

*Tímea Drinóczi / József Petrétei*

## **Financing political parties in Hungary (Bill T/4190)**

The Hungarian *regulation* on party financing was formed during the change of regime in 1989-90 and still bears the signs of those concepts and requirements. A demand emerged as early as in 1989 that the communist party ruling so far, that is, the Hungarian Socialist Workers' Party (MSZMP), account for its assets. This issue was settled by the Act LXXIII of 1990 on the accounting of the assets of certain civil organisations of the previous regime. It was also the context of the change of regime, having regard to the process of forming parties, in which the financial conditions necessary for the operation of the new parties had to be created.<sup>1</sup> Although the Party Act was amended several times during the past years, *it was not amended substantially*. This paper, referring the current regulation and that one projected, analyses the progresses in the regulation of financing political parties. This highlights also the shortages of the regulations in effect.

### **1. REGULATION ON PARTIES**

**a)** The Constitution laid down major guarantee provisions regarding the *parties*, that is, freedom of founding and operating parties, participation in the forming and mediating of the people's will, and the prohibition of the direct exercise of public authority, but it did not provide for the issue of party financing.

Accordingly, the wording of the Constitution is as follows:

Art 2 (3) No activity of any person may be directed at the forcible acquisition or exercise of public power, nor at the exclusive possession of such power. Everyone has the right and obligation to resist such activities in such ways as permitted by law.

Art. 3 (1) In the Republic of Hungary political parties may be established and may function freely, provided they respect the Constitution and laws established in accordance with the Constitution.

(2) Political parties shall participate in the development and expression of the popular will.

(3) Political parties may not exercise public power directly. Accordingly, no single party may exercise exclusive control of a government body. In the interest of ensuring the

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1 The Hungarian Socialist Workers' Party was made to account for its assets; and the central government and the local governments were given immovable properties worth HUF 8.2 billion, at prices prevailing at that time, and from these immovable assets the newly created parties were also given their share. Balogh, Zsolt: A pártok működése és gazdálkodása. (Operation and management of parties.) Jogtudományi Közlöny 1996/3 p. 133, and Halmai, Gábor: Párt, állam, jog. (Party, state, law) Politikatudományi Szemle 1993/1 p. 54.

separation of political parties and public power, the law shall determine those functions and public offices which may not be held by party members or officers.

The Constitution, however, also states the necessity of statutory regulation of the parties. Thus the basic provisions on party financing are contained in the Act XXXIII of 1989 *on the operation and financial management of the parties*, as amended on several occasions (hereinafter Party Act). Legal requirements concerning campaign costs of the elections is provided for by Act C of 1997 *on electoral procedures*; the operation of parliamentary parties are regulated by Act LVI of 1990 *on the fees, cost reimbursement and allowances of the Members of Parliament*. These acts, however, regulate party financing in an inappropriate manner. Several rules concerning for example book keeping, financing political campaigns, are missing from the Party Act, the Act on electoral procedures.<sup>2</sup>

**b)** Financing of Hungarian political parties is rather obsolete by now, less transparent and controllable, especially from the aspect of election campaign expenditure. Today it is also a serious problem that the rules in force regarding the election campaign, the expenditure to be allocated on the campaign, and the check of these do not promote the realisation of basic principles of electoral procedures in a convenient way. Thus, it is evidently justified to supervise the whole legal regulation of party financing, and apply a more detailed and efficient solution utilising the experience accumulated in the period following the transition that would include substantial sanctions of breaching the rules, as well. That is why the Government submitted the *Bill T/4190* on the making party financing more transparent (hereinafter Bill) to the Parliament on 27 October 2007. This Bill is basically the amendment of the Act XXXIII of 1989 on the operation and management of the parties and the Act C of 1997 on the electoral procedures and the Criminal Code.<sup>3</sup>

The purpose of this paper in the following is to highlight the most important innovations in the Bill, and expose the historical background of some regulations', when it may be of interest. It does not seem to be necessary to give a detailed

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2 Until July 2009, the Act on the fees, cost reimbursement and allowances of the MPs entitled MPs to reimbursement of their expenses (rent) without submitting invoices. As for travel expenses, MPs were entitled to a fix amount of money but they did not obliged to submit invoices on real costs. The Bill, however, did not cover this Act. On 29 June 2009, the Parliament adopted the Act on abolition of some allowances of representatives and modified the Act on the fees, cost reimbursement and allowances of the MPs and the Act on personal income tax putting an end to the abovementioned practice.

