

WINGS AND WEIGHTS

*Proposals for rebuilding
the education system of Hungary
and combating corruption*

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'COMMITTEE OF WISE MEN' FOUNDATION

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Written at the request
of the President of Hungary,

LÁSZLÓ SÓLYOM

by

THE MEMBERS OF 'COMMITTEE OF WISE MEN':

PÉTER CSERMELY

ISTVÁN FODOR

EVA JOLY

ALEXANDRE LÁMFALUSSY

Recommendation

During hard times, seeking advice from wise persons is in itself a wise thing to do. It is not unprecedented in European politics for a country's leadership to step outside its official framework before taking strategic decisions and to turn over the complete preparatory process to independent experts. The same method can help them to back out of the blind alley where their official statements have left them.

This is how Alexandre Lámfalussy, as such a „wise one“, became the father of the euro and the person who laid the foundation for opening the capital market. The opinion of three wise ones released Austria from isolation after it was so sanctioned by the European Union when it allowed a far right political party into its coalition government. A year ago, the EU established another council of the wise, to assist it in responding to all the challenges confronting Europe – sustainable development, social model, terrorism and energy security.

In Hungary the president has little chance of operative intervention in the fundamental problems facing the country. The authority to veto laws is at most suited to making corrections after the fact. Regarding the future, the president is limited to speeches and at most, to symbolic actions. These manifestations can be effective, but lacking executive tools, they at most are of emotional significance and cannot offer guidelines for action.

Therefore, if the president deems it necessary to take a position on issues important to the Hungarian nation and if the president is expected by many to do this publicly and non-publicly, the obvious way is to call on independent persons and/or bodies and to remain apart from their actions. This is the most appropriate use of presidential authority. The goal is not to sidestep the reflexive responses of one's own staff but rather to access people and professionalism that go beyond that. And the forthcoming opinion is not the official statement of the president – whose fundamental action in promoting resolution

to the problems has been to select the subjects and the wise ones, to follow their work with attention and to accept their results.

This is why I organized a series of conferences in my offices at Sándor Palace on Hungarian nation-strategy – Hungary and the situation, the ties, and the future of our fellow Hungarians who live outside of our borders. The presentations given there have been published on an ongoing basis and a summary of the studies will appear soon. I chose a different method on the issues of corruption and education. I called on wise ones to analyze the situation and put down their recommendations.

There is consensus in Hungary that corruption is one of the most serious social problems and that education is doing poorly. This is despite the fact that a complete rebuilding of the education system is our chance to put the current situation behind us. Education can do more than enable our economic performance to climb – as we have seen happen in the countries in the education vanguard such as Finland and South Korea – for our ability to live together, our general social mood can take a turn for the better if our people are well educated and have a well-founded order of values. The condition for the advance is to put an end to the corruption that currently dominates us. Corruption has become a serious obstacle to economic development for it distorts competition and destroys true performance by supporting counter-selection. When extended into politics and the actions of authorities, it demolishes democracy, turning violations of norms into the norm.

Corruption that permeates all walks of life destroys the general state of social morals. This is where the issues of education and corruption meet. Acceptance of corruption, and worse, a public attitude that considers it natural will be unable to respect the raising of children or our schools.

The wise ones do not intend their proposals to be used as a party or government programme; they were set down on a different level of generalization and with a different technique. Nevertheless, we hope that the decision-makers will consider them. We can base this hope on the fact that the reports submitted by the wise ones do not treat corruption as a limited issue connected to a specific sector of the economy. In much the same way, they do not view education as a project of detail, but declare that the only way to attain results is to rebuild the entire system from the foundation upward, and that the key to the process is the person of the teacher. The wise ones drew the common conclusion that neither question can be resolved if only

the parties directly involved and the government take action. What is needed is a decision by the entire nation that change is imperative. The studies, quite correctly, make separate proposals on the government measures that should be taken immediately, and additional separate ones on the longer-term yet absolutely necessary actions and on institutional changes. Hardest to do is to create a favourable and supportive social atmosphere to make the changes and as a result of the changes, in other words, to reach the point where „the decision of the entire nation” becomes more than an attractive watchword and is truly materialized in the extensive cooperation that goes beyond the immediate players.

I must thank the wise ones who responded to my request to do this hard job. Professor Péter Csermely, whose research involves networks and stress, was also one of the most active workers and organizers in talent support. István Fodor is an engineer and the founder of Ericsson Hungary. He managed it for almost a decade-and-a-half and knows the business world intimately. Eva Joly has been respected in France as a national hero ever since she uncovered the links between big business and political corruption as an investigative judge. She is currently a Member of the European Parliament. Alexandre Lámfalussy is an internationally recognized economist on whom the European Union has repeatedly relied. We relied strongly on his wealth of experience in running a „council of the wise”.

All four wise ones participated in the final assessment of the full material. The work itself of course relied on the detailed studies, meetings and critique of a wealth of professionals.

I feel very comfortable in recommending their conclusions and proposals to all.

I release their conclusions and proposals to the policy makers and to the whole nation with great expectations.

Budapest, 14 December 2009

LÁSZLÓ SÓLYOM
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of the Republic of Hungary

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EXECUTIVE SUMMARIES

Proposals for rebuilding the education system

For both the individual and the nation, education offers the greatest long-term chance to rise above the current situation, which is weighted down by crisis. The education process must help to raise outstanding citizens and must support the cultural and scientific leaders of the future in their development. That dual strategy can lead to a professionally skilled, competitive, physically and emotionally healthy society that is highly respected at home and abroad. It is vital that the whole nation resolves to improve the education system and its components. It is a top priority to recognize that rebuilding the education system on a quality foundation requires both improving its effectiveness and additional funding.

The world outside of our school buildings has changed fundamentally in the past few decades. The weakening of family ties and the dissolution of many community bonds have contributed to today's general crisis of values. *Rights and responsibilities within our schools became imbalanced.* Individual rights and opportunities have been overemphasized while responsibility for the community and the obligation to meet responsibilities has gone onto the back burner. The quantity of easily accessible information has grown to a vast degree. *However, often knowledge, which understands the relationships and interactions, is lost in the sea of information.* Unexpected situations, which have become daily phenomena, require various problem-solving abilities. Individual abilities and the role of creativity, therefore, have risen significantly in value, which in turn requires a significantly higher level of complexity on the part of teachers regarding general human values and community building. The expectation is that *our schools must become islands that preserve values and offer a loving, valuable community experience that enriches the positive self-image.*

In past decades, the dominant position has been one that emphasizes short-term individual interests as opposed to one of solidarity with others and the community. Unspoken frustrations, negative self and world images, and a low level of social confidence have led to extensive social disillusionment and a sharp rise in behaviours that violate laws and social norms alike. *In many places, schools no longer play a community-shaping role.* The proportion of disadvantaged and special needs students has increased significantly and their equitable education has become a key issue.

The financial, moral and social foundations that once demanded respect for teachers have been shaken. Significant portions of the less qualified and less motivated students entering higher education choose the teaching profession. Both the quantity and quality of the teachers thus entering the profession has become critical in many cases. A vicious circle has evolved – the lack of respect for the profession reduces the quality of new teachers, which reduces their level of respect. In addition, a growing number of teachers spend a significant portion of their working hours at activities other than teaching. The management skills of the current personnel charged with school and education management are unsatisfactory. A significant portion of today's teachers have already used up all their emotional and intellectual reserves as well as their tolerance.

In the past thirty years, the Hungarian education system has undergone a series of changes so rapid that the new demands and ideas have pounded the education system in a merciless, unrefined and often contradictory way. In most cases the period prescribed for the changes was so rapid that implementation was an illusion. The current system of education financing is faulty, for the per capita financing overwrites quality and complex evaluation of teaching practices. Competitive bidding for development grants is dominating funding measures, for while it allows the best schools to develop, it prevents poorer ones, schools incapable of accessing grant money, from improving. Thus the current developmental system just increases the vast differences in education levels it wants to eliminate.

Campaigns of a) expansion to mass level; b) institutional mergers; c) per capita financing; d) Bologna type training and e) changes in the admission system have hit higher education in successive waves. The knowledge level of newly admitted students has declined dramatically. One important reason for this is that the current secondary school graduation (matriculation)/college entrance examination system is designed to attain a maximum number of points with a minimum of input, as opposed to being a true gauge of performance. These combined factors have led to *a significant deterioration in the quality of Hungarian higher education*. There are significant differences in the values of Hungarian degrees, depending on school, and many are neither credible nor competitive. The structure of training has in many places become unnecessarily fragmented and disproportionate, particularly as an outcome of the Bologna transformation. The quality of the training actually received is not monitored. A significant portion of higher education does not communicate with either the secondary schools from which the students come or the working places to which they eventually go. Both the management system and (this is of particular concern) the financing structure reinforce these damaging influences rather than alleviate them. To sum up the above: *the whole of higher education in Hungary today is in a state of emergency.*

The Hungarian education system is attempting to cope with many interrelated serious problems. Therefore, trying to renew components of the system will not help. *The entire education system needs to be rebuilt, while maintaining existing values and fitting in new components.* In Section IV/2 we put forward our proposals for decision-makers in an effort to reach the status of Hungarian schools we envisaged for 2020 and 2030. However, even if the decision-makers were to be unified in their determination to improve the situation, their will alone would not be enough. For substantive and comprehensive change, we need more than that. *We need the joint will and common effort of all participants in the education system and all related parties to rebuild Hungarian education.*

The goal of education is to build a school community with firm values in which the student receives encouragement and diverse assistance to help not only to develop her or his abilities to a maximum, but also to obtain the most systematized knowledge that meets her or his personality.

To do that, we have summed up our proposals, which set down the priority areas of Section V:

1. To evolve a long-term, stable, reliable, consensus-based education strategy as a part of the nation-building strategy.
2. To reinforce the role of school communities and culturally dominant teachers in maintaining, relaying and creating values.
3. To turn teacher-training into the envied elite programme of the Hungarian higher educational system with the goal that all teachers in Hungarian schools become outstanding within a twenty-year perspective.
4. To assist with the recognition and professional and human development of teachers.
5. To concentrate on recognition of values and achievements instead of emphasizing disadvantages and failures.
6. To evolve an independent system for evaluating schools; to offer differentiated support to schools that teach on different levels; to completely redesign the basic principles of financing and education development.
7. To improve the levels of fairness and integration of the education system instead of what for many students has been forced integration; to develop schools with prescribed, assisted programmes tailored to their needs to improve their low levels of education.
8. To renew the structure of vocational training, as well as the pedagogical content, and systems of management and financing as a priority component of our nation-strategy.
9. To improve the quality of higher education; to revisit the Bologna system and the credit system; to reinforce student communities, to reconsider the entire system of higher education management and financing.

We can summarize the additional essential components of the pedagogical renewal needed to rebuild the education system as follows:

- The family is the most important place of education; the family is a priority partner of the school; early childhood educators are highly important participants; the media and society are allies of the school.
- Morals and aesthetics, reading comprehension, verbal expression skills, writing and info-communication skills must be taught school-wide.
- Experimenting is a key to renew science education.
- National identity is the basis for understanding others.
- Info-communication methodology is a new pedagogical tool.
- The pedagogy of sustainability equals preparation for the future.
- Art and physical exercise are essential components for understanding and a full life as human beings.
- Adult education should provide a lifelong learning and skill development.
- Student dormitories are effective venues for education and community building.
- If a manager is good, the school will be good, too.
- Success with a secondary school graduation exam should be a guarantee of quality learning.
- Integrated development policy is the key to assisting in the education of Hungarian communities living in neighbouring countries.

Among the most important proposals we put forward, the ones requiring concrete action on short term are:

1. The programme to improve the level and recognition of the teaching profession.
2. The programme to consolidate school communities and orders of value.
3. The renewal of vocational training.
4. The renewal of higher education.
5. The programme to select and help train education managers (school principals).
6. The transformation of the secondary school graduation system.
7. The programme to help in teaching the natural sciences.
- 8., The programme to help in arts and healthy lifestyle, physical training education.
9. The education programme in student dormitories.
10. The careful planning and initiation of the following comprehensive programmes:

- A long-term and reliable education policy as a priority section of a nation-strategy.
- An independent evaluation system in primary, secondary and higher education.
- A reconsideration of school management systems + a new education financing system that promotes quality.
- An effective, long-term education development strategy.
- An integrated development policy to help with the education of Hungarian communities in neighbouring countries.

We must establish the most efficient and not the cheapest education system in Hungary in the next 10 to 20 years. The responsible management of the country needs to employ budget practices that are in line with our economy but wherever possible, to finance education beyond our means. *The priority development of education is one of the most important components of long-term recovery from the crisis. It is a public issue that every involved party – in essence all of Hungarian society – needs to actively participate in.*

Combating Corruption

As the first decade of the new millennium draws to a close, corruption has become a central issue and public concern in Hungary. The public looks at corruption as a phenomenon that is part of the consciousness and moral fabric of society and not as an isolated phenomenon. For this reason, we must not narrow down the *concept of corruption* to simple cases of „I pay the money to obtain the favour.“ We need to include influence peddling, graft, cronyism, corruption-based fraud, illegal gratuities, abuse of power and similar unlawful actions as categories of corruption.

The level of corruption has varied, but the overall trend is definitely not a declining one. The widespread nature of corruption is clearly connected to the frequency with which situations that make it possible present themselves. The absence of public scrutiny over processes is the factor that particularly increases chances of corruption, for the actors feel that the risk of exposure is low. The effect is identical if corruption remains unpunished. Sadly, there has been no organized, comprehensive, central programme to combat corruption over the many years that have gone by.

The goal of this document is to set down a proposal on the measures needed to reduce corruption. The basic tenet within it is that partial projects focused only on specific areas cannot counter corruption. We need to design and execute a complex programme covering all aspects of the problem if we are to remedy it.

Our concept focuses on the spirit of an anti-corruption programme, on the political will and social determination needed to execute it, and on the institutional and legislative changes needed for it to succeed. It analyzes the causes of corruption and the manner in which it operates by specific area of detail. It also estimates the expected effectiveness of various anti-corruption measures.

The methodology of the study is to first describe the types of corruption, followed by an analysis of each. It then offers the components of the anti-corruption programme. The analysis covers and offers specific insights into corruption as it appears in public procurement and its legislative environment, various central and local government investments, PPP constructs, privatization, government and European Union grants and loans, adminis-

trative and legislative procedures, the justice administration system, the law enforcement organizations, the Tax and Financial Affairs Monitoring Office – APEH, the health care and pharmaceuticals fund, education, local government operations, businesses and politics. The overall picture is discouraging even though the document section lists only types and not specific amounts.

The *concept on countering corruption* proposed contains suggestions ranging from strategic components down to specific details. In Hungary, the realistic goal of a ten-year medium-term programme might be to effect powerful changes to reduce corruption to a tolerable level, from which it can be cut back even further as a function of time. Two opposing proposals for countering corruption in Hungary have been circulating. One argues that nothing more needs to be done than to make all institutions and actors obey existing laws and regulations. The other, which we espouse, believes that the level of infestation is so excessive that the above method is insufficient to effectively do battle with the phenomenon. Therefore, *we need to amend laws and establish more effective institutions.*

Applying and expanding the „*National Integrity System*” (NIS) concept used by Transparency International, we recommend that the Hungarian NIS be 1+3+3, meaning that it should consist of **1 commitment, 3 pillars, and 3 operative areas**. It should be easiest to monitor, develop and adjust these very diverse areas using this format.

The commitment: Most important to effectively reducing corruption is true commitment on the part of the political forces, in particular, of whichever political power happens to be in office at all times. Clear political will needs to be manifest in continuous attention and action. We need the political world to set examples, take daring initiatives and to accept a measure of risk. The outcome should be tangible in social and economic achievements alike.

The fight to combat corruption rests on **three pillars**. Each of the pillars is necessary if the effort is to be successful. They are as follows:

- *A ten-year national programme to combat corruption*, which defines the anti-corruption strategy. This document can contribute to the content but in all cases, stringency similar to what we have set down here is a minimum requirement.
- *The institutional system has to be altered:* We need to set up specialized organizational units within the courts and the prosecutorial system; we recommend expanding and reinforcing the authorities and responsibilities of the State Auditing Office; closer cooperation with the Bureau of Economic Competition; subordinating the Defence Service of Law Enforcement Organizations (RSZVSZ) to the authority of the chief prosecutor while guaranteeing the organizational independence and political

neutrality of monitoring. In addition, on supervisory level we recommend establishing a central institution that would hold responsibility for and coordinate the entire anti-corruption programme. The new body, called the Monitoring and Public Procurement Bureau, would take the place of the Public Procurement Council and the Government Auditing Office, streamlined to eliminate extraneous tasks but with added tasks fitted to its profile, though without any investigative authority.

- *The laws:* Securing compliance with current laws is a fundamental component of overcoming corruption. At the same time, it will be necessary to amend certain laws, for instance, to achieve transparency and public access to data in the public interest. Similarly, it will be necessary to amend the laws on political party financing and on elections, to upgrade the law protecting whistleblowers, and to bolster the authorities of the State Auditing Office.

Key areas where adjustments are needed (operative areas). We have put forward detailed proposals in the following areas regarding changes in the structure, mode of operation and attitudes of the following organizations:

- *Government institutions:* The justice administration: courts and prosecutors; police; Customs and Excise Authority; Tax and Financial Affairs Monitoring Office (APEH); and the ministries;
- *Areas affecting public resources and public services:* These proposals concern transgressions in central and local government investments; PPP constructs; privatization procedures; EU and Hungarian government supports and competitive grants/loans, health care, local government activity, and education.
- *Proposals to combat corruption addressed to businesses.*

A programme to combat corruption promises a faster return on the investment than in any other area of the economy. If implemented, the saving can be in the hundreds of billions of forints. The indirect social and economic consequences, including the consolidation of order and compliance with norms, are priceless. If only direct means are employed the fight to combat corruption will only have partial results. This is why we propose fitting the anti-corruption programme into a national strategy focused on the comprehensive development of the country. In addition, public support, in particular, help from civil organizations and the media, are essential to the success of the effort.

The most important components in the fight to combat corruption:

1. Highest level commitment to the fight against corruption and to upholding all measures and regulations needed to achieve it.
2. Preparing and starting up a national programme to combat corruption.
3. Transforming the system of institutions and establishing a new system (courts, prosecution, Defence Service of Law Enforcement Organizations (RSZVVSZ), State Auditing Office, and the new institution that is „two in one“).
4. Amending various laws (political party financing, election and others).
5. Establishing a new, more transparent and more effective set of laws to govern public procurement and to coordinate them with other legislation.
6. Conducting supervisory inspections of several larger public procurement projects selected at random to gain experience.
7. Conducting supervisory inspections of danger areas and monitoring systems within the local government system, and correcting shortcomings.
8. Transforming systems involving central government and EU supports and competitive grants/loans.
9. Initiating a programme within health care to reduce corruption.
10. Including internal control units of central government institutions in the programme.
11. Achieving the broadest possible inclusion of the public, including the electronic media in the monitoring effort and the sanctioning of violations of rules regarding the publication of data in the public interest.
12. Activating civil organizations and of professional programmes offering continuous support within the media.

PROPOSALS
FOR REBUILDING
THE EDUCATION SYSTEM
OF HUNGARY

I. Introduction

During a time of crisis the central issues of discussion are the economy, money, benefits, deductions from salaries and other belt-tightening measures. We have chosen to shift that focus to the one true investment – our schools, our education system and our teachers – that is a real long-term means for overcoming the crisis.¹ Everyone is connected to the education system in one way or another, either as a participant or as the friend or relative of a participant.

This paper is intended to *initiate a series of debates* by presenting the reader with proposals we hope are sufficiently valuable and novel to be worthwhile thinking over. One of the most important thoughts in this paper is that *unless teachers, students, parents and all of Hungarian society participate, the education system cannot be upgraded.*

We would like to work towards establishing a foresighted system with coherent values designed along a train of logic within the colourful mosaic of education that offers a sufficient number of common points to enable everyone to identify with it.

When conducting our analysis and designing our proposals we have built upon the groundwork laid by education policy programmes and strategies already made public, including the St. Stephen Plan, the recommendations of the Seventh Education Congress, the Green Book designed by the Roundtable for Education and Child Opportunities and many hundreds of other professional materials. We have listed the background materials used for our detailed analyses of all important areas, and for anyone seeking additional information, these studies are online at the *www.keh.hu* website. We considered practical experience to be of cardinal importance when doing our evaluations and making our proposals, since only practice proves the true value of the theories, no

¹ Throughout this document, we have used the word „school” to cover all means and manner of institution of education. Similarly, the word „teacher” includes crèche caregivers, pre-school teachers, primary school educators, their secondary school colleagues, and instructors and professors of higher education. „Student” covers children and young people of all ages in any part of the educational system. Quite a few countries, including e.g. France and the United States, have recognized the importance of education in overcoming the economic downturn.

matter how attractive the latter might be.² We are particularly concerned with public education because this is where the problems are most widespread as well as because many problems in higher education and adult education are the outcome of the unsatisfactory operation of public education.

We would like to thank You in advance for reading the document that follows. You will see that our intention was to solicit national cooperation to bring about a system that offers a qualitatively higher standard of education. Our education system will never improve significantly, if we do not make the effort to thoroughly consider and discuss the modes of upgrading it and the interactions of the various modalities.

We ask you to approach the document *openly and without prejudice*, and evolve your opinion on that basis.

We ask that you *discuss* the proposal with everyone whom you believe would like to improve the education system, and who approaches the cause with understanding.

We ask that your discussions *include* even the people who do not yet think that improving the education system would give us a chance to break out of our current situation and make our way to the forefront, to a better Hungary.

We ask you to *convince them* to work together towards this goal.

Thank you for participating in the process of improving education of our country.

² The various Sections containing the background materials reflect the personal opinion of the given author(s), and not the consensus of the authors who prepared the current proposal. Therefore, we recommend that they be viewed only on the level of factual background information, but not on the plane of the positions taken or proposals made. (When it comes to proposals, the series of discussions has often modified the views of even the original author. In other words, often not even the author is certain to have retained one hundred percent of her or his beliefs as set down in the background materials several months earlier.)

II. Background analysis

II. 1. Social changes that are defining the situation of education in the western civilization

In recent decades young people have faced a vast number of quite different behaviour models, far more than ever before. In many cases we see family

Amidst an environment that has lost its values, the school must create a community in which values are maintained and passed onward.

ties weakening, while many one-time forms of community have collapsed, making the maintenance and relaying of values particularly difficult. This has caused extensive disturbance in orientation towards values and a crisis in determining what those values

really are. The lack of supporting points, of something to adjust to, has led to uncertainty, to a loss of a vision for the future, to relativism regarding values, or quite the opposite, to the uncritical acceptance of a rigid and extreme order of values.

In past decades not only has the quantity of information multiplied, but so have interactions and accessibility. More information is not the equivalent

More information is not more knowledge. In the current sea of information, verifiable, systematized knowledge has only a real value.

of more knowledge. Quite the contrary: in the sea of information, often the valuable knowledge components are treated as though they are only of relative value, and became lost. The key issues today are acquiring the information, understanding it and certifying it as credible, followed by shaping the bits and pieces into a rational whole which takes the shape of valid knowledge. This increased the value of systematized knowledge, since the credibility of information can be judged by its connections to other pieces of related information. This increases the significance of systematized basic knowledge further and requires schools to adapt an approach that stresses the independent evaluation of information.

Science, and within that, the natural sciences, grew enormously in value in the 20th century. Scientific discoveries have completely reshaped our day-to-day life. This has given rise to a way of thinking that, in its exaggerated version, denies the existence of anything that is not scientifically verifiable. People have

often demanded that scientists supply unappealable responses telling the absolute truth. These demands have also been made on the persons who relay scientific knowledge, the teachers. In the 21st century, the questions we still have to answer and the scientific responses to them have in many cases become so complicated that the average person cannot fathom them. One after the other, it was discovered that achievements of earlier times, ones which shaped our everyday lives, had damaging side-effects and needs to be set within limits. In the meantime, science lost some of its all-powerful prestige as the instrument that could explain the world. At the same time, a large portion of the tools we use are very complicated to design, improve, produce and maintain, and the tasks related to them require an enormously growing body of knowledge. But the shortage of students and professionals with experience in abstract thinking – such as mathematics and physics – is growing.

In the past few decades the network of relationships among people has fundamentally changed. The proportion of families that live together in close relationships has declined to a dangerous degree.³ There has also been a drastic decline in contacts with the natural environment (domestic animals, plants, etc.). Old forms of social contacts requiring mutual presence have given way to a variety of new forms that offer immense opportunity, but that often require less individual presence and permanence (such as the telephone, Skype, chats, and Internet community networks). There has been an explosive increase in communication forms that are unilateral, in which the individual becomes a virtual recipient (such as concerts, the cinema, radio, television, listening to music in an individual setting and computer games). The quantity of contacts maintained through consumer goods has increased by several orders of magnitude. All of these factors vastly increase the role and responsibility of institutional education in teaching community models.

The accessibility of consumer goods, which is far more extensive than ever before, has led to the evolvement of a special consumer attitude. This form of consumer thinking attempts to replace what once offered people points of stability and sources of self-esteem (family history, course of life, personal relations, and personal history) with the increased procurement of consumer goods. The typical consumer expects to obtain the goods with as little an effort as possible and instead of shaping the flows of events she or he observes them

Emphasis will shift from over-consumption to individual quality, human relations and inner emotional development.

³ Statistically speaking, 2008 was the worst year for marriages since World War I in Hungary. The ratio of married couples in Hungary has reached its lowest level in 130 years (Hungarian Central Statistical Office).

and suffers through them as a mere spectator. Given that attitude, students often consider the education system to be a part of the entertainment industry or an ancient institution that robs them of time they could spend having fun. The collapse of the balance between rights and responsibilities is an outcome of the consumer attitude in which individual rights and opportunities become overemphasized while responsibility to the community and fulfilment of obligations are neglected.

The world economic crisis that began in 2008 was the warning sign that the period of overconsumption, in which we have been overusing the treasures and opportunities provided by our Earth, is coming to an end. One long-term lesson of the crisis is that the network of human relations will have to undergo a deliberate shift from an overabundance of consumer goods towards the uniqueness and quality of resources and how they tie into the community and nature, and towards enjoying the riches of the inner world.

In today's world, given globalization and crisis phenomena triggered by overconsumption, we find ourselves facing more and more unexpected situations, for which we have no straightforward response. The speed of changes has also significantly accelerated. In education, this requires that teaching should go much beyond demanding rote learning and processing of information in traditional ways. Teaching should also entail the ability to resolve problems occurring in varied situations. For this reason, individual skills and creativity are becoming increasingly valued tools, which in turn require paying attention to the individual and forms of education tailored to the individual. Therefore, education today needs to adjust increasingly to the personalities of the students.⁴ The teacher becomes a partner to the student, albeit a highly experienced and prepared, culturally dominant partner, who also learns continuously through the teaching process. This varied and creative situation requires a significantly higher level of complexity from teachers regarding general human values and community building.

⁴ It is important for us to note that in the educational process, the individuality of the student must be developed in harmony with the acceptance of responsibility for the community. It is also important to make it clear that „educational forms tailored to the individual“ do not mean that a separate educational programme is designed for every single student and that the general requirements of the educational system have lost their absolute importance. Forms of education tailored to the individual within the general requirements of the education system include varied group-training, supplementary information and individual opportunity, as well as individual consultations and counseling, which offer students greater opportunity to evolve their personal talents. These teaching modalities will have to be introduced gradually, as opportunities expand. We believe they can become generally adopted in Hungary over a twenty-year timeframe.

II. 2. The social conditions that define the educational system in Hungary

After the change of the socialist system in Hungary in 1989 many people subconsciously believed that the change in political regime would mean a quick and effortless advance toward the living standards of the western world and an acceleration in the individual rates of prosperity compared to the level of the Kádár regime (where much of the relative affluence was based on loans). Similarly to the structural changes of the western world resulting in a larger differentiation of the affected societies the change of the socialist system in 1989 made an even more pronounced impact. At least 700,000 people found themselves sinking into deep poverty from which in many cases the third generation is growing to adulthood and reproducing the low education level of its parents, meaning that it has no chance of finding regular work. Deep poverty is not only a Roma problem.⁵ Closed groups of young people living in deep poverty find themselves in a communication environment typified basically by high levels of emotion and conflict in their lifestyle, with poor and limited means of expressing themselves through language. In recent years that social and cultural gap has become stronger and (particularly along the lines of contrasting Roma and non-Roma in a confrontational environment) and has led to a growing number of open conflicts. Unfortunately, the differentiation of the quality of education and teaching in the institutions, and gradual polarisation of the institutions into excellent and unacceptably low quality institutions further deepened the process instead of turning it around.

The attitude of past decades, based on solidarity and *community building* has given way to short-term behaviours that focus on *individual interests*. Frustrations that are not communicated and negative images of self and of the world combined with the low level of social trust have led to extensive social collapse and the sudden and extensive spread of forms of behaviour that violate the social norms and the law. Opportunities for establishing communities within the schools (youth organizations, specialized educational groups, cultural clubs, etc.) have disappeared from many schools.

The dreams of many Hungarian citizens to increase their consumption following the change in political system in most cases only came true for

⁵ According to research and estimates, about 400,000 of the 700,000 people living in deep poverty are not Roma, and slightly more than half of the Roma do not live in deep poverty. Havas, G. (2008) Esélyegyenlőség és deszegregáció [In Hungarian] (Equal opportunity and desegregation) In [In Hungarian] Green book for the overhaul of Hungarian public education 2008. Fazekas, K.; Köllő, J.; Varga, J. (Eds.) Ecostat, Budapest 2008, 121–138.

Institutional education does not sufficiently help to overcome the damaging effects of consumer behaviour based on short-term thinking.

„others”. resulting in a great deal of bitterness and resentment. To describe the essence with bitter humour „The happiest barrack has become the saddest shopping mall.”⁶ Unsatisfied consumption demand often leads to greed in satisfaction of short-term interests

as reflected by the ratio of savings and borrowing that has been turned head over heels in Hungary. The education system does not prepare students to recognize this problem and manage it, and often there is also a lack of moral foundations that might serve as a guideline to teachers in this process.

The appearance and experience of a multitude of different behaviour patterns, the dissolution of communities, the decline in trust, the attacks on

We cannot hope to resolve these exceptionally difficult problems without increasing the prestige of career teachers.

prestigious personalities equivalent to character assassination and the shaping of alternative types of individuals to look up to (hero-worship, celebrity cults) in post-communist Hungary have created a crisis of values, which

was even deeper than observed in the West. The structure of the models and roles of behaviour learned in childhood has tumbled down but the number of accessible role-models has grown by an order of magnitude. At the same time, the proportion of positive role models has declined significantly. The lack of cultural and moral anchors, of constancy, has led to a wide scale loss of visions regarding the future or to exactly the opposite, the uncritical acceptance of an order of values that is rigid to the extreme.⁷

The equalizing efforts of past decades, with an essentially anti-intellectual basic attitude, have seriously harmed the one-time prestige Hungarian teachers enjoyed once, as has the deterioration in teacher’s financial and social status. In the growing competition to get ahead following the regime-change, teachers failed to get financial recognition despite their occasional salary increases. Moreover, no other component of respect was offered to compensate for shortcomings in salary levels. In many cases the teacher has become the universal scapegoat for frustrations triggered by other problems. Added to these problems, when secondary schools offering academic degrees allowed students to apply for higher education in droves, the colleges and universities admitted

⁶ Csepeli, G.: Opening address at the VAM Design Center’s „Happiest Barrack” exhibition, 10 December 2008. (<http://www.zoom.hu/kultura/a-legvidamabb-barakk-34261.html>)

⁷ Kopp, M. (Ed.) 2008 Magyar lelkiállapot [In Hungarian] (Hungarian psychological status) Semmelweis Publishers

masses of students, and the preparedness of the studies dropped extremely low, many of the unqualified and unmotivated students entering the colleges chose to become teachers. Education management, which made improvised patchwork decisions, greatly heightened the conflict situation in the teaching profession, becoming another component of the devaluation. Given the above, both the quantity and quality of new teachers (meaning career suitability and professional qualities) has become critical today in many cases.⁸

While students are now required to remain in school until the age of 18⁹, as the birth rate has declined, the number of children of school age has dropped continuously over the past few decades. Meanwhile, the ratio of disadvantaged and special needs students has increased significantly. Offering them an equitable education has become a key issue.

The economic players have an incomplete and often formal and ad hoc relationship with the education system despite their many efforts. The messages the economy sends to education are too few and sometimes highly contradictory.

II. 3. The tasks of the schools: society's changing expectations

As society has become increasingly diverse, there has been a parallel differentiation of parental demands on the schools. In Hungary, the number of people

The systematized knowledge and its applications are two, well-balanced pillars of a good education.

who believe that schools play a role comparable to that of the family in the personal and social development of children is higher than in many other countries of the European Union.¹⁰

A large group of parents, dealing with their own problems, does not have the strength to follow up their children's progress in school. In addition, playing hooky, with the approval of parents or guardians is also a present phenomenon. However, we also see a group of parents that considers the education of its children to be its most important investment, for this group sees education as the way the children can ad-

⁸ Green book for the overhaul of Hungarian public education 2008. Eds. Fazekas, K.; Köllő, J.; Varga, J. Ecostat, Budapest 2008.

⁹ Raising the age of mandatory education to 18 was a move made without having conducted a thorough and detailed analysis of the actual goal, and the decision has been passed on without considering what it actually meant.

¹⁰ http://ofi.hu/tudastar/iskola_tarsadalom

vance beyond the parental level. These parents make major sacrifices to their children's education, both in time and concern, and financially as well.

The growth in the quantity of information and – in particular – its accessibility has led to a situation in which a rising portion of parents and workplaces expect the schools not only to present and systematize the information, but increasingly, to understand it, ascertain that it is credible and apply it. However, the current process of Hungarian education is dominated by an information-centric outlook. There is a general lack of systematization and application to practical conditions and where it does appear, it too is presented as information to be learned through rote memory. However, it is important to underline that without the basic theoretical information at the foundation, teaching of applications would be a waste of time and an illusion.

In past decades, new techniques were introduced to the schools to support the education of various subgroups of students (disadvantaged students, special needs students, Roma students, talented students, etc.). These requirements for differentiation often hit school financing in a series of campaign-like waves. In parallel, the demand to educate children in a manner that reflected their personal situations grew louder, and in many cases this resulted in segregation rather than in evolving mixed groups.

Another expectation, outlined with increasing clarity, called for institutional education to assist in evolving all skills, abilities and competencies no longer to be learned outside the schools because of the weakening of communities linked to families and circles of friends, and the absence of true communities in places of residence. This demand on institutional education included even the very youngest children. The school should be an island that maintains values and offers children a loving and positive community that enriches the community experience and offers a positive self-image.¹¹ The school should help to reverse all unfavourable social flows that are contrary to this.

¹¹ At this point we would like to again underline that when using the term „school” we are referring to all institutions of education including crèches and pre-schools.

II. 4. The response of the Hungarian educational system to the altered expectations

The education system has attempted to resolve the information explosion by significantly expanding the quantity of information offered, in a poorly interpreted attempt at modernization. Thus, the structure of education, based on subjects, has been fractured.¹² No time has been left to imbed the information in memory, to systematize it, to deepen it or to apply it. Attempts to expand the curriculum have been followed by campaigns to reduce it. The two opposing influences pulsed back and forth, depending on momentary professional and political power relations. This has led to a decline in the quality of education and of equal opportunities, and has become the foundation for today's school performance which operates quite well as long as the school is teaching the information but is falling farther and farther behind when it comes to teaching students how to apply the knowledge. The Hungarian National Core Curriculum was no help, because local curricula often used the framework curriculum as a skeleton onto which they smuggled back the too detailed portions of information removed by the previous curriculum-reduction, which in many cases was never able to congeal into a system of knowledge. Most schools – excepting the ones operating on exceptionally high levels of educational attainment – proved unable to offer the school subjects on a uniformly high level, and that contributed to quality differences from school to school that have reached an unbearable level.

One basic norm incorporated in the change in political system was to increase the freedom of the society, which in education primarily meant the

The Hungarian education system has reached the threshold of collapse. We need a jointly accepted, long-term strategy for its survival.

freedom to choose a school, the truly free shaping of the curriculum, and the expansion of the choice in textbooks and study aids. This process was accompanied by financing in accordance with the number of enrolled students (capitation) and a significant

decline in education management. There was a gradual elimination of specialist subject supervisors and the entire system of pedagogical institutes. The

¹² An uninhibited growth in subjects, with every new set of information distorted into a new school subject has been a peculiar form of expanding the information offered by schools. To this day, attempts are being made to force these modules into class schedules, which completely disrupt the synthesis of school learning and the content of education. These newly created subjects have been introduced – very incorrectly – as special courses and special classes, and in many cases have even forced their way into the pre-school world.

result was a powerful wave of further differentiation in school performance. Some schools took advantage of the opportunity to evolve high quality local curricula. Elsewhere, in many places, a lack of expertise and of monitoring contributed to the deterioration of the education level. The growing gap with many schools falling behind (among other factors) also contributed to the growing segregation of students. Education management attempted to compensate for the loss of control by amending laws and refining the financing system, which in turn led to overcomplicated rules and highly refined tactics on the parts of schools to avoid adherence to them.

The chance to freely implement a local curriculum and choice of subjects gave exceptional teachers far more opportunity than they once had to preserve values and introduce innovations at the same time. There have been quite a number of exemplary creative teachers and communities of teachers in schools operated by local governments. However, the good examples exist in alternative schools, foundation-run schools and private schools as well as in schools operated by religious orders and denominations, where positive examples exist to a greater extent than the average.¹³ It is unfortunate that these excellent efforts, which retain value and are innovative at the same time, are often left in isolation.

In a situation that is:

- a) rich in influences that are pushing it backwards and poor in resources,
- b) seeing a decline in the number of children and therefore in the amount of financing, which is based on capitation, combined with
- c) a school environment having a large increase in the complexity of pedagogical techniques, regulations and techniques of financial support, we find that the teachers spend a significant portion of their on-the-job time

¹³ More students attending schools run by religious orders and denominations took successful university admission and language competency examinations between 1991 and 2004 higher than the nationwide average. Students in these schools also did very well in OKTV competitions. In the PISA study of 2000, the private schools that received state support (of which about half were operated by religious orders and denominations) did significantly better in reading comprehension tests than the state (local government)-operated schools. These results indicate a combined good synergy between the education process in these schools and the parental home. At the same time, the estimated value added of the schools operated by religious orders and denominations was, for the most part, higher than the other types of school (Neuwirth, G. /2005/ Felekezeti iskolák eredményességi és „hozzáadott érték” mutatói. [In Hungarian] [The performance and „value added” indices of schools run by religious denominations] *Educatio*, 14, 502-518, Dronter, J.; Robert, P. /2005/ Különböző fenntartású iskolák hatékonysága: nemzetközi összehasonlítás [In Hungarian] [International comparison of the effectiveness of schools maintained by different entities] *Educatio*, 14. 519–533.)

doing things that have nothing to do with their profession.¹⁴ In parallel, the mandatory number of classes a teacher must teach has increased by 10 percent in the whole of the education system and in the secondary schools (since 1998) it has gone up by 20 percent.¹⁵ The gap between the demand that we catch up with

Without stability there are no serious studies, without stability there are no good schools.

the leading countries of the world and the available resources has been getting wider over the years. The professional roles in the schools and the school surroundings have expanded and become differentiated, in many cases in helter-skelter market-oriented ways.¹⁶ Given the limited nature of personal resources, the frequent changes have worn away the tolerance levels of many teachers, who have no longer either emotional or intellectual reserves. The vast majority of the teaching community – even those who initially began their work with innovative intentions – has given up on such plans and does not prefer to avoid any and all changes. They became hungry for stability.

Raising the age requirement for staying in school from 14 to 16 and then to 18 led to mass secondary school attendance, followed by mass enrolment in

A lack of preparation for large masses of students entering secondary and higher education has led to significant deterioration in the education levels.

higher education. Both changes were introduced without preliminary preparation and both lacked concept. The outcome was a drop in quality of both secondary education and some portions of higher education. The effects of mass admission to, and counter-se-

lection in higher education on teacher training were particularly painful as they reinforced the loss of prestige and added to the decline in quality.

¹⁴ Just to mention a few of these: following up complex legal changes, administration, career management, developing techniques that compensate for the detrimental affects of the environment, survival techniques that help them avoid these effects, etc.

¹⁵ The number of classes, however, is not particularly high compared to other OECD countries. In other words, the classes are just one component of the overload, but not the only one.

¹⁶ Just a few of these: auditor, equal opportunity specialist, development specialist, adult education specialist, resource distributor, IT specialist, micro-region specialist, mediator, mental health specialist, mentor, education quality measurement specialist, quality assurance specialist, quality development specialist, monitoring specialist, teacher community manager, education researcher, education policy maker, grant application specialist, program package designer, project manager, system operator, specialist advisor, textbook developer, extension training manager, etc.

In the past thirty years the Hungarian education system has undergone a change so rapid that the demands and concepts hit the education system

Education is a primary concern of the whole society!

before they had matured or been polished, and in many cases they struck in waves that partly contradicted one another. In most cases the changes

lacked a clear, long term set of goals. And, where there was a goal, it was fundamentally altered or totally changed well before it could have been attained. In most cases, the expected pace of the changes was so fast it was illusionary, particularly if we realize that the network of tools put in place to foster the changes was often ill-considered and insufficient. The haphazardness was particularly painful when forcing the change on the system too rapidly actually prevented the appropriately thorough and successful adaptation of a model accepted abroad or one that was jointly accepted (such as the Bologna type transformation of higher education).

In the past few years Hungarian society has been sending out increasingly powerful messages saying that on day-to-day level, a good part of the education system has been unable to respond to changes in international and local society. At the same time, for a significant part of the public, education is considered the long-term path to individual and national prosperity. This makes it understandable why disputes about education have been getting hotter and hotter in past years. We hope that education will finally move up from a professional topic to the place it deserves given its weight and significance: and become a truly public community topic.¹⁷ It is very important that education debates go beyond the general situational and regulatory level, and reflect its extraordinary importance as a public issue in seeking and implementing solutions to day-to-day issues.

Hungarian education has no chance to renew the nation, if we fingerprint the teachers and hand them another set of tasks that would be impossible to perform even if we paid them well, which we currently do not. Instead, we need to do the work together and trust the teachers to do their part while establishing the level of respect for teachers they deserve.

¹⁷ The motto of the 7th Hungarian Education Congress in 2008, „Education is a primary concern for the whole society!” underlines this thought.

III. Review of the most important areas of education

Note: In this section we have outlined the situation of several areas of key importance to education. The list is far from complete. For instance, we have refrained from conducting a concrete evaluation of quite a few subjects. The examples we have listed were intended to point out the way the entire educational process is connected and to shed light on the most important problems. This analysis has devoted a great deal more scope to faults than to achievements. We are aware that Hungarian education and training had numerous outstanding periods in the 19th and 20th centuries that we may be truly proud of. It is very important that even now there are recognized communities and excellent teachers in the Hungarian schools who make miracles day by day in a very difficult situation. By focusing on the errors we intended to highlight the points of changes instead of underestimating the outstanding results and values. This is because we wanted to stress the points at which the system needs to be changed.

III. 1. The school as a community that shapes values¹⁸

The system of values proclaimed in the schools is diametrically opposed to the values chosen by the outside world which are all too often uncritically

The values offered by the school often become a lifelong model.

reinforced by the media. In this given situation, the model and ethos offered by the teacher become particularly important for they become an alternative value, one that does not appear at all in the rest of the life of the students. The choice of values offered by the teacher and by the school may become a lifelong model.

¹⁸ The material in this Section has been expanded by Background Material Sections III/1, III/3 and III/4 (Szilágyi, I. The school in a changing society; What were the changes in the order of values of educational institutions? [In Hungarian], Csermely, P., Fülöp, M.: How did the thought of following norms and the demand to do to appear among students and teachers? How has this changed in recent years? [In Hungarian]).

The balance of rights and responsibilities within the school has been broken. Student responsibilities have taken a back burner while their rights are emphasized. This is in part the outcome of legislation that has lost its sense of proportion and in part because of trends that have muddled up values. In most schools, the teaching of moral values and shaping of personalities is ignored while the quantifiable

Student responsibilities end up on the back burner as only their rights are emphasized. The teaching of moral values gets too little emphasis.

measurable components of teaching have got priority because of uncertainties in what exactly are the values they should be teaching and because the communities of teachers have ceased to exist. Opportunities and activities that once turned students and their teachers into a real community have been lost, which makes it impossible to evolve joint values and norms. A significant portion of the students are either left to themselves and end up adrift or

There is a lack of value creating communities.

link up to a group where they are at the mercy of the norms of that group. Teacher attempts to guide students in the right direction are often shouts from the wilderness, as students, dominant parental voices and other teachers who espouse different orders of value overwhelm them.

School mergers, implemented with no thought to the consequences, shatter the systems of norms that have evolved in schools over the years. This uncertain situation takes a toll on personality shaping and the teaching of morals. It becomes forgiving of violations of norms and benevolent in judging cheaters. School violence increases and is boosted still further by emotional emptiness that knows no other way of resolving conflicts but aggression. Often, violation of norms becomes the common value of the group.¹⁹ The school simply cannot become a loving place that retains values and enriches the positive self-image when it is in the middle of a society that is itself trying to combat a crisis of values. In this situation schools (such as schools run by religious denominations or affiliations) whose order of values is traditionally sound and who have become used to retaining the internal traditions of the school even in a social environment that runs contrary to them, become particularly important.

The school only can meet its role as a value creating community if the teacher can serve as model with a culturally dominant role and if she or he is

¹⁹ According to the data of Carrell et al., every two or three students who decide to cheat take an additional person along with them, who also cheats. Carrell, S.E.; Malmstrom F.V.; West, J.E. (2008) Peer effects in academic cheating. J. Hum. Resources 43, 173–207.

happy in private life, enjoys teaching, and has a stable personality.²⁰ In contrast, most of today's teachers have problems with their private lives and in supporting themselves, and instead of trying to improve their knowledge levels and seeking recreation for their personalities, they are forced to seek sources of additional income (participation in shadow education, as well as working as janitors, security guards, or salespersons, etc.) Added to this is the poverty of resources in their own school environments, combined with over-regulation that often forces teachers to violate norms²¹ which undermines credibility. There is no jointly adopted pedagogical code of ethics that could serve as a rule of thumb, although it would be urgently necessary for the schools to systematize their common values and norms.²²

Unless the social prestige of and respect for teachers is restored on society-wide level, we cannot expect any significant improvement in the educational order of values. Evolving the personality of the integrative teacher on primary level requires much more powerful and targeted selection in education, (which would increase the

A teacher must be professionally competent for the values she or he offers to be accepted.

attractiveness of the profession) as well as special content to assist them in training and extension training. In addition, it would be extremely important to allow the teachers already in the field the opportunity for appropriate regeneration, mental health recuperation, emotional assistance (supervision and mentoring) and to reorganize and continuously maintain the opportunity to rebuild their energy.

The currently valid 150 page National Core Curriculum (NAT) is extremely long-winded and – despite its length – it does not place sufficient emphasis on retaining values, teaching morals²³ or on the minimum amount of organized basic knowledge required on a national level. The National Core Curriculum and the framework curricula offer the chance to create independent

²⁰ Csányi, V. (2008) Oktatáspolitikai problémák egy humánológiai rendszerszemlélet tükrében. [In Hungarian] (Education policy problems in a human ethological systems theory). In: The trap of cataclysms [In Hungarian] Palánkai, T. (Ed.) TSR Model Kft 29–41.

²¹ These norm violations include „softening” requirements to maintain the number of children in the class needed for per capita financing; „creative” application for supplementary funds; bidding for development grants that are (partly) used to sustain the school; conditions agreed to in receiving grants but not adhered to; „creative” simplification of the plethora of undoable administrative tasks (including quality control tasks), etc.

²² „Professional code of ethics for teachers”, [In Hungarian] was edited by Rózsa Hoffmann in 2003 and is an excellent foundation for attaining a general consensus.

²³ Part VI. of NAT (the National Core Curriculum) includes the rule for evolving local regulation. There it speaks of the idea of evolving joint values and moral norms but gives no concrete assistance in how to do this.

educational programmes within the schools. However, very few schools can take advantage of this. For most schools the rules are too general and offer too little information to enable them to design their own teaching documents, since in these schools there is not even a minimum level of autonomy in setting teaching programmes.²⁴ The National Core Curriculum calls for a series of development tasks to evolve key competencies that are essential in today's life, which every single facility is instructed to interpret thoroughly and use as a basis for shaping a set of educational goals that fits its own personal profile and local curriculum.²⁵ Unfortunately, once the National Core Curriculum was introduced, education focusing on key competencies began without first seeking professional consensus on the appropriate ratios, goals and methods. The result was that in many places the competencies were simply glossed over as non-existent or – worse – were treated as an additional subject and taught that way.

One of the most important fields for teaching democratic behaviour is by shaping communities inside the schools that learn to live by the values. This task cannot be shaken off by one lesson a week in social studies or civics. Many components of community education, such as how to use time in a rational way or the methodology of learning discussed in Section III/7 are important parts of the pedagogy of sustainability and are treated in their own complexity.

²⁴ Similarly to the National Core Curriculum, the National Basic Programme for Pre-school Education offers broad scope for local innovative initiatives in local education programmes but the bodies maintaining the facilities, thanks to combining institutions through micro-regional associations, when issuing local instructions and voicing expectations, create unnecessary uniformity and violate individual initiative.

²⁵ The National Core Curriculum of 2007 (<http://www.okm.gov.hu/download.php?ctag=download&docID=1002>) lists the following nine key competencies: communication in one's native language, communication in a foreign language, mathematics, natural science, digital competence, effective independent study, social and civil competence, competence in initiation and entrepreneurship, and aesthetic and artistic awareness and expressive ability. In addition, it established the following nine priority tasks: self-image, self-recognition, civics and folk history, European awareness-universal culture, active civic knowledge, education to democracy, economics, environmental knowledge, learning to study, physical and emotional health, and preparation for adulthood. Section VI. of the NAT deals in part with the evolvement of local rules and in part with learning joint values and moral norms.

