

NATIONAL UNIVERSITY OF PUBLIC SERVICE

ATTILA PRUKNER

***THE OPERATION OF THE HUNGARIAN CUSTOMS AND FINANCE GUARD  
ORGANISATIONS BETWEEN  
1867-2010***

Doctor of Philosophy (PhD) Thesis

THE AUTHOR'S GLOSSARY

Consultant: Dr László ZSIGOVITS associate professor

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## **The Reasons for the Selection of the Issue, Definition of the Scientific Problem and the Objective of the Thesis**

I had been spending decades in the service of the Customs and Finance Guard. The fact itself can justify the choice of the issue even if it is just the subjective side. But it is a lot more than that. The world around us is becoming more and more vulnerable and it strengthens the need for security. Our security is influenced by a growing number of risk factors which are in constant change, some tend to lose importance others will get stronger or appear as new ones.

It is the governments' responsibility to organize protection against them. However, there is no efficient defence without the contribution of the citizens. It is the actual government's responsibility to explore emergency situations, risk factors, to summarize them in security policy theories and to create and maintain the organisations that enable to prevent and face threats.

In fact, security is a complex concept, it possesses several elements: economic-financial security, public security, military security, ecological security, social security etc. These components interfere, partly overlap and as a rule several organisations are in charge of the maintenance of the diverse security elements. However, certain organisations have special responsibility to maintain particular elements. In this respect, we can make distinction between military security, police security, social security etc.

A part of these organisations belongs to law enforcement. I regard the organisations as law enforcement bodies which are in charge of forcing the society to obey legal order in the interest of establishing security even with the use of arms. According to this criteria I will categorize Customs and Finance Guard organisations as law enforcement bodies.

The history of certain law enforcement bodies and their roles played in establishing security have been explored, processed and publicized by several outstanding researchers. A variety of scientific works have appeared on the history of the Customs and Finance Guard. However, I am not aware of any kind of scientific works which have focused on the history of the organisation in the light of its role played in establishing security (briefly: Customs and Finance Guard security). In addition, the exploration of past experience and its adaptation of at least some parts might facilitate to make current decisions which could lead to more effective operation of existing organisations today.

Consequently, the objective of the thesis while observing the Customs and Finance Guard responsibility system, structural construction, human resources features is to explore

the changes, the tendency development in relation with the actual security challenges of the given period. Furthermore, I would like to prove that these organisations have always met the expectations of the challenges faced with their own instruments.

The thesis highlights the period between 1867 and 2010. It focuses on the period from the foundation of the independent Hungarian Finance Guard until the Customs and Finance Guard ceases to exist (its integration into the National Tax and Customs Administration).

## Hypotheses

- During the period observed, one could make distinction among three stages, the civil, the one-party system and the period after the system change. One could experience a civil development as the combination of Western European patterns with Hungarian traditions during Dual times that is the period between the Austro - Hungarian Compromise and the country under the Soviet block scope of interest. (1867-1945) Then, a one-party state pattern in Stalin style had been adapted. (1945-1989) The current system after the changes and the accession to the European Union is still 'finding its place'. It is becoming more and more similar to the Western European civil patterns but struggling with the remains of the one-party state in some respects. (1989-2010)

As I see it, the basic functions of the Customs and Finance Guard organisations in all three stages have been to be involved actively in the establishment and maintenance of the economic-financial security as well as in public security. In the meantime, between the two constant responsibilities one or the other has become more significant in relation with the exterior (international) and interior (national) variables during the system change and under extreme conditions (for instance war preparation or during wartime activities) they had to comply with certain military security needs.

- I presume in order to meet the demands of security challenges, the legislation regulations, organisational structure, instrumental system, personnel, the efficiency of staff and quality of its operation have been constantly in change. However, a thorough historic exploration could respond to the question of the precise nature of the changes.
- As Customs and Finance Guard organisations are parts of law enforcement system it should be considered evident that they play part in the establishment and maintenance of general security. Although, it can be a debated issue if the use of the term Customs

and Finance Guard security as an independent category can be justified. Meanwhile, I presume that neither the public nor security experts in the field of security policy handle the issue with proper attention. The reason why it is so, that criminal activities with distinctive features belong to the scope of the responsibilities of the Customs and Finance Guard. It is rather unconscious like the importance of the battle against them.