3 This Bill is a modified version of Bill T/4119. Its antecedent was Bill T/237 on the amendment of the Act XXXIII of 1989 on the operation and management of the parties and the Act C of 1997 on the electoral procedures and other related acts, which was submitted on 13 June 2006 and was repealed on 15. October 2007. On the comparison of the Act XXXIII of 1989 on the operation and financial management of the parties and Bill T/237 see Drinóczi, Tímea – Petrétei, József: On the issue of the financing of Hungarian political parties. In: Die Finanzierung von politischen Parteien in Europa. Bestandsaufnahme und europäische Perspektive. Regensburger Beiträge zum Staats- und Verwaltungsrecht. Hrsg. Manssen, Gerrit. Peter Lang GmbH Frankfurt am Main 2008 97-121. o. On Bill T/4190 and its formal versions see the detailed analysis of Péter Hack. Hack, Péter: Elemzés. A pártfinanszírozás átláthatóvá tételéről szóló T/4190 sz. törvényjavaslatról, és a hozzá kapcsolódó módosító indítványokról. <http://kepmutato.hu/wp-content/uploads/2009/03/torvenyelemzes.pdf>.

description of the Hungarian regulation, as changes are that would attract more attention.

As an introduction, however, the main content of the Party Act should be briefly presented here: enumeration of places where the party cannot pursue any activity (workplace, educational institutions); ceasing of the party and the fate of the assets (legal successor, foundation); assets and economic activity of the party (publish and distribute publications making its political ideas known and more popular, selling badges etc.), controlling the economic activity of the party, listing expenditures and incomes that has to be declared in the report; table of balance of assets; real estates acquired by the parties; party foundation.

## 2. PROGRESSES IN THE FINANCING OF POLITICAL PARTIES

**a)** The Bill contains it as *a new rule* that the parties have to comply with their obligation of book-keeping and reporting according to the provisions of the specific act on accounting. Based on this obligation, the Bill would introduce the provision according to which the ordinary court, upon the motion of the prosecutor, *states the termination of the operation of the party*, without prejudice to the further operation of the party as a civil organisation, provided that the party fail to comply with its obligation of annual reporting and publishing the report or if it does not make up for it within six months following the expiry of the deadline.

**b)** With regard to the obligation of the parties of book-keeping and reporting, the Bill *would determine what to consider as the revenues or assets of the party*.

The Hungarian Party Act regulates the origins of the party assets, that is, it lists by item those sources that the assets of the party are created from. The assets of the party are created from membership fees, support from State budget, real estate property given by the State for free, financial contributions of legal persons, companies without legal personality and individuals (donations), legacy of individuals upon testamentary disposition, financial activity of the party, and the taxed profit of a company (business concern) or a single-member limited company.<sup>4</sup> It follows from statutory provisions that the assets of the party and the private assets of the party members are completely separated. Otherwise, the provisions of civil law apply for the assets and the financial management of the parties within the framework of the Party Act.

The Bill makes a taxative *list* of the revenues of the party. The provision includes the revenue sources appearing as the assets of the party in the Party Act more accurately, on the one hand, and it adds others to these, on the other hand. *New sources* are the following: special budgetary support in the year of the general parliamentary elections, free or preferential use of immovables provided by the State under a special law or by the local government, bank loans. With regard to the rules in force, it is a more substantial change that the Bill does not allow for the establishment of companies or that it receive revenues from the financial contributions of legal persons and companies without legal

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4 These categories are determined by the Act on company law.

personality. The assets of the party are the difference of all of its assets and liabilities, including provisions and accruals indicated on the balance sheet.

The Bill stipulates that the State, a public organ financed from the State budget, a local government or its organ, a legal person and an organisation without legal personality, disregarding statutory exceptions, may not give a contribution to a party, or the party may not accept a contribution from these organs. *It is also excluded* by the Party Act that the party accept a contribution from another state. The transparency of party financing is also ensured by the fact that the party may not accept anonymous contribution.

**c)** As for the support from the state property, *the development of the regulation* may claim some attention regarding real estate support and budgetary support.

