Chapter 1
Territorial Decentralization: An Obstacle to Democratic Reform in Central and Eastern Europe?

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The 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 rebuilding political and administrative systems in Central and Eastern Europe after 1989. Indeed, the reforms of territorial government followed closely after the collapse of the Communist regimes and after the transformations of the constitutional bodies and central governments in 1990.

In this chapter, I will discuss the decentralization dimension of the reforms in three Central and Eastern European countries—the Czech Republic, Hungary, and Poland. I will focus on some aspects of its intellectual and political background, on the expectations it has created, on the results it has so far delivered, and on the problems it has created.

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The issue is highly relevant in the context of postcommunist development because the territorial decentralization of government, a cornerstone of the first transformational programs, did not materialize as expected. The reforms aimed at decentralization were halted halfway through the process, and recently more centralist policies have been introduced in the region. A debate is under way in Central and Eastern Europe, in both theoretical and political forms, on the merits and feasibility of territorial decentralization and on the emerging recentralization.

As far as possible, I will approach the situation in the three countries summarily; although, in reality three individual and not entirely identical national reforms and discourses are concerned. For the sake of brevity, and with a certain license, the three countries will be referred to here as Central and Eastern Europe; this is obviously inaccurate as there are more countries in the region, which, anyhow, is poorly defined.

In administrative reforms anywhere, the searches for an optimum vertical territorial structure of government and for optimum government areas has always been a highly relevant issue. As a rule, institutions of government are designed to act on more than just one geographical level—they are organized into several territorially defined tiers. Besides the national administrative institutions, there exist institutions operating at subnational levels as well—typically a regional (intermediary) level and local level. The need for such a multitiered structure has been supported by two lines of arguments, each referring to a different aspect of a modern state (Taylor 1993, 317–18).

First, as bureaucratic organizations, governments have to deconcentrate some of their functions along the geographical scale in order to attain higher efficiency, both internal administrative efficiency and efficiency of service provision. Deconcentration is understood as a process whereby governmental functions are shifted downward within the hierarchical system of state bureaucracy, yet without weakening the vertical hierarchy of the system—deconcentrated units remain vertically subordinated to central authorities. It is argued that deconcentrated units of government, being nearer to the field of their operation than the
core units, can act with a better knowledge of situations, can better communicate with the parties involved, and are better disposed to implement administrative decisions.

Second, central governments decentralize some of their functions to subnational governments in order to support their legitimacy. Decentralization means the devolution of functions of state to autonomous territorial governments that 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 argument (e.g., classical nineteenth-century conservative ideologies) is the top-down reasoning that views local and regional government as being derived from a central authority, enjoying the level of autonomy that was granted to it by the central state and promoting state interests on a local level.

Alternatively, the existence of a “local state”—the political form of a local or regional community—can be explained and supported by federalist bottom-up arguments (e.g., liberal theories of government): the local state as a political form of local or regional community is primary, while any higher-level governments are derived from it and enjoy discretions ceded to them from below.

Decentralization is usually underpinned by functional arguments, again drawn from different theoretical/ideological contexts: it is maintained that a decentralized government promotes citizen participation; is more responsive to the concerns of citizens and more able to find solutions acceptable to them; provides opportunities for the development of a new elite; is a counterweight to the authoritarian state; gives an opportunity to experiment with new structures and policies (Baldersheim et al. 1996, 4); is most effective and efficient in delivering services to meet local needs; creates a sense of place or community (Goldsmith 1992); and is an element of “civil society” or a bridge linking civil society to the central state. It is, therefore, the efficiency, the effectiveness, and the concerns surrounding the legitimacy of the government that stand behind territorial deconcentration and decentralization.
In practical terms, irrespective of theoretical and political underpinnings, territorial decentralization and deconcentration are manifested in the way two principal issues concerning the territorial aspect of government are dealt with: (1) the number, character, competencies, and mutual relations of territorial tiers of government and (2) the character, number, and concrete delimitation of areas of government representing each tier. It is the approach toward solving these two issues, as well as the theoretical and political embedding of the approach, that is the focus of the decentralization debate in Central and Eastern Europe.