III. 2. The key to success in education is the respected, motivated and excellent teacher²⁶

Often the bodies managing and financing the schools view the teachers as a part of the school inventory, as creatures who do not understand the trends in education, and even as tools that sabotage those trends, instead of as creative personalities.²⁷ In most cases the way teachers are differentiated is by giving them different salaries or by very superficial salary rises, depending on „what the budget will allow.“²⁸ This is generally augmented by an unclear desire to attain social recognition. Often, the quality-based evaluation of teachers' work is formal. There is no real differentiation between teacher and teacher in either a positive or a negative manner (their status as public employees makes this type of evaluation particularly difficult). The tools that would offer teachers differentiated social recognition are completely lacking.

As opposed to the distorted order of values we see in current-day practice, the teacher is one of the most important persons in Hungarian social development. In a desirable situation, the teachers and their communities should be equal and creative partners to education management, who are not herded like sheep by an education management but who are treated as partners in cooperation in a correctly conceived system. The evaluation of teachers' work should not be formal but personal and should cover each and every component of teaching work. Higher performances should be rewarded with higher salaries. Excellent teaching should receive community recognition (the body maintaining the school and/or parent communities should present awards, bonuses, etc.) and they should be recognized when their one-time students become recognized later in life. We should see a wealth of social customs that recognize a teacher and indicate love and respect for a teacher. A teacher, if enthusiastic and properly motivated, is capable of miracles.

In the most successful education systems, teachers make up 5 to 30 percent of the best students admitted to college. The best teacher-training facilities

²⁶ The material in this Section has been expanded by Background Material Sections I/2, I/3, I/5 and III/14; Réti, M. The role of the teacher; Shadow instruction, Teacher Motivation; Szalay, L. The problems of teacher training in the Bologna System – proposals for resolving them [In Hungarian].

²⁷ This outlook reproduces the emphasis on disadvantages and the practice of the failure-centric evaluation of teachers, since it achieves a leveling off of teachers somewhere at the bottom of the group, (turning teachers who are not mere tools of the system into such tools) instead of pulling all teachers upward (treating all teachers as creative personalities including those who do not yet believe that they really are creative).

²⁸ Our teacher salaries are below the portion of GDP they are in most OECD countries. This is particularly true for starting salaries. (<http://www.oecd.org/dataoecd/8/24/41271802.pdf>)

- organize recruitment campaigns;
- have ten times the number of applicants as admitted students, to give them room for selection;
- offer scholarships comparable to their future salaries, while they are in school;
- guarantee job placement once they graduate, and
- offer funding sufficient to cover a lost income for successful professionals who are willing to retrain as teachers.

Using this system, teacher trainees would become a special and envied elite within the higher education community.²⁹

In teacher training, although the transformation of higher education in accordance with the Bologna system had numerous positive impacts (such as increasing the practice period for prospective teachers) it also led to many problems. The MSc/MA degrees that teachers need are difficult to obtain: in the Bologna system popular majors create an enhanced competition for all teacher majors. The result is that that teacher training in certain majors (such as chemistry or physics) has become disastrously low. In other teacher-training areas where there were once far too many students (language teachers, Hungarian teachers, IT teachers) the numbers have dropped significantly. Many teaching majors have become „collection majors” which offer students a wide variety of professions. These all increased the chances that the very best will leave the teaching profession, thus here too the teachers come from the bottom of the barrel.³⁰ At the same time, the age breakdown of our teach-

²⁹ Barber, M., & Mourshed, M. (2007). How the best performing school systems come out on top, McKinsey & Co. (<http://oktatas.magyarorszagholnap.hu/images/Mckinsey.pdf>)

³⁰ One of the most important difficulties of the Bologna system is that the numbers of credits in two teaching faculties are not equal in value (150 or 100 credits are required for an MSc/MA degree respectively) so before applying for a BSc/BA a student must decide on a future major and will graduate the university as a teacher with „a major and a half.” Most teachers with just a single major cannot be employed in an average sized school, so the effectiveness of the teacher with „a major and a half” will only be determined in the future. The complexity of the teacher training system and its disadvantages in competition are illustrated by a set of responses to frequently asked questions on the Education Ministry’s website (<http://www.okm.gov.hu/main.php?folderID=1861>). The MSc/MA transition, combining humanities with natural sciences (such as English and Chemistry) is even more difficult. There is another problem in that the 11 semester training ends in February, which is the middle of the academic year when it is harder to find a job. According to the data on www.felvi.hu, in 2009 24 and 42 students were admitted to chemistry and physics MSc faculties, respectively (one-half to one-third of the number admitted several years earlier) while the number of applicants for MSc degrees with English teaching, information technology teaching, and geography teaching as their majors was 543, 246 and 195. A student could gain admission to an MSc course of study in mathematics with barely passing the absolute minimum. At ELTE (Eötvös Loránd University

ers is cause for additional concern. Many of our teachers are old. Within the next few years a sizable number of teachers will reach retirement age and this will trigger major problems in finding replacements. Another portion of the training system creates permeability problems, because it treats crèche caregivers, pre-school teachers and primary school teachers as completely separate faculties.

The system of extension training for teachers is fraught with all the mistakes of an early market economy. There is an unhealthy mixture of mandatory use and market offering. Variety in training has grown significantly, while quality assurance and monitoring are unresolved. Many teacher-training institutions have been closed down while the ones that survived tend to conform to market demands, meaning that they have taken on service provision functions. The specialist advisor service has been eliminated as a system. When one gets on a list of professional advisors the quality of one's knowledge and the level of professionalism are not monitored. There are no teacher cooperation networks or mentors as a system. Pedagogical innovation and best practices either are not disseminated at all, or are shared on a very limited scale.³¹

Quality control of textbooks and programme packages by the teaching community is not satisfactory. In many cases the market and individual bargaining mechanisms decide on the study tools and methods used by a given school community. The standards of scholastic aids are uneven. Often they are unsuitable for natural science experimentation, and the information technology applications of specialized subjects are few and far between. The same is true for stable, user-friendly websites.³²

in Budapest) during the three years that the Bologna system has been in operation 12 chemistry teachers received degrees, but according to a 2009 survey half of them do not plan to teach. About only one-third of the teachers with Hungarian majors at the Humanities Faculty of the university plan to teach.

³¹ The first ideas towards establishing such a system have already been explored, within integration programmes and the TAMOP (Operative Programme for Social Renewal) grants.

³² Under Education and Culture Ministry decree 11/1994 (VI.8) MKM, schools were required to secure the minimally necessary tools and equipment by 31st August 2008. Available local government and school reports however, offered a very depressing image of the level to which they have managed to meet even the standards of 14 years ago.

III. 3. Turning point in the pedagogical outlook: values to replace disadvantages, success to replace failure³³

Many components of the Hungarian education system have become failure-centric. School failures accumulate and the series of failures leads to depression

Correct pedagogy replaces failure technology with achievement technology.

or resistance, setting the foundation for a downhill path in life. A correct pedagogical stance is to be open and accepting. It should not emphasize the student's failures but her or his successes and the features in which the student is unique, valuable and special, for which she or he can be loved. Correct pedagogy is to replace failure technology with achievement technology, in which every single student realizes that that the school community is counting on her/him, and that she/he has personal values useful to the community.

The proportion of children with special needs and of students attempting to overcome the problems of living as a minority and in disadvantaged situations

We need to turn teacher attitudes around: they need to emphasize values instead of disadvantages.

is rising while the gap between them and the mainstream is growing. Therefore, we need to give them our special attention. At the same time, there is a danger that if we build the financing system on disadvantages, the disadvantages will be artificially exaggerated, leading to permanence. In many cases the management mode itself becomes discriminative and leads to labelling. While it reduces the disadvantages, it deepens the negative self-image as well as the negative image of the teacher towards the student.³⁴ Teacher outlooks need to be turned around to emphasize values instead of disadvantages. According to modern psychology, everyone can be talented in something. This is the point in which the disadvantaged situation and special support for talent connect in a unified programme that emphasizes the positive self-image and individualized education programmes.³⁵

³³ The material in this Section has been expanded by Background Material Sections I/1 and III/5 (Csovcics, E.: Compensating for disadvantages, improving equal opportunity and attempts at anti-discrimination in the system of school tasks [In Hungarian]; and Csermely, P.: What changes have there been in equal access to education? Segregation, supporting talent [In Hungarian]).

³⁴ Armstrong, F. (2008) Inclusive education. In: G. Richards and F. Armstrong (Eds.) Key issues for teaching assistants. Working in diverse and inclusive classrooms. London and New York: Routledge.

³⁵ The initial forms of the „individualized education programme“ are already being used in many Hungarian schools as diverse group lessons, provision of supplementary informa-

Many people still mistake talent for scholastic progress and IQ. They are not aware of the complex and special interpretation of talent that includes creativity and motivation, which calls

We need creative teachers to foster creativity.

for talent support for every single student in every class in every school. Recognizing and supporting talent and maintaining creativity requires creative teachers. In the meantime it would be extremely important to restore the specialized study circles and self-learning circles that once were an integral part of Hungarian extra-curricular activity, a number that has tragically declined by today. Recognizing and supporting talent and outstanding abilities is neither a sufficient part of school evaluation, nor is it reflected in the salaries of teachers who support talent, or in financing the special programmes this requires.

In most cases, today's education programmes seek uniformity: they label under-performers and hold back over-performers. In addition, the evaluation

The generation that will survive an age of crisis is the one that can bear the weight, not the one that has been protected.

is often unidimensional: performance and outcome are measures by a single and very narrow gauge – the quantity of information learned.³⁶ In a multidimensional field of capabilities, compensation for disadvantages becomes a form of supporting talent. Talent support, meaning education programmes based on enrichment, is effective if initially it offers everyone more from those which makes them feel successful and is a cause of joy. Then, once the self-image has been built up, it can go on to overcoming the less liked components.

Often the failure-centric education system, precisely because it concentrates on non-performance, can drive students into series of failures, and then, alarmed at the consequences, it will offer exemptions, which is not only an infantile approach to the situation but also – and this is important – invalidates its own set of rules.³⁷ These increasingly widespread practices tend to

tion and individual consultations. It is conceivable that within twenty years it will be applied on general scale.

³⁶ Correct pedagogical practice supports under-performers with special tools and interprets both success and under-performance along a multidimensional scale. In other words, the top student in today's Hungarian schools, the contest winner treated as the star performer, might be an under-performer in another dimension such as in evolving relationships, and who therefore also should receive special help, along with the classmate who is failing in specialized subjects. In addition, the classmate failing the specialized subject might deserve special kudos for, e.g. being able to help a classmate in processing a major crisis in her or his private life, which suggests that the student has outstanding social and communication abilities.

³⁷ László Környei aptly described this situation as follows: the school becomes a wellness school instead of a desirable fitness-school.

prevent children from maturing, while they become socialized in self-devaluation, low-grade performance and the seeking of excuses.³⁸ It will not be the generations that are protected from performing but those who have achieved successes in a variety of situations, whose self-esteem is protected and who are appropriately motivated and precisely for that reason, who can perform under a heavy workload, who will survive periods of crisis.

Second chances and even umpteenth variations of ways to offer opportunity will only work if the values of the forms are made known and if we emphasize those values. When a student changes from one school to another, the change should not be because she or he has been found unworthy of the standards required in the old school or because according to the high standards of the former school, the student is a reject, but because the new environment has values which can offer her or his talents a new chance to develop along a new course.

According to various international tests (including the PISA scale) the greatest differences between students are related to their differences in backgrounds. Meanwhile, the differences in initial social situation are leading to an increasing growth in differences in education performance throughout the country. The significant part of the difference (no doubt the Hungarian situation is similar to the one brought out by United States' data) has much less to do with the differing effects of the schools themselves and more to do with influences in the afternoons, weekends and vacation times, which can counteract the positive effects of the school.³⁹

A correct policy of education is an integration policy, since segregation is a self-generating process which can lead to dangerous fractures in the Hungarian society. However, at present, the education management is not integrating the education system but fighting against segregation. While on the surface the two approaches appear to be the two sides of the same coin, in reality they are

³⁸ The fact that only 27 percent of Hungarian young people between the ages of 15 and 24 make any attempt to seek work, which is well below the EU average of 45 percent, is related to this. (National Youth Strategy: <http://www.szmm.gov.hu/download.php?ctag=download&docID=15325>)

³⁹ Sources: www.oecd-pisa.hu, Zöld könyv a magyar közoktatás megújításáért 2008. [In Hungarian] (Green book for the renewal of Hungarian public education) (Eds.) Fazekas, K., Köllö, J. and Varga, J.) Ecostat. Budapest. A new form of inequality that has been gaining ground recently is that the most well-to-do parents have been sending their children outside of Hungary for secondary school and university studies, to the best schools in the world. This opportunity is but rarely offered to exceptionally talented students whose income conditions are not particularly high, and if they do receive the chance, it is based on individual luck. The decisive role of the students' environment in their leisure time is demonstrated in Malcolm Gladwell's „Outliers”, (<http://www.gladwell.com/outliers/index.html>) and by Allington ands McGill-Franzen (2004) The impact of summer setback on the reading achievement gap. Phi Delta Kappan 85, 68–75.

far from being the same. The current guarantee of equal acceptance of students to the various schools is dominated by short-term, one-of-a-kind legal and financial measures to which the angry

The school system has to be integrated instead of mixing up the students in a segregated school system.

response is to seek tools to get around the ruling and general dissatisfaction. Thus, the current anti-segregation battlefield has generated the opposition it had wanted to eliminate, instead of

convincing society of the need for integration and of achieving conciliation. Correct integration is based on long-term and detailed measures, on the credibility achieved through personal experience and on cooperation and convincing arguments, and on conflict mediation between the involved groups,⁴⁰ together with creation of the professional and financial conditions for achieving integration. Appropriate integration places a great deal of emphasis on the integration of the school structure in that the process actively supports the schools whose quality has deteriorated, helping it to close the gap, as well as offering multiple points of permeability to preclude career paths from dead-ending. Correct integration does neither force students to make premature decisions nor does it keep them together through coercion if personal development suggests they need to take differing roads. Appropriate integration is value and success-oriented and in choosing its values, it equally respects manual skills and careers based on the arts including the performing arts.

III. 4. Early childhood education⁴¹

The world surrounding the young children of today contains an alarming ensemble of impulses. Often there is simply not enough time to listen to the child, patiently respond to the question asked, to converse, tell stories and do the many other things offering a wealth of experience. For healthy development into a personality that can withstand pressure a young child needs a

⁴⁰ One excellent example of this has been the Roma school superintendant programme that has been operating in Ózd (NE Hungary) for the past 8 years, in which Roma employees greet the parents who visit the school. (http://www.etk-rt.hu/doku_rendezveny/r_157_2008_05_19_7.doc)

⁴¹ The material in this Section has been expanded by Background Material Sections I/4, II/1, II/2, and III/2 (Villányi, G.: Specifics of the most important changes in the socio-economic environment in the past 18 years as they pertain to early childhood education; Evolving early childhood information, skills and basic competencies amidst changes in demands and expectations; [In Hungarian], Villányi, G.: To what extent have the conditions for and content of early childhood education changed? [In Hungarian]).

long-term and loving relationship with adults. When they themselves have had no model, many young parents are immature and unsuited to raise a young child, which in turn recreates the problems of childhood on a broader and broader scale.

The primary place for a young child to grow and develop is within the family, which offers it a loving and secure environment coupled with many model behaviours on which to set the foundation for later life. Under normal conditions, the parent is the first and foremost teacher the child has. Accord-

The primary place for a young child to grow is in the family.

ing to international surveys, in Hungary the situation of the family plays far more of a role than average in determining the school performance of

the children. It is all the more disturbing that an increasingly significant proportion of families in Hungary is incomplete or lack love.⁴² The proportion of at-risk children is growing. Children's lives differ in accordance with the family situation. The effects of crèches and pre-schools on the enrichment of lives and the evolvment of social skills differ for each child, requiring differing concrete approaches. Therefore, the entire community (the family, and paediatric nurse-practitioner, the paediatrician, child protective services, custodial authority professionals, etc.) need to work together to support the child in a personalized manner.⁴³

The continuity of the transitions of family → (crèche) → pre-school → school is not really assured. It often happens that personal information on the child is lost with every move, or if it is retained, it is very formal and contains huge gaps. Substantive information exchanges among teachers, family, paediatric nurse practitioner, paediatrician, etc. are very rare. The crèches and pre-schools are managed by two separate ministries, so their preferences also differ. One favourable change is that the desire for „uniformity” in all pre-schools has been declining, giving way to an atmosphere in which children are encouraged to voice opinions and to cooperate, with education more focused on active children able to make decisions.

⁴² The proportion of children born to single parents is as high as 35 percent (National Youth Strategy: <http://www.szmm.gov.hu/download.php?ctag=download&docID=15325>).

⁴³ In the past twenty years, the number of crèches has declined by about 50 percent. Only about 12 to 15 percent of children of the 0 to 3 years age-group have access to the basic and supportive services in contrast with pre-school facilities where in 2004 the ratio of 92.9 percent, which is exceptionally high, even among the OECD countries (Hungarian Statistical Yearbook, 2006 and OECD Family Database). Family-run crèches and daycare facilities, „Sure Start” houses, play-houses, etc. are spreading forms of part-time services, which could be good solutions – only if they are professionally run and monitored.

In the initial years of school, the primary goal is to offer children love and security, in a school environment that fosters cooperation. School should be

In the first four grades a good school should create a loving community that offers joy and security.

a source of joy. It should be action oriented and aimed at evolving a community of children. This only is possible if all children admitted are fully and lovingly accepted. Since when beginning school, children of the same biological age may differ by as many as five years in mental development, even in the very earliest weeks of first grade, children will partake in the joys of learning to very differing degrees. The lack of success will destroy motivation, and take away all interest in learning. The result is that 15 to 30 percent of children of the same age group will have difficulty learning, to which later failures will lead to even more serious difficulties. Often the education process is one-sided

The teachers working in early childhood education are the most important players in the entire educational system.

with a distorted gauge that points to failure, often „corrected“ by mechanisms that generate exceptions. One example of this that we consider unfortunate is unjustifiably keeping children from beginning school until the age of seven or eight. The spreading practice of exemptions without an alternative way of working with the children is a mistake.

The teachers who work with small children are the most important players in the whole education system. The crèche and pre-school teachers and primary school teachers are more important than the university professors. They are the ones who deal with early childhood education, helping to motivate the children and discover their individual talents, so selection among them is becoming an increasingly emphasized component of their job. It is important that the educational requirements *not only* have a „downward“ effect coming from universities and aiming pre-schools, but that the most outstanding teachers in pre-schools and lower grades of primary school should have opportunities to teach their playful and creative techniques and child-centric treatment to teachers of the upper grades of primary school, secondary school and higher education.

III. 5. Reading, national identity, foreign languages⁴⁴

Reading has become more important than any time before, since the ability to know what to do with written information is of decisive importance to the future of the individual. In the past four decades, the ratio of adults who do not read books has climbed from 40 percent to 60 percent. About 80 percent of the people who do not read books do not use computers either, as opposed to the decisive majority of people who regularly read books (75 percent).⁴⁵ The country is split in two, regarding both reading skills and computer use.

Reading often remains mechanical and according to the PISA tests (in which Hungarian results have shown no improvement between 2000 and 2006), it is not accompanied by satisfactory reading comprehension.⁴⁶ In early childhood, reading ability and reading comprehension are accompanied by conversations, rhymes, reciting poetry together, singing, and listening to stories. Teaching children to enjoy reading and advancing reading comprehension is the joint responsibility of all subjects in both the lower and upper halves of primary school and even in secondary education. It is particularly important for 11 to 18-year olds as underlined by the PISA tests for 15-year-olds who did less well comparatively than the children in the lower grades of primary school.⁴⁷ Cooperation among families, libraries and schools to improve the level of reading comprehension is a top priority. One of the most important components of reading and reading comprehension is the story, both the ones brought from home and the ones heard in school, for they become both a preparatory tool for reading and something that may be accessed with reading skills. These stories tell of the history of the Hungarians and reflect the common identity of (central) Europe. They are particularly important forces of cohesion in a society that is falling apart.

⁴⁴ The material in this Section has been expanded by Background Material Sections II/3, II/5.1 and II/5.2 (Nagy, A.: The status of developing reading and text understanding [In Hungarian]; Vágó, I. Studying other languages [In Hungarian], Poór, Z: Reflections on language study [In Hungarian]).

⁴⁵ Nagy, A.: Reading as a prerogative? [In Hungarian] Magyar Tudomány [publication of the Hungarian Academy of Sciences] 9/2006, 1113–1119. (<http://www.matud.iif.hu/06sze/10.html>) Instead of reducing the number of 14-year-olds with reading difficulties to 17 percent as requested by the EU, the number has increased from 21.3 percent to 24.1 percent. <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0425:FIN:HU:HTML>

⁴⁶ <http://oecd-pisa.hu/>

⁴⁷ In 2006, Hungary was placed 9th among 40 countries in the PIRLS test for the lower grades of primary school and only 27th out of 56 countries for the PISA test. We should note that the PISA test was written when Hungarian students generally do worse than average in a significant portion of the Hungarian school system for a variety of reasons (the greatest amount of school diversity, the students have just switched schools and tend to „relax“, etc.).

In addition to the common stories, sufficiently thorough knowledge of Hungarian literature and history are an important force of cohesion. This knowledge builds a national awareness and helps people to adjust and retain their values. A student must first have a knowledge of her/his own country because only then can she or he accept the different values of Europe and the rest of the world, only then can she or he understand the day-to-day flood of news and be able to participate in democratic public life in a rational manner later in life.

Developing an awareness of natural history helps to retain values and to accept the values of others.

Knowledge of other languages is vital to life in Europe today for it is a prerequisite to advancement in any position. This is why it is of such concern that despite an expansion in language study, half of the students finish their public educations without any useful knowledge of other languages and only a few percent meet the EU expectations of having two usable languages in addition to their native one. According to a Eurostat 2009 report, 75 percent of Hungarians do not speak any other language, putting Hungary in last place in the EU, and nearly 25 percent behind Portugal, which is second to last.⁴⁸ In the past 20 years the quality of language education has improved significantly. Nevertheless, on the whole, its level of effectiveness is low – about half the level found in other countries.⁴⁹ The following are the main reasons why knowledge of other languages on spoken level is so low:

- In many places Hungarian language education and reading comprehension are low, and with the absence of these skills they do not have a satisfactory foundation for learning other languages.
- There are few language teachers who speak the language they teach truly well. The very best of newly graduated language teachers are cherry-picked by areas of the economy that can offer far higher salaries than what a teacher gets. Language teachers who remain on teaching tracks have very little opportunity to practice their language in a native environment.

⁴⁸ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-24092009-AP/EN/3-24092009-AP-EN.PDF

⁴⁹ The average of 1,363 hours of language classes in the general secondary schools and of 1,240 hours in specialized secondary schools is double the time available in other EU countries (http://www.oki.hu/oldal.php?tipus=cikk&kod=fokuszban_nyelvoktatas-06_vago_iren). In 2008, the specialized schools used 629 different types of English and 561 types of German textbooks, (<http://www.oktatasert.hu/idegennyelvi>), most of them in only one school each.

- In language classes, the target language is generally not practiced sufficiently, while there are too many places where grammar and often, preparations for language exams play the dominant role.
- Beginning the study of other languages at ever-earlier ages, private lessons, and in many cases unjustified and discriminative exemptions for language study combined with the unacceptably low level of instruction in specialized schools are all factors contributing to inequalities in language learning.⁵⁰ Often, the language teaching offered in pre-schools is sufficient to act as a deterrent to language study, for the pre-schools are turned into virtual language schools, using incorrect practices. Ways of teaching languages using special methods for dyslexic students and students exempted for other reasons are just now being designed.
- The continuity of language study is not assured when students switch schools.
- There are no programmes offering extensive support to language education for ten to eighteen year olds (such as study trips abroad, student exchanges, intensive courses in summer or other school holidays, foreign language student theatre groups and contests, etc.)
- Very rarely does one find subtitled films and television programmes (as opposed to the majority dubbed into Hungarian).

III. 6. Mathematics, natural sciences, information technology⁵¹

Hungarian students do better than average in the TIMSS mathematics survey which focuses on theoretical knowledge and worse than average in the PISA survey which measures ability to use the knowledge in practice.⁵² Math

⁵⁰ Source: Eurostat.

⁵¹ The material in this Section has been expanded by Background Material Sections II/4.1, II/4.2, II/6 and II/7 (Szalay, B. Changes in mathematics competency [In Hungarian], Katz, S. Teaching mathematics [In Hungarian], Mikis-Körös, M. The status of information technology instruction [In Hungarian], Réti, M. The status of the natural sciences [In Hungarian]).

⁵² Source of the data: <http://timss.hu>. www.oecd-pisa.hu. When analyzing the data, we also learn that in the 2007 TIMSS study, 14 OECD countries including e.g. Finland, did not participate. Although results were higher than average, with the exception of 4th year natural science results which improved, the 8th year natural science and the 4th and 8th year mathematics results deteriorated in 2007 when compared to Hungary's own scores in 1999 and 2003. We should note that the PISA test was written when Hungarian students generally do worse than average in a significant portion of the Hungarian school system for a variety of reasons (the greatest amount of school diversity, the students have just switched schools and tend to „relax“, etc.).

teaching and supporting mathematics talent is an area where the Hungarian educational system has accumulated a treasure-trove of values. Today, these traditional values in teaching mathematics are at risk of erosion because of the overload on math teachers, their lack of motivation, shortcomings in their training, and the gradual elimination of the supervisory and mentor system, which offered them professional networks.

Success in teaching the natural sciences appears to be comparatively high according to international standards, but the level of applying that knowledge is low. There are too few practical examples and far too few cases of an integrated approach which combines natural science examples with

Experiment is the key of successful science education.

their social and humanities components and with environment and health protection. In 2003, according to the TIMSS survey, Hungarian students estimated the value of natural science subjects in having a good job at about half of the value given by students from other countries. It is not surprising then that while the number of students graduating as mathematicians, or in natural science and technology faculties, has grown significantly, their ratio is among the lowest in Europe – below that of Cyprus, Malta and Macedonia. At the time they are admitted, one can already assume that a significant portion of the students will be unable to learn their subject on the level they really would need, which also means that they will not be able to teach it properly.⁵³ Often the schools set the number of classes of natural science subjects at such a low level that the subject can be taught only at a low level. This is an example when the current flexibility of the framework curriculum fires back.

It is only possible to learn to love the natural sciences if students can experiment. In most places, the experimental equipment is missing or has de-

⁵³ In the PISA exam, which emphasizes application, Hungary's placement of 15th out of 31 countries in 2000 was a shock. The reason was that in previous tests, which focused on the knowledge alone, Hungary was always first or somewhere among the top five. When analyzing the results of the 2006 PISA exam we found that on the top three levels our results were worse than average while on the bottom three levels our students did better than the OECD average. Therefore, as far as applications were concerned, it was the high level we were unable to attain, not the low one. The most important reason was the exceedingly low level of experiments. In the TIMSS 2007 test, our 4th year natural science results improved while our 8th year natural science results deteriorated compared to our 1999 and 2003 results. In 2009, more students applied for technical and natural science faculties than in previous years and the number of points required for admission rose somewhat. The 2010 results will show us how stable this trend is. Sources: <http://oecd-pisa.hu> ; <http://timss.hu> ; <http://www.phy.bme.hu/~termtud/> ; http://members.iif.hu/rad8012/index_elemei/kriterium.htm ; www.felvi.hu; László Környei: Questions and answers regarding the teaching of the natural sciences [In Hungarian] Új Katedra. Oct–Nov 2008.

teriorated in quality, and teaching assistants are practically non-existent. In most schools the natural science student circles have disappeared and the practice of making projects has not spread although the law encourages them. In the current situation, with teachers on overload, schools can rarely maintain regular ties with natural science museums, the Palace of Miracles (an interactive science museum), research facilities, universities and R&D firms. We need a pedagogical turn-around focused on experiments and discoveries in natural science education.

Beginning with the final decades of the last century, information technology has shaped our lives, which includes our education system. It has evolved from a traditional school subject into a way of life, and use of its tools (much like reading) has become a task involving all subjects. Information technology presents a series of new opportunities which enhance a teaching arsenal – as a transitional task, given the new nature of the subject. The role of the teachers is to guide students to see the usefulness of IT opportunities and to enhance their IT knowledge. Some of the students already have far more and more up-to-date knowledge of IT than their teachers. Another portion comes from families that have never seen a computer ever. Therefore, it is wisest to teach basic IT knowledge in a highly differentiated way. At the same time, the teaching of IT sustainability is one of the exceptionally effective tools in which student and teacher can work together as equals and equally discover, evaluate and interpret the wealth of information coming from the digital world. Instead of forcing students to memorize specialized subjects, it is important for the teacher to learn the visual and creative thinking that is governing the most up-to-date info-communication applications.

IT is an exceptional tool in helping reduce gaps between students (for instance, hand and eye coordination, dyslexia, etc.) as well as in supporting talent (allowing students to study individually at their own pace, distance learning and independent work), although it is still a little-used tool in this respect. In addition, use of the Internet can be one of the important tools in creating equal opportunity among disadvantaged families.⁵⁴ Information technology is an important community-shaping force. Today there are far too few family-centric initiatives such as „teach your parent“ or „teach your grandparent“, or community shaping websites and networks.

In information technology an outlook that relies merely on the establishment of IT technology and believes that demand for using them will develop spontaneously is mistaken and leads to waste. This approach has often

⁵⁴ One exceptionally important and excellent examples of this if the WiFi village initiative (<http://hu.wikipedia.org/wiki/Wifi-falu>).

meant that teachers fail to disseminate the content of information technology that would enable students to use the new tools effectively, or that the dissemination remains on formal level.

Information technology is the tool with which teacher and student can help one another to mutually discover the wealth of information available in the digital world.

Personalized innovations are far more cost effective than generalized competitive grants and far better suited to local demands and opportunities for they can include innovation with support by a mentor as demand first appears, followed by provision of the

appropriate tools.⁵⁵ The maintenance and exchange of IT equipment is an unresolved problem in most Hungarian schools. Given the high wage level in information technology, it is often a major problem of schools to employ a systems operator who has a sufficiently high level of knowledge.

III. 7. Environmental learning and the pedagogy of sustainability⁵⁶

Modern pedagogy has significantly expanded the interpretation of modern environmental education. The goal of the pedagogy of sustainability is to achieve a change in lifestyle and to evolve a new culture of behaviour. Integral parts of this are intelligence with respect to nature combined with the sensitivity to protect it, as well as to evolve:

- an integrating order of values, and create the demand to adhere to that order of values and convince others to adhere as well;
- a general culture in support of the natural sciences and humanities;
- a community in which members participate in the operation of democratic society;
- social sensitivity;
- attention to one another, conflict resolution, cooperation;
- stamina, the ability to work hard and to stick to a project;
- long-term thinking within a system.

⁵⁵ This method can be an efficient and successful way to supply teachers with computers or to support the „laptops for everyone” programme what was initiated in Hungary with several thousand students (*www.laptop.org*).

⁵⁶ The material in this Section has been expanded by Background Material Sections III/7 and III/8 (Farkas, A.; Villányi, G.: How did education in democracy and civics change in our schools? [In Hungarian] Réti, M. Supporting sustainable development with institutional education [In Hungarian]).

The pedagogy of sustainability is not any specific type of school effort, but a series of tasks that should be followed through in all schools and all subjects. It should rest on local tradition and many of its components can borrow the methods and traditions of the most outstanding of the old youth movements. This pedagogical practice

The pedagogy of sustainability is a force that develops the behaviour models of the entire school.

should be a part of lifelong learning starting with pre-school. It should be able to initiate responses and prepare communities for the community-level elaboration of responses to new situations as they arise, taking the features of and possibilities offered by the natural and human environments into consideration. At this time, the values of the pedagogy of sustainability are not yet accepted by the majority of Hungarian society. For this reason, the pedagogy of sustainability is closely linked with the value-creating function detailed under Section III/1, and is a very important part of the school mission, which is relaying values to all of society.

The best method used by the pedagogy of sustainability is joint, explorative cooperation in which teachers and students form a community, and work together to seek the responses to the complex questions jointly formulated by their community. The questions themselves and the action of seeking responses during the course of joint projects can be really effective when students of different ages and teachers work together in joint projects where they set up the rules together, after jointly revising routine types of behaviour. This is a force that will advance the behaviour model for pedagogical culture in the entire school. The pedagogy of sustainability will then become a pedagogical practice that will include the dissemination of democratic social values.

Sadly, only a portion of the pedagogy of sustainability has appeared in Hungarian teaching practices, appearing in environmental education. In many cases it has remained on the level of lexical knowledge and has not even attempted to develop values such as the need for an ordered and protected environment (free of garbage and low-level graffiti). This leaves students estranged, and the models they derive from the information do not become a part of their behaviour patterns.⁵⁷ The spread of the pedagogy of sustainability is a particularly important component of the appropriate response that Hungarian society should be able to give to crisis.

⁵⁷ Good examples to the contrary are forest schools, which have been set up in many places, and offer high-standard complex experiences with nature and images of nature.

III. 8. Education in the arts, a tradition and key value of the Hungarian education⁵⁸

Aesthetic education is a very important component of teaching values. Emotional intelligence, thinking in terms of systems, intuition and enhanced creativity are the knowledge components essential to education in the arts.⁵⁹ The prerequisite to a healthy person, to

*Arts education can help students
in mastering almost all subjects.*

evolution of a harmonic personality

is the coordinated operation of the left and right hemispheres of our brains. Many branches of the arts are excellent fields for shaping communities. Motivation and achievement in an artistic endeavour offer a great deal of help in processing gaps in other fields. Education in the arts is a highly effective tool in helping disadvantaged and Roma students to integrate through their positive experience of success and achievement.⁶⁰ Many people believe that arts education should be limited to specialized schools and leave only the minimum time and funds required by the curriculum in their own schools⁶¹ even though arts could help students sensitive to them to advance in all subjects.

In recent years a wide variety of institutions offering instruction in the arts has evolved in Hungary. Following a major and partially unjustified initial upswing, we are now witnessing a quality-centric consolidation. Many schools, including facilities offering primary, secondary and tertiary level arts instruction, and general arts centres (ÁMK) have come about to support talent in the arts. In many cases they are outstanding, internationally recognized workshops that play a defining role in the cultural lives of the settlements and regions where they are located.

⁵⁸ The material in this Section has been expanded by Background Material Section II/8 (Walter M. Education in the arts [In Hungarian]).

⁵⁹ Education in the arts offers solutions to a variety of later tasks, such as complex engineering design or medicine.

⁶⁰ One excellent example of this is the Igazgyöngy (Real Pearl) Institute for Basic Arts Education at Berettyóújfalu (<http://www.igazgyongy-alapitvany.hu>).

⁶¹ One sad example of this is that the Kodály Concept of music education – which has been widely adopted throughout the world for its overall significant impact on development – and which once counted as a significant achievement in Hungarian schools, has been sorely neglected recently here in Hungary. The essence of the Kodály Concept is not solmization but the evolution of a native language of music and of teaching children to love to listen to high standard music by singing it and in particular, by singing together. According to Kodály, „Daily singing is as important as daily exercise.” (<http://library.thinkquest.org/05aug/01340/hun/kodme.html>) Clever discovery of the high standard melodic treasure that motivates young people is the key to the current dissemination of this method.

In most cases arts classes are held in small groups or with individuals. This requires additional funding that per capita support does not cover. In the current period of economic downturn, many families are simply unable to purchase the equipment needed to practice many art forms. In addition, it is important to consider (particularly with respect to supporting talent in the arts) how to provide broad scale access to the tools needed to teach and practice an art, and how to support a practitioner in proportion with her/his abilities.⁶²

III. 9. Healthy way of life⁶³

The state of health of the Hungarian public has been steadily deteriorating and in many respects is even worse than the East European average. Seventy percent of the population never participates in any sports activity and only 8 percent engages in any sport more than once a week. With that ratio, Hungary – together with Macedonia and Serbia – has the lowest figures in Europe.⁶⁴ In light of the above, it is of particular concern that in many schools physical education classes tend to lose out in the competition for time allotted to various subjects. It is treated as the subject to fill in leftover time because it does not directly help students to increase the points they take with them when applying to college. Neither the weekly frequency of physical education nor the internal content is adjusted to the biological needs of children. In most pre-schools there is no appropriate room for physical education. In most schools the gymnasiums are in deteriorated condition and fewer than half offer any showers or bathrooms to clean up after exercising. Extra-curricular sporting opportunities (such as swimming) are only available at market prices, which most students are unable to afford. The qualifications of teachers holding physical education classes often leave much to be desired. Sometimes they are not even creative enough to take advantage of the physical exercising opportunities offered by the natural environment surrounding the school.

In person-centric schools that build their curricula for the long term, health education (which in addition to daily physical education and health nutrition includes training in mental and social health) is a central part of

⁶² At the same time, we must not forget that there are branches of the arts (such as the Kodály Concept, or the graphic arts, or painting or many sectors of the performing arts) that do not require huge individual financial investment, so all schools should be able to employ them in disseminating arts education.

⁶³ The material in this Section has been expanded by Background Material Section II/9, (Ónodi, S.: Healthy way of life and physical education [In Hungarian]).

⁶⁴ The status of Hungarian health [In Hungarian] Medinfo 2004 and WHO.

schoolwork. Education to health and to respect physical exercise is an excellent tool for offering positive experiences of achievement to disadvantaged and Roma students when integrating them. In schools where teachers espouse a healthy lifestyle, the ratio of students who continue their studies is higher, and behavioural problems are fewer.⁶⁵ In these schools the exceptional opportunities offered by physical exercise and team sports becomes a tool to evolve the skills needed for an active lifestyle, literacy, compliant behaviour and readiness to cooperate.

In schools that consider health education important there are fewer behavioral problems, and a higher ratio of students who continue their studies.

In most places, current talent support and financing in Hungarian sports resembles a pyramid with no bottom.⁶⁶ There are very few school sports circles established specifically for physical exercise and to foster mass sports. The finances available for the and for a supportive infrastructure are limited, and in recent years have been cut back even more.

III. 10. The status of vocational training⁶⁷

An essential condition for improving the international competitiveness of the Hungarian economy is high quality vocational training. A workforce that can flexibly advance its knowledge level during a time of crisis and be able to adjust to changed circumstances is particularly important as a job-retaining force. Since about two-thirds of school-age students attend schools that teach a vocation, an improvement in this area has become a vital component

High-standard blue-collar work that creates value is a treasure.

⁶⁵ Paksi, B.; Felvinczi, K.; Schmidt, A. (2004) Prevention and health promotion activity in public education [In Hungarian]. (http://www.om.hu/doc/upload/200507/prevencios_tevekenyseg_20050710.pdf).

⁶⁶ Vanguard competitive sports without a foundation in mass sports are doomed to failure, for unless there is a broad base of reserves for the top competitive sports, which are currently treated as the central goal, they cannot be truly exceptional.

⁶⁷ The material in this Section has been expanded by Background Material Sections III/10-III/12 (Szilágyi, J.: The status of vocational training, the most important problems and possible development trends [In Hungarian], Józsa, T.: Changes in vocational training [In Hungarian], Kálmán, A.: Vocational training and adult education [In Hungarian]) and The Vocational training Strategy of the Hungarian Chamber of Commerce and Industry (<http://www.fmkik.hu/download.php?id=2123>) and OECD report (<http://www.oecd.org/dataoecd/24/27/41738329.pdf>).

of the general improvement of the entire education system.⁶⁸ Vocational training and learning how to work and work together are excellent ways of creating a school community.

In past years, skilled workers continue to be plagued by a low prestige level in the society despite their heightened value and changed status on the labour market. The 20 to 25 percent proportion of students learning blue-collar skills is well below the EU average. Respect for high standard manual work, for manual skills and for people with those skills, has dropped to an unseemly level.⁶⁹ The blue collar portion of the work must not be allowed to play a subordinate role to lexical knowledge in vocational training. The key to the modernization of vocational training is recognition of manual talent as equal in value to other forms of talent. There are few truly skilled crafts-women and craftsmen who are willing to teach in vocational training facilities where salaries are not competitive, where the prestige of the teaching profession is devalued and where the teaching itself is difficult. Engineers with sufficient technological knowledge are often unwilling or unable to accept the burden of undergoing teacher-training, after which their earnings as a teacher would be a fraction of their former incomes.

Vocational training does not provide competitive and marketable skills that can be used flexibly and that facilitate retraining or extension training. The high level training facilities of the past (such as the technical secondary schools of old times, some of which had outstanding training facilities) have in many cases given way to facilities offering „education” for the „unteachable students”. In these institutions, insistence on verbal knowledge dominates instead of teaching practical professional skills by a true personality in a memorable way, even though this latter would help motivate young people whose talents lie elsewhere than in learning theoretical knowledge, and the manual portion of the studies would help build their personalities. Practical education could be a highly effective tool in supporting disadvantaged and Roma students in their integration through positive experiences in which they could achieve success. Neither the structure nor the methodology of practical training in the 9th and 10th grades of the vocational training schools is satisfactory. The lack of early transfer to the practical parts of vocational training line of study has hurt a great many young people.

⁶⁸ However, not all of these students end up with the skills offered (some drop out while others continue their educations in higher educational facilities or in some other manner).

⁶⁹ Szabó, Z.: A szakmunkásképzés és a képzési struktúra alulnézetből, [In Hungarian] (Vocational training and the training structure as seen from below) Szakoktatás [Vocational training] 10/2008. 11–14. The lack of prestige for people with blue-collar skills is also part of the reason why there are comparatively few persons with such skills and why the ratio of highly skilled work is low. Respect for a skill significantly promotes the growth of practitioners.

Vocational training (particularly on the level of the vocational training schools) is where we find the most disadvantaged students and those with the least ability to study. They have already been through a series of failures when moving through the primary schools to the vocational training schools. Hungarian society suffers repeated losses in that 10 to 15 percent of these children regularly drops out and remains unskilled. The dropout ratio is high (nearly one-third in the trade-training schools). Often there is no individual, peer-group, or family assistance, or any of the variety of mentoring tools that could help students who are on their way to dropping out. Other organizational frameworks that could support successful study such as study halls or study rooms are not sufficiently widespread. The various forms of training have not been connected into a building block format. True second or third-or-more chance training and not simply courses that borrow the name are particularly rare. The childhood experience of participating in some manual activity is almost non-existent in many families. Added to this, primary school does not properly prepare students to become interested in and to learn to love and choose a manual skill. The practicum and technical lessons in the primary schools have become lessons that push theory instead of manual skills. The practical work completed by the children is not sufficiently recognized, and the subject itself does not enjoy prestige among the teachers of other subjects. In most places there either is no career orientation or what there is, is extremely formal. Thus, children have no way of planning such a course in life.

The chance to transfer from one form of education to another (vocational training school, specialized secondary school, technical school, general secondary school) has not been properly designed. The way these skills might count as higher education (higher level accredited vocational training, BSc, BA) credits or how they might be integrated with the various forms of adult education have also not been developed.⁷⁰ The differences in the status and salaries of people finishing higher level accredited vocational training courses and granted a certificate of completion for a skill listed on the Hungarian National Qualifications Register (OKJ), depending on whether they studied at a secondary school or institute of higher education has not been sufficiently thought through. Introduction of the Europass system, an essential component of the EU-wide recognition of a skilled qualification, is an important development. The elements of modular training, the transfers from one course of study to another as well as the courses enabling the student to build one

⁷⁰ In this process, special care must be taken to prevent the basic level of vocational training from shifting into the marketed forms of adult education in which tuition fees significantly limit the number of participants.

skill/profession atop the other should all be simplified and unified in a way that retains quality and will not lower everyone to the same level. Training modalities that gradually lead trainees into jobs, such as cooperation agreements between schools and businesses, or businesses contracting with students are important and should be expanded.

In the past fifteen years a vocational training structure has been developed which is fragmented and wasteful. Regretfully, only some very early measures have been taken to change this situation.⁷¹ Sadly the use of the resources intended to improve vocational training continues to be inefficient.⁷² The national management of vocational training is also divided (there are two ministries responsible for the overall management and another 11 that supervise different areas of training). The per capita financing of vocational training in the school system does exactly the opposite of what it was designed for. It does not offer preferences to educational areas in demand on the labour market and does not cover real training costs.

In past years a number of measures were taken to improve the quality of vocational training and training conditions. The moves (particularly those designed to establish regional integrated vocational training centres [TISZK-s], to re-evaluate the system on which training programmes are based and to design regional plans adjusted to the labour market and thus to improve them) can significantly improve the situation of vocational training. In addition to establishing more effective education, the TISZK-s can be important in offering students a chance to see a variety of trades and the practical skills required early on. Students can try them out, giving them a chance for manual success and motivation without their having to make a premature commitment. The Regional Development and Training Committees [RFKB-s] will have coordination mechanisms that can reshape the choice of trades one may learn, focusing on desirable trends as opposed to existing opportunities.

It is unfortunate that some measures, such as evolving some of the TISZK-s, were taken without sufficient coordination and without adhering to the principle of gradual introduction. Instead, they have been introduced in a campaign form, which in many cases meant that group interests overrode society-wide ones. When mergers have taken place on this basis, often the current form of the merger has not produced any shift towards quality training. Other measures such as the Vocational Training Development Programme (SZEP) have not been carefully considered in all details and their cost effectiveness is

⁷¹ See Hungarian Chamber of Commerce and Industry, *medium term vocational training strategy, 2005–2013* (2005)

⁷² See [http://www.asz.hu/ASZ/jeltar.nsf/0/A6C72AC15E8D017CC1257497004B0409/\\$File/0819J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/A6C72AC15E8D017CC1257497004B0409/$File/0819J000.pdf)

less than the optimum in some areas.⁷³ The usefulness and cost effectiveness of scholarship programme designed for trades in short supply cannot yet be ascertained.

III. 11. Adult education, lifelong learning⁷⁴

The curricular and extra-curricular forms of adult education (taught by the science of andragogy) both helps adults in obtaining the knowledge they missed out on when of school age and in evolving skills (second and third chances), in extension training and through retraining made necessary by changes in life circumstances. It also offers them a chance to improve their knowledge levels and make valuable use of leisure time. This widespread and diverse system of objectives currently serves a broad-based system of adult education and general cultural institutions including nearly 5,000 facilities that offer training as well as supplementary opportunities for informal education and distance learning. The components of the complex system currently lack coordination and any measure of cooperation. Some are accredited while others lack the components of quality assurance. Mechanisms that emphasize best practices and recognition for high-standard work have not evolved.

Adult education places special requirements on teachers (especially courses in adult education offering second and third chances) who are not sufficiently prepared to meet them. Teachers of adults need to undergo special training and to adopt European experience in this area.

Given the significant ratio of substitute functions (former so-called „night college courses“ in the communist system) there is still a negative view of a significant part of adult education. In Hungary, even the most optimistic estimates suggest that about 8 to 9 percent of the adult population is involved in some learning project, which is lower than the 12.5 percent expected in the EU.⁷⁵ Only 18 to 37 percent of Hungarian businesses offer training courses

⁷³ The SZFP ([http://www.asz.hu/ASZ/jeltar.nsf/0/A6C72AC15E8D017CC1257497004B0409/\\$File/0819J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/A6C72AC15E8D017CC1257497004B0409/$File/0819J000.pdf)) has had significant results in reducing dropouts but many components have not been carefully considered and their cost effectiveness is low.

⁷⁴ Most of the documents dealing with this subject do not distinguish between the concepts of adult education and adult training courses. For this reason, we have chosen the term „adult education“ to cover this important component of lifelong learning. The material in this Section has been expanded by Background Material Sections III/12 and III/17 (Kálmán, A.: Vocational training and adult education [In Hungarian], Csoma, G.: The status of adult education and training and opportunities for advancing it [In Hungarian]).

⁷⁵ Secondary adult education has neither increased nor decreased, while higher education for adults has been going downhill since 2004. In 2007, 3 percent of men and 4 percent of women acknowledged participation in some form of adult education (Central Statistics

for their workers as opposed to the 25 to 57 percent EU average.⁷⁶ The most important goal in today's adult education is to „internalize” what often appears as external demands and pressure, to help people realize that lifelong learning is pleasurable and fulfilling. The goal is to make people aware that every new life situation can bring out new talents at every moment throughout their lives.

III. 12. Student dormitories⁷⁷

The secondary school student residence system that goes back for centuries (in places like Pannonhalma [where the Benedictine Order has maintained

Student residential facilities are not only hostels but exceptionally important places where communities can be developed and value created.

a secondary school since 1802] and Sárospatak [where the Reformed college was established in 1531], etc.) and the specialized student residential facilities to house particularly talented students in higher education are Hungarian specialties that do not exist

in this general format outside of our country. The student residences have played very important roles in building communities, teaching self-government, offering equal opportunity and network capital on all levels of education (primary school, secondary school and college and university).

Often local governments do not have a particular interest in improving living conditions for residents of these facilities who come from „outside.” However, the student residential facility is not independent of the tasks assigned by the school so it is important that the work be designed and completed in cooperation with the school attended by the residents of the hostel. Parents and school teachers rarely become involved with life in the student residential community. Although in past years a significant part of the student residential facilities belonging to colleges and universities have been refurbished,⁷⁸ many

Office, Mirror, 48/2009) http://confintea.hu/hun/unesco/uploads/LIFELONG_LEARNING-jelentes_081124sz.doc

⁷⁶ Labour Market Mirror [In Hungarian] (Eds. Fazekas, K.; Köllő, J.) Hungarian Academy of Sciences Institute of Economics, OFA 128. (<http://econ.core.hu/kiadvany/mt.html>)

⁷⁷ The material in this Section has been expanded by Background Material Sections III/15 and III/16 (Farkas, A.: Specialized student residences in higher education [In Hungarian], Ringhoffer, E.: How the tasks and conditions of student residences have changed and how the hostels have responded to the challenges of public and higher education [In Hungarian]).

