policies for better lives for inhabitants for over fifty years. GDP has been the main factor to measure the economics and social progress but it has failed to understand many factors that influence people's lives, such as security, leisure, income distribution and clean environment. Your Better Life Index is a tool that allows to see how countries perform according to 11 topics – community, education, environment, civic engagement, health, housing, income, jobs, life satisfaction, safety, work-life balance (Better Life Index [ref. 26 February 2013]).

As the following figures (FIGURE 2 and FIGURE 3) shows below Finland performs very well in many measures of well being but Hungary performs only moderately well as shown in the topics. Only the work-life balance shows a little similarity but otherwise there is gap between life standards among the countries.

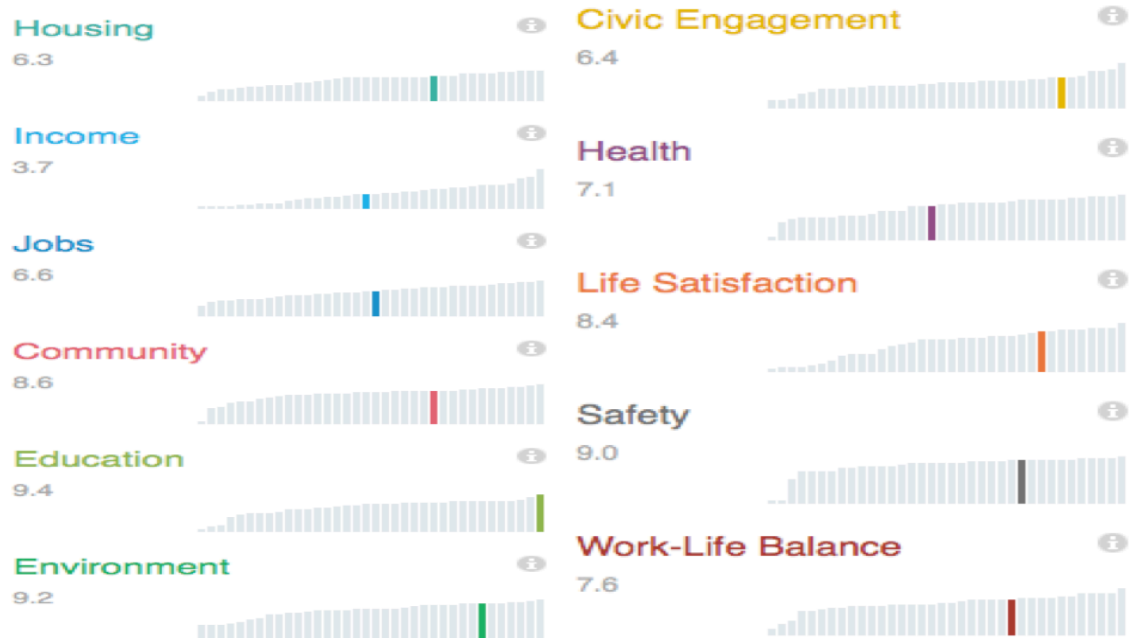


FIGURE 2. Finland by topics of Your Better Life Index (OECD, 2012 [ref. 26 February 2013])

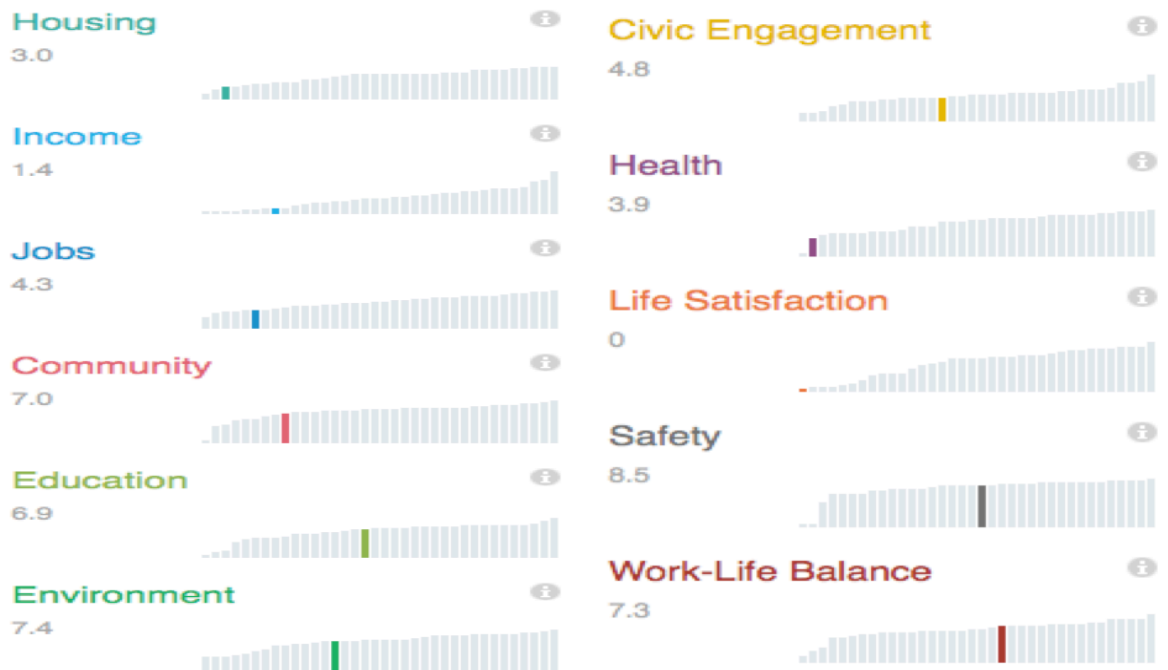


FIGURE 3. Hungary by topics of Your Better Life Index (OECD, 2012[ref. 26 February 2013])

3.5 Operating as welfare states

The Nordic welfare model based on to create a strong social cohesion. The main goal is to involve the citizens to be participants in the social life and in the decision-making process of the society. Welfare and labour market policy are strongly connected with each other. The member countries have almost the same challenges. So the Nordic cooperation by sharing experiences across the borders contributes to the social innovation. The object is based on the core values of equal opportunities, social solidarity and security for all. Everyone is entitled to social and health services, education and culture on the equal level. The family is a fundamental social community so the cooperation maintains the importance of family and that is why Nordic countries work together to develop the living standards. Finland is one of the Nordic countries that take a significant part to maximize the living conditions (Norden [ref.19 April 2013]). While Finland is an active participant of ongoing development, Hungary as a post socialist member of the European Union is a member of a new category what was created by the twelve new members who joined to the EU between 2004 and 2007. The European welfare state model has the same objects than the Nordic model and it can be classified in five groups. These are the following:

1. The continental welfare state model includes Belgium, France, Germany, Luxembourg, Holland and Austria.
2. The Scandinavian welfare state model includes Sweden, Denmark, Finland, Norway and Iceland.
3. The Anglo-Saxon welfare state model contains Great Britain and Ireland.
4. The Mediterranean welfare model includes Italy, Spain, Portugal and Greece.
5. The new welfare state in the EU contains the new EU members.

Because of historical background of Hungary the reorganization of welfare state started later than Finland (Batic 2011).

3.6 Summarizing

In brief, from the numbers we can conclude that the living standards are higher in Finland however in many cases Hungary's performance is on the same level. Finland is a welfare state while Hungary tries to take part in the welfare capitalism as it was mentioned above. According to the Your Better Life Index it shows significant differences in more points. The satisfactory housing condition is one of the most important measures and it shows that in Hungary the people does not satisfied with their conditions. The biggest differences in the factors can be found at the point of life satisfaction. This measure can give a personal evaluation of an individual's health, education, income, personal fulfilment and social conditions. Hungary received lower grade than the OECD average while Finland has higher number than OECD average (Better Life Index [ref. 19 April 2013]).

4 PUBLIC ADMINISTRATION IN FINLAND AND HUNGARY

As it is known, Finland and Hungary are the members of the EU so both countries have to follow the policies of European Charter of Local Government. Before we engage more into the system it is important to define the operation of multilevel governance within unitary states. It is important to state the relation between centre and public authorities. "A dual system of local government (as in Britain) maintains a formal separation of central and local government. Although the centre is sovereign, local authorities are not seen as part of a single state apparatus. In a fused system (as in France), municipalities form part of a uniform system of administration applying across the country." (Hague and Harrop 2010, 288.)

European Charter of Local Government

The European Charter of Local Self-Government has been signed by the member States of the Council of Europe on 15 October 1985 but only on 9th of September 1988 entered into force. The Committee of the Regions of the European Union invites for the principle of local self-government to be included in the Community treaties. Monitoring the implementation of the Charter the Committee of the Regions works together with the Council of Europe's Congress of Local and Regional Authorities of Europe (CLRAE) (CVCE [ref. 26 September 2012]).

In the European Charter of Local Self-Government has defined the fundamental principles of local self-government by the Council of Europe. The Council of Europe used the experience of European states during the creation. The Charter assures the political, administrative and financial independence of local authorities. The principle of local self-government is recognized in domestic legislation and in constitution as well.

“The member States of the Council of Europe, signatory hereto,

- Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage;
- Considering that one of the methods by which this aim is to be achieved is through agreements in the administrative field;
- Considering that the local authorities are one of the main foundations of any democratic regime;
- Considering that the right of citizens to participate in the conduct of public affairs is one of the democratic principles that are shared by all member States of the Council of Europe;
- Considering that it is at local level that this right can be most directly exercised;
- Convinced that the existence of local authorities with real responsibilities can provide an administration which is both effective and close to the citizen;
- Aware that the safeguarding and reinforcement of local self-government in the different European countries is an important contribution to the construction of a Europe based on the principles of democracy and the decentralisation of power;

Asserting that this entails the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment.“

(European Charter 1985)

4.1 The structure of public administration in Finland

The state administration contains the Parliament, the President of the Republic and the Government. It is divided into three levels; central, regional and local. The responsibility of basic public services is on the local government.

