

Local Government Reforms in Eastern Europe after the collapse of the Soviet Union: Some Observations

Prof. Fred Lazin, Professor (Emeritus)
Ben Gurion University, Israel
lazin@bgu.ac.il

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Introduction

The end of the Cold War and increased globalization have affected governance around the world. The decline and virtual disappearance of centralized socialist forms of rule has led many countries toward increasingly minimalist government and reliance on the free market. Modern liberal democracy has become increasingly influential as the dominant model for government.

These trends have had a significant impact on local government. As national governments attempt to slim down and foster good governance they have implemented far-ranging decentralization and shed responsibility for providing citizens with basic services. This has led to an increased role for local governments who pick up the slack and provide services that citizens have come to expect.

This paper explores the building of administrative and democratic institutions and processes of local government in newly emerging democracies in parts of the former Soviet Union and its satellite states in Eastern Europe. It covers the period through 2005. It studies the main objectives and achievements of the various reforms aimed at local government systems in Russia, Poland, Czech Republic and Romania. The overall picture composed of the findings in the several countries is all but homogeneous and unidirectional: though democratization and decentralization are claimed by many central governments as non-negotiable, the analysis clearly demonstrates how their actual policies are implemented over time and across nations in an often inconsistent manner.

The case studies are based on papers presented at an international conference “Reform and Democracy in Local Government of Countries in Transformation” held in Israel in 2004. The IPSA Research Committees on Local Government and Politics and Public Policy and Administration sponsored the conference. The papers later appeared in a book published in 2007 (Lazin et. al. 2007).

The research reported on here focussed on the process of reform at the local level; the formation and development of specific local bodies along a specific institutional design, central-local relationships, bureaucratic differentiation, influence, transfer and implementation of external/ foreign experiences, and setting up of a local financial system. In addition they examine the consolidation of local democratic arrangements and electoral rules corresponding to a predominant conception of power and its distribution.

Over the past two decades Russia and the other three Central and East European (CEE) countries embarked upon the build-up of democratic constitutional states after the breakdown of centralist communist regimes. In most cases local government was assigned a crucial function to provide greater political accountability and administrative structure.

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Russia

In his article Vladimir Gel'man (2007) argues that the problems of reform of local government in post-communist Russia are part of the general complexity of Russia's protracted "triple transition" of democratization, marketization, and state-building. Perhaps in no other area of reform is the contrast between stated principles and reality sharper than in the endless declarations of local autonomy and local democracy, on one hand, and the realities of impoverished municipalities and their ruling "political machines," on the other. He reports on the post-Soviet municipal reform, including the ideas of local autonomy and local democracy, which post-Soviet Russia borrowed from the experience of Western liberal democracies. The new wave of local government reform initiated by President Vladimir Putin (after 2000) is also reviewed. The author addresses the issue of whether the reform of local government in Russia was "doomed" from the beginning or if its failure resulted from poorly chosen or inconsistent policies in the post-Soviet period.

Russia's Local Government after the "Municipal Revolution"

In the 1990s the government of Russia made an ostensible commitment to radical reforms in local government. The State Duma adopted major laws on local government, and in 1996 Russia pledged to adhere to the European Charter of Local Self-Government. By 2004, almost all municipalities across Russia have had two or three cycles of elections of local councils, and most of them have conducted elections of city mayors and heads of district administrations. At first glance, it seems as if Russia has made a decisive step toward local autonomy and local democracy, while the Soviet pattern of local government completely subordinated to Communist party rule has been abolished.

However, by the mid-2000s the consequences of the "municipal revolution" in Russia had to be regarded as modest. It is difficult to consider Russian local government as exhibiting genuine local autonomy (Goldsmith, 1995: 235). Both the economic and political dimensions of the autonomy of Russian local government are sharply limited. In fact, the political manifestation of local autonomy in Russia consists largely of local elections, which often cannot be classified as free and fair, and which have a record of much lower voter turnout than national and regional elections. Contrary to many declarations, the Russian state has not delegated its powers or its resources to local governments. At the same time, federal and regional authorities have pursued a policy of shifting the state's social obligations to local governments, creating a heavier burden on local budgets. The state of municipal finances depends greatly on transfers from federal and regional budgets, while the types of local taxes and the size of local taxation are sharply limited by the Tax Code. This leads to the decline of fiscal autonomy of local government. Finally, since August 2000 the President of Russia and regional governors could dismiss local assemblies and/or chief executives for violations of federal or regional laws. The period since the early 2000s could be regarded as the time of a "municipal counter-revolution," characterized by the partial restoration of the subordinate status of local government that had been typical in the Soviet era.

Local Government and National Democratization in Russia

Post-Soviet Russian reformers faced the task of reorganizing Soviet local governments which had been ineffective, unpopular, and subordinate to higher levels of power. They opted for the "revolutionary" mode of discontinuous institutional changes, which aimed to install local autonomy and local democracy in Russia from scratch.

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Local autonomy is an important feature of the model of reform of local government. Apparently, local democracy is necessary for local autonomy in transforming societies, including Russia. Although the collapse of the Communist party in August 1991 opened some prospects for local democracy, by late 1991 Boris Yeltsin and the Russian Congress of People’s Deputies imposed a moratorium on local and regional elections and restored the hierarchical subordination of local executive bodies to higher ones, which survived over time and strengthened under Putin. The political regime that emerged in Russia after 1993 was far from being democratic. Democratic institutions were tolerated as long as they did not give rise to a threat that the ruling group would lose power: the practices of permanent conduct of free but unfair elections (national, regional, and local) are examples of the elite's maneuvers to subvert democratic contestation and accountability. Since December 2004, when direct elections of regional governors in Russia were abolished, the development of democratic institutions in Russia’s regions has been stopped if not reversed.

Russia’s Transformation and Local Government

The weakness of the post-Soviet Russian state has had various consequences. The vertical dimension of the decline of state capacity is exhibited in the federal authorities’ lack of control over regional institution-building processes which resulted in great variation in the degree of autonomy which has been permitted for local governments and in the degree of democracy which has been attained at the local level (Gel’man, Ryzhenkov, Belokurova, and Borisova, 2002).

Russia’s economic crisis of 1990s has also exerted an unfavorable influence on the effort to achieve local autonomy. First, the fiscal crisis of the national government led to the chronic under-financing of the principal municipal expenditures. Second, since the early 1990s, the national government has sought to shift responsibility for social benefits to the regional and local governments. Third, under existing regulations and practices, the potential for local governments to finance operations through reliance on own sources of taxation is highly limited.

According to some estimates, among the local governments in Russia (which number more than 12,000), over 75 percent cannot maintain their budgets without financial support from the federal or regional governments. This subordinates them to higher levels of authority (Gil’chenko, 2000).

In the course of Russia’s transformation, only large cities showed some signs of local autonomy and stimulated some hope for the emergence of local democracy. While big cities and their metropolitan areas served as centers of political, economic, and social modernization, the surrounding areas of most regions faded into semi-peripheries or hopeless peripheries (see Ioffe et al., 2001: 77-78).