To understand the dispute, one has to be aware of the context of the recent decentralization efforts in the postcommunist countries of the region. In particular, three sets of socio-political contextual factors influenced territorial reforms: (1) the political, administrative, and psychological legacies of the communist era; (2) the prevailing expectations toward decentralization; and (3) the political context of the reforms. In some respects, these factors were common to the three countries; in other respects, they varied.

The Centralist Legacies of the Communist Era

Communist regimes in Central and Eastern Europe considered it a priority to seize political control of territorial governments when they were coming to power in the 1940s. In the process, territorial governments were remolded according to the “soviet” model to become councils. Territorial governments were established on the local level (rural and urban municipalities), district level, and regional (provincial) level. Their organizational structure was much the same in all Central and Eastern European countries: an elected assembly, an executive board elected by the assembly and headed by a chairman, several committees composed of deputies, and an administrative apparatus. At each level, the executive board and the administrative apparatus were subordinated simultaneously to organs of the higher territorial tier and to their own council—the principle of “dual subordination.”
As an integral part of the system of communist political power in Central and Eastern Europe, the new territorial governments respected two basic doctrinal rules of this system: the principle of “democratic centralism” and that of “homogeneous state authority.” The main features of the system are characterized below (cf. Vídláková and Zárecky 1989; Illner 1991a, 23–4; Swianiewicz 1992; Coulson 1995b, 5–9; Baldersheim and Illner 1996a; Elander 1995, 5–7).

1. The system was not democratic. The elected bodies 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 political loyalty than voters’ choice. There were no competing candidates, and the way the ballot was organized rendered secret voting impossible.

2. Real decision-making power within the system resided with the Communist Party bureaucracy. Territorial governments, their functionaries, and their personnel were under the permanent control of the Communist Party. The posts of councilors and officials of the territorial government belonged to the nomenklatura, which meant that the persons occupying the posts had to be approved by the responsible Communist Party authorities.

3. The system was centralist, and any authentic territorial self-government was excluded. Important issues of local and regional development were decided and financed by higher-level territorial administrations or by the central ministries. Higher levels of authority could suspend decisions or even dissolve a local council, according to the principle of dual subordination.

4. In the system, territorial government lacked sufficient economic and financial foundations. 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 part of state property, which was administered by territorial governments.
5. Public administration and self-government were amalgamated into a single system based on the ideology of democratic centralism. According to this ideology, no contradictions could, by definition, arise between the “real” interests of the state and the interests of its territorial subsystems because they were all supposed to express the interests of the working class. A single political and administrative body—the local version of the soviets—was, therefore, made responsible for advocating both local and central interests.

6. The system’s ability to provide horizontal integration within and among administrative areas was weak. This problem was due to the preponderance of vertical relationships both in politics and in the economy, where a sectorial perspective was by far the most important. As a result, a territorial unit was administered more as an aggregate of local or regional outposts of individual economic and administrative agencies than as a complex socioeconomic organism.

As it was pointed out by some authors (cf. Illner 1993; Elander 1995, 6-7; Coulson 1995b, 9), there was a difference between the official ideological model of territorial government under Communism and its real-life face. An example is the erosion of territorial government by economic organizations. In spite of the formal competencies of territorial governments, which by law were responsible for the complex economic and social development of their territories, the vertically organized and centrally controlled economic structures (industrial and other enterprises and their associations as well as economic ministries) assumed a strong and sometimes decisive influence in local and regional issues. Enterprises, which frequently commanded much greater resources than territorial governments, assumed a wide range of public sector responsibilities commonly belonging to the territorial administration. In some places, enterprises even became the main sponsors of local development, making territorial authorities ultimately dependent on them. The political and economic relevance of territorial government was thus undermined not only by centralism but also by the increasing strength and patronage of economic organizations (cf. Illner 1992; Benzler 1994).
Another example concerns the degeneration of the centralist command system into a client-based structure. As elsewhere, the bureaucratic system of vertical subordination in territorial government proved ineffective and degenerated into a system of networking and negotiation where lines of personal influence and negotiating skills played an important role (Coulson 1995b, 9). As noted by Illés (1993), there has been a widespread tendency in Hungary to represent the local and regional interests of the Communist Party and state apparatus through local townsmen and through other methods of extensive lobbying. In all of Central and Eastern Europe, contributions to municipal and regional infrastructure and services were usually negotiated informally, either within the local nomenklatura as a trade-off between its various groups or with higher-level political and administrative bosses (Tarkowski 1983, 47–73; Illner 1992, 42). Although theoretically there should have been no room for the representation of local and regional interests within the system, in reality it constituted a major characteristic (Illés 1993).