System of self-governing local authorities operates in every state. The basic unit of local self-government is the municipality. Two types of self-governing unit have evolved at local level: cities and municipalities. Law defines the territorial boundaries of each units (Pejanovic [ref. 13 March 2013]).

The legislation for local government was established in 1860's and culminated into Local Government Act in 1995. The people are the base of local self-governments. The Finnish Constitution takes care of the central features of local-self government because it gives the opportunity for residents to elect the municipal council what is the supreme decision-making body. In local affairs the council has the authority to decide. The local authorities also have certain specified responsibilities. Local authorities have potency to make financial decision, based on the right. Local government is separate from central government, and the municipal bodies are partly independent. Municipal administration is based on the Local Government Act so each municipality is in charge of arranging its own internal administration. They are free to make their functions in practice as long as it suits to the legal requirements. Finland also accepted and included in its legalisation the European Charter on Local Self-Government what was prepared by the Council of Europe as I have mentioned it before. The municipalities have the right to levy municipal tax. Taxes are determined also by an Act. In administrative areas the provisions of self-government is larger than the municipality and also laid down by an Act (Local Finland [ref. 15 March 2013]).

Finland is highly decentralized. Finland is divided into 20 regions. One of them is Aland. Aland Island is an autonomous, demilitarised, monolingual Swedish-speaking region of Finland and also the smallest region of all. There are 342 local authorities (2012) what include 108 cities and 234 rural municipalities. Both "cities" and "municipalities" have the same legal status and same obligatory tasks and rights. Municipalities have the right to establish a separate organization in a form of a "Joint Municipal Board". In this form they have benefits to organize specific functions such as providing services like educational, social or health care services. "Regional Councils" are joint municipal boards. Their member municipalities form the Regional Councils. Regional Councils are a way of regional municipal co-

operation and it's compulsory for all municipalities. The system of Finnish regional administration was reorganized as a part of the reform Project for Regional Administration (ALKU). As the result of the reform, two new regional administrative bodies founded; six Regional State Administrative Agencies (AVIs) and 15 Centres for Economic Development, Transport and the Environment (ELYs) (Ministry for Foreign Affairs 2002 and The North-South Government 2011). Therefore in Finland there are three levels where the public administration is carried out: central administration, intermediate level administration and local level administration.

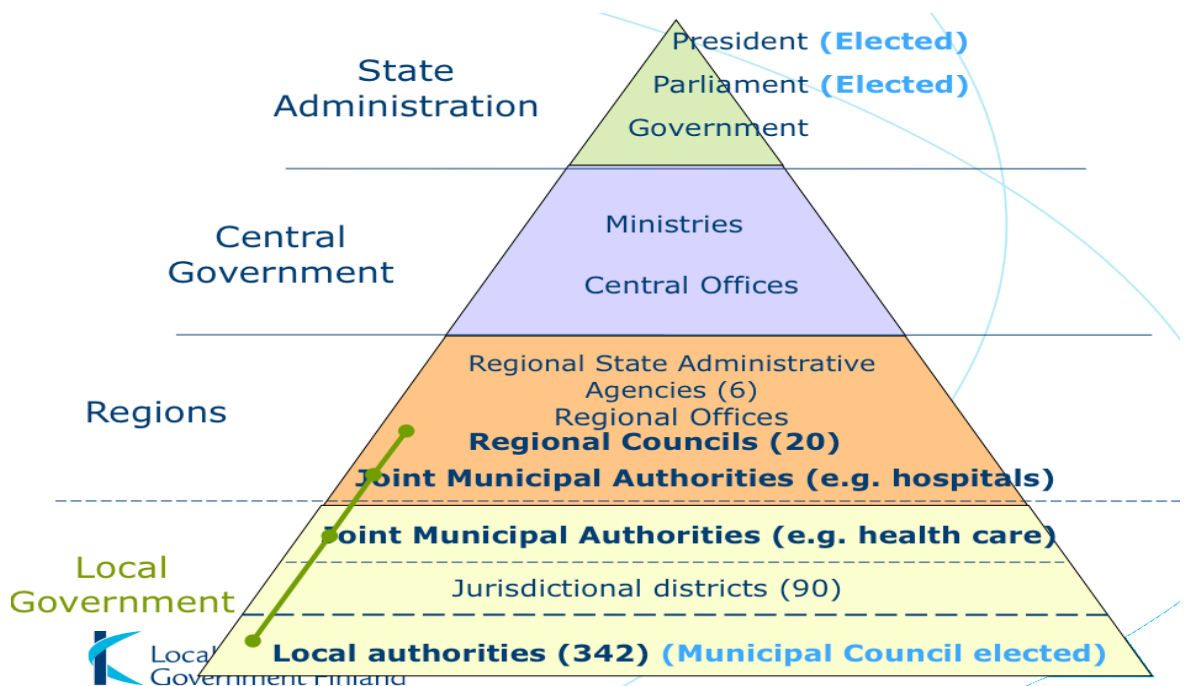


FIGURE 4. Levels of Finnish Public Administration System, 2011 (Local Finland 2013 [ref. 15 March 2013])

State administration is performed at each of these levels including the ministries and central offices, intermediate state administration as well as the state local administration. In cases according to local government is only discussed on intermediate-and local levels. Local government refers the municipal administration, local authorities in this case (Local Finland [ref.15 March 2013]).

4.1.1 Local authorities

Finnish local authorities and cities make up together an association, called Association of Finnish Local and Regional authorities. It is the official representative of local authorities in Finland and besides other functions it is to develop the area with expert services, promotion of municipal interests, and research, development services. Several ministries have responsibilities linked with local authorities. Ministry of Finance has important role in the local authorities' life. The role performs a relationship between the State and local authorities. The Ministry of Finance monitors the operations and finances of local authorities in general and insure that municipal autonomy is taken into account in the preparation of legislation concerning local authorities. The number of municipalities has decreased according to the chart below (FIGURE 5). In 2009 there were only 348 municipalities, compare to this number with the 10 years measures, in 1999 there were 452. The local authorities can be distinguished according to size of population. Finnish local authorities have wide responsibilities towards to education, social welfare and health care and besides maintenance the technical infrastructure. Local authorities uphold the national comprehensive school, upper secondary school, vocational educational and training; and also they run libraries, art classes, adult education, cultural and recreational services. They mission to provide child day care, welfare for the aged and disabled, preventative and primary care services, specialist medical care, dental care and also promotion of healthy living environment. The third field where they have to operate is the technical infrastructure. It includes the town plan, supervision of land use and construction, water and energy supply, waste management, street and road maintenance, environmental protection and finally the fire and rescue services. Local authorities have many services together with others; for example hospitals are maintained by Regional Councils (joint municipal authorities) (Finnish Local Government 2011 [ref.13 March 2013]).

The number of municipalities in Finland 1917-2010: trend

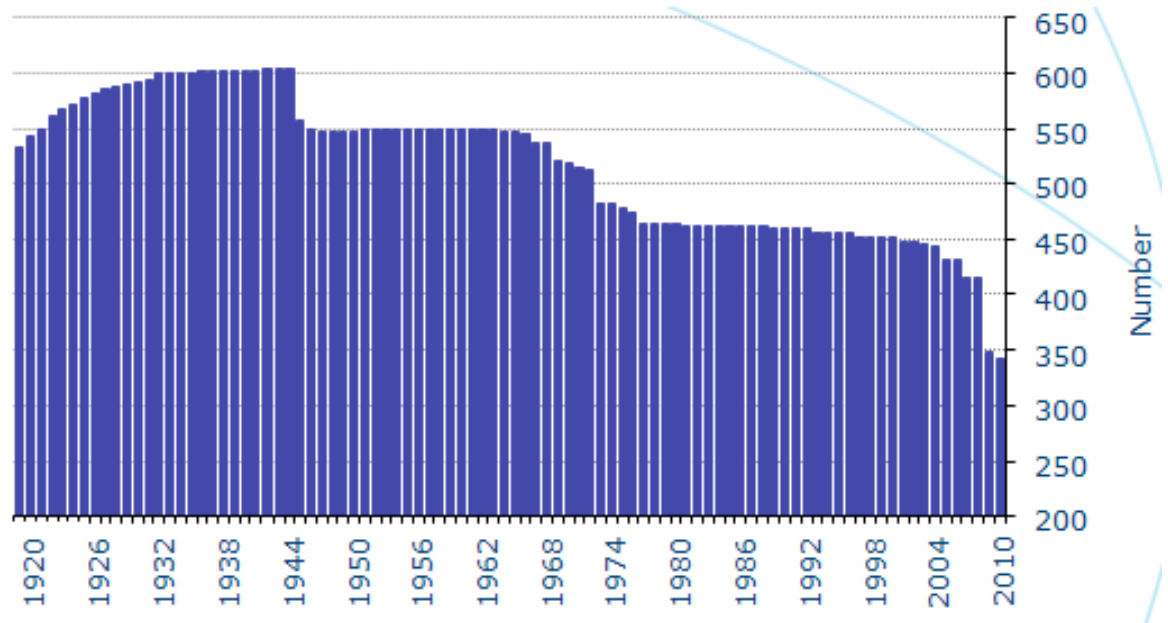


FIGURE 5. The number of municipalities (Local Finland [ref. 15 March 2013])

4.1.2 Local government

It is an important part of the public sector because it has the main responsibility for social welfare, health care, education and culture. Local government provide traffic, power, water, sewerage, waste management, public transport and environmental protection. The executive service is the joint municipal authorities or municipal companies and corporations. 50% of revenues are spent on social welfare and health care, 25% on education and culture. Local authorities can decide how to spend their money within certain limits. The public sector employs about 25% of all employees. Over 75% of all public sector employees work for local government the rest of them work for central government (Finnish Local Government 2011 [ref.13 March 2013]).

