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**To Whom it may concern**

Hereby on behalf of the Editorial Board of “Cracow Studies of Constitutional and Legal History” I confirm that the texts:

Article: *The Practice of Supervisory Rights in Hungarian Cartel Law: Special Attention to the Duties of the Minister and the Legal Director*

Report: *Cartels in Hungary: The Summary of a Bolyai Research*

written by Dr. habil. Norbert Varga (University of Szeged) were accepted by the Editorial Board.

The report is planned to be published in the issue 4 (2021). The article will be published after positive reviews prepared by two independent reviewers (in 2021 or in 2022).

With kind regards,

*Maciej Mięka*

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# The Practice of Supervisory Rights in Hungarian Cartel Law: Special Attention to the Duties of the Minister and the Legal Director in the Interwar Period

## Abstract

Hungary introduced mandates on cartels via the 20<sup>th</sup> Act of 1931. In order to protect good morals and public interests, the act regulated the institutions of state intervention and supervision. This legal field was the summarisation of the proceedings of cartel supervisory authorities, in which not only executive state bodies participated, but also judiciary institutions. In this essay, my main aim is to put the emphasis on the tasks of the responsible minister and the legal director, mainly via analysing the related primary sources. The purpose of this essay is to introduce the tasks of the responsible minister after the Cartel Act came into effect, and how the proceedings went down in practice. In connection to the Legal Director, I would like to elaborate upon his task as a representative of state interests during the mainly cartel-related lawsuits.

Keywords: Hungarian cartel law, cartel supervisory authorities, royal legal director, minister of trade

## Introduction

The political system of the era between the world wars had a significant effect on society, to which law responded with the regulation of existing, but not yet codified legal institutions. With the freedom to contract and merge guaranteed and the formation of free competition resulted in the situation that in order to optimise production and to multiply prices and the relating profits, the participants of economic life used every available legal method in their aspiration to exploit the economic situation, and established companies mainly with competition limitation in mind. The point of the cartel movement of the 20<sup>th</sup> century can be traced back to the paradox of free competition, for every mandate that limited free competition appeared as a result of free competition, and only by guaranteeing freedom of competition could they fight for the interests of consumers, which meant nothing more and nothing less than the fundamental enforcement of public and economic interests, and also of good morals.

The real depth of a research in the field of legal history lies within analysing archival sources, and using this foundation to the purpose of presenting research results that depicts the paradoxical world of cartel regulations in the 20<sup>th</sup> century to the reader. The simultaneous examination of legal scientific reflexion and judicial practices shall result in a comprehensive image of cartel supervision and the actual operations of courthouses and governmental institutions. In Hungary, the 20<sup>th</sup> Act of 1931 realized the regulation of cartel law, basically cartel public law as a part of the European codification procedures, with mainly the intention of state intervention in mind, even in our own nation.<sup>1</sup> The Hungarian act mainly regulated

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<sup>1</sup> Supported by the János Bolyai Research Scholarship (BO/00198/18/9). During the codification process, the Cartel Act of Hungary allowed for the supervisory legal institutions and regulations of the 1923. Cartel Edict of Germany. More on this topic: Kessler, "German Cartel Regulation" 680-693. Verordnung gegen Missbrauch wirtschaftlicher Machtstellung vom 2. November 1923) in: Dobrovics and Kőházi, "Kartell, árelemzés" 17-25., Kuhlmann, "Kartellbegriff" 5-18. Jsay, and Tschierschky, "Kartellverordnung", Lehmann, "Grenzen der Kartellgerichtsbarkeit", Denzel, "Mißbrauch der Kündigung", Birnbaum, "Die Rechtsprechung des Kartellgerichts", Szilágyi and Tóth "A kartellszabályozás történeti" 4-13.

cartel public law, therefore my main focus is to describe the practices of the institutions that possessed supervisory rights.<sup>2</sup>

However, we must ask the question: before the regulation of cartels or, to be more precise, before the Hungarian cartel act came into effect, who practiced legal control over the operations of cartels, since cartels existed even before the law came into effect? In these situations, the answer mainly boils down to the fact that the establishment of legal protection was in the hands of courthouses in such cases.