## Research methods

- As a primary research method I have processed the scientific results of outstanding and noted researchers in Customs and Finance Guard organisations and I made my conclusions based on them.
- Missing information has been added and supplemented by National Archives explorations and printed press analysis.
- I have made use of the conclusions of other branches of science (history, law, political sciences, security policy, sociology and pedagogy).
- My scientific results have been constantly publicized, I have participated in professional conferences and have adapted the statements made by researchers of other fields.
- During my 25 years service in the Customs and Finance Guard I gain professional experience but I studied the most from colleagues. I am extremely grateful to them for this.

## Researches completed

The thesis contains five chapters.

- *In the first four chapters* I concentrated on the truth value of the *first two hypotheses*. The main question was what kind of security challenges the Customs and Finance Guard organisations operated between 1867 - 2010 had to face and while struggling with those challenges how legal regulations, leadership system, organisational structure, instrumental system, personnel, the efficiency and quality of staff in the organisations had changed.
- The subject of the *fifth chapter* focused on the truth value of the *third hypothesis*. I have cited and evaluated some relevant statements of significant security policy experts then I have presented the distinctive characteristics of crimes which belong to the scope of responsibilities of the Customs and Finance Guard and based on it I have drawn certain conclusions.

## Summary of conclusions

The objective of the thesis was to raise and to analyze the issue of security in the particular viewpoint of the Customs and Finance Guard during a determined time between 1867 and 2010. While elaborating on the issue, I have proved my hypotheses in details. In order to avoid unnecessary repetition I would like to highlight the relevant conclusions at the end of the chapters.

- *In the first two chapters I focused on the ways how Customs and Finance Guard organisations operated during Dual times and in the course of the two world wars. (1867-1945)*

After having analyzed the documents of the period it seems absolutely obvious that after the peaceful years of the Compromise, Customs offices were established with the intention of the economic independence of the country. The basic function of the offices was to increase the country's financial income.

During the exploration and the analyses of the available sources it appeared that the security challenges of the country had changed before wartime and the characteristics of the Customs organisation had been modified in line with it. To contribute to military security the once peaceful, unarmed body turned into a hidden military squad and took part in guarding the border under the name of the Hungarian Royal Border Guard. The new function was justified by its subordination of the Ministry of Defence.

Military security appeared as a new demand, although it did not mean that the significance of economic-financial security decreased. On the contrary, it became more and more crucial during war preparation time. In the interest of boosting state income the organisation had been awarded with wide-scale licences and the methods to perform service moved towards violent supervision and enforcement features.

I justified that the Hungarian Royal Finance Guard was founded with the intention of economic and financial interest enforcement. Its responsibilities included increasing state income, facing offenders in particular smugglers, protecting economic public security, controlling tax legislation execution and guarding the border. While performing all those functions armed attacks could be expected, so the Finance Guard was a military guard organisation from its foundation.

Last but not least, the Hungarian Royal Finance Guard was the body which served the country with more and more aggressive means in order to secure the

financial resources for war expenditure under the supervision of the Royal Ministry of Finance in compliance with the safety demands of the country. As in the Customs offices I proved in the case of the Finance Guard as well that modification in safety elements had been immediately followed by organisational changes and changes in responsibilities.

- *In the third chapter I focused on how the Customs and Finance Guard bodies had operated in the period of socialism from the foundation of the one-party system to the end of the system change. (1945-2000)*

I pointed out that after the end of the World War II Hungary belonged to the Soviet sphere of interest and after a short temporary period the organisations had been reshaped according to the Soviet pattern with a rush. Their responsibilities in connection with customs and excise duties were lost and besides investigating obvious legal offences they needed to assist in tasks that aimed to raise public security and state income which were exclusively motivated by political interests.

During the 'soft dictatorship' after the crush of the 1956 uprising the newborn economic mechanism rated the importance of customs high which led to increased responsibilities of the Customs and Finance Guard set up in 1966. However, reforms blew out soon and the country was in serious debts. As the Soviet Union was forced to give up Eastern Europe a system change took place which had lasted in economic respect for ten years.

The burdens of the system change were undertaken by the countries that made the changes (with little assistance from the Western World) as a result instead of the state welfare anticipated the country fell into a deep crisis. The COMECON collapsed, the foreign trade destinations and structure were diverted as the basic right of the citizen, passenger and cargo transportation multiplied which were followed by all type of old and new economic offences. This situation was totally unexpected and the Customs and Finance Guard was unprepared. Furthermore, the organisation could only partly fulfilled its budgetary income commitments and responsibilities concerning investigating crimes.