⁷⁸ Most of the updates were performed in PPP constructs that are a very heavy financial load on the Education Ministry and the schools they belong to.

of the primary and secondary school dormitories need to be upgraded. Among other things, very few dormitories offer opportunities for sports. It would be very important for the infrastructural upgrade to be combined with a teaching programme that would include improve educational opportunities. It would be worth thinking over what qualifies as a minimum of equipment in a student residential facility, and thus to improve opportunities for study and the general acquisition of knowledge.

Often the experience, pedagogical intuition and personal human qualities of the teachers assigned to the student dormitories are insufficient to meet their diverse educational and personal supportive tasks on the desired level. Serving as a teacher in a student residential facility is not attractive. There is no appropriate training or extension training offered to these teachers, nor are they encouraged to learn to teach specialized subjects. In fact, their ability to develop their skills is an extra and not sufficiently compensated burden on top of their all-night and sometimes weekend duties in the dormitories. Very few student dormitories have the psychologist assistance essential to conflict resolution and community-building. Building networks that connect the student dormitories in the secondary school system and higher education would be vital in supporting pedagogical innovation and disseminating best practices. The Association of Student Residences, the „Arany János Programme” and the cooperation of the specialized student residences are good points of departure.

III. 13. Higher education⁷⁹

Hungarian higher education is currently plagued by a large number of students, a low quality of education, exaggerated central regulation and in many cases an uncontrolled institutional autonomy in an ambivalent duality.

Student numbers rose by 3.9-fold between the 1990/91 and 2005/06 academic years. The number changed to 2.7-fold in 2007/08. The number of students in higher level vocational training has also increased steadily. In 2007/08 the number of students attending these schools (12,000) has doubled compared to the value one year earlier. The increase in the number of students attending college and the decline in the overall number of students of college age

⁷⁹ The material in this Section has been expanded by Background Material Sections III/13 and III/14 (Csermely, P.: What have the most important changes in higher education been and what have been the most significant points of tension engendered by the changes? [In Hungarian], Szalay, L.: The problems with teacher training in the Bologna system – suggestions for resolving them [In Hungarian]).

combined to lead to a rapid rise in the proportion of young people in higher education, reaching a point where it currently exceeds the average for the EU-27 somewhat, although it has not reached the proportion of the EU-15.⁸⁰

In itself, the rise in the number of students in higher education is a significant advance. At the same time, this increase was neither preceded nor succeeded by a satisfactory increase in teaching capacities or by a sufficiently considered structural transformation. It was not accompanied by any changes in pedagogical methodology that offered incentives for independent study or any measures to increase effectiveness. Expenditure per student compared to per capita GDP, dropped from 140 percent in the early 1990s to 43 percent in 2004, which by 2007 increased to about 50 percent.⁸¹ The number of students per instructor rose steadily from 2000/2001 to 2006/2007, from 14.3 to 18.9. In 2008/2009 this number dropped to 17.8. Given the uneven nature of the growth in student numbers, a significant portion of the instructors found themselves overloaded and often the number of classes they taught was similar to the number of classes teachers teach in secondary school. A major error was the significant reduction of practical education and its replacement with video and Internet presentations as was done in multiple cases.

Often, when decisions were made on how many students to admit to the various higher education majors, calculations ignored employer demands as well as the decline in students in recent years. Thus, nearly 100,000 more slots were accredited than could be filled, while significantly more students than needed were trained in a number of „cheaper“ majors.

When large numbers were admitted to higher education, the lower level of knowledge on the part of the newly admitted students led to a significant drop in the standards of education. The minimum requirements for admission were too low. Students in the secondary schools did not have to face the requirements of higher education. The current combined graduation examination/college entrance examination system – as we will show in detail in Section III/14 – was not designed to reflect performance but to give students

⁸⁰ This ratio became higher than the one found in general in other EU countries (Central Statistics Office, Statistical Mirror, 15/2009, 48/2009)

⁸¹ The changes occurring since 1995 took place amidst a comparatively consistent proportion of GDP being spent on higher education (in 2007, 1 percent of GDP was spent on higher education, which is 0.2 percent lower than the OECD average). In other words, the under-financing was not the outcome of a drop in input in proportion to GDP but of the rise in student numbers. (www.okm.gov.hu/letolt/statisztika/okt_evkonyv_2007_2008_080804.pdf, p. 16) (Polonyi, I. (2008) Education , education policy, education economy [In Hungarian], National Textbook Publisher, 444–447. Education statistic yearbook 2007/08, Ministry of Education and Culture, 162–163. www.okm.gov.hu/letolt/statisztika/okt_evkonyv_2007_2008_080804.pdf). The State Auditing Office's report for 2009 analyzes the situation quite well: [http://www.asz.hu/ASZ/jeltar.nsf/0/6B4583280684AB44C12575E0004B0F22/\\$File/0915J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/6B4583280684AB44C12575E0004B0F22/$File/0915J000.pdf)

the opportunity to get maximum points with a minimum of input. We cannot go on with a situation in which graduation exams on mid-level – and not on high-level – are sufficient to gain admission to most faculties in higher education. The fact that there are a number of faculties (such as teaching and medicine) in which personal aptitude is fundamental to success in the profession and there nonetheless is no oral admission exam in which that personal aptitude could be judged is very damaging. All in all, despite the growing number of „refresher courses” offered to students, the lower level of knowledge of the students admitted cannot be balanced out by the higher education system.⁸²

In 2009 there were over 70 higher education institutions and at least twenty faculties operating outside the headquarters of the facility. Most of the colleges and universities are private or are maintained by a religious denomination or affiliation. Following a period of integration in the early part of the decade, 29 higher education institutions remained under state support.⁸³ Often too hurried integration led to surface integration on organizational level instead of to true integration, and this resulted in ignoring differences in levels, and the further erosion of demand for quality.

The change to the Bologna system – in contrast with the original intention, which was to allow transferability throughout Europe – gave a structural framework to the decline in study matter and standards that had already taken place. So, its insufficiently planned and forced introduction led to a significant deterioration in quality. In many cases, the reshaping of the organizational framework concealed the differences between colleges, university faculties and faculty sections where the largest number of students were in attendance, and university faculties and portions of faculties where there was both scholarship and research underway. Bologna-type education was particularly damaging in teacher training, as we have discussed in Section III/2. The credit system (combined with other factors including the 12 semester education time) does not act as an incentive to students to complete their educations as quickly as possible and it has led to a weakening in higher education student communities. Often, the number of students admissible to BSc/MSc courses is set by the interests of students and the teaching capacities instead

⁸² At present, these „refresher” courses are organized in an ad hoc manner, which simply wastes resources, since the professionally „overqualified” teacher has to offer secondary-school-level information to „under-qualified” students.

⁸³ Source: <http://www.okm.gov.hu/main.php?folderID=638&articleID=4265&ctag=articlelist&iid=1> In 2008, there were 7 places in Hungary offering higher education to law students, philosophy students and psychology students; 16 that trained teachers; 17 for communications majors, and 30 for business and management majors. (http://www.felvi.hu/statisztika/ranking.ofi?mfa_id=1)

of requirements of the labor market. There were 21,000 subsidized slots available to MSc/MA students and only 17,000 applicants.⁸⁴ In many places, the grade on the BSc thesis was given too much emphasis as opposed to giving a complex evaluation of the student. The OECD 2009 innovation policy country report⁸⁵ warned that within a few years there will be a major shortage of qualified professionals with PhD-s. In 2007/2008, 7,153 students moved on to this level, 8.1 percent fewer than the previous academic year.⁸⁶

The widespread expansion of higher education and the sudden and haphazard introduction of the Bologna system to higher education have led to the deterioration of education quality.

To sum up, the Bologna process was introduced in an unplanned and haphazard manner, and the result was that it caused more damage to higher education than the extent to which it benefited it. For this reason, it would be appropriate to revisit the education being offered under this system.

One of the most important guarantees of quality in higher education is the process of accreditation, which involves a complex evaluation of the institutions and their faculties based on a large number of considerations. At the same time, it is quite unfortunate that the too sudden introduction of Bologna type education pushed the system forward in a „forced march.“ The outcome was that it was not possible to coordinate BSc/BA and MSc/MA courses with each other. Sadly, there was no „retro-supervision“ of BSc/BA courses after the accreditation of MSc/MA courses, which built to the previously accredited BSc/BA courses. In most cases the accreditation was „resource oriented“, meaning that the determining point was the education capacities of the schools in question. The result was that the MSc/MA course offers were highly overspecialized. Given a country the size of Hungary, there were many cases when the courses had very low levels of cost effectiveness, while the excessive degree of specialization made it harder to apply the knowledge and the degree provided. We consider it important to stress that the process of accreditation cannot and must not replace the constant monitoring of the standard of training actually taking place. This latter is practically missing from the current Hungarian higher education system.

We see from a wide variety of rankings that Hungarian higher education – with just a few exceptions – is not among the best in the world regarding

⁸⁴ Source: www.felvi.hu

⁸⁵ Source: <http://www.nkth.gov.hu/innovaciopolitika/publikaciok/tanulmanyok/oeed-innovaciopolitika-090831>

⁸⁶ Source Central Statistics Office Statistical Mirror, 15/2009.

either the general or the peak performance indices. Hungarian higher education, other than the very best schools, which are the exceptions, is on the periphery and for the most part is closed

Hungarian higher education is not among the best in the world.

off from the main trends of global higher education. The ratio of international students in Hungarian colleges and universities has increased by a few thousand in past years. A symptom we should be concerned about when attempting to attract international students is that the need to increase funding is what dominates instead of the desire for quality attendance. Currently, when analyzing universities and colleges and the value of degrees obtainable from them, the sometimes disorienting indices offer rankings that are difficult to use to compare the value of performance and degrees on an international scale. The output principle („what can the graduate’s knowledge be used for?”) is not sufficiently stressed. It would be very necessary to provide a regular, standardized and complex evaluation of each school independently of the given college or university (to include the level of the training actually offered and the usefulness of the knowledge obtained as value added).

What would be desirable is a performance-based competition between colleges and universities measured with an international standard that can be clearly understood. Introduction of the status concept of „research-university” has been unnecessarily delayed but it only can be introduced successfully on the basis of carefully considered criteria and satisfactory financial input. Often, educational centres that are not part of major university complexes lack development plans although a carefully selected educational portfolio and high level of instruction would guarantee them long-term survival.

Modern teaching methods have not really been adopted in higher education. The true level of their teaching often plays only a secondary role in the advancement of teachers, with fewer components being evaluated than necessary.

Given the situation summarized above, higher level satisfaction of student demands for a quality education has become exceptionally important, particularly with respect to preventing talented secondary school graduates from being lost in the shuffle.⁸⁷ Programmes to assure that disadvantaged (within this category, Roma in particular) but talented students take courses enabling them to get into higher education are particularly important. Scientific student circles and specialized student residences play an extraordinary role in supporting talent. These forms of study do not exist elsewhere in the world in

⁸⁷ Keeping talented students from being lost requires particularly keen attention in studies for a BSc/BA.

the scope and on the level of organization offered in Hungary, making them uniquely Hungarian.

The specialized student residences (having a high level of extra educational program) are uneven in their work standards. In recent years several specialized student residences were established – often as encouraging initiatives – but their true levels of operations were well below those of their longer standing fellows, the student residences with deep-rooted traditions. Giving priority support to the best specialized student residences is of key importance. It is also very important to improve the operation of the other specialized student residences by disseminating the best practices. We are happy to see that cooperation among the network of specialized student residences is evolving in Hungary, in the Carpathian Basin and internationally and this can help evolve the best quality. However, in addition to growing financial problems, the specialized student residences, which have always created value-added despite being established under different principles, have had to cope with the drop in the level of incoming students that came with the sharp increase in the number of students in higher education and introduction of the Bologna process. The value added of the specialized student residences has been significantly reduced by the fact that the programmes they offer to residents have to be begun on a lower level.

It is generally recognized that the expected salary difference for a college or university graduate compared to the average is higher than it was before the regime change in 1989. This increases the attraction of higher education. At the same time, secondary schools do not offer a satisfactory image of higher education expectations, the true values of the different faculties and possible careers. The connections between colleges and universities and the secondary schools that send them the students are not organized and not satisfactory. The series of Open School Days offers only a one-time and impersonal opportunity, where there is little chance for a detailed and ongoing exchange of information. Hungarian colleges and universities have not truly recognized that they are in a competitive situation, not just with one another but also – particularly with respect to the best students – with schools in other countries. They do not have the outreach programmes popular at Anglo-Saxon universities reaching secondary school students in an organized way.

Often university and college management works in the ambivalent duality of uncontrolled institutional autonomy and exaggerated central regulation. Despite changes designed to assist management (such as the rights of Business Councils to offer opinions, manager-type people in leading positions, etc.) we often see an absence of an ownership outlook that looks towards long-term interests and the optimum expansion of knowledge as an asset. Several years of experience suggests that we need to revisit the operation of

the Business Councils that have the right to provide counselling and to approve the management of state-run colleges and universities. It might really be necessary to establish an outside body of advisors – while maintaining the school's autonomy – that would take advantage of its professional experience and provide experienced help to the institutional leadership. This, of course means that the members of that body must be chosen appropriately. They must have the knowledge and capacity to do the job and be committed to the task. The situation that currently occurs quite often, in which the school rector chairs the Business Council is legal but logically incompatible, even though it is explained away by citing „self-protection“. This means that the current practice needs to be amended, even if there are some positive examples.

Despite the principles often espoused, higher education is not adjusted to the demands of the economy. Most components of connections between colleges and universities and the business that hire their graduates are haphazard at best. There is no programme that would piece together business and social needs in a professional way and then transpose them into realistic and effective education policy guidelines. Economic interests are satisfied through individual components and there is no national-level forum that can offer coordinated ranking. There is no noteworthy migration from industry to university teaching. In particular, successful professionals working in industry are not included among the leading college instructors. Systems of career counselling, aptitude gauging and of following up on careers are currently started. Alumni organizations are just getting started in several colleges and universities and are non-existent in others.

The current capitation-based financing of higher education does not sufficiently reflect the costs of education, expected demand for the various degrees or differentiation among students and in the quality of the education. Thus, the schools have a vested interest in uncritically swelling student numbers. In three-year agreements with the Ministry of Education sustaining the state-run institutions, the colleges and universities can themselves choose the criteria they will meet and measure their development against themselves. This lack of outer and objective quality evaluation is particularly objectionable and is unsustainable. State subsidized and expense-reimbursed courses of study (meaning that students must pay tuition fees) are sharply separated and transferring from one to the other is less possible than it should be. Research financing has not been sufficiently thought out, and the funding granted for research is often swallowed up by the school's budget. Many school budgets are weighted down by the effects of PPP investments and changes in currency exchange rates.

To sum up, Hungarian higher education has been hit by successive waves of campaign-like changes:

- a) increased enrolment to mass scale
- b) school mergers
- c) per capita financing based on the number of students
- d) Bologna-type training system and
- e) changes in the admission system.

In parallel with these changes, the level of knowledge of the students admitted to higher education has declined dramatically. The higher education system was unable to compensate for the combination of these influences, partly because of the speed with which they occurred, the cumulative damage on one factor coming atop the other, and the relative withdrawal of funding occurring in the meantime. The result is that the quality of Hungarian higher education deteriorated significantly. The value of Hungarian college and university degrees differs sharply and by today many have lost their competitiveness and credibility. The structure of training is disorganized, disjointed and disproportionate. The quality of the training actually being provided is not monitored. A significant portion of higher education is isolated both domestically and internationally, is sealed off from both the schools from which the students come and the workplaces to which they go. Both the management and (as particularly worrisome development) the financing structures of the colleges and universities exacerbate these damaging influences instead of counterbalancing them. In brief, higher education in Hungary today is in a state of emergency.⁸⁸ Unless comprehensive and significant measures are taken within a few years to resolve the quality and structural problems of higher education, Hungary's international competitiveness will decline significantly and on long term.

III. 14. Measuring student and school performance in public education

When giving an individual evaluation of student performance, it is not clear how one can conduct an evaluation in a manner that includes abilities and skills as well as personality development besides the learning of the curricular material and also determines their weights and relationships. In some cases, the component that monitors the existence of factual information is over-

⁸⁸ This general state of affairs is not altered by the knowledge that several colleges and universities, faculties, institutes, schools and groups are, which, with excessive effort, retained their excellent results, because if the current situation is allowed to continue, they too will be at risk.

emphasized, while in other cases it is neglected to an unacceptable extent. Grades for behavioural conduct and diligence have lost their function. Descriptive evaluations are for the most part formal and do not support students in developing their self-evaluation and self-regulation skills. The practice of failing students only after the agreement of parents has not worked out. The question of grading specialized subjects, such as singing or drawing has been another issue under constant debate, in the lower and higher grades alike. Complex modes of evaluating specialized subjects in accordance with their content are not sufficiently known. These factors are all contrary to the evaluation practices of the countries with outstanding education systems, where forms of evaluation that help design a complex optimum of individual courses of study leading to maximum individual development are widespread.⁸⁹

The new secondary school graduation system introduced in 2005 (which offers students a certificate of graduation – maturation – and also serves as a college/university admission screening test) places stronger emphasis on the application of knowledge than its predecessor. It is more differentiated in its measurements and it is more objective as well.⁹⁰ Despite this, the secondary school graduation exams (particularly the mid-level ones) are not sufficiently professional. They do not offer sufficiently standardized and objective evaluations. The graduation exams are subject-centric and only a few specialized subjects offer the evaluation of projects, which are much better to measure the complex content of the knowledge base. The more than 130 subjects from which students can choose the remaining subject besides literature and grammar, mathematics and history are much too many. In recent years the proportion of students taking exams in chemistry and physics (which both are among the 130 subjects, which may be chosen) has been exceptionally low, in 2008 being down to 3 and 5 percent respectively.⁹¹

In many cases the mid-level graduation exams, chosen by 95 percent of students over the high-level exams, are a significant drop in level. The tasks required by numerous subjects are at such a low level that a talented eighth grader should be able to solve them. Given the financial need to acquire students, there are very few scholastic areas, where the colleges and universities demand the high-level exams, so very few students actually take them (6

⁸⁹ http://en.wikipedia.org/wiki/Formative_evaluation

⁹⁰ Sadly, some teachers have responded to the types of tasks requiring application of knowledge on high-school graduation exams and surveys of competence by forcing students to learn applications as if they were parts of the usual information-centric rote learning tasks.

⁹¹ https://www.ketszintu.hu/publicstat.php?stat=_2008_1_and Csapó, B. (2008) A közoktatás második szakasza és az érettségi vizsga [In Hungarian] (The second phase of public education and the secondary school graduation exam), in Fazekas, K.; Köllő, J. (Eds.) Green book for the renewal of Hungarian public education [In Hungarian] Ecostat. Budapest. 71–93.

percent in 2008 down to only 5 percent in 2009).⁹² The relationship between the two levels of graduation exam is unclear and the nature and level of the

The secondary school graduation exam offers incentives to obtain the maximum number of college admission points with a minimum of effort instead supporting performance.

high-level graduation tasks are more diverse both in their content and in consecutive years than they should be. Language exams are overrated in college admission points. In the current admission system, it is not possible to evaluate the prospective student's personality in any number

of faculties (for example: pre-school teacher, primary and secondary school teacher, medicine), meaning that aptitude cannot be measured although it would be essential to do so in these professions.

To sum up, the current system of secondary school graduation/college admission is not based on performance, but instead, acts as an incentive to obtain the maximum number of admission points with a minimum performance. Given the above, many components of the new secondary school graduation system are steps backwards from the aspect of admission to higher education. The new secondary school graduation system has also proven unable to raise the level of the graduation exam to the level generally demanded.

In the past decade, numerous comprehensive systems for measuring school and educational performance have been introduced. They include gauges of mathematics and reading comprehension competencies, scales used for international measurements (PISA, TIMSS, IEA-PIRLS, etc.), measurements of foreign language skills and various individual gauges of quality management programmes. These tests and the results in the various subjects offer valuable information in evaluating the education achievements of schools, micro-regions, regions, and the whole nation. Given that the administrative burdens of evaluation that the schools have to cope with are already high, these evaluations tend to be far from complete and are neither systematic nor coordinated. Therefore, it would be absolutely necessary to conduct comprehensive cost/benefit analyses of the general evaluations. Evaluations that do cross-Europe comparisons in higher education have not yet been properly developed with the exception of the related aspects of the accreditation system (for instance, introduction of the qualification granting the title of the „research university“, which has been bogged down for a time).

Hungary is one of the few countries that do not conduct professionally monitored external evaluations of schools. Instead, the facilities that operate the schools (should) perform evaluations every four years. In many places

⁹² https://www.ketszintu.hu/publicstat.php?stat=_2008_1

these evaluations are purely formal and lack a complex vision that would advance the facility.⁹³ When evaluating schools the gauge tends to play down

There is a painful lack of regular, professionally supervised evaluation of schools, done by outsiders.

teacher experience, aptitude, student and teacher attitudes, motivation, and the community-shaping, character-developing and educational power of the institution. The measurements and evaluations rarely and by no means uniformly contain the owner's attitude toward long-term thinking (particularly as regards maintaining and expanding the assets of knowledge and abilities) and leadership competence. Often the institution is not evaluated as a learning organization or learning community, and the education process is viewed in a shallow manner, not as the foundation for lifelong quality learning. „User, consumer satisfaction“ have not become parts of the evaluation. In other words, students, teachers and employers, whose voices should be included in evaluations of public education and higher education, albeit with differing weight, are often not taken into account. There are far too few studies of career paths. The basic principles of interim accreditation monitoring also need to be revisited: they need to be placed at the service of value education policy and to avoid the tendency to keep monitoring inside the facility.

According to one survey concerning the lessons of competence tests, only 15 to 18 percent of schools used the results of the surveys when shaping their curricula.⁹⁴ There is no supportive and regular professional advisory service. Innovation of content is held back by the fact that instead of constructive, detailed and personal meetings based on the „critical friend“ approach, often the competence measurements stay within the limits of the Public Education Act as amended in 2006, prescribing only sanctions and official consequences. Positive reinforcements such as the Public Education Quality Award⁹⁵ issued to an average of ten awardees a year do little to counterbalance the sanction-centric attitude. Lacking the „critical friend“⁹⁶ approach used in other EU

⁹³ The reasons for this situation, in addition to the highly uneven nature of management competence, can be derived from the crisis of values detailed under Section III/1. The British national evaluation agency, OFSTED and its work is an excellent example of complex evaluations involving constructive criticism – the critical friend –, intended to support the organization. (<http://www.ofsted.gov.uk/Ofsted-home/About-us>)

⁹⁴ Sinka, E. Putting competence measurements to use and their acceptance in the schools [In Hungarian] In: Lannert, J.; Nagy, M. (Eds.) Successful schools. Data and Cases [In Hungarian] National Institute for Education 2006. 79–91.

⁹⁵ <http://www.okm.gov.hu/main.php?folderID=1700&articleID=231395&ctag=articlelist&iid=1>

⁹⁶ http://en.wikipedia.org/wiki/Critical_friend

countries, the evaluation and the striving for quality work often becomes a mere task that has to be done. The result is that the lessons are not built into the behaviour of the teachers or into the day-to-day life of the schools.

III. 15. Financing, institutional structure, management and development of education⁹⁷

The current system of education financing, based on per capita funding per student irrespective of type of school, grade, or course of study, and makes a complex evaluation impossible. The disordered and confused system automatically generates conflict situations and incites heightened mistrust among the actors in the education process, while promoting forms of behaviour designed to circumvent the rules.

School financing is not linked to school evaluation.

The current system of education financing, based on per capita funding per student irrespective of type of school, grade, or course of study, and makes a complex evaluation impossible. The disordered and confused system automatically generates conflict situations and incites heightened mistrust among the actors in the education process, while promoting forms of behaviour designed to circumvent the rules.

The amount of money devoted to education as a proportion of GDP is slightly lower in Hungary than is the average for the OECD countries. Starting with 2006, the budget contributed a steadily declining proportion of the country's GDP to education.⁹⁸ Calculations show that the state per capita financing is sufficient to cover between 40 and 60 percent of the total costs of education.⁹⁹ It appears to be a major problem that proposals to change the amounts of money devoted to education (which in recent years and particu-

⁹⁷ The material in this Section has been expanded by Background Material Section IV (Halász, G. Features of Hungarian education management and development [In Hungarian], Szebedy, T. Hungarian education management [In Hungarian], Palotás, Z. Strategic goals in public education [In Hungarian], Barlai, R. Evolvement of the goals of education strategy in political party education policy [In Hungarian], Csermely, P. The role of the New Hungary Development Plan in education development [In Hungarian], Sáska, G. Changes in education financing and possible directions it can advance in [In Hungarian]).

⁹⁸ Hungarian budget expenditure as a proportion of GDP were as follows: 2000: 4.97 percent, 2001: 5.05 percent, 2002: 5.43 percent, 2003: 5.66 percent, 2004: 5.26 percent, 2005: 5.31 percent, 2006: 5.11 percent, 2007 (preliminary): 4.84 percent. In 2005, the OECD average was 6.1 percent. Sources: www.okm.gov.hu/letolt/statisztika/okt_evkonyv_2007_2008_080804.pdf. 161. pps, <http://www.oecd.org/dataoecd/16/10/41261748.pdf>. In themselves, the education expenditure of the OECD countries, which covered a broad range, had little influence on the level of education. (Barber, M.; Mourshed, M. /2007/ How the best performing school systems come out on top, McKinsey & Co.) In other words, of itself, the amount spent is not considered a development factor, but rather a narrow cross-section. At the same time, the low level of education input can be an obstacle to improving clearly focused and cost-effective content.

⁹⁹ [http://www.asz.hu/ASZ/jeltar.nsf/0/20B085CE3B98048CC125745E002178B4/\\$File/0807J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/20B085CE3B98048CC125745E002178B4/$File/0807J000.pdf) p. 14 This ratio has been linked to school grades instead of type of school, leading to a steady decline for general secondary schools with six to eight grades.

larly in the 2010 budget has translated into „reduce”) have been proposed without any significant impact studies or system development concepts having been put forward. Education policy has not been pro-active either. Instead, in the last minute it has bargained for a return of some of the cuts and proposed the relaxation of legal rules established earlier, which has further reduced the compliance level and rule observance of the schools and the bodies maintaining them, and consequently, the level of education. Often the various forms of „supplementary per capita funding” (like the additional funds for SNI students, Roma students, students with low socio-economic background, etc.) cannot be connected to real specific costs. The per capita financing system is often independent of the intents of education policy and occasionally even triggers mechanisms that work in the opposite direction. When using grants, in many cases, the funds go to support the maintenance of the facility (thanks to „creative” accounting) rather than to provide the new content they were granted for.¹⁰⁰ To sum up, the current system of education financing has become an obstacle to effective economic management.

Hungary is in the middle of an economic crisis. In this situation it is particularly important that all public expenditure, including money for education,

Closing down or merging schools cannot be a purely financial matter.

should be used in the most effective way possible. Efficient use of funds however, does not mean isolating a few areas of detail but a complete vetting of the entire budget structure

and the dissemination of best practices. In this context, we need to emphasize repeatedly that cutting education costs must neither be merely a financial bargaining point, nor the result of administrative measures.

The Hungarian school structure is diverse, for it includes valuable traditions based on the 8+4, the 6+6 and the 4+8 years primary/secondary school configurations. Sadly, despite all efforts, the school structure still offers only dead-end educations in many cases and does not offer a sufficient number of

¹⁰⁰ Supplementary funding for schools with religious affiliations has become a very unfortunate example of the evolving unclear and therefore conflict-generating situation. Starting in 2005, it became impossible to determine the amount of supplementary state funding schools operated by religious denominations should be able to receive, because of the inconclusive interpretation of many factors used to calculate the average amount that local governments provide to support schools (such as funding direct from the local government and grant monies, the amount of support the local governments grant to schools run by religious denominations, school meals, etc.). A report by the State Auditing Office stated that between 2005 and 2007, the government withheld 2.7 billion forints from the education by the churches. To illustrate the complexity of the situation, the Ministry of Finance and the Ministry of Education and Culture dispute a portion of the State Auditing Office’s report. ([http://www.asz.hu/ASZ/jeltar.nsf/0/20B085CE3B98048CC125745E002178B4/\\$File/0807J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/20B085CE3B98048CC125745E002178B4/$File/0807J000.pdf) pps. 17, 36–39 and 62–102)

transition points from one configuration to another. Public education includes schools run by local governments, the central government, religious denominations and private facilities. Each of these school types includes individual institutions that offer outstanding value of which we can justly be proud. We should be able to disseminate the quality level of these institutions using regular, professionally monitored external evaluations followed up by development without forcing any particular type of sponsoring on the schools thus improved. However, when schools do not meet minimum requirements over multiple years, we must not be afraid to take action, either through a radical reorganization or through closing down the facility.

When terminating a school or merging it with another, it is particularly true that the move should not be treated as purely a financial and/or administrative issue. In cases like this, the quality of education being offered by the school and the chances of the survival of the residential community connected to the school should be included in a thorough and complex analysis. When these measures are taken, careful consideration is rarely given to the idea of assisting these small schools with info-communication and digital curricular material. A change in the institutional structure requires that the local communities alter behaviour patterns that are sometimes decades old. For this reason, instead of the usual one semester or one year warning, these decisions should be taken at least two years in advance, although the optimum is to give the school and community four academic years of preparation to learn the seat of related conflicts, to model them, analyze them, and seek preliminary solutions.

When shaping education strategies, professional and social debates were particularly lacking in the past twenty years, as were attempts to seek political agreement and national consensus.

There have been no attempts to reach consensus in long-term education strategy.

In lieu of this, the strategic tools were revamped every few years and the various components of management began pulling each other apart, given their opposing directions. The components of the targeted system that required larger amounts of state support all tended to disappear regularly. The remaining development trends were regularly amended and changed in their midstream. The outcome was that although strategic ideas did crop up occasionally, they never became leading threads of day-to-day action. When changes were introduced, they often lacked

The education policy which does not reach the agreement of teachers loses everything in the moment when the door of the class is closed behind the teacher.

- any analysis of the innovation and development of the education system, any focus on the forward-pointing development trends, any institutionalization or codification of the changes;
- any preliminary impact study of the flows of appropriate depth, any explanation of the changes, any attempt to seek the preliminary consensus needed to implement the changes;
- or any attempt to follow up the impacts of the changes and to seek feedback that would ward off unintended consequences.¹⁰¹

In the Hungarian education system, the bodies maintaining the schools had quite a high level of freedom in defining programmes of education,

The education market is a pseudo-market: most schools are unable to be true market players purchasing real services. Imitating the market destroys the integration of the system.

self-monitoring and management, when compared with other OECD countries.¹⁰² The cooperation level between the more than 2,300 local government maintaining the schools and education management is far from satisfactory. When a school faculty votes on something,

they will give their own financial and survival interests priority over the professional need for making a change.¹⁰³

The schools are presented in many concepts as „market players” who are able to purchase the public education services. This is a serious error, because in reality, there is a lack of motivation and expertise in most of the decisions taken by the schools and the bodies maintaining them, while in addition, they do not have the resources for a real market behaviour. The idea of an education policy forced into what it believes is offering services for a desired but – in its own complexity – nonexistent „education market” (often corresponding to lobby interests) is shooting oneself in the foot, because it only

¹⁰¹ It was almost impossible to use an „evidence-based education policy” in a decision-making process that often was limited to just a few days (!), in which the staff was overloaded and partly because of that, isolated.

¹⁰² Source: www.oecd.org/edu/eag2008 Annex 3.

¹⁰³ One very unfortunate example of this occurred in 2003 when survival interests dominated local introduction of a 10 percent decline in the mandatory number of classes. In essence, faculty turned an apparently democratic measure into a series of actions that destroyed values (e.g. voting to cut chemistry lectures half of their previous time because chemistry teachers represented a small minority as compared to e.g. teachers of mathematics or history). This is a concrete example that illustrates how allowing local decisions will only improve a community that already is mature (here, not allowing the local decisions is destructive), but if the community is not ready, local-level decisions are destructive.

enhances the differences between schools and in the final analysis, the segregation of the students.

The general atmosphere in Hungary and our all-out drives to change the education system has led to an absence of dialogue among the players in the education system. The lack of understanding and agreement has led to uncertainty. The uncertainty and the premature decentralization have triggered legal and financial overregulation, which in turn has promoted rule-circumventing behaviours and tactics. The rule circumvention then initiated a second wave of overregulation. The situation as it appears at present demonstrates the essential nature of broadening negotiations on education and attaining national consensus on the most important issues. It also shows the need for greater preparation and consideration before making changes.

Teacher networks disseminating innovation and best practices and cooperation among the different levels of schools are disorganized at best. There is a sore lack of professional supervisors operating as a network and able to help train groups of teachers and facilitate a multilateral flow of information. Today's educational system sorely lacks the ability to cooperate with parents, with the communities maintaining the schools, the labour market players, with general cultural institutions and with the media.

Management skills are in many cases insufficient to manage schools and guide education. This is one of the most serious errors of the Hungarian education system. The extensive mass of problems can be summarized as follows. Information levels attained by school managers (school-masters), by the bodies maintaining the schools, and by central educational managements

The experience and humanity of the school principal are hallmarks of a good school.

differ vastly. The depth and level of manager and teacher experience also differ sharply. The manner of choosing school managers is unsatisfactory and once in place, managers do not get the

respect they deserve either. The managers are unable to spend a sufficient amount of their working hours on education management. Often they do not have the training to optimize their time schedules and networks, to delegate tasks and to organize the monitoring of task execution. School managers are rarely assisted by an appropriately trained administrative staff. The motivation level of many managers is unsatisfactory. Education managers are often frustrated and burn out. There is little practice-oriented, scientifically based content in manager training and extension training that offers up-to-date information. It is damaging to the system that leaders over the age of 50 are not required to participate in extension training even though a highly significant portion of the leaders are in this age-group. This practice also contradicts the principle of lifelong learning. Keeping leaders up to date helps the students in

the system to become organized within specific schools and within the whole of the system.

The EU Structural Funds are an exceptional opportunity to improve education. How well the country can take advantage of the opportunity is a key issue. Many components of the development trends being implemented with the EU funds are over-centralized, and often the development trends are set by a small group of experts. Market interests and individual interests are considered but the interests of the involved parties are often ignored. In very few cases are the innovations of local teacher communities included when shaping the network of development targets. In most cases, the use of available resources is over-secured.

Competitive grants play too much of a role in development. They offer additional opportunities to the best facilities but do not allow the worst of the

The competitive grant is not a miraculous way to develop, for while it offers development opportunities to the best, it does not help the poorest institutions in any way. As a result the development will enlarge the pre-existing differences and will become wasteful.

schools, those that would be unable to win a competitive bid, to develop at all. In many cases the bidding procedure treats facilities that have proven their reliability on long term exactly the same as the ventures that entered economic life a day earlier. We do not yet have the social control over the distribution of competitive grants that we need. In many cases bidding for funds is not supporting the intro-

duction of innovations, but it became an essential component of school budgets. Writing bids became an increasingly widespread occupation for school survival, which actually endangers the ability of the teachers in the school and the managers to meet their basic tasks. Often the ability to secure the sustainability of results of a successful bid is non-existent or exists on paper only. This reinforces the campaign-like nature as well as the wasteful features of development processes.

A significant portion of Hungarian school buildings are in technically poor condition. Their interior design and lighting do not meet either domestic or European norms and their maintenance is disproportionately expensive.¹⁰⁴ There is a lack of gymnasia and opportunities to clean up after exercise. Most student residences are in poor condition. Often there is a lack of equipment. Despite the vast number of tasks cited above, infrastructural development is

¹⁰⁴ http://www.okm.gov.hu/letolt/kozokt/om_kozeptavu_kozoktatas-fejlesztési_strategiaja_040506.pdf

often below local needs and opportunities. Real (not just formally acknowledged) improvements in contents appear in isolation only and the outcomes are well below optimum.

III. 16. Assisting the education of Hungarian communities in neighbouring countries¹⁰⁵

In the past ten years Hungary has devoted about 50 billion HUF to help ethnic Hungarians in neighbouring countries with their educations.¹⁰⁶ A number of Hungarian higher education institutions of higher education have been established in neighbouring countries (Partium Christian University [Romania], Ferenc Rákóczi II Trans-Carpathian College [Ukraine], Sapientia – Transylvanian Hungarian University of Sciences and Humanities [Romania], and the Hans Selye [Selye János] University [Slovakia]). This network of schools gets excellent support from the „Márton Áron Specialized Student Residences”. A number of Hungarian institutions of secondary education are also considered priority Hungarian institutions.

We need a long-term development policy with a systems outlook to replace the scattered support for Hungarian communities in neighbouring countries.

To date, assistance in Hungarian education in neighbouring countries has been dominated by help to colleges and universities. Opportunities to help public education including pre-schools and primary schools were low in proportion, and rather isolated.

Teacher training was not particularly prioritized in our support to higher education and the support was not organized in conjunction with domestic programmes to advance teacher training.

Assistance of education of Hungarian communities in neighbouring countries tended to operate in campaigns which in many cases turned this top priority issue into political bargaining with the various Hungarian communities in neighbouring countries. Individual decisions were often linked to performance expectations that were not appropriately defined and they did not offer incentives to sufficiently improve the quality of education. The competitive bidding system was often not reliable and some components have already promoted the evolvement of support for political cronyism. In many

¹⁰⁵ The material in this Section has been expanded by Background Material Section V. (Farkas, A.: Education for ethnic minorities living in Hungary and ethnic Hungarians living abroad) [In Hungarian]

¹⁰⁶ http://www.nemzetpolitika.gov.hu/index.php?main_category=2&action=view_item&item=569

cases the Hungarian language higher education institutions in neighbouring countries lack accreditation or have but insufficient accreditation and only a few offer adult-education. Support for education in places where ethnic Hungarians are more isolated from one another as opposed to living in tight-knit communities, has not been resolved satisfactorily.

Discounting several excellent examples, teacher networks that transcend borders and mutually share pedagogical innovations and best practices do not really exist. Extension training onsite, partner schools, student exchanges, and joint contests and support for them are occasional at best, but are mostly one-of-a-kind. There are hardly any trans-border or even multi-regional student-teacher projects organized to include all resident Hungarians. Hungary itself could learn a great deal from the multicultural coexistence experienced among the ethnic Hungarians living among our neighbours (for instance, how to coexist in peace with the Roma minority).

IV. The goal of proposals

IV. 1. National collaboration to rebuild the Hungarian education system

The situation as illustrated in the preceding Sections shows that the Hungarian education system is struggling with numerous serious problems that are interrelated. Therefore, attempts to rejuvenate one or another component of the system will simply not succeed.

The Hungarian education system has to be rebuilt and not only renewed.

While maintaining existing values we need to rebuild the education system from the ground up and introduce new components in the process.

Education, for both the individual and the entire nation, is the most important long-term strategy to move forward and supersede the current situation. The process of education needs

Education for both the individual and the nation is the most important way to supersede the current situation.

to first of all help to raise outstanding citizens (mothers, fathers, business-people, engineers, public servants, politicians, etc.) but it also needs to be able to support the future promi-

nent figures in culture and science in the interests of retaining the intellectual endowments of the nation. This dual strategy can evolve a competitive, physically and emotionally healthy society that enjoys an excellent reputation internationally. It is therefore essential that the entire nation resolve to improve the country's education and the education system. We absolutely have to agree on what the main lines of this change will be. At the same time, we will have to design and establish an order of education that is free of superfluous expenditure, operates smoothly and „produces“ steadily growing value. It should be the most efficient but not the cheapest system in the region. If we are to rebuild the education system on a foundation of quality we will need additional funds.

The first round of proposals for rebuilding the education system consists of *recommendations for decision-makers*. However, the intentions of the decision-makers to change education are insufficient to significantly improve the education system, even if they are united. Substantive and comprehensive changes will require more than that. *It is necessary for every single participant*

in the education system (and everyone connected to them) to want the change and to work together to achieve the change.

In other words, the programme we offer is not simply listing required short-term changes in the law, but intends to mobilize every citizen of our country *in a long-term national cooperation* to improve the whole of our education system in a comprehensive and appropriately designed and prepared manner. When a country is isolated in both language and culture like Hungary, unless it has a powerful education system, it is in danger of atrophy instead of advance and becoming outstanding. Unless we rebuild our education system:

- we will be unable to overcome the crisis of values plaguing the country today;
- we will be left behind in the international competition for quality work;
- we will be unprotected from the repeated waves of economic crisis; and
- on longer term, we will be unable to build Hungary into a European land that is good to live in.

IV. 2. Image of the future: The Hungarian school in 2020 and 2030

If we are able to obtain satisfactory collaboration and resources to reshape our education system and can mobilize the forces needed to do the day-to-day detailed work involved, then by 2020, the Hungarian schools

- will be employing many teachers with unique personalities, whose pedagogical and professional knowledge will set an example for students and society at large; who will know and assist one another; who will transfer their knowledge to school communities through networks that cover the entire Carpathian Basin;
- will have teachers trusted by education management; the management will serve the teachers instead of herding them;
- will have extensive, nationwide ties with teachers, students, and parents working in cooperation and building communities; many schools will evolve orders of value in which the school will be maintained and advanced as a precious entity; there will be a decline in aggression and increase in tolerance; conflict situations will be managed successfully;
- will become communities of high level culture and science;

- will in most cases not only transfer information but also knowledge on how to apply that information in diverse ways through a pedagogical attitude enabling students to study independently;
- will tolerate differences between students, will adjust to differences in the rates at which students develop;
- will present education and talent supporting activity as uniquely Hungarian examples worth following elsewhere in the EU;
- will improve reading, reading comprehension, mathematics, natural science, foreign language and other skills to move ahead in international rankings;
- will give priority to early childhood education;
- will use digital and communication technologies on a general scale throughout the entire education process;
- will generally understand the important role of arts education and daily physical exercise in supporting all areas of education;
- will have an interest in improving the quality of education; will reduce the tremendous differences in the quality of education offered from one school to another; will conduct regular and independent evaluations of the various institutions to support their advance; managers will be better prepared to do their jobs, the independence of the best schools will increase while a variety of tools will be employed to assist the schools that are behind in catching up; a growing portion of school communities will become student communities;
- will evolve a monitored and reliably high standard extension training system;
- will evolve student residences that for the most part offer students advanced professional assistance and a variety of tools to help them become a community;
- will, in vocational training, teach students to become professionally prepared, diverse personalities with skills they are able to advance; the training methods will be appropriate and up-to-date;
- will enhance healthy competition between colleges and universities; will have a significant number of research universities with an increased number of instructors and higher standards of education; will employ a financing system that promotes quality, and will steadily raise requirements in the operation of all higher education institutions;
- will build a widespread network of contacts with Hungarian schools, students and teachers in neighbouring countries.

In most schools it will become possible for the new generation to begin life in a changing world that demands increased stamina on a higher level of preparedness, and with more diverse abilities and skills, and enhanced confidence.¹⁰⁷

By 2030 Hungarian schools

- will employ teachers who are highly respected citizens and the significant portion of the teachers will display human conduct and professional knowledge that will serve as role models to the community. Teachers who are unable to meet these requirements will become isolated and a growing number will leave the profession;
- will for the most part become consolidated, and a high standard mutually professed order of values as described earlier (in Section V/1) will become generally accepted;
- will generally see the application of tailor-made teaching methods designed to meet the needs of individual students together with differentiated group education, while promoting the ability to study independently and the desire to do so;
- will see pedagogical innovation become typical of the decisive majority of teachers; teachers will have the desire, the time, and the opportunity to develop or adapt successful methods; the conditions for self-study and extension training will be assured in an optimum manner;

¹⁰⁷ We have offered an optimistic version of our image of the future. This was deliberate. We did not choose to focus on the best possible situation because of a desire to see our dreams written down on paper. Our approach is a direct outcome of the success technology described under Section III/3. If we focus our minds on the highest achievable version, then, by the end of the education development process we will have a far greater chance of attaining a higher level than if we work with a „realistic“ version, meaning one that is only halfway to the highest standards or with a „pessimistic“ version, meaning one having no standards at all. Having said this, it is very important to note that the optimistic image of the future is very uncertain for a variety of reasons. The most important of the factors of uncertainty surrounding our plans for 2020 is the extent to which the country will be able to overcome the current crisis and the extent to which it will be able to shift to a new and different course of development. By 2020 we also will know whether we have managed to achieve consensus in that improving the quality of education must be one of the most important components of this new course of development. By 2030, the most significant factors of uncertainty will relate to the destiny of the entire planet. By that time we will know whether the few researchers who predict a „perfect storm“, meaning a profound global crisis by 2030, that will trigger starvation, shortages of water and energy, popular migrations, and war, are right or not. (<http://www.guardian.co.uk/science/2009/mar/18/perfect-storm-john-beddington-energy-food-climate>). It is up to us to act that that this doesn't happen. More precisely, it will depend to a great extent on our education system to make it sure that it doesn't happen.

- will become respected and successful communities keeping and developing high standard culture and science;
- will disseminate the good name of Hungarian education and support of talent throughout the world with methods that are applied extensively;
- will see its lower achieving facilities steadily close the gap between them and schools operating on a high level; will see the general performance level rise: Hungary will be among the top ten countries in international education surveys;
- will see the pedagogy of sustainability become a generally practiced method;
- will in the vast majority of schools include the creative arts and a variety of ways of achieving physical exercise in its daily programmes;
- will in most cases graduate students from its vocational training programmes who are highly prepared to perform in their elected and marketable professions, who are proud of their abilities and who are recognized by society;
- will, through the research universities operating in higher education, reach an outstanding level on international scale; will include Hungarian universities whose outstanding professors and performance will be highly recognized worldwide; all higher education institutions will have found the profiles they are able to maintain on an acceptably high level while a great many international students with outstanding abilities will compete for admission to Hungary's best colleges and universities;
- will for the most part become places which students and teachers enjoy attending, where mutual development will be a daily occurrence and a source of mutual joy;
- will make it possible for a new generation to be better prepared physically, emotionally and cognitively. With the support of the school community and filled with school achievement new graduates will move on into a world that today is unfathomable and unpredictable with a spirit of adventurousness and confidence.

Section V, which follows, summarizes our proposals for the most important initial steps along the road leading to the future described above, and a few of the early stations along that road.

V. Proposals on the most important issues related to rebuild the Hungarian education system

Note: In this section we have set down out the most important proposals designed to rebuild the Hungarian educational system. We have grouped the proposals to correspond to the sections of our situation analysis and have grouped them in the following three categories, to correspond to their importance:

- Proposals for transformation that are essential, central components to the rebuilding of the education system
- *An extraordinarily important action in the education process*
- An important proposal

These proposals are not particularly detailed. Instead, they are components of a long-term thinking process with a systems outlook, parts of what is tantamount to a near national education strategy. Despite this, several areas of detail have been included because of their importance. The proposals include components that are not new: initial versions of them have already been introduced or are currently in the process of being introduced. We have included them because our proposal is not for a revamping but for a rebuilding of the education system and we wanted to indicate that the given rule must be an important part of the new system, too. At the same time, we have not attempted to be complete. So, if some components of the education process have not been mentioned, this should not by any means suggest that we are opposed to or are ignoring it.

V. 1. The school as a value-shaping community

The community of the school and the culturally dominant teachers must preserve, relay and create values. The school communities must be sufficiently strong and operate well if they are to shape an order of values, make people conscious of those values, and maintain them while shaping character and offering moral

and community education.¹⁰⁸ To be successful in maintaining, relaying and creating values, a teacher will have to serve as a role model, which means that she or he will have to play a culturally dominant role. To put it another way, every good teacher is also a teacher of morals at every moment of the educational process. Unless the preparation level of our teachers is heightened, their social prestige and recognition restored, and their role as intellectuals secured, there can be no significant improvement in the order of values presented by the school. This is one of the most important current tasks of a responsible education policy.

¹⁰⁸ Communities where values are formed include class communities, teachers' communities, communities in student residential facilities, sporting communities, specialized circles, arts clubs, self-improvement groups, parents' communities and all other types of community that can be linked to schools. By way of example, we offer just a few important components of what we believe are in the order of values of a desirable school:

- recognition of, respect for and representation of eternal values (that which is beautiful, good, true);
- respect for life, peace, family, children, and sensitivity to harmony and order in the environment;
- insistence on quality, love of precise and reliable work, acceptance of outstanding performances and things of special value;
- sensitivity to things new, self-respect, a demand and respect for freedom, creativity and originality;
- sense of responsibility, a demand for long-term perspective thinking, a lifestyle that meshes with sustainability;
- honesty, reliability, openness, and speaking the truth;
- love of humankind, mutual respect, respect for tradition and prestige, openness and tolerance for individual differences, support for ones who are weaker, solidarity, and humility based on wise acceptance of our limitations;
- emotional maturity, internal harmony, individual and national self-esteem, empathy, benevolence, the ability to love, the ability to live a life worthy of love, to form and maintain true friendships and to love;
- community building: the ability to cooperate and help others, solidarity, the ability to compromise, self-moderation, and the willingness of self-sacrifice;
- respect for principles based on values, and for integrity: adherence to an order of values and insistence on adherence to it, respect for righteousness, fairness and wisdom.