4.1.3 The local government sector's revenues and expenditure

As the figure (FIGURE 6) shows below that the main income is from taxes as well as sales of goods and services. The central government transfers only 19 % of the

revenue. The local income tax paid by inhabitants; these are municipal income tax, real estate tax and a proportion of corporate tax. Each local authority can decide independently on its income rate. In 2011 the average local tax rate was 18.5 % of taxable income. The other significant part of the revenue comes from operating customer fees, from central government transfers. The Central government is transferring for operating expenses and for investments. The municipality gets an amount of euros after each inhabitant from Ministry of Finance and from Ministry of Social Affairs and Health and also gets after each student from Ministry of Education and Culture (Finnish Local Government 2011 [ref.13 March 2013]).

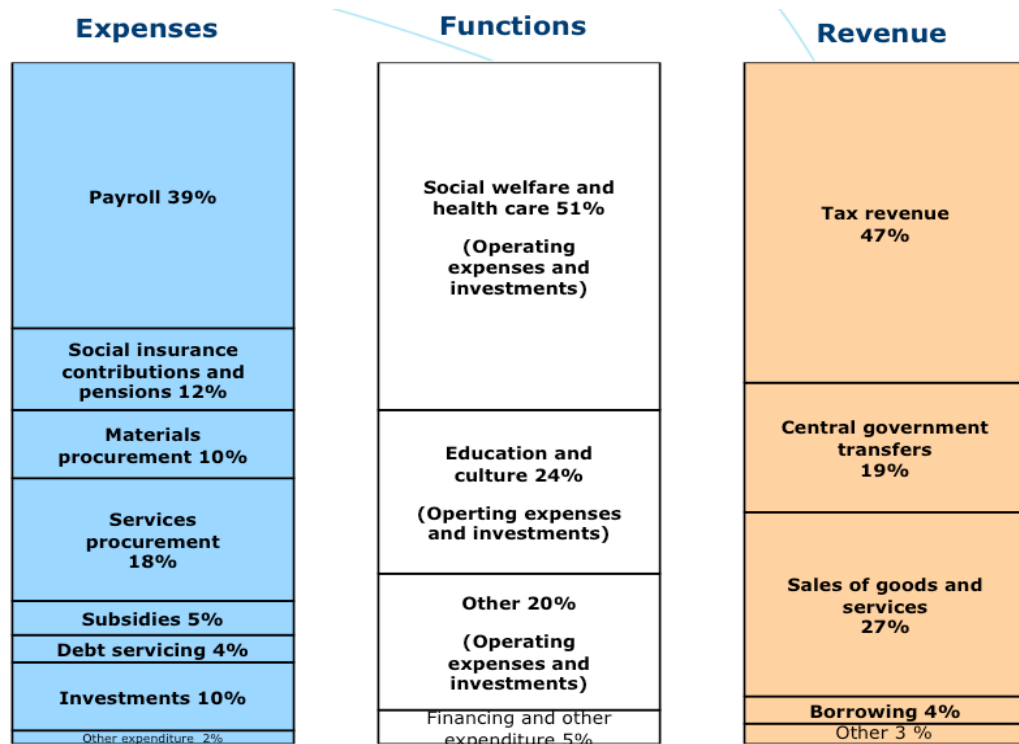


FIGURE 6. Expenditure and revenue of public sector, 2011 (Local Finland [ref. 15 March 2013])

As I have mentioned before the percentage of municipal income tax is not consistently regulated. About the percentage of real estate tax, local council has the right to decide. Unbuilt plots get higher taxation but for some charitable organisation tax-free status can be given. Local authorities get a 22.03 % proportion of corporate income tax. The proportion of an individual local authority is based on the taxable income of companies within the local authority area (Finnish Local Government 2011 [ref.13 March 2013]).

In the recent five years tax revenue has shown stagnation as the figure (FIGURE 7) shows most of the tax revenue comes from the municipal income tax. Corporate income tax follows (Finnish Local Government 2011 [ref.14 March 2013]).

Local government tax revenue 1990-2012, billion € Current prices according to the accounts of local authorities

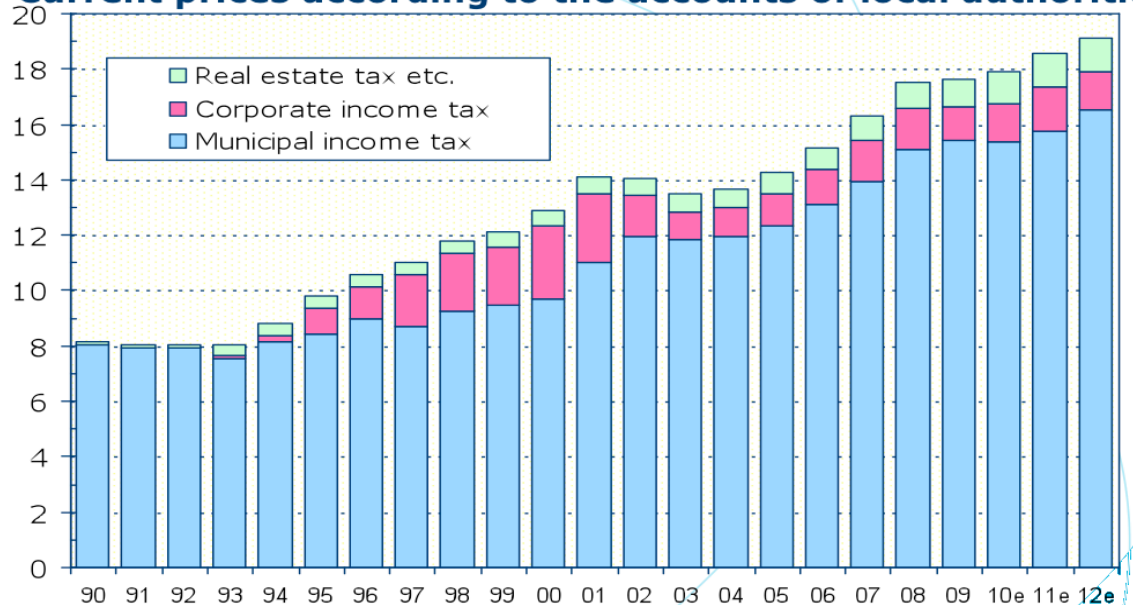


FIGURE 7. Local government tax revenue 1990-2012 (Local Finland [ref. 15 March 2013])

4.1.4 Health expenditure – public sector

The Finns emphasize the importance of welfare and health care services. It has shown by the pie bar below (FIGURE 8) that the local governments spend the biggest amount of their expenditures on social welfare and health care. Local authorities have obligation to organize and ensure the conditions and also to provide most of the health care services. These fields belong to the tasks of local authorities. The second most important segments is the education and culture service what are provided also by local authorities. They have to provide community-based technology services and have to organize the basic services for community operation. Also their responsible is uphold for good residential environment what is included in the process of community planning (Finnish Local Government 2011 [ref.14 March 2013]).

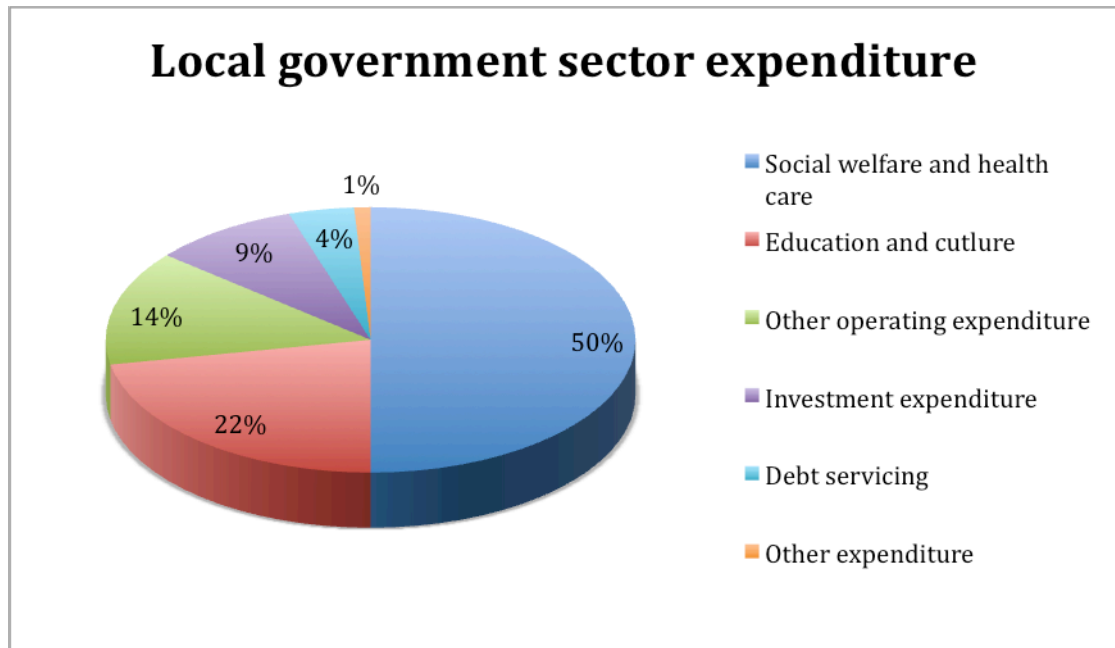


FIGURE 8. Local government sector expenditure 2011 (Local Finland [ref. 15 March 2013])

4.2 The structure of public administration in Hungary

Hungarian municipal sector is - correlate to the other Eastern and Central European countries – well developed. The public administration is such an organization system which basic function is to carry out by the lawmaker organ defined assignments with the power of the state and other organizational devices. Main functions are the legislation, authority activity and to provide public operating services. Hungary accepted the European Charter of Local Self Governments. The responsible for the harmonisation of government work, for the development of central and regional public administration and for quality and staffing policy connected to public administration (Baráti 2011; Szalay, Zay, Hőgye, Baráti, Berczik 1999).