Stabilisation measures and in particular the introduction of Customs law, excise law and service law has resulted in an accelerated development by the end of the millenium and these changes have indicated the chance of successful accession to the European Union.

- *In the fourth chapter I examined what kind of role the Customs and Finance Guard had played in the European Union. (2000-2010)*

I analyzed Hungary's way to the EU in details in the viewpoint of both parties. I emphasized that the precondition to join the EU for the country was to comply with the Copenhagen criteria as part of it the Customs and Finance Guard had to solve four basic problems: law harmonisation, modernisation of its structure, setting up technological background (in the first place ICT network system) and training staff to prepare for different quality tasks.

These duties were performed by the organisation at high standard. Nevertheless, I pinpointed two problems. On the one hand, during the 2003 reorganisation the plan devised professionally by the Customs and Finance Guard was modified by the Financial government unexpectedly and with negative communication consequently 1,500 colleagues were made redundant. This way 'modernisation' was a great disappointment for the personnel.

On the other hand, the staff was unable to acquire the EU approaches and work ethics until the accession date. It could not have been expected after 50 years of one-party system of the past. In this sense the change of culture is still underway today (despite continuous improvement).

I have highlighted three areas among the tendencies after the accession. The fact that the Customs Administration became one of the best in the EU until 2010, it has secured higher and higher fraction of the budgetary income due to the introduction of in particular e-duties.

With reference to the professional fields of control and investigation of crimes the basic change included that Hungary was responsible for the security of all the citizens (450 million) of the Union which led to the need for strengthening the protection of foreign borders. In addition, the practice of inside control had to be modified in order to avoid being an obstacle in the growing passenger and cargo transport in the necessary and appropriate way. To perform the complex task at high quality the Mobile Control Groups (MCGs) played an essential role.

- *At last, as a theoretical summary I examined what role the Customs and Finance Guard bodies played to maintain security in the fifth chapter.*

After having analyzed the documentation of some excellent security policy experts I found out that no matter how long the diverse elements of general security

were listed in their papers they did not include the term of the Customs and Finance Guard security.

Whether it proves to be right or wrong can be debated. The fact is however, that neither the general public nor professional literature could handle the issue with proper attention. I proved that the reason why it is so that the crimes which belong to the scope of operation of the Customs and Finance Guard possess specific characteristics. People are unaware of them as well as the battle against them.

In fact, these crimes are not directly against people. One type of them will destroy private life and appear in the long run in an intricate way and in the case of the other type of crime both the offenders and the victims could benefit from it or at least they believe that they could benefit from it.

Consequently, the victims are unaware of the dangers that might strike them, their tolerance level is high even certain crimes will raise their feeling of comfort. It explains the fact that frequently it is not in the interest of the inhabitants to cooperate with the authorities. Meanwhile, the weight and danger of such crimes tend to be great as negative synergies destroy all areas of human security. In addition, most of them belong to active, intelligent and aggressive processes.

Since the investigation and prevention of such processes cannot succeed without public support as well as the high level efficiency of the staff I have recommended the application beyond usual tools:

- the Financial Government and the CFG communication experts should continuously and effectively make the public aware of the existence of the indicated negative synergies and the specific features of the fight against them
- the training of the staff should be supplemented with cognitive psychology and decision making psychology education in case of training officers management approach, strategic/proactive way of thinking as well as acquisition of the methods to gain global electronic intelligence is needed in all prospective ways apart from the classical tools to obtain information (secret and open)
- finally, I recommended the quotation by György Ritecz for the interest of the financial government and all time leadership of the body 'We should start from the point that the attraction of the service, loyalty and faith towards it is also influenced by the fact what kind of life quality and income is guaranteed to those who act honestly.'
- **New scientific results**



During the research work into the issue of my thesis I could find out about the following new results:

- I explored how the Hungarian Customs and Finance Guard organisations had met the requirements of the economic-financial, public security and in certain cases military challenges of the changing era in relation to exterior (international) and interior (national) conditions as well as interim self-development.
- I explored and proved that the adaptation to security challenges in every era had been necessarily followed by the alteration of legal regulations, leadership system, organisational structure, material-technological base and human relations of the body.
- Initiating from the complex term of security, I explored and proved that neither public opinion nor professional literature had handled the Customs and Finance Guard security as a key issue. I explored and proved that the reason for that was that the crimes belonged to the scope of responsibility of this organisation had distinctive characteristics, which was rarely conscious similarly to the importance of the fight against them.
  - As the prevention and investigation of these crimes cannot succeed without the cooperation of the public and the high level efficiency of the staff I recommended some new approaches and tools for the attention of all time financial governments and leaders of the body in order to increase effectiveness.