The large cities of Russia (mainly the regional centers) play a crucial role in the country’s adaptation to the process of globalization. They fulfill a mediating and civilizing mission, pulling the less developed periphery up to a more contemporary level of development. That mission could not be carried out by the large cities unless they acquired political autonomy from the peripheries. However, the performance of that function would become more difficult if not impossible in conditions of the political dependence of the centers on the peripheries, which would lead to the forced redistribution of economic resources in favor of small towns and rural areas. Therefore, the innovative potential of cities as centers of modernization is being dissipated through redistributive practices, reducing the larger cities to the level of the peripheries.

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Thus the unfavorable initial conditions of reforms in local government in post-Soviet Russia have been reinforced by the unfavorable outcomes of the “triple transition.” Limited and inconsistent democratization, ineffective marketization, and the formation of a weak state have contributed to the crisis of local government in 1990s – early 2000s.

New Reforms of Local Government: One Step Forward, Two Steps Back?

After Putin took power as President of Russia, he sought to end the fragmentation of the Russian state (Stoner-Weiss, 2001). He initiated a policy of recentralization of administration. In addition, a decade of deep economic recession and social crisis was followed by stirrings of economic growth, while market-oriented transformation of the economy began to move beyond the “partial reform equilibrium” of the Yeltsin years and seemed to acquire a new dynamism.

The policy of recentralization ("federal reform") has consisted of a series of steps toward the rehabilitation of state capacity.

The Tax and Budget Codes that were adopted in 2000 led to the centralization of financial resources in the federal budget. During the first two years of the Putin administration, the share of tax receipts received by local governments decreased, at the same time that their share in the total spending of governments in Russia remained quite high (see Blair, 1991: 43). That disparity led to chronic deficits in municipal budgets, and deepened the cities' dependence on subsidies from the federal and regional governments (Kurlyandskaya, 2001; Shvetsov, 2001; Cherniavskii and Vartapetov, 2003). The tendency of development after 2000, in contrast, was conditioned by the Center's intention to provide for the economic subsistence of local governments “from above” while decreasing their level of political autonomy “from below”.

In September 2001, President Putin formed a commission headed by Dmitrii Kozak to propose changes in legislation concerning regional and local government in Russia. The central direction of the Putin administration policy on intergovernmental relations was to structure a single unified hierarchy of authority, the “executive vertical”: local governments would lose their status of self-government and would be included in the vertical structuring of power, assuming the character of the lowest level of the state administration.

Kozak has said that the proposed reforms are directed toward the enhancement of local self-government in those regions where the local leaders are thoroughly subordinated to the governors. The Kremlin has hoped to decrease regional governors' influence over local governments as a means of further consolidating power in the central government, and the result would be that municipalities would become more dependent on Moscow than on the governors of their regions.

The Politics of Local Finance: In Search of Lost Money

It is generally recognized that currently, federal legislation is far more generous in assigning tasks to local governments than in assuring the necessary financing to support the performance of those tasks, leading to a massive volume of “unfunded mandates” every year. A key element of reform is to give each level of government sufficient financial resources to enable it to handle the responsibilities that have been assigned to it. Rather, coffers of local budgets will be fulfilled from federal grants and subsidies.

At the same time, the new law emphasizes budgetary equalization among different cities or districts, which may require sacrificing the financial autonomy of municipalities based on their independent sources of income. The legislation proposes the compulsory

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removal of revenue from municipalities with relatively high per capita income in order to add to financial assistance to less fortunate localities. This will adversely affect the larger cities which usually have stronger economic bases and their governments receive more income.

Another controversial element of the proposed Kozak reform is the mechanism for determining the financial bankruptcy of a local government and introducing a takeover of that government by the regional authorities if the municipality’s debts exceed 30 percent of its current budget. (Under separate legislation, the Center would have the right to take similar measures if the government of a region exceeded the limits of its debt obligations.)

New Local Politics: Possible Implications and Concluding Remarks

It is apparent that the acceptance of those laws would centralize the *regulation* of the powers and responsibilities of local governments, by shifting the greater part of legislative authority over those matters from the regional governments to the central government. The crucial question in deciding the full consequences of the reform is the question of the adequacy of financial support for the functions of lower levels of government. On the one hand, local governments will be assigned broader responsibilities under the new legislation, and most of them might suffer from even greater shortfalls because of their lack of funding other than subsidies. On the other hand, governors will have ample opportunities to take over the running of many districts and cities, just as the governors of most regions will be merely subject to direct control by the federal center, especially after the elimination of popular elections of governors in 2004. It is very likely that if the Putin administration is successful in continuing on the course it has chosen, the degree of local autonomy in Russia will decrease as the national executive leadership consolidates its control over the hierarchy of administration.

Certainly, the future of local government in Russia is inseparable from the outcome of the country’s “triple transition.” It is difficult to imagine the success of local autonomy and democracy without full-fledged national democratization, an effective market economy, and successful state-building, based on the principle of the rule of law. However, in a broader perspective on political and economic development, the issues of local autonomy and local democracy are crucial for Russia’s “triple transition.” The persistence of the political subordination of impoverished local governments as well as the compulsory redistribution of local resources from urban centers to peripheral areas will not facilitate the growth of an effective market economy and the building of authoritative political institutions on the local level. Also, there is little hope of democratization in Russia when local democracy is reduced to elections that take the form of non-competitive voting for the “party of power.”

Twice in Russian history, the state has chosen in favor of a variant of development of independent local government. The first time was during the zemstvo reforms in 1860s, which, despite their partial and limited character, imparted momentum to the political and economic achievements of late tsarist Russia. The second time came with the post-Soviet municipal reforms of the early 1990s, though those reforms on the whole were not successfully implemented, due to the country’s economic and political crises. Has a third period of attempts to introduce a policy favoring local autonomy and local democracy in Russia arrived in the twenty-first century, or will this time be remembered as a period of further centralization of control? The answer to that question will be of crucial importance not only for the future of local government in Russia, but also for the prospects for revitalization of the country as a whole. The “municipal revolution” in Russia seems to have

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come to an end, but the politics of post-Soviet local government is still in an early stage of development.

Poland

In his article on Poland, *Hakim Aïssaoui* (2007) explores the question of local and regional government in post-Communist Poland in the context of the European Union. He raises the issue of cooperation between Europe, national administrations, regional and local institutions and their ability to deal with the problem of territorial development in terms of multi-level governance. Whereas the extension of the EU regional policy to Poland contributes formally toward multi-level cooperation, the implementation of the Structural Funds contribute, paradoxically, to a recentralization of the public sector, leading to a weakening of Polish sub-national governments.

The tortuous paths of the territorial reforms in Poland

Two different phases can be distinguished in the process of decentralization since 1989 in Poland. The first one applied to the local level which has been rapidly autonomous since 1990. The second one concerned the intermediate level and occurred later, in 1998-99. The movement for decentralization has been counterbalanced by a trend to recentralization.

