

PART IV
THE FOCUS ON SPACE

CHAPTER 11 TERRITORIAL DECENTRALIZATION: A STUMBLING BLOCK OF DEMOCRATIC REFORMS IN EAST CENTRAL EUROPE? (1)

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Introduction

Transformation of the territorial structure of government - its decentralization, 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. In this contribution we shall discuss the decentralization dimension of the reforms in three East Central European countries - Czech Republic, Hungary and Poland. The issue is highly relevant in the context of post-Communist development because territorial decentralization of government did not materialize as expected. The decentralizing reforms were halted half way and recently more centralistic policies have been introduced in the region. A debate is under way in the East Central European countries, both theoretical and political, on the merits and feasibility of territorial decentralization and on the emerging re-centralization. In practical terms, territorial decentralization and deconcentration are manifested in the way with which the following two principal issues concerning the territorial aspect of government are dealt: 1) number, character, competencies and mutual relations of territorial tiers of government, 2) character, number and concrete delimitation of government areas representing each tier. It is the approaches towards solution of these two issues, as well as the theoretical and political embedding of such approaches which are the focus of the decentralization debate in East Central Europe.

To understand the dispute, one has to be aware of the contexts of the recent decentralization efforts in the post-Communist countries. Three sets of socio-political contextual factors influenced in particular the territorial reforms: 1. legacies of the Communist era - political, administrative, psychological, 2. expectations toward decentralization, and 3. political context of the reforms. They were common to the three countries, in other respects they were country-specific.

The Centralist Legacies of the Communist Era

As integral part of the system of communist political power in East Central Europe, territorial governments respected three basic doctrinal rules of this system (2): the principles of "democratic centralism", of "homogeneous state authority" and that of "dual subordination" (higher levels of authority could suspend decisions or even dissolve a local council). Main features of the system can be characterized as the following (Illner 1991a, p. 23-24, Swianiewicz 1992, Coulson 1995, p. 5-9, Baldersheim et al. 1996): 1. it was undemocratic, 2. it was centralist - any authentic territorial self-government was excluded, 3. territorial government lacked economic and financial foundation, 4. public administration and self-government were amalgamated into a single system based on the ideology of "democratic centralism.", 5. horizontal integration within and among administrative areas was weak, a sectorial perspective was far the most important.

There was certainly difference between the official ideological model of territorial government under Communism and its real-life face (Coulson 1995, p. 9). An example is the erosion of territorial government by economic organizations: in spite of the formal competencies of territorial governments, the vertically organized and centrally controlled economic structures (e.g. industrial and other enterprises and their associations) assumed a strong and sometimes decisive influence in local and regional issues and assumed a wide range of public-sector responsibilities commonly belonging to the territorial administration (Illner 1992, Benzler 1994). Although theoretically there should have been no room for local and regional interest representation within the system, in the reality it constituted its major characteristic.

Neither was the system of territorial government entirely static during the forty years of communist rule. In each of the countries several reform steps were introduced, intended to adapt the system of territorial government to a shifting political climate as well as to newly emerging functional needs. The reforms featured both centralist and decentralist tendencies. Yet the changes were never such that they would touch upon fundamentals of the system.

Beside this institutional and political legacy of the Communist system of territorial government, the post-1989 reforms faced also a legacy of political culture characterized by separation of the private and the public spheres, popular distrust of institutions, of political representation and of formal procedures, as well as an unwillingness of citizens to get involved in public matters and to hold public office. Paternalism consisting in the belief that local needs should be and will be taken care of by extra-local actors, usually by higher standing authorities, and that the proper strategy to have the needs attended is to mobilize support of external patrons was widespread. The popular feeling of

being chronically disadvantaged community being neglected by authorities, and handicapped vis-à-vis the neighbors was commonplace.

Expectations toward Decentralization

The years 1988-1990 when the reforms were contemplated and their first stage implemented were a time of euphoric expectations concerning democratization, reparation of earlier injustice and the fulfillment of diverse political and social ideals and ambitions. Many expectations and values were associated with the reform of public administration and some of them influenced its concept.

Localism, regionalism and communitarianism were among the most important. They were an ingredient in the thinking of some anti-communist opposition groups 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. Also, some anti-Communist opposition groups, particularly in Poland after Jaruzelski's coup of 1980, had hoped that the change of the regime may start from the local level, because the top-down process seemed forlorn. Localism was as well reaction of the population and of the local elites to the centralism applied by the pre-1989 regime, particularly to its effort to streamline the settlement structure by a reckless application of the central place system. Another root of localism was a conservative reaction to the modernization processes and their concomitants. Among expectations which shaped attitudes toward the reform were also those concerning its supranational "European" dimension. These "European" ambitions and the vision of the future "Europe of the regions" have produced another strong set of expectations concerning the decentralizing effects of the reform.