Neither was the system of territorial government entirely static during the forty years of communist rule. In each of the countries, several reform measures were introduced that were 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. For example, the Czechoslovak reforms of 1961, the Polish reforms of 1973–1975, and the Hungarian reforms of 1984 fundamentally changed the territorial structure of public administration and contributed to its centralization. On the other hand, other reforms introduced modest elements of decentralization and democratization; although, the changes were never such that would touch on the fundamentals of the system. Still, discussions on the contours of a serious systemic reform of territorial government were already under way in all three countries some time before 1989. It would thus be misleading to view the forty years of the Communist regime as a monolithic period without any internal dynamism and differentiation as far as territorial government is concerned.
Besides the institutional and political legacy of the Communist system of territorial government, the post-1989 reforms also faced a legacy of political culture characterized by:

1. A separation of the private and the public spheres; a popular distrust of institutions, of any political representation, and of formal procedures; as well as an unwillingness on the part of citizens to get involved in public matters and to hold public office.

2. A paternalism that was characterized by a belief that local needs should be and will be taken care of by extralocal actors, usually by higher standing authorities (the state or the region), and that the proper strategy to attend to these needs is to mobilize support of external patrons.

3. A popular feeling of being chronically disadvantaged, of the community being neglected by authorities (be they central, regional, or whichever), and of members of the community being handicapped vis-à-vis their neighbors.

This set of attitudes, in its time a functional and spontaneous reaction to the pressures of an authoritarian regime, became a difficult heritage that complicated democratic reforms after 1989 (see Rose et al. 1995 for the manifestation of these attitudes in local politics). These attitudes receded temporarily during the 1989–1990 wave of public participation but were partly restored thereafter.

Aside from the legacies of the communist system, the older, precommunist traditions of public administration also played some role in the 1990 reforms. Territorial government has quite a long history in all three Central and Eastern European countries, and the precommunist system has been an inspiration for reformers. In the territories that belonged to the former Austro-Hungarian monarchy (the Czech Lands, Hungary, and Galicia), modern territorial administration was founded in 1862. With modifications, this system was maintained in both countries until 1945, and it served again as the point of reference for recent reforms. In Poland, which until 1918 was partitioned between its three neighboring imperial powers, elements of the Austro-Hungarian,
Prussian, and Russian legal systems coexisted after reunification until the 1930s, and here the Austrian and the German systems of territorial administration were the largest inspiration for the reforms of 1990.

**Expectations toward Decentralization**

From 1988 to 1990, when the reforms were contemplated and their first stage implemented, euphoric expectations concerning democratization, the reparation of earlier injustices, and the fulfillment of diverse political and social ideals and ambitions were prevalent. Many such expectations and values were associated with the reform of public administration, and some of them influenced its conception. Localism, regionalism, and communitarianism were among such influential streams. Their roots were varied.