It is important that the above values be more than individual values and that they also become group values and the basis for joint behavioural norms. The recommendations and the Code of Ethics for teachers offered in the volume „Professional code of ethics for teachers“ [In Hungarian] edited by Rózsa Hoffman are an excellent foundation for describing these values and norms. There is an excellent summary of the importance of the values and the shaping of personalities in the definition of what a school should be in the document „The Catholic School“, which reads „The school: a place where the methodical and critical learning of culture shapes a whole person.“

*The rights and responsibilities of teachers, students and parents need to be reformulated. It would be best to set down the behavioural norms inherent in the order of values as simply, briefly, and comprehensively as possible within a system of school pledges in a manner that differentiates by age (a School Code of Ethics). It would be useful if explaining, interpreting and adopting the School Code of Ethics were to become an important event initiating students into the school community on every level of the education chain. For teachers it would be important to adopt a Teachers' Code of Ethics. This would not only set down norms but by proclaiming them, it would protect teachers, since it would clarify what could be expected of them.*¹⁰⁹

- *There must be responses to violations of the norms. When managing violations of norms in the schools, designing a comprehensive, public, stable and reliable manner of response including
 - *conflict resolution, indemnification for the victim (restoration)*
 - *separation and*
 - *punishment to act as a deterrent*should depend on the level of the violation. The school may use outside assistance depending on the level and nature of the violation (such as a psychologist, doctor, family or child-protective services and – in case of an illegal or exceptionally serious action – a specially trained member of the law enforcement services). Satisfactory training and sufficient resources are essential conditions in the restructuring of dominances and managing conflicts in varied life situations.*
- *Human and financial resources are both necessary to reinforce teacher, student and parent communities. Students should have the option of remaining in school all day with specialized classes, optional student circles and self-help circles, arts and performing arts circles, choirs and projects and teamwork to help shape com-*

¹⁰⁹ The results of McCabe et al. show that at universities which had Codes of Ethics, students reported 25 to 40 percent less serious cheating. [McCabe, D.L., Trevino, L.K. and Butterfield, K.D. (2001) Dishonesty in academic environments. *J. Higher Educ.* 72, 29–45]. The „Professional code of ethics for teachers“ edited by Rózsa Hoffman and published in 2003 is a good foundation for establishing local systems of norms. The School Code of Ethics is clearly in line with local school rules but beyond that, the School Code of Ethics can set down norms of behaviour that are too generalized or that are not sufficiently supported by laws to be able to make adherence mandatory, in the manner of school rules. In contrast with school rules, the School Code of Ethics is not something prescribed by others but a jointly adopted, easily understood set or norms based on self-regulation, the most important points of which are guaranteed because they rest on mandatory school rules. On secondary level, the debate of the School Code of Ethics and its reinterpretation in a creative and open manner should be an experience initiating all students over the age of 18 into adulthood. On highest level, it would be best to design the Code of Ethics together with the students – in a democratic manner – and to reinterpret it with every freshman class. A yet to be established professional chamber of teachers could support adherence to the Teachers' Code of Ethics.

munities. Necessary components of community shaping are joint excursions and other programmes that include the teaching community and the family as well as support for summer school, summer camp and travel that includes students and teachers.

- It would be desirable for teachers to play the role of models, setting the values all should abide by; and for the successful evolvement and sustenance of a school order of values to be an important consideration when evaluating the manager's work.
- It would be highly important to establish a mediation service to prevent the spread of conflicts between students, between student and teacher, and between parent and teacher. Teams of mediators in which one member is Roma and the other is non-Roma would play a priority role in this process and the mediators should be trained to work as a team in a special programme.
- It is recommended that teacher training programmes devote special attention to teaching how to manage violations of norms, conflict mediation and how to find creative solutions including ways of compensating victims. It is important that beginning teachers receive regular advice and supervision in assessing and managing the issues related to orders of values, and violations of norms that occur during work. We believe it necessary to establish a central „conflict fund“ from which it becomes possible to simply and immediately give the teachers involved in exceptionally acute conflict situations the opportunity to regenerate, rebuild their energy levels and enjoy special training. When a teacher regularly underperforms in conflict management despite the above diverse assistance she or he would best be advised to see another profession.
- When transforming the education financing and management systems, it would be important to change the components of the system that encourage schools to circumvent the current rules.
- In addition to reinforcing relations with parents, it might be worth it if some schools established a Grandparent Council, as a pilot project subject to further evaluation.¹¹⁰

¹¹⁰ One good example of a Senior Mentoring Programme operates in District 11 of Budapest, where the wisdom of life experiences of grandparents who are active and want to assist their school-age grandchildren has been shaped into an advisory and mentoring community focused on long term development (<http://www.civilvallalkozasok.hu/?menu=programok&id=12>).

V. 2. The key to successful teaching is a respected, motivated and excellent teacher

The teacher as a respected and creative partner. It is extraordinarily important that education management treat its teachers and their communities as equal, creative partners, and that they serve and support them instead of herding them. Teachers are the most important players in the country's long-term development, not Hungary's lowest level day-labourers. They must be given satisfactory financial and moral recognition. A teacher who is enthusiastic about her or his work is capable of miracles.

Teacher training should become the most prestigious and demanding area in the Hungarian higher education system. Definite measures need to be taken as quickly as possible to improve the level and recognition of teacher training.

- Our goal is for a student who plans to be a teacher to be a special and envied member of an elite group within higher education, one who is being taught by the best educators of the respective institution.
- While retaining the good points of the Bologna transition (such as the increased practicum) professional practice could be expanded as a sixth year of attendance while restoring the dual major to the teacher-training faculties to the former, undivided five-year course of study. As a transitional, immediate measure, opportunities to transfer between BSc/BA and MSc/MA in a simplified manner should be introduced. It also is necessary to create separate mechanisms to make the selection of teaching-related MSc/MA education much easier than today.
- Recruitment campaigns, significantly high scholarships (comparable to salaries), guaranteed jobs, and prestige for a teaching career as well as the proposals offered in the following should boost the selection of applicants for teaching faculties to at least tenfold.
- When selecting among applicants for teacher-training courses, it is important to conduct aptitude tests which should require exceptionally advanced abilities to read and write, to handle arithmetic, strong social skills and powers of communication, and the willingness to learn and – most importantly – the desire to teach.
- It is necessary to halt teacher training at lower level facilities, leaving only the higher standard facilities in operation. This can be achieved through the coordinated monitoring of the process of accreditation that focuses on the quality of education, and a regrouping of subsidies.
- It would be worth retraining successful professionals already in the workforce as teachers. This means they must receive financial support comparable to their salaries during the training programme and later

on. In addition, the engineer-teacher dual majors should be restored to allow people to prepare for both careers from the start.

- The current internship system should be advanced to allow teachers to work through their initial years in a manner similar to the post-grad training currently received by physicians. Here a personal mentor/coach should play an important role.

The system of specialist supervisors should be restored. Specialist supervision should be reorganized on a new foundation that offers a two-directional (upwards and downwards) highly intensive flow of information. These supervisors should offer assistance to teachers through external evaluations that are independent of the schools, and should organize networks of teachers to disseminate best practices.¹¹¹ It appears wisest to establish the specialist supervisory network on a regional basis and to establish terms of appointment that are well separated from the times when parliamentary and local government elections take place. It would be important for the specialist supervisors to be independent, which includes independent funding for their work, and their jobs should include efforts to build their own networks and to promote the building of networks by the teachers they supervise. The specialist supervisors should maintain very close connections with the evaluation system detailed later and with the entities maintaining the schools. In coordination with the evolution of the specialist supervisor system it would be a good idea to establish a comprehensive mentor and supervisory network that could offer methodological help as well as assistance in conflict resolution and maintaining mental health.

Recognition and careers for teachers based on performance standards using a complex evaluation system. It will be unavoidable to build up a system of evaluation for teachers employing outside partners. The system will be complex and offer a personal and differentiated evaluation, which will of course, effect teachers' salaries, too.¹¹² The following performance components could serve as the foundations for the complex evaluation:

¹¹¹ The initiative taken by the Catholic Pedagogical, Organizational and Extension Training Institute in 2001, which integrated the useful components of the old specialist supervisor system into its complex institution monitoring and evaluation programme is an excellent example of this.

¹¹² The current regulations are in the Institutional Quality Management Programmes specified by the Public Education Act (Act LXXXIX of 1993, § 38, (1)) To simplify these (often nearly 100 page) programmes it will be necessary to bring the institutional evaluations detailed under Section V/14 under a common denominator.

- high level professional knowledge and a high level of pedagogic ability enabling the transfer of that knowledge;
- effectiveness in the education of children, in maintaining and transferring the school's order of values;
- a high level of pedagogical skill in managing students and classes, in evaluating students;
- knowledge and understanding of the students, the ability to motivate them and the success of individualized education;
- later achievements of the students (with corrections that take motivation into consideration);
- ability to communicate with students, parents, families, teacher colleagues, school management and other staff members.

The following important performance components can supplement the above:

- the intensity of self-education, self-development (professional skills, study of languages, cultural advances, human enrichment);
- activeness in advancing the content and methods of education;
- the quality of activities undertaken to build a student-teacher-school community;
- participation in school management, in the organization of school development;
- all outstanding work that enhances the reputation of the school (research, creativity, works of art, etc.);
- enhancement of the relationship between the school and the outside world (parents, domestic and international businesses, other schools, research facilities, EU-based relations, etc.).

In the course of the evaluation it is important to elaborate the mechanisms for coordinating prejudiced opinions that pick on people, to avert personality destroying influences. If the evaluation is conducted appropriately and on a sufficiently high level, the school principal should play the decisive role. This is just one of the reasons why selection, training and monitoring of the principals are defining components in teacher policy. When performing the complex and realistic evaluation of teacher performance, the development of leadership skills and the restoration of the specialist supervisory system are excellent forms of assistance.

It would be desirable to expand the outcomes of differentiated evaluations, on both the positive and negative sides.

- The public employee status should be changed to make it possible for teachers working at a truly high level of education to receive financial recognition. We recommend expanding the number of service apartments for accommodating young teachers that are available and establishing a configuration whereby excellent young teachers could access low-interest bank loans.
- Other important factors are cultural and professional extension training and travel to wind down and renew energy, which could be connected to quality-based awards. These awards might be connected to performance quality such as offering theatre and concert ticket certificates, book purchasing certificates, checks that cover the costs of refresher courses, regular EU study trips, holidays abroad, certificates supporting international travel and in particularly justified cases, paid sabbaticals of one to two semesters and scholarships for creative work or research.
- Teachers whose performance is outstanding should have the opportunity to teach „reward courses“, head „reward student circles“, and offer „gala presentations“ that will count in the performance record of the teacher, be paid, but be chosen completely voluntary on the teacher’s part.
- Temporary hiring should be introduced to see whether a beginning teacher is successful professionally and internships should be used more extensively at the start of a teaching career. It is important that the measure includes a complex programme of assistance.
- Unavoidably, low-level teaching performance – after a period in which improvement is supported and assisted – will have to be sanctioned by tools such a salary cuts and dismissals of teachers believed unsuitable or incompetent to work in the profession, or the shifting of the person to a temporary position.¹¹³

It is essential to design a new policy regarding textbooks and study implements. It would be important to introduce a mechanism that could constantly compare practical, useful experience and the targets, and qualify the textbooks and programme packages on the market on that foundation. We need to return overactive general market mechanisms to their place, which means cutting back on their operations. Within the system of evaluations described under Section V/15, if teaching communities have not attained a certain level of quality, they should be required to limit their choice of textbooks and programme packages to ones that have been approved by evaluation and assistance processes. It would be a good idea to reduce the number of textbooks approved for parallel use in teaching a given subject.

¹¹³ External professional supervision is essential, as are guarantees that prevent abuses.

Reliably high level extension training for teachers. Within the extension training system for teachers, it would be desirable to solve the contradictions between the current, too extensive free market choice of courses and their mandatory completion. A uniform system of extension training (including courses and individual actions) with stronger involvement by professional bodies and independent and strict accreditation criteria, quality controls, monitoring and evaluation must be evolved. Important components of this should be the various forms of community evaluation mechanisms and the quality control and sustainability of user-friendly professional websites. Significant resources are needed to organize the extension training courses taken into the schools to improve the skills of the entire teaching staff as a learning community.

- Additional resources will be needed to employ more professionals to assist teachers, (school psychologists, social-interaction specialists, special needs teachers, teaching assistants) enabling the teachers to concentrate on their role as educators.
- More funding should be devoted to assist prospective teachers and teachers already working in the field to enhance their active knowledge of other languages and to expand their international professional contacts.¹¹⁴
- It is important to help practicing teachers, giving them the time and the research resources required for PhD studies, and to recognize outstanding work in a variety of ways.
- It is very important that outstanding teachers receive prizes and awards from the citizens of the community where they are known, including the community that maintains the school and the parental community. It would be desirable a much more extensive feedback on later careers of successful students as part of the system of recognition. Student opinion of their secondary school and college teachers,¹¹⁵ and student recognition of good teachers should be made public throughout the community. Recognition of good teachers and the love of the community for such teachers should become commonly expressed and increasingly widespread.

¹¹⁴ Here the ability to collect educational experience abroad in a modern version of the medieval practice of peregrination is a top priority.

¹¹⁵ An OECD report on the evaluation of teacher work is a good example of this: [http://www.oalis.oecd.org/oalis/2009doc.nsf/NEWMSFREDAT/NT00004942/\\$FILE/JT03267747.PDF](http://www.oalis.oecd.org/oalis/2009doc.nsf/NEWMSFREDAT/NT00004942/$FILE/JT03267747.PDF)

Note: Changes in many components of teacher recognition, and of improving the pedagogical level, particularly the changes in the social order of values, will require a longer period of time. However, many proposals can be introduced on short term as well, and the measures introduced can include a sequence of mutually reinforcing interactions, leading to overall change in this critical area. These short-term proposals – discussed in detail before – are as follows:

- Redesigning teacher training, turning it into the highest level of training offered by higher education, resulting in a sudden jump in the quality of young teachers.
- Performance-based evaluation of teacher work. Outstanding recognition for outstanding teachers. Underlining best practices through an increased number of awards and community recognition – and making them known on broad scale, particularly in the media.
- Mobilizing teachers with valuable educational experience and including them in implementing the new concept.
- Systems to help teachers such as that of the specialized supervisors should be reinforced, extension training needs a new foundation, textbook and study aid policy has to be changed, and domestic, Carpathian Basin, and international networks to support teachers have to be established.
- Higher education institutions have to be mobilized to support advances in secondary education.
- Interested representatives of the user side of education need to be included to promote the most effective development possible.

V. 3. Turning point in the pedagogical outlook: values to replace disadvantages, achievements to replace failures

Values and achievements to replace disadvantages and failures. In the whole of the education system, mechanisms that concentrate on achievements and on values, need to take the place of practices weighted towards the disadvantages, demanding average performance and scoring the failures, which are then „benevolently“ forgiven.

- We would like to propose a special programme to spread the personal examples of achievement-centric teachers.

- We recommend an achievement-centric development approach (and not a humiliation-based one) in the evaluation of school teachers.
- Programmes initiated to balance out disadvantages should help to develop values and reshape them into varied mechanisms of enrichment, regarding content, mechanism and communication alike.
- When students change schools (second chance, umpteenth chance, vocational training, etc.) it is important to design value-based mechanisms focused on positive selection.

It is important to underline that the above proposals are quality-centric and should not mean authorization to choose behaviours along the path of least resistance, while ignoring performance.

- *Significant surplus resources will be needed to disseminate individualized forms of education and successful examples of differentiated teamwork.*¹¹⁶
- *Recognition and support of talent is an important component of evaluating and financing teachers and schools.*
- *Significant resources are needed to revive the specialized study circles and self-help education circles as well as to disseminate arts circles, theatre circles, choirs, projects, and teamwork as described under Section V/1.*
- *It is important to offer broader opportunities for various forms of accelerated study (such as bringing forward subject exams to an earlier date, etc.) to promote more rapid development.*

Integration should replace the battle against segregation. Integration is a goal, not a means. The main components of an integrated and coordinated education system are as follows:

- integration should offer disadvantaged children a widespread chance for early childhood education;
- integration should recognize and understand individual socio-cultural differences (including the specifics of Roma tradition), and offer appropriate individual and group training;

¹¹⁶ As we have already noted in an earlier footnote, „tailor-made or individualized forms of education“ do not mean that individual education programmes are designed for each and every student. Instead, the generally required education programme will be offered in the form of varied group training and include supplementary information and study opportunities as well as one-on-one consultations and counselling. This will offer students more opportunity than they have at present to evolve their individual talents.

- integration should take advantage of manual skills, vocational training, arts training, and the effects of the performing arts and physical education on promoting cooperation;
- integration should centre on the diversity of values and not on disadvantages;
- integration should be achievement and praise-oriented instead of failure-oriented;
- integration should include individual and group development programmes introduced at the moment a disadvantage is recognized to prevent dropouts;
- good integration practices should be spread based on personal credibility and personal example of good practices;
- schools that have fallen behind should be integrated into the school system through priority support and development;
- integration should offer a wealth of second and umpteenth chances within the school and adult education systems and offer the quality training that allows transfers from one level to another;
- special scholarships as well as tools to support their recognition including assistance in finding employment and access to housing should be used to increase the number of Roma teachers and Roma assistants who help teachers in their work;
- integration should harmonize the social policy and other legal and institutional framework backing up the schools.

V. 4. Early childhood education

The primary place for early childhood education is in the family. The parent is the first and foremost important teacher for young children which makes it especially important to support families in the home in an organized manner.

- *The entire group of personnel surrounding a young child (family, paediatric nurse practitioner, paediatrician, crèche caregiver, pre-school teacher, social worker, custodial specialist, etc) should be encouraged to form a community for child development. These child-developing communities need to work together to assure that the transitions of family → (crèche) → pre-school → school are smooth and that information transfer is complete, as it often is not at present. The paediatric nurse practitioner service needs to be reinforced.*
- *As a component of the teacher training described earlier, it is important and absolutely necessary to select and motivate professionals who will focus on early childhood education and conduct aptitude tests as part of their training pro-*

grammes before making a final selection. We think it necessary to initiate intensive and well-funded programmes for crèche caregivers, pre-school teachers and primary school teachers to improve quality, offer integrated solutions and to raise the empathy, conflict resolution and cooperative abilities and skills of new graduate teachers. We strongly recommend far more emphasis on the pedagogical content of „partnership with parents“ throughout teacher training and extension training.

- *We need more accessible crèche services where families are unable to provide their small children with sufficient care. Part time solutions should be considered particularly in crèches but also in pre-schools.*
- *It would be important to hold organized sessions allowing teachers in the lower grades of primary school to learn the methods used by the best pre-school teachers and showing parents the long term usefulness of these methods. Organized sessions in which the best pre-school and lower-grade primary school teachers have the chance to teach their colleagues in the higher grades of primary school, secondary school and universities and colleges playful, creative teaching techniques would also be desirable.*

V. 5. Reading, national identity, foreign languages

We need to know our own traditions before we can understand the world around us. Acquiring the skills and routines enabling us to read, speak, think, understand what we read and learn foreign languages requires the school to go well beyond the particular subjects teaching these skills, and comprehend these tasks as all-subject tasks. Making students aware of their national heritage can help them to retain the values and traditions and accept the values of other peoples.

- *All subjects should be involved when improving reading and reading comprehension. Joint family, and school library programmes need to be supported and disseminated, particularly in cases when the library becomes the source of knowledge and community pleasures. The generality of improving reading skills requires, among other things, a good school library teacher and a well-equipped school library.¹¹⁷*
- *It is very important for small children to learn folk songs and folk games that support the survival of the traditions. To support concentration on achievements and make children aware of their national consciousness, it is a top priority to*

¹¹⁷ Improving reading skills is a priority task on EU level, too. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0425:FIN:HU:HTML>

present the values, personalities and common histories that make us proud to be Hungarians and Europeans. Children should learn Hungarian literature and history and the various opportunities inherent in info-communications and the media should be taken advantage of.

- *We recommend programmes to enhance the willingness of language teachers, who speak another language on a high level, to work in education. The components of these programmes making it possible to travel to the countries where these languages are spoken are particularly important.*
- *When training language teachers in methodology, the current dominance of grammar and grammatical rules in testing should be replaced by encouragement to the verbal use of the language.*
- *It is essential that the media should speak the Hungarian language correctly. The currently general film dubbing should be replaced by encouraging television channels to offer films with written subtitles far more often.¹¹⁸*
- *To promote the development of reading skills, we recommend that expectant parents and parents of small children hold conversations with their children, that they recite rhymes and poems together, sing together, and learn the joy of storytelling and experiencing the story. This involves programmes that make this possible.¹¹⁹*
- *It would be important to jointly prepare a concise list of the tales that make up the history of the Hungarians and of Central Europe, as well as approve and periodically revisit that list. It is definitely necessary that students know these tales to the generally accepted depth and that it be treated as a joint treasure.*
- *We recommend that special forms and methods of childhood language learning that have been proven successful elsewhere be generally learned. It is important that when children change schools the mechanisms enabling them to go on with their language studies be in place. By this we are thinking of concentrated studies on an epochal level. Different methods of language teaching, focused on children with dyslexia and other problems that have led to widespread exemptions from language learning need to be offered. Best practices in language education in other specific areas including organizational forms and mechanisms also need to be promoted.*

¹¹⁸ Doing this would conform to examples set in Denmark, Finland, the Netherlands, Slovenia, etc. Subtitling is much cheaper than dubbing and will definitely improve reading comprehension.

¹¹⁹ Programmes of this type include the „Mesélj nekem, édesanyám!” and „Játssz velem, édesapám!” [„Mother, tell me a story!” and „Father, play with me!”] programmes.

V. 6. Mathematics, natural sciences, information technology

No country can expect to have a competitive economy without a close-knit system of up-to-date mathematical, natural science and info-communication knowledge and skills. Improving these skills is not limited to the specific subjects but is a school-wide task. We need to achieve a turn-around in natural science education and this requires a comprehensive programme, not only a series of individual, isolated measures. Only the emphasis on experiments, and problem-based learning is not alienating students from these subjects. In addition, we also must implement the attitude-related, subject-pedagogical and material conditions of modern teaching of natural sciences.

- *When teaching mathematics the best elements of practice-oriented and theory-oriented instructions need to be combined in a manner adjusted to the level of student abilities, the degree to which they are interested and the traditions of the pedagogical community on which the instruction rests.*
- *There needs to be a fundamental change in the „teaching by experiment“ of natural sciences. We recommend a wider use of projects and group work. We think it necessary to have a separate programme that teaches about experimental tools and how to use them. The best instructors need teaching assistants. The system also needs more money to revive the formerly existing specialized study circle network on broad scale. Schools should be more restricted in setting a minimum number of hours for teaching natural sciences, and 25 to 30 percent of that time must be devoted to allowing students to experiment.*
- *Separate programmes are needed to train natural science teachers and to popularize their teaching profession. It would be very important to connect the teachers of these subjects into an international teaching network since the basic content of these subjects quickly becomes obsolete in all EU countries.¹²⁰*
- *When training future teachers of mathematics and the natural sciences we recommend that they too become responsible to improving the language abilities of students.¹²¹ One of the most important tools for this is the repeated use of „word problems“ in these subjects.*
- *Basic information technology (IT) knowledge essentially means learning the most common computer and web applications, and developing that knowledge in an independent manner. Teaching creative uses of IT opportunities is also a job for the entire school. This is one more reason why when teaching IT one has to step past the practice of forcing students to learn obsolete IT theory – which*

¹²⁰ Such as Comenius and eTwinning programmes www.innovativeteachers.com

¹²¹ One key to being able to solve problems well is a rich and diverse vocabulary as well as experience with the language to describe abstract operations.

is often still done. Instead, the information needs to be systematized with an emphasis on new and more diverse applications that reinforce pictorial and creative thinking in teacher training, extension training and teaching.

- When teaching mathematics it is particularly important to work with mentors, specialist advisors, individual teaching programmes and groups, and to disseminate best practices in these areas.
- It is very important to have sufficient funds for supporting mathematical talent support programs, including the multi-level contest system and the specialized circles and camps helping the preparation for these contests. Schools must be given the opportunity and the assistance to set up multi-level talent supporting classes and groups in mathematics.
- We recommend that science museums including the Budapest Palace of Miracles that already exists and the Szeged Palace of Miracles soon to be open, as well as research facilities, universities and R&D firms play a more significant role in helping students to learn natural sciences.
- Teacher training and extension training, as well as curricula, textbooks, and teacher attitudes all need to be updated to properly teach natural sciences. In addition to establishing a building block system of knowledge, natural sciences need to be connected to day-to-day life through practical examples that students can grasp. We recommend an „integrated outlook” in the teaching of the natural sciences¹²² in which the separate subjects make reference to one another when processing information and explaining examples. The „integrated outlook” also should include the ethics, social science and humanities, environmental and health protection aspects of these subjects. This requires a well structured system of extension training.
- When teaching information technology (IT) individual education programmes and differentiated group work is particularly important. These groups can be the bases on which IT can be tested before dissemination, making it an excellent field of experimentation. It is important to help the special programmes and resources that focus on IT studies for special needs and disadvantaged children as well as on especially talented children to get off the ground and grow, for these opportunities are unique.
- IT programmes involving families including self-organized community-shaping IT programmes such as „Teach your parents on computers” or „Grandchild-

¹²² An „integrated outlook” does not mean integrating the teaching of the natural sciences to the extent that the various natural science subjects are replaced by a single, all-encompassing „science” subject. That type of full integration would require very careful preparation and very special situations (such as classes offered to the best students above and beyond separate teaching of the subjects, as is done in e.g. the Netherlands). Full integration cannot be a general way to teach the natural sciences.

Grandparent”, of „WiFi Village” or netbook type programs for children using notebook computers.¹²³

- *Given the heightened competition over salaries, special tools will be required to attract IT specialists with excellent teaching skills into teaching careers.*
- *Regular maintenance of IT systems (this includes both school equipment and the computers used by teachers) is an important basic task. Separate funds will be needed to employ satisfactory systems operators, too.*
- *New IT development should place much more emphasis on school-tailored innovation with the help of mentors than is done at present, and less on competitive bids.*

V. 7. Environmental education and the pedagogy of sustainability

The goal of the pedagogy of sustainability is to evolve a new mode of behaviour of living in harmony with the natural and social environment. The evolvement of this change in lifestyle does not require a new type of school but a radical change in the educational attitude in all current institutions of education.

- *The dissemination of the pedagogy of sustainability calls for a comprehensive change in methodology, not curricula, in all institutions of education. It will be necessary to offer credible advocates of this new pedagogical attitude to disseminate their methods and outlooks toward life on a broad scale.*
- *It is important that the programme to spread the pedagogy of sustainability get underway by mentoring the users and working together in networks.*
- *We highly recommend a programme that spreads the pedagogical skills to encourage arguments to shape independent and jointly formulated opinions, encourages independent decision making and teaches methods for defending those decisions starting on pre-school level.*

V. 8. Education in the arts, a tradition and value of the Hungarian education system

Each and every component of arts education in all elements of the education process is of outstanding importance. The valuable and successful traditions of arts education give irreplaceable tools to heighten emotional intelligence, integrated

¹²³ See, e.g. www.50plusz.net, www.inforum.org.hu or <http://hu.wikipedia.org/wiki/Wifi-falu>. These programs can be used to build informally organized networks which can be promoted through mentoring.

thinking, intuition and creativity. It is highly recommended to raise the current spending on arts education.

- *Enriching arts education with its irreplaceably precious, general pedagogical content is a top-level task for every single school. Therefore, we recommend thinking about how to connect every single subject whose content can be related to art with art. Ancillary teaching materials will be needed to enrich and develop the artistic intelligence in other subjects.*
- *Arts circles and arts ensembles need additional funding and legal opportunities. Schools, general cultural institutions and art institutions should cooperate to expand opportunities to offer the required diversity in art studies. We recommend special sub programs to teach the love of high-standard music, to help the work of choirs, artist groups and ensembles.*
- *In the art education the introduction of a financial support system based on quality and value added would be particularly important. To be able to grant financial support in a differentiated way, we would need to have a European-standard compatible evaluation of the outcome of training in the arts as well as a set of indices that would enable us to make comparisons. We would need to have a system that fairly distributes available resources – especially in the support of artistic talents proportionately with their specific abilities.*

V. 9. Healthy way of life¹²⁴

Unless we can achieve physical and intellectual health, the education will be dead. In a school focusing on the long term, where personality building is in the spotlight of its activity, health education (which includes daily physical exercise, healthy nutrition and mental and social health education) are the central component of the work done by the school. Decision-makers throughout the life of the school should keep it in mind that one of the most efficient investments in society is the health-centric education of our young people. If this is neglected it can end up costing society a great deal.

- *Health education is a central task of school pedagogical work. How successful it is should effect the valuation of the entire school as well as the financing it receives.*
- *Reviewing the way that schools provide the conditions for daily exercise is a top priority task. In places where separate venues for physical exercise are not available because of a shortage of funds, it is important to come up with a plan*

¹²⁴ This includes daily exercise, healthy nutrition and mental and social health education.

to resolve the situation. Until it is resolved, the school must pinpoint alternative venues to use temporarily.

- *We recommend that when physical education teachers participate in extension training courses they have teacher networks available to review achievements in forming sports circles – general and specialized – evolved elsewhere. These activities need to be funded.*

V. 10. Rejuvenating vocational training

Hungary's economy will only be internationally competitive, if vocational training becomes rejuvenated. Rejuvenating vocational training is a key issue and should become a priority component in a nation-strategy focused on general and educational development. The rejuvenation must include the structure of vocational training, the pedagogical content, the system of management, the financing methods, and ways to increase respect for and the prestige of manual work and the trades.

- *Respect for manual work, for the crafts and for manual skills and talents need to be heightened through separate programmes in the primary schools involving the learning of practical skills, through emphasizing the manual portion of technology classes, through pointing out the significance in career orientation programmes, through building support for young people who show talent in these areas and through the media, which should present the most outstanding representatives of blue collar trades and craftsmen and craftswomen.*
- *The structure of vocational training needs to be revamped. Within this:*
 - *The subject structure in the 9th and 10th grades of vocational training schools needs to be altered both in structure and methodology to allow the students to transfer into the introduction of various forms of high-level practical work on an individual basis as soon as necessary. We recommend that there be much more emphasis on practicums in the vocational training schools. We recommend creating the opportunity for a gradual shift in studies from the age of 12 to skills that require manual dexterity as a component of a quality education offered in a later phase of development.¹²⁵ In this context the institutions educating several specialisations are very important, as they can present a large group of professions to their students.*

¹²⁵ This only can be introduced in a later phase of educational development, when we have reached the point, where choice of a manual skill is based on positive selection and the work produces not negative discrimination, but joy.

- We believe it would be desirable to restore technical training, which once was a successful modality, in the trades that justify it.
- We recommend reviewing the National Qualifications Register and adjusting it to contemporary professional and social demands.
- We consider it important to allow the various modalities of vocational training to build upon one another as building blocks and to offer second and umpteenth chances to enrich skills in trades based on secondary school graduation. We recommend rethinking the changes and tools with which the forms of training can be increased (specialized school, specialized secondary school, technical secondary school, general secondary school) and finding ways to allow students to transfer from one to the other. This means recognizing the courses they have already taken and allowing these completed courses to count towards graduation. In higher education (higher level trade schools, and BSc and BA courses) ways must be found to integrate these educational forms with the various forms of adult education. The spread of modular training should offer more opportunities to learn related trades.
- Making an even more widespread use of work forms that lead to employment (such as internships, cooperation contracts with schools and contracts with individual students) would be desirable. We also recommend increasing the proportion of summer practicums which offer students an excellent experience. We need a programme to increase the short-term (generally six month) courses offered by businesses and to monitor them for quality. Another important area of training involves building entrepreneurial skills to enable people to start their own enterprises.
- It might be worth redesigning the idea of requiring students to remain in school until the age of eighteen in such a way that if a student is skilled enough to get a job, the authorities should support the transition to work should it come earlier. By retaining the possibility to remain in public school free of charge until the age of 18, the state would guarantee that it will train students until that age but should a student and a workplace meet the conditions that guarantee a successful start to a career, the student should not be forced to stay in school after the age of 16.
- The pedagogical content of vocational training has to be rejuvenated to promote quality education. Within that:
 - A network of regional examination centres need to be established.
 - Forms of practical education emphasizing group study would need to be expanded.
 - It is important that the craftswomen or craftsmen of outstanding diploma works and their masters should receive special awards. Other forms of recognition also need to be introduced to support creative abilities and dexterous skills.

- *We need a separate programme to increase the number of outstanding masters of the blue collar trades. This means increasing the prestige of the teaching career as well as making it possible for outstanding craftspersons to become specialized instructors or master instructors of their trades.*
- *We need to design a way of providing individual, group, and family assistance as well as different means of mentoring students in trade schools should they appear to be on the road to dropping out. We recommend introducing a pre-school year of study for students coming from very disadvantaged surroundings. We also recommend afternoon classes for student dormitory residents as well as in-school extra study opportunities for those who are not living in dormitories. Mentoring should expand to the initial phase of employment of the student, to help the student's adjustment to the job.*
- *We also need to reshape the management and financing system of vocational training. Within that:*
 - *We think that establishing integrated regional vocational training centres (TISZK-s) was a good idea. This means holding on to the associations that have proven successful but altering associations that were forced into being so that they gradually become truly functioning associations, integrated into a structure that best serves a quality-centred approach.*
 - *We also think that it was a good measure to establish cooperation between the regional centres of vocational training as well as collaboration between them and adult education facilities.*
 - *It would be useful to keep the vocational training programmes adjusted to regional labour market planning.*
 - *We recommend that businesses be included when vocational training curricula are designed as well as in the management of the vocational training schools.*
 - *The state management of vocational training is divided among multiple authorities while resource use is centralized. It appears expedient to revamp the current system to keep the schools under the guidance of a single ministry and the regional professional bodies.*
 - *We recommend ending the state's monopoly role in distributing the vocational training contributions of employers. Employers, employees, business managers and local governments should work together and distribute those funds more expediently.*
 - *It appears wise to redesign the per capita financing of vocational training in accordance with general principles of proportionality, calculating with the actual costs of training, the quality of the training and the location of the facility.*

- *The provision of up to date equipment for vocational training schools needs an overview, including the equipment needed to advance current programmes.*
- *When using European Union resources for vocational training and development, the hegemonic role of the state-run institutions needs to be eliminated.*
- *It would be desirable to develop a cross-border network of Hungarian language vocational training facilities in the whole Carpatian Basin.*

V. 11. Adult education, lifelong learning

Once a person leaves school, the process of learning begins all over again. Lifelong learning is a tool, not a goal. For this reason increasing the ratio of adults who are studying will effectively increase individual performance. In other words, life long learning is not learning just for learning's sake.

- *The development and training of institutions of adult education is a key issue to improve their level and to increasingly adopt experience learned elsewhere in Europe.*
- *We recommend that the systems of educational aims and institutions, which are very disorganized and decentralized at present, be coordinated with existing forms of intra-curricular education. This should lead to a division of labour based on professional arguments and on the quality of training instead of personal interests. We definitely recommend enhancing mechanisms that promote mutual cooperation.*
- *We think it would be desirable to draw the organizations working with elderly people into the planning and implementation of adult education.*
- *Quality control of the training and the dissemination of best practices of adult education are important.*
- *Special attention should be paid to the more extensive use of information technology opportunities in adult education.*
- *We think a separate programme is necessary to make people generally aware of the joys of adult education and to help them feel fulfilled by taking advantage of the opportunities of lifelong learning.*

V. 12. Student dormitories

Our goal is for Hungarian student residences to offer a lifelong experience in community building and humanity. This can be done if we build upon our valuable traditions in comprehensively renewing the educational efforts of student residences.

- *We need to educate a new group of teachers to work in the residential facilities, which means that their professional training and extension training need to be advanced significantly. Within this, we recommend a salary differentiation for quality work, establishing ways to teach a specialized subject in schools and for considering opportunities to advance professionally for teachers in dormitories. Important components of this programme include opportunities for teachers working in student residences to consult with advisors (supervision) and to re-energize themselves by constantly enriching their teaching practices. The community of educators working in student residences requires special assistance from psychologists, career advisors and conflict managers – mediators.*
- *Even in the current situation we must not postpone the renovation of secondary school student residences. When doing so, providing opportunities for sports and physical exercise is a top priority task. It will be absolutely essential to set the minimum amount of assets required for teacher operations in student residences to correspond to current requirements.*
- *In higher education we recommend expanding the specialized student residence movement that is on a high professional level as well as encouraging cooperation among them by building networks.¹²⁶*
- *We recommend that the system of secondary school student residence-financing should be changed to a task-financing system graded by the quality of educational tasks.*
- *We need to renew the education programmes offered by the student residences, particularly on secondary level, to allow broad scope for varied enrichment opportunities. It will be very important to disseminate the best practices in secondary school and college and university student residences (taking advantage of the highest quality educational experiences of religious school residences and specialized residences in the process).*
- *We recommend allowing non-residents to attend study sessions held at student residential facilities in the afternoons.*

¹²⁶ We have discussed our proposals to halt the quality deterioration of students living in specialized student residences and to turn the process around in the Section devoted to higher education.

- *We think it would be expedient to have parents and school teachers to connect up to student residence life to help disseminate best practices. We think it would be a good idea to spread the idea of having a parental leadership in the student residences which could take advantages of opportunities made possible by the Internet.*
- *We believe there should be a very thorough and carefully considered investigation of how many of the student residences currently operating in a given region are actually necessary.*

V. 13. Renewing higher education

The quality of higher education will define how successful Hungary is. Higher education is the priority map of the intellectual, moral and cultural constructs of the country. Its top priority task is to enhance intellectual capital, promote the development of unity in scientific work, education, research and innovation, to train professionals who are ready to work for the benefit of the public and to provide the country with the higher level professionals it needs. Higher education is an organic part of the educational system and the foundation for teacher training, hence the quality of public education. Higher education has lost its coherence and a significant portion of it is in a state of crisis. For this reason, it only can serve its purpose if we improve the quality of higher education, revisit the Bologna system and reconsider the overall management and financing of higher education.

- *We must improve the quality of higher education. To do this*
 - *We must tighten up admission requirements (we will discuss our proposals regarding the secondary school graduation examinations – matriculation – in detail under Section V/14). It is necessary to define the higher education faculties (e.g.: pre-school teacher, primary school teacher, secondary school teacher, physician) where it is necessary to perform a complex evaluation of the applicant's personality to determine the aptitude for the given professions as part of the admission process.¹²⁷ We consider it a useful practice – one that should be continued – to determine the numbers of students admitted to higher education institutions based on the quality of applicants and the demands of prospective employers.*
 - *We recommend an increasing competition between colleges and universities. At the same time, the colleges that will survive on the longer term and*

¹²⁷ We believe that secondary school teachers should be represented on these college or university admission committees assessing personal aptitude.

are not affiliated with any university centre need special programmes to promote their education quality. The financial support of these programmes should be differentiated by the possibility of sustainable quality-based development instead of lobby interests. The renewal of these programmes should require satisfactory improvements in the education levels of the respective colleges following an initial three-year period.

- *The status of „Research University“ will need to be revisited periodically, and the most outstanding faculties or departments should be allowed to reduce teaching hours by granting them extra support and extra funds for infrastructural development.*
- *As a part of the renewal of the accreditation process, the monitoring of the level of training actually taking place at the colleges and universities and the value of the degrees should be*
 - a) continuous*
 - b) well established*
 - c) comparable with European and global standards*
 - d) complex*
 - e) organized*
 - f) uniform on national level and*
 - g) based on independent and external evaluations.*

The output principle („what can the knowledge of the graduates be used for?“) should be an important element of this process. The results of the evaluation should be linked to the manner in which the given faculty and school is financed and to whether the facility is kept open or closed down.

- *The level of instruction offered by each instructor in higher education needs to be made more measurable by designing an objective scale of value added as part of a system that includes the quality of classes offered. It would be important to connect evaluations of the quality of education really being offered with teacher promotion. Teachers offering particularly low levels of instruction should not be allowed to continue as teachers.*
- *We will need targeted programmes to disseminate modern pedagogical methods among the instructors in higher education.*
- *It would be desirable to include excellent professionals from the industry and the economy and from schools in other countries in the process of accreditation and the monitoring of training.*
- *We recommend increasing the number of programmes and faculties teaching in foreign languages.*
- *When offering education to students from other countries, the goal should be to improve quality, not to obtain more students and thus more funds by any means. A school that attracts international students and is able to offer them high level education should be considered more competitive than oth-*

ers (assuming that the international students have to meet at least the same admission requirements as the Hungarian ones).

- Special support should go to evolving networks that enable scientific student circles to operate and outstanding specialized student residences to improve their quality (we are thinking of the establishment of Specialized Student Residence Centres of Excellence – Advanced Institutes of Studies –, of Student Residences for National Excellence and the like) as well as to promote the development of less outstanding student residences.
- It would be important to introduce advanced level and honours courses on a wide scale.
- We need to increase the number of slots in PhD programmes in schools which have been offering verified quality PhD educations for longer periods of time. We recommend a parallel start of a PhD programme (much like the current MD-PhD programmes) for the best students during their undergraduate years.
- It is important that information on opportunities in higher education, on the value of various degrees, on job opportunities and on careers be offered in the secondary schools in a much more organized and thorough manner than is done at present. Talent support and scholarship systems of secondary education will have to be expanded and evolved into an integrated system to counterbalance the transiently more difficult accessibility of higher education when the quality of education in higher education will already be improved.
- It would be desirable to establish lasting relationships between colleges and universities and secondary schools, as well as between higher education institutions and the working places where the students will go after graduation. We also recommend a wider spread of career advisory services, and a system of following up graduates in their careers. It also appears necessary to promote the alumni communities of graduates.
- It is worth considering the specific faculties where the Bologna-system of BSc/BA and MSc/MA courses truly improves the efficiency of education, the quality of learning and the portion of the obtained abilities, which are actually used by the working places after graduation. We need to put an end to Bologna-type of training in faculties when maintaining it is demonstrably damaging.¹²⁸ At the same time, we need to warn that the revisiting of the Bologna programme must

¹²⁸ As already mentioned under Section V/2, teacher-training faculties are one area, where we need to restore undivided five-year courses of study with double majors while maintaining the advantages of the Bologna system (such as increased practicum), and perhaps requiring a sixth year of study for professional practicum. Another factor that needs consideration is how to restore the prestige and advantages of college level operative engineering courses of study.

under no circumstances be done with the haste that accompanied its introduction. Any further unconsidered shakeup in the structure of higher education would lead to an additional and significant deterioration in quality. In the portion of the Bologna system that we retain,

- we need to continue and expand talent-supporting programmes to help excellent secondary school students entering BSc and BA courses of study;*
- it is important that we make it possible for the best students to transfer to a course of study supporting MSc/MA work during their BSc/BA years;*
- we need to evaluate and coordinate the requirements for the meshing of BSc/BA and MSc/MA courses from both directions;*
- we should restrict the number of currently highly overspecialized MSc/MA courses.*
- *The credit system needs to be revisited. While maintaining its good points, we need to find a better way to inspire effort and on-time performance, and thus cut down the often superfluously spent extra years in the education system, which would reduce the costs to the central budget, too.*
- *It is important to promote communities of students by supporting the education process, the student residences, the specialized student residences and the self-organization of students.*
- *We need to revisit the system of higher education management.*
 - Within the management it is a top priority to shape a long-term outlook focused on increasing knowledge and on promoting an ownership commitment.*
 - While maintaining research and education as autonomous components of the higher education system, we need to reinforce the consideration of the society's interests.*
 - We need to re-examine the regulations governing the current operation of university and college Business Councils. It would be desirable to create opportunities for economic considerations to be organized, coordinated and ranked in order of importance in a nationwide manner.*
 - It is worth reconsidering the level of student self-government participation in the university and college leadership. Student self-governments should be independently audited for rule compliance and democracy and for the professional and leadership skills of their representatives.*
- *We need to reconsider the entire system of higher education financing.*
 - In the new financing system we need to guarantee long term reliability and to consider the expected demand for newly starting courses and faculties. We also need to differentiate forms of support in accordance with the quality of students and the course of study as well as the consideration of effects of long-term financing through PPP projects. We recommend that financing should be better connected to the actual costs of the course and that research*

financing should be managed entirely separately from all other sources. The financing of colleges and universities cannot be separated from the true level of the educations they offer.

- *It is important to think about where to separate the „public service“ aspect of higher education (state financed) and the „market“ portion (for which tuition fees are required). Within this, it would be wise to ascertain the extent to which it is necessary to maintain differences between state-financed and paid courses of study.¹²⁹ We believe that a basic principle of payment for higher education should be to support poor talented students in rising to the level warranted by their abilities. The cost of a higher education should not limit anyone in ambitions and opportunities.*

V. 14. Measuring student and school performance in public education

Independent, organized, complex, central evaluation. The mandatory evaluation schools are required to undergo every four years should be redesigned, with an independent national centre established specifically for the purpose of doing the evaluation. (As an alternative, regional centres could operate in a manner similar to the old school districts as a closely coordinated but independent network.) Specialist staff members¹³⁰ could take advantage of the experience gained by the specialist supervisors and perform intensive work at local schools. Extensive coordination will be necessary to determine the considerations of the complex evaluation. Each institution evaluated should be supported in the diversity of its practices but must produce a minimum of age-specific uniform information based on uniform principles of education, and the system of evaluation must insist on this. We recommend that the following factors be considered during the evaluations.¹³¹

¹²⁹ One good example of the „public service“ component could be – for example – the education of teachers, doctors, police officers and members of the armed forces. Fairness is an important part of the public service component of higher education, meaning that it should help poor youngsters to gain admission to college or university. The principle of fairness does not operate in the current system, where a single point in the admission examination separates the student who pays no fees from the one required to pay full tuition, or when it is very difficult to transfer from the one category to the other based on later class performance at the university or college.

¹³⁰ These specialists can be experienced instructors working in other schools, who take advantage of the experience gained during the evaluations in their own communities, too.

¹³¹ Most of these considerations already exist in the currently valid complex programme of institutional monitoring and evaluation. In the higher education we need to shape institutional effectiveness in the manner already described. At universities and colleges an in-

- Whether the level of education offered in the school and the value added presented by the teacher and supported by quality control measurements really meets the goals of a national education strategy;
- whether the forms of education offered to individual students and the practices of differentiated group work improve the diversity of skills and exceed the mandatory level of educational and cultural services;
- whether the level of teacher expertise and aptitude and student and teacher attitudes/motivation support the school in its community shaping and personality-developing educational power;
- whether the learning process sets the foundation for lifelong learning, quality learning and life after school (continuing education, successful career, health, forming successful families, number of children and how successful they are);
- whether the students, teachers, parents and employers of graduates are satisfied;
- whether a long-term approach has been established combined with an ownership outlook (the intent to maintain and expand knowledge and abilities as an asset that can improve economic efficiency) as well as leadership competencies;
- whether the institution meets its role as a learning organization, a learning and cooperating community of teachers;
- whether the institution's financial operation is cost-efficient.

The evaluation requires a complex way of looking at the institutions, one that includes the evaluation of organizational development. The process of evaluation should include input from experts from the national centre, teachers, students and non-teaching staff in the schools, representatives of parents and of the bodies maintaining the schools as well as the members of the specialist supervisory system that liaisons with the school. The input of each should be weighted appropriately. It is expedient to include the facility's self-evaluation and quality assurance into the evaluation. The evaluation should not be focused on sanctioning but should serve as a „critical friend“ to underline merits and development opportunities. Less frequent evaluations are necessary in the schools that are verified as high quality. However, evaluations should be performed more often in low-quality schools. In the latter case, a continuous assistance should be organized and teachers from the successful schools should be transferred to them – and appropriately paid –

dependent evaluation must be established, which is coming from the outside that considers the value of the degrees on a continuous basis that includes the merits of the institutions and degrees when compared to all of Europe as well as the rest of the world.

while school principals might need to be changed. If necessary, the management and financial independence should be reduced or completely revoked. It is important that the assistance should begin much sooner (possibly years sooner) than the sanctioning components and that predictable sanctions only should be imposed when the school has proved itself to be incapable of cooperation and development. The management of the evaluation system must be independent of the regional or national management of education as well as of the education development system, but the experience gained over the course of the evaluation should be taken advantage of in both the management and development support process. When a school must unavoidably be closed down, the decision-making process should include a mandatory evaluation of the facility, and the school only should be closed if its teaching activity has been verifiably poor for an extended period of time.

- *As part of an achievement-centric approach, we recommend organizing the individual and complex evaluation of student performance at least once every academic year, through a personal discussion that includes the teachers, the student and the family. The evaluation should cover the student's merits, features reflecting her or his personality, and factors behind them, and – most importantly – the ways how the student may improve. It is wisest to concentrate on jointly seeking out the features that offer chances of future achievement. The personal values and the shortcomings of the student should be the points of departure in the programme needed for an optimum exploration of individual values.*
- *Secondary school graduation exams, in the form as they are at present, are not encouraging maximal performance but the collection of the maximum number of college/university admission points with a minimum performance. For this reason, the system that includes the current secondary school graduation exam and college/university admission exam needs to be changed. In the course of the proposed changes the following steps must be taken.*
 - *A pre-planned and pre-announced requirement for entering a college or university should be the achievement of a satisfactory performance level on the high-level graduation exam. It appears necessary to re-design the admission points system to emphasize the subjects required in the given college or university (for example, to replace the current over-emphasis on language exams).*
 - *Following long-term planning and extensive publicity, there should be a gradual increase in the minimum performance expected in the mid-level secondary school graduation exam. On longer term the convergence of the minimum expected level at the mid-level exam to the current minimal requirements of the high-level graduation exam is necessary.*

- *The objectiveness of the graduation exam should be increased significantly. A complex programme targeting this end should require more thorough pre-testing of exam tasks, a better preparation of the teachers evaluating the exams, a stronger participation of outside evaluators and examiners, and much stricter adherence to the rules.*
- *We recommend reducing the overly high number of facultative subjects students may take the exam in. At the same time, we suggest that one subject in the natural sciences should be required (the student may choose which one) in addition to the other required subjects (literature and grammar, history and mathematics) in the exam.*
- *We also recommend an increase in the number of tasks suitable for ascertaining the general cultural level of a student among the secondary school graduation exam questions. The possibility of projects submitted as part of the graduation exams should be expanded.*
- *We should consider whether students might be given an opportunity to prove they have special knowledge useful in a chosen college or university by introducing one more facultative graduation exam subject.*

It is worthwhile considering whether the introduction of the above criteria might call for changes to the current two-level (mid-level and top-level) graduation system or the restoration of the previous single-level system.¹³²

- *Grades in conduct and diligence should be eliminated because the proposed complex evaluation will do a much better job.*
- *An increase in the studies of career paths is necessary keeping in mind that they should obtain the most valuable information with the least amount of administration.*
- *When performing an evaluation of a school using national standards it would be expedient and important to conduct a detailed cost/benefit analysis to determine the extent to which the benefit of having the data is worth the cost, which also includes the administrative costs of the schools performing these tests. Measurements should only be expanded once this is known. We recommend that the measurements involve a minimum of administration and a maximum of IT. The national measurements should not be viewed as separate entities, isolated from the other factors and by no means should they be used as data sources leading to sanctions. Instead, the evaluation of individual facilities should be an integral part of a complex institutional evaluation.*

¹³² If the two-level graduation exam system is retained, it would be important to evolve a precise way of comparing and scaling the mid-level and high-level secondary school graduation exams. If a uniform graduation exam system is introduced a proper mechanism for the simultaneous selection of the minimum requirement to pass the exam, which needs to be raised, and the selection of the maximum requirement for admission to college or university needs to be thoroughly considered.