The reform of local government (March 1990): improving democracy at the local level.

Until 2005, the reform of local level has moved far ahead in the direction of effective autonomy. According to the political program of Solidarity, the local reform had to be viewed as the main step in the implementation of the self-managed Republic of Poland (Bafoil, 1997). Except for the macro-economic stabilization which was brought to completion, the plans of privatization and administrative reform were frequently delayed. The macro-economic stabilization implied a strong decentralization both for firms and for local government which should be in charge of these firms.

In accordance with the Local Self-Government Act on 19 March 1990, the rural and urban *gminy* (commune-municipality) have become autonomous. They enjoy free democratically elected functioning councils. Furthermore, this autonomy is also financial since the budget of gminas has been provided by local taxes and by financial donations from the central state.

Despite the financial autonomy of communes, the level of spending per commune was generally quite low, amounting to less than 15 per cent of total public expenditure (Cielecka and Gibson 1996). Moreover communes exempted farmers from paying local property tax, so that rural communes often faced a lack of local tax resources. Furthermore, those authorities were also in charge of large social and economic problems without adequate funding. This led to pressure for an intermediate level of authority between the state and local governments with respect to economic development.

In search of the intermediate level: the unsuccessful decentralization (1993-1998).

Two factors contributed to a slowdown of the decentralization process through 1998. First, the strong power of the Polish central administrations that were marginally destabilized during the transition process, tried to preserve a large part of its power. It blocked the local self-management, either by a financial freeze of gmina or by recentralizing the policies in strategic sectors such as labour administration.

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Second, numerous political parties were against further decentralization. Till 1997, the different plans of regional decentralization were stopped by the new post-communist coalition of the Democratic Left Alliance (DLA), the successor of the previous Communist Party; and the Polish Peasant Party (PPP), which won the general elections in September 1993. The conflict revealed the increasing imbalance between the urban and rural space of Poland since 1989. On the one side, the rural communes and medium-sized towns whose economic activities have become unprofitable after the fall of the collectivized system (Michtha 1997). On the other side, the eight major towns of western Poland (Warsaw, Katowice, Gdańsk, Poznań, Kraków, Wrocław, Szczecin and Łódź) enjoy an ascending economic development thanks to strong private activities that are often specialized in services and in western export markets.

The administrative and territorial reform of July 1998: the European integration in perspective.

Other factors led to change. In discussions between the EU and Poland following the Luxembourg European Council (December 1997), the question of the decentralization in Poland was considered for the EU as a non-negotiable point. *Agenda 2000* (CEC, 1997) required Poland and other candidate countries to have appropriate territorial structures for receiving the Structural and Cohesion Funds and for implementing regional development strategies in accordance with the EU policies. The haziness of the European regulation about the Structural Funds allowed the Polish government to define its own spatial and administrative organization (Marcou, 2002). Poland took care to adapt their territorial system to the Europe NUTS framework; on the other hand, internal political considerations also played an important role in the achievement of such reform (Wollmann, Lankina, 2003). The outcome led to the emerging of a complex territorial system.

In this way, the defeat of the SLD-PSL coalition by the right wing coalition EAS -UF at the parliamentary elections of 1997 facilitated the preparation of a new administrative and territorial (decentralization) reform program. The model was in part borrowed from the French system of decentralization as far as intermediate levels were concerned. Sixteen new decentralized regions (*Wojewódstwa*) have been established, each with a regional council (*Urząd Marszałkowski* or Marshall Office) which is mainly in charge of regional development. At the same regional level, there still exists the deconcentrated institution (*Urząd Wojewódzki* or *Regional Office*) which is ruled by the “prefect-type *wojewod*” (Wollmann, Lankina, 2003, 106) who is the official representative of central state at the territorial level; the *wojewod* is responsible for ensuring that national policies are executed and enforced within the voivodship, and that state institutions operating in the region perform their functions appropriately. The *wojewod* is accountable to the central state, and focus on the legal supervision of the activities of commune, powiat and voivodship self-governments. He can cancel decisions pronounced by these different autonomous structures, if they are inconsistent with the statutory law. At least, even if the district level (*Powiat*) was formerly recreated after its disappearance in 1975, its political and financial weakness have raised the problem of its *raison d’être* from the point of view of its contested position in the new administrative and territorial framework of Poland.

The Polish decentralization in the eyes of European policy: real change or new Potemkin façade?

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With the present integration of Poland in the EU, the real stake of the Structural Funds is based henceforth on the possible ability of the different territorial institutions “to play the game” in accordance with the rules defined at the European level, mainly as regards the governance and partnership principles.

Even if the last Polish territorial reform results to a large extent from the EU Structural Funds regulations, the political weakness of the new territorial institutions is strongly contrasting with the hegemonic position of the Polish central state.

The Polish government has refused repeatedly to implement the European program *Leader* whereas such a program was precisely conceived in order to favour local and collective initiatives emanating from a bottom up perspective. Moreover, most of the Structural Funds have been implemented by the Polish Ministry of Economy, giving as a pretext the fact that the Marshall Offices had no sufficient time, neither the experience nor the financial capacity to program and manage the Structural Funds at the regional and local levels.

The Polish territorial authorities have been invested with important responsibilities, without having, at same time, the appropriate financial means. In global level terms financial resources of territorial authorities are abnormally weak (in absolute terms): Silesia has financial resources which are 15 to 20 times smaller than its western European counterparts, with similar or superior competencies. The level of transferred funds coming from the central state is still extremely weak. These centre investments allocated to the regional budget are insufficient to execute the whole decentralized responsibilities. Finally, the lack of human resources weakens the decentralized regional tier; they lack the numbers and expertise to administer the Structural Funds.

The paradoxes of the EU policies in Poland.

Poland has been one of the main beneficiaries of the European assistance since 1989. It received 13.8 billion Euros of structural funds in 2004-2006 divided between different Central Ministries Programs and one Integrated Regional Operation Program managed by the Polish Ministry of Economy. The EU assumed that implementation of a regional framework constituted a pre-requisite condition to the future accession of Poland in EU and that the European partner could counterbalance the domination of the central state. By virtue of the reception of the European Structural Funds by the Polish regions, this financial godsend was initially considered as an efficient mean for increasing the political autonomy of the regional institutions which could become liberated from the state supervision. Territorial development was viewed as the favourite instrument of this territorial autonomy, while the representation of the local social interests would be performed inside the sub – national self-government units and the different steering committees dealing with such a question.

However, the central administrations and ministers became rapidly the favourite partner of the European Commission in the implementation of the different assistance programs for Poland since 1989. Previous surveys about the structural funds in the Western Europe had already concluded that the Europe Commission couldn’t be necessarily considered as the champion of the so-called “Europe of regions” since this institution was much more interested in finding credible partners (and whatever the territorial level concerned) than in the necessary promotion of the regional units (Smith, 1996). In Poland like in the whole CEE, the European Commission let a major initiative to the opposite partners for organising the implementation of the structural assistance, even if it led in Poland

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into a recentralization of the decisions at the central tier because of the deliberate incompleteness of the decentralisation process.