The lack of a comprehensive legal supervision resulted in the fact that in Hungary, courthouses played a vital role in the evaluation of cartels in the 19<sup>th</sup> and 20<sup>th</sup> centuries. It would be beneficial that here, even before we discuss the aforementioned cartel supervisory individuals, to look back at the reasoning of the proposal of the Hungarian cartel act. *“It is an undeniable fact that this judiciary field is only looked at in a fairly general sense, and it is an extremely neglected legal field which, in a sense, is understandable; the reason behind this is the fact that in cartel cases, even courthouses had fairly limited opportunities to go on record.”*<sup>3</sup> Even the ministerial reasoning of the proposed act quoted the same reasoning. *“However, any courthouse that would reach a verdict now on the matter of justifying cartels, it is debatable whether any could make a decision that, taking into both legal and economic correctness, would be received with general relief and contentment in this current legal situation.”*<sup>4</sup> Apart from taking the participants’ testimonies, courthouses need the governing power to establish an institution or authority that could form a professional opinion in order to end lawsuits in a more efficient and adept way. Before the cartel act was accepted, the decisions of courthouses were mainly limited to whether or not the cartel contracts under scrutiny are valid or not, but did so with a lack of legal regulation and according to the general principles of private law. *“There is no proper protection against cartel misuses if the only way for the authorities to gain insight into their proceedings if the court finds that the contract is against good morals or public order.”*<sup>5</sup> This is why state intervention was deemed necessary, and to force the cartels to operate *“correctly”* via economic assets. In order to examine complaints filed against cartels and monopolistic corporations, authorities with the tasks of coordinating and supervising the operations of cartels had to be established. The contents of the act also had to establish formal legal regulations that should be applied against misuses and to protect public interests effectively. *“For if the suspicion of misuse is reasonable, but there is no protection, then protection must be ensured as soon as possible. This is necessary for not only complainants of private law, but also in order to ensure the operations of companies not participating in cartels yet practicing impeccable behaviour for the purposes of the general economy, not to mention in order to calm the protection of the general public.”*<sup>6</sup>

On the one hand, cartel contracts affected the participants of the agreement, on the other, these documents played a vital role in the formation of economic proceedings as far as industry professionals outside the cartel and consumers are concerned. The situation of the members of the cartel was rarely identical to those contracting parties that possessed equal economic power and signed their contracts under similar conditions. *“The individual members of the cartel might agree to said cartel due to the unrelenting economic pressure of members lesser in numbers, yet overpowering in their economic power, and said economic power could be enormous enough that it borders on coercion relevant to the field of private law.”*<sup>7</sup> Non-

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<sup>2</sup> Harasztosi, A kartel, 512. More on this topic: “A gazdasági verseny szabadságát korlátozó megállapodásokról” Kuncz, “A magyar kereskedelmi- és váltójog” 124-125., Szabó “A kartellfelügyelet szervezete és hatásköre” 64-83., Stipta “A gazdasági versenyt szabályozó megállapodásokról” 53-63.

<sup>3</sup> Dobrovics, “A kartelek helyzete és működése” 15.

<sup>4</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 375.

<sup>5</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 375.

<sup>6</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 376.

<sup>7</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 377.

cartel entrepreneurs that cartels came into contact with are companies that could not be forced to enter cartels. The cartel wished to enforce even greater economic pressure against these entrepreneurs, and strived to render them impossible economically. The state could not deem acceptable the constraining of industrial freedom to such a degree, and used every available method to make a stand against such aspirations. *“Cartel operation effects notwithstanding, cartels are established in order to earn as much economic profit as possible. Greed can easily lead to excess, may solicit selfishness, even exploitation, given the opportunity, or even to the limitation of competition at a time and place when and where it is unnecessary, even harmful in an economic sense.”*<sup>8</sup> This is why it could not be allowed for “privates”, also known as entrepreneurs to conduct their businesses without legally unified supervision. *“In these new relations, freedom and supervision can only maintain a correct balance, if the state acknowledges and legally regulates the actually formed organization of economic life.”*<sup>9</sup> During regulation, one should keep in mind to protect consumer interests within these monopolistic conditions. The protection of the so-called “general public”, meaning the members of the consumer society meant that unfair competition limitations and overbearing price formations had to be banned. The final purpose was to enable consumers to buy public needs goods, meaning products that are prime necessities at a fair price. *“This is especially valid now, when due to the situation created by the document of Trianon, numerous economic branches are separated from their natural or historically established supply sources and sales areas, when different economic branches could barely come across the damages suffered during enemy occupation, when certain European states wage economic war on our nation via enormous customs duties and restraining measures, when Russia and America stir up economic life with dumping and when due to the aforementioned, there can be no regular credit supply to our nation’s economy.”*<sup>10</sup> Good morals, equity and fairness needed to be a part of economy in order to ensure societal peace. With fair conduct of business ensured, ensuring that the consumers are solvent was exceptionally important. *“The public cannot be left on its own against the possibilities of these hazards, and the governmental power cannot spare the overview on economy as a whole, for it is necessary for political guidance. According to this, the legal settlement of agreements regulating economic competition contained within this law proposal is not only necessary for legal, but also considering public economy, social and constitutional political reasons.”*<sup>11</sup>