V. 15. Financing, institutional structure, management and development of education

Long term, reliable, consensus-based education policy. We need to evolve a twenty-year long-term education policy and national education strategy that rests on political compromise and national consensus, and makes it possible to design long term sustainable institutional planning. The individual decisions should be subordinated to the national education strategy. This will require thorough and complex impact studies, a partnership with teachers, the development of positive attitudes via a set of extensive preparatory measures giving the necessary time, energy to reach agreement and participation of the teachers and the society.

Financing education in a manner that provides incentives to reach high quality. Our task is to create the most efficient education system in the region, not the cheapest one. We need to rethink the financing of the *entire* education system. In thinking out what needs to be done, we need to realize that we must have a system that is reliable on the long term, in which financing is not fragmented and which supports quality education. We must switch from the current per capita financing to task-based financing. The financing system will have to be linked strongly to the system that evaluates education quality, ensuring the differentiation according to education quality and value added. When financing schools that offer quality education, the „discretionary“ portion of the funds must be much higher than in schools that are not able to provide a quality education. In these latter schools development funds should be properly designed and highly regulated to guide the school towards a higher quality of education and should be linked to mentoring. These development funds should help the school move towards quality education, in which case the school would (again) receive a larger portion of its funding as discretionary funds. The entitlements from which support is received should be uniform, and the amount of state financing need to reach 100%. The requirements appearing in the current, overcomplicated financing system should be built in the complex evaluation mentioned before.¹³³

¹³³ We are aware that there can be many alternative proposals in addition to the ones we suggest. One might maintain the current „mixed“ financing structure, in which a centrally set minimum would be required for the portion of financing coming from the state, while alongside that the local governments and local communities could put forward their own requirements along with the funds to realize them. However, the latter system would go against our proposal in that it would increase differentiation and would not act as an incentive towards quality work.

Effective long-term development strategy. We need to conduct an extensive debate to coordinate the direction of development and guarantee it on long term. The clear separation of the following two components is essential:

- one is the type of competitive grants that schools already proven to be of high quality should be able to access by the excellent initiatives of their innovative teaching communities¹³⁴ and
- the other is a set of targeted development funds intended for schools that do poorly in the evaluations, which, combined with diverse external assistance, are intended to promote their development in a strictly prescribed manner.

It would be justified to establish networks of mentors for schools that are left behind. Here the institutions and teaching communities willing to serve as mentors should receive both financial and moral recognition for their efforts, depending on the success of their work and the satisfaction of the institutions mentored. Mentor-aided innovations should also be widely applied at infrastructural development. This type of reorganizing development policy would only allow market conditions to become involved in areas there they truly have a place, when the schools in question are truly able to make professionally founded market decisions.¹³⁵ Development aims and targeted development in conformity with previously described elements of our proposed strategy should only be allowed to evolve on large scale once demands have been surveyed, the methods have been tested and those tests have proved to be successful.

¹³⁴ When bidding for these competitive grants, the principle of trust based on recognition of professional competence needs to operate. In other words, communities that have proved their ability to develop well over the long term should be given an almost complete freedom in choosing the professionally supported development goal and in using the funds for their development, albeit in accordance with financial rules. At the same time, when an institution has a history of faulty operation related to the use of past development funds, it should receive a far more limited liberty and be required to submit to far more detailed rules of accounting and supervision. It also appears necessary to prepare „blacklists“, lists of schools that are openly prohibited from accessing funds because of past irregularities. In this care, however, we need to evolve a predetermined and publicly supervised mechanism that can allow the given community to be removed from the blacklist on evidence of reliability and satisfactory development.

¹³⁵ The restriction of the education market would be temporary for it is in our mutual interests to have as many schools as possible that demonstrably do high quality educational work when measured with objective, external standards, and to lead back these schools to the education market.

Diverse but integrated school structure. A good school structure must meet the requirement for uniformity (structural integration) as well as for diversity. A good public school structure

- can use the 8+4, the 6+6, of the 4+8 year ratio of primary to secondary school, all of which have traditional values in Hungary;
 - must be sufficiently open and flexible to allow each individual to find the type of school that best meets her or his needs;
 - is integrated: contains no blind alleys and offers students a multitude of chances to switch from one course of study to another;
 - does not force students to make premature choices but does not hold them back either, if their own personal development dictates a different course for them.
-
- *It appears expedient to raise the level of effectiveness of the educational process by raising the economic efficiency of the entire system and disseminating good economic management practices instead of imposing fiscal restrictions.*¹³⁶
 - *When deciding whether to close down a school or merge two schools it is extremely important to conduct a thorough and complex analysis of the quality of the education in the school(s), the chances of the residential community related to the school(s) to survive, the possible modern info-communication solutions and the possibilities for employing teachers who travel to the school(s). The closing or merger of schools requires a thorough preparation, involving at least two years (the optimum is four years) of continuous coordination. It would be best to offer professional mediation for parties whose interests are opposed to one another. When schools are merged, guarantees must be put in place to prevent one or the other involved group from overwhelming the other.*
 - *The National Core Curriculum and the current system of framework curricula need to be revisited. It would be expedient to evolve a set of regulations that are even more flexible than the current ones for those institutions, which were found to be the best at the evaluation, as well as another set of regulations for the low quality schools, which should be much more detailed than the current ones. For these latter schools that need more help, even the minimum national level of systematized knowledge needs to be regulated in detail. It is important to have a brief version of the National Core Curriculum that teachers can use as a sum-*

¹³⁶ Care must be taken that the necessary improvement in efficiency should not trigger another „war“, at this time appearing as a battle against the „squanderers“. Improving efficiency should not be performed by emphasizing errors but by disseminating the demonstrable values of responsible and efficient financial management. It is important to see that this outlook is the same at one level higher like the success and value-centric outlook put forward in Section V/3, for it is on institutional level.

marizing document, which treats the importance of education, values and moral norms as well as systematized knowledge as central values.

- *An analysis should be conducted to determine the optimum level of school management and the ways of providing it (state-run schools, schools linked to districts, local-government schools). It would be important to avoid mixed and halfway-solutions and to guarantee that the system maintains its stability over the long term. The system of institutions providing the management will have to establish a very close cooperation with the development and mentor-based assistance system and will have to be coordinated with the independent quality evaluation and financing systems.*
- *With local government and state run schools, it will be necessary to create a quality-based differentiation of the autonomy level of these schools. In this system high quality schools will receive a high autonomy, while low quality schools will receive a low autonomy. Measures should be implemented to make all partners interested to increase the number of high quality, highly autonomous schools.¹³⁷*
- *Selection of education managers (school principals), heightened recognition for their work, and their extension training that includes study trips abroad are of fundamental importance. It would be best if extension training for education managers were to include periodic postgraduate courses that offer useful, up-to-date practice-oriented and scientifically founded information. Mentoring and coaching for new managers with little management experience would help them to build networks, work off their frustrations and prevent their premature burn-out. The assistance should include mental health programmes and recognition of best practices, which includes disseminating the examples and methods used by the best managers on wide scale.*
- *It is necessary to support the evolvement of networks involving schools, teachers, students, parents, grandparents, communities maintaining the schools, players of the labour market, institutions of general culture and the media. The program promoting this should receive separate funding and the support of evaluation criteria.¹³⁸*
- *We believe it would be a good idea to conduct a thorough investigation of the eligibility criteria of the system of educational experts and to establish a continuous supervision of educational experts.*

¹³⁷ This type of differentially decentralized school operates in many countries at present, as charter schools. http://en.wikipedia.org/wiki/Charter_school These versions only can be introduced if the repeal of autonomy does not qualify as punishment. Instead, it should help the transformation of the teachers in the school to a learning community leading them to a road to restoring independence. To promote this, the management system should contain incentives that measure the success of management by improvements in school quality and autonomy.

¹³⁸ These new forms through which teachers offer information to parents are important (Parents' Academy) as are parent-teacher meetings and joint family programmes.

- *When developing any portion of the education system or the schools themselves, studies and analyses of the sustainability of the process before it begins, while it is underway and after it is completed should be conducted. In this it is important to define the proportion of the role to be played in the maintenance of sustainability by the state, the local community, and the school.*
- *School developments should be closely linked to the evolvement of communities of outstanding schools with innovative teaching communities and networks that disseminate the innovations.*

V. 16. Assisting the education of Hungarian communities in neighbouring countries

Support policies should be replaced by a systems-based development policy when offering assistance in education promotion to Hungarian communities in neighbouring countries. The degree, priorities and methods of assisting in the education of ethnic Hungarians in neighbouring countries is a constitutional obligation of Hungary that must be adhered to by evolving a development policy together with the ethnic Hungarians in these countries that offers long-term stability and contributes to people prospering in the land where they live. We consider it worthwhile to design a development policy and economic development policies that mesh with the EU's development concepts. We recommend establishing a National Educational Council within the current system of institutions to evolve and supervise the development policy.

- *We believe it would be expedient to assist the Hungarian language higher education as well as lower forms of education of ethnic Hungarians in neighbouring countries. However, we believe there should be a concentrated supporting effort in the pre-schools and primary schools. We think it would first of all be necessary to help schoolteachers with their methodology, with developing the study materials and with Hungarian language textbook publishing. We also think it a good idea to evolve an extension training system for teachers who teach in Hungarian.¹³⁹*
- *When supporting higher education, it appears wisest to emphasize quality development and teacher training (offering locally set up faculties, extension training,*

¹³⁹ Essentially, it would appear wisest to encourage projects that are supported by local demand and by the labour market. That way the employment of ethnic Hungarians in the countries where they live could improve, as could the competitiveness of the institutions and organizations that employ them. It would be desirable to support evolvement of actual and professional bilingualism in long-term development to enable ethnic Hungarians to serve as a link between the economies and cultures of neighbouring countries.

textbooks, and opportunities for study exchanges as typical examples) as well as to encourage the universities to focus more on lifelong learning and adult education.

- *It is necessary to mutually recognize pedagogical innovation and best practices, and to encourage their simultaneous dissemination throughout the Carpathian Basin through teaching networks, on-site training courses, partner schools, student exchanges, joint contests and cross-border student-teacher projects. It is worth thinking about network cooperation that is already up and running (such as the „Arany János Talent Support Programmes”) and expanding these projects throughout the Carpathian Basin. It would be worthwhile better coordinating EU projects transcending our borders.*
- *It would be very important to offer balanced support to groups of Hungarians living in different neighboring countries. For instance, it might be worth thinking about supporting Hungarian language university level instruction in Vojvodina (Serbia).*
- *It is recommended we should initiate a dispute with a particular sensitivity to clarify the level and modality of supporting education in regions where the ethnic Hungarians live in scattered communities (priority examples of this would be student residences, childcare and daycare centres, distance learning, Sunday school and talent supporting programmes). It would be important that the support to Hungarians in scattered communities should not be fragmented but should encourage cooperation and network building.*
- *We recommend that all Hungarian communities in the Carpatian Basin should mutually learn of vocational training and adult education development programmes and think over the lessons. These are two areas were additional funding will be necessary for an intensive cross-border cooperation to develop.*

Concluding note: Many components of the proposals we have put forward require highly experienced teachers. For this reason, a vital prerequisite to this set of proposals is the training of new teachers and improving the quality of the work of the teachers already in the schools, using the complex tools we have described. Unless the work of the teachers and recognition for that work improve, cherry-picking among the other proposals will be a failure. In fact such a practice might even further deteriorate the average educational level.

VI. Summary:

The most important objectives

For the Hungarian education system to be successful in preparing us for the global changes, we first have to agree on the most important issues related to rebuilding the educational system. The task is huge. Reshaping the education system is not a matter of professional policy but a priority area of a complex nation-strategy. We will have to alter our day-to-day behaviour for rebuilding the education. This means that our proposals are not merely aimed at the decision-makers but a nationwide cooperation is also needed. Everyone involved (which, in the final turn, is every resident of our country) should be able to find the task that she or he is ready, willing, and able to do to promote the improvement of our education system.

VI. 1. The most important objectives

The goal of education is to build a school community that has a firm order of values in which a student receives encouragement and diverse assistance to help not only to develop her or his abilities to a maximum but also to obtain the systematized knowledge best for her or his personality. This educational process will set the foundation to create value in culture and science, both based on rich Hungarian traditions. The proposals we have summarized below are intended to promote improvements in quality-awareness, and to develop education into a high-quality process and with a high value added. The proposals will contribute to rejuvenating pedagogical culture so that school and learning become a source of joy to the students.¹⁴⁰

1. *A long-term stable, reliable and consensus-based education strategy.* We require an education strategy based on political compromise and the

¹⁴⁰ Additional proposals connected to the main components listed here can be found in Section V. Elaborating most of the proposals, in particular, the precise system of evaluation, the differentiated management of schools, the modes of financing and the systematic and diverse development assistance to be offered to the schools that fall behind, still requires a great deal of work. We recommend extensive debate on these topics and hope that the current proposals will be useful in initiating a valuable debate.

broadest possible national consensus, which will enable a planning of the educational institutions that will be stable and sustainable on long term. Individual decisions only may be made if they are subordinated to the national education strategy, are in harmony with it, are in partnership with the teachers, and include thorough and complex impact studies, evolve a positive attitude, and follow a sufficient period of preparation in which all involved people and assets have been appropriately mobilized.

2. *The value preservation, value mediation and value creation role of school communities and culturally dominant teachers.* Evolving a school order of values, making people aware of it, sustaining it and transferring it are top priority tasks for teachers and students and are only conceivable if a school community is sufficiently strong and operates well. A teacher must be a model and must play a culturally dominant role if she or he is to be successful in maintaining values, transferring values, relaying values and creating values. Increasing the preparedness level of teachers and restoring their social prestige and esteem are essential, for without it we cannot expect any significant improvement in the school's order of values. Today, these latter are the most important tasks of a responsible education policy.
3. *Outstanding teachers.* Only outstanding teachers can be expected to teach in an outstanding way. Of key importance to achieving change is that on short term teacher-trainees must become the envied elite of the higher education system. This will require offering significant scholarships, conducting a high degree of complex quality selection, guaranteeing jobs, offering well supported retraining as teachers for people who are successful in other professions, as well as improving the standard of teacher training. It will be essential for teachers just beginning their careers to receive a great deal of support from a variety of mechanisms (mentoring, restoration of a network-building specialist supervisor system, rejuvenation of the extension training system, revision of the textbook and teaching aid system, etc.). We will have to find the way to change the attitudes of the largest possible number of teachers who have professional aptitude but are presently not motivated, to become interested in quality education. The changes attained here are central elements and conditions to our entire series of proposals.
4. *The teacher as a respected and creative partner.* Education management has to treat teachers and their communities with trust, as equal and creative partners. In other words, it has to serve them, not herd them. Teacher networks, exchange and partner programmes will help. It is definitely desirable that the complex, personal and differentiated evaluations of

teachers, which are partially completed by outside partners, be more substantial and deeper-reaching, and that the evaluations lead to differentiated teacher salaries based on the quality of performance. We think it is worthwhile expanding the consequences of differentiated evaluations, both in the positive and the negative sites.

5. *Values and achievements, instead of disadvantages and failures.* Mechanisms concentrating on values and achievements need to replace current practices weighted towards disadvantages and failures – which are currently followed by „benevolent“ exemptions from expectations – throughout the whole of the education system.
6. *Independent evaluation, differentiated treatment, effective financing and development.* We need to evolve an independent and complex order of evaluation to consolidate the school order of values and achieve cost-effective maintenance and development of our schools. In the course of this evaluation we think it appropriate to group the schools into different levels based on the quality of the education they provide. This would define their level of independence and the mode with which they are financed. The excellent schools need more independence in the way they are managed and budget their funds, while the schools that are behind need central management and professionally supported, prescribed development. Education will only become more effective and better if we completely revamp our education financing and development policies.
7. *Equitable and integrated education system.* With targeted and priority development given to schools that have fallen behind it will be possible to get every member of the school community to perform a much higher level of educational work. For the integration of the students who fall behind or drop out today, we will have to provide sources of achievement and joy, while recognizing Roma and other specific socio-cultural values.
8. *Renewing vocational training – a priority component of our nation-strategy.* The renewal of vocational training must cover the structure of vocational training, the pedagogical content, the systems of management and financing, and must include heightening general respect for blue collar work and skills. Early practical education and measures to prevent dropouts are of priority importance in this process.
9. *The quality of higher education – a key to the country's success.* We need to rethink the admission system, heighten competition among colleges and universities, design a new system of evaluation, increase the openness of these schools and offer special help to talented students to improve the quality of higher education. We also need to carefully reconsider the Bologna system. We have to redesign the complete higher education financing and management systems.

Comparison with the best education systems. It is worth comparing the most important proposals summarized above with the world's best education systems. The cornerstones of the Finnish education system are trust in their outstanding teachers, autonomy and encouragement of local innovation, the guarantee of equal opportunity, and diverse support instead of sanctions.¹⁴¹ The world's best education systems choose the best applicants for the teaching profession, offer high level training and extension training, maintain a stable system of requirements in the schools, and provide intensive assistance to schools that fall behind.¹⁴² Our proposals set the principle of trust and assurance of excellent teachers as one of our most important conclusions. Given the high level of differentiation in the Hungarian education system, we recommend autonomy and local innovation in schools that are capable of offering a high level of education, and diverse support to the schools that are lagging behind. These should be the dominant management components. This differentiated manner of treatment makes the assumption that the system of requirements in the schools is stable and that reducing the gap between school levels will promote equal opportunity for students. Given the specifics of Hungarian society and the Hungarian education system, the above will have to be accompanied by the specific goals of consolidating the school communities and their orders of value, the dissemination of achievement-based technologies and the demand for quality. In societies that have developed in a healthier way than our own, these are basic norms of behaviour and consolidating them does not need to be a central task in these places. Renewing vocational training and higher education are also priority tasks for us. *In summing up, we can say that our proposals mesh with the best international trends, but that we have added additional initiatives which in our experience meet with Hungarian specifics.*¹⁴³

Additional vital components in the pedagogical renewal needed to rebuild the education system can be summed up as follows:

¹⁴¹ Koljonen, T. (2006) Quality without supervision in Finland. In: Values and evaluation in public education [In Hungarian]. VIII National Public Education Conference of Experts, Hajdúszoboszló.

¹⁴² Barber, M., Mourshed, M. (2007) How the world's best-performing school systems come out on top. New York: McKinsey & Company. (<http://oktatas.magyarorszagholnap.hu/images/Mckinsey.pdf>)

¹⁴³ Other EU countries have made similar proposals. Therefore our proposals are in harmony with EU recommendations and expectations. (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0425:FIN:HU:HTML>).

- *Family and early childhood – the most important period.* Family is the first and foremost important place for raising a small child. Therefore, it is particularly important to offer a variety of tools to help families in this job. The people who teach small children are the most important players in the entire educational system. It would be a good idea for teachers in the higher grades of primary school, secondary school and in higher education were to learn the techniques of learning through play and heightening creativity from the most outstanding early childhood teachers. An absolute priority task for the child development communities surrounding the family is to provide a smooth and joyful transitions along the family → (crèche) → pre-school → school axis.
- *Family, media and society – all allies of the school.* The school must have the support of the family and all additional players surrounding it to successfully manage its educational tasks. We must alter the media's current role, for it very often has become an obstacle to the development of character and to community development.
- *Developing skills – inter-curricular tasks.* Learning to read, speak, to comprehend the written word, to understand mathematics, to develop the routines needed for info-communication and to learn other languages are all modalities that go beyond the scope of the individual subjects and are tasks requiring the support of the entire school.
- *Experimenting – the key to rejuvenating natural science studies.* Natural science education needs to be turned around. The only way to teach science without estranging students is to allow them to experiment and discover scientific problems themselves. This requires a change in outlook, in teaching methods and in funding alike.
- *National identity – the basis for understanding other people.* Presenting the values, personalities and common tales that makes us proud to be Hungarians and Europeans is a very important tool for heightening national identity. A student must be aware of her or his own culture and past to be able to understand others.
- *Info-communication methodology – a new tool of pedagogy.* Information technology and communication technology are the most rapidly developing tools in the teaching arsenal of today, offering a wealth of new methods in all aspects of education. It is particularly important to use them in individual education programmes, differentiated group work, talent support, support for equal opportunity and in the dissemination of the pedagogy of sustainability.
- *The pedagogy of sustainability – preparing for the future.* The pedagogy of sustainability helps to change our life by considering the needs and possibilities of the natural and human environment. It is the best possible

form of joint, explorative and cooperative learning for it has the power to improve the behavioural models of the entire school.

- *Arts and physical exercises – essential tools for understanding and a full human life.* Time spent each day with the arts and with physical training become tools to obtain a series of personal characteristics of key importance that on the surface appear unrelated. They include the enhancement of intellectual capacities, writing skills, compliant behaviour and willingness to cooperate. To help all this, teachers need to set personal examples through their own lives, including love of exercise and of the arts, which, when practiced, have tremendous powers to educate.
- *Adult education – enhancing lifelong learning skills.* Adult education helps people to acquire knowledge they missed out on while of school age (second chance and umpteenth chance), while it also offers extension training and retraining that can become necessary as life situations change, as well as a chance to spend leisure time in a useful way, obtaining new abilities. Coordinating the diverse components of adult education and getting them to cooperate are very important in turning adult education into a joyful experience allowing people to live up to their full potential and participating in the lifelong learning process.
- *Student dormitories – places of efficient education.* We need to renew the education programmes offered within student residences and improve their operation conditions, to allow this unique venue of community education to be sufficiently effective. The skills of the teachers working in residential facilities and the provision of opportunities for these teachers to continue their professional development are key elements to the success of the process.
- *Good school principal – a must for a good school.* Selection of the personnel managing our schools is a key issue as is enhanced recognition for this work, and providing the school principals with a higher level of specialized training, mentoring and extension training. Important components of this process are the building of a manager network and special mental health programmes for managers.
- *Secondary school graduation examination – the guarantee of high quality.* There is simply no way to sidestep the requirement to raise the level of secondary school graduation examinations (matriculation), to improve their objectivity, to narrow down the number of facultative subjects and to introduce a mandatory natural science subject (the student may choose which one) as part of a transformation of the current graduation and university entrance exam system.
- *Integrated development policy – the key to supporting Hungarian education in neighbouring countries.* We must have a stable development policy de-

signed jointly with the Hungarian communities living in neighbouring countries if we are to help Hungarian education in these places to contribute to assisting the Hungarian communities in prospering in the lands where they live. We think it necessary to evolve our development policy to mesh with joint economic development concepts that are in harmony with the EU's development concepts. We recommend establishing a National Educational Council within the current system of institutions to shape and supervise the integrated development policy.

VI. 2. Values to be maintained and components to be reshaped

When thinking over the rebuilding of our education system, we know that we have to retain the diverse and extensive values the Hungarian education system proudly possesses today. The transformation must not be hasty and all interactions must be carefully considered. The following is a list of examples already cited in Section V. Here we have taken some important components that must be retained and others for which we definitely recommend change, albeit, only after careful planning.

<i>Values we must retain</i>	<i>Components we must transform</i>
<ul style="list-style-type: none"> • value building communities • successful education practices of excellent teachers • the increased length of practicum study in teacher training • initiatives to enhance teacher recognition • the professional network connecting teachers • techniques to assist disadvantaged and Roma students and to prevent dropouts • the excellent examples of talent support • excellent pre-school and school examples of early childhood education • good examples of helping families • initiatives to instil a love of reading 	<ul style="list-style-type: none"> • the lost balance between rights and responsibilities; the generally overlooked violation of rules and norms, the low level of conflict resolution • the low level of teacher prestige • the Bologna system of teacher training • the lack of specialist supervision and evaluation in the education process • the excessively market oriented and otherwise unmanaged system of issuing textbooks, teaching aids and of providing extension training for teachers • the failure and disadvantage-centric teacher outlook

<i>Values we must retain (cont.)</i>	<i>Components we must transform (cont.)</i>
<ul style="list-style-type: none"> • good practices and programmes to support tradition and awaken a national awareness • excellent methods of teaching mathematics and the natural sciences • existing good examples of sustainability pedagogy • the rich Hungarian traditions and values in teaching the arts • excellent examples of sports in schools • the practices of outstanding instructors in vocational training • the gradual transitional forms shifting trade trainees from school to work (internships, cooperation agreements, student contracts with prospective employers) • the regional planning of vocational training programmes • good examples of the type of adult education that people enjoy • student residence education, the excellent Hungarian traditions of the specialized student residence • the excellent higher education teaching and research communities • the components of the secondary school graduation system suitable for demonstrating a complex level of knowledge (such as the evaluation of project work) • internationally recognized personalities working in higher education, who have created schools of knowledge of their own • good examples of talent support in higher education (scientific student circles, specialized student residences, outstanding schools for PhD candidates) 	<ul style="list-style-type: none"> • the unbalanced fight against segregation as opposed to the endeavour to integrate the education system • the often unacceptably low speaking ability of foreign language teachers • the incorrect use of Hungarian language by the media and the general practice of dubbing the films they broadcast • the unfairly poor circumstances under which natural science experiments are performed • the critically low level of knowledge by young beginner science teachers • information technology programmes that put the technology in place before arousing an interest in it • the generally and unfairly low average level of respect for physical training • the often too-late beginning of the practical portion of vocational training • the poor components in the management and financing of vocational training • the haphazard and disorganized components of the adult education system • the – in many cases – unfairly low level and poor conditions of education work in student residential facilities • the low-level components of the secondary school graduation (matriculation)/college entrance examination system that offer incentives to underperform • the insufficiently thorough evaluation of instructor work in higher education

<i>Values we must retain (cont.)</i>	<i>Components we must transform (cont.)</i>
<ul style="list-style-type: none"> • good examples of the success-centric complex evaluation of student performance • good examples of complex evaluations by the bodies maintaining the schools • forms of institutional development based on cooperation and the dissemination of best practices • the excellent traditions of schools with primary/secondary grade breakdowns of 8+4, 6+6 and 4+8 years • schools that have been successful in establishing transfer points from one type of education to another (modular education, schools offering second chance and umpteenth chance courses, etc.) • innovative teacher communities • assistance to Hungarian schools and programmes in neighbouring countries • relationships with the schools of Hungarian communities in neighbouring countries 	<ul style="list-style-type: none"> • the highly closed nature of the average college or university, which includes hesitancy in building international education relations • the general introduction of the Bologna system • poor components of higher education management and financing • education policy based on individual short-term considerations • the per-capita financing system • the competitive grant-centric institutional development policy • the campaign-like closure of schools in small settlements • the National Core Curriculum • the low standards for selecting and training school managers • shortcomings in the system of appointing and monitoring education experts • support policies for Hungarian communities in neighbouring countries based on individual decisions

When offering this far-from-complete list, we would like to once again emphasize that the components that need change must be carefully shaped in full concordance with the rest of the targets.

VI. 3. The order of implementing the targets and the most important short-term tasks

1. The first and foremost important component is to improve the quality of young teachers entering the profession and the work quality and recognition of teachers already in the profession.
2. Reshaping both vocational training and higher education are top priority and urgent tasks.

3. Many items in the previous Section requiring pedagogical renewal (such as initiating a comprehensive programme to develop reading skills, to renew natural science education, to reinforce education in student dormitories, to raise the management level in schools and to renew the secondary school graduation (matriculation)/college entrance examination system) cannot be postponed for long.
4. No component of pedagogical renewal can be conceived without the principle of trust operating both in education management and in the schools themselves, along with the closely related success orientation.
5. Introduction of a generally valid independent system of evaluation of educational institutions and the careful planning needed to precede it cannot wait too long, either.
6. Once testing and corrections are completed, the system of financing, management, and development options differentiated in accordance with the quality of schools can be introduced.
7. The consolidation of a school order of values and school communities listed at the top of the order of importance will require a long and perseverant work, whose results will only be manifest on longer term. Complete success will unquestionably require the implementation of every single point already listed.

Surplus funding will be necessary for all of the changes on the previous list of priorities. Some of the money can be created by increasing the efficiency of the quality-retaining and improving education process. Another part should come in the second phase of the changes, as an extra expenditure as the country's economic situation improves, as is hoped.

At the end of this summary, we have prepared a separate list of *the most important proposals, the ones we recommend for concrete action on short term*. They are as follows:

1. *Programme to improve the level of teaching and recognition for the profession* (teacher training should become training for an elite group. It should be undivided, exempt from the Bologna system, it should require a pedagogical aptitude test,* the system of specialist supervisors should be restored, the evaluation of teachers should be differentiated, extension training for teachers should be on a reliably high level*, etc.)
2. *Programme to assist school communities and to consolidate their order of values* (all-day classes, specialist circles, projects, adoption of Codes of Ethics, conflict management, mediation programmes, etc.)

3. *Renewal of vocational training* (renewals of structure, pedagogical content, management and financing, such as starting practicums in 9th and 10th grades, respect for skilled master-craftspersons and their products, the development of regional management*, carefully considered reconfiguration of forced mergers*, setting uniform standards for national management*, reconsideration of the order of financing*, etc.)
4. *Renewal of higher education* (raising admission requirements*, reconsideration of the Bologna education system, transforming the management and financing system, implementing the status of „research university“, etc.)
5. *Programme to help select and train education managers** (useful training programmes*, mentoring*, network building*, recognition*, etc.)
6. *Redesigning the secondary school graduation system** (raising standards, increasing objectivity, reducing choices among facultative subjects, requiring one facultative natural science subject, demonstrating complex knowledge of culture, etc.)
7. *Programme to promote the teaching of the natural sciences* (improved natural science teacher training, major improvement in the use of experiments in teaching, requiring a natural science subject on the secondary school graduation exam*, etc.)
8. *Programme to promote arts and healthy lifestyle education* (additional funding for arts circles, choirs, ensembles, sports circles and facilities to promote mass sports, etc.)
9. *Student dormitory education programme* (assistance to teachers working in student residences, student residence infrastructure renewal, etc.)
10. *We need to begin thinking about the following comprehensive programmes**:
 - *An education policy that can be expected to function reliably on long term as a priority portion of a nation-strategy*
 - *An independent system of evaluation in public education and in higher education*
 - *Reconsideration of the school management system + a system of education financing that serves as an incentive to quality* (greater independence for the best schools + targeted development programmes for the schools that are lagging behind; as an immediate measure: the halting of campaign-like school closures and mergers done only for financial reasons)

- *An effective, long-term development strategy (retaining the system of competitive grants for the best schools and for innovative teaching communities + direct, targeted assistance independent of any bidding process for the schools that are lagging behind)*
- *System based development policy to assist the education process among Hungarian communities in neighbouring countries.*

The proposals marked with an * require little funding. Therefore, while implementation requires consideration, there is no economic reason to prevent putting them into practice as soon as possible. It is already necessary to begin extensive professional coordination to prepare programmes that only can be begun at a later time because they are expensive or require complex changes.

This document has offered multiple facts and arguments to underline the social and economic importance of education. A responsible leadership of Hungary should produce budgets that are in line with our overall economic situation but should insofar as possible „over-finance” education. This is a principle that should be practiced even at times when we are short of funds. Education is one of our most important public issues!

VI. 4. Conclusion

We would like to thank You for having patiently read through our proposals to improve the education system. We hope to have convinced You that education is a field in which everyone must play a role if it is to improve. We hope You believe us when we say it is worth investing in education because there is a way, which responsibly manages the money invested in education and human resources, and not wastes it. We will all have to pay more attention to education and invest more in it if education is to become a field helping all of our people to prosper and Hungary to become a better place to live. Thank You for Your role in turning Hungarian education into a joyful process of creating value.

COMBATING CORRUPTION

„Nothing is politically right which is morally wrong.“
Daniel O’Connell

I. Introduction

Corruption, broad scale and deep reaching, corruption in both the narrow and broad sense of the term, is a millstone dragging down all of Hungary at present. Corruption includes unlawful influence peddling, bribery, cronyism, bribes given and taken, unlawful gratuities, abuse of power and similar violations of the law. In the last few years, the amount of these dealings and the significance of the injurious consequences have demonstrably increased.¹ These days, corruption and rule-bending behaviours are a much more frequent topic of general discussion than ever before. It is safe to say that it has become a public issue. A smaller, albeit growing proportion of the public is directly affected, but the significance in volume and in material, social, sociological and moral consequences, is quite substantial. Putting a damper on corruption, diminishing its level, is more than desirable: it is a prerequisite to national prosperity. Hungary's current difficult economic situation and the world economic downturn exacerbating it make it all the more important to combat corruption along an extensive front, so the effort must take centre stage in the political and social fields. An anti-corruption movement enjoying extensive social support must become one of the most important components of efforts to build a future.

In the past ten years or so, any number of studies and surveys have focused on corruption in Hungary, or more precisely, on various segments of it. Summaries of the situation have been written as have surveys and analyses specific to various government institutions, most of which were never made public. In recent years several government projects have also focused on reducing corruption though the result has been nil. As revealed by our most recent surveys, despite a decade's worth of analyses and effort², corruption in Hungary has increased.

¹ Section III. 1. deals in depth with the level of corruption in Hungary based on a variety of surveys and analyses.

² With the exception of transparency international's latest 2009 Corruption Evaluation Index report, according to which Hungary's score has not changed since the previous year.

Any discussion or analysis of corruption must go beyond a mere situation analysis. We need action, real processes of correction, because without them we would not really be combating corruption. This document is intended primarily to offer suggestions and guidelines for the spirit of an anti-corruption programme, to shed light on decisions, actions and processes of correction needed, laying down a concept. To this end we have had to analyze cause and effect, and realistic implementation. Processing the subject in the broadest possible terms is essential. If we limit ourselves to specific areas of detail with partial programmes, we will never obtain a result of full value. Given the interactions and reciprocal impacts, the programme we design and execute must be comprehensive.

Given our divided and prejudiced society, there are sure to be some groups with reservations about any programme. This document was written

for people who wish to do something to reduce one of the greatest problems Hungarian society has to contend with and who are ready to take action. Sometimes the discussion of corruption tends to suggest that everyone and everything is corrupt. Although the level of corruption in Hungary truly is dangerously high, the vast majority of society is appalled by it and is ready to support efforts to combat it. The supporters of this idea also include individuals and groups who also perform some irregularities due to some 'constraint'. This obviously does not include the beneficiaries of the corruption. According to the latest TÁRKI survey in Hungary irregularities driven by self interests depict an unfavourable picture primarily in relation to the labour market outlook, yet in terms of general economic moral, Hungarians strongly comply with the norms.³

People who oppose the elaboration and implementation of the entire programme to combat corruption may have a vested interest in keeping things as they are.

While the complete elimination of corruption is a pipe dream, we owe it to the public to reduce it as much as possible. Corruption, by its very nature is unacceptable, and must be battled, so combating it must become a public cause. Any society that perceives itself as having a future, as developing, as being sustainable must have the strength, willpower, and determination to force back one of the greatest scourges of our era to a tolerable level within a foreseeable timeframe, and then to continue to fight it from that point onward.

³ Source: http://www.tarki.hu/hu/research/gazdkult/gazdkult_keller.pdf; page 165

II. The nature of corruption

There is an extensive range of professional literature focused on analyzing the specifics of corruption, including causes and correlations. Before exploring domestic phenomena in detail, we would like to present just a few of the more important conclusions of these studies.

The factors behind corruption include an individual, personal willingness to corrupt or be corrupted, but more important are the social and situational components that make it possible. That calls for a social environment and for group interests that actually produce the corruption. Professionals say that the level of corruption is far more dependent on the moral conditions that dominate a society and its institutions than on the moral attitude of any individual. In other words, corruption depends primarily on how often a society offers opportunities for corrupt action and similar phenomena.

Given a society where public controls are not sufficiently effective and where the society's macro flows are not sufficiently transparent, corruption takes shape in a rather closed, autonomous system, which is more or less independent of the society's institutions.⁴ Given enough time, the system of one hand washing the other becomes organized into a stable structure in which the involved parties become much more deeply immersed in day-to-day challenges than in society's value judgments, which they often hardly even notice. In other words, they have a very low sense of danger.

If we take a moment to look at the members of society (who are unaware of the mutual corruption), we will see that exposing the corrupt is by no means easy, particularly if we are facing the closed corrupt systems of the type we are speaking of. Preventing corrupt relationships is costly, risky, and the benefit is unclear or at least questionable. Often, preventing the corruption is

⁴ The cooperation of the „inner circle“, reinforces and legitimizes the corruption process with all of its material and psychological advantages (profit, satisfaction, trust, etc.). The mutual dependence of the players and the resulting closing of ranks does the same. At the same time, it is sealed off from the „outer world“, and not vulnerable to the social monitoring that would spotlight the violations of the law and of moral values

more of a disadvantage to a person than the emotional burden of closing his or her eyes to the violation of norms. The conclusion is that *the only way to successfully combat corruption is through extensive society-wide cooperation*. Individual actions are not and cannot be successful.⁵

Superficially, it appears that corruption is based on trust between the person being corrupted and the one doing the corrupting. But there is also an element of fear, fear of discovery. Strangely, the corruption phenomenon is an alloy of total mistrust and total trust combined with anxiety, although the components are not present at the same time. When corruption is very widespread, we may see

Democracy and the administration of justice do not tolerate the absence of punishment. The widespread absence of punishment is a deficit of the justice administration and creates a society ready to compromise on its principles. Ending the absence of punishment reinforces democracy.

distortions in which the sense of danger has become so low that these contradictory emotions fade away. The corruption becomes a simple and „cheap“ routine. The psychology of remaining unpunished is closely connected to the psychology of justice. In democracies there is accountability. No individual or institution may be above the law. Sanctions are of decisive importance in halting the circle of unpunished actions for they make it possible for the citizen to exert control and thus to restore democracy. In general, the victim of corruption is, on the one hand, the entity that plays by the rules, and on the other, the citizen. Punishment for skirting around the rules helps in reshaping the social mentality. If people do not believe there is justice in this area they surrender to the given reality and adjust in order to survive. The absence of punishment reinforces people’s silence and keeps the people who should represent justice from speaking. The „culture of the absence of punishment“ means that participants violate the law and do not fear punishment because there is mutual agreement that everyone keeps quiet about the violations committed by the other for as long as the mutual relationship exists. One factor leading to the success of corruption lies in the mutual nature of the effort. In other words, the perpetrators and the authorities who do not impose sanctions are essentially cooperating and mutually supporting one another. In contrast, the people harmed by the corruption generally are not in any cooperative relationship with one another, and therefore, are unable to take a joint stand.⁶

⁵ This previous three statements were taken from Tamás Bereczkei’s study, „The evolution and survival of corruption: Evolutionary and ethological considerations.“

⁶ The cases of corruption are generally not transparent, and public opinion either cannot really see what is going on – or if it can, it concludes that the people punished are not the ones who really deserve it. Instead, the ringleaders generally avoid punishment while only

One classic experiment focused on whether (a) serious, (b) medium or (c) mild sanctions tended to have a stronger preventive effect on rule violators and on the effectiveness of a model that punished wrongdoers while the subjects of the experiments watched. The study found that the subjects of the experiment cheated the least when cheating carried the threat of serious punishment and when they were eyewitnesses to the discovery of another participant having cheated. It was interesting to see that the group cheating at a significantly higher rate than all the others was the one threatened with serious punishment, but which never saw any participant caught and punished.⁷

When the attitudes of the persons doing the corrupting and those being corrupted were studied, researchers found various connections. The motivation was always to attain a specific target, whatever the cost. In a situation like this, the initiator lacks moral inhibitions, even at the start. If the persons being corrupted offer the opportunity for the corrupt action, there is little chance that the ones offering the bribe will show moderation, for moderation means giving up business. At the same time, there is a correlation between the two initiatives. If entities offer to take bribes more often, meaning that the society is considered more corrupt, bribes will be offered far more often, since the risk is believed to be minimal. It may even happen that when a country is considered corrupt, a multinational corporation may choose people willing to participate in corrupt procedures to manage its subsidiary in that country.

When a society is healthy, its economic operations should involve pure market competition while its communities and – essentially – its politics should focus on cooperation in the service of the future. When this order is upset, trouble ensues. The level of corruption is one of the most typical indicators. The quality and competitiveness of the operation of an economy is in inverse ratio with the level of corruption. This is just as true on general scale for the whole of the economy as it is specifically for every single player. While it is hard to quantify the damage, the direct economic

Corruption reduces competitiveness. When business has been obtained through a corrupt practice, performance is generally protectionist, and there is no incentive to the supplier to perform better. The serial irregularities hurt the competitiveness of a business and sooner or later lead it to lose market share.

the „small fry“ are sanctioned. If some cases do get thrown up for public scrutiny, there is no transparent follow-up. The result, in either case, is social cynicism.

⁷ The last three sections were taken from Márta Fülöp's study entitled „Corruption and competition.“

damage may be several GDP percentage points as well as other negative factors. If a great many businesses use corruptive practices to obtain orders and a great many competitive businesses are unable to obtain business because the playing field is not level, the dual „corrosion“ will cause major damage to the competitiveness of an economy.

III. The situation in Hungary

Fight against corruption is a global phenomenon. There is much to be learned from the successful programmes of the various countries regarding both experience and solutions, but there is no magic recipe that will solve the problem. Every single country needs its own programme and has to fight its own battle to combat corruption. The international analyses vary on many areas in opinions and proposals. There are some proposed solutions which are the result of foreign experiences. The international organizations have been fighting corruption for a long time and a growing number of countries have been joining in as the years go by.⁸

III. 1. The level of corruption in Hungary

In lieu of presenting the details of the surveys and analyses conducted under various principles since the turn of the millennium – given space limits – we would just summarize the most important data and give an overview of the situation.

According to Transparency International (TI)⁹:

The TI Corruption Perceptions Index (CPI) operates on a scale of 1-10 in which 10 is an absence of corruption. The countries are also ranked against one another.

⁸ The most important anti-corruption accords adopted internationally:

- The 1997 „OECD Convention on Combating Bribery of Foreign Public Officials in International Business transactions.” In addition to the OECD members, this accord was adopted by a number of other countries (such as Argentina, Brazil, Chile, and South Africa).
- The 1999 „Criminal Law Convention of the Council of Europe on Corruption”, was adopted with 36 members.
- The 2003 „United Nations Convention against Corruption.” This convention has been ratified by nearly 100 countries.

⁹ Transparency International is the world’s largest global organization combating corruption. It has national sections in ninety countries. It promotes dialogue among the government, business and civil organizations threatened by corruption with activity based on cooperation and research.

er by placing them in order (the rankings do not provide completely accurate information because the number of countries on the list changes).

	Hungary								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Points	5.3	4.9	4.8	4.8	5.0	5.2	5.3	5.1	5,1
Placement	31	33	40	42	40	41	39	47	46

The TI study called *Corruption risks in Hungary, 2008* drew the following conclusions for the most important areas touched on:

Executive: „Between the regime change and the present, the various executives dealt with corruption in only an ad hoc manner and on an administrative level, sidestepping the politically sensitive issues. This attitude has demonstrated that the political elite are either unable or unwilling to take corruption seriously.”

Legislature: „There is no general anti-corruption committee in Parliament.”

Political parties: „The financing of the political parties appears to be the most important issue. Based on an analysis of campaign costs, most of the financial resources used by the parties come from benefits that have not been accounted for. Regulations on party and campaign financing are unsatisfactory, and the manner in which they are monitored and audited leaves extensive scope for abuses.”

Justice administration: „The manner in which members of the judiciary are selected is the greatest hazard to their independence and objectivity... the procedure in which they are chosen specifies legal requirements but no other objective considerations... when a position is announced applicants are given no information on the details of what is required... the chairperson of the given committee makes the decision without making any objective criteria known in advance or considering any professional opinion.”

„Since the persons being monitored and those doing the monitoring can be one and the same individuals, it is necessary to question whether the supreme leadership in the justice administration is really monitored at all.”

Public service/Public administration institutions: „A code of ethics for public officials has been on the drawing board for years, but there is no suggestion of when it might actually be adopted... the operative programme for government reform cites it as a priority project for 2006/2007, along with the establishment of a Council of Ethics.”

Law enforcement agencies: „The performance of the law enforcement agencies is unsatisfactory because of the high level of internal corruption, a lack of

specialists and of technology needed to investigate cases of corruption, and an absence of political will... The police and the office of the prosecution do not have the technical readiness needed to investigate cases of corruption."

State Audit Office: „The State Audit Office (ÁSZ) is one of the most important anti-corruption institutions, but it is limited in organizational and human resources so monitoring is not conducted with the frequency or the breadth of scope necessary. The biggest problem is that the recommendations made by ÁSZ are not always carried out."

Government anti-corruption organizations: „Not all data in the public interest is made public. The Government Audit Office (KEHI) is an institution of fundamental importance regarding anti-corruption measures, but its reports are not accessible to the public... Whistle-blowers do not receive sufficient protection and the work of the Anti-Corruption Coordination Board is not sufficiently public." In December 2008, the four civilian members of the *Anti-Corruption Coordination Board* (AKT) – including the member from TI, quit the organization, saying that the work of the board had become insignificant, specifying that its operation had become irregular and unreliable.

According to Transparency International, the most common forms of corruption were administrative in nature and were the outcome of the mixing of political and economic interests. The main areas cited were party and campaign financing, privatization, concessions, public procurement, local government tenders, permits, police, tax auditors, customs officials, doctors, public administration, the real estate registry, authorities granting permits, and traffic authorities.

According to the prosecutor's office:

According to the data collected by Uniform Police and Prosecutorial Criminal Statistics, since 1991 the number of crimes involving corruption has ranged from 344 to 967 a year, the two lowest years being 1991 and 2007. In 2005 there were 958 cases, while in 2006 there were 480 and in 2007 there were 350. The two-thirds drop in the official statistics from one year to the next is surprising and requires an explanation given that all surveys and analyses point to the spread of corruption. The statistics do not include the extra-legal aspects of corruption, in other words, those impacting the sociology, social theory and economic aspects of society rather than criminal law. According to law enforcement experience, the latency (invisibility) rate in this area is one-thousand-fold. The low numbers offered by the statistics may reflect the findings of a Gallup poll that only 25 percent of the private citizen respondents knew which authority to turn to on discovering corruption. Often a person attempting to report a corruption case is sent from one office to the next instead of to the prosecutor's office. In addition, people who might report corruption fear

the reprisals of the authority or person they are reporting. Therefore, there are no or only a negligible number of cases of corruption involving authorities or government bodies reported at all. Reports from the State Audit Office are worded to suggest crimes against property and corruption but they lack factual data, which means that investigations cannot be ordered.

Charges against prosecutorial authorities or the judiciary investigated over the past ten years have been substantiated in only one or two cases. Reports of corruption against police (particularly traffic police) and customs and excise officials have been verified. The same is true for officials investigated on charges of accepting bribes to speed up official actions or to grant the permits ministries are responsible for issuing. Reports of corruption against employees of major supervisory authorities (the Hungarian Tax and Financial Control Administration (APEH), the Hungarian Labour Inspectorate) performing official monitoring duties have increased. Corruption is increasingly apparent and involves high-ranking officials in cases involving privatization, public procurement processes, procedures involving concessions, and in the granting of state supports.

The number of cases of bribery related to organized or semi-organized white collar crime and crimes against property has increased steadily. Uncovering these cases is not easy because often there are political or business gains that are difficult to identify behind an apparently legal business of official decision.

A look at investigations involving the *bribing of officials*: Of the 510 cases in 2001 in which charges were pressed, they were dropped in 131 cases and in 31 of these, the reason was the expiration of the statute of limitations. In 2005, charges were pressed in 508 cases and then dropped in 37 of them. In nine of these, the reason for terminating proceedings was „other reason for precluding the possibility of criminal liability,” and in 17 cases the grounds given were „other reason for terminating criminal liability.” In 2008, charges were pressed 252 times and dropped in 46 of these cases, of which 20 were for „other reason for terminating criminal liability”.

Charges of *business graft* were pressed in 217 cases in 2005, and in 43 cases the investigations were terminated. In 39 of the latter, the statute of limitations ran out. It is worth noticing that in 2006 there were only 54 cases of business graft, while in 2007 there were 74.

There were 132 cases initiated in 2005 on charges of *influence peddling*, while in 2006 there were 115 and in 2007, only 35.

*Cases of corruption reported in the Hungarian media, 2001–2007:*¹⁰

Publicity plays a dominant role in the selection of political leaders. Political personalities are more worried about media disclosures than possible criminal sanctions. For this reason, the way cases in which corruption is suspected are processed by the media is important, knowing of course that what they report is only the tip of the iceberg. The breakdown of cases made public through the media depends on subjective considerations and the real occurrence of the various types of corruption. We were unable to separate the two factors.

The authors formed groups of cases of corruption, based on their specifics and the persons involved. In 2001–2007 there was marked fluctuation albeit steady growth in the number of articles focusing on the subject, but the media's overall ability to expose cases is questionable. Media information can be used to combat corruption if it responds to the basic questions of „Who, when, where, what, how, and why.” If a report is unable to answer all of these questions, the reporter must at least draw reader attention to the unanswered ones.