## **Remarks**

- I suggest that more emphasis should be posed on the question of the Customs and Finance Guard security in the field of scientific research, management theory and Finance Guard officers trainings.
- I suggest that while doing so the findings of this thesis should be utilized.
- I am aware of the limitations of my thesis that is why I suggest that these three stages examined by me should be further explored and elaborated on. I agree with the suggestions made by József Parádi that the research into the features of law enforcement structure in Dual times and in particular one of its parts the Customs and Finance Guard system could be justified through National Archives resources. The reason is twofold. On the one hand, the national defence model appeared that time which has been modified much is still operational. On the other hand, its structural

features show similarities to the ones in the European Union. Consequently, as a respect of past time experience our generation could benefit from it as well.

## List of Publications

1. *The influence of the accession to the European Union on the structure and human resources of the Customs and Finance Guard.* SWORD AND PEN, 2006/3, p.93-101.
2. *Memorandum on life long learning.* SWORD AND PEN, 2006/3, p.141-150.
3. *The power of the proceeding legislation and the evaluation of the application of other law cases in subsidiary connection with the law.* SWORD AND PEN, 2007/1, p.71-80.
4. *Excerpts from the history of the Sárvár concentration camp.* SWORD AND PEN, 2007/2, p.156-167.
5. *The influence of the accession of Romania and Bulgaria to the European Union on the Hungarian Customs Administration structure.* Military Science XVII.year, 3. edition. 2007. September, p.114-123.
6. *The ghost of Central Europe.* Military Science 2011. 4. year.1. edition, p.131-136.
7. *The communication of the Customs and Finance Guard and the analysis of its PR activity.* (English). Military Science 2007, 3. edition September
8. *Society and morals.* Law Enforcement Booklets 2011/1. edition, p.87-94.
9. *Values and society in particular concerning the changes in the family establishment.* Society and National Defence 2010. XIV. year 1-2. edition, p.183-200.
10. *The operation of the Customs and Finance Guard during the course of the system change.*  
[http://193.224.76.2/downloads/konyvtar/digitgy/publikacio/prukner\\_a\\_2.pdf](http://193.224.76.2/downloads/konyvtar/digitgy/publikacio/prukner_a_2.pdf)
11. *The operation of the Customs and Finance Guard in security policy.*  
[http://193.224.76.2/downloads/konyvtar/digitgy/publikacio/prukner\\_a\\_2.pdf](http://193.224.76.2/downloads/konyvtar/digitgy/publikacio/prukner_a_2.pdf)

## The Professional - Scientific Resume of the Doctoral Candidate

Attila Prukner (born 1964) was admitted into the staff of the Szombathely Customs office from the Military of Hungary with Corporal rank on 16 September 1986.

First, he worked as a scout with the rank of Sergeant after passing the basic level training course. Then in 1992 he was appointed as Customs official with the rank of

Ensign after taking the intermediate level professional training course. He was appointed as a site leader after the establishment of the Customs yards.

He graduated from Janus Pannonius University at the Personnel Organisation Faculty in 1998 and obtained his college degree. Then he was appointed as Lieutenant and became the leader of the legal/administration team.

He took a degree at the former College of Public Administration in 2000 at the Faculty of Customs Administration and another one at PTE University at the Faculty of Human Resources Organisation in 2006. He has intermediate type C language exam in German and ARAMA Military professional language exam in Russian.

Besides performing his service in the Customs office he taught the subject of Customs tariffs in the local School of Customs and Finance Guard and also worked as a formteacher. He was the tutor of Customs law in a TIT course. He had been working as a chief official with the rank of Captain until his retirement in 2010.

He started his doctoral studies in 2007. He finished Doctoral School with final certificate in 2010. The deadline of his thesis: 31 August 2013.