

Robert Schuman Centre for Advanced Studies

Multilevel Government in Three East Central European
Candidate Countries and Its Reforms after 1989

Michal Illner

RSC No. 2002/07

EUI WORKING PAPERS



EUROPEAN UNIVERSITY INSTITUTE

All rights reserved.
No part of this paper may be reproduced in any form
without permission of the authors.

© 2002 Michal Illner
Printed in Italy in February 2002
European University Institute
Badia Fiesolana
I – 50016 San Domenico (FI)
Italy

Robert Schuman Centre for Advanced Studies

Programme on Eastern Europe

The Working Paper series

The Robert Schuman Centre's Programme on Eastern Europe promotes the development of interdisciplinary research focusing on Central and Eastern Europe. Challenges, opportunities and dilemmas confronting the European Union in its relations with Central and Eastern Europe are at the centre of attention. The scope and style of papers in the series is varied, however, two areas of research have been prioritized:

- 1/ The EU Enlargement Eastward: Utility, Visibility, Implications
- 2/ Democratic Consolidation in Central and Eastern Europe

Visitors invited to the Institute under the auspices of the Centre's Programme, as well as researchers at the Institute, are eligible to contribute.

This paper was written for a meeting of the Reflection Group on the Diversity and Unity in the Enlarged European Union, set up jointly by the Robert Schuman Centre and the Group of Advisors at the European Commission, and chaired by Professor Jean-Luc Dehaene. The European University Institute and the Robert Schuman Centre are not responsible for the proposals and opinions expressed by the author. For information on this and other projects on Eastern Europe at the Robert Schuman Centre, please contact Professor Jan Zielonka (zielonka@iue.it).

INTRODUCTION*

The transformation of the subnational government, its decentralization, deregulation and de-etatization, and particularly the introduction of territorial self-government, was considered an essential task in the process of re-building political and administrative systems in East Central Europe after 1989. Two stages of the reform process can be roughly distinguished: (1) The first took place in the early 1990s when the constitutional foundations of the subnational government systems were laid down and the local (municipal) tier was put in place; (2) The second occurred in the second half of the 1990s (in Hungary already in 1994) when the reforms also embraced the intermediary tier of government. While the first stage was implemented relatively smoothly and its results have been encouraging, the second stage followed after considerable delay, had to be put through against resistance (particularly in the Czech Republic and in Poland), and its results have not as yet become fully stabilized.

In this paper we shall examine how the decentralization dimension of the reforms in three East Central European candidate countries – Czech Republic, Hungary and Poland – was approached. We shall focus on some aspects of their political and intellectual background, the expectations they have raised, their progress, the results they have delivered and the problems encountered. Regional policy and related issues which were the subject of another contribution [Horváth 2001] are not covered in this paper.

As far as possible, we shall approach the situation in the three countries summarily, although in reality, three individual, not entirely identical national reform processes are concerned and certain risk of over-generalization is implied. However, the generalizing approach is reasonably justified as all three countries, belonging to the same sub-region, share similar historical legacies as well as common legacies of the Communist past¹, they have faced similar transformation tasks after 1989 and have applied as the “first wave“ countries for EU membership. For the sake of brevity and with a certain amount of licence, the three countries will be referred to as “East Central Europe“. This is obviously inaccurate as there are more countries in this region, which in any case is poorly defined. The study reflects development up to the year 2001.

* Paper prepared for the Reflection Group on „Diversity and Unity in the Enlarged European Union: What Influences the Process of Transition and Adaptation in Central and Eastern Europe?“ 6-7 September, 2001 at European University Institute, Florence

1. The case for multilevel government

In administrative reforms everywhere, the search for an optimum vertical territorial structuring of government has always been a highly relevant issue. As a rule, institutions of government must act on more than just one territorial level – they are organized into several territorially defined tiers, so that a multilevel system of government is established. Besides the national government there also exist institutions operating on the subnational levels – typically a regional (intermediary) level (there may be several of them) and a local level. The need for such a multi-tier structure has been supported by three lines of argument, each referring to a different aspect of modern society and the modern state [c.f. Taylor 1993: 317-318].

First, systems of public administration must have a vertical territorial dimension due to the fact that they deal with societies, societal processes and issues which are *territorially defined and hierarchically differentiated*, as is manifested, for example, by the nodal pattern of settlement structures or the different spatial scales of social problems. Also, the economic, political and social actors controlled by public administration have different action-spaces. Public administration, to be effective in dealing with such actors and in regulating such processes, must account for such diverse spatial contexts through its own internal structure.

Second, governments as bureaucratic organizations have to deconcentrate some of their functions along the geographical scale in order to attain higher effectiveness and efficiency, both internal administrative efficiency and the efficiency of service provision. By “deconcentration“ (sometimes the term “administrative decentralisation“ is also used) is meant a process whereby governmental functions are shifted downwards within the hierarchical system of state bureaucracy, yet without weakening the vertical hierarchy of the system: deconcentrated territorial units remain vertically subordinated to central authorities. It is argued that deconcentrated government units, being nearer to the field of their operation than the core units, can act with a better knowledge of the situation, can better communicate with the parties involved and are better disposed to implement administrative decisions.

Third, central governments decentralize (devolve) some of their functions to subnational governments, primarily in order to support their legitimacy. Decentralization means the devolution of functions of the state to autonomous territorial governments which can act, within the scope of decentralized functions, on their own behalf, without recourse to higher-standing authorities. Decentralization may be based on two alternative theoretical models, each expressing a different philosophy of state-building. One kind of argument is top-

down reasoning, which views local and regional government as derived from central authority, enjoying only as much autonomy as was granted to it by the central state, and promoting state interests on a local level. Alternatively, the existence of a "local state" can be supported by federalist bottom-up arguments: local state as a political form of the local or regional community is primary, while any higher-level governments are derived from it, and enjoy discretions ceded to them from below.

It is maintained that decentralized government promotes citizen participation, it is more responsive to citizens' concerns and more flexible in finding solutions acceptable to them, it provides opportunities for the development of new elites, and it prevents overload developing from at the center; decentralized government is a counterweight to the central state, it provides an opportunity to experiment with new structures and policies [Baldersheim et al. 1996:4], it is the most effective and efficient in delivering services to meet local needs, it creates a sense of place or community, and it is an element of "civil society" or a bridge linking civil society to the central state etc.

It is, therefore, both the concern of *effectiveness cum efficiency* and the concern of government *legitimacy* that stand behind its territorial deconcentration and decentralization. The two concerns are functionally coupled as they reinforce each other, yet their actual balance differs in individual public administration systems. Neither decentralization nor deconcentration of government is, of course, an absolute value in public administration; both have to be weighed against functional and contextual factors. It is the optimum balance between the concerns of effectiveness (plus efficiency) and of legitimacy that is to be attained, rather than maximization of any one of them ².

The number of governmental and administrative tiers existing in individual countries and their denotation differ depending on the size of the country, its settlement structure, constitutional form, political system, tradition and other factors. In this paper the term "municipal" or "local government" is used to denote the governments operating at the lowest level of the territorial administrative structure, i.e. in rural and urban municipalities, while for the governments which stand between them and the central state, i.e. in counties and provinces (regions), the terms "intermediary" or "regional" government are applied. In countries with two such intermediary tiers the "lower" and the "higher" level intermediary governments are distinguished. The element of verticality implied in this terminology relates to the hierarchy of government areas (territories), not necessarily to that of inter-governmental relations: where they exist, intermediary-level self-governments in counties and provinces are not superordinate to each other or to municipal self-governments (some authors

prefer, therefore, to use the term “local government“ also for such intermediary authorities).

In practical terms, irrespective of their theoretical and political underpinnings, reforms of subnational government can be judged by the way in which they have addressed the following principal issues:

- Character and number of tiers of subnational government
- Governmental bodies that will be established on each of the tiers – the way they are going to be established, their tasks, competence, mutual relations, and their relations to other tiers of government
- Character, number and the concrete geographic delimitation of government areas that will exist at each level
- Financial means that will be available to each level and each component of the subnational government for fulfilling their tasks; the sources of such finances and the way they are going to be distributed

The degree to which *elements of devolution* (political decentralization) have been incorporated in such reforms is indicated through:

- setting up locally elected bodies representing territorial entities, endowed with the competence to make and to execute independent decisions on locally relevant issues,
- the institutional separation of such bodies from local agencies of the state,
- endowing these bodies with the authority to have and to use their own financial resources, commensurable with their responsibilities, and to own property.

The approaches to the solution to these issues within the recent East-Central European public administration reforms will be discussed in the following paragraphs.

2. The contexts of the reforms

Before proceeding to the reforms themselves, we shall pay attention to some of the contexts in which the reforms were embedded. Three sets of contextual factors will be mentioned: 1. the settlement systems of the three countries, 2. political expediency of the reforms and the expectations they were raising, 3. legacies of the communist era and, to some degree, also of the more distant past. These factors were unequally relevant during the different stages of the reform process and for each of the three countries concerned.

2. 1. *The settlement systems*

Several parameters of a country's settlement geography and demography are of importance for the structuring of public administration: size of the country (both in demographic and spatial terms), population density, number and size distribution of settlements, their spatial distribution and the level of urbanization and metropolization, as well as the size and territorial distribution of ethnic groups. The configuration of these characteristics constitutes in each individual case an objective matrix with which the system of local government has to cope. The three East Central European countries are similar in terms of some of these criteria, but they differ in other ones – cf. Table 1.

As for their size, the Czech Republic and Hungary, each with a population of about 10 million and surface areas of 79 and 93 thousand square kilometers respectively, are small countries compared to Poland with its almost 39 million inhabitants and a surface area three to four times larger. Theoretically, in a larger country more tiers of government could be functional and more territorial units could exist on each level.