Localism, regionalism, and communitarianism were an ingredient in the thinking of some groups among the anticommunist opposition who conceived the future postcommunist 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 anticommunist opposition groups, particularly in Poland after Jaruzelski’s coup of 1980, had hoped that the change of regime would begin at the local level because the top-down process seemed forlorn. Furthermore, localism was a reaction of the population and the local elite to the centralism applied by the pre-1989 regime, particularly to its effort to streamline the settlement structure by a reckless application of a centralized system—many rural municipalities lost their administrative status after the 1960s, as amalgamations were forced on them from above, which antagonized 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. Furthermore, old territorial feuds and perceived injustices (many originating in the precommunist era) concerning the acknowledgment and boundaries of administrative areas, seats of local and regional governments, fueled localistic and regionalistic attitudes.
The reform was viewed by the local and regional elite as an opportunity to reopen and renegotiate old issues. In addition, one further root of localism was found in a conservative reaction to the modernization process. This reaction has been expressed in the radical ecological thinking and the social movements associated with it—the “small is beautiful” ideology, antiurban and prorural values, etc.

Among expectations that shaped attitudes toward reform were also those concerning its supranational “European” dimension. All three countries of Central and Eastern Europe endeavor to be integrated into Western European international and supranational institutions—the European Union being the best example. It is acknowledged that the structural adaptation of these countries to Western European standards is one of the most important prerequisites to successful integration. As far as the territorial administrative structures of these countries are concerned, it has been frequently mentioned that particularly the regional level should be designed to be compatible with the regions in Western Europe, to have the ability to associate and compete with them in transnational structures of inter-regional cooperation, and to participate in European regional programs. These “European” ambitions and the vision of the future “Europe of the regions” have thus produced another strong set of expectations concerning the decentralizing effects of reform.

Localism and regionalism were manifested by a strong desire for local and regional autonomy and self-government and by the high value attributed to the local community and things local and territorial in general. After 1989, localism and regionalism generated high (often unrealistic) expectations with regard to the potential benefits of decentralization, particularly of local self-government (cf. the “myths” of local self-government as they were identified by G. Gorzelak [1992]).

**Political Context of Decentralization**

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

The reforms and new local elections were intended to facilitate a displacement of the old local and regional political elite and thus undermine remnants of Communist power in the provinces. The reforms had a strong symbolic meaning, as they were a way to legitimate the new power and demonstrate that things have moved away from the previous circumstances. Therefore, little or no time was afforded for testing optimum solutions, and consequently the risk of wrong steps was high. Political concerns were primary; administrative and economic concerns were of secondary importance in this context. While the overall function that the reforms fulfilled in the political transformation was basically the same in the individual Central and Eastern European countries, the more immediate situational contexts of the reform measures were different in each.

In Hungary, reforms were preceded by several years of discussions and preparatory legislative work, which began in 1987 when Hungary was still under the Communist regime and was supported by the reform wing of the Communist Party (Péteri and Szabó 1991; Wollmann 1995). The postcommunist reform of territorial government was continuous, negotiated, relatively well prepared, and 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. In the 1980s, establishing a self-governing republic was a programmatic goal of the Solidarity movement in its struggle against the Communist regime (cf. Benzler 1994, 315–17). The strategy of the opposition was to erode the regime from the bottom level. Ideas concerning the system of local self-government were developed in discussions among intellectuals during the 1980s and were supported by numerous empirical studies.
undertaken within the research program “Local Poland and Territorial Self-Government within a Framework of a Reform and Reconstruction of Space Economy,” which was a state-sponsored research program in Poland in the 1980s. The democratization of local governments and the promotion of free local elections were among the key issues in the 1988–1989 round-table negotiations between Solidarity and the Communist authorities. While the negotiations on this issue ended in a stalemate, they helped to clearly define the position of Solidarity. This process helped to prepare an agenda for the new Senate that was democratically elected in mid-1989 and immediately began to draft the new legislation on local self-government (Benzler 1994, 318).

The Czech Republic was a different case, where all serious steps toward decentralization were taken only after the fall of the Communist regime in November 1989. Before 1989, discussions among experts and intellectuals took place, critically motivated research by the local administration was undertaken (cf. Illner and Jungmann 1988; Premusová 1989), 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 for this was the rigidity of the regime which, after the occupation of the country by the Warsaw Pact armies in 1968, was more severe than the regimes in the other two countries. There was no thawing period after 1968 that would allow discussions on the decentralization issue. It has been stated that among the three countries of Central and Eastern Europe, Czechoslovakia was the least prepared for institutional reform in 1989 (Davey 1995a, 42), and its preparation had to be compressed into the nine months between the fall of the Communist regime and the new local government legislation of September 1990.