Conclusion.

The reform of local government *stricto sensu* (i.e. communes) was achieved. The recent trends in territorial economy seem to favour great economic conurbations that are able to fit into the new networks of economic development. In Poland, about ten towns are only involved in this process, most of all located in the western part of the territory, not far from the European trade axes. At the opposite side, small urban communes and rural municipalities are lagging behind, mainly in the eastern part of Poland inasmuch as they accumulate often different and strong handicaps, such as: low fiscal incomes, lack of economic development, geographical distance from the development networks and weakness of the spirit of enterprise.

The needs of the eastern regions together with the accession in the EU, contributed to the implementation of new self-government units, in an intermediary position between the local and state levels. Less than six years after the latest reform of 1998, the results are not very encouraging. The main responsible is the central state that systematically tries to keep the control on the process of decentralization, mostly thanks to the fiscal weapon, and, to a lesser degree, thanks to a political control exerted by the voivods over the self-government authorities. Territorial governments are only in charge of executing central policies in Poland, and paradoxically, this trend is also fostered by the entropic way the EU functions with Poland.

Does it mean that the EU is playing against the territorial self-government in Poland and in the rest of CEE? Such an assertion is by far not confirmed at all, unless we overestimate the real political power of the European partner. Like in the Western Europe, the so-called “Europe des Régions” concept is deeply virtual since we must take mainly into account the fact that the Structural Funds provoke strong political changes only if the traditional relations between the central state and the local units were already strongly destabilized (Smith, 2000). Such a situation is by far not confirmed at all in Poland. Here, on the contrary, whereas the central state was driven out by door in 1989, it tends now to return by the window thanks to the Structural Funds that it succeeded to manage in close connection with the EU.

Czech Republic

In his article Tomáš Kostecký (2007) studies how the development of local-level democracy in the post-Communist era has affected competition among political parties on the local level. He focuses on the political struggle between political parties and independent non-partisan politicians on the local level. Using legislative means, national parties have changed the rules of the political game on the local level as well as the relative power of different sub-national institutions. Although parties dominate in national politics, their power is more limited on the local level where they usually share power with the independent candidates and civic associations that compete with them in municipal elections.

The paper analyzes the electoral data from local elections together with electoral laws that are designed by political parties in the national parliament, often as a reaction to the local election results. The results of analysis show the growing importance of independent candidates in the local politics despite the electoral engineering by parties.

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Historical development of local government in the Czech Lands

With the establishment of Czechoslovakia in 1918 local governments retained the image as the most trustworthy and the most popular type of government. The Communists replaced independent self-governing local governments by the hierarchical system of “national committees“ which served primarily as territorial branches of the state administration. Nevertheless, the local administration remained more popular than the national government.

Municipalities in the Czech Republic after 1989

The transformation of local and regional government was an inevitable part of the political reforms after the breakdown of Communist rule in 1989 (see e.g. Illner, 2000, 2003, Baldersheim, Illner and Wollmann, 2003) The newly elected national parliament prepared new Municipal Law (No. 367/1990 Coll.) that completely changed the institutions on local level, redefined the powers of municipal government and their relations to national parliament and the state administration. Municipalities regained independence from the state. Immediately after the Municipal Law, the national parliament adopted the electoral law that returned local citizens the power to elect their representatives in free and fair elections which were held in November 1990.

Legislators also allowed municipalities to split into two or more municipalities provided that majority of local citizens support such a change. Thus, between 1989 and 1991, the number of municipalities increased from about 4100 to over 5800. The absolute majority of municipalities in the Czech Republic are very small nowadays: 80 percent of municipalities have less than 1000 inhabitants.

The Municipal Law from 1990 set the legislative framework to the institutional structure of the local government in the Czech Republic. It established a dual system combining local self-government and state administration. Each municipality is endowed with many powers that were exclusively in hands of its own elected representatives. Municipalities also serve as the territorial branch of the state administration, executing so-called “transferred powers”.

The structure of institutions on the municipal level is somewhat similar to that of the national level. The *municipal council*, collective representative body with members elected every four years by popular vote, serves as “parliament” on the local level. The *municipal board* is elected from among the members of municipal council by the council members. It serves as a municipal executive body, making day-to day decisions about the operation of municipality. The *mayor*, who is elected from among the members of municipal council by its members, is automatically a member of the municipal board. Mayor serves as the same time as the head of the *municipal office* and is also responsible for operation of the municipal office in the sphere of “transferred powers”.

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Local elections as the key arena of political struggle in local politics

Just after the fall of the Communist regime in November 1989, the political situation at the local level was somewhat chaotic. The Communist Party was losing its membership quickly; many joined some of numerous new parties and political movements or remained publicly active as independents. Yet, the *Communist Party* (KSČM) remained relatively strong on the local level both in terms of institutional capacity and membership, especially when compared with the other political parties and movements.

The most important opponents of the Communist rule on the local level concentrated around the local organizations of the *Civic Forum* (OF), a revolutionary umbrella-type of movement. Representatives of the Civic Forum on the national level included Václav Havel and other well known dissidents. The composition of local Civic Forums comprised local opponents of the regime as well as formerly politically inactive professionals, different sorts of careerists and former Communists. While the Civic Forum had a lot of political activists, its organization was rather chaotic. It soon split around different ideological lines. Right oriented activists led by Václav Klaus established *The Civic Democratic Party* (ODS) which proved to be a most viable political entity. The ODS was relatively well-structured and oriented towards economic liberalism and the free market. On the local level, the party attracted a majority of right oriented anti-Communists, but also many career-seekers trying to secure their individual economic goals.

The third relevant political party on the local scene was the *Christian Democratic Union – Czechoslovak People’s Party* (KDU-ČSL), traditionally supported by Catholic voters. Its political program combined support of traditional moral values and private ownership with the “Catholic social doctrine”. On the municipal level, the party was more pragmatic; it moderated right economic policies and made coalitions with right and left parties as well as with independents. Christian Democrats were not banned during the Communists time. It possessed a functioning network of local organizations and a relatively large membership.

The *Social Democrats* (ČSSD) was another historical party that proved to be viable actor in the Czech politics on both national and local level. The party was traditional representative of the left, originating from the trade union and workers movement. The party stressed the necessity of social reforms and supported the greater role of the state in the economy, but respected democracy as the form of government. The Social Democrats had a well known brand name and a good public image as favoring democratic principles, but was considered too left oriented by many voters. Banned for forty years, the party lacked both organizational infrastructure and membership. Success of the party in parliamentary election in 1996, the formation of minority Social Democratic government after the 1998 early election provided strong impetus for its further development on the local level.