The state stood against any economic misuse and unfair competition with great prejudice. The war and the ensuring economic conditions undercut individuality. What was allowed became forbidden after the war, therefore a great number of laws were established (on sharking, unfair competition, cartel law) in order to ensure the purity of economic life and consumer protection. The main purpose of the codification of cartel law was to avert misuses of economic power.

Regularizing cartel supervision related closely to public interests in the 20<sup>th</sup> Act of 1931, the first Hungarian cartel act, which resulted in the fact that the supervision of cartels was regulated mainly according to public rights fundamentals. Signing cartel contracts was allowed, which basically meant that cartels could operate in Hungary within the established boundaries. The cartels had to obey the legally determined boundaries. The cartel agreement had to be examined in order to determine whether or not a cartel contract violates the requirement of public morals within the scope of cartel private law, or happens to endanger public interests which also meant that the rules of cartel public law were breached. The most fundamental duty of cartel supervisory authorities was to examine the latter during their procedures. The legally regulated

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<sup>8</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 377.

<sup>9</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 377.

<sup>10</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 377.

<sup>11</sup> The Reasoning of the 20<sup>th</sup> Act of 1931 on the Agreements Regulating Economic Competition, 378.

cartel supervisory authorities consist of the responsible minister, the Cartel Committee, the Price Formation Committee, the Cartel Court, the orderly courts and the courts of arbitration. Within the framework of this essay, I wish to elaborate upon two participating individuals, the responsible minister and the Legal Director who played a significant role in connection to the legal inspection of cartels.

### Ministerial Supervisory Rights

According to the Cartel Act, the minister for national economy became the direct supervisory authority when the law came into effect, "*since the operation of cartels has an effect not only on the industry, but also on commerce, agriculture, and in general, on consumer behaviour, therefore it is reasonable that cartel matters would fall into the jurisdiction of such a minister who does not represent only a specific branch of national production, but the whole deal.*"<sup>12</sup> If the position of the minister for national economy was vacant, then the supervisory authority was practiced by the minister attending to his jurisdiction (for example, the minister of trade, the minister of industry).<sup>13</sup>

The companies had an obligation to present their cartel agreements to the minister, who registered such cartel agreements which had at least one company or at least one trade or industrial concern with at least twenty employees amongst its members. The data of any given cartel had to be written down in the registry catalogue, the so-called "Cartel Book". The only way to register into the Cartel Book was through written measures with no place for any "*correction, scribble or addendum*".<sup>14</sup> In cases when the presentation was omitted or incomplete, the ministry could order the cartel to fulfil or correct their presentation. The ministry could ask the president of the Cartel Court to appoint a temporary representative, in case the cartel forgot to do so.