The difference between form of state and form of government is the source of power. Hungary is a republic what means that power comes from the people. The form of government is parliamentary which means the people have the rights to elect the Members of Parliament. The most important institutions of the Hungarian State is the Parliament what is responsible for legislative governance. The Gov-

ernment is responsible for executive governance and the Court what is responsible for judiciary governance (The Hungarian State [ref.14 March 2013]).

In Hungary there are two organization system; organizations of the state administration and organization of the local governments. The structure of public administration is depends on the administration assignments, - what includes organization of the state administration, organization of the local government, authorities and other organizations such as public bodies – extent of power such as government, local government versus ministries, and jurisdiction what contents the central organs, county organs and local organs. The public administration system is divided for three levels; regions (7), counties (19 and the capital city) and municipalities – small municipalities (3200) (Baráti 2011; Danka 2011).

4.2.1 Local governments

In Hungary the local government system has built up from two parts; local-self government and county council. The local governing is separated from state. The local-self governments operate in municipalities, cities, and county towns; in the capital city and in the districts of the capital city. The scene of county governance is taking place in the county. There are 19 county governments, county administration offices and special administrative bodies. The county council is responsible for those assignments what the local-self government cannot be. These tasks exceed the settlement boundaries and also the financial- and manpower's of each settlements. The local government is decentralized organ so it is independent from the central power and it has protected fundamental rights. The Constitution contains the rights of Local Government. There are 3200 municipalities for 10 million inhabitants. Each municipality has the same rights, but it is not necessary for each of them to undertake the same tasks. Some sectoral regulations differentiate further among the local government according to their size (Baráti 2011; Danka 2011; Structure of public administration [ref.14 March 2013]).

Right's of the local government are the following:

- Create regulation
- Define decree
- Independent administration
- Define the operation system
- Define the budgeting
- Decide about the local taxes
- Practice its in the law defined assignments and extent of power.

According to the Law on Local Government, the foremost duties of the local government are the township development, environmental protection, local housing, water supply and drainage, flood prevention, waste disposal, maintenance of public roads and other public areas, local public transportation, local public cleaning, local government fire brigade, local defence and civil defence duties, participation in the local energy supply, handling of local unemployment, nursery and primary school education, general education, basic health and social services, support for local shield programs, provision of local public facilities, cultural and sciences, support of local sports, ensuring the rights of the national and ethnic minorities and ensuring the opportunity for healthy life. Also its responsibility to provide drinkable water, maintenance of public cemeteries, public lighting and support for local civic organizations (Structure of public administration [ref.14 March 2013]).

The notary is the head of the mayor's office therefore the notary is the head of the municipal bureaucracy and also of the local state administration. The notary's assignment to preparing the budget proposal that mayor must submit to the legislative rally, according to the Law on Public Finance. The municipalities can create associations, called Associations of Municipality. It can be distinguished as Association of Authorities, Association of Institutions, Associated Council and District Notary (Szalay, Zay, Hőgye, Baráti, Berczik 1999).

4.2.2 The local budgeting

The local revenue derives from the own sources of local government, central subsidies and loans.

Own sources include fees, local taxes and shared taxes such as PIT (personal income tax) and vehicle tax. The central subsidies can be non-conditional, conditional and non-matching, matching. Operating balance if it uses borrowed assets must cover the debt service. The total debt of Hungarian municipalities was more than 1400 billion HUF approximately 4,6 billion euros.

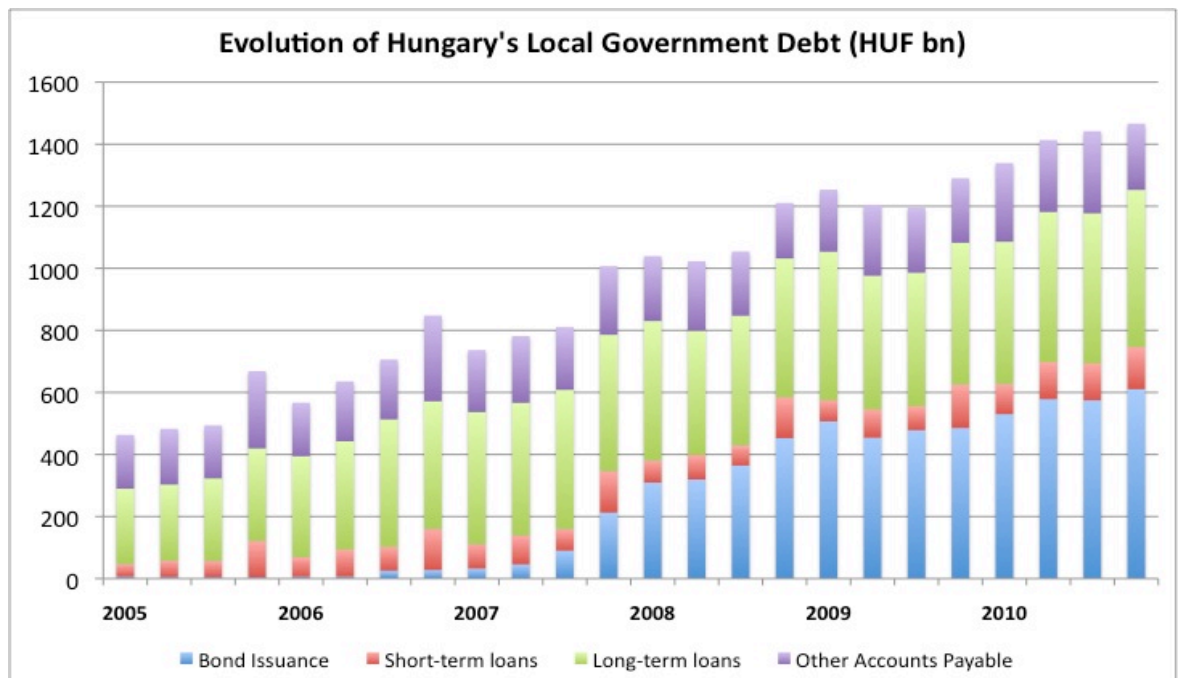


FIGURE 9. Hungary's Local Government Debt, 2011 (Emerging Market Musings [ref. 1 June 2011])

The capital expenditures of the municipalities are the following: maintenance, new investments, amortization, citizen's needs, environmental problems, international agreements, and spiral effect of delaying investments. The sources for investment are quite the same as the revenue sources for the general operation; state subsidies, international subsidies, own sources and private sector (IMFG 2011).

The municipal role in the Hungarian health sector is an intricate system with many parties and with a complex financing structure. The Law on the Local Government says that local government is responsible for organizing basic health services. The constitution designates comprehensive responsibility for social welfare and health care service to the central government, but other actors such as National Assembly, local governments, the regional health councils, the NHIFA (National Health Insurance Fund Administration) and the NPHMOS (National Public Health and Medical Officer Service) also take part in decisions related to the organization and functioning of the health system (WHO 2011).

4.3 Summarizing

While comparing the Finnish and the Hungarian systems it is evident that there are similarities and differences. The European Charter of Local Government regulates the activities of state supervisions related to the operation of local governments. It declares that the state can have monitoring role according to the Constitution. The Finnish local government is separated from central government. However in Hungary, with the assistance of the Minister of Public Administration and Justice, the state can ensure the control over the local governments. In both countries the public administration is divided into three levels but there are differences in operating. There are central-, intermediate-, and local administration levels in Finland while in Hungary, there are regions, counties and municipalities. In Finnish municipalities have the right to create special services in social welfare together, which are maintained by the Regional Council. The local governments are responsible mainly for the same activities such as providing the basic health care and social services, environmental protection, public transportation, education, waste management, etc. However in Hungary the hospitals are state-run or some counties have the willingness to privatize their own hospitals. This case is problematic in Hungary. Finnish municipalities have the right to get loan independently of central government. In 2010 the indebtedness of Finnish municipalities was 11.7 billion euros what is 6.5% of GDP. In Hungary this number is 4.6 billion euros. According to the new decree the state takes the debt over from the municipalities in the next years.

The financial statuses of Finnish municipalities and the Hungarians are indebtedness considering the amount of debt. The 50% of the revenues is spent for welfare and health care services in Finland while the other 50% is shared on education, operating, investment, debt servicing and others. This percentage shows the importance of welfare- and health care services in the country.