By far the most scattered is the network of settlements in the *Czech Republic*, with its dense net of villages and small to medium-sized towns, more-or-less evenly distributed over the whole territory of the country, and with the highest share of urban population. The number of settlements - irrespective of whether they have the status of municipalities - reached almost 16 thousand in 1991. An ideal north-west to south-east axis divides the country into the more densely populated and more urbanized northern part and the more rural and less populated southern one. The capital city of Prague, with 1.2 mil. inhabitants, is a dominant urban center – its primacy rate being 3 : 1. The population density is 131 persons per square km (1997).

Hungary's settlement structure is organized along two axes: 1. Budapest with its agglomeration, and the rest of the country, 2. the north-east / south-west axis. A large part of the population of Hungary - some 20 % - is concentrated in the capital Budapest (population 1.9 mil. in 1997) and 25 % in the Budapest agglomeration. The rest is dispersed, rather unevenly, in a fragmented structure of more than 3 thousand settlements composed mostly of villages and small-to-medium-size towns. There are only few big cities and none of them approaches Budapest in size and importance; the primacy rate of Budapest reached the extraordinary value of 9:1. The population density is 109 persons per square km (1998).

Poland's population lives in almost 43 thousand settlements (1993). The settlement system differs from that of the Czech Republic and Hungary given the polycentric character of the urban network. In addition to the capital of Warsaw (population 1,7 mil), there is a number of large cities, all approximately of the same order, and several agglomerations. Unlike Budapest and Prague, the capital does not enjoy a highly dominant position in the settlement structure; its primacy rate was 2:1. The regional distribution of population is relatively even, except for the agglomeration of Upper Silesia with its high population density. The level of urban development has a gradient from South-West (the highest level) to North-East (the lowest level). The population density is 124 persons per square km (1997).

Obviously, countries with scattered settlement structures are susceptible to fragmentation of local government and those with highly dominant capital cities face the difficult task of finding a proper balance between such centers and the rest of the country in their subnational government systems (Czech Republic and Hungary on both counts).

Neither in Hungary nor in Poland are there sufficiently large and at the same time spatially compact ethnic groups whose politico-administrative autonomy would be an issue in designing territorial administrative structures. There are some small spatial concentrations of Germans in western Poland, and of Ukrainians in the south-eastern part of the country, but these minorities are not numerous and have not demanded administrative autonomy. In the Czech Republic such autonomy was claimed in the early 1990s for Moravia - the eastern part of the state - by Moravian regional political groupings, but those pressures have receded since that time. Still, Moravians continue to be the largest ethnic minority.³ Both in the Czech Republic and Hungary there are non-negligible but elusive Roma minorities. Cf. Table 2.

2.2. Political expediency of the reforms

As already mentioned, the democratizing and decentralizing reforms of territorial government were an essential component of the overall political transformation in East Central Europe after 1989, and their first stage followed closely after the change in regime. Expediency was an important situational factor in the implementation of the reform measures: the need to build a new system of territorial government was viewed as a political task that could not be postponed. A delay would have had a negative impact on other components of the transformation.

The reforms and the democratic local elections were intended to facilitate the displacement of the old local and regional political elites and thus to undermine the remnants of communist power in the provinces. ⁴ Also, the reforms had a strong symbolic meaning, as they were a way in which to legitimize the new power and to demonstrate that things have moved away from the previous circumstances. Political concerns were primary, and administrative and economic rationality was often of secondary importance at this stage (this may not apply to Hungary – see below).

While the overall function that the reform fulfilled in the political transformation was more or less the same in the individual East Central European countries, its more immediate situational contexts were different in each of them. In *Hungary* the reform was preceded by several years of discussions and preparatory legislative work that had been taking place since 1987, still under the Communist regime, and was supported by the reform wing of the Communist Party [Péteri and Szabó 1991, Wollmann 1995], as well as by relatively bold reform attempts from the regime. The post-communist reform of territorial government was a continuous, negotiated and relatively well prepared one, implemented mostly by consensus. It was marked by a well elaborated economic component.

The situation was different in *Poland*, where the reform was a battleground between the opposition and the communist authorities. Establishing a "self-governing republic" was one of the programmatic goals of the "Solidarity" movement in its struggle against the communist regime in the 1980s [cf. Benzler 1994: 315-317]. It was the strategy of the opposition to erode the regime from the bottom level up. Ideas concerning the system of local self-government were developed in discussions among intellectuals during the 1980s and were supported by numerous empirical studies. The democratization of local governments and free local elections were among the key issues in the 1988/89 "Round Table" negotiations between Solidarity and the communist authorities

Yet a different case was that of *Czechoslovakia*, where serious steps toward decentralization were taken only after the fall of the Communist regime in November 1989. Before that time, discussions among experts and intellectuals took place, critically motivated research of the local administration was undertaken, and some half-hearted ameliorations of the territorial government were made by the communist authorities, yet no consistent reform policy was either formulated or implemented. The reason was the rigidity of the regime which, after the occupation of the country by the Warsaw Pact armies in 1968, was much more hardline than the regimes in the other two countries. There was no thawing period after 1969 which would allow the issue of decentralization to be opened. Among the three countries of East Central

Europe, Czechoslovakia was the least prepared for institutional reform in 1989 [Davey 1995: 42] and preparation of this reform had to be compressed into the nine months between the fall of the communist regime and the local elections of November 1990.

The political atmosphere in 1989 and 1990, when the reforms were drafted and their first stage implemented, was full of euphoric plans and expectations concerning democratization, the reparation of earlier injustice and the fulfillment of diverse political and social ideals and ambitions. Localism and regionalism were among such influential streams. Their roots were different. Localism was an ingredient in the thinking of some groups among the anti-communist opposition who had conceived the future post-communist society as composed of different kinds of self-governing units applying direct democracy and thus escaping bureaucratization as well as the traps of party politics. Some anti-communist groups in Poland, after Jaruzelski's coup of 1980, had hoped that the change in regime might start from the local level, because the top-down process seemed forlorn.

Localism and regionalism were also a reaction of the population and of the local and regional elites to the centralism applied by the communist regime, and particularly to its neglect of traditional structures and its effort to streamline the settlement structure through the reckless application of the central place system (as was the case in Czechoslovakia in the 1970s and early 1980s). Many small rural communities lost their administrative status, as amalgamations were forced upon them from above⁵, antagonizing their inhabitants. Localism, regionalism and other forms of stressing the territorial dimension of social organization were also a reaction to the tendency of the communist regime to enforce economic organizations as the backbone of social life. Old territorial feuds and perceived injustices (many of them originated while still in pre-communist times) concerning the acknowledgement and boundaries of administrative areas, the seats of local and regional governments, fuelled localistic and regionalistic attitudes. The reform was viewed by local and regional elites as an opportunity to re-open and re-negotiate these old issues.

The effects of localism and regionalism were ambivalent. They prompted the decentralization reforms, reinforced the sense of territorial belonging, generated local and regional activism and were manifested by a strong desire for local and regional autonomy and self-government. But sometimes such demands exceeded realistic dimensions, as when they called for regional autarky or required autonomy for odd territorial entities. They also generated many unrealistic expectations toward the potential benefits of decentralization and were co-responsible for the fragmentation of the territorial structure of government that took place in the Czech and Slovak Republics and in Hungary.

In the Czech Republic, Moravian regionalism acquired a political face in the form of regional political parties, albeit short-lived ones, which sometimes employed a disruptive, quasi-nationalistic type of rhetoric (cf. note 3).

The political atmosphere described above was characteristic mainly of the early stages of the reforms, whose main thrust was to transform and safely anchor the local tier of subnational government. A somewhat different – irresolute and more conflictual - climate prevailed in the later years when the reforms proceeded to their second stage - to the overhaul of intermediary-level government (see below).

2.3. Legacies of the communist regime and of the more distant past

Unlike the post-war public administration reforms in the west and north of Europe, whose aim was to overhaul subnational government systems that were undoubtedly democratic, but had to be made more efficient, the post-1989 reforms in East Central Europe faced the formidable two-sided task of transforming deeply undemocratic and also mostly inefficient systems into democratic as well as effective ones. The onerous institutional and cultural legacies of the communist past have been complicating the reform process. To underscore the weight of this difficult institutional heritage and the size of the tasks facing the reforms, we shall briefly recall the features and the logic of the soviet-type system of territorial government that had to be dismantled by the reforms.

As an integral part of the system of communist political power in East Central Europe, territorial governments respected two basic doctrinal rules of this system: the principle of "democratic centralism" and that of "homogeneous state authority". The former obliged all lower-standing governmental units, including the elected bodies, to accept and to implement - without any criticism - decisions of the higher-level bodies. According to the latter, no contradictions could, by definition, arise between the "real interests" of the state and of its territorial subsystems, because they were all supposed to express the interests of the working class defined by the Communist Party. A single political and administrative body - the local version of the "soviet" - was therefore made locally responsible for advocating both local and central interests and acting as both the representative and executive body. The main features of the system can be characterized as the following:

It was undemocratic. The elected bodies (assemblies) were created more by nomination than by true elections. Although elections were held regularly and a democratic facade was maintained, in reality they were a formal affair, more a manifestation of passive obedience than voters' choice. The real

decision-making power concerning key local issues resided with the Communist Party bureaucracy. Territorial governments, and their functionaries and personnel were under the permanent control of the Party (to which most of them belonged), which instructed them on how to act on important and politically sensitive issues.

The system was also centralist. Any authentic territorial self-government was excluded. Important economic and administrative issues of local and regional development were decided and were financed by higher-level territorial administrations or by central ministries. Higher levels of authority could suspend decisions of the local council or even dissolve it.

Territorial government lacked an economic and financial foundation. Local finances were part of the state budget, the bulk of local revenues represented central grants and the powers and financial resources left in the hands of territorial governments were extremely restricted. Communal property did not exist - lands, buildings and infrastructure were just a part of state property administered by territorial governments.

Horizontal integration within and among administrative areas was weak. This was due to the preponderance of vertical relationships both in politics and in the economy, where a sectorial perspective was also far more important than the territorial one. As a result, a territorial unit was administered more as an aggregate of outposts of central economic and administrative agencies than as a complex socioeconomic organism..