**The Unfinished Territorial Reforms**

The postcommunist reforms of territorial government took place in all Central and Eastern European countries in 1990, and several finishing 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-étatization of public administration were the dominant aims. Territorial self-government was introduced in urban and rural municipalities (also on the regional level in Hungary) 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.14 The three territorial reforms had many common traits, but they differed in many respects. It is the parallel effort of all three countries to get rid of their common totalitarian heritage and to establish a democratic territorial administration, as well as their cultural and social proximity and partly shared histories, that explains the commonalities. It is the different geographies, different national brands of communism, different circumstances in exiting from communism, and also the divergent elements of their cultures and social systems that account for the differences.

In all three countries, the most successful part of the reform of public administration was that which concerned local government. 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 positive attitudes of citizens toward the new local authorities bear 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).15 Yet, two major issues have been left unresolved by the reform measures: extending decentralization to the regional level (particularly in the Czech Republic and Poland) and dealing with territorial fragmentation on the local level (particularly in the Czech Republic and Hungary).

While that part of the reform which dealt with local governments was a success, the same cannot be said about the reform of regional (intermediate) government. Fewer innovations were introduced here, and the old administrative structures and areas were mostly preserved. Without this issue being solved, territorial decentralization cannot be considered complete. Furthermore, another problematic aspect of the
decentralization has been territorial fragmentation in the Czech Republic and Hungary. The splitting of existing municipalities into smaller independent units fulfilled local ambitions and enhanced local initiatives and local feelings. It was an understandable and, perhaps, unavoidable component of the democratization process. But fragmentation, at the same time, became or can soon become a source of major problems and, unless compensated, may jeopardize the success of the reform process. Let us now briefly look at the situation in the three individual countries of the region as far as the above two problems are concerned.

The Czech Republic

The most important missing component in the transformation of the public sector in the Czech Republic is the absence of reform at the intermediate level of government (Hesse 1995c; Baldersheim and Illner 1996b). Although regional (provincial) governments and administrations were abolished in 1990 (a step that, in retrospect, seems too hasty and, perhaps, not quite inevitable), the old system of state administration at the district level has remained largely intact. The administrative bodies of the former District National Committees now operate as district offices, but they have no elected counterparts. District offices thus tend to become uncomfortably strong arms of the central government and vehicles of centralism. On the other hand, the higher-level regional government (the former regions [provinces]) is missing, although the establishment of higher-level territorial government (provinces or lands) was foreseen by the Constitution of the Czech Republic of 1992.

The absence of regional (provincial) government is detrimental for both functional as well as normative reasons (Hesse 1995c, 7–16; Zárecky 1996):

1. There are a number of regional problems that cannot be properly treated at the district level and need a wider territorial framework, for instance, many environmental issues and issues of spatial planning.
2. The absence of regional-level administration justifies the existence of “decos” (deconcentrated agencies of the central government), which complicate intergovernmental relations and partly duplicate the existing district offices (Hesse 1995a).

3. The reform of public administration was designed as a system that included the upper tier of territorial self-government; without this element, its architecture 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, creates a state of liability, and may induce legal nihilism.

5. The absence of regional-level self-government contributes to the growth and overload of central bureaucracies and to excessive etatization of the public sphere.

6. Dissatisfied regional interests accumulate, creating a politically explosive situation.

While options have already been formulated, analyses performed, and several alternative pieces of legislation drafted, all of the above issues are still contested in the political arena. The political will to make a decision has been missing.