The only thing the minister could examine was whether or not the contracts contain cartel-like specifications. However, this did not mean that the minister could not order an examination *ex officio* against cartels based on facts that came into light later on.<sup>15</sup>

The Cartel Act gave an opportunity to private individuals and authorities to file a complaint to the minister in cases of cartel misuses. In these cases, the minister could decide whether to deal with the complaint via civil service or judicial methods. Any data and evidence provided in the complaint had to be submitted, and based on this, the minister could decide whether an intervention was necessary due to public interests. In cases when the minister found a complaint baseless, the private participant could still institute a private legal action. The minister mostly decided after the hearing of the Cartel Committee.<sup>16</sup>

In cases when the minister reached the conclusion that according to the complaint, the cartel's operations endanger public interests or the interests of national economy, he could order an examination. The minister could pursue the following actions in order to clear the bearings of the case: could ask for reference from the cartel in connection to the actions stipulated in the cartel contract, or could propose the presentation of the necessary documents. In connection to this, the Cartel Act stated that the members of the cartel had to obey the minister's requests. In connection to the data provision obligation, the minister could warn the cartel that the effect of the omission will be to consider the bearing of the case according to

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<sup>12</sup> Ranschburg "*Karteljog kartelszervezet*", 88.

<sup>13</sup> After the law came into effect, cartel cases fell under the jurisdiction of the minister of trade. The 7<sup>th</sup> Act of 1935 separated the Ministry of Trade into the Ministry of Trade and Transport and the Ministry of Industry. Dobrovics, "*Kartelismerek*" 102.

<sup>14</sup> Harasztosi, "*A kartel*", 514-515.

<sup>15</sup> Ranschburg, "*Karteljog kartelszervezet*", 89.

<sup>16</sup> *Ibid.*, 89-90.

the complaint valid. Not to mention he could also mete out a fine. He could order the Legal Directorate of the Hungarian State Treasury to file a request on this matter to the assigned courthouse.

The minister could revise the correctness of the available data, not to mention the business administration based on books of accounts and such documents.

The minister could question the cartel members and the interested parties; however, if he deemed a sworn testimony necessary, he had to contact the local courthouse to implement this.

Seeing the examination measures, it can be stated that the law provided a wide array of inquisitorial rights to the ministry. In any case, the most important thing to examine was to whether or not the operations of a cartel endanger public interests and the interests of national economy.<sup>17</sup> As Károly Dobrovics pointed out, *“two main conditions were necessary for state intervention and the occasional retribution, namely that the operation of the cartel endangered the interests of national economy and public interests, and that it regulated the production, circulation and price formation in a manner that is not necessitated by the current economic situation.”*<sup>18</sup>

Not to mention that the minister could advise the government to pursue additional actions, especially revoking tax and customs reductions, limiting transit and enforcing measures in the fields of industrial regulations and transportation price formation.<sup>19</sup>

The minister's rights in connection to the cartel lawsuits at orderly courts or courts of arbitration are closely connected to his rights in connection to lawsuits of public interests, which I will elaborate upon in the corresponding chapter.

Within the archival sources of the Viktória Chemical Plant Ltd., one can find a report filed to the Minister of Trade *“on the topic of the presentation of an agreement on any quality of liquid soluble glass and the announcement of the representatives.”*<sup>20</sup> The letter, bearing the date 25<sup>th</sup> November, 1931, has the original cartel agreement attached with two copies, as well. The submission also contained a record on the joining of a new cartel member<sup>21</sup> and a letter to the Hungarian Industrial and Trade Supervision Bank, in which they transferred the exclusive sales commission of the aforementioned goods. The submission also contained that the factories that signed it all employ more than twenty workers. Not to mention that the representative of the cartel was stated at the end of the letter.

In the minutes of the session on 22<sup>nd</sup> December, 1933, it is stated that *“the agreement unanimously states that the preliminary cartel contract, and also the commission of the cartel representatives should be presented to the H. Royal Ministry of Industry within the deadline.”*<sup>22</sup>

Another document that survived was found in the Central Offices of Hungarian Iron Wholesalers on a request for completion on the presentation of the cartel contract on the production of bar-irons; sheets, galvanized, rough and white sheets; wire nails and wires.<sup>23</sup> The ministerial response could not be found amongst the documents, therefore only the response of the request for completion shed some light on what matters the ministry needed further clarifications. The question arose whether the wholesalers had any contractual obligations towards the Rimamurány-Salgótarján Ironworks Ltd. and the Manférd Weisz-

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<sup>17</sup> *Idid.*, 90-91.

<sup>18</sup> Dobrovics, *“A kartelek helyzete és működése”* 144-145.