The last actors on the local political scene are *independent* politicians. Independents could run in the local elections as individual candidates, associations of independent candidates or in coalitions with the established political parties. Many of independents were recruited from the former activists of the Civic Forum and members of established parties who favored non-partisan local government.

Overview of the results of municipal elections (1990 and 2002)

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The first post-Communist municipal elections were held in November 1990. The successive elections were organized regularly every four years - in 1994, 1998, and 2002. The average number of electoral parties taking place in the municipal elections somewhat increased between 1990 and 1994 but then tended to decrease. The larger the municipality, the higher the average number of electoral parties. While voters in largest cities could choose from more than 15 different electoral parties on average, the “political menu” offered to voters in small municipalities was basically very limited.

Table 1: Municipalities by the number of contesting electoral parties in local elections 1990 to 2002

# Number of contesting electoral parties	1990	1994	1998	2002
1	15,9	38,9	44,0	45,4
2	22,6	27,4	24,5	21,8
3	24,4	15,5	13,7	13,2
4	16,7	8,0	8,1	8,2
5 and more	20,4	10,2	9,7	11,4
	100,0	100,0	100,0	100,0

Source: Czech Statistical Office

In 16 percent of municipalities only one electoral party participated in the elections in 1990. The majority of such situations occurred in small municipalities. The share of such “contest-free” municipalities quickly increased to 45 percent by 2002.

The Civic Forum was a clear winner of the local elections in 1990 both in terms of votes and obtained seats. The Civic Forum was relatively more successful when counting votes than seats as it was more popular in larger municipalities where more votes for one seat in the municipal council was needed. Communists, Christian Democrats and namely Social Democrats lagged behind substantially. Although independents obtained slightly less than ten percent of votes, they secured altogether more than a quarter of seats. By 2002 they had 19.7 percent of the votes and 56.6 percent of the seats. They were more popular in small municipalities.

Battle of the dominance over the municipalities; first period- power to the people (1990-1993).

The first electoral law in post-Communist period - „Law on elections to municipal councils“ (No. 368/1990 Coll.) - passed through parliament dominated by political novices.

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They considered the building of local democracy the second necessary step after the parliamentary election of removing representatives of the old regime. The law opened a broad space for a variety of potential contestants in the municipal elections. Legislators favored the participation of small parties and independent candidates.

The law gave power to the municipal boards to make a final decision about the exact number of local representatives to be elected. The law adopted the system of proportional representation under which voters chose from candidate lists in multi-member electoral districts. In smaller municipalities, the municipality constituted the sole electoral district. The law stated that the candidate list can be prepared by “electoral parties” including nationally registered political parties and political movements, their coalitions, the independent candidates and the associations of independent candidates. Independents became eligible after collecting signatures from citizens of the respective municipality. As the number of needed signatures was generally low, this provision did not constitute any important barrier to their participation.

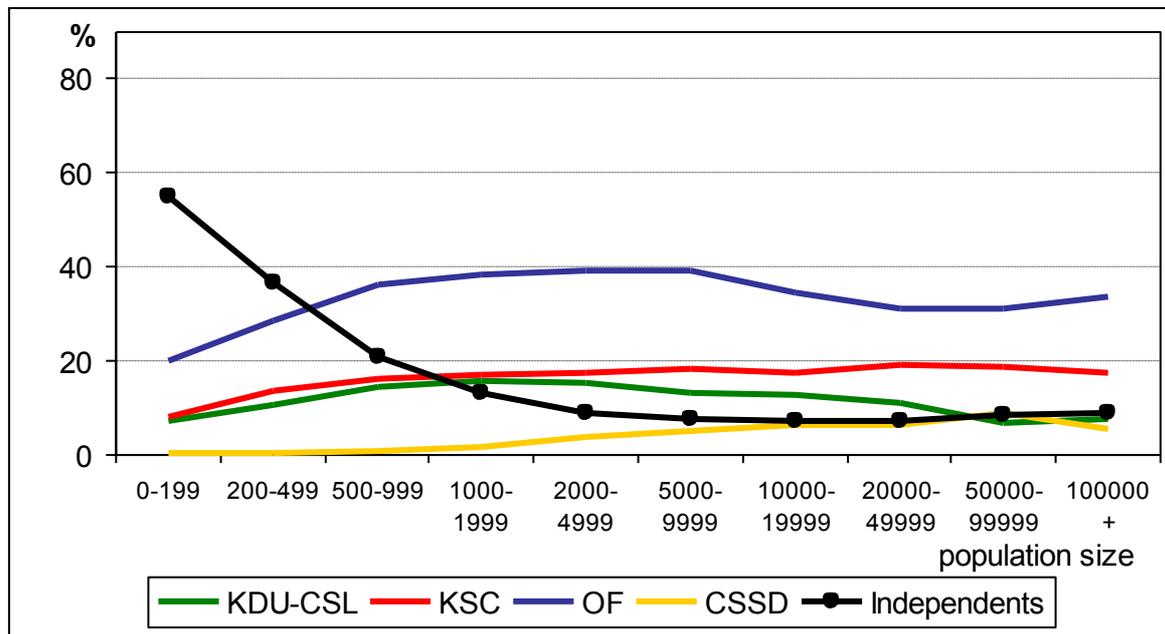
The law established special local electoral commissions that were given the power to oversee the the elections. All electoral parties (including independents) in respective municipality could nominate two representatives to the electoral commission. The electoral commissions decided whether electoral parties met the requirements of the law for participation. Together with municipal governments, they were responsible for organization of the elections on the municipal level. Electoral parties and independents also nominated one representative to a lower – precinct electoral commission, which organized the actual voting in each precinct, counted valid ballots and eliminated invalid ballots.

Voters could either choose one party list or give their votes to the individual candidates regardless the party list they were displayed in. The procedure how votes were counted represented the only provision of law that was not particularly supportive to individual independent candidates as the key parameter deciding about the mandate distribution was the number of votes given to electoral party lists. After discarding the invalid votes, electoral commissions counted the number of votes for electoral party lists and then applied the Saint Lague method of electoral denominator to distribute mandates among electoral party lists. The method favors slightly parties with weaker popular support over the parties with stronger popular support and, thus, prevents the stronger parties from dominating the municipal councils.

The Chart 1 summarizes the results of elections in terms of obtained votes by the population size of municipalities in the 1990 municipal elections. Independents dominated in the smallest municipalities where they obtained over half of possible votes, mostly due to fact that parties were largely missing in the local contests in small villages. The larger the municipality, however, the smaller the electoral fortune of the independents. Candidates of both Christian Democrats and the Civic Forum were relatively the most successful in the middle-sized municipalities. The electoral support for the Communist Party and the Social Democrats tended to increase with the size of the municipality.