Political Context of the Decentralization

As already mentioned, the democratizing and decentralizing reforms of territorial government were an essential component part of the over-all political transformation in the region. The reforms and the new local election were intended to facilitate displacement of the old local and regional political elites and thus to undermine remnants of the Communist power in the provinces. Also, the reforms had a strong symbolical meaning, as they were a way to legitimize the new power, to demonstrate that "things have moved away from the previous circumstances". Little or no time was afforded for testing optimum solutions. Political concerns were primary and the administrative and economic rationality were of secondary importance in this context.

The more immediate situational contexts of the reform were different in each of East Central European countries. In Hungary the reform was preceded by

several years of discussions and preparatory legislative work that took place since 1987, and was supported by the reform wing of the Communist Party (Péteri and Szabó 1991), as well as by relatively bold reform attempts of 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. Different was the situation in Poland where the reform was a battleground between the opposition and the Communist authorities. Establishing a "self-governing Republic" was a programmatic goal of the "Solidarity" movement in its struggle against the Communist regime in the 80's (Benzler 1994, p. 315-317). It was the strategy of the opposition to erode the regime from the bottom. 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. A still different case was the Czech Republic where any serious steps toward decentralization were taken only after the fall of the Communist regime in November 1989. Before that time, some half-hearted ameliorations of the territorial government were made by the Communist authorities, yet no consistent reform policy was either formulated. The reason was the rigidity of the regime.

The Unfinished Territorial Reforms

The post-Communist reforms of territorial government took place in all East Central European countries in 1990 and further steps have followed since then. The main aim of the reforms was to break away from the soviet-type system of territorial administration and to institute a democratic local government. Decentralization, deregulation and de-etatisation of public administration were their declared dominant aims. Territorial self-government was introduced in urban and rural municipalities (in Hungary also on the regional level) and separated from public administration. The reform has instituted a new structure of municipal organs and a new regulation of resources. Democratic local elections were held in 1990 and new local governments were formed.

In all three countries the most successful part of the public administration reform was that concerning local government. Establishment of local self-governments in villages and towns, two rounds of democratic local elections (in 1990 and again in 1994), increased local activism as well as the generally approving attitudes of citizens toward the new local authorities witness to this fact. Sociological surveys indicated that confidence in the new local governments and satisfaction with their activity were rather strong, at least during the first years after the reform (3). Yet, two major issues have been left unresolved by the reform measures: extending decentralization to the regional level

(particularly in Czech Republic and Poland) and dealing with territorial fragmentation on the local level (particularly in Czech Republic and Hungary).

Czech Republic (4)

The most important missing component in the transformation of public sector is the still absent reform of the intermediate level of government and the establishment of the regional (provincial) governments and administrations foreseen by the Constitution of the Czech Republic of 1992 (Hesse, 1995b, Baldersheim et al., 1990 of regional (provincial) government is detrimental both for functional as well as normative reasons (Hesse 1995b, p. 7-16): 1. there is a number of regional problems which cannot be properly treated at the district level and need a wider territorial framework, 2. the absence of regional-level administration justifies existence of deconcentrated agencies of the central government which complicate the inter-governmental relations and partly duplicate the existing district offices (Hesse, 1995a), 3. without this element the architecture of the reform is incomplete, 4. the provisional situation when an integral part of the Constitution fails to be enacted questions the authority and legitimacy of the present arrangement and may induce legal nihilism, 5. the absence of regional-level self-government contributes to the growth and over-load of central bureaucracies and to excessive etatisation of the public sphere, 6. unsatisfied regional interests accumulate, creating a politically explosive situation.

While options have already been formulated, their analyses performed and several alternative pieces of legislation drafted, all the above issues are still contested on the political arena, without conclusive results. Political will has been missing to make a decision.

The post-1989 localism, together with the liberal provisions of the new 1990 Act on Municipalities enabling an easy separation of those parts of the existing municipalities which have decided for administrative independence, contributed to a far reaching spontaneous fragmentation of the existing territorial administrative structure. Many municipalities which had been amalgamated in the earlier years split again into their original parts. Criteria of economic and organizational rationality did seldom play any role in such decisions. The number of municipalities increased by 51% during the period of 1989 - 1993 and reached 6,196 on January 1, 1993. The process of fragmentation has continued also after 1993, though at a slower pace.

Hungarian reform of territorial government was the best prepared, the most comprehensive and also the most liberal among the territorial reforms in the post-Communist East Central Europe. It was the only reform which introduced self-government on both the local and regional levels. In spite of that, several issues remained outstanding.