Typically, those who offer bribes and those who accept them are individuals or groups. These two categories make up about 45-50 percent of all cases that are discovered. The remainder occur at the expense of institutions. Over 90 percent of the bribe recipients are players in (local) government, while 60 percent of the bribers are in the business world, 32 percent involve other institutions and 8 percent are (local) government players. Forty-eight percent of the bribe recipients are not in leading positions, while 52 percent are managers or in the business world. The briber camp shows stronger differences. The ratio is 59:41 in favour of the managers and business people. The proportion of people with high social status (managers and business people) among bribers and bribed has fluctuated over the years but the trend is a growing one (2003: 31 percent, 2007: 93 percent). The service offered in exchange for the bribe is generally (89 percent) not financial while the bribe itself is generally (93 percent) money. The ranking of institutions in which cases when corruption is suspected occur is as follows: police (34.5 percent), ministries and other authorities with nationwide jurisdiction (32.2 percent), local governments (18.7 percent), Customs and Finance Guard (11 percent), authorities without nationwide jurisdiction (7 percent), miscellaneous (6.5 percent), tax authority (APEH) (5.2 percent), and courts (3.2 percent). The types of corruption were as follows: connected to some form of monitoring (44 percent), connected to a public procurement procedure (20 percent), connected to obtaining some sort of permit or certificate (15.2 percent), connected to obtaining state subsidies (1.4 percent), and miscellaneous (19.4 percent).

¹⁰ Szántó, Zoltán–Tóth, János István. „Cases of suspected corruption in the Hungarian media, between 2001 and 2007” 2009.

During the period under investigation there was an increase in the ratio of multi-player, interconnected cases, when the corrupt transactions became built into the operation of the institution and an integral part of doing business (2001: 25 percent, 2007: 60 percent). According to data in the media, this institutionalization is also typical of public procurement procedures when the institution asking for bids corrupts applicants.

International surveys comparing the situation in Hungary with other countries found some surprising data. One such survey¹¹ offers the following picture. It compares five countries and four responses to what respondents believe to be the frequency with which certain rules are violated:

	Czechs	Germans	Austrians	Swedes	Hungarians
Tax fraud	12%	12%	8%	8%	82%
Littering	<10%	<10%	<10%	<10%	78%
Speeding in residential areas	<10%	15%	<10%	<10%	70%
Corruption	<25%	<25%	<25%	<25%	50%

The data, analyses, evaluations, facts, and social echoes listed in the preceding pages suggest that conditions are rueful indeed. It also needs to be pointed out that only a meagre proportion of corrupt dealings are exposed.

III. 2. Areas, cases, relationships, players

Deep-reaching analyses of specific cases involving corruption and the characteristics of these cases is necessary before the precise and detailed recommendations essential to effectively reducing corruption can be offered. The purpose of the analyses is to seek solutions, which is why we have spotlighted typical cases as opposed to concrete ones. The list is by no means complete regarding either the nature or the types of cases, but it is sufficiently broad to allow an analysis on which recommendations can be made. Most of the cases on the list come from the central government, public administration, and the local government organizations, but there is a separate group including businesses and political corruption, too.

¹¹ World Values Survey, 2005

III. 2.1. Public Procurement

Public procurement is among the areas most contaminated by corruption. This is particularly significant in that all major government commodity purchases, construction investments, building concessions and services – irrespective of the sector – are made through public procurement processes.¹²

In 2008, for instance, the country spent HUF 1,600 billion on public procurement, including simplified procedures, which amounts to 5.4 percent of GDP.¹³ Given the huge amounts of money involved, corruption even in a comparatively small percentage of the public procurements has a strong effect on the economy and on all of society. Despite existing mechanisms for regulating and monitoring public procurements and the activity of the Public Procurement Council, one reason why it is assumed that corruption can increase is that the entities making the decisions on the bids submitted are very hard to monitor, assuming they can be monitored at all. Obviously, the more valuable the public procurement contract is, the stronger the financial incentive, so vulnerability to corruption also grows. The average value per public procurement is exceptionally high and in past years there has been a trend towards a steady increase in the average values. Clearly, the occurrence of corruption is independent of the size of the procurement if the parties involved in the process are determined to obtain the unfair advantage and resources.

By law, the public procurement procedure is governed by the party requesting the bids. Formally, the user of the public monies makes the decision on who is the winner of the public procurement contest. However, in practice we see a trend in which the actual decision is not made by the entity requesting the bids but by its superior body or bodies. Therefore, not only might the entity requesting the bids and using

Typical of corruption phenomena is that they are very hard to prove. However, there are many signals. Bits of information as well as illogical or unjustifiable decisions, measures or positions point to corruption. Types of cases described in the declarative or conditional tense rely on these observations in most cases.

the public funds be involved in corruption but so might its superior body or any other body with influence over it. Thus, corruption may erode the process of using public funds on multiple levels. While formally, the body

¹² In the past ten years the number of public procurement processes ranged between 3,500 and 4,500 a year (excepting 2006, when there were nearly 5,000) and the value of the proceedings, according to the Public Procurement Council grew steadily before 2007, amounting to HUF 1,685 billion in 2006, to 1,521 billion in 2007 and to 1,408 billion in 2008.

¹³ Public Procurement Council, 2008 Annual Report

requesting the bids is responsible for adherence to public procurement rules, it is obvious that if successful corrupt intervention takes place at a higher level the superiors do not have any interest in exposing the corruption. In fact their interests lie in obscuring the irregularity. In other words, this system is unsuitable for exposing the parties who are truly responsible, partly for the reasons already given and partly because when evaluation committees are established on the level of the body requesting the bids – these committees are required by law – the committees often include representatives of other organizations, often with voting rights. While this system could exert a positive external control in the process, it also creates the opportunity for direct influence. What it definitely does is muddle responsibilities, leaving the law unable to determine them.

One basic problem regarding the monitoring of public procurement procedures is that no external independent government body conducts regular and comprehensive analyses as an integral part of the process. Ex post supervision, exercised by the State Audit Office and other supervisory bodies in itself is not suited for exposing corrupt practices in time to prevent them from vastly growing in number. Competition can be influenced in a wide variety of ways. We would only cite a few examples:

Manipulation appears to occur often, when the body initiating the public procurement procedure sets conditions and requirements that only a single bidder, the one that provided the graft, can satisfy. When setting the conditions they carefully evaluate the circumstances of all possible bidders and tailor the conditions to the one firm they have chosen in advance. In cases like this, the fact that the procedure is public does not help because on the surface the bidders are judged in keeping with regulations, in accordance with the decision parameters announced in advance although in most cases the competitors of the chosen bidder become aware of the irregularities or at least suspect them.

Sometimes the entity calling for the bids gives the bidder offering the bribe the advantage by *passing on inside information*. In this case the corrupt bidder receives information on details that gives it an advantage over the others. This means that the bidder offering the bribe is „supported“ by learning details – kept secret from other bidders – allowing it to hold back its bid until the last minute and then to go below the others in price or to offer some other condition that give its bid the advantage over its competitors, enabling it to win the public procurement.

Shortcomings in regulations may lead to a situation in which, should for some reason, a bidder other than the chosen one win the process, an excuse can be found to repeal the entire procedure and then to modify the conditions or make stronger preparations to see that the favoured bidder wins when the

procedure is repeated. Under current regulations these changes can be introduced at no risk to the entity calling for the bids.

There are *countless other tricks* that can be played by both sides to influence or control the outcome of the public procurement process. They include selective judgment of whether formal requirements are met, a differentiated evaluation of how various conditions are met, differing interpretations of deadlines, performance guarantees, partial performance, etc. allowing cartels, manipulating the relationship between the general contractor and sub-contractors, differing stringency in considering references, etc. All of these opportunities for manipulation are made possible by a lack of transparency, accountability and of satisfactory legal remedy for violations.

A *unique* and opaque phenomenon involves specially designed procurement bids that are declared confidential and thus extracted from the public procurement process. At this time there is absolutely no way for bidders or the public to determine whether the secrecy is justified.

One can suspect a variety of motivational factors and causes behind irregularly handled public procurements. In addition to individual and group interests, political party interests may appear in one portion of the public procurements – generally related to the positions of the decision-makers. The general public only learns of these cases of corruption in an indirect way, through the media when proceedings are initiated.

III. 2.2. The Public Procurement Act

The most recent amendment of Act CXXIX of 2003 on public procurements was adopted one year ago. Quite a number of variations were put forward which triggered a great deal of activeness on the part of all organizations with an interest in public procurements. To illustrate, over 200 draft amendments were submitted to parliament for the bill at the end of 2008. This level of activity is rare, even when amending tax laws. The Public Procurement Act, to which over twenty executive decrees are linked, has been amended 25 times since 2004. Why has it been necessary to alter this law so often and so thoroughly? The answer is that the Hungarian Public Procurement Act is over-regulated. On domestic scale, the quality of the public procurement act had created an untenable situation. Hungarian public procurement law needs to be completely reopened, thoroughly studied and re-regulated. An international comparison shows that Hungarian law as it relates to public procurement is far more extensive and complex than is customary in other countries. This enormous, incomprehensible law, regulated on differing levels of abstraction and requiring constant amendment, can only be kept alive

through multiple face-lifts. The burden placed on entities living by the law is high and the outcome is the professional belief that there is hardly any public procurement process that is completely free of some violation of the law. The only question is whether or not the violation is discovered.

Current regulations often make it more difficult to actually spend public monies, to maintain transparency, honesty or to act to combat corruption. The overabundance of regulation, the system of institutions that

actually lacks controls, the specifically Hungarian solutions that invite influence peddling, rules making accountability all the harder, overlapping monitoring mechanisms that really are ineffective all make it harder to use public and EU monies in a fast, effective, transparent way that reduces the possibility of corruption.

Although, when observed from the outside, this formally effective system gives the appearance of having been regulated by law in all detail, and the constant renewal of the system appears to help to achieve an effective and clean use of public monies, in actual fact, if we look behind the system we find that practice disproves these good intentions. Instead, the shortcomings and failures of the system become increasingly obvious – which verifies the need for complete re-regulation.

Whether or not we are in a period of economic crisis, it is particularly important that entities required to make purchases through public procurement do so in a transparent and efficient manner in all cases including the procurement processes involving EU funding. The version of the law amended in December 2008 contains many points that seriously jeopardize the above goals. In fact they even can make public procurements impossible while promoting a rise in the number of legal violations of competition law.

One good example of this is that an entity calling for bids may declare a public procurement procedure a failure if it only receives a single offer, even if the single offer is valid. This is an incentive to bidders to make certain that at least two valid bids are submitted. The sure way to do that is for the bidder that wants the business to choose collusion and ask another firm to also submit a bid. This is a „favour” it clearly has to return in one way or another.

Another new rule states that the procedure is to be declared a failure if multiple bids are submitted, but only one of them is valid. This regulation acts as an incentive to bidders to make certain that there are two valid bids left at the end of the contest. One form of abusive practice occurs after the

The current patchwork of legislation is unsuitable as a legal foundation for the transparent and lawful execution of public procurement procedures. It has become more of an obstacle to the process than a tool for achieving fair processes.

bids have been opened and the competitors learn what others have offered. A competitor on the losing end may act to have its own offer declared invalid – possibly by the deliberate submission of an unsatisfactory addendum – to leave a competitor standing alone and thus prevent it from getting the business. Another known abuse can occur when two bidders are left, and the submitter of the less favourable of the two extorts the submitter of the better bid, demanding some concession in exchange for not having its bid declared invalid and thus invalidating the entire procedure, in which case even the submitter of a perfect bid would not get the business.

Our conclusion is that the law expressly promotes the establishment of cartels and violates the fairness of competition under the public procurement law.

III. 2.3. Central and local government investments, PPP projects

Widespread reflex reactions and deliberate decisions are behind corruption in the *major government projects financed with government funds*. In this category corruption appears to be relatively widespread. Shortcomings in supervision, accountability and an absence of reprisals have significantly increased the number of such cases, and consequently, of participants. The most widespread indicator or evidence of this is the high volume of investment costs. International cost comparisons and irrational decisions on project participants suggest that corruption may be involved (motorway and metro construction projects, major road renovations, institutional investments). (See the most recent report by the State Audit Office.)

*PPP projects*¹⁴ are often chosen with the rationale that they reduce the funds accounted as central budget spending. When this type of project is overdone or pushed forward too quickly, the risks of corruption increase in a number of ways. Experience suggests that these risks are as follows:

- The leading government officials and specialists doing the ground-work for the projects do not have the time they need to prepare. Often

¹⁴ PPP = Public Private Partnership. In this type of investment/development projects private investors finance the project and/or offer public services, and are paid with public monies. In contrast with loans or leases, the PPP turns over the management and the decision-making of the investment flow as well as the service provision to private investors. The PPP structure is often chosen for accounting reasons, for under certain conditions the project is accounted by the private investors, meaning that the costs of the investment do not appear in the public budget. The risk is that the cost level of public resources can rise to an unjustifiable level, to the benefit of the private investor.

contracts are drawn up in haste and the prices attached are too high, meaning that the private partner is the one whose interests are dominant. Government decision-makers can be made financially interested in bringing about this type of situation:

- The legal regulation of the PPP projects is incomplete. For instance, there is an absence of regulation on the cases and conditions under which the government institution ordering the project takes possession of the infrastructure established under the PPP when the contract expires, and to what extent it takes over the private partner's debt when it takes possession:
- When laying the foundations for decision-making, very often the comparative efficiency calculations that verify the advantage of using private capital for the project as opposed to a government investment either never get done or are added on after the fact. The absence of a uniform comparative methodology also makes it harder to see clearly.
- There is no satisfactory database available on the PPP projects already completed.
- The risk of corruption brought about by the shortcomings cited become much greater when an international PPP partner has strong lobbying powers (for instance, in motorway construction) which may even be supported by political factors.
- During the investment and service provision phases, the ministry in charge of supervision and the representative of the involved government institution play a defining role, which puts them at risk of corruption. There can be cases when – with or without political pressure – top managers move the projects' institutional players in an autocratic manner.

There is a widespread view that PPP projects generally involve corruption. If PPP can be a competitive alternative to other modes of financing, it could offer mutual advantages to all sides. At the same time, given the essence of the construct, the corruption temptation is high.

When establishing *social, infrastructural, educational, sports, cultural and justice administration institutions*, the methods of corruption that involve these projects are similar to the ones already discussed. One important difference is that international corporations play less of a role here. In these areas, the corruption hazard is increased by the fact that they are one-of-a-kind projects and the investor often lacks experience and expertise.

III. 2.4. Privatization procedures

The almost twenty-year history of privatization in Hungary is full of incomprehensible occurrences and events that are hard to explain. Often the grounds for the privatization were never analyzed – although one factor motivating unjustified privatization might involve corruption – and/or the sale was not beneficial to public assets, or the sale might only have been in the interests of the buyer. One crass example is when “the government is a poor caretaker”¹⁵ motto is emphasized while selling a company that is in a monopoly position or might possibly be performing a public service. The country’s energy assets and natural resources (water, soil, etc.) are similarly endangered. It is understandable that ventures of this sort are good business for private capital and that the private sector is ready to fight to attain them.

The government, when selling „entrepreneurial assets:” By now, this type of asset has become very limited so opportunities for abuses have also declined. However, opportunities for communities of interest linked by corruption have not disappeared.

When selling its „non-productive” assets the government often acts in an ad hoc manner, simply responding to a buyer who submits a request instead of designing a sales plan appropriate in scale and depth. Abuses in the sale of assets are often behind this type of sale.

Local government privatization often involves real estate sales at below market prices or purchases at above market. There have been cases when a local government brings a valuable piece of real estate into a business venture at well below real value, in return for special consideration given to a favoured individual. There also have been cases of manipulation involving medium and long-term local government zoning plans. One form of manipulation involves the purchase of agricultural properties on the outskirts of a local government-controlled area, after which the land is rezoned into a residential or business tract, resulting in a vast increase in the market value of that land.

When seeking reasons for these moves we often find that the decision-makers accept accountant and asset sale results without any reservations. The defence and administrative mechanisms of the government are unable to win out over various individual and group interests and the tangled networks formed as they exert them.

¹⁵ Based on both theory and practice, it is safe to say that the quality of business performance by a company does not depend on whether it is privately or publically owned. What it does depend on is the firmness of owner representation and the quality of management. It is unfortunate that this principle is still rarely observed in Hungary.

The risk of corruption is increased by the fact that there still is no credible and complete public record to the assets belonging to the government treasury and we have often observed that no one in the system appears to know what to do when forced to register an asset.

This category includes the sometimes non-public outsourcing of the internal services of government institutions and bodies exerting police powers.

Appraisers and experts who prepare preliminary studies could play an important role in these processes. Sometimes, they also play a role in corrupt processes. The abuses are promoted by the fact that the internal control systems of some local governments operate on quite a low level of efficiency.

III. 2.5. Government and EU supports, competitive grants

Despite economic problems, the budget continues to be responsible for distributing and providing funds. We realize that it requires a good deal of attention to coordinate the use of budget and EU resources but that is not an excuse for shortcomings. Sadly, here too, there are violations of rules and impermissible failures to act.

Development corruption: The above causes and circumstances can explain the „development corruption“ phenomenon, the presence of which the State Audit Office has confirmed. A main area concerns the granting of economic development supports. The fact that the budget law does not make it clear exactly how much domestic funding is available for development in a given year supports corruption. The National Development Council and the Government Commission for Development Policy (which is headed by the prime minister) are responsible for coordinating EU supports. Therefore, decisions on subsidies are generally made on government level, which significantly weakens sector-level (professional) interests.

Sector-level Corruption: Another major area open to corruption involves use of the central budget funds earmarked for the various sectors of the economy. The risk of corruption related to these public monies is heightened by a number of circumstances and factors. One is the very mixed nature of earmarks for the various sectors (support to NGOs, expenditure for renovating budget sponsored bodies, subsidy programmes, supports to consumers, etc.) which make them hard to follow up. The second factor is that the legally binding regulations specifying that the goals of these projects must support professional or regional development – as opposed to a broad circle of goals – are not adhered to.

State support schemes: Resource distribution based on politics has been a traditional part of the government's redistribution role. The success of ap-

plications submitted by institutions, civil organizations, economic players, the media, religious denominations, ethnic Hungarian interest groups from neighbouring countries, etc. has depended more on party affiliations or ties than on the social value of the projects. Over the years, even the rare exceptions fortify the rule. It is in the public interest to put an end to this socially damaging phenomenon or at least to minimize it. A principle that has to be recognized and applied in the distribution of resources is that when taxpayers paid in the money being redistributed, they did so irrespectively of their political affiliations.

It has been emphasized for a number of years that EU funds are making Hungary's current development possible. After the countries own resources dried up – given the limited options allowed by the economic crisis – funding from the EU is the only development resource the country has available. Therefore, one of the most important government tasks should be the socially and economically beneficial use of EU funds. Sadly, for a number of years, Hungary has had no comprehensive medium or longer term nation-strategy that would define the areas to develop. Thus, the system of competitive supports has become uncontrollable from the point of view of the country, and open and targeted from the point of view of individual interests. This significantly increases opportunities to manipulate bids and with that, the hazard of corruption.

European Union projects: The way support schemes are announced, the structure of the system, the operative details and the way information is handled suggest the possibility of manual overrides, which includes the possibility of political intervention. Nevertheless, most significant social damage is caused by an absence of a comprehensive development programme. Instead, distributing pork to supporters and not a development centric attitude play the defining roles. The system that signals and monitors the level at which the supports are put to use is less than operable. By not properly preparing comprehensive legal regulation of development policy, the government has failed to contribute to achieving transparency in the distribution of EU supports. The parties that should have been responsible for doing so, failed to provide a methodology able to produce the indicators needed to measure the performance of the EU supports. They did not supervise the levels of applicant collateral that would have been needed to protect public monies, and did not design a way to monitor the economic fundamentals of expenditure. They did not supervise expenditure components, in particular, the way in which success fees and manager success fees are determined or whether advisory services and communications expenditure were justified. No one has bothered to coordinate development projects underway in different places but aimed at identical solutions and requiring identical procurements. There has been no

attempt to pinpoint laws to support the legal and expedient compilation of priority projects by determining the conditions governing them or the concepts of national and regional interests.¹⁶ All of these shortcomings have made it possible for mechanisms that sidestep the rules to evolve. Looking at the trio of applicant, intermediary firms preparing the applications, and decision-maker, the firm preparing the application is likely to be the manipulator, the controller of processes. Of course, direct political intervention may also occur.

III. 2.6. Administrative procedures, actions by authorities, legislation

With regard to government administration, public administration, government owned institutions and private businesses, the risk of repeated corruption is enhanced by political influence and the actions of administrations that easily assist it.

When *contracts are concluded*, irregularities occur when government institutions (ministries and institutions with nationwide jurisdiction) issue restricted tenders, and when these same institutions issue commissions which do not fall within the scope of the Public Procurement Act. The scale of impermissible influence is extensive, ranging from the most innocent-looking actions to the most extreme cases of corruption. Perhaps this is the reason why the phenomenon is extremely widespread, which all signs indicate.

When *applying for a permit from an authority*, the applicant may attempt to use influence to have some irregularity overlooked or to reduce the waiting period until it is granted. Cases in which the organization issuing the permits uses specialized intermediaries (law offices or advisory firms) deserve special attention.

Supervision by an authority may involve corruption to prevent some irregularity from being disclosed or to achieve a favourable decision in some case. Society's indifference, the frequency of the cases and with the low level of fear of discovery by the parties being corrupted support the spread of the phenomenon. It appears that a steadily growing number of institutions of this type are becoming involved.

When *shaping legislation*, the main points where the risk of corruption exists are in specifications pertaining to new areas of regulation, such as regarding products, technical parameters and norms of environmental pollution. Unfair influence is most likely to occur on the part of economic players, although

¹⁶ These conclusions and comments were taken from reports and conclusions of the State Audit Office.

it also might occur on the side of the administrations and politics.

New legislation can principally hurt the interests of the business sphere while a tailor-made amendment can support those interests, so lobbying might be intense. In international literature this phenomenon often appears as the „kidnapping“ of the state or the state legislature

Actions that illicitly obtain *documents* (state secrets, service secrets or documents with personal data) that lead to financial advantage or some other advantage appears to be widespread according to signals from government and public administration and surveys.

When seeking causes, there are often individual or community interests related to the conclusion of contracts behind which there sometimes is a political motive. The fact is that the circle of decision-makers is most often the initiator and executor of this type of corruption. Regarding permits granted by the authorities, given that lower level public officials and public employees have low incomes, the financial advantages derived from corruption can be quite an incentive. Leading officials and public employees are not always primarily motivated to keep the internal network in operation. Intermediaries who specialize in „helping along“ the processes that involve the granting of administrative permits also can play significant roles in the irregularities, for they generally know which officials are willing to take bribes. They may help the applicant to choose the official to handle their case and also may tell them how much of a bribe to offer.

Little actions go a long way. If there were some way of rationally measuring the direct and indirect damage to society caused by corrupt irregularities in granting permits and supervising actions in the legislative arena, it is likely that the final amount would be surprisingly large. The high level of social acceptance of this type of irregularity is the most dangerous of all.

III. 2.7. Justice administration

A number of organizations and institutions are involved in the process of justice administration (ranging from discovery through investigation, prosecution, and judicial decisions). There is a link between the quality of their operation, connections, and activeness and the spread of corruption.

Corruption occurs in the various legal procedures, particularly in bankruptcy proceedings and certain phases of criminal proceedings. However, given the insufficiency and complexity of monitoring mechanisms, they are difficult to prove if discovered. Most however, remain in the dark. The cor-

ruption contamination of bankruptcy proceedings is probably the outcome of a lack of interest in maintaining legality and in a low monitoring level.

There are several reasons why corruption can occur in criminal cases. A defendant in a criminal case generally has more at stake than defendants in civil cases, or in lawsuits involving family or labour law. The more serious the sanctions that can be imposed for the given felonies and the longer the sentence the person can receive, the greater the likelihood of a high offer made in an attempt to bribe the prosecutorial and judicial organizations participating in the procedures.

From time to time there have been cases of corrupt prosecutors and judges. It happens rarely but it does happen that some judges violate the requirements of fair proceedings in return for financial rewards. At times like this it may happen that prosecutors fail to properly represent the prosecution in return for financial gain, making it possible for the defendant to receive a lighter sentence or to be acquitted.

Given the general social opinion of the work of judges and prosecutors, they are less vulnerable to corruption. However, the few cases that there are can have a very powerful effect, for society expects judges and prosecutors working in the justice administration to hold themselves to higher moral standards.

In this area, the problems are quite complex. We face the combination of an impossibility of maintaining a rational framework for timely procedures, and a disproportionately heavy workload on judges. Added to this are weak administrative tools, an absence of evolved monitoring and accounting mechanisms, a lack of commitment to the operation of rule of law, shortcomings in training and in the modernization of the training system, and the nepotism in choosing law clerks and judges. Under current practices, there are points within the order of organization and decision-making that lack transparency.

It is generally impossible to really use the information and data collection systems, and they have no effect on progress, evaluations, the distribution of cases, and the dissemination of resources. Although they put added burdens on the judges they are unproductive. There are cases where there are no gauges to measure activities against and there is no regular or monitored control mechanism. In addition the system of accountability is undeveloped. There is no transparency in the performance of either the judges or the administrative leaders, and the system in which they operate lacks consequences for their actions. Nothing in the effective organization assures that means enhancing effectiveness will prevail and there are no organizational interests that might force any accountability for performance.

Another consequence of the shortcomings listed is that the selection of judges is not done in a professional manner. It may even happen that the choice is made on the basis of subjective factors rather than rational criteria.¹⁷

The following factors can trigger anti-regulatory behaviour within the justice administration:

- First and foremost – overworked leaders, who are responsible for management and supervision, combined with an insufficiency or weakness in the supervision mechanisms.
- The self-generating properties of corruption and the opportunity to repeat it. Anyone who was successfully bribed once is likely to be willing to take bribes again. This is generally true for all areas.
- Mild and insufficient sanctions for cases of corruption
- Shortcomings in or the insufficiency of preventive measures
- The wearing down or out of a feeling of calling, of professional responsibility.

III. 2.8. Law enforcement organizations

The risks of corruption among the various law enforcement agencies – the police, the Customs and Finance Guard (VPOP) the Prison Service. National Directorate General for Disaster Management (including fire-fighting) differ.

The first three on the list tend to be the most vulnerable to corruption. Nevertheless, given its tasks, the police force is in a special position. The Customs and Finance Guard can also do a great deal to combat corruption.

III. 2.8.1. Police

Given that the police are an armed body, they are vulnerable the world over to attempts by organized crime to gain an influence over them. The extent and frequency with which this succeeds depends on the organization level, experience, and commitment of the given police force. Where external influence (political, for instance) is powerful, and where the independence and professionalism of the police is violated, one has to count on the appearance and infiltration of organized crime. In past years the professional experience of the Hungarian police force has declined – primarily because of large num-

¹⁷ Part of the status report comes from the document prepared by Transparency International.

bers of employees retiring – while there has been an increase in their workload. A lack of funding along with multiple changes of leaders and priorities has made it more difficult to advance operations.

In recent years, thanks to partly revamped and renewed monitoring and administrative systems, opportunities for influencing police cases have declined, but the heads of departments and investigators can continue to influence the outcome of investigations. The fact that the results of internal investigations are not made public is a risk factor because the reason for initiating disciplinary proceedings and the sanctions imposed should be considered public data because it is in the public interest to know.

Investigation: Risks of corruption can appear primarily in felony cases for here the defendant is at greater risk of serious sanctions than defendants in other types of cases such as misdemeanours, civil law, family law or labour law cases. While the prosecutor dominates the scene in the pre-trial phase, it nevertheless is the investigative authorities and the quality of their work that sets the framework within which the prosecutor operates. In the investigative phase, the investigators conducting the proceedings and the technicians who process evidence can influence the evolvement of a case. They are the ones who discover the circumstances and the evidence, they question the witnesses and if necessary, they obtain statements from the various experts. If the investigative authorities do not conduct their investigation with the diligence required by law – for financial consideration or in response to political influence, later attempts to follow up with improperly prepared impressions, inconclusive statements, no matter how professional this level may be, are hindered by the passage of time, which will make it impossible to follow through. Perpetrators may attempt to bribe authorities to reduce the consequences or terminate proceedings. Depending on the seriousness of the action, they may offer varying levels of financial remuneration to the police authorities involved in the proceedings.

When conducting proceedings following *street violations*, most typically, related to traffic fines, surveys suggest that bribes are offered and accepted often and extensively. The least inhibited version is when the police officer handling the violation offers to take a bribe, quasi-provoking the violator to offer one.

Abuses of power: Corruption linked to misdemeanours can be the type of corruption when a violator accesses an acquaintance or some other contact to smooth out the violation. In cases like this, people who are acquainted with police leaders who are influential and decision-makers or members of the government attempt to gain lenient treatment or even any consequences of their action, using illegal methods.

The causes in brief: the absence of order within the organization, a low sense of danger, a low prestige level of a career on the police force, the exten-

sive use of influence peddling in society, and the social awareness that police can be bribed. The list can be continued with details – general overwork, excessive caseloads, the non-discovery of most cases of corruption, and the self-generating corruption factor as well as opportunities to repeat, mild sanctions, the loss of a sense of calling or commitment, professional uncertainty and a low level of commitment to the profession.

It is interesting that police officers rarely report attempted bribery. While in most cases they probably do not accept bribery offers, they do not report them either although it is generally believed that if they were to do so every time it happened, sooner or later people would no longer attempt to bribe them

Clearly, these conclusions are not generally valid – they are limited to certain areas of police work and to certain individuals.

Police and public officials can help to enhance general day-to-day feelings of security and the idea that adherence to the rules is the right thing to do, and they need to do so. If a society lacks order, if uncertainty is high, there can be problems with police and public officials.

III. 2.8.2. Hungarian Customs and Finance Guard

As a result of Hungary joining the European Union, the Hungarian Customs and Finance Guard (VPOP) has evolved into one of the most European organizations we have. However, the opening of EU borders and the organized crime hazard has also increased the risk of corruption. Fighting corruption became more difficult because of staff cuts within the organization, the complexity of the legal environment, the mixing of public and private interests, the social traditions of networks, fluctuation, legislative shortcomings in monitoring lifestyles, and the power of temptation regarding the money attainable by accepting bribes. These are reasons why there is a risk of corruption in many areas. They include fictive exits and entries on the EU's outer borders, illegal claims for return of the Value Added Tax, the manipulation of documents that could verify bribery during monitoring, inputting false data into the electronic data system or leaking the data used in criminal proceedings. Another risk is that the finance guards have extensive independent decision-making competence in customs and tax administration proceedings, while these proceedings involve relative large amounts. The irregularities seen most often are in executive proceedings, primarily involving young people, who have been in the service for less than five years. For instance, according

to the grapevine, a job at the customs service is a coveted position in Szabolcs-Szatmár-Bereg County (on one of Hungary's external EU borders).

The leadership of the Hungarian Customs and Finance Guard has been aware of all of these risks for a number of years now, and has initiated a programme to reduce corruption. Taking advantage of international and domestic experience and all of the limited means at its disposal, in the past five years it has significantly reduced the number of cases of corruption. For instance, each year the number of people on this force involved in proceedings has declined: 67 in 2004, 47 in 2005, 47 again in 2006, 39 in 2007 and 26 in 2008. The trend regarding criminal proceedings begun against excise authority officials was similar. The decline is primarily the outcome of the Action Plan for Combating Corruption initiated in 2004, or more precisely, of the actions conducted since then under the plan. However, it continues to be necessary to increase the chances of discovery and to reduce the number of cases.

III. 2.8.3. Protective Service of Law Enforcement Agencies (RSZVSZ)

RSZVSZ is the internal organization of the police force, the Customs and Finance Guard, the corrections organizations, the disaster management authority and the ministries that supervise them, intended to monitor them to prevent crime and discover criminal activity within them. The effectiveness of the body is reduced by organizational, professional and even personal ties as well as by the opportunity for political interventions between the parties controlled and the parties controlling them. In principle, it should have all means at its disposal to minimize irregularities. Nevertheless, we can learn much from a statement¹⁸ by an RSZVSZ leader. „Although there has been a decline in pocketed fine money... entire files can be bought in Hungary with enough money... At other times evidence disappears and it has even happened that an investigator working effectively to uncover a case important to the underworld has been prevented from successfully concluding it by his own superiors... Each year 20-30 investigators and their families require special protection.” On seeing a statement like that, the only question is how, and how long will it take to improve the situation and put an end to these conditions.

¹⁸ National daily *Népszabadság*, 21 June 2009. „Money makes files disappear” (Pénzért eltűnnek az akták)

III. 2.9. Hungarian Tax and Financial Control Administration (APEH)

Surveys investigating corruption and news reports suggest that APEH has its own share of corruption, too. In this area APEH has work to do along two fronts. It has to expose and prevent violations among the taxpayers as well as corruption within its own organization. Sometimes the two are combined. Among taxpayers, fast, excessive and unexplained increases in private assets and the practice of using fictive invoices may cover tax evasion or corruption. Sometimes the two are combined.

Tax audits in particularly high value cases run an increased danger of corruption. Within its own sphere of activity, APEH faces the risk of corruption in multiple areas:

- It can incorrectly register taxpayer information or unlawfully amend the data, or allow unlawful access to the data opening the door to a variety of corrupt practices.
- Often taxpayers require certificates from the tax authorities to access certain benefits or procedures. If at times like this the certificates are unlawfully issued with incorrect data that benefit an individual and any form of remuneration is accepted, that covers the definition of corruption.
- Selection is decentralized when the tax authority performs an audit. If selection is not uniform and monitored, chances for intervention are higher: this means either deliberately choosing a taxpayer to audit or removing a taxpayer from the list after s/he was lawfully chosen.
- Concluding a tax audit without drawing a legal conclusion (unpaid taxes) is irrational and inexplicable. The probability that cases will be terminated inconclusively in the recently introduced investigations into increases in assets needs to be looked into.
- In cases of unpaid taxes, the determination of special circumstances requiring an equitable decision should be made by an authority that serves public interests. Offering payment concessions in support of particular interests – typically an abuse of the right to make such a decision – is unlawful.

III. 2.10. Protection of whistleblowers¹⁹

The legal framework covering whistleblowers in Hungary who report on corruption is divided up and has many shortcomings. Under *Act XX, 1949, the Constitution of the Republic of Hungary*, § 64., everyone in the Republic of Hungary has the right, as both an individual and as part of a group, to petition or submit a complaint to a responsible state body.²⁰ Essentially, whistleblowers are protected by Act IV of 1978 on the Criminal Code (hereinafter: Btk), for § 257 states that if anyone takes any sanction against a person submitting a report in the public interest, that person will have committed a misdemeanour subject to up to two years incarceration, or community service, or a fine. According to the commentary included in the Btk, the report in the public interest must call attention to a circumstance or error or failure, which, when remedied or eliminated, would be in the interests of the community or all of society. Ministry of Interior Instruction 39/1999 (BK 24) BM uniform measures to take regarding reports, proposals and complaints submitted in the public interest, in a 9 May 2001 addendum calls for the reporting of the personal data of the whistleblower at proceedings initiated following the report made by the person. This instruction orders that the whistleblower's data must be kept under lock and key to prevent unauthorized access, and also calls for other restrictions.

Although the above decrees have been valid for many long years, we can safely say that whistleblowers are unprotected, or under-protected. In other words, these decrees have not done their job. In the past five years there has been no court proceeding initiated under Btk. § 257.²¹ In addition, the public's lack of information on how to submit such reports does nothing to improve the situation. According to a Gallup poll conducted in the autumn of 2007, some 30 percent of the sample surveyed said they were ready to give their names when making a report of corruption, while 27 percent said they would only do so anonymously. The data suggest that a significant number of people

¹⁹ The term whistleblower, used to cover a person reporting a violation of public interests or public property has become internationally recognized.

²⁰ Act XXIX of 2004, on amendments to certain laws and repeal of other legal decrees in connection with Hungary's access to the European Union, and setting the decrees related to certain laws, contains passages on the procedure for submitting requests or complaints or making reports in the public interest (§141-143.) Protection of these whistleblowers in the law is very tersely set: the person submitting the complaint or report may not suffer disadvantages because of submitting the complaint or making the report in the public interest.

²¹ <http://crimestat.b-m.hu>; Földes, A (2008) How effective laws protect whistleblowers (Hogyan védik a whistleblowert a hatályos jogszabályok) (Manuscript).

are willing to submit such reports. However, when asked if they knew who to turn to with the information, 69 percent of respondents said they did not.²²

III. 2.11. Health, pharmaceutical fund

III. 2.11.1. Government investments, government development in health care, privatization

When it comes to public procurement for health care development financed by the central budget or through EU resources, all irregularities already discussed can occur. There are several, however, that are derived from the specifics of health care, and should be mentioned separately. Sometimes cases are strongly motivated politically, meaning that they serve the political interests of the decision-makers.

Investments in return for votes: Sometimes unnecessary investments are initiated with the intent that they will buy votes. A mayor or local Member of Parliament may attempt to win over the hearts of the voters by demonstrating that one or another investment would never have taken place without their personal intervention. Unnecessary investments made for political interests to win votes can involve every elected official (mayor, Member of Parliament, or member of a local assembly). When a facility is owned by a local government, it may happen that the head of the institution is required to choose a company to execute the project pinpointed by the majority political party of the region, which makes it impossible to choose on the basis of quality. Professionally unnecessary investments may occur for other reasons too, not only to buy votes.

The traps of PPP projects: Financially unnecessary PPP projects can often occur. In cases like this, the institutions involved and supported by a network of interests impossible to fathom are saddled with an unrealistically high financial burden over a long term. The public participant must pay an unsupervised high profit on their overhead costs to the executor of the investment or to whoever purchased the executor's rights. This will upset the operations of the given institution for a long time. Often the source from which the repayment is to come cannot be planned out in advance and at the time the payments begin the decision-maker no longer works in that position and cannot therefore, be held accountable.

²² Part of Chapter III. 2.10 was prepared based on Petra Burai's article (Transparency International)

Privatization here too runs the risk of corruption. As far as motivation is concerned, there is no significant difference here between those behind the privatization of these facilities and other state-owned institutions and services. The privatization of health care institutions and organizational units has increasingly been in the spotlight of political and economic interests. The main reason is that health care is a unique, valuable and complex public service. In addition to its very specific mandatory tasks, there are alternative levels that are market-based. For the most part this is a matter of professional policy, but there have been cases where corruption triggered or accompanied a phenomenon.

III. 2.11.2. *Permits from government administrative units and authorities, procurements, operations, monitoring*

The health authorities continuously conduct proceedings involving permits and monitoring. Within this framework, it may happen that public officials deviate slightly from the rules for financial gain. They rarely agree to any major deviations.

When setting the prices of the *pharmaceuticals and medical implements subsidized by the social insurance system* and determining the correct subsidy index the procedure is often not transparent even though the domestic regulations and EU directives are components of domestic law. This makes it possible for suppliers to attempt manipulations that put them in favourable positions. Partners in this can be anyone ranging from political decision-makers to simple public employees participating in the process.²³

The DRG (Diagnosis-Related Group Codes) [HBCs] system on which *hospital financing* was based and updates to the specialist outpatient point system were terminated about a decade ago. The various weighted numbers and points are now set empirically, often highly influenced by professional lobbies, which can put certain professional and possibly certain privatized services in a unilaterally favourable situations, often at the expense of others.

There might be supplier interests behind certain components of *lawmaking*, which could force health care suppliers into unnecessary spending.

It may happen that certain entities report fictive performance to the National Health Insurance Fund, meaning that either no patients were seen or the patient care was unnecessary. This includes unnecessary hospitalizations or

²³ Unpreparedness and abuse of unpreparedness may often be behind such decisions, as well as, in some cases, the lack of professional standards. Since the system does not systematically follow changes in medical technology, there is scope for professional lobbying, where, using their political and professional policy positions, they can coerce changes that have no theoretical foundation, should their interests dictate them.

fictive hospitalization. In both cases it is possible to verify the institution's unjustified financial gain. It is believed that this violation of regulations occurs often – it is mentioned in an effort to cover the entire sphere of violations – although it is far more a matter of the general problems health care is forced to contend with, than an issue of corruption.

Public procurements in health care. This process has no specific feature that makes it different from the issues seen elsewhere, so we shall not discuss it separately. The general directors, managers and business managers of health care institutions including hospitals and outpatient clinics are the persons targeted for corruption. When public procurement funds come from the operating expense budget the result is very risky. It may happen that the public procurement itself is outsourced, which makes monitoring the public procurement even more difficult.

III. 2.11.3. Ways to influence pharmaceutical order placement

It is important to pharmaceutical manufacturers that the products they market be used by as wide a circle as possible. This is why they have created a system involving visits to doctors. The pharmaceutical company staff visiting the doctors offer information on their products and they may offer smaller or larger gifts including offers to cover the costs of attending a medical congress to influence the doctors to prescribe their products. Sadly, the operation of the visitor system is still not sufficiently transparent as far as the authorities are concerned. While the pharmaceutical supply is regulated and strongly controlled by the authorities, this component falls outside the regulations. The expertise of the visitor and the nature of their activity are known only to the companies that employ them. The requirement for companies to pay a fee for each medical visitor in the field has reduced the number but it is likely that the nature of their work and the effectiveness has remained unchanged.

Influencing the pharmaceuticals that are ordered, combined with normative shortcomings (professional and ethical) could lead to violations of patient interests, the safe supply of medication, and damage to patient health. One such action might be to replace a medication used in an ongoing therapy with a different one, for financial reasons.

Given current doctor salaries, professional extension training for doctors is a huge and unaffordable burden, although participating in these training sessions is a requirement for credits. Pharmaceutical companies take advantage of this vulnerability when they sponsor doctors, relieving them of the financial burden in exchange for an opportunity to promote their products – which is in violation of the rules.

In many cases, the financing for pharmaceutical trials (in the clinical phases) is not transparent. Persons participating in registered trials, for which permits are required, may receive direct and illegal remuneration above and beyond the official fees, often through go-between businesses.

III. 2.11.4. Gratuities to doctors

The institution of paying gratuities to doctors was created primarily by a shortage of doctors, so substantive results in terminating it might be attained by eliminating the shortage economy in health care (low salaries leading to staff shortages, waiting lists, restrictions on performance volume, etc.). As long as a patient feels vulnerable and the incomes of health care workers are humiliatingly low, of which patients are keenly aware, gratuities will continue to exist. For instance, in the European Union doctors earn 2.5 to 3.5 times the national average incomes for the countries they live in, while in the United States they earn 3.5 to 5.5 times the nationwide average. In Hungary they earn 1.3 times more. The incomes of nurses and ancillary staff are even lower.

Unfortunately, it is also a fact that the amount and quality of care available is low, while cuts made in carelessly designed „reforms“ have caused further deterioration. The system is a conglomerate of shortage and waste. This has created, and continues to sustain, the tool that gives the individual priorities – the gratuity.

The gratuity plays a dual role. Some patients feel they are more secure if they offer money because the state does not sufficiently pay the staff charged with their care. In contrast, health care workers say that they offer satisfactory care to all patients whether they offer gratuities or not, because there are ethical and legal consequences otherwise. The watershed in current practice is whether the staff providing the care expects to receive gratuities or „merely“ accepts them. Irrespectively of all explanations and circumstances, if someone requests and accepts payment for any form for care in a government institution in excess of regulation-stipulated reimbursement, that is no longer a gratuity but a crime. There are many ways of coercing payment of a gratuity and the personality of the doctor also plays a role. Gratuity payments occur in central and isolated rural practices alike. Nonetheless, in most cases, the doctor provides care to all patients alike, and if a patient or a member of the patient’s family offers money after the fact, the doctor accepts it. Often doctors only will accept this passive type of payment from patients who appear to be well off. Under current regulations, there is no ethical or legal foundation for sanctions.

Exactly what is ethically and legally expected of health care workers in the current health care system should be made clear along with the changes

required to put an end to the practice of gratuities. A few thousand doctors would not benefit from the change, for they would never receive salaries high enough to compensate them for gratuity loss. However, this is not true for the majority. The moral behaviour of the minority would be unlikely to change even if medical services were recognized at their true social value and accordingly remunerated. At the same time, the significant number of doctors who passively accept gratuities would probably have a very difficult time remaining at their jobs without the gratuities unless their incomes were significantly increased.

III. 2.12. Education

There have been many changes in the Hungarian education system in the past fifteen years. The first portion of this volume contains an extensive analysis of all such changes. However, one unfortunate phenomenon needs mentioning in this section, too. This concerns cheating, that is, the purchase of answers, theses, tests, and diploma theses, for money. Cribbing on tests has always been an undesirable but integral part of school life. Cheating in schools becomes a social issue when it reaches a critical – no longer tolerable – level, when it is no longer the internal affair of the various schools. The phenomenon is very hazardous to society for two reasons. One concerns the student who becomes accustomed to the fact that he or she can advance through the school system with unlawful methods and is unlikely to resist similar temptations once out of the school system. The other is that the amount of knowledge acquired compared to the gauge of what has been learned has declined with the spread of this phenomenon. Many studies have demonstrated that there is a connection between cheating at school and cheating later in life, at work and in business life.²⁴

The current, very high level of cheating is a new phenomenon. We do not have precise data nor do we know of any detailed or extensive survey. Rumours reported by young people of market-type offers and phenomena are the indicators of what looks like the dramatic spread of purchased „knowledge“. The situation differs, however, from one school to another. In some secondary

²⁴ An investigation by Davis and Ludvigson found that 98 percent of students who cheat in secondary school continue to cheat in the higher education system. (Davis, S.F.; Ludvigson H.W. /1995/ Additional data on academic dishonesty and a proposal for remediation. *Teaching of Psychology* 22, 119–121.). Investigations conducted by Nonis and Swift found a relationship between cheating at school and dishonesty at work. (Nonis, S.; Swift, C.O. /2001/ An examination of the relationship between academic dishonesty and workplace dishonesty: a multi-campus investigation. *J. Educ. Business.* 77, 69–77.).

schools and colleges it appears that violations of these norms occurs but rarely, while there are others where they occur much more often. The level of cheating itself and the action taken appears specific to given schools. We have no knowledge of any nationwide programme aimed at effectively reducing occurrences. Such a programme is needed because the irregularities devalue our society and economy overall. Each fraud may lead to loss of knowledge, a lot of fraud can cause a loss of lot of knowledge and significantly lower quantity of knowledge may lead to lower competitiveness. There are exemplary countries on the continent, where cheating at school is unknown. These countries are among the most advanced economically, which should surprise no one.

III. 2.13. Local government issues

One unique feature in this area is that corruption tends not to appear in the in decisions made by individuals, since the vast majority of local government decisions are made by a body. Thus, influencing them is more difficult but not impossible. This appears to be able to cut down corruption, but it is also true that the lower level of personal responsibility in collective decision-making is a disadvantage. Divided „aerated” responsibility has for many decades, been a customary way of avoiding and devaluing responsibility in Hungary. The result can be situations in which local representatives feel a lower level of risk when making unlawful collective decisions.

In local government, corruption tends to be more typical of preparatory phases and the participants in corrupt practices are generally the ones involved in preparations.

The following areas are vulnerable to corruption in local public life:

When selling *assets belonging to the local government*, the risk of corruption is somewhat less than when the central government sells assets, but the nature of the risk is similar. Accountability is greater and most decisions are made by a collective. There is also less chance to keep the public in the dark. However, practically speaking, there is no organization to monitor whether or not the assets from the sale are used to benefit the community, and the effectiveness of internal controls is sometimes questionable. The privatization of the local government public service market has become a matter of interest recently. Demand markets (such as lo-

Values are lower; often there are fewer players, but the number of cases has been going up. This describes the cases of corruption among local governments. Aside from the economic damage resulting, this unlawful behavior has serious social consequences as it becomes commonplace.

cal transport) have received a great deal of attention, but so have utilities such as sewage and waste management. There seems to be quite a supply of the latter, which increases the risk of corruption. Regarding the privatization of local government assets and their rights to perform services, there is typically a lack of appropriate preparation, market analysis and knowledge of how much of an income to realistically expect, which means that appraisals can be influenced. This heightens the danger of the interests of a buyer or service provider gaining priority over the community interest, which is very difficult to expose and prove.

Local government investments that are lower in value, such as repairs, maintenance, designing and advisory services as well as procurements and services that are below the value at which public procurement procedures become necessary can also be subject to elements of corruption. Decision-makers tend not to pay much attention to smaller procurements. People who request offers and who prepare decisions are at greatest risk of corruption.²⁵ The hazard of corruption increases if the person collecting the information to prepare the decision and the decision-maker are one and the same, particularly if monitoring is not efficient enough.²⁶ Most local governments will regulate these procurements using some sort of internal regulation, specifying the several offers need to be made and in good cases, also requiring quality controls.²⁷ The danger of corruption with low-level procurements also exists when approving the work. In some cases a business will attempt to cover up shortcomings in quality with a bribe, and can get away with it comparatively easily if the person involved is not professionally knowledgeable. Sometimes, lacking sufficient information, internal controls are also helpless.

Sadly, it often happens that local governments have very definite ideas about which businesses should be doing their work. It also often happens that opposing lobby interests appear in a representative body, and this makes a decision based on professionalism difficult.

It is widely known that local governments often – generally – are short on funds. This is just as true when they are involved with projects financed

²⁵ Businesses and suppliers tend to offer bribes to staff responsible for procurements when there are few opportunities to obtain work. The opposite may also be true: that is, the business willing to pay a bribe is the one to get the contract.

²⁶ It becomes more difficult to determine what prices are realistic when a job difficult to survey needs to be performed within a very short timeframe. In cases like this, the fact that a bribe has been built into the price will evade even an experienced professional, since added cost for the short deadline will obscure it.

²⁷ When bribes are involved, the person can circumvent this rule by including several businesses within the circle of interest of the same business entity, or by specifying what the multiple offers are to include.

by the EU. Sometimes, intermediary bodies and advisors suggest complex solutions in which a market players agree to cover the local government's equity – possibly through a bank – which means the player in question gets the order without really having to compete for it. It appears necessary to thoroughly investigate these intermediaries and businesses, and to filter them out, to keep competition fair.

Permits from authorities: Corruption related to actions as an authority is similar to other areas of the public sector, with little difference in whether it involves local governments or the central one. The basic situation is that the entity requesting the permit would like to have the authority accept an irregularity or would like to speed up the receipt of permits, for which it often bribes the authority. The move also can be triggered by foot-dragging on the part of the authority, which oversteps the deadline specified – often by a great deal – and when the client has no legal recourse it often attempts a bribe. It may happen that a client who does not want to offer a bribe is put off by the office misplacing a document and then raising repeated objections to the submission to convince the client to pay a bribe. There are times when a client can suffer a serious loss because of the significant overstepping of the deadline, which may increase willingness to reduce the loss by paying a bribe.