<sup>19</sup> Harasztosi, *“A kartel”* 517-518.

<sup>20</sup> The National Archives of the National Archives of Hungary, the Department of Economic Archives (henceforth: MNL. GLF.) Z 341.

<sup>21</sup> This record can be found: MNL. GLF. Z 341. Liquid soluble glass cartel meetings minutes 1927, 1931-1936.

<sup>22</sup> This record can be found: MNL. GLF. Z 341. Liquid soluble glass cartel meetings minutes 1927, 1931-1936. Minutes No. 1.

<sup>23</sup> MNL. GLF. Z 783 Central Offices of the Iron Wholesalers of Hungary. Unfortunately, the report could not be found within the disparate archival sources.

factory, whether or not they got an exclusive right to sell the products. Based on the answer, it can be stated that they did not make such an agreement with the factory in Rimamurány, even the factory itself notified the minister on that matter. Exclusivity was not provided by the agreement with the Manfréd Weisz-factory which, in the meantime, expired. According to this, *“even during the time of the agreement, the aforementioned factory sold the products of the agreement directly to large consumers, and to small consumers and iron traders, there were the option of the factory’s own sales organisation, the Ferroglobus Iron Trade Ltd., and also any other iron trade company based in Budapest and all over the nation, and although some kind of practice might have formed during our connection to the aforementioned factory, and we are still customers of the factory, yet even today, there is no agreement that falls under the jurisdiction of the law with any sort of obligation between the Manfréd Weisz-factory and the coordinated traders.”*<sup>24</sup>

The purchase prices, the sales prices and the accounts of the gross profits in connection to the products in question had to be attached to the letter. The reply also contained the announcement of the representatives in connection to the agreement with the H. Roy. National Iron, Steel and Engineering Works, signed on 28<sup>th</sup> November, 1930.<sup>25</sup>

Thanks to the Budapest Ice Sales Ltd.’s secretarial documents, we shall get a clearer picture on announcements. The cartel agreement was formed with the participation of the Budapest Ice Sales Ltd. and an Újpest-based company, J. Huszár’s *“Steven’s Ice Factory”* in 1939 with the purpose of regulating ice sales around Budapest, Újpest and Rákospalota. The documents also contain a seal, according to which it can be confirmed that the presentation happened on the day after the date of the contract, in other words, within the deadline, according to Paragraph No. 2 of the 20<sup>th</sup> Act of 1931. Even the commission of the cartel’s representative was attached to the agreement. The commission listed three individuals.

The Ministry of Industry’s reply states that the original documents on the production and circulation of factory-made ice with the clause that certifies the presentation was sent back to the representative. In its letter, the minister specifically stated that *“the commission written out by the company registered in Újpest, J. Huszár’s “Steven’s Ice Factory” that joined the agreement with the treaty attached to the representative must be presented additionally, in 8 days. If my aforementioned appealed is not fulfilled in the set deadline, I shall reach out to the president of the cartel court in order to appoint a temporary representative.”*<sup>26</sup> Therefore, the missing commission was sent in time.

The ministerial presentation also happened on time in connection to the agreement made by the Budapest Ice Sales Ltd., the Kőbánya Civil Beer Brewer and Saint Steven Starter Factory Ltd. and the Capital City Beer Brewer Ltd., with the purpose to *“eliminate the wart of battle for survival against each other, and escape from the unavoidable losses it caused.”*<sup>27</sup>

### The Legal Directorate of the Hungarian Royal Treasury

The role of the Legal Directorate mainly appeared in material and property law debates in connection to the state, for it protected the interests of the Treasury in legal battles. The main purpose of the Directorate was to stand for the Treasury in lawsuits, and also to provide legal opinions on the matters of state administration and state estate management in case of an

<sup>24</sup> MNL. GLF. Z 783 Central Offices of the Iron Wholesalers of Hungary.

<sup>25</sup> MNL. GLF. Z 783 Central Offices of the Iron Wholesalers of Hungary.

<sup>26</sup> BFL XI. Small box No. 1105 (1) Cartel records, agreements 1927-1943. Secretarial documents of the Budapest Ice Sales Ltd. 1927-1947.