Again, as in the Czech Republic (but different in its nature), a set of problems is clustered around the intermediary, i.e. regional-level administration and the inter-governmental coordination. Competences of the present counties are clearly insufficient and ill-defined. The competences are substantially smaller compared to what county competences used to be before the 1990 reform. This seems to be a real problem given the fragmentation of local governments. Moreover, the proliferation of deconcentrated state agencies within the power vacuum left after the withdrawal of county governments strengthens the central state power and contributes to segmentation of territorial administration. Also, similarly as in the Czech case, overcoming the consequences of territorial fragmentation is one of the outstanding issues. Many settlements reasserted their rights to local self-government in 1990, so that the number of municipalities nearly doubled in a short time (from 1,607 municipalities prior to the reform to 3,108 in 1993). The causes of fragmentation were the same as those already mentioned for the Czech case; the splitting of municipalities was mainly reaction to the earlier forced amalgamation. Hungarian legislation provided for several methods how to cope with fragmentation through inter-municipal cooperation. It seems, however, that these instruments are not applied as they should be and that local governments display a rather negative attitude toward inter-municipal cooperation and integration. (5)

Poland (6)

Most commentators agree that the Polish reform of territorial government was halted half-way and that its continuation is pending (Hesse, 1995a, p. 254). While on the transformation of government has been mostly completed and the new local governments can be considered successful, the sore point of the Polish reform is the intermediary level where two main mutually interconnected issues are on the agenda. One is the reform of contemporary provinces (voivodships) established in 1975 by the Communist government, and more-or-less untouched by the 1990 reform. Reduction of their number and increase of their territories have been proposed (Hesse, 1995a). The other issue is a plan to re-introduce districts (powiats) as a second level of territorial self-government and as another tier of territorial division of the state. Their establishment was already announced in 1993 but later on withdrawn, together with the pilot programme intended to introduce the first stage of the reform. Recently (in 1995/96), the district issue was re-opened during the drafting of a new constitution, so far without conclusive results. Unlike in the Czech Republic and Hungary, fragmentation of local governments has not been much of a problem in Poland. The number of municipalities remained more-or-less stable during the last twenty years (2,452 units in 1993 compared to 2,375 units in 1975) and a wholesale disintegration did not accompany the reform. Also, the

size of municipalities is much larger than in the two other countries and is more acceptable in terms of the sustainability criteria.

The Decentralization - Centralization Cleavage

In all three countries it was understood that a second stage of the territorial reform will follow which will tackle the regional government. Yet, this has not happened and the continuation of the reform is still pending. The extended provisorium does not permit finalizing the over-all architecture of the territorial government reforms and perpetuates the existence of many gaps and vague points in the legislation as well as a mess in inter-governmental relations. It also creates political tension fueled by dissatisfied regional elites.

At least four reasons can be mentioned: 1. the intermediary authorities were the most discredited element of the Communist territorial government and were the target of fiercest criticism after the regime collapsed; resentments still block their reconstruction, 2. the momentum of the territorial reform was lost after most of the post-revolutionary enthusiasm had been spent on the reform of local governments; time is no more on the side of decentralization, 3. the reform of regional-level administration has been perceived by political actors as more relevant for the distribution of political power than was the local reform and it became, therefore, much more disputed, 4. it is difficult to design the regional tier of public administration unless the shape of the local tier has been stabilized. In addition, the central governments, irrespective of their political shade, intentionally delayed or even torpedoed continuation of the reform on the intermediary level because of fears that they will have to give up some of their prerogatives and will lose control of the country's development.

A tendency towards maintaining some degree of centralism or even towards certain re-centralization can be observed in the region. Beside doctrinal arguments, and the not-so-surprising behavior of bureaucratic structures, it has likely the following four main reasons stemming from the specific situation of the transforming countries:

- the need of the central government to maintain control of the economic and political development in the still volatile situation of post-Communist transformation,
- the need to control distribution of scarce resources in the circumstances of transformational recession or outright crisis,
- specifically, the need to control economic and social differences among territorial units so as to prevent marginalization of some regions and the resulting social and political tensions endangering the new regime,
- maintaining of national integration in the general atmosphere of the transformation processes.

Neither of the above reasons can be easily dismissed. As pointed by several authors (Illner 1991b, Barlow 1992, Hesse 1993 and 1995a and others), the tiny local governments which were the result of the spontaneous "explosion" of the pre-1989 territorial structure, are as a rule too small to function properly as political and as economic units. They cannot develop a differentiated political system with a plurality of interests and actors and are, therefore, prone to clientelism. What in the small communities seems to be a positive neighborhood integration, might in reality become an oligarchic rule of few families or of a small bunch of local influentials. Small communities cannot, as a rule, mobilize sufficient political and organizational resources to launch more ambitious developmental projects and they are far too weak partners in negotiations with regional state offices. Their weakness facilitates centralist tendencies. Still more problematic is the small size for socio-economic development. With a fragmented structure, inter-municipal differences in the provision of services increase and it is difficult to attain equity (Barlow 1992, p. 62-63).