5 NEW REFORMS IN FINLAND AND HUNGARY

5.1 Finland – Vision of the Government

On 22nd of June 2011 the current Finnish Government submitted its program. The purposes are to develop the country as a Nordic welfare state to take care its own citizens and to hold its international responsibilities. As a Nordic welfare state, Finland's primary mission is to improving the welfare society. The Programme has an impact on the whole structure of Finland. The high employment rate ensures the level of welfare. Opportunity to work has to be given for everyone. Nevertheless more businesses can increase the competitiveness of the country. The education system is a cornerstone of this competitiveness so the education has to be comprehensive and available equally. Besides the Government determined the following points as key projects; the reform of the local government structure, social guarantee for young people and to narrowing the shadow economy (Finnish Government [ref. 22 April 2013]).

5.1.1 The local government reforms

The main object is that as many Finnish municipalities as possible should be strong municipalities until 2017 municipalities have to ensure the provision of welfare services and support the prerequisites for optimize vitality and implementation of democracy within the municipality. The municipality structure has to be adaptable for various environments nevertheless that the citizens should be satisfied with the welfare- and other services. It is a future-oriented Programme what can be a solution for the challenges. Reform in Local Government structure affects all municipalities across the country and can be basis for an overall modification in the Local Government Act what was launched in 17th of March 1995. Local governments have to be economically powerful to provide the basic public services except the specialized and demanding services (Ministry of Finance [ref. 22 April 2013]).

The reason of reforms besides what was mentioned above is the characteristics of demography in Finland. “The essence of the reform is the preservation of the local government-based welfare model and ensuring that it can weather the economic and service challenges resulting from the changes taking place in the age structure of the population beginning in 2020 so that liabilities are not passed on to the shrinking generations to pay”, says Auli Valli-Lintu (2013) Cabinet Counselor for the Ministry of Finance.

The Finnish society is an aging society. As the following figure (FIGURE 10) shows between 2010 and 2030 the society will dramatically change. The welfare services will have more significant role daily because of the aging society in Finland. The welfare service is the local government responsibilities but it cannot provide appropriate services without financial contribution. It is readable from the forecast (FIGURE 10) that during the next 20 years the Finnish society will build up from senior citizens who will not produce GDP for the country but the cost of welfare and healthcare services will be increasing. The local government’s expenditure will be rapidly higher what will stimulate the local government to take more loans.

Demographic dependency ratio in 2010 Demographic dependency ratio in 2030

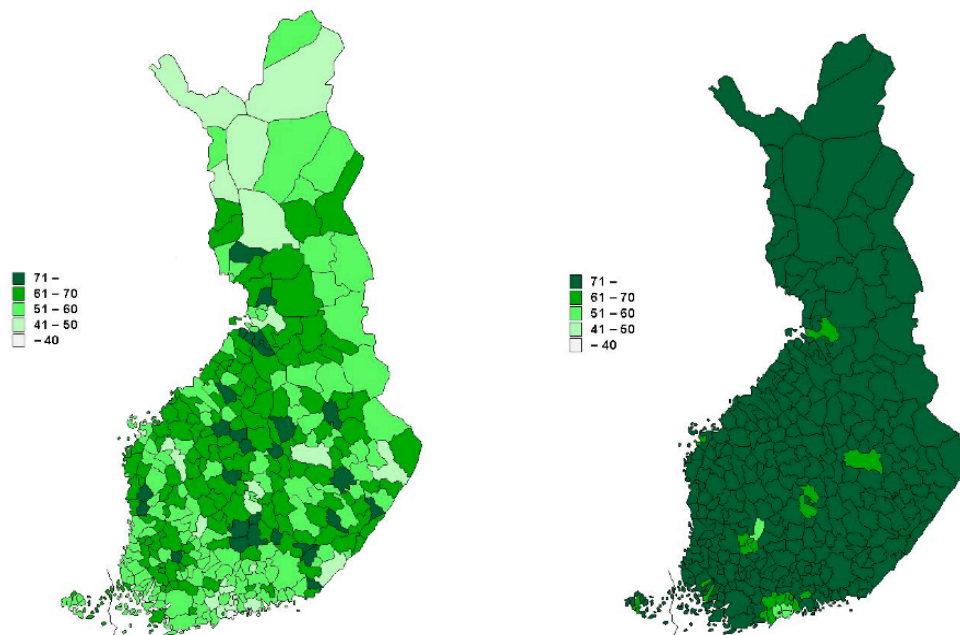


FIGURE 10. Demographic changes (Reform of Local Government [ref. 24 April 2011])

The population density of Finland was 17.6 habitants/km² in the 1st of January 2010. There are differences between local authorities according to the population density. The most crowded area is the city of Helsinki while the most sparsely populated is Savukoski. The southern part of Finland and the largest urban regions are densely populated while the most of local authorities are less than 10 residents/km² (Local Finland 2010). The new reform program tries to find the solution for this problem.

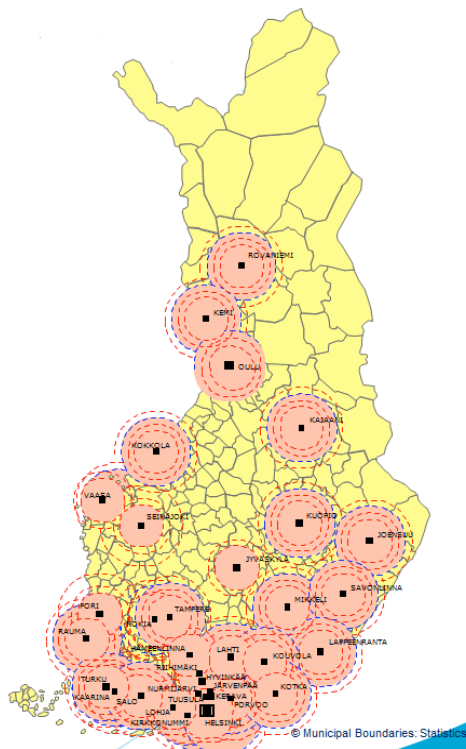


FIGURE 11. Population density (Local Finland [ref. 15 March 2013])

The type of municipal and service structure has to be created for each region because the regions are differed from each other (Ministry of Finance [ref. 22 April 2013]). The Association of Finnish Local and Regional Authorities has its own objectives for the reforms. According to its proposal the future municipal structure should be strong and taking regional differences into consideration as it says in the

concept. The main object is that as many Finnish municipalities as possible should be strong municipalities until 2017 municipalities have to ensure the provision of welfare services and support the prerequisites for optimize vitality and implementation of democracy within the municipality. Between the regions have differences that is why Helsinki and its neighbouring municipalities, urban regions and other regions need different versions of the strong municipality program. For example according to the Association's opinion, Helsinki and its neighbouring municipalities' situation should be separated from others. In urban regions, municipalities should be built up from commuter areas or other entities that have economic and human resources for providing services. These strong municipalities are based on functional entities. In regions municipalities could join forces to create district municipalities if the establishment of a strong municipality is not practicable. District municipalities could operate as cooperation bodies between municipalities to take more tasks with the same organisation. Because of the new municipal structures, the number of municipalities would decrease. At the beginning of 2011, Finland had 336 municipalities. Municipal administration would be setting up in various sub-areas if the municipality wishes it (Kolehmainen 2011).

5.1.2 Summarizing

In brief, this nationwide reform in local government structure has to be fulfilled because of the following reasons:

- “To guarantee municipal services and equality among inhabitants across the whole country
- To bring together municipal and service structures and ensure their democratic control
- To create a base for social welfare and health care services and other services which demand a larger population base
- To secure the financial basis of municipal services and to enhance the sustainability of public finances
- To strengthen the viability of municipalities and to prevent urban sprawl

- To reform local government structures systematically and regions as a whole”. (Ministry of Finance 2011)

5.2 Future of Hungary

In April of 2010 because of the voting the present government won election. The new Government what is governed by Viktor Orbán created a new system, called the System of National Co-operation. With this new provision the newly established National Assembly and the new government took the responsibilities to control the construction of the National Cooperation System. The system encompasses a list of five priorities named 'national issues': reviving the economy, public order, health reform, promoting social security and restoring democratic norms (National Assembly 2010).

The National Cooperation System includes the Good State concept, Magyar programme, reform of the Municipalities and Reform of Justice. Core of the System is the new Constitution (Szentkirályi-Szász, K. 2012).

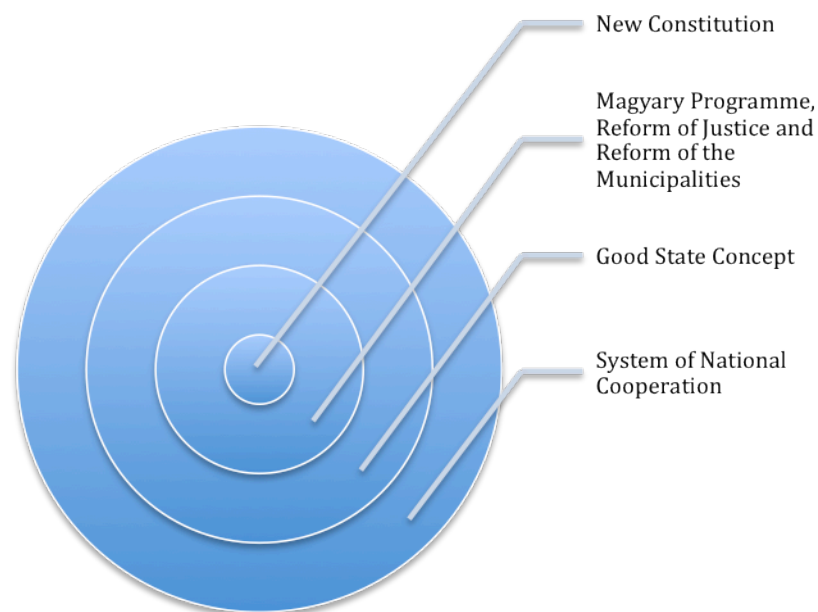


FIGURE 12. Structure of National Cooperation System

As it was mentioned above the Good State Concept 2011-2013 is part of the System of National Cooperation.