<sup>27</sup> BFL XI. Small box No. 1105 (1) Cartel records, agreements 1927-1943. Secretarial documents of the Budapest Ice Sales Ltd. 1927-1947.



official inquiry, to mediate in legal cases where the state itself became a party to a dispute, and to participate in the editorial process of contracts and other documents.

However, the Cartel Act gave the Legal Directorate a new authority. Due to the public law nature of the act, legal action could only be started via a proposal, to the initiative of the minister that has the authority of cartel supervision. This is why it had to be regulated, and introduce that the legal directorate must provide state representation in cartel cases, which also meant the guarantee of public interests. The Cartel Act did not leave the representation of the Treasury to the royal prosecution system because *“due to its routine in legal actions in where the Treasury is a party as a private person, the Legal Directorate has a closer relationship with the affairs of business life.”*<sup>28</sup> The Legal Directorate became the leader of the lawsuit, with the private party excluded.<sup>29</sup>

The Directorate did not act within its own rights, but according to the orders of the administrative authority that supervised cartels, the minister of trade. It had to obey the minister's orders, for the directorate was not a dispositional but a representative authority. In other words, it could not proceed according to its own decisions in cartel cases.

According to the Cartel Act, the most important task of the directorate was to represent the state as plaintiff in lawsuits of public interests. In lawsuits of public interests, in case the suit was lost, the Treasury could not be charged with the defendant's expenses, or claim for any kind of compensation. In such cases of public interests, another task of the Legal Directorate was to collect and sort evidence and to refute the defence. *“All in all, these lawsuits are of economic nature, therefore the knowledge of economic relations is necessary, this is exactly why the fullness of verification is a task of sizeable and eminent importance, where none of the arising problems shall really be repaired. Therefore, the success of a lawsuit of public interest rests significantly on the preparedness of the Legal Directorate.”*<sup>30</sup> Also, the Legal Directorate could initiate to enforce the temporary measures in cases currently in session at the Cartel Court. In connection to the invalidation of the verdicts of courts of arbitration, the Directorate also had to examine whether an intervention is necessary in order to protect public interests.

According to the Act, the representatives of the Legal Directorate could appear and take the floor on the sessions of the Cartel Council, according to which it had the opportunity that *“the part of cartel matters that reach the Cartel Committee could observe from the get-go, for all cases which shall be presented to the Cartel Court, according to the Act, with the exception of urgent cases, must be discussed in front of the Cartel Committee.”*<sup>31</sup>

Orderly fines also added to the duties of the Legal Directorate, for they had to file the proposition in cases of omitting presentation, disobeying the data provision obligation or hindering examination efforts, not to mention enforcing forbidden agreements of regulations, or continuing forbidden actions.<sup>32</sup> With the minister's orders, the Legal Directorate could propose a lawsuit at assigned courthouse.<sup>33</sup>

The most efficient way to describe the legal practices of the Legal Directorate is through judicial practices. In most cases, only the wording of a verdict gives us a clue on the actual operation of the Legal Directorate. In the Bács-Kiskun County Archives of the Hungarian National Archives, one could find the whole proposal of the Legal Directorate in a whole factum. According to which the timber-merchants of Kiskunhalas reached a cartel agreement that falls under the effect of Paragraph No. 1 of the 20<sup>th</sup> Act of 1931 on 8<sup>th</sup> April, 1933 on timber, burnt bricks and pottery, by mandating regulations on economic competition by

<sup>28</sup> Dobrovics, *“A kartelek helyzete és működése”* 227.

<sup>29</sup> Ranschburg, *“Karteljog kartelszervezet”* 102.

<sup>30</sup> Dobrovics, *“A kartelek helyzete és működése”* 229., Ranschburg, *“Karteljog kartelszervezet”* 105.

<sup>31</sup> Dobrovics, *“A kartelek helyzete és működése”* 231.

<sup>32</sup> Ranschburg, *“Karteljog kartelszervezet”* 125.