**ca)** In 1991 parties acquired real estate property from the state for free largely in proportion with the results of the 1990 elections. It was a single, exceptional act of the Parliament. Furthermore, parties received free right of use on other state immovables. Since 2000, however, pursuant to Act XCV of 2000 on the settlement of the utilisation of immovable property in State ownership and party use, this ceased over a determined level<sup>5</sup> without compensation. The Constitutional Court stated that 'a basic value of democratic society is the ability of the multi-party system for renewal. It is important that the system be capable of adapting itself to society changes and react to the changing needs of the voters. For the promotion of it, however, the State may not be obliged constitutionally for fixing as a precondition for the giving of State immovable the existence of the party in the society as a party. It is not State task to make it possible that the parties be able to comply with several constitutional tasks.' The Act XCV of 2000 was abolished by Act CVI of 2007 on the state property, which transformed the free utilisation of property into a lease in the framework of which the party is required to pay a fee. Those part of the property on which a lease had not been established, was given into a possession of the State Property Management.

**cb)** In accordance with the 1989 regulation of the Party Act, the parties *were entitled to budgetary support from the State* as early as at this time, but the *budgetary support could not exceed 50% of the income of the given party*. The party which stated when preparing the annual balance sheet that it received support the amount of which exceeded 50% was obliged to pay back the extra support. But *this provision did not last even a year*, since it would have led to the inoperability of parties among those conditions.<sup>6</sup> As the provisions of the Party Act regarding budgetary support had to be applied following the first free general elections in 1990 for the first time, it was inevitably necessary that the *financing of newly-formed parties be solved until the elections*. Thus the Parliament decided on the budgetary support of the parties by the State and the establishment

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5 Free usages is on: maximum of 30 immovable properties the surface of which shall not exceed a total of 5,000 m<sup>2</sup> gross (from which it is a maximum of 10 immovable properties or a total surface of 2,000 m<sup>2</sup> in Budapest).

6 Balogh, Zsolt: A pártok működése és gazdálkodása. (Operation and management of parties.) Jogtudományi Közlöny 1996/3 p. 133.

of the temporary substantial conditions of their operation on 24 November 1989, in accordance with the Party Act. Under this decision, any party having registered itself, that is, formed in the legal sense, was entitled to *normative state support with regard to the number of its members declared by it* until the free elections.<sup>7</sup>

The Party Act in force follows the principle of continuous and general state financing for the facilitation of the operation of the parties, that is, it *ensures State budgetary support for the parties without the abovementioned 50% restriction*. This financing is justified by the fact that the constitutional purpose of the parties is the contribution to the formation and declaration of the people's will and so they play a specific mediatory role between the state and the society.<sup>8</sup> According to the provisions in force, the rules of State budgetary support are the following.

- The *amount to be allocated to the support* of the parties is fixed by the *Act on State budget*. It shall be noted that the Budget Act is actually decided on by the actual parliamentary parties so it is them who decide the amount to be allocated to the financing of the parties in the given year. Instead of this solution, it *would be better* if the annual amount of the party financing would be guaranteed by an act either fixing its amount or linking it to an objective indicator.<sup>9</sup> The Bill says that the support in a given year may not be less than it was in the previous years.
- Parties receive support from the state according to their results achieved in the parliamentary election.

Pursuant to the Party Act, 25% of the amount to be allocated to the support of the parties from the State budget shall be distributed between the parties acquiring a mandate on the national list in the Parliament in equal shares. The amount equal to the remaining 75% is due to the parties, according to the result of the parliamentary elections in the share of the votes cast for the party and its candidates in the first valid turn. The Party Act made State support of the parties depending on the condition of the ability to comply with constitutional tasks, that is, the extent society supports it in the formation and declaration of people's will. As the real indicator of the extent parties are supported is the result of the parliamentary elections, that's why the party not acquiring 1% of the votes of voters participating at the election is not entitled to budgetary support. As it was said by the Constitutional Court, state support depends on the result of the election (popular sovereignty), thus the 1%-rule is not unconstitutional; when it is about the mandatory operation of parties, the State may never judge a party according to its programme and operation, but solely through the election result which objectively proves the opinion of the voters. The extent of State support may be adjusted to the development of party functions and it may award a change in the party's legal status and the growth in the legal status and responsibility of the parliamentary party.

The Bill indicates the *special budgetary support given in the year of the general parliamentary elections as a modified revenue source*. The parties receive a single support in the year of parliamentary elections subsequently, according to the results of the election. To this support any party is entitled

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7 According to the summary of the Court of Auditors, a total of 15 parties received budgetary support in 1989 and it was 42 newly formed parties in 1990. Balogh, op. cit. p. 133.

8 2179/B/1991. ABH, Decision of the Constitutional Court, ABH 1994 p. 518 (520)

9 Pokol, Béla: Pénz és politika. (Money, politics) Társadalmi Szemle 1993/4 p. 20.

which acquired at least 1% of all valid votes cast in the first valid turn of the elections of the territorial constituencies on national level.<sup>10</sup> The amount to be allocated for support in the year of the elections is 1,5 times of the amount of supports given to parties according to the 25% and 75% rule. This support is due to the parties in proportion with the votes cast on the given party in the first valid turn of the territorial constituencies.