Overcoming territorial fragmentation of local governments will be probably one of the prerequisites to further success of the reform. However, consolidation of local governments involving some degree of re-centralization cannot be achieved within a short period and it cannot be decreed; any externally imposed amalgamation would be politically untenable. Territorial administrative systems in East Central Europe have to put up with a prolonged existence of small local governments. The issue is to strike a proper balance between the participatory aspect of local government which speaks for the smaller municipalities, and the aspect of economic and administrative efficacy of local governments as well as representative democracy which favours larger units.

Conclusion

Neither decentralization nor centralization of government ues in post-Communist transformation. One-sided approaches - the centralistic ones or the decentralistic ones, are hardly acceptable. The levels of decentralization and centralization have to be weighed against functional and contextual factors and their optimum, rather than maximum or minimum, is to be sought. Decentralization is, indeed, a stumbling block of the post-Communist transformation in East Central Europe, yet in a more complex sense than it is usually assumed: both an insufficient as well as an excessive decentralization are the problem. On the regional level, decentralization is still an issue and further decentralizing reforms are expected. On the local level, the excesses of decentralization should be corrected.

Notes

(1) This paper is based on a study "The territorial dimension of public administration reforms in East Central Europe" prepared by the author for the Centre for European Studies, Nuffield College, Oxford University, within a project coordinated by Professor J. J. Hesse, and to be published by the Nuffield College. For presentation at the ISA Regional Conference the original text was substantially abbreviated and modified.

(2) The territorial structure of public administration in East Central Europe in 1989, at the end of the Communist era, was the following: In Czech Republic there existed a three-tier system of territorial government (1. Municipalities - villages and towns, altogether 4,104 units, 2. Districts - 75 units, 3. Regions - 7 units plus the capital). Hungary had a two-tier system (1. Municipalities - villages, joint villages, great villages, joint great villages, towns, joint town-village municipalities, county towns, joint towns, altogether 1,542 units), 2. Regions - counties, 19 units). In Poland there were two tiers (1. Municipalities - rural, urban, joint urban-rural, 2,383 units, 2. Regions - "voivodships", 49 units).

(3) In spite of some fluctuations, citizens tend to have confidence in the new local authorities and have been mostly satisfied within Czech Republic the ratio of those who have confidence in local governments to those who have not was 59% : 26% at the end of 1995. Local governments enjoy a relatively high confidence compared with other political institutions (the data are from the current surveys of the Czech Institute for Public Opinion Research). In Poland the same indicator was about 65% : 30% and self-government authorities were among the institutions that enjoyed the greatest public confidence (data of the Polish State Centre for Public Opinion Investigations, quoted after Cichocki and Cielecka 1995, p. 190). As for satisfaction, Czech data indicated that the ratio of those satisfied with local authorities to unsatisfied was 50% : 26% in 1994 (data from the Czech part of the ISSP 1994 module).

(4) The reform of local government and territorial administration was performed in 1990 and local elections were held in November 1990. Public administration was separated from the self-government of territorial units. The existing three-level system of the National Committees was abolished and substituted by a two-tier division of the Czech Republic, with the third tier pending. In urban and rural municipalities territorial self-government has been introduced (municipalities are the only level on which the territorial self-government has been established). The reform has instituted a new structure of municipal organs and a new regulation of resources. First local elections after the fall of the communist regime took place in November 1990, the second in 1994. The electoral system followed the rule of proportional representation.

(5) The reform of territorial government in Hungary is the outcome of a relatively long-lasting, continual and systematic preparatory work which commenced already before 1989 and was made possible by the Hungarian brand of reform communism. The reform itself was instituted in 1990 and its main principles were same as those mentioned above in the case of Czech Republic. However, the Hungarian reform was made and went farther than analogical reforms in Czech Republic and Poland. The

reform tried to establish a system of local government that is non-hierarchical and decentralized, similar to the British or Scandinavian models. Any hierarchical relationships between tiers of government were abolished, supervisory powers of the higher tiers were restricted and local governments were given the right to levy their own taxes. It was particularly the system of local finance where the reform was very advanced and elaborate.

(6) Also in Poland, the main thrust of territorial reform was to establish local self-government on the municipal level. This priority was supported by the "Solidarity's" programmatic idea of a "self-governing society" that had to be built in Poland bottom-up, beginning at the local level and proceeding therefrom to the regional and central levels (Benzler, 1994, p. 315-316 and 322-323). The reform was instituted by the Act on Local Self-Government from March 1990, and a package of other bills that followed.

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