There was, of course, some difference between the official model of subnational government and its real-life face, and the situation was also not identical in the three countries. Neither was the system entirely static during the forty years of communist rule. In each of the countries several reform steps were introduced, intended to adapt the system to a shifting political climate as well as to newly emerging functional needs. Some of them even introduced modest elements of decentralization and democratization. Yet the changes were never such that they would touch upon the fundamentals of the system.

After 1989 the heritage of the soviet-type subnational government has more of an influence on the political and administrative cultures accompanying the new local and regional government systems than their structural aspect. Although new institutional structures were established by the post-1989 reforms, old informal relations, patterns of behavior and stereotypes often persisted and colonized the new system. They were anchored in the values, attitudes and the modus operandi of the administrative personnel, which was taken over from the local and regional authorities of the former communist era, and whose

administrative culture was often plagued by centralistic instincts, bureaucratic behavior, arrogance in dealing with the public, clientelism, susceptibility to corruption, and sometimes by professional incompetence.

Yet it was also the general public whose political culture, originating under oppressive authoritarian regimes (first the fascist and later the communist ones), was changing only slowly in the new democratic environment. This heritage was characterized [cf. Rose et al. 1995] by a separation of the private and the public spheres in popular thinking, by distrust of institutions, of any political representation and of formal procedures, as well as by the unwillingness of citizens to get involved in public matters and to hold public offices. It was marked by a paternalism consisting of the belief that local needs should be taken care of by extra-local actors - the state or the regional bodies, and that the proper strategy for having local needs attended to is to mobilize support of these kinds of external patrons. This set of attitudes and patterns of behavior, in its time a functional reaction to the pressure of the authoritarian regimes, became a difficult heritage which complicated the democratic reforms. It receded temporarily in the elated atmosphere of the early 1990s, but regained some strength later on.

Besides the communist heritage, older traditions of public administration also played a partial role in the post-1989 reforms. Territorial government has quite a long history in all three East Central European countries and the pre-communist systems provided some inspiration for the reformers. In the territories which belonged to the former Austro-Hungarian monarchy (Czech Republic, Hungary and south-east Poland), the modern territorial administration was founded as early as the 1860s. With modifications, elements of this system were maintained in some of the monarchy's successor states, where they served again as points of reference during the recent public reforms. Some traces of this tradition may be recognized in, for example, the present Czech system of local government – its adoption of a dual-function model of local government model (cf. below), of a collective (instead of an individual) executive organ, and also of a relatively weak, indirectly elected mayor. On the other hand, in the case of Hungary it has been claimed that the new structure hardly follows any of the characteristics of the older tradition [Horváth 2000: 46].

3. Reforms of the municipal government

The new democratic local (municipal) governments were established in the three countries as early as 1990 when the necessary legislation was approved and the first free local elections were held. Codification of the basic rules of the new system and the creation of local self-governments were the main accomplishments of this first year. More legislation followed in the next years,

dealing mainly with the financial regulations of local government, its property, legal supervision, the status of civil servants (in some countries only) and other issues. Also, the original rules were fine-tuned through later amendments. In the Czech Republic and in Poland the status of territorial self-government was also anchored in the new national constitutions adopted in 1992 (effective since 1993) and 1997 respectively. In Hungary the same was carried out by the 1990 and 1994 amendments to the existing constitution. Local elections took place in regular four-year intervals – in 1990, 1994 and 1998. Below we shall summarily characterize the resulting systems of municipal government as they appeared in the three countries – after several peripeties – in the years 1999-2001 [cf. Horváth ed. 2000-a]. The relative similarity among the three national systems justifies this generalizing approach.

3.1. Overview of the reforms

Local governments exist in rural municipalities (villages), urban-rural municipalities (in Poland only), urban municipalities (cities), city districts and the capital cities. No formal distinction is made between the different types of municipalities as regards the basic structure and competencies of their self-government. In 1999 there were 6,230 municipalities in the Czech Republic, 3,131 in Hungary and 2,483 in Poland [Horváth 2000:47]. The fragmented “non-integrated” local government structure in the Czech Republic (where over 80 % of municipalities have a population of less than 1,000) and in Hungary (with a 55 % share of such small municipalities), contrasts with the fairly amalgamated (integrated) structure in Poland, where no municipality is below the population threshold of one thousand – cf. Table 3.

Municipalities are legal entities with the right to their own property, own incomes and independent budget. They execute both self-government functions and some functions of state administration. With respect to self-government, their areas of competence include matters of local relevance and can be assigned to municipalities only by parliamentary acts. Typically, within their mandatory tasks, municipalities are responsible for elementary schools and pre-school facilities, basic health care, some welfare services, culture and recreation, local infrastructure (roads, public lighting, water, electricity, gas, sewerage, local roads, local public transportation), maintenance of cemeteries, fire protection, local public security, and development planning (the list of responsibilities varies somewhat between countries). Besides obligatory responsibilities common to all municipalities, municipal governments can also assume further optional responsibilities (which is mostly the case with urban municipalities). As units of self-government, municipalities are not subordinated to any organs of state administration. These organs have the authority only to supervise the legality of municipalities’ decisions and to audit their accounts. Also, there does

not exist any vertical relationship between the municipal and the regional self-governments.

Municipal self-government is executed by representative organs that are elected every four years by local citizens. Such “local parliaments” – their actual names differ from country to country – are the highest decision-making bodies of local government. Alongside them, there exist elected executive local bodies - either collective ones (such as the municipal boards in the Czech Republic and in Poland) or individual (such as the mayors in the Hungarian municipalities). These executive bodies are elected either directly by local citizens (the Hungarian mayors) or indirectly by the local representative bodies (the Czech and Polish boards). In the Czech Republic and in Poland executive functions are also conferred on mayors, elected in the Czech Republic by the local representative bodies and appointed by them in Poland.

The day-to-day administrative tasks of municipalities are taken care of by municipal administrative offices, headed by chief administrative officers (their official titles are again country-specific) who are appointed public servants. In small municipalities, as they exist in the Czech Republic, where no administrative offices can be established, just one administrator may be appointed, or the mayor himself assumes this responsibility.

Besides self-government, some state administrative tasks are also fulfilled at the municipal (and also regional) level. There are two ways in which this is handled. Some tasks (such as, in the Czech Republic, tax and customs administration, labor offices, social welfare administration, school administration, environmental protection, hygiene authority, veterinary administration and some other agendas) are carried out by deconcentrated territorial agencies of the central government operating independently of local governments (these offices are sometimes nick-named as the “*decos*”), and some are delegated to municipalities. The latter approach – a manifestation of the “*dual-function model*” of local government – is used in all three countries: mayors and the local administrative offices which they supervise have the dual function of serving both the local self-government as well as the state. The extent of responsibilities transferred by the state to local governments depends on the size and other parameters of the municipalities (for example, in the Czech Republic, 383 selected urban municipalities have been commissioned to fulfill an extended set of delegated functions for surrounding regions also). The delegated responsibilities can include the granting of building permits and of drivers’ licences, issuing identity cards, maintaining birth, marriage and deaths registers, civil defense etc.

Unlike Hungary, where financial reform was implemented prior to the structural changes of local government, in the other two countries new systems of financial regulation followed only after such changes were introduced. In every case the rules were later modified several times. Local government revenues are typically drawn from the following sources:

Taxes – those which proceed exclusively to municipal coffers (real estate tax and business tax in the Czech Republic; property tax, real estate tax, tax on tourism and other taxes in Hungary and, similarly, in Poland) as well as from taxes shared with the central state (personal income tax from wages and salaries and corporate income tax in the Czech Republic; personal income tax and other taxes in Hungary; personal income tax and corporate income tax in Poland). In all three countries personal income tax is by far the most important source of revenue.

Independent local sources – local taxes, dues and fees, proceeds from municipal property, transfers from organizations established by municipalities, profits from municipal activities, from loans and municipal bonds, donations etc.

Subsidies and grants from the state budget – block grants supporting social services provided by the municipalities and their other benefit activities, targeted grants covering capital costs, equalization subsidies and subsidies for carrying out the commissioned (transferred) tasks from the central government etc.

Concrete regulations concerning revenues and their relative weights are country-specific. In 1998, independent and shared revenues taken together constituted 52 % of total local government revenues in the Czech Republic, 37% in Hungary and 58 % in Poland. These figures, which (with some licence) can be viewed as indicators of the financial independence of local governments of the state, were considerably stable over time. Two other kinds of data – the share of local government expenditures on a country's GDP and the share of these expenditures on general government expenditures – can indicate, respectively, the weight of the local government sphere within the country as a whole and within the governmental sphere. The corresponding figures were 7 % and 17 % for the Czech Republic (data for 1997), 13% and 24 % for Hungary (1998) and 9 % and 34 % for Poland [Horváth 2000: 53-55].

Among local government expenditures, education (mostly elementary schools) was in all cases the largest item. For example, in Poland (data for 1997) they represented 38 % of total expenditures, followed by housing and the municipal economy with 27 %, expenditures on administration, and on social care, with 12 % and 11 % respectively [Temesi 2000: 238].

As has been mentioned, this first stage of subnational government reforms can be evaluated as a success. Its tasks have been mostly fulfilled – the soviet-type local administration was dismantled, democratic local government systems were established in municipalities and anchored through appropriate legislation, new local politicians were recruited and quite a number of them excelled as personalities of supra-local importance. The economic foundations of local governments were laid down, local activism was stimulated and many cities and villages experienced encouraging development. Of the three reforms, the Hungarian one was the best prepared, the most comprehensive and also the most liberal. It was the only reform which introduced, since the outset of the democratization process, self-government on both the local and regional levels.