“State is a political community formed by a territorial population subject to one government.” (Rod H. and Martin H. 2010,14). The main objects of the Government were to create a customer-driven system and a continuously developing administration system. These measures give the chance to get closer to the “Good State” status. According to the Programme the state operates properly if it serves the needs of individuals, communities and businesses to the common good and within its limitations. On the other hand the state is responsible for the protection of inherited natural and cultural goods and to transmit it. Thirdly, the good state has only one self-interest, namely to create the effective rule of law. The responsible institute is the Ministry of Public Administration and Justice. Within the Good State Concept the System of National Cooperation comprises the Magyary Programme, which includes Reform of Municipalities and the Reform of Justice (Antal 2011).

The Ministry of Public Administration and Justice have published the Magyary Programme 11.0 on the 10th of June 2011. The current concept of the Magyary Programme is the 12.0. Primary goal is to establish the “Good State” together with the judicial and local self-governmental reform and to create „efficient national public administration”(NKI 2012). According to the Magyary Programme, the “Good State” means an efficient administration system and the efficient administration system means simplification. The elements of “Good State” conception are to renew the administration system, justice system and the local government’s reform (Government 2012). The Magyary Programme defines four significant conditions what have to be done. The administration system has to review and organizational system has to be adjusted according to the administration system. The procedural system has to be simplified and also the civil service system has to be appropriate. The mentioned four criterions are the basic pillars of the simplified processing. The Reform of Municipalities is part of this process as the Reform of Justice as well. The recent changes in the Constitution have an effect for the reforms as the core of the National Cooperation System. The primary goal of the Justice Reform to renew the justice however the judicial independence is insurant.

Gábor Czepe (2012), the Head of the Private Law and Justice Codification Department said: "If the person of judge is not independent the judgment can be questionable". With the regulation of the system has four levels; on local level there are district courts and in Budapest in every districts (the city has 23 districts) has its own court, on county level there are tribunals, on regional level there are courts of appeal and the last part is the successor of Supreme Court, called Kúria (Czepe 2012, Budapest info [ref. 28 April 2013]).

5.2.1 Reform of municipalities

In Hungary the reform has entered into force on the 1st of January 2013 by the Government Regulation. Through this regulation instead of sub regions the districts are the smallest units of the public administration system. The districts are the state's regional bodies and also initial administrative authorities. The syndicate of district offices are non-elected bodies. District Offices are in all 23 districts of Budapest and in 175 cities in rural. The district office takes the administrative tasks from the notaries. According to the notions the district office does primarily the tasks of registration office, child protection and guardianship and also does the social-, environmental- and conservation managerial cases. The District Social Work Centre, the District Veterinary Inspection Agency and Food Control Authority, also the District Land Registry and District Employment Office work within a specialized administrative body. Important principle is that the habitants of the small villages, municipalities should not have disadvantages from living far from the cities (Endrődi and Brodorits [ref. 4 April 2013]). József Bekényi, the Head of Department of the Ministry of Interior (2012) said that one of the objects of the local government's reform is to avoid all kinds of financial turmoil in the sector of local government.

5.2.2 The history of district system

The districts, with dissolution of the counties and involving the municipalities, became administrative unit areas in the 13th century. In the course of history; offices operated with changeable extension and functions until 1983. At the same time the district offices were the executives, representatives and mediators of the Central Power. At this time the Hungarian Districts were not local government units, but the district office of the chief constable. Therefore the district was a deconcentrated unit of the county. Before World War II. the historical Hungary had 509 districts, 5-6 per counties. After Treaty of Trianon this number decreased to 155 then in 1942 due to the returned areas the number of districts increased to 264. In 1950 the council system was created so the role of districts increased and got the control and managing tasks. In the '60s the districts concentration started and in 1983 a new period started named by self-government and so the public administration divided into county and municipal levels (Endrődi and Brodorits [ref. 4 April 2013]).

5.2.3 District offices

The districts and district offices are organizational units of the capital city and county's government offices. Every district has district offices in the stated district headquarters. The district office ensures the customer service in two ways. Those cities where the number of inhabitants and cases invariably significant are customer services every day with constant administration. In smaller settlements have customer services 1-2 times a week in the ensured office by the local government. According to the planned process by the end of 2013 the government windows as the part of district offices can do the administration. The Government Regulation determines home and jurisdiction areas of the district offices. Basic principle of the regulation is the quick and easy accessibility of the administrative services for the citizens. The district offices primary mission is the completion of administrative tasks, which are on lower level than county level. Thereby the administrative and municipal tasks are separated so the districts mean only administrative units. In the district offices registered office bodies and professional management bodies

operate. From 2013 the registration offices get to district offices. Significant part of the cases means the tasks of registration office such as personal data and address registers, passport management and traffic management. The magisterial department of district office is responsible for certain social benefits, public administration related tasks, asylum, certain water and protection management, land consolidation and land release issues, education and for certain related cases to heat, electricity and gas supply. According to the future plans by the end of 2013 based on the registration offices the Government window system will be created. The goal is to ensure the one-window administration system for the citizens. The one-window administration system means that the citizens can do their official matters at one place (Járás info [ref. 4 April 2013]). District's headquarters and jurisdiction can change in the future. The government ensures the possibility of creating new districts or linking to another district. The settlement can give a proposal to the government and its duty to review the cases. Based on the proposal of Minister of Public Administration and Justice, the government can decide about linking districts in every fourth years (Járás info [ref. 4 April 2013]).

5.3 Summarizing

The first action was the newly launched Constitution, which has affected the function of local governments. The Magyar programme and the other parallel actions were influenced the structure of public administration sector and the relationship with the central administration. The local governments financial autonomy has been narrowed and become state controlled. The district system took the tasks from the local government so the state has control over them. The requirements are simple; efficiency and financial transparency. On the other hand these actions and reforms were launched to make the citizens administration work more easy and reachable for everyone. However these processes need more time since the reforms just launched.

6 COMPERISON OF SEINÄJOKI AND SOPRON

6.1 Seinäjoki



FIGURE 13. Location of Seinäjoki region (News Travel [ref. 12 April 2013])

Seinäjoki is located in South Ostrobothnia region what is situated in the province of Western Finland and has approximately 200,000 inhabitants. The region includes 19 municipalities; of which eight are town and the rest are municipalities. The Capital of the Region is Seinäjoki. The Regional Council of South Ostrobothnia is the responsible to create a competitive and co-operative region what is

known for its high-level education, know-how, welfare and entrepreneurship (Seinäjoki Homepage [ref. 2 April 2013]).

Seinäjoki was founded in 1868 as independent municipality. The location of the city was given status of a limited self-governing community. The nearby railway triggered off a strong development and gave many opportunities for business life and for regional institutions such as the hospital. In the late 1940s due to the high number of migration and the improvement of traffic connection, the economic life became more varied. The borough and the rural municipality were merged into one, borough of Seinäjoki in 1959. Since then, the city was consolidated by six other municipalities such as Peräseinäjoki, Lehtimäki, Honkakylä, Ojajärvi, Ilmajoki, Nurmo and Ylistaro (Seinäjoki Homepage [ref. 2 April 2013]).

Seinäjoki is the centre of Seinäjoki region, the city of nearly 60000 inhabitants, is one of the fastest-growing urban areas in Finland and its recently titled as “the most attractive city in Finland”. There are eight municipalities in the region: Seinäjoki, Alavus, Ilmajoki, Jalasjärvi, Kauhava, Kuortane, Kurikka, Lapua. It is Finland sixth largest commercial centre and operating with around 8500 businesses in the region (Invest in Seinäjoki 2012).

Seinäjoki region is also the logistical centre of Western Finland with five railway lines and six national routes. The location of the city along the national main line and the willingness to improve these main lines give the success of this region. Seinäjoki becomes to most accessible region with its own airport. There are good connections to Helsinki and to Europe what give the opportunity to provide reliable, high-quality individual ground site services to operators, passengers and travel agencies (Regional Council [ref. 2 April 2013]).

Seinäjoki region is a fast-developing area with many businesses. The migration increases because of more opportunities in the region. In 2008, 28,621 people worked in Seinäjoki and 74,8 % of it lived also there. The employment rate was 72.8% in 2008. 70.1% of the labour force worked in the service sector which of 20.2% worked in the health care and social service. Important to mention that in

2009 the share of pensioners of the population was 21.2%. The number of employers per 1000 inhabitants in 2011 was around 66.6. The business sector and public sector also employ many people in the area. The public sector has significant role in the employment since approximately 3000 people work for City of Seinäjoki, 2300 work for South Ostrobothnia Hospital District and 1200 work for Seinäjoki Joint Municipal Authority for Education (Seinäjoki Homepage [ref. 2 April 2013]).

The success of the region is based on its educational possibilities because in Finland the education system gets emphasized attention. All people must have equal access to high-quality education and training. Education is co-financed by the Government and local authorities. Seinäjoki University of Applied Sciences has highlighted position in the area. It offers education in six fields of study. The number of students is approximately 6000. University Consortium of Seinäjoki offers specialised business studies, food and wellbeing, product processes and production systems, regions and culture. The Southern Ostrobothnian Consortium of Higher Education and its foundations guarantee that educational possibilities will be developed (Ministry of Education and Culture [ref. 2 April 2013]).