Chart 1: Share of votes obtained by selected electoral parties in 1990 municipal elections by size of municipalities (% of total votes)

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Source: Calculations based on data from Czech Statistical Office

The second phase – power to political parties? (1994-2002)

The new “Law on elections to municipal councils“ (No. 152/1994 Coll.) that was adopted in summer 1994, five months before the next local elections, changed quite substantially the rules of municipal elections. The law was prepared by the coalition government of three right oriented parties – the Civic Democratic Party, the Civic Democratic Alliance, and the Christian Democratic Union. The changes were clearly aimed to aggravate the position of the non-partisan electoral contestants. The law substantially reduced the chances of both independent candidates and the smaller parties to succeed in the elections.

The law raised number of signatures required by independent candidates to be allowed to participate in the elections. In the large cities the minimum number of required signatures increased from 400 to about 23000 in some cities to more than 84000 in Prague. This contrasted with the low numbers of signatures (only 1000) that were necessary for establishing new political party on the national level. Paradoxically, it become easier to establish and register new national party that automatically obtained the right to participate in local elections in any municipality than to participate as association of independent candidates in the municipal election in any city with more than 14286 inhabitants!

The law also introduced the new type of electoral party – “the association of political party and independent candidates”. Such electoral party was not required to collect signatures to qualify for the participation in the elections.

The local elections in 1994 proved that new legislative barriers against the participation of independent candidates did not fully meet the expectations of its authors. The changes of electoral law generally did not help political parties. In small municipalities all parties but the Social Democrats received fewer votes than in 1990. Independents even broadened the pool of municipalities, in which they dominated. They received practically all

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votes in the smallest municipalities. It is true, however, that in largest cities the share of votes received by independents and their associations was reduced.

As far as the electoral law is concerned, the period between 1994 and 1998, did not bring any change to the local politics. The overall political situation, however, changed quite substantially. “The transformation miracle” of the Czech right-oriented national government, which consisted of quick economic recovery and the very low unemployment rates, proved to be a bubble. In spring 1997, the Czech Crown substantially devaluated, economic growth ceased and GDP declined, and unemployment expanded. In fall, the right oriented national government fall apart after media revealed serious party financial scandals. The political crisis was solved by the appointment of non-political government and the early parliamentary elections that were scheduled for June 1998. The early election returned the Social Democrats who quadrupled its votes. Although the Social Democrats were the most vocal critics of senior coalition party from the previous right oriented government – the Civic Democratic Party – they made a political deal with them soon after the election. The so-called “Opposition Agreement” provided the Social Democracy with the hidden support of the Civic Democrats and allowed them to form the minority government. Both parties also agreed that they would prepare changes in the electoral laws in order to “decrease the ... power of small political parties”.

Minority Social Democratic government, backed by the Civic Democratic Party, proved to be surprisingly stable and lasted the full term. But the plans about the thorough reform of electoral laws did not materialize. In the meantime the two involved parties lost qualified majority the Senate (in 2000), and thus the necessary strength for changing the Constitution itself that seemed to be necessary for allowing the substantial changes of the electoral rules. The deadlock was finally solved by the compromise among all parties represented in the parliament.

The “by-product” of the effort to change the electoral law on the national level, however, became the new “Law on the elections to municipal councils and about the change of some laws” (No. 491/2002 Coll.) that passed through parliament at the very end of the year 2001. The law removed the power to decide about number and actual delineation of electoral districts in large cities from the municipal board and gave it to the municipal council. The law removed the principle of the “self-organization” of the municipal elections by the participating parties and replaced that with the involvement of the Czech Statistical Office in the whole process. While the organization of elections and counting of votes in the individual electoral precincts remained in the hand of representatives of electoral parties, further counting of votes were transferred to the hands of the Czech Statistical Office. Similarly, municipalities rather than “municipal electoral commission” decided whether electoral party could participate in the elections.

In addition, the law on municipal elections introduced, for the first time, the legal threshold of 5 percent. Finally, the law replaced the Saint Lague version of system of electoral denominator with d’Hondt one that is well known for favoring rather stronger parties than weaker in the process of seats distribution.

The real results of the 2002 municipal elections, however, did not seem to be much influenced by the changes of electoral law. In fact, the share of votes obtained by the independents increased and surpassed the share of votes of the most successful political party – the Civic Democratic Party – even in relatively large settlements with up to 20000 inhabitants.

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Conclusions

Fourteen years after the breakdown of the Communist rule democratic principles seem to be firmly established in the local politics. Municipalities regained their own property, municipal governments obtained a wide range of powers and became to a large extent independent of the national government. Municipal elections were held regularly every four years. Four series of municipal elections took place since the 1990 so far. After each municipal election the power was transferred peacefully into the hands of newly elected representatives. The elections were considered fair by most of their participants and both public and contestants themselves broadly respected their results. Following the long-term tradition municipal local governments became most popular and most trusted type of government in the Czech Republic.

The story of the post-Communist transformation on the local level as presented in the previous paragraph was true but was too optimistic to be the full true. The dark side of the post-Communist development on the local level included the high level of corruption in the local politics where the power of local politicians to make serious economic decisions was not counterbalanced by power of local media to reveal suspicious cases. Involvement of the local political actors in the process of privatization tended to create long-term relations between local political groups and the local businessmen based on the mutual economic interests. Although the municipal governments remained popular, the political parties on the local level were not. Political parties tended to loose both voting support of local citizens and the ability to actively participate in the municipal elections, namely in the smaller municipalities. Disappointment with the performance of political parties causes voters to increasingly vote for independent candidates. Facing strong competition from among the independents, parties started to use the power they had over the national legislation for erecting the legislative barriers against the success of independents in municipal elections. Although the changes of electoral law were made several times, such electoral engineering did not stop the independent candidates from gaining the ground and did not interrupt the decline of the political parties on the local level. At best, the legislative power of the political parties slowed down the decline of the organized parties at the local level. Thus, fourteen years after the Velvet Revolution political parties are loosing the legitimacy on the local level and the cleavage between the national politics and the local politics seems to deepen.

Romania

In her chapter, Sandra Wells (2007) assesses the transformation of local government in post-communist Romania in the context of reforms associated with its candidacy to join the European Union (EU).

The paper assumes that there is a general EU trend in local government including the “global” reform of public administration that known as New Public Management (NPM). In EU’s case, this trend of renewal in local government is part of the Europeanization process. “Europeanization refers to processes of (a) construction (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic discourse, identities, political structures and public policies.” (Radaelli 2003: 30).

For member states the process is a two-way one, through mechanisms of transnational cooperation and EU policy-making. For the candidate countries, the process is more intrusive and one-directional. Their bargaining position is much weaker as the EU controls accession.

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It can formulate conditions for accession (Treaty of Rome, 1957). Since 1997, it has placed administrative issues high on the enlargement agenda.

For the public administration sphere it provides certain alternative models for serving its “unity through diversity” mission. But there is no agreed-upon organizational model and a coherent reform policy in the EU. Reforms of the current Central and Eastern European (CEE) countries’ administrative systems and improved capabilities are desirable, but exactly what kind of administration and capabilities are needed has not been clear. Inconsistent signals have also been sent by EU to applicant countries (Grabbe 2001). The only (at the very least) codification of European principles with regard to democratic power-sharing formula between central authorities and decentralised local or regional ones (Levrat, 1996: 115) is currently The European Charter of Local Self-government of 1985 which Belgium, France, Ireland and the UK have yet to ratify.