In spite of some fluctuation, citizens tend to have confidence in the new local authorities and have mostly been satisfied with them [Illner 1997]. In the Czech Republic the citizens who trusted local governments and were satisfied with their activity have been steadily outnumbering those who were distrusting and dissatisfied – cf. Table 4. Local governments have enjoyed a relatively high level of confidence compared with other political institutions (with regard to the central government, the ratio of those who trusted it to those who did not was 43 % : 54 %; for parliament the ratio was 27 % : 54 % - data from the Institute of Public Opinion Research from the beginning of 1997). Also, data on the satisfaction of citizens with the performance of the Municipal Offices were encouraging: 48 % were satisfied compared to 33 % dissatisfied at the end of 1996. Over time, this ratio was more or less stable [Institute of Public Opinion Research, Survey Information No. 9611]. With the exception of Poland, recent data on the perceived representativeness of local governments in the three countries are also moderately positive: of those questioned in nation-wide opinion polls, 51 % in the Czech Republic and 52 % in Hungary thought that local governments represent the interests of almost all or of most citizens in their municipalities (as opposed to 35 % and 42 % respectively, who thought that only minority interests were represented). Poles were more sceptical – the respective figures were 39 % and 48 % [quoted from Swianiewicz 2001].

3.2. Pending problems and the policy responses

Although by and large successful, the reform of the municipal government has left several problems unresolved and has also created several new ones. From a longer list of such issues only a few will be mentioned here, which we consider to be particularly relevant; some of them are common to all three countries, some are country-specific.

Un planned by-product of the reform has been the *fragmentation of local government* – a problem relevant in the Czech Republic and Hungary, but not much felt in Poland with its consolidated local government structure – cf. Table 3. The post-1989 localism, together with the liberal legislation enabling the easy separation of those parts of the existing municipalities which have opted for administrative independence, contributed in both countries to the far-reaching spontaneous fragmentation of the existing territorial administrative structure. Many municipalities which had been amalgamated in the earlier years by the communist administration split again into their original parts. The previous amalgamation was rejected as an act of centralism. Criteria of economic and organizational rationality seldom played any role in making decisions on the divisions. During the period of 1990-1993 the number of municipalities increased by one half in the Czech Republic and nearly doubled in Hungary, to stabilize later at around 6,200 in the Czech case and 3,100 in the Hungarian one. By far the largest proportion of municipalities are now small places: the percentage of municipalities with less than 1 000 inhabitants is around 80 % in the Czech Republic (data for 1997) and around 55 % in Hungary (data for 1999). No municipality of such a small size exists in Poland – cf. Table 3.

Separation fulfilled local ambitions, made up for perceived injustices caused by the forced amalgamations, enhanced local feelings, and activated, in many cases, local initiatives and civic participation. Sometimes it also brought economic advantages for the separating municipalities. But at the same time, the resulting fragmentation of local government caused serious problems. The tiny local governments are as a rule too small to function properly as political, administrative and economic units. They cannot mobilize sufficient personal, political, economic and organizational resources, they cannot launch more ambitious developmental projects or provide sufficient services; they are also too weak as partners in negotiations with state offices [Illner 1997]. With a fragmented structure, inter-municipal differences in the provision of services increase and equity is difficult to attain [Barlow 1992].

The pros and cons of the fragmented local government structure are disputed, but the opinion prevails among politicians and experts that some form of consolidation is inevitable. As a straightforward, externally imposed administrative reform would be politically untenable, both countries have to put up with the prolonged existence of small local governments, at the same finding a way in which to compensate for the disadvantages of this situation. The issue is to strike a proper balance between the participatory aspect of local government which speaks for the smaller municipalities, and the requirements of economic and administrative efficacy as well as those of representative democracy which favour larger units. Any efforts to consolidate the structure of

local governments can only be gradual and have to be carefully prepared in a democratic way. One feasible method is to relieve the small municipalities of their administrative tasks and to entrust these obligations to a network of selected towns and cities which would then provide administrative services also for the neighbouring smaller units; in other words, to introduce – at least implicitly - yet another layer of local administration [HAMPL and Mueller 1998]. At the same time, inter-municipal cooperation is to be supported, which might later lead to the genuine amalgamation of the small municipalities.

Both the Czech Republic and Hungary have been moving in this direction. In the Czech Republic, 383 towns and cities – 6 % of the total number of municipalities, were equipped with an extended range of transferred responsibilities and were commissioned to exercise them in the surrounding regions. Reform is being prepared which will further differentiate between municipalities in terms of the range of their responsibilities. In Hungary, municipalities, even the small ones, are obliged to use the services of public notaries – qualified public administration professionals.

The financial plight of local governments. The share of municipalities plagued by unbalanced budgets and indebtedness is growing. For example, in the Czech Republic, nearly all municipalities with a population of more than 10 000 were in debt in 1996 [Lacina and Vajdova 2000]. This is the result of the insufficient financial discipline of some local authorities, their lack of experience in dealing with financial matters, the inadequate qualification of local government personnel and, last but not least, the economic weakness of many municipalities whose responsibilities and duties are not matched by adequate financial resources. Lacking sufficient resources for capital investment, municipalities often tend to sell out municipal real estate property or to take bank loans, without being able to repay them. This has of course long-term negative impacts on their development. It is generally acknowledged that the tasks which municipalities, mainly the urban ones, face in the modernization of the neglected communal infrastructure are not matched by their revenues. Tightening the rules regulating local finances, introduction of more stringent audits and improving professional competence of local government officials should be (and has already been) reaction to this development.

Insufficient delimitation and the resulting confusion of the local government's own and the transferred areas of competence. Although the two agendas are formally distinguished from each other by legislation, local authorities often find it difficult to draw a line between them in their everyday work. Still less transparent is the difference for ordinary citizens who expect their affairs to be attended to irrespective of which of the two faces of local government is involved. This is clearly a challenge for legislators.

The absence or inadequacy of local government structures suitable for metropolitan areas. The existing models of local government are not sufficiently versatile to offer a wide and flexible enough variety of administrative forms capable of accommodating the less traditional settlement systems, such as metropolitan areas, urban regions and agglomerations, although such spaces are clearly gaining in importance. There is a risk in that the available models of local government might lose contact with such newly emerging and increasingly important functional socioeconomic spatial structures.

The currently existing forms of administering such structures are cities with district rights in the Czech Republic (only the three largest cities enjoy this status), cities with county rights in Hungary (all county seats plus other large cities on application), and 65 urban counties in Poland. This is hardly a sufficient menu of options, if we consider – for example – the need to administer and manage jointly the development of infrastructure, housing, environmental protection and other issues in large cities and their wider agglomerations. The associations of municipalities and ad hoc coordination bodies are not sufficiently strong organizational instruments for coping with such tasks.

The absence of civil service regulation. This type of regulation – the civil service act or separate local government service act – which would help to stabilize the local governments' personnel, improve its qualification and would support its de-politicization, exists in Poland and Hungary, but is absent in the Czech Republic. Without this anchor, and given their frequently stressful jobs, modest salaries, and low social prestige, local government employees are still a volatile lot, often susceptible to corruption.

The absence or insufficiency of specialised training capacities for local government and administration professional staff. Networks of schools, on-job training facilities, courses etc. for the future as well as the already active municipal employees are still insufficiently developed and their curricula are not consolidated..

The declining participation of citizens in local government. The population's initially favorable acceptance of the new local governments as an opportunity for political participation has been limited. While confidence in local governments and satisfaction with their activity have persisted - cf. Tables 4 and 5, the willingness of citizens to actively participate in running their municipalities has been declining, and skepticism has also widespread as far as the relevance of local politics and the possibility to influence local affairs are concerned. ⁶ Also participation in the local elections was rather low in all three countries – less than 50 % in Hungary and Poland, and higher but falling over time in the Czech Republic. ⁷ The alienation of citizens from politics and their

reluctance to participate in public life is part of a syndrome inherited from the previous regimes. Such attitudes are changing more slowly than the institutions of territorial government themselves. Also, negative phenomena sometimes occurring in contemporary local politics - non-transparent decision-making, clientelism, corruption, interpenetration of politics and business, politicking and petty quarreling etc., may strengthen the alienation of citizens. The inefficiency of many local governments, of those too small to guarantee local development, may contribute to the preservation of such an attitude. It may turn out that, in the long run, the political success of local government in East Central Europe will be determined more by its ability to provide services for the local populace and to bolster local development than by the opportunity it offers for citizens' participation.

Excessive decentralization. A somewhat surprising objection – this has sometimes been mentioned as one of the problems of local government reform, particularly in Hungary. It was indeed observed that “*local government reform has gone faster and further – a great deal further – in Hungary than in the other former socialist countries of Europe*“ [Davey 1995:74]. Recently, the opinion could be heard among some Hungarian public administration experts that local decentralization has gone too far in this country in the 1990s, causing legal, administrative, political and economic problems, and should therefore be somewhat restricted. Similar objections can be occasionally heard in the Czech Republic. Often this may be an expression of embarrassment provoked by the imperfect functioning of the small municipalities. Such objections have to be treated with caution in any case, as they may easily just be another manifestation of the centralist instincts shared by many central government's officials and national-level politicians.

4. Reforms at the intermediary level

While, in spite of the above-mentioned problems, that part of the reform which dealt with the municipal government was a success in all three countries, the situation was different with respect to government on the intermediary (regional) level. Few innovations were introduced at this level during the first stage of the subnational government's reform in 1990-1993, as it was assumed that the more substantive changes will follow soon after as a second stage of the territorial reform. This was, however, considerably delayed. In the Czech Republic and Poland the reforms at the intermediary level were implemented only quite recently.