South Ostrobothnia Hospital District involves two hospitals; Seinäjoki Central Hospital and Ähtäri hospital. Health centre services are available at the main health station, three districts health station, 10 maternity and child clinics, 7 dental clinics and school, student health care. The City Hospital is the Seinäjoki Main Health Station (Invest in Seinäjoki 2012).

The cultural services and events are significant in the region. The famous Finnish architect and designer Alvar Aalto designed Seinäjoki City Theatre what celebrates 50th anniversary in this year. The city has its own orchestra, called Seinäjoki City Orchestra. Seinäjoki Hall gives home of the orchestra. Seinäjoki Academic Library also serves the variety of cultural entertainments besides of the Seinäjoki Public Library – Provincial Library that moved into new facility in 2012. The region gives home of many various programs, which are significant in Finland and attract

thousands of visitors into the area of Seinäjoki (Seinäjoki Homepage [ref. 2 April 2013]).

Changes in Seinäjoki

In 1st of January 2009 City of Seinäjoki and the Municipalities of Nurmo and Yli-Istara were merged into one. This change resulted the population, surface area, investments of the new Seinäjoki has increased. Nowadays Seinäjoki is the fastest growing city of Finland. Seinäjoki's market position has reinforced with the consolidation of several municipalities around the city. In construction, technology, logistics and trade & service industries are the most significant investments. As the Mayor Jorma Rasinmäki of Seinäjoki (ref. 25 April 2013) explained, the growth speed is growing rapidly and with big public investments the growing can be continuous in the future. Private investments in residential constructions show that it is on the highest level in whole Finland. The other mentioned industries are experienced dramatically growth and investments as construction industry in 2011. The standard of living and the welfare system of Finland are one of the best in the world. In Seinäjoki the service and welfare sectors has an important role in job creation. As it is written in the New Municipalities 2017 Programme the welfare services are organized to cost-effective and quality way serving of the citizens equally.

6.2 Sopron

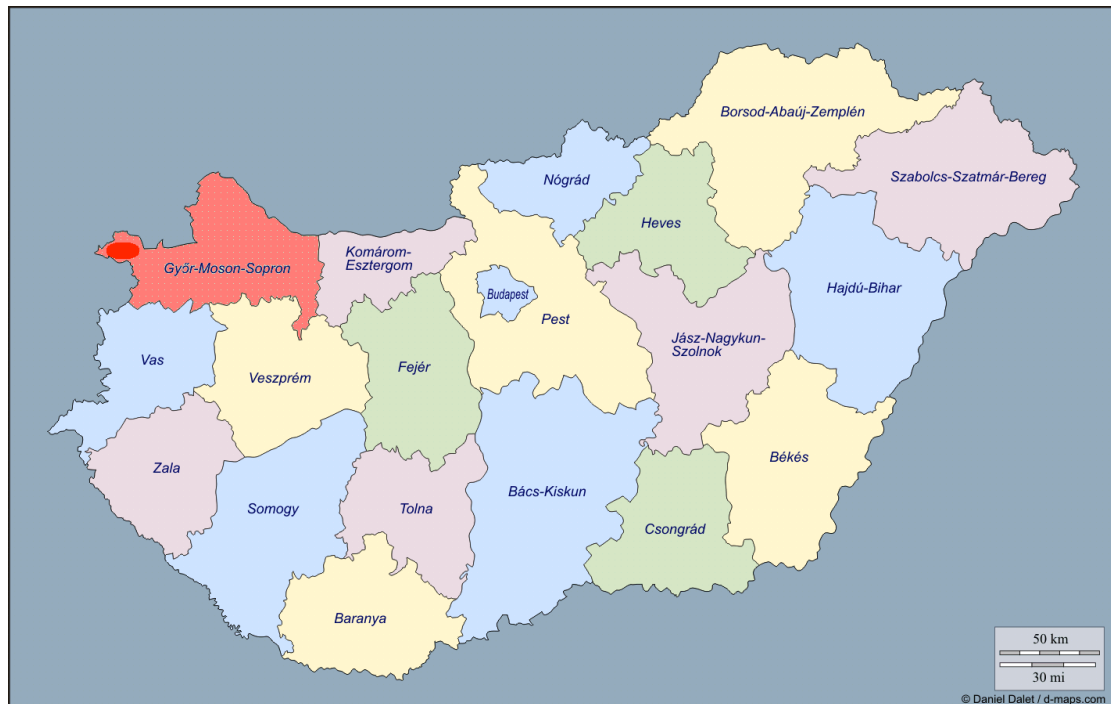


FIGURE 14. Location of Sopron in Győr-Moson-Sopron County (Magyar régió [ref. 30 April 2013])

Győr is the capital city of the county and the home of the local government of Győr-Moson-Sopron County. It has approximately 132,000 inhabitants while Sopron has 61,390. The county involves 183 municipalities including Sopron. It has approximately 450,000 inhabitants. Sopron and Győr have the county town status. There are important routes crossing the county linking Middle- and Western Europe. The railway connects Budapest with Vienna and motorway M1 is also a significant route. The county's main profile is agriculture especially grape and wine production (GYMS County [ref. 28 March 2013], Wikipedia [ref. 6 March 2013]).

According to the data sheet KSH 2012 58.1% of the county's population was present in the labour market. The unemployment rate was 5.9% in the county what was less compare it to the rates of previous years (KSH 2012).

Sopron is located by the western borders of Hungary. It is the second biggest town of the county of Győr-Moson-Sopron and it is one of the oldest towns of the coun-

try. Sopron creates a bridge between Hungary and its western neighbours and has approximately 61,390 inhabitants (Sopron Homepage [ref. 28 March 2013]).

Area of Sopron has been inhabited since prehistory. In the engraving of Amber Road and Silk Road built up the pre-city of Sopron, called Scarbantia. In the 9th-11th centuries got its Hungarian name, Suprun. In 1153 it was an important fortress. The city became a free royal city in 1277. The city's growth could not be prevented by the Turkish occupations. In the 16th and 17th centuries the parliaments was held in Sopron. One of the momentous mayors of the city was Kristóf Lackner who created the First Hungarian Scientific Community. The City Wall was built stronger after the wars and expeditions but in 1676, a significant part of the city burned down. Instead of the old buildings, new buildings were built in baroque style. In this time Firewatch Town, one of the symbols of the city was built. In the next century the city started a rapid development resulted by the Hungarian Reforms. The first railway of Transdanubia was built. In 1921 after the Treaty of Trianon, because the citizens decided to remain in Hungary, Sopron got the indicative as "the most loyal city". In 1991 it became a county town (Sopron Homepage [ref. 28 March 2013]).

Sopron is a historical city with its many monuments, castles, churches and museums. Most of the scientific and cultural events organized in the Liszt Ferenc Conference and Cultural Centre. It became the most important cultural and scientific centre of the whole region. The city's architecture, musical and cultural life attract Hungarian and foreign tourists to the region. Festivals and cultural performances also enrich the city. The University of West Hungary offers high quality education and grants the cultural and spiritual life of the town. The main office is based in Sopron (Sopron Homepage [ref.28 March 2013]).

The structure of local government builds up from 17 members which memberships are divided according to the election's solution. Education institutions as nurseries, primary schools, high schools, health care institutions such as hospital, dentists, GP surgeries, and pharmacies are under the authority of local government. Local government is responsible for the social welfare (Sopron Homepage [ref. 28 March

2013]). Local government of Sopron had a significant amount of debt but the Government assumed 70% of it contributing the development of Sopron. The micro- and small entrepreneurs are involved in the city developing.

Changes in Sopron

According to the 218/2012 (VIII.13.) Country Regulation, there are seven districts are in Győr-Moson-Sopron County. Those are in Csorna, Győr, Kapuvár, Mosonmagyaróvár, Pannonhalma, Sopron, Tét. The area is 4208.2 km² and it has 446,329 inhabitants (Endrődi and Brodorits [ref. 4 April 2013], Kormányrendelet 2012 [ref. 28 March 2013]).