Rule violations by authorities. Sometimes the initiative taken by the authority is a violation of the law. For instance, an administrator might cite a variety of reasons why the authority insists that some intermediary must participate in issuing the permit, for which the intermediary must receive remuneration. Similar violations of the law might also occur around the issuing of a certificate by the authority.

Monitoring by the authorities, when covering up an irregularity is the goal. Here the monitoring, disorders surrounding legal remedy, generally lower amounts of money involved, the client's lack of information and often impatience, can all promote the spread of irregularities. Not only do the authorities close their eyes to irregularities, so do people whose job it is to monitor utilities or to grant permits for them to operate.

The SAO audits of municipalities conducted in 2008 reflect general improvement compared to the previous years. The L-0927 report reflects variable, but mainly favourable tendencies in regulations, control, execution, etc. despite deteriorating financing conditions.²⁸

²⁸ [http://www.asz.hu/ASZ/jeltar.nsf/0/07201E54CD9CE5DFC125760F00513B0A/\\$File/0927J000.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/07201E54CD9CE5DFC125760F00513B0A/$File/0927J000.pdf), especially pages 31–32

III. 2.14. Publicity

Publicity is the biggest enemy of corruption. Since ancient times, public announcement of how public monies were used was an important tool for inspiring confidence. Given the explosive change in the tools available for disseminating information and the advance in information technology, it is important that the regulations covering the handling of information in the public interest be in order. The situation with the quality and quantity of laws and other legal means that call for transparency in public affairs is far better than the practice of making public the data and information that is in the public interest. If everyone were to adhere to the laws on this matter at all times, we would be a lot better off on the entire corruption issue. Legislation has even covered the matter of the freedom of electronic information, stating that a body which handles tasks in the public interest must publicize a certain amount of the data the public is entitled to see on the Internet, as soon as it is available. Obviously, there is a reason if despite satisfactory laws and regulations the publicity is still lacking. There may be shortcomings in monitoring the publication of the information. Having no information available on adherence to specifications that require legislation on the drafting board to be made public is not in order either. It should be guaranteed that the specifications requiring the publication of new areas involving use of EU funds are in harmony with basic laws, and that there are no difficulties in interpreting their meaning. The general image of the public nature of information has been seriously damaged by shortcomings in the legislation governing party and campaign financing. Not even generally employed publicity tools such as the declaration of assets can operate in a satisfactory manner unless they include social control and appropriate sanctions for untruths.

Existing laws must be adhered to when it comes to seeing to it that the public receives the information to which it is entitled, and in some areas the laws need to be expanded, corrected or replaced by new ones.

Another factor that hurts the situation is that the party or parties drafting new legislation often ignore or partly ignore the requirement for preliminary consultations with involved parties that the law on the drafting of legislation specifies. The result is that often they do not obtain the opinions of interest representatives, professional organizations and chambers which makes it impossible for these groups to offer their help in closing down the loopholes in various laws that give rise to corruption.

III. 2.15. Business organizations, companies

Generally we think in terms of the public sector when discussing corruptibility, but unfortunately, anomalies of this type also exist in the business sector, among small and medium-sized enterprises (SMEs) as well as large businesses (including multinationals). In other words, a private business can act as a corruptor in the same way as public sector organizations, but it also can be corrupted. Depending on size, the business attitudes of the company and organization level, the causes of corruption (and factors that make it possible) may differ as may the typical cases and the consequences. Within that – to simplify a bit – we find two categories with different motivation: company level and individually initiated corruption. When the willingness to participate in corruption is on the level of the responsible management or owner of the company, discussing internal corrective measures is a waste of time. When the initiative is on individual level, irrespectively of whether the individual is a corruptor or corruptee, in most cases the corruption goes against the interests of the company. From the point of view of value and significance, company level corruption is an order of magnitude greater than individually initiated corruption. Based on signals and indirect information, etc. we can assume that the following types of corruption occur:

- Even in the private sector, often the only way to receive a commission is if the person responsible for procurement or the person who can influence that person, has a vested interest. This can involve the simplest services (such as cleaning) through major business projects (such as computer operations) through the most „elegant“ activities (such as head hunting). The tools for winning the positions can be found along an extensive scale: „motivation“ disguised as a gift, or graft disguised as a conference (located in an exotic place, with excellent accommodations and enhanced per diems), but generally that is not enough. Verbally offering to include the person as a subcontractor is the real way to offer bribes because the money can be shifted to the decision-maker without running the danger of being

Since an owner will never do anything against his/her own interests, s/he will never become corruptible, so if a company is professional throughout its entire cross-section, in principle there will be no corruption. If the business managers or decision-makers do not identify with this outlook, there can be corruption in a private business, but by its very nature, this will violate the interests of the owner.

caught. A primitive but widespread variation is the „Mr. 10 Percent“, about whom it is generally known that the person expects to receive 10 percent, either in his or her briefcase or transferred to a secret offshore account. This occurs not only in cases of government orders and public sector businesses but also among private companies (Hungarian as well as multinationals, and/or businesses registered on the stock exchange) if internal flows, the company attitude and laxness in monitoring make it possible. Another requirement is that the owner must not be particularly involved in decision-making. This type of corruption is particularly possible when money moves in cash (and leaves no trail) such as in the building industry, logistics, catering, or commerce, or where it is difficult to compare performances since the content is a matter of trust, such as in training courses, education, advisors, legal services or marketing communications.

- Public procurement is not only mandatory for public sector organizations and businesses for in many cases it is also a requirement in the private sector. Such cases include when a company has a regional monopoly (such as a utility company) or when it uses public sector monies for 50 percent of its activity or more (such as procurements, investments or services come from EU or the National Office for Research and Technology (NKTH) funds. Even among highly regulated public procurement processes the company for whom the competitive bidding process was tailor-made may be obvious in advance. One „ideological“ basis for this – given that it is a private business – is that it wants to make the choice of its own „free will“ and in accordance with its own complex system of expectations and not necessarily on a mechanical basis (for instance, the cheapest bid). In cases like this, top management will turn a blind eye (or even actively participate), keeping the public procurement process as a formality after having made a preliminary decision – and this can become a source of corruption.
- We need to give special mention to the issues surrounding the keen competition to become a subcontractor to the general contractor winning a public procurement contract, in which the subcontractor decision-makers offering their services can give in to corruption. This creates a corruption chain: the entity making the bid for the project bribes the entity making the decision, and then the subcontractor bribes the general contractor to get a subcontracting job.
- The business players often try to divide up the market to retain their own economic positions and keep prices high. They often offer one another mutual benefits, essentially bribing one another. It may happen that one company asks for money to refrain from submitting a bid, or

promises another company money or some other advantage in return for the competing firm refraining from participating in some competition. These are serious cases of corruption, essentially business

In the business world, there are far more players who demand fair competition than there are corrupt ones.

cartels, and deals like this most likely occur more often and on a broader scale than the Hungarian Competition Authority is aware of.

- Sometimes a corrupt company wants to constrict a market and push prices up. It might happen that dividing up orders among several dominant market players makes it possible or even necessary to continue this division downward and the person responsible for continuing the division might want to make an individual profit (though that would reduce the business's extra-profit). Since often the same person handles opportunities for extra-profits obtained from restricting the market and the slight reduction in that profit when it divides the market still further, the owners retain an extra-profit and may not even notice that it has gotten smaller.
- Cartels are also aimed at dividing markets and limiting competition. Here businesses may reach agreements with one another on future work and exclude any outsider from the market. Then they can bid at increased prices and first one and then another will win as agreed on. Even the „best offer“ would be higher than market price and when acting as one another's subcontractors or through other business, each will glean the extra-profit it is after. Here the corruption is on company level and the outcome can be highly costly to the national economy (such as road construction).
- When businesses „voluntarily“ accept increased prices from other businesses that are closely linked to political parties or able to help fund parties, and thus participate indirectly in illegal party financing, we are dealing with another matter entirely. These organizations need a private individual as a link in the chain and will ignore it if individual delves into the funds during the process, keeping some of the money, either as agreed on or possibly kept secret from the others. Complex advisory projects can typically be used for this, as can PR projects (image creation) and marketing communications or IT tasks. The outcome will be diverse but uniformly negative:
 - Price hikes – to a minimum of cost plus the amount to be handed over (often the requirement to pay participants pushes unfounded costs higher still). Eventually, the consumer or the taxpayer pays the costs. In both cases it operates against the country and the economy.

- o Competition distortion, because the decision is not based on price compared to quality. The businesses not participating in the corruption are eventually driven off the market while the „biggies” and/or the companies with networks and no inhibitions gain the advantage (and build their own „infrastructures” around it to manage the process) turning the process into a system.
- o Dependency is evolved (they MUST regain the status of favourite again and again or the entire system will go down the drain) until the only way the business remains sustainable is through the guaranteed orders. This is how businesses that originally wanted only to occasionally gain some extra advantages will eventually lose their competitive ability. When „clean up” time comes (from the inside with new management, or from the outside, with an economic earthquake) the company may no longer be able to hold its own under corruption-free conditions.

The decision mechanisms for procurements and investments demonstrate the key players in a breakdown according to the various steps in the process. The decision-making process and the level and effectiveness of internal controls depend on the dominant attitude at the business and the ethical rules in play, which in turn depend strongly on the founders, the current owners, and the personalities of top management. A company corrupt from the top down is conceivable. This would be a business with possibilities for corruption coded in at the start, or one operated by the very people whose job it would be to prevent corruption. However, the typical case is one in which corruption is not „officially” sanctioned, not even if it would serve the interests of the business (such as dividing up the market and the prospect of extra profits that ensue). In a case like this, one of two very different scenarios might play out. In one, a member of the company staff – possibly a top manager, even though many decisions are made or prepared on mid-management level or below – might violate official, written internal rules for which he or she could be called to account. This involves putting personal financial interests above ethics and the interests of the company when participating in corruption, as either corruptor or corruptee. The other is one where the „official” rules are in place but the business or its managers are counting on corruption, while they do every-

It is common knowledge that there are international conglomerates that operate under different ethnical norms when doing business in, for instance, Western or Eastern Europe. The business methods of certain private companies interact with the corruption level of the given country where they are doing business.

thing to cover themselves and make it appear as though they had nothing to do with it. A typical scenario involves setting targets for the parties responsible for sales or requiring that „the numbers” in an sector or segment of industry be met „no matter what the cost”, with corruption as the only way to achieve that performance. They agree that if the person is „clever”, he or she will do well, and so will management and the business, and if not (either because the bribes didn’t work or because the employee refuses to act in a corrupt manner) he or she will lose out and the higher-ups will look for someone else to do their bidding.

Decision-making processes are increasingly complicated and multi-level. A given top manager relies on the work and performance of the lower tiers or uses them to cover up for himself (or herself) while possibly giving the orders from the background.

III. 2.16. Political corruption

We can glean a broad range of examples of political corruption – regarding type as well as scope. The common feature is that they always include individual players or groups of players and/or interests. In the cases within the category of corruption, often the very principles of democracy are violated in addition to the usual violations on the business, justice and moral levels. In societies with a high level of political corruption, democracy is formally possible within the system of institutions but the content will suffer. If corruption becomes equally and increasingly practiced by all political groups, democracy becomes seriously endangered, as we have seen occur in several developing countries over the course of time.

Cases, players, specifics

Obtaining funding for election campaigns: in Hungary we have continuously witnessed overspending on political campaigns or more precisely, the various consequences of overspending. Since parliamentary and local government elections are held to secure political power, given the level of disorganization, there is little likelihood that any political group has the fortitude to sidestep this abuse. The phenomenon appears as follows, with suspicion of corruption inherent in the disorder:²⁹

²⁹ The summary is based on the report of the Sate Audit Office

- In connection with the spending of normative state campaign supports, it is impossible to fathom the concept of miscellaneous costs, the way these monies are spent, what they are spent for, and who spent them;
- There is no way of learning who contributed the „other“ financial supports that have become mingled within the campaign funds;
- There are no rules governing how the costs and resources of individual nominees should be registered in a transparent manner;
- There rules setting sanctions for missing deadlines and failing to report on the spending;
- There is no definition of the timeframe for which campaign costs have to be accounted or the resources and inputs that have to be considered;
- The amount of money that should realistically be devoted to a candidate in addition to the support from the central budget has not been determined;
- The content of written agreements between organizations nominating joint candidates regarding campaign financing, registration and accounting has never been defined.

Under these circumstances, there is broad scope for actual campaign spending to exceed the amount specified by law several times over.

Party operations and finances: the balance sheets and profit and loss statements prepared by the political parties do not meet the requirements specified in Act C of 2000 on Accounting. At the same time, there are no specifications telling what to do with funds received from prohibited supports and/or activities. There are no rules governing the conditions under which political parties may use real estate belonging to local governments. There is no clear definition of what qualifies as a contribution or support to a political party. The above are highly conducive to retaining the opaqueness of party finances and preventing any type of monitoring. The hidden, unexposed and unmonitored finances linked to the political parties are a threat to the stability of the government and turn the government interest sphere into something that is relative and unfathomable. The interests of the groups willing to finance party operations and campaigns from the background can become the factors influencing government interests. Unfortunately, the State Audit Office is unable to identify the connections and relationships, and given current regulations it never will be. Regarding the specifications of the Act on Election Procedure (hereinafter: Ve) that have been valid since 1997 and the specifications of the Act on Political Parties, not even the third parliamentary election cycle

was able to guarantee the conditions for complete transparency regarding the origin and use of campaign monies.³⁰

Election irregularities, voting manipulations: In addition to party financing, there is a significant danger of corruption involving the impermissible influencing of voters, buying votes, and – in two-round elections – buying supporters for the parties. By evolving cooperation with one another, the political forces can play a major role in reaching corrupt compromises. These moves lead to decisions that run counter to voter will and raise constitutional concerns. In some cases the irregularities and manipulations conducted prior to and during elections are very much in the public eye, but with the lack of proof and no sanctions, substantive measures are generally not taken. Sadly, the signs indicate that these phenomena became increasingly widespread and refined through the past five free elections. Given the absence of action, we can conclude that the elections committees – as they operate at present – are not suited to expose abuses. The political influence of the central election bodies does not help the cleanup effort either.

Some of the following factors contributed to the evolvement of the current situation:

- Under the law, the government and the bodies of public administration are not part of the election procedure. Therefore, there are no sanctions in place to combat the real and impermissible government campaign;
- There is nothing to monitor or call a member of the government, top state leader or mayor to accounts for using his or her „workplace“ infrastructure (office, car, phone, etc.) for the campaign „free-of-charge“;
- The role of the media is unregulated – so are its limits.

The view that some politicians are involved directly or indirectly with political corruption is widespread among the public and many know of concrete cases. This situation, which completely lacks consequences, tends to offer moral absolution, often a behaviour model and encouragement to perform irregularities in other walks of life.

Political irregularities within the term of office: The period between two elections has its own share of irregular and often unethical actions. In past years, the media has regularly reported on countless cases bribes or other unethical means that alter the decision-making proportions of the democratically elect-

³⁰ Following the 2006 parliamentary elections the government submitted a bill to parliament to amend Act XXXIII of 1989 on the operation and finances of political parties as well as Ve., and several other related acts, under number T/237 without obtaining the support of the opposition parties. No one need be surprised that the bill, which has been debated at length, has not been adopted to this day.

ed bodies. These range from the initiation of campaigns of slander against individuals through intimidation that change rules governing elections in apparently unjustified ways, or that unilaterally alter election regulations. Each case damages the quality of democracy and describes the country's political culture.

The leading players believed to be involved in corrupt actions in the two areas (party financing and election manipulations) are the political leaders of the power structure, and the leaders, activists and candidates of the parties. *If anyone assumes that it is equally in the interests and the intent of all political groups within the country to retain the current muddled and damaging state of affairs, that person had best renounce the idea of Hungary's prosperity through democratic means and democratic processes. There must be some social forces – either among the political elite or on the side of the civil sphere – that really want positive change and not simply say they want it. Unless the level of political culture improves substantially, it will be impossible to lead the country out of this difficult situation.*

IV. Proposals, corrections, concept

Corruption cannot be eliminated completely. Irregularities occur even in the cleanest societies. In Hungary, a realistic medium-term goal might be to implement drastic changes and steadily reduce the tolerance level. A basis for comparison should be set along with a realistic target for a given timeframe. Considering the nature of the processes and the social and economic conditions, we envision a ten-year consistent anti-corruption programme that could bring corruption down to a tolerable level.

This section of the heading on corruption offers one possible concept of combating corruption in Hungary. It is based on surveys, analyses and proposals but it is not a fully designed programme.

From a bird's eye perspective, there are two basic factors determining the level of corruption: attraction and denial. The attraction lies in the collection of opportunity and the denial is the anti-corruption level of the environment, in other words, social discipline or the social attitude. We need to deal with both for the correction to be effective. Attraction can best be reduced through repressive legal means while social discipline can be increased through preventive methods.

There are two possible proposals for improving the corruption situation we have outlined, based on two different philosophies. According to the one, we have nothing more to do than make existing systems of institutions and players obey existing laws and rules. The other concept – which we discuss in this section – argues that the level of „contamination“ is so high that the above method alone is insufficient. Therefore, we need to amend laws and make targeted, minimum institutional corrections aimed at improving effectiveness.

The proposals are definable with the „National Integrity System“ (NIS) used by Transparency International, which consists of the most important areas and institutions needed to sustain integrity, transparency and accountability.³¹ We recommend this method in a slightly expanded form and sug-

³¹ „Transparency International“: Corruption risks in Hungary 2008. National Integrity Study, Part One.

gest that the Hungary NIS consist of a 1+3+3 system, that is, 1 commitment, 3 pillars and 3 operative areas (Figure 1). This structure appears to allow us to most easily manage the monitoring, development and adjustment of areas with different natures.

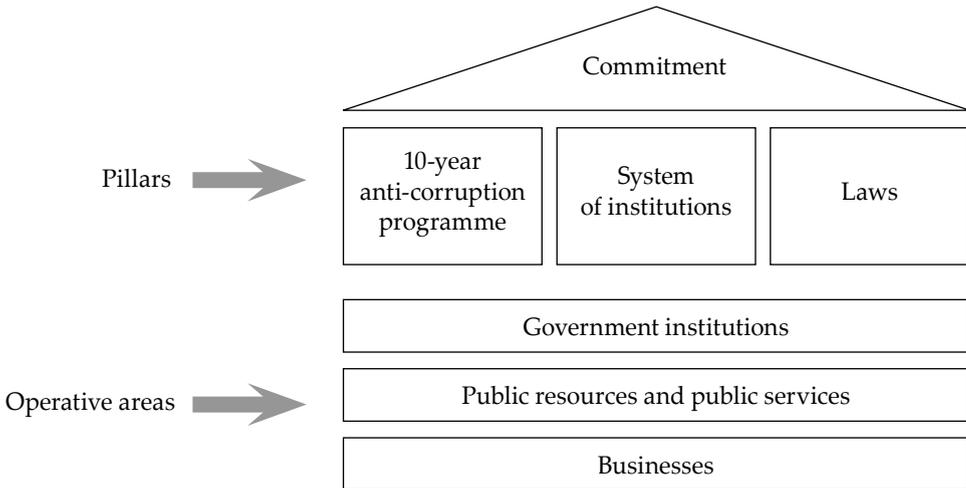


Figure 1

IV. 1. Commitment

The most important component of the effort to reduce corruption is the true commitment of the political forces in power and primarily of whichever government is in office. International experience has verified that without the true commitment of the political powers including the government in office and its leader, there is no chance of successfully implementing an anti-corruption programme. The commitment requires continuous action and a clear message. It must set examples, take daring action and accept a certain measure of risk. At the same time, it is guaranteed that the payoff will be a society in which there is order, which promotes development, and which history will remember. It will be able to promote and guide the evolution of a prosperous economy.

That commitment means that – from the very first moment – the entire power structure and political hierarchy from top to bottom will operate under one

Participation in the fight against corruption is personal and the responsibility is personal. Leaders who think responsibly about their people and their nation cannot ignore the challenge, even though it carries risks.

and the same programme, with the same intent to correct the situation. In addition, it must be assured that all individuals on decision-making level are credible.

A significant number of committed and incorruptible decision-makers and other participants will be necessary to execute the anti-corruption programme on broad scale.

Society-wide measures are necessary to attain this goal and the supporting forces need to be mobilized. This requires a separate strategy to remove people tainted by corruption from the political parties and from decision-making levels.

We need to calculate with the fact that in a highly infected society the struggle to combat corruption – particularly in the initial phase – will involve political and other risks. The more significant cases have the power to mobilize very powerful forces to avert possible legal measures. The situation can also be seriously sensitive when a major sector of industry has come to rely on business procured through corruption and whose opportunities will be narrowed down or terminated because of the programme. The programme will have to include components to handle these risks. Given the serious level of corruption that has evolved, society expects measures of this significance of top decision-makers.

IV. 2. The three pillars

The effort to combat corruption rests on three pillars, not only symbolically, but in practice as well. Should „construction“ of any of the three fall behind, the effort will be less effective and the results will be unstable.

IV. 2.1. Ten-year national anti-corruption programme

Quick and lasting results only can be attained with a longer term programme that enjoys extensive social support. We need to design a programme to successfully reduce corruption, and the authorities need to participate in designing it. This document is intended to help them do just that.³² The programme

³² Number and date of the last Government resolution on the anti-corruption government strategy: 1023/2001. (III.14.). The 1037/2007.(VI.18.) Government resolution is dedicated to anti-corruption tasks, in which the first point is strategy development. The 6.0 version of the Anti-Corruption Strategy of June 2008, prepared with the co-ordination of the Minister of Justice and Law Enforcement is significantly different from the concept described in the

can be built of components other than the ones listed in this section, but as far as its character and objectives are concerned – keeping society’s interests in mind – it must not make any concessions regarding the requirements listed here. In content, the programme should be sufficiently deep and wide to effectively combat most corruption and similar phenomena. There are some areas in which results can be attained quickly, within the space of a year, while in others a number of years will be needed. An even longer period of time will be necessary to shape the way people think and to evolve a society in which people are willing to adhere to the rules. No more than ten years are needed for the level of corruption and similar phenomenon to go down to a tolerable level in Hungary. This means that Hungary’s corruption index can improve from 5.1 (46th position) to 6.4–6.7 according to Transparency International’s 2009 report could improve about 20 slots to the current level of Slovenia. It is important to begin the fight against corruption on all levels simultaneously irrespectively of whether the programme in question is long, medium or short-term. We can and in fact must count on the fact that if a circumspectly and professionally designed programme receives sufficient support, we should not expect a linear decline in the corruption level. Over the given timeframe more and less successful and effective periods will alternate. The first year, particularly since much of it will involve preparation, we cannot count on significant changes. If the programme announces that it is ready to do battle and effect change on all fronts simultaneously, very visible changes should be apparent in the second and third years. According to preliminary estimates, we should reach the halfway point of the overall difference between the corruption levels at the start of the ten-year programme and at the end – essentially the programme outcome – by the fourth year. In the last third of the decade the goal is to achieve moderate declines in corruption combined with a stabilization of the low level, and an irreversible status (Figure 2). Obviously, we still have work after the end of the tenth year. From the second half of the programme onward we will employ rolling plans and – based on results – we can continue to plan the measures to combat corruption. The risk of corruption is so high that we must never allow our attention to stray, and we must constantly develop and advance the corruption combating system

Our only chance to combat corruption is to design a professional programme that cuts across the entire spectrum and to begin executing all aspects of that programme at the same time.

study in structure and contents. Although the reasons why the strategy did not turn into a Government programme are not known, we can still assume that it contains components and solutions, which may be taken into account for a new programme.

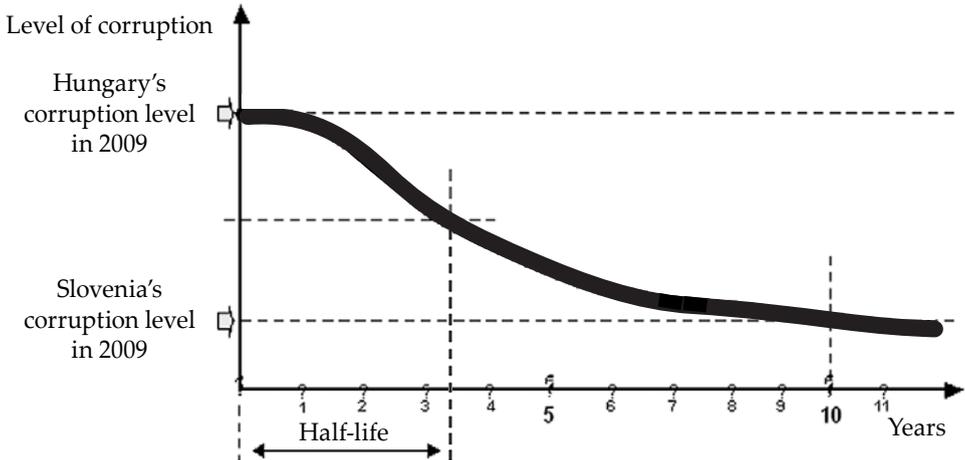


Figure 2.

A truly committed power and the given government will have to prepare the anti-corruption programme using professional cooperation, and will have to make it public. This way, the content of the programme itself can become evidence of the commitment.

IV. 2.2. The most important institutions in combating corruption

A number of organisations within Hungary's system of democratic institutions are charged with cutting corruption. We have already mentioned the present ones in our evaluation. If everything were in order around these institutions it is unlikely that corruption would have reached its current level. A fundamental shortcoming is that none of the current institutions are authorized to responsibly coordinate and/or lead the fight against corruption. The sometimes questionable efficiency of the organizations charged with exposing irregularities, shortcomings in cooperation, uncoordinated overlaps in authority and the widespread nature of corruption itself require that the tasks and authorities of certain important organizations be altered and that a few very necessary changes in structure be made.

Current institutions and organizations:

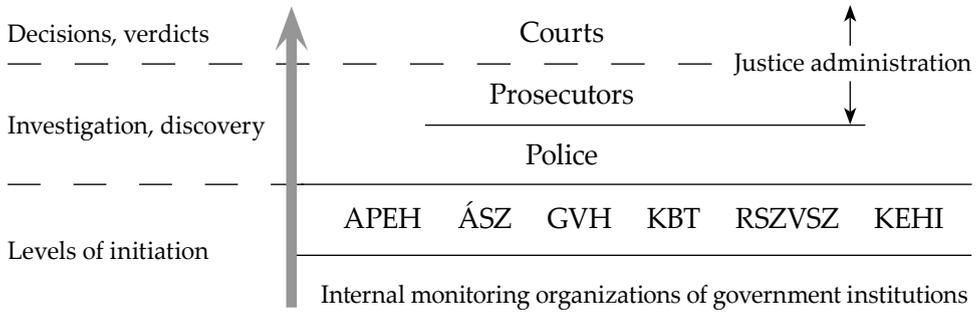


Figure 3.

Where:

- GVH is the Hungarian Competition Authority, the guardian of fair competition in the economy (it conducts its investigations on the basis of reports, media news, and other indicators). Supervisor: Parliament
- ÁSZ State Audit Office: it monitors the operation of state institution after the fact, by auditing them. Supervisor: Parliament
- APEH Hungarian Tax and Financial Control Administration: control and supervisory tasks. Supervisor: Minister of Finance
- KBT Public Procurement Council: it coordinates, monitors and remedies problems with public procurements. Supervisor: Parliament
- KEHI Government Audit Office: this body conducts supervisory monitoring and checks for lawfulness – it monitors the use of EU funds: Supervisor: the Cabinet
- RSZVSZ Protective Service of Law Enforcement Agencies: the internal supervisory body of the law enforcement agencies. Supervisor: Ministry of Justice and Law Enforcement (IRM)

An institution is needed to coordinate and lead the fight to combat corruption – one that does not have investigative powers. In principle it is possible to implement the programme with the existing institutions but there are two strong arguments against it. One is that the naming of any one of the responsible institutions to do the job and the legal regulation of the new tasks and cooperation would in itself, upset the current system, while the other is that it is very difficult to achieve the change in outlook needed amidst an unchanged legal framework. There is a need to change the attitude based on which no fast corrections can be expected in those institution, which were responsible for mitigating corruption in the previous years. No matter which institutional solution the programme designer chooses, it must definitely include the most important proposals. Our recommendations, in brief:

In the justice administration system:

- Within the institution of *the courts* – it would be wise to set up an organized and specialist section that handles only corruption, for that would allow decisions/verdicts to be reached rapidly and expertly;
- Within the *prosecutor's office* – it would be appropriate to establish an organizational unit that specializes in the discovery and investigation of corruption. In addition, from the beginning of criminal proceedings the prosecution should be responsible for all cases of corruption (See Section IV. 3.1.1).

On monitoring and initiative level:

- It is recommended that the authorities and responsibilities of the *State Audit Office* be expanded and reinforced (See Section IV. 2.3.4.);
- Cooperation with the professionally connected areas of the *Hungarian Competition Authority* needs to be made stronger;
- *The Protective Service of Law Enforcement Agencies* should be placed under the control of the prosecutor general, guaranteeing that the monitoring is free from organizational or political influences. At the same time, this Service should become a separate order.
- Special attention needs to be paid to compiling a *new and effective* organization operating independently and subordinated to parliament, and to rethink the idea of in-process monitoring to reduce corruption in the use of public monies.

Reducing two to one. On monitoring level, it would be wise to shape and authorize one institution to become the body responsible for coordinating the entire anti-corruption programme. One possible proposal for resolving this, based on tasks that can be combined, on interactions, and on an evaluation of the entire situation, would be to terminate the Public Procurement Council and Government Audit Office and replace them with a central coordination institution which might be called the *Monitoring and Public Procurement Bureau* (EKI). This would cut down the number of organizations and staff and pinpoint the area of responsibility. The outcome would be greater efficiency in cutting back corruption. It also could handle additional tasks that currently appear not to be assigned to any organization, or to be assigned piecemeal. The structure of the entire system or institutions, broken down into levels, once this change has been made, is in Figure 4.

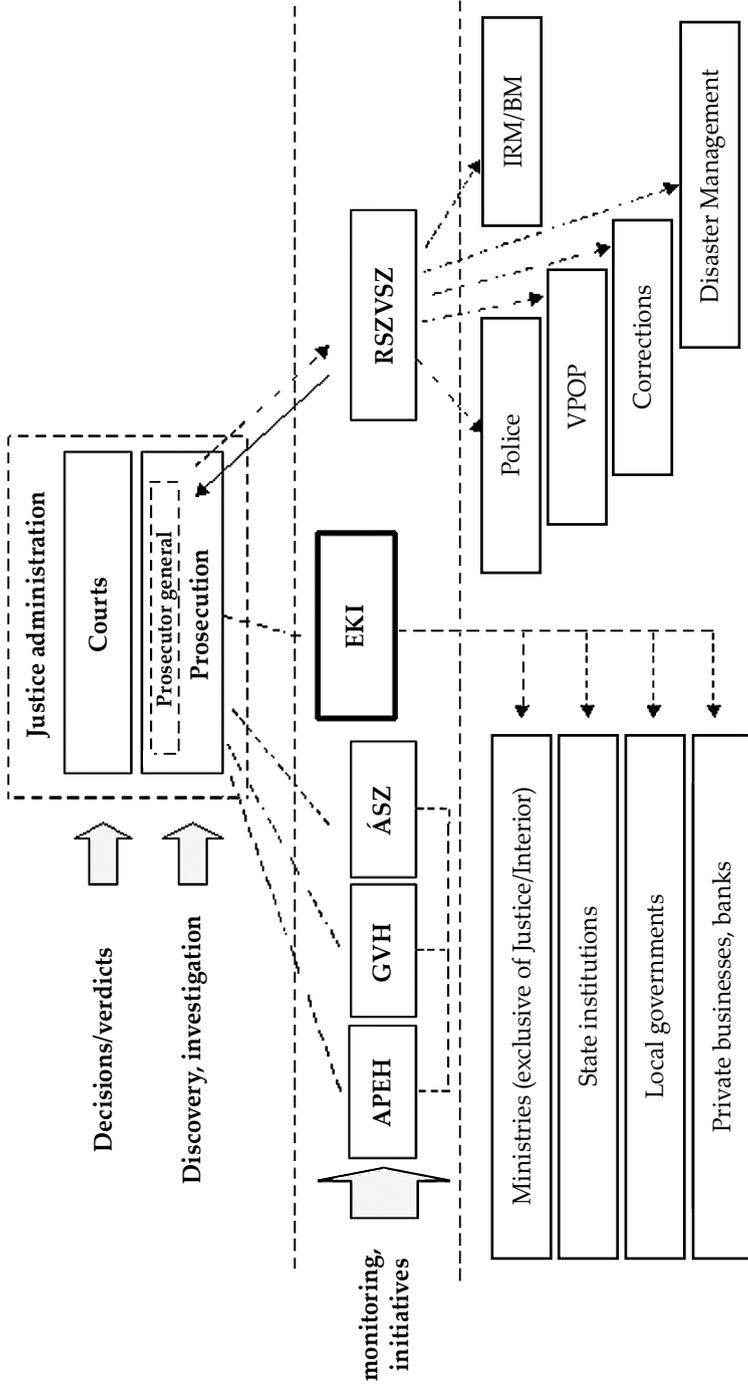


Figure 4.

Where:

- EKI Monitoring and Public Procurement Bureau
- GVH Hungarian Competition Authority
- ASZ State Audit Office
- APEH Hungarian Tax and Financial Control Administration
- RSZVSZ Protective Service of Law Enforcement Agencies
- IRM/BM Ministry of Justice and Law Enforcement/Ministry of the Interior
- VPOP Hungarian Customs and Finance Guard

The Monitoring and Public Procurement Bureau (EKI) will become the institution responsible for implementing the national programme to combat corruption. With the State Audit Office responsible for audit-type regular and expanded monitoring, the EKI will be in charge of continuous supervision and immediate reaction, and will be the coordinator of and responsible for prevention as the manager of the entire national programme, in the following areas:

1. It shall be the institution responsible for combating corruption, for constantly updating strategy and for execution of same.
2. Its tasks shall be to coordinate the cooperation of the institutions and organizations responsible for monitoring and supervision (Hungarian Tax and Financial Control Administration, Hungarian Competition Authority, State Audit Office, and Protective Service of Law Enforcement Agencies). It will not have investigative rights but will have the authority to obtain whatever information it needs on the operation of the system and to look into matters. When it or another body discovers a suspicious case, it will turn it over to the office of the prosecution, depending on the data. Reporting cases will not be its primary job, but having the authority to look into all matters, it will be able to prevent cases of corruption and focus in on all suspicious matters.
3. It will be the responsible manager of state public procurement tasks, taking over this responsibility from the Public Procurement Council.
4. It also will be tasked with and responsible for monitoring the use of larger amounts³³ of public monies and public resources not connected to public procurements. In addition, it will monitor all privatization processes including all institutions that use public monies (health care, education, welfare institutions, civil organizations, etc.).
5. Modelled on the Dutch system, it will have a multi-phase network of personal information, whose members, as representatives of EKI, will be partners of or delegated³⁴ to the state institutions at highest risk, and

The national anti-corruption programme must be executed effectively both horizontally and vertically, and this requires a responsible coordinating institution that is independent of politics and of the powers that decide on public resources. This is always in the interests of a power structure that thinks responsibly and is committed to combating corruption.

³³ The exact threshold value shall be determined by the professionals designing the details of the system.

³⁴ This concerns two versions, stronger and milder ones, of the integrity programme. In the first 4-5 years of the anti-corruption programme we recommend having the representa-

will participate in the work of the institution. The task of the monitoring network within the given institution would be to check that there is no corruption and that the managers and subordinates adhere to the rules. Experience suggests that it is best to build the network gradually (See Section IV. 3.1.5)

6. Once legal conditions are established, the task will be to organize and operate a system of registering reports in the public interest (See Section IV. 2.3.3)
 - This requires a body of mediation that protects whistleblowers and that can offer whistleblowers reliability and transparency
 - Since reports from whistleblowers will be followed up on, there might be less of a chance that the individual cases get buried in bureaucratic labyrinths.
7. The Bureau will be tasked with coordinating measures in EU recommendations designed to promote compliance with rules. It would help with the preparation of codes of ethics by the various public institutions and teach them how to apply them. It also would monitor compliance as well as support and monitor the various training courses needed in the various specific areas, etc.
8. It will be responsible for supporting and coordinating the civil bodies organized to monitor public property
9. It will organize and monitor publicity, which is one of the important components of the fight against corruption.
10. Implementation of the comprehensive anti-corruption programme will have to be constantly monitored. It will have to be evaluated and the effects analyzed in keeping with various considerations agreed on in advance. It would be expedient to complete necessary modifications in a timely manner in all areas of detail. The structure of the entire programme should be evaluated two years after the start of the programme at latest, and should be amended or supplemented if necessary.
11. The EKI will prepare comprehensive reports on the work it does in which it will report on the status of the anti-corruption programme and lessons learned, and will prepare statistics and other quantitative reports. It will submit the reports to parliament. Based on the conclusions it draws from practice, it will make proposals on amending the anti-corruption programme.

tive of the integrity programme operating as an EKI delegate in the institutions where the risk is highest. In this case, the person would be completely independent of the management of the given institution while having the rights necessary to monitor activity. In the milder version, the head of internal monitoring would be a partner of EKI.

The central goal of the strategy and law establishing the Monitoring and Public Procurement Bureau should be to rapidly reduce corruption on short term and evolve an outlook of integrity³⁵ on longer term. For this to happen, there must be an anti-corruption attitude that is adhered to in practice in the work of all organizations that are connected to public monies (prevention). The other task is to see to it that the largest possible number of cases in which public interests are violated become publicly known (repressive function). The organizational structure of the Bureau needs to be designed to fit the anti-corruption programme. We recommend that the tasks that are different in nature (coordination, monitoring, public procurement, prevention, etc.) be organized separately, into autonomous organizational units.

The success of the Monitoring and Public Procurement Bureau will be measurable by the quality of public procurement processes and the decline in the level of corruption. The Bureau will not serve any purpose other than what we have already listed and may not have any additional authorities. We recommend that the Bureau be placed under Parliamentary supervision. We also recommend that the President of EKI and the deputies be confirmed by parliament for five-year terms. The president of the Bureau should not be permitted to hold a second consecutive term. The structure and principles of the organization will have to be elaborated in detail within the framework of the national programme to combat corruption. When considering the re-vamping and expected costs and the responsible decisions needed, one factor to keep in mind is that effective execution of the anti-corruption programme will result in an enormous direct saving and in inestimable indirect benefits. Even the most conservative estimates say that in public procurement alone, the savings could far exceed HUF 100 billion a year. All appropriate measures in the anti-corruption programme will pay for themselves very quickly.

In the culture of the Hungarian administration, – given the bad experience of a distorted historical era – this type of monitoring may give the impression that it is restricting freedom. However, the rejection of monitoring might trigger frequent irregularities. Monitoring, with laws strictly adhered to is in the fundamental interests of decision-makers and other responsible persons committed to combating corruption.

³⁵ By integrity we mean complete honest, a state where one is incorruptible and cannot be made to consider dishonest actions.

IV. 2.3. The laws

When seeking ways to combat corruption we need to recognize that most people 'originally' stick to the rules. However, this aspect of human behaviour only will occur effectively if the system of regulators operates on a general scale and is not full of contradictions. Corruption itself exists along a very broad front. The only way to effectively combat all aspects is to have rules that clearly state that any type of income gained or other action taken at the expense of the community will be prosecuted and that the state considers it an important task to expose these cases and to punish perpetrators appropriately. Since the public monies collected for public projects are the most important hotbeds of corruption, the law must clearly reflect the tasks, responsibilities and accountability of the various public employees (who are involved to differing degrees). In brief, we need written (and unwritten) rules in which excuses given for corrupt officials, such as „although what the person did was morally objectionable, it was not against the law”, no longer ever be put forward because the morals that serve community interests and the laws will be in harmony with one another.³⁶

Current laws, with few corrections, are sufficient and suitable for supporting the fight against corruption. In most cases, the problem is not with the laws but with obeying them and getting others to obey them. At the same time, it does appear to be necessary to adopt a few amendments and addenda to existing laws and in one or two areas completely new laws.

The legislative content of some new laws is too general, and others need reinforcement:

- Automatic publication of data in the public interest should be made generally mandatory and failure to do so should trigger strict sanctions. This should be valid for the legislative process, for individual decisions on public property, for information on support from the central budget and the EU, for court decisions, for decisions by the authorities granting permits, for the monitoring of public monies and for making the financing of political parties public. Each of the areas listed could do with legislative amendments and addenda. There do not appear to be restrictions on publishing data in the public interest to combat corruption imposed by data protection considerations, although some people would try to claim there are, as an excuse to avoid making the information public.
- The security of whistleblowers must be guaranteed on the job and in all other ways by explicit laws.

³⁶ Szabó, György. „Ideas on combating corruption.” Study.

- According to various estimates, there is a sizable amount of Hungarian money in foreign banks. Some of this money was obtained legally, and there is no problem with that. Another portion was deposited abroad to avoid taxes and still another was transferred out of the country during corrupt ventures. Finding some method that would at least make it more difficult to move it or that would possibly prevent the movement of illegal money out of the country in the future appears unavoidable.

IV. 2.3.1. *The Public Procurement Act*

A public procurement act based on a new foundation would more efficiently serve to achieve our goals than constantly patching up the existing law, which is unacceptable, not only regarding its quality but also in its applicability. Today's public procurement law contains 81 types of procedure. This makes it impossible to get a circumspect view of the law, which branches out in an unnecessary number of directions. We all know that someone who violates a law will find it easier if the law itself is unclear. Therefore, public procurement regulation should be restricted to the areas that are absolutely necessary. The same is true for the implementation decrees. We recommend the following considerations, broken down into a few points.

The rules: It is necessary to simplify the very different systems of rules governing public procurement and to bring all areas under one roof. This requires transparent regulation.

Active law: During the course of legislation, aware of the current situation, we need to employ legal means to terminate the mechanisms that can be used for influence, to make abuses more difficult.

System of institutions: We recommend putting the coordination and monitoring of all public procurements in the hands of one and the same institution, the one that is responsible for the national anti-corruption programme (See Section IV.2.2)

Monitoring: A new and effective monitoring mechanism needs to be designed. In itself the manner of monitoring should serve as a powerful deterrent to corruption. This means that the tools for applying sanctions must be attached to the monitoring mechanism

Correction of the process: There must be laws making it possible to restore matters to their original condition if corruption is proven and this is otherwise feasible.

Responsibility: In all sensitive areas, the law must assure that individual accountability, including both financial and criminal accountability are guaranteed. The true decision-maker must be held accountable for the decision.

Publicity: This means that the opportunities for monitoring are reinforced. Along with continuous legal and professional control, keeping actions public is one of the strongest ways to counter abuses.

It is necessary to tighten up the rules allowing „secret“ procurements: On the one hand, parliament’s House Rules (regarding when a parliamentary committee is entitled to remove a procurement from the authority of the public procurement act) and on the other, the rules governing „confidential“ and „defence“ procurements have to include guarantees. A real opportunity for seeking legal remedy has to be stipulated.

Independence of Arbitration Committee: In the current configuration, the Arbitration Committee is not independent of the Public Procurement Council. While legislation was drafted, the right place had to be found for the Public Procurement Arbitration Committee, either in a structure similar to the Competition Council of the Hungarian Competition Authority, or near the justice institutions.

System of legal remedy: The current system is ineffective. It is slow and complicated.³⁷ If the „original winner“ has already signed a contract, the „legal winner“ has no chance. Within the institution of the court, a Public Procurement College organized on regional or county level is necessary to render decisions on public procurement and civil cases.

Advisors: Hungarian practices need to be revisited in light of international experience, to at least clarify the legal status and tasks of advisors and in given case, to determine their responsibility – as opposed to formally monitoring them.

Central procurement: We do not recommend continuing the current practice which pays lip service to the effectiveness of central procurement while it essentially opens the gates to masked corruption. We need new laws and

Publicity should be a natural and basic principle applied to public goods.

According to surveys and experience, most resources are lost in public procurements. Attempts to remedy evolved systems of corruption and communities of interest with laid-back measures cannot succeed. It may even happen that there will be opposition to clear-cut and radical amendments to legislation, possibly in fear that evolved systems of interests will be violated.

³⁷ Arbitration Committee – Budapest Municipal Court – Budapest Court of Appeals – Supreme Court (on review) + Civil Court on primary level – Civil Court on secondary level – Supreme Court (on review)

amendments that preclude possibilities for covert irregularities. Central procurement is only viable if this is taken care of.

Harmonization: When preparing legislation, authors must be careful to coordinate new laws and amendments with existing ones. They need to work through competition law and public procurement law as well as the pertinent parts of the penal code and the sections covering misdemeanours, and make sure they are fitted to one another.

Electronic bidding process: If there is no clear reason to preclude it, we recommend that the laws support a purely Internet-based bidding process. Electronic transparency can close a great many loopholes. Electronic auctioning is, for instance, an accepted practice worldwide for competitive procurements. Simultaneity, ease in following trails and unambiguity make it impossible to employ many tricks used at present such as „friendly offers“ that are accepted or amended at a later date, or the subjective considerations of internal evaluations, etc. This requires a higher level and higher quality of preparation and disciplined execution. Through it, participants obtain knowledge and experience that enhances their competitiveness, which will also help them in the international arena.

We also need to make separate mention of the Transparency Accords, otherwise known as Integrity Pacts, cited by international experience as examples of the opposite. Here participants conclude a „voluntary“ agreement with one another – before even beginning, for instance, the procurement process – that the forthcoming process will be transparent, accountable and meet the highest level of ethical norms. This is essentially a „three-pillared“ contract in which, according to international references, a committee or organization participates in addition to buyer and seller, and has rights and responsibilities. There are certain to be several countries where this method operates, but in Hungary it would simply become an additional tool for manipulation. For a corrupt undertaking, all that needs to be done is to „carefully“ select the third player. It would be very difficult to regulate this in a risk-free manner and would incur superfluous costs. Instead, the process itself should be transparent and public. Later, when we have an effective politics-free anti-corruption programme in operation, we might consider concluding a Transparency Agreement with a truly professional third party under precisely defined rules for particularly big projects.

IV. 2.3.2. *Party financing and the election law*

If we are to significantly reduce political corruption, we need legislative amendments and wider scale monitoring of implementation that will terminate both causes and opportunities.

Recommended measures in *the area of party and campaign financing*³⁸

- The Act on the operation and finances of political parties must be made to conform to the order of accounting called for in Act C of 2000 on Accounting.
- In an effort to eliminate financing irregularities, the amount of money used for party financing should be increased in election years insofar as this is possible. Until this is possible, it is recommended that central measures be used to reduce campaign costs (reducing the duration of the campaign, limiting the amount of money each candidate can spend, etc.).
- Parties should not be allowed to finance campaigns using foundations they establish that receive funding from the central budget.
- Campaign spending should only be allowed to come from separate accounts that are open to public scrutiny.
- Bank credit and bank loans should be included in party revenue and should be considered when they account for their spending.
- Parties should not be allowed to accept donations from domestic or international businesses nor from politically independent foundations and organizations.
- In accordance with international practice, parties should be allowed to accept small private donations (we recommend a ceiling of 100,000 forints), which should be centrally supported, with, for instance a tax credit or other concession.
- Larger private donations should not be banned but the name and data of the person contributing the donation as well as the amount donated should be made public in a regulated manner.
- Free of charge or cut-price concessions from central and local governments aimed at overtly or covertly supporting political parties in election campaigns should be banned or regulated.
- Political parties should not be allowed to conduct business activity, to prevent covert cross-financing.
- Donations from religious denominations, state and administrative institutions, charities and professional organizations should be banned

³⁸ Reports of the State Audit Office issued in past years have repeatedly asked for the regulation of some of the items on this list.

as should donations from any individual who might be passing on a banned donation.

- Institutions that publish advertising should be required to provide data. Significant differences in the prices charged for services during a campaign should be banned as illegal supports and interventions. They should be considered a manner of distorting flows and should be sanctioned. We might even consider banning campaign ads from the electronic media – in keeping with European examples.
- When proven that banned support has been received, the recipient should be required to pay double the amount into a separate account maintained by the central budget.
- When regulating party financing, we must try to allow public financing and low levels of private donations to cover as much of the campaign costs as possible. Within public financing we need to increase the value of easily monitored benefits in kind (advertising time, provision of billboards, etc.) We need to try to reduce campaign costs overall.

Election-related recommendations:

Re-regulating the status, place in the hierarchy operation, and supervision of the National Elections Committee (OVB) should be considered as a measure to increase the fairness and transparency of elections. It should be made completely independent of the political powers and parties. The Ministry of Interior or a corresponding institution should be responsible only for delivery of the list of names, while representatives of political parties should not have voting rights on the National Elections Committee but should be observers only. Other recommendations:

- A manner must be found to decide on the substance of election remedies since currently, there is little done to right wrongs between the two rounds of elections, given the little time between the two rounds.
- There should be a law with enough bite in sanctioning campaign violations to actually halt them.
- The Media Act should be amended to make it more precise and thus regulate the work of the electronic and written media in the period leading up to the elections. If the electronic media is going to be allowed to carry campaign ads, (see Proposal 5 above) the specific concept of what constitutes a political ad must be defined and the media and broadcast time divided up among the parties in a way that terminates unfair and unjustified disproportions, irrespectively of whether the media concerned are public or commercial.

- In cases where election fraud or corruption is suspect, it is recommended that strict sanctions be imposed against the elected official involved, and to make this possible, the person's immunity should be suspended when justified.

Clear and transparent rules and coherent principles can make it easier to execute the changes. Society clearly wants to see moves of this type carried out.