<sup>33</sup> Harasztosi, *“A kartel”* 1936. 515.



ensuring price formation, clientele and sales areas in connection to the aforementioned goods. From the letter of the attorney general who acted in the name of the Legal Directorate, it can be deduced that the aforementioned cartel agreement has been submitted to the minister of trade within the deadline. One of the attachments of the agreement was the set sales price list that the members specified. According to the Cartel Act, any agreement that is an attachment to the original contract fall under the same conditions. *“However, despite the law, the aforementioned only presented the agreement formed on 8<sup>th</sup> April, 1933 and [...] the attached on 4<sup>th</sup> May, 1933, therefore clearly belatedly. Since the aforementioned did not provide acceptable justification for their omission, the min. of trade, via his commission granted by Paragraph No. 14 of the 20<sup>th</sup> Act of 1931, with the regulation No. 416/3 K.M. XI. 1933. ordered the Legal Directorate to pursue a lawsuit of orderly fine.”*<sup>34</sup>

The Legal Director asked for the lawsuit to begin according to Paragraph No. 14 of the Cartel Act. He also remarked in his letter that when meting out the fine, the wealth ration of the complained must be taken into account. The courthouse was obligated to deliver the warrant taken with the procedural rules on trade misdemeanours taken into account to the Legal Director.<sup>35</sup> After this, an appeal was sent out to the concerned parties to send their documents in proof.<sup>36</sup> From the rest of the legal documents, it is clear that the complained only got to know about the complaint of the Legal Directorate from the warrant bearing the Cg. 187/1/1933. identification number. After this, the courthouse stated in a warrant that the application of the Legal Directorate is founded, and inflicted a fine on the contracting parties.<sup>37</sup>

The remaining documents in connection to the brick makers of Pécs also contain a letter sent to the courthouse of Pécs by the Royal Treasury’s attorney general’s deputy, in which he also asked for a lawsuit of orderly fine, naming similar reasons as in the previous case.<sup>38</sup>

Therefore, the main reason of the participation of the Legal Directorate in a lawsuit was that the organisation also had an outlook on the legal relationships of private law. According to Károly Dobrovics, *“the significance of cartel matters makes it necessary that the national organisation that is tasked with the official administration and supervision of cartels, that also legally plies a trade in these matters could fulfil its duties and answer its requirements with the most complete efficiency. Due to its past and experience, the Legal Directorate will impeccably fulfil this new commission entrusted upon it, shall receive support if necessary, and the valid sections of the law shall be put to use correctly.”*<sup>39</sup>

## Conclusion

In the organisational and jurisdictional allocation in connection to cartel supervision in Hungary, the appointed minister and the legal director of the Treasury received a significant role, who basically determined the beginning of lawsuits in connection to cartels. After the world War, the Government of Hungary used public interests to justify state intervention. However, the cartel supervision licenses necessary in order to pursue legal actions were only a hair’s breadth away from the separation of the branches of power, to be more precise, the executive power interfering the judicial system’s operations under the guise of public

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<sup>34</sup> The Bács-Kiskun County Archives of the National Archives of Hungary (henceforth: MNL. BKML. VII. 2. c. 187/1933.

<sup>35</sup> MNL. BKML. VII. 2. c. 187/1933. The data recorded in the letter of the Legal Director are corroborated by the warrant of the court of justice. BKML. VII. 2. c. Cg. 187/1933.

<sup>36</sup> MNL. BKML. VII. 2. c. Cg. 187/3/1933.

<sup>37</sup> MNL. BKML. Cg. 187/4/1933.

<sup>38</sup> MNL. BKML. VII. 2. c. 4224/1934.

<sup>39</sup> Dobrovics, *“A kartelek helyzete és működése”* 233.

interests. The cartel regulation of 1930 received a significant amount of critique due to this regulatory method.

The responsible minister and the Legal Director played vital roles in Hungarian cartel law, their actions were necessary in order to keep cartel operations within the “acceptable” legal frameworks. The protection of public interests and good morals, enforcement of state interests were the most important factors during the regulation of the supervision. The state purpose was that cartel operations should promote economic development, not to mention ensure consumer interests and the acquirement of assets. The most important question of the Hungarian cartel supervision was the matter of what tools the act might provide. Whether or not the authorities of the executive power shall interfere with justice. This had to be created by keeping the independence of the branches of power in mind, and it goes without saying that with great political struggle. The governmental aim was to ensure as much power as possible for itself over cartels, have as many tools as possible in order to supervise cartel operations, and all this came through with the Hungarian regulation.

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