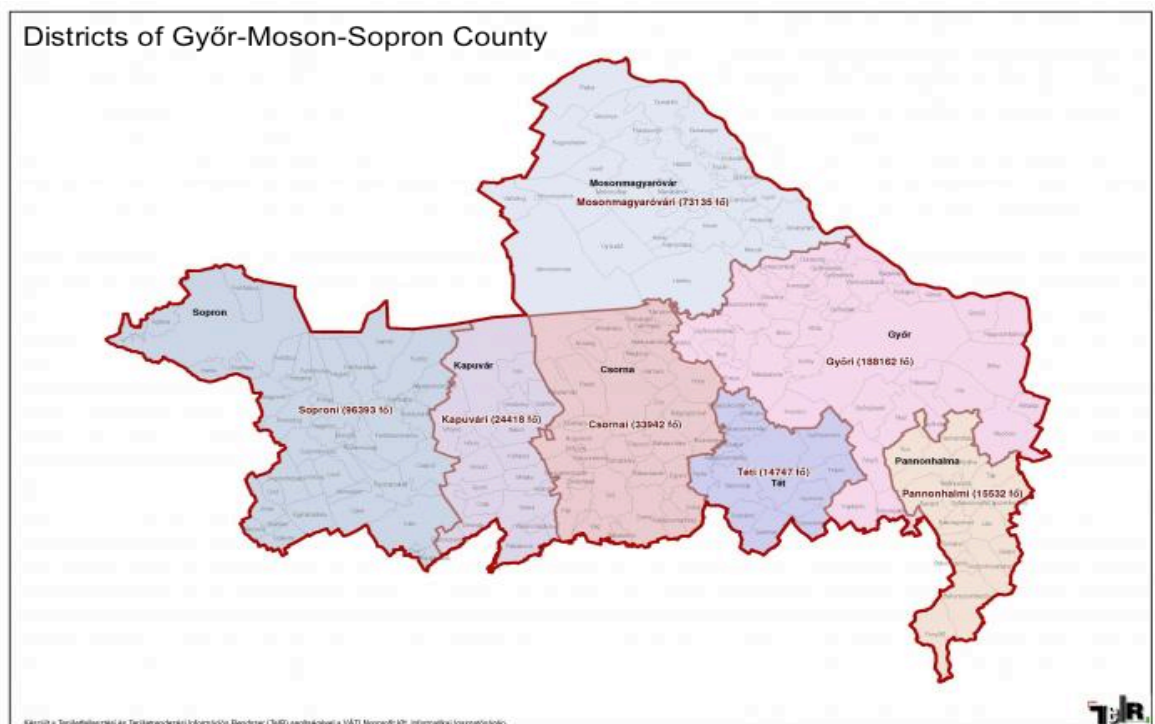


FIGURE 15. District of Győr-Moson-Sopron County in 2013 (Térport [ref. 14 August 2012])

In Sopron is one of the 177 district offices without the capital city own district offices (Térport 2012). 39 municipalities belong to the Sopron District Office what include 99053 citizens (Járás Sopron [ref. 26 April 2013]). By name those are the following: Agyagosszergény, Ágfalva, Csáfordjánosfa, Csapod, Csér, Ebergőc, Egyházasköte, Fertőboz, Fertőd, Fertőendréd, Fertőhomok, Fertőrákos, Fertőszentmiklós, Fertőszéplak, Gyalóka, Harka, Hegykő, Hidegség, Iván, Kópháza, Lövő, Nagycenk, Nagylózs, Nemeskér, Pereszteg, Petőháza, Pinnye,

Pusztacsalád, Répcevis, Rőjtökmuzsaj, Sarród, Sopron, Sopronhorpács, Sopronkövesd, Szakony, Újkér, Und, Völcsej, Zsira. Sopron, as a district has the biggest territorial association and it has the highest number of settlements so the city gave back its historical role. The District Office gives the exact time schedule for each municipality (Endrődi and Brodorits [ref. 4 April 2013]).

The influences of district system in the life of Sopron have not been obvious yet. Sopron's financial status was same as the most of the Hungarian local governments. It had significant amount of debt, 16.5 billion HUF until March of 2013 when the state took nearly 70% of the city's debt over (Sopron Homepage [ref. 2 May 2013]). Because of the debt assumption, Sopron got the opportunity to continue its successful evolution.

7 CONCLUSION

The introduction and analyses of the countries through a variety of indicators make it clear that the examined countries are widely different. Finland is founding member of the Nordic model so has been welfare state from the beginning while Hungary has started to be a welfare state since it joined to the EU. Regarding to their economic indicators, it can be defined that however the Hungarian labour force is double of the Finnish number that Finnish GDP is double compared it to the Hungarian measure, but also the inflation rate shows a mighty difference. Analysing the countries with other kind of indicators (*chapter 1.3.*) what measure the citizens satisfactory, it can be easily established that the living standard is higher in Finland. According to the Your Better Life index, Finnish people give bigger emphasis for education and health care as a core of the successful life and country.

The structure of public administration is basically the same in Hungary and in Finland. In both countries the system is operating on three levels but with some of them has different assignment. Finland is decentralized but the Hungarian system is mixed. The Hungarian Government tries to be decentralized but it started a small centralization hoping that the financial turmoil can be reparable at the local government sector. The debt assumption from local governments is one of the decrees what mission is to help the municipalities. In settlement patterns Hungary and Finland differ from each other. The cause is the population and the density. Therefore they have to face with different challenges.

In the recent years both countries put into effect multi-step series of reforms in the public administration sector. In Hungary in the year of 2011 the Parliament accepted the reform of local governments what gave the solution of the changes in the local government system. The relationship of polity and local government changed and the role of government offices became determining especially in the aspect of control. With this movement the government ensure the status of a well operating local government. The services of local governments were operating difficult and haltingly that is why were formed the one-window- and electronic administration. The districts offices also help the citizens to arrange their administra-

tive matters. The operating district offices have different working conditions according to the financial status of the local government. The standardisation and improve of operational- and capital assets level of the district offices are the primary task of the government for the close future. The system as all is not operating as effectively as it should be that is why the conversion is monitored continuously. The district office in Sopron has the same challenges as in every district.

In Finland the Government accepted a new vision in 2011 what aims to create strong municipalities according to the Government Programme 2017. Common goal is to ensure the equal welfare and health care service for everyone. As it has mentioned details before (chapter 4.1.1.) the society is aging and the provision of the inhabitants would be more highlighted in the future. The northern and southern part of Finland is widely different regarding to its geographical attribute and its population density. The southern part is densely populated area, thus the elder people gets the appropriate supply while the northern is sparsely populated and there are more complicated to organize the right services. Most of the municipalities are small regarding to the size of population in each of these. It is readable on the chart (FIGURE 16). More than two-third of the authorities have less than 10000 inhabitants.

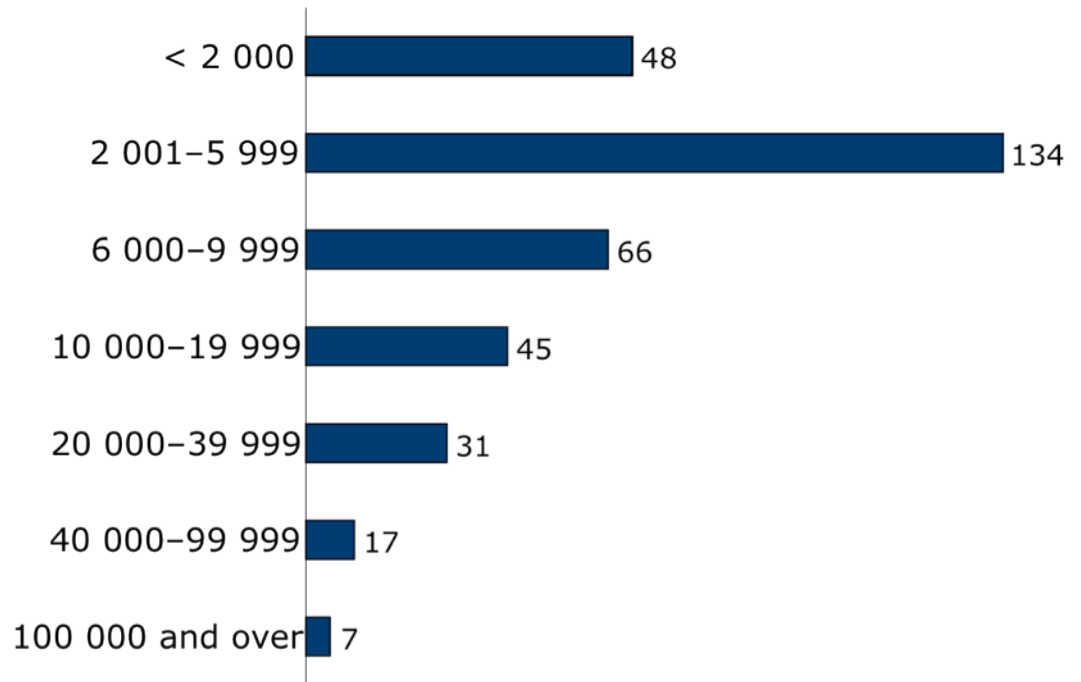


FIGURE 16. Number of local authorities by size of population (Local Finland [ref. 15 March 2013])

To ensure the high level welfare and health care services, the Finnish government decided to merge the smaller municipalities together.

As it visible the reforms are absolutely different. Sopron and Seinäjoki are as different as the whole two countries. Seinäjoki is a young, developing and modern city with many opportunities while Sopron is one of the oldest city of Hungary with strong urban image.

In fine, it is important to state that changes need time, thus it would be advisable to leave these reforms for longer period and analyse the impacts. Generally systems are changing with the newly elected government but to launch a totally new system gives more power from the state than to modify it.

7.1 Interpretation

The process of thesis writing is always a difficult work especially when it has to be written in a foreign language what is English in my case. The requirements of formatting and researching make the writing process more complicated. Concluding the Double Degree Programme, my thesis must comply with the requirements of University of West Hungary and Seinäjoki University of Applied Sciences.

My specialisation is Regional Studies within International Business in Hungary that is why I am interested in the life of settlements. In the beginning, the topic of the thesis would have been a comparative study of Sopron and Seinäjoki from the aspects of economy and financial statuses. The lack of information forced me to change it to another topic, which is the reforms in public administration. Most of the sources are English what facilitated the understanding and writing processes. The Finnish sites give details and sufficient information while the Hungarian sites are deficiencies and most of them are published in Hungarian. Articles, forums, web pages and web sites have visited to get enough amount of information. Printed sources are available in small amount and mainly these are useable for the first part. Most of the data have not been updated since the reforms came into force in the beginning of 2013 therefore the future impacts of the reforms are in shadow. By the resulting knowledge, the differences between the countries are more recognizable.

The writing of my thesis broadened my horizons and gave a wider overview about the economic situations and the public administration systems of Hungary and Finland.

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