4.1. The reasons for the delay

Several reasons can be mentioned as to why the reforms of intermediary government were delayed (the relevance of the individual reasons was different in each of the countries):

1. The pre-1990 intermediary authorities were the most discredited element of the communist territorial administration and were therefore the target of the fiercest criticism after the collapse of the regime; resentments blocked their reconstruction.
2. The initial momentum of the territorial reform was exhausted after most of the post-revolutionary enthusiasm had been spent on the reconstruction of municipal governments.
3. The reform of regional-level administration was justly perceived by political actors as more relevant for the distribution of political power in the country than was the local reform. It became, therefore, more disputed. Conflicts led eventually to a political stalemate that blocked further progress.
4. Central government bodies delayed or even torpedoed the continuation of the reform at the intermediary level because of fears that they would have to give up some of their prerogatives and would lose control of the country's development. Such fears were sometimes disguised in doctrinal arguments questioning the very idea of regional self-government.
5. Local politicians did not show much sympathy for establishing the new regional authorities as they (unjustly) feared that this would reduce their own areas of competence and their financial resources.
6. In the Czech Republic the establishment of regions and of regional authorities (the former communist-era regional authorities were abolished in 1990) was not considered a priority task by the general public and, indeed, its support has been steadily falling. The opinion prevailed that while the decentralization of government is in principle desirable, the establishment of regional authorities would be an excessively costly project, strengthening the already inflated state bureaucracy and increasing the distance between citizens and the administrative services⁸

7. Overhauling the regional-level government was conceptually and technically a more formidable task than was the case with the local government.
8. Also, some well founded pragmatic concerns stemming from the specific situation of the transforming countries cautioned against a too radical and swift decentralization on the regional level [cf Elander 1995]. Central governments needed to maintain control of the economic and political development in the country during the still volatile situation of economic transformation, as they had to control the distribution of scarce resources in the circumstances of transformational stress. Economic and social differences among territorial units had to be controlled and kept within tolerable limits by the central state, using redistributive mechanisms, so as to prevent the marginalization of some regions and the resulting social and political tensions. National integration had to be maintained in the general atmosphere of societal fragmentation and vis-a-vis the tangle of conflicting interests, concomitant of the transformation processes; it was feared that the existence of strong provinces may encourage centrifugal tendencies.

The extending provisional state, as far as the regional-level government and administration were concerned, was detrimental. It did not permit the finalizing of the overall architecture of public administration reform and perpetuated the existence of many gaps and vague points in the legislation as well as an uncertainty in inter-governmental relations. It left unattended issues which would be properly managed on the regional level. It contributed to the proliferation of deconcentrated territorial branches of the central government's agencies (the "decos") in the vacuum. It created political tension fomented by dissatisfied regional elites and invited criticism from the European bodies after the three countries applied for the EU membership.

4.2. The interlude

Before the second stage of the reform was finally set in motion (in the Czech Republic in 1997; in Hungary as early as 1994; in Poland in 1997-1998, after the initial thrust was aborted in 1993), the situation – regarding intermediary government and administration - could be characterized as provisional. Some of the former intermediary governmental structures were abolished, some were preserved in a more or less modified form, and some new ad-hoc structures were also created.

In the *Czech Republic*, the 76 (later 77) counties (“districts”) were kept as territorial units of general state administration, lacking any self-governmental functions. State administration was performed by county offices whose heads are appointed by the central government. The county office is an appellate body of the administrative decisions of municipal authorities and it supervises the activity of municipal offices with regard to their transferred responsibilities. The soviet-type elected councils formerly existing in the counties were abolished in 1990. Also, the former higher-level intermediary tier of subnational government – the eight provincial (“regional”) governments - were abolished altogether in 1990 without any substitution. The creation of new provinces as units of self-government was foreseen as early as 1992 in the Constitution of the Czech Republic, but it was not enacted until the end of 1997. Until the fall of 2000, when new provincial governments were finally elected, self-government existed solely on the municipal level.

In *Hungary*, the gap between the first and the second phase of the reform was short and shallow. The traditional division of the country into 19 intermediary-level units – the counties – was preserved after 1989. The soviet-type county governments were of course abolished and were substituted by democratic, indirectly elected governments. Eight administrative regions (Budapest included) were created as operational areas of state prefects (“commissioners of the republic”) whose responsibility was to supervise the legality of local governments’ activities and to coordinate the activities of the “decos”. These arrangements were short-lived and were modified early on in 1994.

Poland, where the transitory interval between the two stages of the reform was almost as long as in the Czech Republic, had to live without any regional self-government until the end of 1998. After 1989 the existing 49 provinces (“voivodships”) were kept as higher-level territorial units of general state administration only, and the former elected soviet-type provincial councils were abolished. Besides the provinces, 268 counties (“*rejons*”) also existed as their auxiliary administrative subdivisions. Preparations for the reform of intermediary government were progressing until 1993 when they were halted for political reasons. Some partial steps followed in 1994–1996, including a pilot programme extending the areas of competence of large cities. The reform was set in motion again in 1997 and was completed in 1998-1999 by enacting strongly radical decentralization at the regional level.

4.3. Overview of the reforms

Regional level reforms in Poland and somewhat later also in the Czech Republic ended the stalemate in the second half of the 1990s and finally filled in the systemic gap. The resulting structure of the intermediary government will be briefly described in the following paragraphs – cf. also Table 6.

*The Czech Republic*⁹

As was mentioned, the new Czech constitution which came into force in 1993 already contained provisions for the establishment of provincial self-government (the “higher territorial self-governing units“), but this requirement was not implemented for another four years. The long stalemate was broken only in 1997 (heated discussions among politicians and specialists were taking place in the meantime concerning the parameters of the future regional government, and also several pieces of legislation were drafted but never approved) and it took three more years before the new provincial governments began to function as of 2001.

First, a law was passed in 1997, effective as of 2000, which divided the country into fourteen provinces (Prague included) – cf. Figure 1. This law dealt with just the geographic aspect of the new structure, leaving aside other substantive issues (the status of the provinces, their organs, competence, elections of the representative bodies, finances etc.). The missing legislation was approved in parliament as late as 2000, the first regional elections were held in the fall of 2000 and the new provincial governments were installed to begin January 2001.

As units of self-government, provinces are legal entities acting on their own behalf. They have their own property and finances. Self-government is executed by regional assemblies elected directly by local citizens, their executive organs are regional councils elected from their members. The province is represented by an elected president (“*hejtman*“) chosen by the assembly from its members. Likewise the municipal governments and also the provincial self-governments execute both their own (independent) competence, as well as functions delegated to them by the state. Their own responsibilities include regional development, physical planning, environmental protection, regional public transportation, regional roads and also some functions in education, social care, health care. Responsibilities can be assigned to the province only by law. The provincial self-governments must not encroach on the rights of municipalities and are not superordinate to them.

The administrative side of provincial government's activities – both within their own as well as the delegated responsibilities - is taken care of by a provincial administrative office headed by a chief administrative officer (director), an appointed public servant who reports to the provincial president. Legal supervision of the provincial governments' activities is the responsibility of the Ministry of the Interior, and disputes are resolved in courts. The financial regulations of the provincial government were not covered by this legislation and were postponed for a later decision.

The counties (districts - cf above), a lower-level intermediary tier of state administration (but not of self-government), have been preserved for a transitional period of two years - until the end of 2002 - when they will be abolished and their responsibilities will be divided between the municipalities (whose administrative status will be diversified beforehand) and the provinces. In the central government's programmes such forthcoming changes have been labelled as „the second stage“ of public administration reform, while the „first stage“ was establishment of the new regional authorities. Thus, till the end of 2002, subnational public administration in the Czech Republic will continue to operate on three levels – municipalities, counties, and provinces; the first and the last of these tiers exercise both self-government and the deconcentrated state administration, while the middle one exercises solely state administrative functions – cf. Table 6.

Hungary 10

The intermediary tier was already consolidated in Hungary by new legislation in 1994 and has been stable since that time. The regional level of self-government are counties, of which there are 19 plus the capital Budapest – cf. Figure 2. Self-government is executed by county assemblies directly elected by the citizens (this was one of the changes introduced in 1994) and headed by their chairmen. County governments have a subsidiary role – they provide services of a regional character (in education, culture, welfare administration, communal services, regional development, protection of the environment etc.) – which the municipalities did not themselves decide to provide (the principle of subsidiarity is applied). County self-governments have no supervisory power over municipalities and they do not play any role in distributing state grants among them.

Besides the municipalities and the 19 counties, there are also about two dozen larger towns which have county rights, but are not parts of the counties on whose territories they are situated. A special status equivalent to that of a county is maintained by the capital Budapest.

Alongside self-government, there also exist separate state administration offices in the counties, the heads of which are appointed by the Minister of the Interior. They manage administrative matters that fall outside the authority of municipal and county self-governments (tax administration, land registration etc.). The offices are invested with expanded authority vis-a-vis local government as far as control of legality is concerned and they also provide professional assistance to them. The regional administrative offices replaced the former controversial institution of the “commissioners of the republic“

The act on regional development and physical planning adopted in 1996 introduced county development councils as a new institution on the county level, outside the standard territorial structures of self-government and state administration. The main responsibilities of the councils are to examine and evaluate the social and economic situation of the counties, to elaborate and approve concepts and programmes of long-term regional development, and to elaborate financial plans to support their implementation. County development councils are independent of county self-governments and county state administration offices. Their membership is composed of representatives of self-government, the central government and corporations.

An open issue in Hungary is the possibility of introducing regions as loci of intermediary government and administration. This theme has been prompted by the EU’s push for regionalization in the candidate countries.

Poland 11

The upper tier of territorial government was fundamentally restructured in 1998. Until that time, commentators agreed that the Polish reform of territorial government had been halted half-way and that its continuation was pending [Hesse 1995: 254]. In fact, the necessary measures toward a reform of the intermediary tier were already under preparation before the reform process was frozen for political reasons in 1993. Two main, mutually interconnected issues were on the agenda. One was the reform of provinces (“*voivodships*“) established in 1975 by the communist government and more or less untouched by the 1990 reforms. The other issue was a plan to re-introduce counties (“*powiats*“), both as units of self-government and state administration.

A decisive step toward further decentralization was made after the 1997 parliamentary elections. The new ruling coalition considered the reform of public administration to be one of its most important tasks. In 1998 a new structure of the territorial government was voted in parliament, and since January 1999 a two-tier system of intermediary government was established, with self-government on both levels.