Between structure and culture - stages of the Europeanization process in Romania

Romania had traditional ties with the Union, since the seventies and Associate membership since 1995. Accession talks began in December 1999. The 2004 EU Country Report confirmed that a functional Romanian market economy had been achieved, but still had some reservations as to the chances of efficiently managing the competitive pressure and market forces within the Union. Administration has constantly been one of Romania’s weakest points. Hence, a major program of administrative reform was repeatedly declared a priority. Romania acknowledged the need for “a structural and functional reform of the public administration in order to increase the flexibility, the efficiency and the coherence of the administrative activities, ... to increase the degree of compatibility with the administrations of the EU members” (Statement of the Romanian Ministry of Foreign Affairs www.mie.ro/integrare.html)

Changes to the Romanian local government system by the Europeanization process aimed for greater administrative decentralisation and increased responsibilities for local governments. If the local authorities are autonomous, then the existing supervisory mechanisms become dialogue. Meaning, their final task is not to enforce the central government’s will, rather to encourage local initiatives.

The following analysis focuses on two principal periods: before and immediately after 1998, when The European Charter on Local self-government has been ratified by the Romanian Parliament and a new Local Public Finance Law (L189/1998) has been issued; and since 2001, when the new – modern and “more” European – Romanian Local Government Act (L215/2001) has been adopted.

The indicators to be used for measuring the decentralisation process will be a comparison of locally derived revenues *versus* local revenues transferred from the centre (Lijphart, 2000) and national *versus* sub-national responsibilities of administrative authorities. One more indicator will be the freedom the local governments possess in fund allocations within the context of central government distributions (Almond and Verba, 1996: 146-147).

The Romanian public administration system

There are two tiers of local government in Romania. The first consists of 41 county councils. The second includes 2948 local councils. Each county and local council is constituted as a legal entity, having all the rights, duties and obligations according to Romanian law. There is no real or presumed hierarchical relationship between these two tiers

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of local government. Bucharest municipality has a special status and functions as both a municipality and a county. As the basic units of local government in Romania, municipalities, towns and communes perform both a legislative and an executive function. The first is carried out by democratically elected local councils, the latter by a mayor and a vice-mayor. The mayor is elected, while the vice-mayor is appointed by majority vote of the council. The county-level organizational structure mirrors municipalities with the difference that instead of a mayors they have prefects, which are appointed by the government.

Local allocation of resources and responsibilities 1991-2000

According to L 69/1991, local councils were to approve the local budget, credit transfers, loans and the closing account of the financial year. They were also entitled to “establish local rates and taxes as well as special taxes for a limited period of time”. This law already established a significant level of fiscal decentralization in Romania. However, using the local revenues/centrally-transferred to local revenues ratio gives a different picture. Between 1991 and 1997 transfers accounted for between 71 percent in 1991 to 81 percent in 1997.

The higher the transfers the lower the financial autonomy of the local authorities is, and hence, the lower the fiscal decentralization level goes. Moreover, local governments did not learn the level of their revenues from national and local sources for any given year until after the state budget was approved and published (often in May or June for the fiscal year beginning in January).

Another indicator for the low degree of fiscal decentralization is the allocation of responsibilities between central government and the periphery. Prior to 1996, the Romanian central government was responsible for education and health. Public security and fire protection were also provided throughout Romania by local branches of the Ministry of Internal Affairs. The main responsibilities of local authorities concerned water supply, local transportation and district heating, and some other minor activities in social assistance, municipal service, culture and arts, public investment and maintenance.

In 1996, the modified Local Government Act, mandated local governments to act within local economic development, local urban development, land administration and development, cemetery administration, protection of environment, housing, water supply, sewerage, local public roads and local transportation.

To conclude, in 1996 Romania, administrative decentralization is present; yet financial autonomy is entirely absent, and therefore, any argument concerning the closeness of decision-making to the citizens is hardly sustained.

In October 1998, the Romanian Parliament adopted a new Law on Local Public Finance (L189/1998) which meant a significant restructuring of the administrative system. The principle of financial responsibility of local authorities became a legal matter and the local authorities were endowed with new responsibilities in areas such as the establishment of expenditure priorities; the approval of investments; long-term budgeting; access to credit from the internal or external capital markets, and assessing and collecting revenues from local taxes and fees.

The context, in which this radical change took shape, was Romania’s Declaration of Ratification of the European Charter of Local Self-government. It appears that the new and improved financial responsibilities became essential to a fair, just and “local democracy”-type government, the moment Romania joined *European standards* in local public administration. The formal changes that the Charter brought to the Romanian administrative

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system had major consequences on the local own revenues/central-transferred local revenues ratio.

Table 2. Local Government revenue/expenditure structure
 (Sources: World Bank, MOF and IMF)

	1996	1997	1998	1999	2000
Ratios by major sources					
Own revenues	22.60%	19.00%	24.70%	69.70%	72.10%
Revenues from the state budget (total)	76.40%	80.60%	74.70%	28.60%	27.90%
Loans	0.90%	0.50%	0.50%	1.60%	<i>Not available</i>

The initial impact L189/1998 had on local budgeting in terms of revenues/expenditures structure was to increase the amounts to be placed under the “own revenues” label, while decreasing the share of state transfers. However, revenues from local taxes and fees increased in real terms in 1998 relative to 1997. Local government expenditures declined both in real terms and relative to the overall economy from 1996 to 1998. Fiscal transfers (including subsidies) have followed a negative trend over the five-year period. They were equivalent to 3.5 percent of GDP in 1996 and were less than one percent in 2000.

While L189/1998 had a general favourable influence over the fiscal decentralization process, it didn’t correct some major inconveniences of L69/1991. To be more specific, L 69/1991 lists the “tasks” of the local governments. However, these tasks are not functional competencies, but authorities to act. The functional responsibilities (services provided by the local self-governments) were in fact determined yearly through an Annex to the Annual Budget Law which reflected the lack of an overall consensus or “vision” of the role of local government in Romania.

Local allocation of resources and responsibilities after 2001

A brief analysis of the reforming act of the local public administration (Ionita, 2001; Giurgiu, 2002; Alexandru et al., 2002: 94 - 98) can identify all three dimensions of the decentralization process – administrative, fiscal and political decentralization. However, a closer look at the competencies recognised to current local authorities – as far as the main public services are concerned – shows that L215/2001 fails again in giving financial power to local authorities.

The items which are financed by local own revenues and very little or not at all regulated from the centre level are: culture, religious activities, health (nurseries), public services, local public transport, public community services, housing and social welfare.