**d)** For the sake of transparency, the Bill would regulate *which contributions have to be indicated in the additional annex of the annual report of the party*, indicating the name of the contributor and the amount as well. In this context appears the rule that the parties are obliged to publish in the additional annex of the annual report contributions received from natural persons the amount of which exceeds the twice of the minimal wage, indicating the name of the contributor and the amount or the source of the contribution.<sup>11</sup>

The Bill would fix *more rigorous sanctions* than the ones in force *in order to avoid abuses* in case the party accepts a contribution by breaching statutory provisions. The amount (consideration) of such contributions would have to be paid by the party for the central budget within 15 days, upon the call of the State Court of Auditors. When delayed, the amount (consideration) would qualify a debt to be collected similar to taxes. Another sanction would be that the budgetary support of the party has to be reduced by the amount equalling to the contribution accepted in this way or if the party does not receive a central budgetary support, then it is obliged to pay the amount or the consideration of the prohibited contribution for the state budget within one year, upon the call of the Court of Auditors accounted as expenditure, in addition to paying the amount (consideration) of the contribution accepted in this way.<sup>12</sup> It is a guarantee rule ensuring the legitimate use of public money that the amount (consideration) of a prohibited non-money contribution accepted by breaching statutory provisions is established by the Court of Auditors.

**e)** In order to avoid former uncertainties in the legal interpretation, the Bill *would accurately define the concept of contribution and support*. In this sense, contributions are the following: material assets given to the party without consideration; debt undertaken from the party; concession for the party without consideration; a debt cancelled by the creditor for the benefit of the party; a service without consideration excluding voluntary work; a 'property law kind entitlements' (such as rental) or the transfer of its exercise. In case of a contribution without consideration, for the sake of complying with the obligation of book-keeping and reporting, the usual market price, that is, the value used or to be used between the independent parties in comparable conditions shall be considered as the value of the contribution. If the party does not receive the contribution in money, the party is obliged to provide for its assessment. For the

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10 See changes in wording.

11 In Bill T/237 these data was required to publish on the internet by the party.

12 The previous Bill (T/237) contained another sanction as well (in case of a breach of the statutory rules, it is not only the party but also the president of the party who would be sanctioned (10% of the value of contribution shall be paid to the budget), but this was not added into the Bill (T/4190).

sake of avoiding abuses, the Bill lays it down that if the party pays a consideration the amount of which is lower than the usual market price for the contribution, the difference in the value shall also be considered a contribution, excluding leasing of real estate owned by local government.<sup>13</sup>

**g)** As for the *financial and economic management activities* for acquiring revenue, the Bill does not amend the regulation on *the main activities* of the party, that are publishing and distributing publications for making its political purposes and activities known, selling badges symbolising the party and objects of similar purpose, arranging party events and utilising and selling the immovable and movable property in its ownership for a compensation. The Bill, however, *amends the rules in force regarding the management of the parties.*

Pursuant to the *Party Act*, should the party wish to get revenue from its management in addition to the above, it may establish a company or a single-member limited company, but it may not acquire a share in another company. It is also entitled to invest its money into stock, with the exception of buying shares. This regulation excludes that the party associate with another person and thus become intertwined with other participants of business life, on the one hand, and it wishes to avoid that the party, having State information in its possession, perform speculations at the stock exchange advantageous for it, on the other hand. A party is exempted from paying corporation profit tax after its economic activity fixed in the *Party Act*.

According to the Bill, the parties may not establish a company, only a single-person economic entity. The party, the single-person economic entity established by the party, may not acquire shares in another economic entity. The Bill makes the rules on the investment activity of the parties more accurate. According to these, the party may invest its assets into bank deposits and government bonds. Data on investment activity (number and values of stocks) have to be published in the annual report.

According to the planned *new provision*, the party, the single-person economic entity established by the party, may not be a tenderer or a subcontractor in a *public procurement procedure* and may not participate in the fulfilment of a State or local government commission.