The provinces - the “higher“ tier – were fundamentally restructured: their number was reduced from 49 to 16 – cf. Figure 3, they were provided with a strong self-government elected in direct elections, and they assumed some competences transferred to them from the central government. Provinces are legal entities, they may promulgate local law and they have their own property and financial resources. Their responsibilities are comprised of development policy, education, health care, social welfare, culture, environmental protection, spatial development, public roads and transportation, water management, public safety and some other tasks. The scope of their activities must not violate the independence of the municipalities and counties. The provinces also have no supervisory power over these tiers. The organs of provincial self-government is the assembly headed by a speaker (“*marszalek*“) and the board as an executive body. The state administration is represented by the prefect (“*voivod*“) appointed by the Prime Minister. Main sources of revenue in the provinces are shares of taxes, revenues from their own property and from their own budgetary institutions.

The “lower“ tier of the intermediary government is formed by the 373 counties (including 65 urban counties – i.e. cities with district tasks). The status of counties, the structure of their organs and their responsibilities are similar to those of the provinces, though of course appropriately scaled down. Also, their sources of revenue are similar, but also include state grants and subsidies.

Among the three countries, the Polish reform represented the most radical step toward decentralization at the intermediary tier.

The European context of the regional level reforms

One facet of the reforms is their “European“ context. All three countries of East Central Europe are endeavoring towards integration in West European international and supranational institutions – chiefly the European Union. Adaptation to West European standards and expectations is one of the most important prerequisites to successful integration. The relevance of the European dimension for the reforms of subnational government was recognized in the three countries only gradually - mostly during the later stage of the reform process, i.e. in the second half of the 1990s, after those countries had applied for EU membership. Also, the European bodies asserted their influence on the reforms only gradually. The “European“ dimension has been particularly relevant with respect to intermediary-level government.

On different occasions, both explicitly, as well as in more indirect ways, the expectation was expressed by European institutions that regionalization should be implemented in the East Central European candidate countries. Such expectations have been mentioned in the documents not only of the European Commission itself, but also of other European bodies which made use of the pre-accession situation to express their opinion and ideas about the desirable institutional restructuring in the candidate countries. The EU's Committee of the Regions and the Congress of Local and Regional Authorities of Europe have been particularly outspoken in this respect. It has been the implementation of certain principles and the creation of certain capacities rather than the adoption of concrete models of territorial government that were the core of these expectations. In fact, systems of subnational government are so widely different in the EU countries that there is no single "European model" which could be recommended to the candidate countries

With regard to the European Commission, its expectations concerning the role which regional policies and, consequently, regions and regional authorities should play in the candidate countries, have been expressed in *Agenda 2000*, chapter B 3, concerning the ability of the applicant countries to assume the obligations of membership - that is, the EU's legal and institutional framework as defined by the *acquis* [European Commission 1997]. As for regional development, the fundamental requirement of the *acquis* is the candidate countries' ability to adopt the EU's cohesion policy and to participate in its Structural Funds [European Commission 1997]. This in turn implies that a subdivision of their national territories into regions must exist in the candidate countries which could function as a territorial matrix of regional analyses and policies. Such regions must be of sufficient size to be able to fulfil this function (the NUTS II level size is considered as appropriate) and there must have exist developmental programmes towards the implementation of which the funds will be used. Applicant countries should adopt the rules governing EU regional policies in their own regional policy and must establish such a policy if it is not yet in existence. Capacities must be developed capable of providing and analysing data on regional development as well as of preparing, implementing and monitoring regional development programmes (cf. also European Union Enlargement 2000).

Agenda 2000 tackled the administrative capacity of the candidate countries to apply the *acquis*. The present situation was described and assessed, and concrete targets, measures and standards were mentioned which the accession countries should adopt.¹² The existence of a democratic and efficient public administration system and, consequently, the implementation of thorough administrative reform was envisaged, which would involve all tiers of public administration, including the establishment of regional (intermediary) level

authorities. Although no concrete institutional model of this tier was suggested by the EU, the adjustment to the *acquis* would surely contribute to decentralization and the strengthening of the autonomy, competence and resources of local and regional authorities [Kirchner 1999b:210-211]. The EU's notorious *principle of subsidiarity* also implies decentralization and the existence of decentralized local and regional authorities.

In its annual *Regular Reports on Progress Towards Accession* the European Commission evaluates the progress of individual candidate countries with respect to the fulfillment of the above requirements, pointing to steps and tasks to be implemented. The Reports, which are widely publicized and discussed in the candidate countries and whose positive as well as critical opinions are used as ammunition in their internal political discourse, are certainly an effective instrument facilitating the implementation of the *acquis*.

An outspoken and influential EU-based actor promoting regionalization in the candidate countries is the EU's *Committee of the Regions*. It has the power to issue opinions on its own initiative, which have a political weight that is difficult to ignore [Bernard 1999: 41-42]. The Committee supports the radical devolution of government to the local and regional levels and extensive autonomy of the regions. Besides the EU, the Council of Europe, through the *Congress of Local and Regional Authorities of Europe*, also acts as an effective pro-regionalization and pro-decentralization force. With reference to the obligations which the candidate countries accepted by signing and ratifying the *European Charter of Local Self-Government*, the Congress monitors and evaluates the state of local and regional democracy in these countries, makes an assessment of the progress made in reforming public administration, points to existing problems and gives recommendations concerning steps to be taken.

Although the decentralization reforms in the Czech Republic, Hungary and Poland were above all driven internally, the growing impact of European institutions cannot be denied. The resumed momentum of the regional level reforms in Poland and the Czech Republic, as well as the comeback of regional policy in the latter, can be at least partly attributed to EU's influence. Also, in preparing themselves for participation in the EU's regional policy, all three countries have divided their territories into NUTS II level regions of cohesion. Eight such regions were designated in 1998 in the Czech Republic through the aggregation of some of the existing provinces. Regional coordination groups were established in the provinces and charged with managing the preparation of regional development policies. Similar to the case of the Czech Republic, seven NUTS II level regions of cohesion were established in Hungary by grouping together the existing counties. Only in Poland the new provinces (*voivodships*)

proved large enough to become regions of cohesion, without any need for aggregation.

4.5. Pending issues

The first experiences with the implementation of the reforms of intermediary government in Poland and the Czech Republic, however brief, have indicated several problems which have complicated this process or may complicate it in the future (the relevance of the individual problems is different in each of the countries):

Pending financial regulation of the new provinces (in the Czech Republic). The regulation of revenues of the provincial governments did not go hand in hand with other elements of the reform and was postponed until later. Only ad hoc provisional arrangements have been made for the first year of existence of the new governments. This has substantially restricted their spending freedom, contributed to uncertainty regarding the space they have for action and rendered long-term planning difficult.

The protracted transfer of competence, agendas and property from the central government to the new provinces. Although stipulated by legislation, the transfers are often delayed or even sabotaged by bodies of the central government and excuses are invented to justify the restriction of the transfers. The process of assuming responsibilities by the provincial authorities is thus complicated and their operation is endangered.

Preservation of the deconcentrated territorial agencies of state administration (the “decos”). Although offices of general state administration came into existence at the provincial level, and it would be only rational to incorporate within them most of the so far separately existing “decos“, there is strong resistance from many central state authorities toward such measures. Many of the „decos“ tend to survive outside of the regional administrations, weakening thus their authority and complicating inter-governmental relations.

Instability of provincial boundaries. The territorial delimitation of the intermediary-level units is repeatedly questioned by secessionist municipal governments who wish to belong elsewhere. This has particularly been the case where new regional boundaries had been drawn irrespectively of traditional regional identities. A more general problem is implied: in none of the three countries (perhaps with the exception of the Hungarian counties) there exist historically rooted „organic“ sociocultural regions that could be used as a generally acceptable spatial basis of the political and administrative regionalization. Where such regions do exist, they are either too small (or too

large) or represent just odd isolated cases. Regionalisation has to be therefore founded also on other than sociocultural criteria.

Weak political legitimacy of the the new provincial governments. This is a problem particularly in the Czech Republic, where a major part of the general public and also some influential political actors have not expressed much enthusiasm for establishing the new provincial governments and are now watching their first steps with highly critical and not exactly well-wishing eyes (cf. above). It will much depend on performance of the new regional authorities during the first years of their existence if they will be eventually accepted as viable and useful institutions by the public. Their political fate may well depend on it. It is therefore of utmost importance for the new regional authorities to have their financing and their material conditions stabilized soonest possible.

A challenge posed by the EU regions of cohesion. Only in Poland do the new provinces match the EU criteria and are able to function as the NUTS II type regions of cohesion. The counties in Hungary and the provinces in the Czech Republic are too small to fit in. In both these countries ad hoc NUTS II type regions had to be created by aggregating the existing units. The question arises as to how, in the future, when they will become loci of regional planning and policies, these originally non-governmental and non-administrative territories will relate to and interact with the counties and provinces. A possibility of undesirable competition between them cannot be excluded.

Experience with the new intermediary governments is still rather brief in the Czech Republic and Poland. The above list may therefore change as more experience accumulates: some of the issues will disappear, while new ones will certainly emerge.

5. Conclusions

The three reforms we have described have many common traits, but they also differ in several respects. It is the common heritage of a totalitarian institutional structure in the three countries, their parallel effort to get rid of this burden and to establish a democratic territorial government, as well as their cultural and social proximity, which explain the commonalities. And it is the different geographies and histories, including the different national brands of communism, different circumstances of exiting from communism, and also the divergent elements of their political and social systems as well as of their cultures, which account for the differences.

Whatever the differences, we can with satisfaction conclude that after a long period of seeking the best solutions, of hesitation, discussions and quarelling among experts and politicians, and after many postponements, comprehensive structures of a democratic multilevel subnational government are finally in place in all three East Central European countries. These structures still have many flaws, they are not yet fully stabilized and they have to prove that they can sustain the everyday business of public administration. Undoubtedly they will have to be perfected. They will also face new challenges stemming from future economic and social changes and, of no less importance, from the approaching accession of the three countries to the EU. But the main job of overhauling the soviet-type subnational government has been done and the rest will consist of normal life.