The domains where the state intervention is still present are *general administration* and *education*. The first is probably the most important item in the structure of the local administration, and is funded both by local and central money. There are juridical restrictions imposed by the state, since the salaries for civil servants are set by the Civil Service Statute (L188/1999), the maximum number of staff is set by law and there are several legally binding guidelines that limit certain types of expenditures. Funding for primary and secondary state

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education is provided from the local budgets. There are still some constraints in this area too, for the central government sets the general guidelines for the educational system (e.g. curricula or payments). It follows then that education is still a delegated service of the central to the periphery, and not a decentralized one.

What conclusion may be drawn from these brief data concerning the responsibilities’ transfer between different tiers of government? On one hand, many functions were delegated *via* L215/2001 from the centre to the periphery, without any state mandate for the latter. On the other hand, the increase of amount of local revenues and expenditures, does not yet indicate a high level of financial autonomy, especially in a system where the fiscal powers of the national government have not been entirely coordinated with the delegated local responsibilities of the “closest to citizens” authorities. As such, though between 1998 and 2003, the decentralization, *lato sensu* has been substantial, it may still be considered as an incomplete process, the local financial autonomy being rather restricted (Lazaroiu, Payne and Denoeux, 2001: 21, 35 - 36, 41 - 42). Going further, by limiting the exclusive financial local control, the principle of subsidiarity itself is under threat. This is because in light of Article 7.1 and 7.2 of L215/2001, the state intervention at the local levels appears to be legitimate in two situations: a) when the nature and the extent of the responsibility belonging to the local authorities require it; b) or when efficiency and efficacy reasons demand it. Thus, decisional power seems to be quite discrete in the Romanian local administration; and the legal provisions that enshrined the subsidiarity principle are just the ones that now restrict its application.

Conclusions

In terms of the tendencies discussed in the first part of the paper, and based on the data presented about the particular case of Romania, the conclusion which appears quite clearly is that there is a firm commitment to Europeanize the public administration system, and substantial alterations of the administrative structures and legislation in this direction have been made in the last few years. Basically, fiscal decentralization is less extensive than claimed, and as such, local autonomy is rather limited. The Romanian local governments do have new functions regarding financial and legal aspects, but they still receive lots of subsidies and transfers from the central authorities. As a direct consequence of this, the autonomy enacted in the new Romanian Local Government Act is still formal, and therefore, it needs to get further internalized.

This also suggests that if we look at the reforms of Romanian public administration from the point of view of NPM – there is very little to be seen. The very idea of central control is foreign to NPM. But practically speaking, the range of services and of firms providing them is very limited, especially in smaller localities, and competition and out-contracting are hardly possible. In larger towns and cities, where attempts in this direction have been made (for instance, for maintenance of public roads, water supply and garbage collection), accusations of contracts being signed in exchange for bribes for the representatives of the local authority have filled the pages of central or local press.

In conclusion, we can say that the Europeanization of the Romanian local government system is under way and as such will be continued for the period left until the moment of accession and also after that moment, in a new and more demanding environment. But what is also obvious is that the model of the reform is very much closer to a classical Weberian one than to NPM.

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In Romania, in spite the formally enacted Charter principles, fiscal decentralization is still little promoted, and as such, local autonomy is rather limited. Although the Romanian local governments do have new functions in terms of financial and legal matters, they still receive lots of subsidies and transfers from the central authorities in areas such as education, health, public roads and sanitation. As a direct consequence of this, the autonomy enacted in the new Romanian Local Government Act is still formal yet not visible.

Conclusions

The findings of the four case studies are interesting. One should keep in mind that they are valid for the period through 2005 and not thereafter. They suggest that change is a slow process and often does not occur as expected. Under the Communist systems in the USSR and in Central and Eastern Europe municipal level governments lost their legal autonomy. They became part of a single state system controlled from the top down. In effect, the author argues the autonomy of local authorities granted in the early and mid 1990s lost its meaning by the 21st century as they became dependent on the national authorities for resources.

In all four case studies the initial reaction to the ending of the Communist regimes was to reestablish a degree of legal autonomy for the municipal level of government. EU influence played a definite role in Poland and Romania. According to Gelman recentralization occurred fairly early on and the national government of Russia has reasserted its dominance at the expense of municipal autonomy. He described an executive vertical administrative pyramid with local government being the lowest link. In Poland and Romania similar processes occurred even if less formal. Often regional authorities were created but in the end power seemed to shift back to the central authorities at the expense of local or municipal independence to function in legally guaranteed areas of autonomy. The evidence with respect to Czech Republic is insufficient due to the focus on elections.

The case study of the Czech Republic is unique in that its focus is less on the issue of local autonomy and more on local versus national political parties and interests. He shows that at the local level, despite efforts of dominant political forces at the national level, non party organizations managed to dominate local municipal governments especially with the small size municipalities. Little is known about local versus national authority.

Of interest is the place of large municipalities in both Russia and Poland. Gelman pointed out the factor of the role of large cities often at the center or a region. In his view they had signs of local autonomy and hope for local democracy. They also had the potential to serve as centers for modernization and the vanguard of globalization. While the large cities had the potential to become independent and part of the global community of economic development their position is undercut by regional governments who want to redistribute the urban wealth for the benefit of the poorer smaller urban areas and the rural communities. The large cities in turn became more dependent on the central government for resources to meet the needs of its citizens. To some extent the central government fostered the regional authorities at the expense of the large regional cities and then took control of both.

A similar process occurred in Poland according to Hakim. In particular the ten large cities of Western Poland seemed prepared to participate in Europeanization economically and culturally. Again, as in Russia they were held back by regional authorities and in turn became more dependent on the national government for resources needed to provide services

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Hakim as does Dungaciu gives evidence of the influence of the EU which favored a regional policy which in effect would foster a degree of decentralization in the governmental system. However, the central government undercut the autonomy of the large cities and the regional authorities. Thus when the EU wanted to foster decentralization by strengthening regional authorities it decided to use the national government and ministries as a conduit for massive EU funding to foster decentralization. This is reminiscent of Selznick’s **‘constituent relation’** whereby a higher level governmental unit seeks allies for implementing its policies at the lower level. It often chooses the most powerful local element and in exchange for its support it alters its policies to meet the needs and interests of its local allies even if the adjustments are contrary to the initial policy. In effect, the EU channeled funding for regional decentralization in Poland through Polish ministries opposed to regional decentralization.

In Wollmann’s (1987) terms of analysis of multi dimensional institutional changes, distinguishing between country-specific (“Endogenous” versus international currents involving “globalization and “Europeanization” the former seem to dominate in almost all of the case studies here. The national interests in Russia were unwilling to decentralize and fought for recentralization. In Poland the western cities seemed prepared to join the changes brought about by globalization and Europeanization. They clashed with rural and smaller urban interests who united with national interests to contain the independent aspirations of the cities. In Romania, the country itself was ill prepared for Europeanization and administrative change. While the EU and some national groups may have favored an administrative reforms based on NPM the absence of local markets and institutions together with dominant central authority negated and contradicted the principles of NPM which everyone seemed to favor.

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