**h)** According to the Bill, the *Party Act* is *added a new chapter* entitled "The obligation of book-keeping and reporting of the party". The proposed regulation would provide for *the obligation of the parties of book-keeping and reporting in much more detailed* as compared to the present solution, in order to make the financing of the parties more transparent.<sup>14</sup> The Bill requires the parties to apply double-entry book-keeping, with special regard to the compliance with the guarantees in the Act on accounting, that is, the person performing tasks in the range of accounting services, obligatory auditing, at the same time taking into account the interests of parties of small budget, too, as parties not having a determined revenue (10 million HUF) would be exempted from the obligation of book-keeping.

Besides the book-keeping obligation, the Bill includes detailed rules on the *report* of the parties. In this context, the Bill defines requirements of content and

13 Bill T/237 did not include this exception.

14 Special rules on the compliance with the obligation would be laid down by the *Party Act*, and the background rules by the Act on accounting.

form for the preparation of the report.<sup>15</sup> For the sake of transparency and publicity, the Bill fixes that the party is obliged to publish its annual report accepted by the body authorised for approval, and in case of an obligatory auditing, together with an independent auditor's report containing the auditor's clause or the refusal to give the clause within 150 days following the balance sheet date of the financial year in the official journal (*Magyar Közlöny*) and on its homepage, if it has any, and send it to the Court of Auditors. The mandatory publication of the annual report of the management of the parties is to strengthen the effectiveness of the control and the legality of the exercise of rights.

i) According to the Bill, the *state administration bodies would control the financial-economic activity of the parties* regarding the mandatory payments to be performed for the state budget, the financial basis of the social security system and the separate State funds and the control of the claim of these.<sup>16</sup> The *autonomy* of the parties is ensured by *the purposeful character of the control*, and the guarantee rule that, during such checks, the parties may refuse the check of documents containing data regarding to its political activity and making statement in issues regarding these activities as well. The Bill also *strengthens the supervisory powers of the Court of Auditors*: it makes the provision of the Party Act settling the powers of the president of the Court of Auditors for the initiation of court proceedings more accurate. The president of the Court of Auditors may initiate the lodging of a suit at the prosecutor against the party. A deficient operation may result even in the ceasing of the party.<sup>17</sup>

j) The Act on electoral procedures lays it down as a basic principle<sup>18</sup> that the purity of the election has to be preserved, election fraud has to be prevented, equal opportunities have to be ensured between the candidates and the nominating organisations, and the conditions of the purposeful exercise of rights in good faith have to be created. Today it is *a serious problem* that the rules in force regarding the election campaign, the expenditure to be allocated on the campaign, and the check of these do not promote the realisation of these basic principles enough. The Bill would reform the provisions on the financing of the electoral campaign, taking into account the experience in the application of the law. For the sake of the preservation of the purity of the elections, the prevention of election fraud and the ensuring of purposeful exercise of rights in good faith, the Act on electoral procedures would be added further provisions. During the electoral campaign, a person not qualifying a candidate or an organisation not qualifying a nominating organisation would be authorised to conduct a campaign activity if he/it registered himself/itself at the State Audit Office within 10 days following the setting of the date of the election, by communicating his/its name,

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15 Like e.g. the rules of the division of the balance sheet, the compilation of the inventory, the revenue and expenditure account, the management of the register of the revenues of parties and the preparation of additional annex.

16 The Party Act in effect has a brief provision on this matter: state administration bodies may not control the financial-economic activity of the parties.

17 In Hungary, unlike in e.g. the Czech Republic, Slovakia, Slovenia, the Constitutional Court, does not have competence regarding political parties.

18 See Art. 3 of the Act on electoral procedures.

address or seat and the name of the representative in case of an organisation.<sup>19</sup> For a registered organisation, the rules of the Act on electoral procedure on election campaign and those of the Party Act on party financing apply accordingly.

**k)** For the sake of equal opportunities between the candidates and the nominating organisations and the purposeful exercise of rights in good faith, *the Bill would introduce the campaign accounts*. In the future, the consideration of major campaign costs may be paid only from a campaign account of public turnover.<sup>20</sup> According to this, the candidate or the nominating organisation would be obliged to open a separate bank account for the coverage of campaign costs, prior to their declaration. The bank and the bank account shall be reported to the State Audit Office which makes this information public on its website. The bank account would ensure the compliance with the rules of the Act on electoral procedures on campaign financing and on the use of money to be allocated to the campaign since certain campaign activities could be financed only by a transfer from this bank account.

The *Bill would amend* certain rules of the Act on electoral procedures *on election campaign activities*, as well. For the sake of identification, the Bill would require that *posters* having the same size and appearance have to be given individual ID numbers by nominating organisations and candidates. It is a guarantee rule that the names of the candidate and the nominating organisation as well as the name of natural person responsible for the publication of the poster or leaflet, the number of copies of the poster or leaflet, and, in case of a poster, its ID number and the copy of the poster or leaflet, have to be indicated on the poster and the leaflet. These data have to be sent to the National Election Office for publishing it on the internet.