IV. 2.3.3. Protection of whistleblowers

Whistleblowers call attention to conditions, failures or shortcomings that need to be remedied in the interests of a community or all of society. The regulations need to protect two legal objects: the public interest (which is the information provided by the whistleblower) and the whistleblower himself or herself – with particular respect to that person's work and living conditions. Uniform laws, based on current ones, are needed to protect the whistleblower. Proposals for these laws:

The subjects that can be reported on have to be defined by law in a manner that covers the broadest possible circle of abuses. For that reason, we do not advise attempting to give an itemized definition or list of the areas that can be subjects of whistle blowing or the nature of the issues or problems to be reported.

We believe it necessary to reclassify the Penal Code description of sanctions against someone who persecutes a whistleblower as a felony punishable by one to five years of incarceration, and to eliminate the option of paying a fine.

It would be worth including the institution of a disprovable assumption in the law on whistleblowers, in which case any measure that discriminates against a whistleblower would be qualified as illegal. In this case the burden of proof would fall on the body taking the discriminative measure to prove that its action was not related to the whistle blowing.

When designing the new regulations it is worth considering completely eliminating sanctions, or if that is not possible, reducing criminal sanctions to a minimum against a person who has participated in an act of corruption and then voluntarily participates in the exposure and termination it.

A whistleblower in a case of corruption shall be protected if

- the whistleblower reports any information learned through his or her job that relates to a felony, the violation of a law or ethical rule or re-

- sponsibility, an abuse of the law, irregular use of public monies, a risk to public health, public safety or the environment, or to the non-disclosure of evidence of any of the above;
- the person turns the evidence over to the bodies defined by law without first trying to profit from it, and;
 - the person does so in good faith.

The good faith of the whistleblower and the lack of personal benefit should be a basic condition for protection, since this is the way to prevent the whistle blowing system from becoming an arena for revenge in personal conflicts or for unfounded or misleading information to prevent effective operation. When investigating information coming from a clearly malevolent source, the law should not preclude that information by law since its truth content may serve the public interest, but the person reporting it must be prevented from obtaining financial or any other advantage from blowing the whistle. When the report is clearly malevolent, the whistleblower should not receive any protections whatsoever.

The law must offer protection to the whistleblower, irrespective of the time of the reprisals. That protection must include legal redress in labour lawsuits and must reinforce the disprovable assumption that if the legal criteria of the whistle blowing are met, all measures that are disadvantageous to the whistleblower are illegal. The employer shall be responsible for proving otherwise.

When information is provided anonymously, the authorities must make a decision on whether to initiate an investigation within their own sphere of authority since the law specifies that they must conduct proceedings when they know or learn of circumstances suggesting that a felony has been committed.

Within the various organizations – local and central alike – whistleblowers will be able to turn to specific liaisons who are charged with providing information on corruption. These individuals will receive the reports and decide on the measures to take. The independence of the liaisons within the organizations must be guaranteed, in among other ways, by no one having the authority to give them orders or instructions.

Proceedings initiated following whistleblower reports will be the most effective if the legislators consider the need to keep the public informed, and the differences in the operation of the public and private sectors are calculated with. The issue of whistle blowing raises a number of problems with respect to freedom of expression and of the media as well as protection of the sources of journalists. Also needed is an atmosphere that encourages investigative reporting. In addition, laws covering the protection of confidentiality need to

include protection of business confidentiality, private information and state secrets and to resolve conflicts between public interests while protecting the information provided by whistleblowers.³⁹

The legal conditions governing whistle blowing must be professional, but this does not mean that the method will become an important tool in combating corruption in the next few years. Although it works well in other societies, it is not certain that it will prove just as useful in Hungary today. What we may need is the quality of social awareness to reach a higher level. For a variety of reasons, it may end up tying down far more energy than its yield. This suggests circumspection in implementation and a readiness to make corrections. This is why the concept does not include any proposal to reward whistleblowers.

IV. 2.3.4 The law on the State Audit Office

When this law (Act XXXVIII of 1989) was enacted, the primary goal was for the State Audit Office (ÁSZ) to act as an arm of the legislature and from time to time monitor the finances of the executive agencies to ascertain that public monies were being spent in a lawful, economic and expedient way. In ÁSZ's view, this implies but does not concretely declare the legislator intent that ÁSZ's task should clearly include combating corruption. ÁSZ will be expected to play an important role in this struggle, of course. Given that Act XXIV of 2003 has authorized it to monitor the use of subsidies from the central budget distributed outside as well as inside the public sector and that Parliament has adopted a resolution tasking it with exposing corruption, ÁSZ's participation in the fight against corruption is possible under current regulations. However, with a legislative amendment its authority could be improved.

To achieve a more effective level of participation it would be necessary that ÁSZ's expanded monitoring authority not simply make it possible for it to initiate investigations in cases where corruption is suspected, but to make it mandatory. To achieve this, it would be wise to grant ÁSZ the legal authority to conduct anti-corruption actions, to conduct discovery and to be required to initiate criminal proceedings with prosecution authorities. In addition, we propose that ÁSZ report on all cases of suspected corruption to the Monitoring and Procurement Bureau.

It would be justified to update the ÁSZ organization and its monitoring methods.

³⁹ Part of Chapter IV. 2.3.3. was prepared based on Petra Burai's article (Transparency International)

It would be justified to amend the law so that the involved members of the executive power are required to act on the proposals ÁSZ makes during its monitoring and to correct shortcomings. For this, changes in two directions are required.

- After ÁSZ makes a proposal to the Cabinet or a Minister, the party to whom the proposal was made will have six months to submit a report to the Speaker of Parliament and if necessary will set up an ad hoc investigating committee to uncover the shortcomings.
- After receiving a proposal from ÁSZ the heads of budget-sponsored institutions will be required to submit a report within six months to the chair of the State Auditing Office and if necessary, initiate an investigation into the shortcoming, including appropriate sanctions, with the body responsible for supervising them.

When amending the current law, we recommend that we consider changing the rules governing the appointment of the chair and deputies of the State Audit Office. We propose that they be nominated by the country's President and confirmed by a two-thirds vote of Parliament for a maximum term of six years after which they may not serve a second consecutive term.

IV. 3. Key areas of correction

(Operative areas)

IV. 3.1. Public Agencies

In essence, we need to work with a new attitude regarding the specifics and shortcomings in the operation of public agencies and the responsibility of representing public interests. The individual, whether inside or outside the public sector, must forget the fallacy carried over from our „communist“ past, that „the state's money is not my money“, so squandering it is okay. And the state has to forget the idea that it can do anything it wants, arguing that it's none of the individual's business. The change in outlook will take quite a while. It will require well-designed programmes, changes, and cooperation. The following sections contain proposals in this regard. If the anti-corruption programme is implemented, the institutions involved should be asked for their latest situation analyses and proposals on the issue.

IV. 3.1.1. The justice administration

The success of the legislative amendments will depend on the quality of operation of the justice administration. Considering that the people working in the justice administration may have a great deal of influence in the fight to combat corruption, proposals that include even small though justified changes can be very significant.

At the same time, there are areas where it is hardest to separate corruption-specific factors from the general quality of operations. The better and the more professional the justice administration is, the more effective it will be in combating corruption and the lower its vulnerability to corruption will be. This can be enhanced by several, for the most part indirect, measures which nevertheless appear unavoidable if we are to reduce the risk of corruption.

When the levels guiding, supervising and managing the organizational units are overburdened, they deteriorate in quality and the risk increases. The chance for professional errors increases, opportunities for monitoring decline, and as a result, commitment and the belief in the job can also decline. This increases vulnerability to outside influences. Increasing staff to the level professionally required must not be subject to budget considerations!

It is necessary to alter the internal administrative flows of the justice administration to become performance-based. Salaries and career regulations within certain limits should become performance-dependent. In most areas it should be possible to monitor work quality (as far as the courts are concerned, the ratio of cases left standing by appeals courts would suffice).

In both subsystems (court and prosecution) selection of the cases themselves is essentially a matter of quality. With the performance-centric outlook mentioned in the previous proposal, subjectivity can be replaced by selection based on rational argument which can improve quality and enhance security. A system of electronically signalling cases should be introduced with a professional group of appropriately trained members who have similar levels of experience.

The incomes of people working in the justice administration should be raised to a level that economically speaking will very probably preclude vulnerability to bribes. Since it appears unrealistic to expect this proposal to be acted on in the next few years, other methods to reduce the risk of corruption will have to get higher emphasis – that is, corrections in methods that are not expensive will need to be made as quickly as possible.

Enhanced and appropriate supervision should be built into procedures to prevent any individual from influencing the course of events without others knowing about it. Increasing the monitoring and supervisory role in internal publicity may act as a deterrent to corruption cases, too.

Where it is not possible to promote fuller publicity for professional or other reasons, stricter monitoring mechanisms have to be introduced to create accountability and transparency.

Current mild sanctions in cases of corruption should be changed so they become stringent enough to serve as examples. Giving broad scale publicity to legally binding verdicts on corruption cases is also important.

Workers in the justice administration must be able to retain their commitment and sense of calling. Modern management theory knows of many tools to promote this, but hardly any are actually used. They include various extension-training courses on professional and specific levels, mandatory preparatory courses and training sessions. This can be particularly important since in the final analysis it is the decision, the choice of the individual whether to succumb to corruption or not. A person with a strong sense of professionalism, loyalty and of justice will hardly be vulnerable to corruption.

We might also consider revisiting and rewriting internal rules with the idea that they be adhered to. In some areas there is a negative and general attitude toward the rules. They argue that the internal rules are old, obsolete, sometimes contradict current law, are cumbersome, are overly complicated and are inconsistent.

Personal and organizational accountability needs to be improved in both organizational systems.

Both subsystems need organizational development:

The courts: Existing processes of specialization need to be taken a step further, which means establishing an internal section or organization focused on corruption, for this will speed up and professionalize case management and decisions/verdicts. In addition to ensuring the assets required (funding, infrastructure, etc.) special protections for judges dealing with this issue will be required.

The prosecution: Perhaps the most difficult tasks of an anti-corruption programme are the discovery and evidence collecting processes. To assure effective work, prosecution authorities should be entrusted with the investigations in all cases involving corruption. This requires an experienced, smoothly operating organization that is fully supported and has all the tools it needs. Given the current situation in Hungary this would require a separate autonomous section within the prosecution institution that is sufficient in size and located in the region needed to manage the entire task. This organizational unit would be the natural partner of the Monitoring and Public Procurement Bureau. Protection for the prosecutors, much like that of the judges is essential.

Information network: a uniform information network and database will be necessary to ensure the efficiency of cooperation and the precision of op-

erations. It would be a good idea to set up a joint and protected information network for the police, the prosecution and the courts, much like in other countries.

IV. 3.1.2. Police

Something has changed in recent years regarding the police as the classic law enforcement organization. According to surveys and people in day-to-day contact with the police, reduced resources, labour shortages and a growing number of tasks combined with uncertain operations has led to an increasing number of irregular behaviours and rising social dissatisfaction. Professionalism within the organization has declined, perhaps because many members of the force, who were around fifty years old, retired within a comparatively short timeframe. Rather frequent leadership changes have not contributed to stability either. Nevertheless, in a great many areas and regions the police organizations have performed in an exemplary fashion despite the lack of funds and personnel. However, the police force as an institution needs to be revamped and reinforced. Unless it undergoes comprehensive structural change it will be unable to effectively reduce abuses and corruption within the police force. No doubt, there are a number of possible ways to resolve the problems. However, only one can be optimum with respect to the final outcome. One possible set of recommendations:

As an indirect measure, redesigning the organizational structure of the police force should be considered to help it better manage highly diverse tasks, to achieve transparency, to streamline tasks and to do away with ambiguities in social relations.

The following measures are recommended if the organizational structure is not redesigned:

Within the police force, it appears necessary to revisit the rules and relationships of subordination and superiority. The most important guidelines when making the corrections are to achieve greater transparency, to define responsibilities more precisely, to separate internal supervision from the hierarchy and keep it independent, and to reinforce personal responsibility. It is also necessary to increase the efficiency of police force operations.

When abuses and rule violations, or cases of bribery are learned of within the force, they should be turned over to the prosecution in the discovery phase, at the first sign of something suspicious.

Asking professional members of the force who are experienced and morally incorruptible who have retired although they are of economically active age to return to active duty should be considered. With an appropriately de-

signed system of compensation and application of the principle of mutuality, the professional striking power of the police can be increased significantly.

Staffs and financial resources need to be increased in accordance with possibilities and established professional needs. This, as well as the transformation of the organization can help to reduce individual workloads. This same category includes raising the salaries of members of the police force. One cause of irregularities and bribes is too low wages. Efforts to carry out this proposal should be given priority even if there is little chance to increase resources significantly on short term.

When selecting candidates for the force and when training them, it is necessary to emphasize the values of being a member of the force to increase chances of building the sense of commitment and the feeling of professional calling. A well-structured and effective educational programme could help. A strong, dedicated and committed person is hard to corrupt. It is an equally high priority to evolve a sense of commitment and dedication among existing members of the force, which means serious application of the code of ethics.

Experience suggests that internal communications offering detailed and continuous information on measures taken within the force to combat corruption, on cases that have been uncovered, and on the consequences can have a significant impact.

IV. 3.1.3. Customs and Finance Guard

An anti-corruption programme of action has been in operation within the Customs and Finance Guard since 2004. Without that programme, which has taken advantage of international experience, the probability of corruption within this institution would certainly be much higher. The current programme uses a combination of preventive, monitoring, exposure and procedural measures. A Detection Supervision Directorate operates within the organization as the partner in cooperation with the external law enforcement and justice administration agencies. Continuous cooperation with a monitoring organization that operates with outside players who are not members of the force, increases the effectiveness of the effort. It is recommended that the highest risk areas be monitored with cooperation projects like this.

The complex legal environment, the mixture of public interests and personal interests, the social traditions of the network of connections and the legal aspects of lifestyle monitoring need to be managed and rules readjusted but with special actions this can be done without requiring the participation of another authority. It would be best to initiate programmes to readjust the areas listed as soon as possible.

In all four areas (legal management tools, education, monitoring and discovery), the features surrounding the anti-corruption programme need to be improved and improving cooperation with companion organizations, first of all, with RSZVSZ and the prosecution authorities could be a defining component of the effort. All cases where corruption is suspected should be transferred to RSZVSZ. Another factor that can increase effectiveness in uncovering irregularities and decisions within organizations is an extensive information campaign.

It may be worthwhile having the Customs and Finance Guard and APEH work together on white collar crime to increase their effectiveness. Should this idea be adopted, the rules and organizational conditions will have to be established.

IV. 3.1.4. Hungarian Tax and Financial Control Administration (APEH)

Taxes, taxation discipline and monitoring can be linked to corruption in a thousand or more ways. Although in itself tax evasion does not fall into the category of corruption, it might be connected along two lines. One is if a tax auditor is paid a bribe and the other is if corruption appears to have been the source of the income audited.

The following measures could prevent and reduce corruption within APEH:

- When considered necessary, tax audits performed by APEH could be repeated on a higher level. This requires increasing the number of auditors, which, given the prospective outcome, would not necessarily incur additional costs to the central budget.
- It might be advisable to establish groups of audit experts in addition to the ones on regional level and the ones specialized in taxes and implementation to manage suspicious and more significant cases.
- It would be advisable to discuss and analyze the corruption risk factors related to the APEH officials who come into direct contact with taxpayers, and to run extension training courses for groups of APEH staff.
- There should be no bonuses connected to tax audits. APEH staff should be rewarded for the quality of their work, not on the basis of the amount of outstanding taxes they uncover.
- Managers should undergo special manager training courses with a particular emphasis on responsibility and reprisals.
- Auditors should participate in ongoing extension training courses covering corrupt behaviours and ways of preventing them.

- Within the various directorates, it would be wise to have a single management cover investigations of unexplained increases in wealth.
- We recommend assigning audits to groups – under tight management control – rather than single auditors or teams of two auditors. The higher costs would be balanced out by the decline in the level of corruption.
- The idea of having censure committees decide on concessions affecting taxes (personal income taxes and mandatory contributions and fees) and late charges (fines, underpaid taxes) might be considered.
- We recommend enhancing cooperation between the APEH central security division and the security divisions of its directorates. This would increase the effectiveness of preventive efforts, investigations, and risk management, which again would reduce the risk of corruption.
- One goal should be for all staff members to have thorough knowledge of the code of ethics adopted in April 2008 and to adhere to it in their day-to-day work.

IV. 3.1.5. Ministries, government institutions

This heading includes all organizations that make decisions over significant public monies, public assets, public services and European Union resources, either directly or indirectly. There cannot be nor may there be any differences in the fairness of decisions made or the social value of them, or to put it another way, in the responsibility connected to the decision-making, irrespectively of the level of the decision-making hierarchy on which the institution in question operates. In these institutions – in order to reinforce adherence to the rules – we recommend reinforcing the following organizational functions or taking the following measures within the framework of the law:

Professional and political considerations must truly be separated within the operation of the institution. Only social and professional interests can be considered on all issues involving public interests.

Where necessary, the professional internal monitoring organization should be reinforced or it should be established where it does not yet exist. Internal monitoring should cover decision-making regarding public and EU resources alike. The head of the internal monitoring organization should be a natural and constant partner for the unit of the Monitoring and Public Procurement Bureau intended to cover this area. The internal monitoring organization should report all intentions to violate rules or all actions to do so that it learns of to its leader as well as to the responsible unit of the EKI.

Decisions within the institute involving the public or EU interests should be made public as immediately following the decision as the law allows. In

addition to covering the contents of the decision in detail, the persons responsible for every phase of the decision-making mechanism should also be made public.

When bids are involved, the information must be made public as soon as the winner is announced. Anyone who attempts to keep this information from the public should be subject to sanctions under a new principle to be introduced.

Codes of ethnics that include a general section and a section fitted precisely to the activity of the institution should play an important role in the operation of each and every institution. Day by day, the content of the code of ethnics will help to adhere to the rules and will be of assistance if it becomes necessary to follow instructions that conflict with the rules. The head of the institution should be responsible for seeing to it that the code of ethnics operates to this depth.

To reduce the corruption risk it would be necessary to design and introduce a system of integrity management in state sponsored organizations. The main action groups will be „hard” measures, „soft” measures, and general measures.⁴⁰ We have listed some of the hard measures earlier. Some of the softer ones, tested in the Netherlands, are included below:

- Integrity is an inviolable, incorruptible condition and this is true for individual public officials just as it is for the organization. The only difference is that the organization is mandated to do whatever it can to help its employees resist temptation.
- This policy assumes that we are constantly surveying and evaluating the risk of corruption in every given situation.
- It is necessary to prepare a map of corruption risks which will identify the areas where the corruption risks are high, where they are located, what type they are and what they are composed of in the public sector.⁴¹
- To promote the culture of integrity, it will be necessary to organize effective training programmes on all levels of the public sector.

It has to be realized that integrity is more than the sum of all laws and regulations. It is also a moral responsibility. In addition, a policy of integrity

⁴⁰ For more information on this, see Mapping out corruption risks in Hungary's public sector, a study prepared by the ÁSZ Development and Methodology Institute, Budapest, August 2008.

⁴¹ In mid-2009, the National Development Agency (NFÜ) offered a two-year grant to ÁSZ which included drawing up the risk map of Hungary's state institutions.

is a continuous activity, not intended to stifle corruption, but to prevent it from getting off the ground.

Although the effects of an integrity-based system, after it is initiated, will only begin to evolve gradually and on medium term and it will require a major effort to achieve, its significance and effectiveness is very high according to international experience.

IV. 3.2. Areas affecting public resources and public services

IV. 3.2.1. State and local government investments

Within the first six months of its operation, the Monitoring and Public Procurement Bureau will have to design methodology guidelines for decision-making and implementation related to public investments. To do this, it should make use of three analyses taken from analyses of the randomly selected ten largest central investments of the past five years.. This important professional aid can be very useful on medium term for it is a very powerful tool and can be brought into play with comparative ease.

If the central intent and the three pillars established to combat corruption are in full operation, then there will be a near automatic drop in the occurrence and hazard of corruption in many areas. Of course, this does not mean that specific actions will no longer be necessary in the operative areas.

We suggest shaping an investment management and monitoring system in which personal responsibility and professional and social control are in public. If the anti-corruption institutions operate properly, modern information technology will provide public scrutiny, which is another necessary condition. The effects are immediate and significant. The measures already proposed as well as methods focused specifically on local government conditions will significantly reduce the risk of corruption in investment projects designed to establish various social, infrastructural, educational, sports, cultural and justice administration institutions.

IV. 3.2.2. PPP investment and service constructs

We recommend that EKI as the institution that will be responsible for the national programme to combat corruption take charge of an effort to process the experience of the largest PPP projects of the past few years. The processing of the various projects should cover all details from the very start till the

beginning of operations. The data collected, and the conclusions and lessons learned should be included in a study to be made public – in accordance with specifications on data protection – and disseminated throughout the various professional branches. A law should be adopted declaring that data on PPP investments are public because that is in the public interest.

Professional investment preparation guidelines to be used when preparing decisions on PPP projects should be written – if necessary, for a variety of investment types – based on the lessons learned from the processing. The guidelines should include economic, return, sustainability, and quality, as well as legal and guarantee specifications and other elements important to the investment. Use of these guidelines should be mandatory for all PPP investments. Only PPP investments that meet the requirements should be given the go-ahead.

When preparing PPP investments, the decision-making process should become bipolar. The government entity serving as the counterpart to the private business should have single person authorities and responsibility, and in all cases that sphere of authorities and responsibilities should be within the institution that will enjoy the profits and bear the costs of the project. No superior government body should be allowed to intervene in this.

PPP investments based on mutual advantage can be advantageous to the public interest. But, this requires professional readiness, well-founded decisions, transparent processes and a responsible attitude.

IV. 3.2.3. Privatization processes

In addition to increasing the public nature of these projects and of competition conditions, the following steps will help to reduce abuses of a corruption nature:

One thing that must be taken into account is that if we have a nation-strategy that precisely defines the items that cannot be privatized because the longer term interests of society require that they be kept in public hands, the number of unlawful privatization attempts would be significantly reduced at the outset.

There should be a single person responsible for each phase in the decision process, and the name of that person should be public. (According to the recently adopted Asset Act, the Hungarian State Holding Company is responsible for determining the need for the privatization process, the fairness of the process and the profitability.)

Companies that conduct real estate appraisals have to be surveyed, qualified and evaluated. Any appraiser found to have participated in any corrupt

deal in the past should be banned from participating in any state project for at least three years and a list of these persons/companies should be maintained. This list should be made available to all interested parties but it is recommended that a way be found to make the list completely public since the spirit of the law does not protect the data of cheaters. It will be necessary to improve the legal and professional skills of public employees and officials in the public sector, particularly the local governments, so that experts from the private sector will no longer be needed.

Based on a survey of the national wealth begun by the Hungarian State Holding Company in 2008, it is essential to assess the market value of state-owned assets rapidly and professionally. It is necessary to monitor this process, supervise it in a professional manner, and conclude it.

In the local government area – if there is political will to do so – there could be a tangible reduction in the risk of corruption in privatization projects in a comparatively brief period of time, if the following conditions are met:

- Public procurements should be preceded by circumspect market analysis and surveys, and several bidders, independent of one another, should participate in the bidding process.
- If decisions on the results are always made by committee, discipline regarding adherence to regulations will increase and monitoring will become tighter and multi-layered. Decision by committee can be a strong guarantee of respect for community interests but it cannot replace the responsibility of the mayor and – should the decision violate public interests – mayoral accountability and sanctions.
- Until the incomes of the public official in key positions participating in the preparation of decisions and in reaching the decisions can be increased, the risk can be reduced through intensive monitoring.
- According to the local government act, the mayor is responsible for managing local property. Therefore, the criminal responsibility of the mayors should be enhanced accordingly and made public.

It is also necessary in these cases for the monitoring of the State Audit Office to focus primarily on defining the true value of the assets and on supervising the activity of outside experts. It is recommended that ÁSZ appoint the chairs of the committees supervising state-owned businesses with the issue of the risk of corruption in mind.

IV. 3.2.4. European Union and state supports, grants

There are a number of actions here, too that can cut the risk of corruption, some of which will act directly while others are indirect.

Measures with a direct impact:

The State Audit Office only monitors how supports were used after the fact so the Monitoring and Public Procurement Bureau should establish an evaluation and monitoring body within its framework which will be authorized to conduct checks throughout the entire process during which the grant is used, and will make use of that authority. This process of monitoring will be completely public and random, unless an irregularity is reported and the monitoring is because of that.

With respect to European Union grants, to put an end to the political influence of the members of judging committees and participating bodies, it will be necessary to design a system that ensures

- (1) that the committees conducting the evaluations and making the decisions are professional and non-partisan in composition and
- (2) that the members of the judging committees are responsible for making professional decisions. This will have to connect to the social value of the purpose for which the resources are used and a system that monitors adherence to regulations.

Regarding the decision-makers participating in the distribution of development supports, it will be necessary to come forward with much more extensive rules on incompatibility than the current ones. It will be necessary to find a way to prevent the public employees or public officials participating in the distribution from being simultaneously employed in the private sector.

When corruption or another violation of the law is proven – above and beyond the company and the persons involved must be held accountable – every single institutional player involved (the entity distributing the grant, consultant firm, etc.) should be banned from any similar work for at least three years. A list of banned companies should be prepared which should be made as public as the law allows.

Measures with indirect impacts:

We will need a comprehensive national programme covering at least medium to long term which includes a precise image of the future, quantifiable goals, a professional strategy and a programme of action. It also should list the tasks of ministers and regional and local governments precisely and in

detail. After it is completed, the government should submit the medium and long term comprehensive socio-economic development strategy for the already adopted programmes (which are details of the strategy) to parliament to coordinate concessions – supported by the tax strategy. In other words, we need to achieve a state of affairs in which the highest possible proportion of developments and projects completed with European Union resources fits into a comprehensive national development plan. Without it, the social benefit of this significant development can decline and we may see a parallel increase in opportunities for manipulation and corruption. (It is never too late to prepare such a programme and adjust it to the current situation!).

By advancing legal regulation – reliable financial management coordinated to EU principles – we must reach a point in which the financial planning of budget expenditure includes the planning and application of related targets and indices. This is a task of reform value. We need to get started with it urgently and quickly change from an institution-supporting budget to one focused on programmes and tasks. This will increase transparency and accountability and reduce corruption.

Advancing the national budget information system is an urgent task. The goal is to account for and follow up expenditure used for development and the management of state assets, because this is how the conditions for monitoring can be created.

When evaluating the performance of the supports, it will be necessary to evolve a methodology to establish indicators and indices and to amend the legal specifications governing the registration system to establish uniformity.

It will be necessary to set uniform standards for bonuses to participants and managers and to make them public to rationalize expenditure and reduce opportunities for corruption.

It will be necessary to make it public that the EU thoroughly monitors the use of these supports and if corruption is suspected the supports could be withdrawn. These proposed measures are intended to reduce that risk. Still, resting on ÁSZ's opinion, it is essential that the activity of the National Development Agency improve to the point that it can meet these challenges.

IV. 3.2.5. Health care, health insurance and the pharmaceutical fund

From the point of view of the fight against corruption, health care and its environment is an area in which a wide variety of irregularities can occur. Ranging from the least significant ones – which occur en masse – to serious and unlawful manifestations of individual interests and to the gratuities paid day in and day out, the innumerable types of violations are a millstone

that pull down the operation of the health care system. Given this case, indirect measures aimed at reducing irregularities are way too little to effectively clean up the sector. Indirect measures that improve the general quality of operations and programmes that can make corrections are necessary. It might even happen that the number and significance of indirect measures will be greater than that of the direct ones. In other words, unless a comprehensive effort is conducted to put the health care system in order, it will be very difficult to achieve any spectacular results in cutting corruption and irregularities in this sector.

As a first step, power politics needs to define the place of health care policy within national political strategy. We need to establish harmony between health policy goals, the public's justified economic expectations, the laws, and the interests affecting the system through the financing mechanisms. If the two forms of regulation are combined, temporary results can be achieved on the short term, and permanent ones on the long term. We need to reach a state in which there is bipolar regulation of human behaviour – economic and legal. The two forms are ineffective if separate because the lack of either one or the other can upset the entire system. Given today's health care conditions, a purely legal (administrative) system will sooner or later fail unless financial interests are restored. A system based on financial interests, on the other hand, cannot operate without appropriate legal regulation or after a time the system will collapse.

The current ministry-centric system of monitoring – here too as with all other sectors – should be expanded to give the Monitoring and Public Procurement Bureau the right to look into the affairs of the ministry and its institutions as a supervisor. This would not restrict the authority of the ministry to act or its responsibilities. In fact, EKI would primarily offer professional assistance in maintaining transparent operations in line with the rules. That would require the Health Insurance Authority to work with EKI as a full partner. It is general knowledge that this sector of the economy uses the largest amount of public funding. Of course, the sector also needs to build up its own system of internal monitoring, independently of EKI.

Health care information made public:

In health care, the network of procurements, investments, services, financing, financial transactions decision-making incompatibilities, etc. is highly complex and can cover up a significant amount of irregularity. Cleaning up this complex system and restoring its transparency requires specific measures. The most powerful of these is mandating health care spending be made public. For instance, specific data in all contracts concluded by owners of public health services that operate under permits from the National Public Health

and Medical Officer's Service (ÁNTSZ) and receive public financing and contracting partners that involve public monies, or between a publicly financed institute and a private business should be made public.

The code of ethics needs to become important and vibrant in all health care institutions financed by public funds. This means that monitoring needs to be constant and effective, and irregularities seriously sanctioned in a public process. This is particularly true for professional extension training courses, conference participation, travel, invitations to participate in programmes, meetings between doctors and pharmaceutical company representatives, research, cooperation contracts and all contracts commissioning work.

All business ventures in which health care decision-makers and their immediate families participate should have to be reported.

The prescriptions written by doctors should become more transparent – while not violating the personal rights of patients. The ÁNTSZ chief pharmacist should prepare semi-annual summaries and evaluate the prescriptions written by each doctor. That should include the amount in accordance with the ATC codes, amounts, and number of patients under their care. This should be valid for medical implements that can be prescribed too, in an ISO Code breakdown. The evaluation considerations, feedback and the rules regarding reprisals have to be worked out in advance.

In decisions on subsidies for pharmaceuticals, the EU rules on transparency must be employed in the preparatory phases. The activity of pharmaceutical company representatives who visit doctors must be made public. A way should be found to significantly reduce the manner in which current pharmaceutical prescribing practices distort values.

The DRG (Diagnosis-Related Group Codes) [HBCs] system and other methodological materials used to determine performance-based financing, as well as the contracts and data through which the system is maintained including the natural and legal entities involved in the process (that includes employees!) should be made public and accessible over the Internet. (This is similar to the proposed publication of local government decisions.) The records should remain accessible to the public for at least three years after they are initially published.

We recommend a central repository and manner of evaluating the pharmaceuticals and medical implements used in inpatient medical facilities – in a manner that does not violate the personal rights of patients.

It would be expedient to establish a single organization to manage the transformation of the performance-financing system of health care facilities that use public monies, to maintain that system, and to monitor it. This professional and responsible organization could operate under the supervision of the ministry with separate laws guaranteeing its autonomy.

In health care, rethinking the entire professional and supervisory system is essential. The professional operation of internal monitoring in the various institutions has to become the guardian of above-board operations and the representative of the anti-corruption movement. The heads of the ministry will have to see to it that the monitors operate in a coordinated manner, reporting annually to the National Health Council on their operation and results. The units of internal control should consider the Monitoring and Public Procurement Bureau their natural partners in day-to-day operations. In the next few – at least five – years, it would be wise if the Minister of Health reported at least once a year to the responsible parliamentary committee on corruption in health care and on the measures already taken and the ones planned.

Gratuities

Attempting to combat the payment of gratuities using only administrative means is hopeless.

In health care systems that operate well, doctors working within insurance systems are among the best-paid citizens. At the same time, they are subjected to effective and multilateral supervision and if held accountable for irregularities the consequences can have lifelong effects. In Hungary, terminating the gratuities system is essential to making all-round order in the health care system. Until that order can be established, there are but a few proposals, which are likely to produce only minimal results.

We must find a way to expose the largest possible number of cases in which patients are forced to pay gratuities. In these cases, not only should legal sanctions be applied, but the affairs should be made public throughout the health care network.

We need to design a donation mechanism intended specifically for the transitional period, for instance, a foundation in which donations could be paid when the money is intended as a „thank you“. With some changes in the rules, the given institution or department could use the funds for operations or to supplement incomes in accordance with democratically defined internal rules. With this transitional solution in place, acceptance of „passive“ gratuities would then fall into the same category as the coerced ones.

A well-organized media programme could inform citizens that the best way to save money was to pay their health insurance while healthy instead of large amounts – for instance, gratuities – when their health deteriorates.

Overall, unfortunately, we think that the gratuity system will remain a part of Hungarian health care for a long time to come.

IV. 3.2.6. *The business and administrative activity of local governments*

According to surveys and public beliefs, the institution of the local government is at serious risk because of corruption and other irregularities. Direct means alone will not suffice to effectively combat corruption. The basic tool to employ in combating corruption is prevention, which means that we need to create a situation which precludes the possibility of corruption in local government, making the probability of discovery so high that it is no longer worth the risk. The foundation for this is to set nationwide public rules for local government activity, and then monitor adherence to them. In addition:

Even with perfect intent, a local government cannot break away from its surroundings. It cannot isolate itself from external influences, from corruption phenomena taking place in its immediate vicinity. It cannot protect its citizens from these phenomena and their consequences. This can seriously damage the effectiveness of anticorruption efforts. If, however, every specific area, and first of all, the central powers, seriously fight it, appropriately coordinated efforts will yield results in this area, too.

Publicity, transparency: We need to borrow the method used by local governments in Switzerland. There all information related to public monies and public resources must be made public as soon as the information is released, naming the persons participating in

the processes and decisions, and the persons responsible for the various areas and decisions – while adhering to security and data protection considerations.

Guaranteeing competition: All investments, sales, services or procurements must be precluded by open competition for the project and fair choice of a winner. The competition must remain public, fair and professional throughout, which requires legal and professional monitoring.

Committee decisions: All decisions on procurements or sales exceeding a specifically centrally decided value should be made by committees that rely on professionally prepared documentation. There must be personal responsibility for the accuracy and professional nature of the documents submitted to the committee.

Stringent, multilevel monitoring: Each local government should evolve its own system of internal controls in accordance with centrally designed recommendations, and current ones should be revisited. Of course, the manner of monitoring will depend on the size of the local government and on its order of operations. When monitoring, the institutional, committee and management levels will have to operate in coordination with one another. The

smaller the local government, the stronger the committee and personal levels of monitoring and responsibility will be.

Professional readiness: It is important to have the highest possible level of competitive professional knowledge within the local government organization when investments, procurements and sales are involved. There must be a conscious effort to achieve this, which means that local governments need to cooperate and collaborate more extensively than they do at present. Where this is impossible, the local government must be able to receive professional help that is guaranteed to be neutral.

External advisors: External advisors should be used only when responsible internal knowledge is not built up or organized. In these cases, we recommend requesting several well-grounded opinions from independent experts.

Financial recognition: Although this only will be possible at a later date, an effort must be made to offer public officials, particularly the ones in key positions, higher than average financial recognition.

Reprisals: When an obvious failure occurs and there is a strong suspicion of corruption, it is advisable to remove the person responsible from the local government institution as quickly as possible.

Administrative affairs: Corruption in administrative affairs can be reduced by making necessary capacities available, by minimizing issues remaining unresolved by deadline, by providing information to clients, by introducing stringent, in some cases multilevel monitoring, and by keeping the entire process of administration public. The risk of sidestepping the rules is reduced if the client and the administrator have as little contact as possible. The broadest possible use of electronic administration can help in this.

It also will be necessary to alter some of the laws that define the process of administration. This includes precisely defining the responsibility of the authority, the requirement that the authorities see to it that deadlines are adhered to, and prevention of abuse of the rights of neighbours.

The legal authorities of the bureaus of public administration should be restored.

Providing information to clients is an important component of prevention. This should include a complaint forum and the presentation of the monitoring organizations and persons. Preliminary or topical information can be very valuable.

Abuses including bribes can be reduced by keeping a record of outcome of investigations into complaints and analysis of this record. This will provide the persons responsible for administrative procedures with very important information that often can be used to prevent an irregularity.

Making public the irregularities, abuses, and corrupt practices discovered and sanctioned can have a powerful effect on this public institutional seg-

ment, too. The greater the publicity given to people caught in illegal actions, the more likely people are to adhere to the rules. The publicity signals that the local government is committed to law and order and enhances the trust and security level of the public at the same time.

IV. 3.2.7. Abuses and sidestepping rules in the education system

Much as in other institutional systems, it will be very difficult to rein in irregular conditions, cheating, selling grades on long term without establishing a new general order. In the meantime, there are a few tools that could reduce irregularities in education. The players in these programmes of corrections are the heads of the institutions, the teaching staff, the student governments, and parent communities.

We recommend that every institute of education affected design a programme to reduce school cheating and raise it to strategic level. Possible components of such a programme:

- Prepare an inventory of the scope of the cheating and the methods used with the help of the students,
- Prepare a plan of action on the basis of the survey, primarily to prevent cheating, to convince potential cheaters not to, to monitor possible cheating, to call cheaters to account and to institute reprisals,
- Provide information through a campaign designed to shape outlooks in favour of adherence to the rules, to combat the principle of that allows advance in school without corresponding performance,
- Provide training in methodology, psychology and mental health for teachers,
- Initiate processes and measures against cheating within the schools, in which the results and consequences receive complete and continuous public scrutiny,
- Design a nationwide movement broken down by school type, offering information on the methods that can be employed to combat cheating, and promoting an exchange of experience,
- Organize regular conferences that include the most important players and schools in similar positions, to enhance synergies and thus, the effectiveness of the various programmes.

These proposals are designed primarily to improve on the current situation but are not a complete solution. Acceptable results will require the extensive cooperation of all the various players and consistent implementation of

the programme, combined with an enduring effort. Reducing cheating and similar phenomena will certainly improve the competitiveness of Hungary's schools and the level of Hungarian education.

IV. 3.3. Anti-corruption proposals aimed at businesses

In the business sector, success at combating corruption conducted on company and on individual level, as well as the tools required will differ. If the *management of a business* is corrupt, then internal rules are mere administrative decorations and this is the most dangerous corruption category. In these cases, the only way to produce results is with external rules. For instance, recognized professional and interest groups, such as AMCHAM, business clubs, professional associations and the like could establish an „elite club” and keep a public list of members that voice readiness to fight corruption. Care must be taken to prevent a negative impact. In other words, these businesses should not have an interest in covering it up if any corruption is discovered within their companies. Instead, recognition should (also) be granted to businesses that systematically expose corruption.

The names and statuses of businesses that have gotten mixed up in corruption should be made public and they should be banned from participating in all public procurement projects for at least three years.⁴² According to various surveys, this is one of the most effective tools in preventing corruption.

The two together could begin evolving a series of motivations to get on the list. This is because at present some businesses have a vested interest in sweeping possible involvement under the rug. Thus, even when the scandals become public knowledge, the employer and involved employee part company „in an agreed-on severance.” If there were laws to motivate the employer to rid itself of the employee by giving it the power to effect an immediate dismissal (at least in cases like this, companies should not have to worry about labour arbitration courts or civil courts taking the employee's side) a process of filtering out „dangerous” figures from delicate positions could begin.

The authorities of the Hungarian Competition Authority (GVH) generally come into play after an event has occurred. It acts after it observes market

A good proportion of businesses are aware of the level of corruption in Hungary. The more widespread the corruption, the less a business can be counted on to remain clean.

⁴² The proposals comes from the Swiss Contribution Programme Office publication „How to prevent corruption” First edition. 2009

events or after receiving a report. If GVH participated in a comprehensive national anti-corruption programme in cooperation with the Monitoring and Public Procurement Bureau, which would have primary responsibility, it would significantly increase the effectiveness of the programme. Far more preventive measures would be possible than exist at present, not to mention that it would be quicker to expose the more complex flows of the cases and exposure would be more effective. It is important to realize that every single case of corruption that is discovered and made public will reduce the probability that the next case will occur.

The attitudes of a business including its flows and the internal regulation of its decisions are primarily the right and responsibility of the owners. Despite that, certain aspects can be regulated by the „state“, in other words, by law, and violations can be sanctioned. One such issue is that the law should make individuals and not businesses (real, natural entities instead of legal entities) responsible and punishable. This should include sanctions against not only the parties directly involved in the corruption but the parties indirectly involved as well, signalling that the management of a company (from the very top down) will participate in the evidentiary process to prove that s/he did everything possible to prevent such cases from occurring.

Given that private businesses are autonomous, opportunities for coercion from the outside are limited. However, laws prohibit all forms of cartels and private firms are subject to those laws, too. If a company is in a monopoly position and wins European Union funding with less than 50 percent equity, even if it is private, the law requires public procurement. In all other cases, however, the authorities only may make recommendations regarding the regulation of internal procurement and investment processes, sometimes combined with motivation that the key company people choose public procurement voluntarily – either in the interests of the business, or to avoid being called to accounts later on. All opportunities for manipulation can be reduced by making it mandatory to make all information public. Technology may be used to establish the most transparent conditions possible (see Internet-based bids, Section IV. 2.3.1).

Reducing or avoiding *individual level corruption* within a private business tends to be an internal affair. Possible tools:

The law states that the offering of a bribe by a business is illegal. Businesses obey this law formally. In other words, the business (the management) never „officially“ requires or encourages anyone to engage in any corrupt practice and in fact will not tolerate it if anyone does. At the same time, many companies have an „unwritten“ rule calling for attainment of business interests „at all costs“, which includes these tools. In some places a narrow management circle requires this as an unofficial „extra part of the job“, while elsewhere

they force a sub-contractor to do it (generally calling it „lobbying“). It is the right and responsibility of company founders, owners and top managers to evolve the business attitude they consider appropriate. Where anti-corruption is really emphasized (not just on communication level),

- the atmosphere of the business will reflect this,
- the organizational structure including rights (and restrictions – for instance, the requirement that there always be two signatories) will be evolved to reflect this, as will
- internal processes,
- points of monitoring and feedback, and
- internal controls.

Another antidote to the tendency to become involved in corruption involves having an appropriate system of motivation for key personnel. It should include, on the one hand, an internal system of recognition that bans the use of corrupt tools to achieve results and on the other, it should make it clear that when people do get involved with corruption they „have something to lose“, for upper management will not be lenient and an act of corruption could end their careers in and outside the company. This requires setting realistic goals for sales personnel and other managers in key positions.

The code of ethics can be a very visible tool, but unless its use is widespread, it is often considered no more than a PR trick, and is treated that way. It is a useful organizational tool when the management spirit corresponds to the content of the code of ethics.

It was worth investigating the decision-making process when studying the causes of corruption and the factors making it possible. It is again worth looking into decision-making when submitting proposals for putting an end to corruption. One of the most sensitive areas of decision making concerns decisions to spend money. Key issues:

- Who makes budget proposals, and based on what influences?
- Who accepts those proposals in the framework of what decision mechanisms?
- Who regulates the circle of individuals authorized to make offers and how?
- In cases of public procurements, who selects the public procurement advisor and on what basis?
- What are the principles and practices of professional jury evaluations?
- Who can propose decisions and how deep-reaching do this person's arguments have to be?

- Who make(s) the final official decision and who „have their say“ in it?
- What steps are taken when concluding a contract?
- Who has the right to ask for changes after the fact – which include increasing expenditure, and what is the process in which the person(s) can do this?
- Who is authorized to issue a certificate of completion and what is the process in which the person(s) can do this?
- How automatic is acceptance of invoices after this, and payment by due date?

Other methods of supporting solutions are more indirect: here the goal is to evolve an atmosphere in which the carriers of the individuals and the company's image, and the guarantee of success for both are a good reputation in this respect. For individuals, head hunters aided by HR managers, can evolve an initiative – this can even be a formal initiative – which supports this kind of behaviour.

Overall, we can see that there really is no effective tool that is, at the same time, easy to use. The essential truth is the same as it has been all along – the only way the effort can be effective is if it is surrounded by broad scale social consensus that „enough is enough“, partly for moral reasons and partly for economic ones. Economically speaking, as things currently stand, „the best man wins“ is a fallacy that reduces the competitiveness of the businesses involved (and the country along with them). Instead of creating true market value, the business wastes its time, money and energy on processes that only bring a „return“ in this distorted system – though here and now it is worth more than the ability to create real value. The processes can nevertheless be begun and even accelerated. Solutions need to be spectacular, so that public opinion immediately notices and general attention begins focusing on it. For that reason, we need to go from the „top down“, beginning with spectacular changes to major procurements and investments.

V. Conclusions, summary

The best answer to the question of why, despite the many programmes announced to combat it, has corruption grown in Hungary, is the set of proposals for corrections described above, the actions recommended to combat corruption. Every justified and viable proposal is itself a response to the question.

Society and its leaders: A fight to combat corruption will only be truly successful if the majority of the citizens can be convinced that it is possible to live on an acceptable standard from the proceeds of honest work. This also means that they should not participate in dishonest ways of making money, and in fact should act against it. The prerequisite to this is that the leaders of the country be credible and ready to evolve and adhere to the rules of the game, giving the citizen a higher than current level of monitoring them (and of seeing sanctions imposed).⁴³ We need to evolve a social attitude which generally condemns corruption. The media need to play an active and high-quality role in this. The media will have to play a key role, for at least 4 or 5 years, meaning the first half of the programme. This calls for very prominent media promotion of the attitude of obeying the rules, and equally prominent publication of the achievements of the fight against corruption. The media is one of the most effective tools society has available.

The „investment“ offering the fastest return: All programmes, including the one to combat corruption need funding. Organizational changes, various protections, the consequences of legislation and amendments to laws, the building of competencies, internal and external communication, will all require additional funding. At the same time, there are significant cost-reducing factors right from the start, such as the organizations that are terminated, and the cost-cutting consequences of the positive change in international attitudes toward the country triggered by the effort. The real „income“ is the cut in corruption damage currently estimated to cost several hundreds of billions of

The more widespread the corruption, the bigger the „business“ of successfully combating it becomes.

⁴³ Szabó, György. „Ideas on combating corruption.“ Study.

forints a year as is the priceless indirect social and economic result of shifting the country to move in the right direction. In other words, a programme like this is an „investment“ guaranteed to pay for itself within a very few years, not counting the tremendous and complex „yield“, the social and economic profit, that will follow.

The battle to combat corruption as a part of a comprehensive national programme: Fighting corruption with direct means alone will only yield partial results. There are areas where it will be possible to report on improvements focused only on corruption, such as public procurement, the private sector, investments, privatization, bidding for funds, and political corruption. But in a number of areas it only will be possible to attain significant results if direct and indirect methods are used in tandem. These include, for instance, the justice administration, the law enforcement agencies, health care, education, local governments, and many government institutions. For this reason, we recommend that the anti-corruption programme become a component of the nation-strategy to a nation-strategy of overall development of the country.

All proposals are useful, even if levels and degrees differ: The various proposals can be grouped, evaluated and qualified according to different considerations:

- The effect of the measure – the time required for results to become apparent: immediate (within 1 year), short term (results within 2-5 years), long term (requiring 5 years or more).
- The significance of the proposal, the economic and social significance of the result: highly significant, important, necessary but not particularly high-impact.
- Effectiveness of the measure: highly effective, moderately effective, minimally effective (although it could be important).
- Realistic nature of the proposal, how well can it be implemented: easy to implement, moderately difficult to implement, very difficult to implement (This category includes the measures that require major financial inputs).

There is a sequential order and combination of proposals and actions we can consider optimum. With a programme of that quality, results can be achieved more quickly.

When preparing the programme and evolving the strategy, these considerations might be a valuable tool.

The greatest difficulties in the fight to combat corruption:

- The general level of consciousness, attitude, moral level of society.
- The comparatively frequent involvement of political, public administration and economic players.
- The broad spectrum and spread of the phenomenon and of types of cases.
- Low incomes and the general shortage of government resources.
- The need to change knee-jerk reactions, expectations, habits, reflexes (to counter gratuities, advantages that can be bought, bribes, „special“ purchases and set-asides, etc.).
- Expected resistance to change on the part of the most important institutions and their employees.

The management of the hindering factors must be part of the programme.

The twelve most important steps:

The most important components in the fight to combat corruption:

1. Highest level commitment to the fight against corruption and to upholding all measures and regulations needed to achieve it.
2. Preparing and starting up a national programme to combat corruption.
3. Transforming the system of institutions and establishing a new system (courts, prosecution, Defence Service of Law Enforcement Organizations (RSZVSZ), State Auditing Office, and the new institution that is „two in one“).
4. Amending various laws (political party financing, election and others).
5. Establishing a new, more transparent and more effective set of laws to govern public procurement and to coordinate them with other legislation.
6. Conducting supervisory inspections of several larger public procurement projects selected at random to gain experience.
7. Conducting supervisory inspections of danger areas and monitoring systems within the local government system, and correcting shortcomings.
8. Transforming systems involving central government and EU supports and competitive grants/loans.
9. Initiating a programme within health care to reduce corruption.
10. Including internal control units of central government institutions in the programme.
11. Achieving the broadest possible inclusion of the public, including the electronic media in the monitoring effort and the sanctioning of violations of rules regarding the publication of data in the public interest.
12. Activating civil organizations and of professional programmes offering continuous support within the media.

VI. Closing remarks

The programme aimed at combating corruption can be approached in a number of ways. However, given the current situation in Hungary, the only way a realistic concept can be designed is to rise above the various spheres of interests. Unless a harmonized and complex programme with exacting standards in depth as well as breadth is implemented, the results will be incomplete. One possible and realistic way to move forward has been presented in this document with what we hope will be seen as sincerity and a desire to see a healthy future. One of the costliest errors in the operation of society and the economy is corruption. With commitment, collaboration, and a consistently implemented anti-corruption programme, the country's operation can be made fairer, more effective and cheaper. If enough people believe this, our image of the future can be realized.

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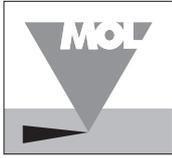
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