Michal Illner
Institute of Sociology, Academy of Sciences of the Czech Republic
illner@soc.cas.cz

Endnotes

1. Some cultural commonalities between the Czech Lands, Hungary and Galicia - the south-eastern part of Poland - can be traced back to earlier times. Until 1918, these territories belonged to the Austro-Hungarian Empire, sharing similar institutions and elements of a similar cultural climate.
2. There are instances when decentralization is clearly dysfunctional. Such as when the government is decentralized into territorial units so small they cannot operate efficiently, when decentralization serves the central government for passing the financial burden to lower tiers, which however cannot cope with it, or when power is devolved to authoritarian or otherwise undemocratic local cliques.
3. In the Czech Republic, the issue of regional autonomy was raised after 1989 by Moravian political movements and parties. Moravia is the eastern part of the Czech Republic that used to have considerable autonomy within the former Czech Kingdom. In discussions concerning the reform of regional-level government, these movements and parties demanded that Moravia become an autonomous administrative and political unit and that it should receive the status of a "land". This was supposed to restore the historical position of this region. Such aspirations have not found sympathy in the government, which feared that the Czech-Slovak schism could be replayed in the case of Moravia. The relatively strong initial thrust of the Moravian movement dwindled during the second half of the 1990s, and in the subsequent parliamentary elections the respective regional political parties did not reach the threshold qualifying them for entry into parliament. Also, the percentage of Czech Republic's population opting for the Moravian nationality dropped from 13 % in 1991 to 4 % in 2001.
4. Abolition of the provincial tier of government in Czechoslovakia in 1990 may serve as an example. Its main purpose was political - to uproot the strong Communist establishment in the provinces. In terms of administrative rationality this step was not justified. The regional tier of government and administration was missing as a proper level for the implementation of several public administration agendas (e.g. protection of the environment, regional planning, the administration of higher-order health, educational and cultural services, and others).
5. In the Czech Republic, all settlements were categorized in 1971 according to their centrality into five categories and for each category a certain level of development was foreseen. Housing construction and the development of infrastructure were regulated to comply with the categorization. In the case of the least preferred category of settlements their development had to be suppressed and gradual depopulation was expected.
6. For example, with respect to the Czech Republic, the Agenda 2000 stated critically that the country lacked intermediary elected authorities standing between the central government and the municipalities, although the existence of self-administering regions was required by the Republic's Constitution, and further that it lacked any independent regional policy and that the volume of financial means assigned for regional development was not satisfactory. Appropriate legal, administrative and financial frameworks of a comprehensive regional policy had to be created and substantive reforms had to be implemented to comply with the EU's structural policy. The European Commission complained that the Czech Republic, along with other applicant countries, does not have suitable infrastructures for regional policies, due

to small or non-existent budgets, poorly developed instruments, skeletal administration, etc. [Kirchner 1999: 216-218].

7. Data from Czech surveys indicate that the percentage of citizens willing to stand as candidates in local elections was 11 % in 1992 and 8 % in 1993. Between 1992 and 2001 the proportion of those who thought it advisable not to get involved in public affairs and that it is better to mind one's own business grew from 29 % to 42 % and the number of people who disagreed fell from 52 % to 33 %. Within the same interval the percentage of those who thought they had no influence on local affairs slightly dropped from 66 % to 62 %. The proportion of citizens who felt they were not concerned with the decisions of local councils grew from 33 % to 50 % in 2001. The data are from two representative surveys conducted by the Institute of Sociology, ASCR. The distance people felt toward local governments contrasted with their relatively high confidence in this institution and with their fairly high level of satisfaction with its performance.

8 In the Czech Republic, participation in local elections was 75 % in 1990, 62 % in 1994 and 58 % in 1998. In Hungary, the turnout was 40 % (the first round) and 29 % (the second round) in 1990, 43 % in 1994 and 46 % in 1998. In Poland, voter participation was 42 % in 1990, 32 % in 1994 and 46 % in 1998.

9 While 72% agreed in June 1997 that it is preferable to decentralize decision-making that concerns regional issues (9% disagreed), 68% considered the establishment of new regional (provincial) authorities too expensive (13% disagreed), and 45% thought that this level of government is not necessary (33% disagreed). The opinion concerning the expediency of the new regions in an improved functioning of state administration was split half-and-half, while at the same time about one third of respondents had no opinion at all (data from a June 1997 opinion poll, Institute of Public Opinion Research, Survey Information 97-06).

10 Cf. Lacina and Vajdova 2000.

11 Cf. Temesi 2000.

12 Cf. Kowalczyk 2000.

REFERENCES

- Barlow, M. 1992. "Government in Transition: Some Comments on the Czechoslovak Situation in the Context of Practices and Concepts in Western Democracies". In: Dostal, P. et al. (eds.). *Changing Territorial Administration in Czechoslovakia*. Amsterdam: University of Amsterdam, Charles University, Czech Academy of Sciences, p. 61-70.
- Benzler, S. 1994. "Transformation als Dauerzustand? Die Entwicklung der territorialen Selbstverwaltung in Polen". In: Bullmann, U. (Hrsg.). *Die Politik der dritten Ebene*. Baden-Baden: Nomos Verlagsgesellschaft. S. 310-330.
- Bernard, N. 1999. Decentralized Government and Subsidiarity, in: Kirchner, E.J. (ed.): *Decentralisation and Transition in the Visegrad. Poland, Hungary, The Czech Republic and Slovakia*, Houndmills, Macmillan Press Ltd., New York, St. Martin's Press Ltd., p. 34-52.
- Committee of the Regions. 2000. *Preparing for the EU Enlargement. Devolution in the First Wave Candidate Countries*, Luxembourg, European Communities, COR Studies E-4/99.
- Davey, K. 1995 "The Czech and the Slovak Republics". In: Coulson, A. (ed.). *Local Government in Eastern Europe*. Cheltenham: Edward Elgar, p. 41-56.
- Davey, K. 1995. "Local Government in Hungary". In: Coulson, A. (ed.). *Local Government in Eastern Europe*. Cheltenham: Edward Elgar, p. 57-75.
- Dostal, P., Illner, M., Kara, J., Barlow, M. (eds.). 1992. *Changing Territorial Administration in Czechoslovakia: International Viewpoints*. Amsterdam: University of Amsterdam.
- Elander, I. 1995. "Between Centralism and Localism. On the Development of Local Self-Government in Post-Socialist Europe". Paper presented at the Conference "Democratization and Decentralisation: Four Years of Local Transformation in Central and Eastern Europe", Krakow, August 2-6, 1995.
- European Commission: *Agenda 2000 for a Stronger Union*, *Bulletin of the European Union. Supplement 5/1997*.
- European Union Enlargement and the Open Society Agenda: *Local Government and Public Administration*. 2000. Budapest: Local Government and Public Service Reform Initiative.
- Hampl, M. and J. Mueller. 1998. "Jsou obce v České republice příliš malé?" (Are Municipalities Too Small in the Czech Republic?). *Geografie* 103. No. 1, p. 1-12.
- Hesse, J.J. 1995. "Public Sector Reform in Central and Eastern Europe." In: *Rebuilding the State: Public Sector Reform in Central and Eastern Europe*. Baden-Baden: Nomos Verlagsgesellschaft.

Horváth, G. 2001. Regional Policy and Development in East Central Europe. Paper presented for the Reflection Group on 'Diversity and Unity of the Enlarged European Union: What Influences the Process of Transition and Adaptation in Central and Eastern Europe?', September 2001, European University Institute, Florence.

Horváth, T. M. (ed.). 2000. Decentralisation: Experiments and Reforms. Budapest: Local Government and Public Service Reform Initiative.

Horváth, T.M. 2000 "Directions and Differences of Local Change." In: Horváth, T. M. (ed.). Decentralisation: Experiments and Reforms. Budapest: Local Government and Public Service Reform Initiative, p. 19-60.

Hughes, J., G. Sasse and C. Gordon. 2001. The Regional Deficit in Eastward Enlargement of the European Union: Top Down Policies and Bottom Up Reactions. One Europe or Several? An ESRC and University of Sussex Working Paper 29 / 01.

Illner, M. 1997. "Territorial Decentralisation - A Stumbling Block of Democratic Reforms in East-Central Europe?" *Polish Sociological Review* I(117)'97, p. 23-45.

Illner, M. 1997. The Territorial Dimension of Public Administration Reforms in East Central Europe. *Sociological Texts*. Praha, Institute of Sociology.

Illner, M. 1998. "Local Democratization in the Czech Republic after 1989". In: Rueschemeyer, D. et al. (eds.). Participation and Democracy East and West. Comparisons and Interpretations. Armonk - London: M. E. Sharpe, p. 51 - 82.

Kirchner, E. J. (ed.). 1999. Decentralisation and Transition in the Visegrad. Poland, Hungary, the Czech Republic and Slovakia, Houndmills, Macmillan Press Ltd., New York, St. Martin's Press Ltd.

Kirchner, E. J.. 1999. The Role of the EU in Local and Regional Development, in: Kirchner, Emil.J: (ed.): Decentralisation and Transition in the Visegrad. Poland, Hungary, The Czech Republic and Slovakia, Houndmills, Macmillan Press Ltd., New York, St. Martin's Press Ltd., 1999 (p. 208-222).

Kowalczyk, A. 2000, Local Government in Poland. In: Horváth, T. M. (ed.). 2000, Decentralisation: Experiments and Reforms. Budapest: Local Government and Public Service Reform Initiative.

Lacina, K. and Z. Vajdová. 2000. Local Government in the Czech Republic. In: Horváth, T. M. (ed.). 2000, Decentralisation: Experiments and Reforms. Budapest: Local Government and Public Service Reform Initiative.