The Bill would contain more accurate provisions on the placement of *posters*, and *on radio and television broadcasting*. As for the former: the person entitled to use the surface shall inform the territorial election office within three days after the results of the elections becoming valid about the following: for which candidate or nominating organisation he cede the surface, what was the size of the surface, which period was concerned, what was the compensation and which was the ID number of the poster that was placed. As for broadcasting: under the new 'Political advertisement' subtitle of the Bill, for the sake of transparency of campaign financing, the Bill would require that if the publishers of temporary publications, broadcasters and service providers providing a news service via another telecommunications network wish to publish political advertisements, they send the price list of their advertisement services to the State Audit Office until the fifth day following the setting the date of the election, and this is registered by the State Audit Office and also published on its homepage. A political advertising activity may be performed only by registered press organisations and only according to the registered price list. Similarly to the rules on posters and leaflets, it is obligatory to inform the State Audit Office about political advertisements.

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19 Exception is the media.

20 This rule does not apply to the elections of mayors, local governments, local minority governments.

The use of press advertisements regulated with deficiencies so far and that of posters, especially of billboards, would become more transparent by adopting the Bill.

**l)** Above budgetary support, pursuant to the Act on election, the parties may allocate a maximum of one million HUF per candidates for the elections. The introduction of this provision was justified by the campaign of the 1994 elections which led the parties almost into bankruptcy since all of them spent a lot more than what they were able to cover. Following the elections, several parties were forced to sell or substantially encumber their headquarters and the budgetary support of the parties was spent largely on the payment of the interest and capital instalments of bank loans taken for the campaign. This regulatory solution (that is one million HUF/candidates), however, did not solve the problem as now there is no law which would require that the election advertisements be financed solely by the parties and the requirement of one million HUF is not complied with the parties in practice. It is a well-known solution that a part of the advertisements is financed by organisations or persons 'close to' the party which is not included in the amount used by the party according to the regulation in force. Probably, taking these deficiencies into account, the one million HUF limit was exceeded by the majority of candidates, this amount would be raised to 10 million HUF by the Bill.

**m)** Regarding the supervision of the money used in electoral campaign, the Bill would require that all nominating organisations and independent candidates are obliged to publish the amounts, sources and the ways of use of State and other money and financial contributions allocated to the elections 60 days after the binding decision on the results of the election in the official journal (Magyar Közlöny). The regularity of the contents of information made public and the compliance with the rules of the financing of the election campaign would be controlled by the State Audit Office. The Bill would introduce serious sanctions in case of an irregular campaign financing. So the nominating organisation, individual candidate or person or organisation performing a campaign activity the campaign expenditure of whom is not covered by the revenue as indicated in the information, is obliged to pay twice the amount of the difference for the central budget; and a nominating organisation or individual candidate who breaches the rules of financing from a campaign account, is obliged to pay an amount twice the amount of the payment to be effected by transfer according to the law for the central budget.

### 3. SUMMARY

In a constitutional state of rule of law, all elements of party financing have to be *transparent, stable and calculable*: it has to be clear in all cases who is the source of the money, for what and how these are used and what is the type and the amount of the regular State support the parties receive. It has to be ensured that no supports of uncertain origin be linked to the operation of the parties, and they receive money acquired legitimately. For guarantee reasons, it is inevitable to *control* the management of the parties. As *the Hungarian regulation in force* does not comply with these requirements sufficiently, it would be justified to

amend the affected provisions of the Party Act and the Act on electoral procedures in force by the abovementioned regulations of the Bill. In its present form it seems suitable for solving the problem.<sup>21</sup> But for the adoption of the Bill, two-third of the votes of MPs present is required, which makes its adoption unrealistic.

The new regulation would contribute substantially to *pressing back corruption issues* arising in connection with party financing. For this purpose, the use of public money and the publicity, transparency and control of the use of public property are to be ensured. This is a reason why the *rules of the financing of political parties* have to be made transparent and controllable.

- *Tímea Drinóczi and József Petrétei work as researchers and lecturers at the Department of Constitutional Law of the Faculty of Law, University of Pécs.*

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21 Though the Bill still leaves rooms of manoeuvres regarding e.g. campaign financing, as it does not require opening campaign-account before the elections of mayors, local governments, and local minority governments.