Péteri, G. (ed.). 1991. Events and Changes. The First Steps of Local Transition in East-Central Europe. Budapest: Local Democracy and Innovation Foundation.

Péteri, G., Szabó, G. 1991. "Local Government in Hungary: Transition, Renewal and Prospects". In: Elander, I. and M. Gustafsson (eds.). The Re-emergence of

Local Self-Government in Central Europe: The First Experience. Orebro: Hogskolan i Orebro, p. 67-84.

Předběžné výsledky sčítání lidu, domů a bytů 2001 (The 2001 Census - Preliminary Results). Praha: Český statistický úřad.

Rose, L., Buchta, S., Gajduschek, G., Grochowski, M., and O. Hubacek. 1995. "Political Culture and Citizen Environment". In: Baldersheim, H., Illner, M., Offerdal, A., Rose, L., Swianiewicz, P. (eds.). 1995. Local Democracy and the Process of Transformation in East-Central Europe. Boulder-San Francisco-Oxford: Westview Press, Chapter 3.

Swianiewicz, P. 2001. "Between Active Appreciation, Passive Approval and Distrustful Withdrawal." To be published in Swianiewicz, P. (ed.). Public Perception of Local Governments and Local Government Reform in Central and Eastern Europe. Budapest: Open Society Institute - Local Government and Public Service Reform Initiative.

Taylor, P.J. 1993. Political Geography. Harlow: Longman.

Temesi, I. 2000. Local Government in Hungary. In: Horváth, T. M. (ed.). 2000, Decentralisation: Experiments and Reforms. Budapest: Local Government and Public Service Reform Initiative.

Von Breska,, E. and Martin Brusis (eds.). 1999. Central and Eastern Europe on the Way into the European Union: Reforms of Regional Administration in Bulgaria, the Czech Republic, Estonia, Hungary, Poland and Slovakia. Munich: Center for Applied Policy *C*A*P Working Paper*, May 1999..

Wollmann, H. 1995. "Variationen institutioneller Transformation in sozialistischen Landern: Die (Wieder-) Einfuhrung der kommunalen Selbstverwaltung in Ostdeutschland, Ungarn, Polen und Russland". In: Wollmann, H., Wiesenthal, H., Bonker, F. (Hrsg.) Transformation sozialistischer Gesellschaften: Am Ende des Anfangs. Opladen: Westdeutscher Verlag.

Tables

Table 1 Characteristics of the settlement systems in the Czech Republic, Hungary, Poland

	Czech Republic	Hungary	Poland
Population (mil.)	10.3	10.1	38.7
Area (' 000 km ²)	79	93	313
Population density (persons / km ²)	131	109	124
Number of settlements (' 000)	16	3.1	42.7
Population size of the capital (mil.)	1.2	1.9	1.7
Urban population (%)	77	69	62

Sources:

Lacina and Vajdová 2000, Kowalczyk 2000, Temesi 2000, Horváth G. 2001, Population Reference Bureau: World Population Data Sheet 2001

Table 2 The largest ethnic minorities in the Czech Republic, Hungary, Poland

<i>Czech Republic (1991, 2001)</i>	<i>Hungary (1998)</i>	<i>Poland (1997)</i>
1. Moravians 13 % in 1991, 4.0 % in 2001	1. Germans 0.3%	1. Germans 1.3%
2. Slovaks 3 % in 1991, 2.0 % in 2001	2. Croatians 0.1%	2. Ukrainians 0.7%
3. Poles 0.6 % in 1991, 0.5 % in 2001	3. Romanians 0.1%	3. Belarussians 0.5%

*Sources: Lacina and Vajdová 2000, Kowalczyk 2000, Temesi 2000
Předběžné výsledky 2001*

Table 3 The size distribution of municipalities in the Czech Republic, Hungary, Poland

Population	Czech Republic		Hungary		Poland	
	% Municip.	Popul.	% Municip.	Popul.	% Municip.	Popul.
0-999	79.4	17.1	54.8	7.8	-	-
1,000-4,999	16.4	19.8	36.6	23.8	23.0	5.8
5,000-9,999	2.0	8.6	4.2	9.2	43.4	19.8
10,000-49,999	1.8	21.4	3.7	22.4	29.5	35.5
50,000-99,999	0.3	12.1	0.4	7.0	2.3	9.7
100,000+	0.1	20.9	0.3	29.8	1.8	29.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes:

1. *Czech Republic 2001, Hungary 1997, Poland 1996*

2. *Insignificant inaccuracies may have occurred in Polish data due to standardization of interval boundaries*

Sources:

Czech Statistical Office - Census 2001, Temesi 2000, Kowalczyk 2000

Table 4 Trust in local governments in the Czech Republic

	% of citizens	
	trusting local governments	distrusting local governments
1993	48	43
1994	46	44
1995	57	25
1996	55	26
1997	48	31
1998	50	31

Note: data for mid-years

Source: Institute for Public Opinion Research, Survey Information

Table 5 Citizens' satisfaction with the performance of local councils in the Czech Republic

	% of citizens	
	satisfied with local councils	dissatisfied with local councils
1993	38	34
1994	34	23
1996	47	26
1998	43	18
1999	48	19
2000	49	19

Source: Institute for Public Opinion Research - Survey Information

Table 6 Units of subnational government and administration in the Czech Republic Hungary and Poland in 1999

	Municipalities	Counties / Districts		Provinces / Regions	
		Units of self-government	Units of general administration	Units of self-government	Units of general administration
Czech Republic	6 230	-	77	14	14
Hungary	3 131	19 + 1	19 + 1	-	-
Poland	2 483	308 + 65	-	16	16

Notes:

- 1. Ad Hungarian counties: 19 counties + Budapest*
- 2. Ad Polish districts: 308 districts + 65 towns with district status*
- 3. Ad Czech provinces (regions): the capital has the status of a province (region)*

Source:

Horváth 2000, adapted by the author

Figure 1
Territorial division into provinces (regions) and counties (districts)
in the Czech Republic

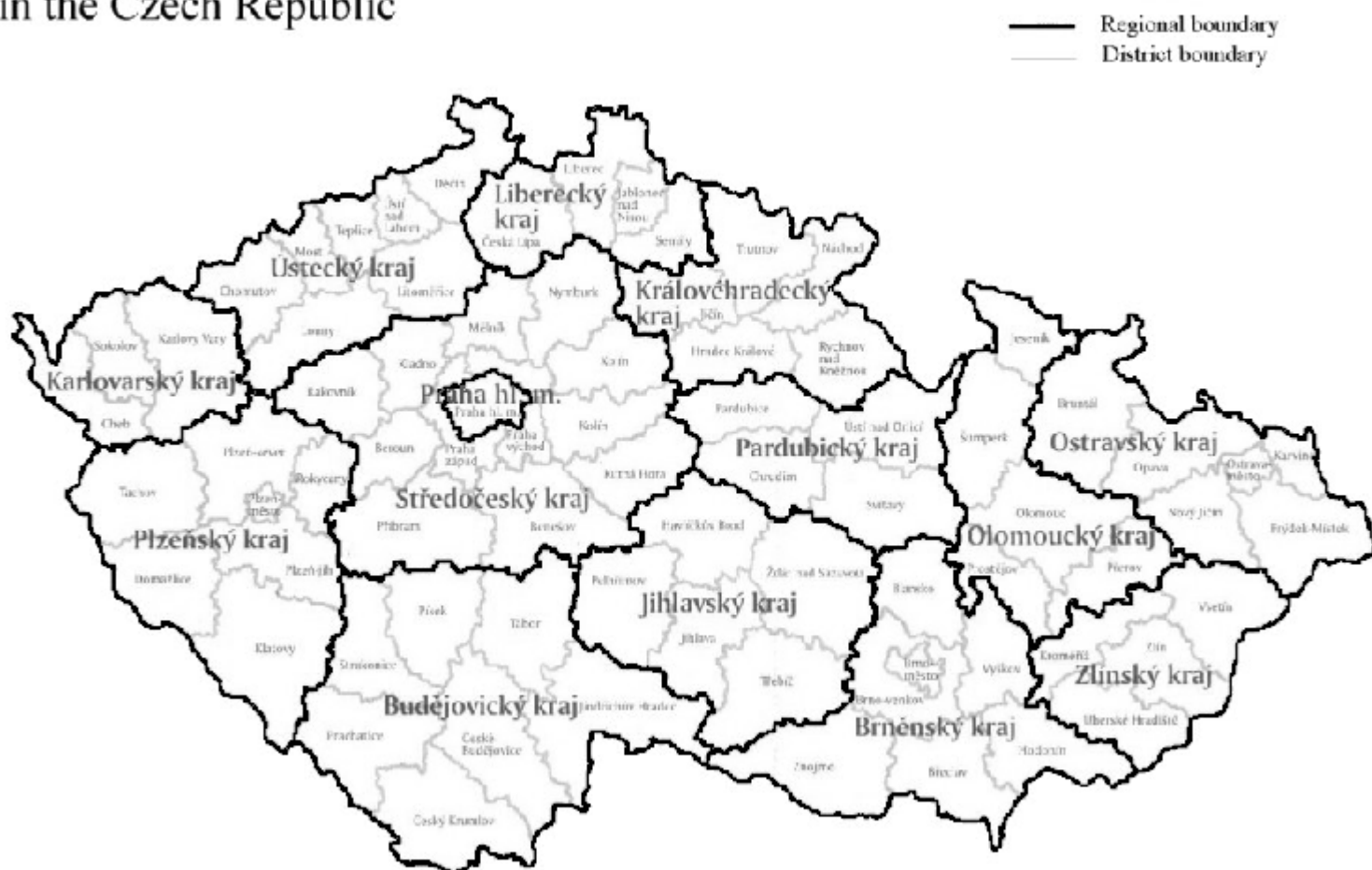


Figure 2
Territorial division into counties in Hungary



Figure 3
Territorial division into provinces (voivodships) in Poland