Czech lands have always had a highly fragmented settlement structure and a correspondingly fragmented structure of local government. The number of local governments (municipalities) was essentially stable during the first half of this century, until the 1950s when it began to fall due to the depopulation of rural areas, the territorial expansion of cities, and to the forced administrative amalgamation of smaller places. This process has been radically reversed since the beginning of the 1990s. The post-1989 localism (see above), together with the liberal provisions of the new 1990 Act on Municipalities—enabling an easy separation of those parts of the existing municipalities that have decided for administrative independence—contributed to a far-reaching, spontaneous fragmentation of the existing territorial administrative structure. Many municipalities that had been amalgamated in the earlier years split again into their original parts. The
previous amalgamation was rejected as an act of centralism by the municipalities involved, and the renewal of their political and administrative identity was viewed as a priority in the restoration of local democracy. Criteria governing economic and organizational rationality seldom played a role in such decisions. The number of municipalities increased by 51 percent during the period from 1989 to 1993 and reached 6,196 by 1 January 1993. The process of fragmentation has continued after 1993 (the last year for which we have data), though at a slower pace.

**Hungary**

The Hungarian reform of territorial government was the best prepared, the most comprehensive, and the most liberal among the territorial reforms in postcommunist Central and Eastern Europe. It was the only reform process that introduced self-government on both the local and regional levels. Despite these facts, several issues remain outstanding.

Again, as in the Czech Republic (although different in nature), a set of problems is clustered around regional-level administration and intergovernmental coordination. The competencies of the present counties, a product of a political compromise reached in 1990 during discussions on the Local Government Act, are clearly insufficient and ill defined. The competencies are substantially smaller compared to what they were before the 1990 reform. This seems to be a real problem given the fragmentation of local governments that counties should, at least partly, compensate for through coordinating and taking over responsibility for supralocal services. Moreover, the proliferation of deconcentrated state agencies within the power vacuum left after the withdrawal of county governments strengthens the power of the central state and contributes to the segmentation of territorial administration.

Also, 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 in the Czech case—the splitting of municipalities was mainly a reaction to earlier forced amalgamation.¹⁹

For the first twenty-five years, the number of villages with their own councils was decreasing—most sharply at the end of the 1960s. The trend was completely reversed after 1990, and within a short time the number of independent villages was back where it used to be in 1962. In Hungary, settlements were completely free to form a self-government authority if they so decided. As a result, more than one half of the total number of municipalities have less than 1,000 inhabitants.

The difficulties caused by fragmentation are described below—one doubts if the small municipalities are really capable of performing all the functions that they were assigned by the generous reform process. Hungarian legislation provided several methods to cope with fragmentation (Davey 1995b, 69–70) through intermunicipal cooperation. One of these methods is compulsory (the smallest local authorities are required to set up joint administrative offices, which are obliged to employ qualified notaries), others are optional. It seems, however, that these instruments are not applied as they should be, and local governments display a rather negative attitude toward intermunicipal cooperation and integration (Illés 1993, 6). Administrative fragmentation thus remains a major problem.

**Poland**²⁰

Most commentators agree that the Polish reform of territorial government is incomplete, and its future is uncertain (Hesse 1995a, 254). While on the local level the transformation of government has been mostly completed and the new local governments can be considered successful, the situation on the intermediate level needs further attention.

The sore point of the Polish reform process is the intermediate level where two mutually interconnected issues are on the agenda. One issue is the reform of contemporary provinces (*voivodships*) established in 1975 by the Communist government, mainly for political reasons, which were essentially untouched by the 1990 reform.²¹ A reduction of their number and an increase of their territories have been proposed (Hesse...
In redrawing the boundaries of the provinces, more attention should be paid to historical traditions and territorial economic relations. The other issue is a plan to reintroduce districts (powiats) as a second level of territorial self-government and as another tier of the territorial division of the state. The establishment of such districts was already announced in 1993 but later, after parliamentary elections, withdrawn by the new government, together with the pilot program intended to introduce the first stage of reform. This withdrawal, understandably, caused an outcry among adherents of the reforms and created an atmosphere of instability as far as the further development of territorial administration was concerned. In 1995–1996, the district issue was reopened during the drafting of a new constitution, thus far without conclusive results. In addition, contradictions and ambiguities exist in the legislation with respect to the delimitation of responsibilities and cooperation between municipalities and provinces (Benzler 1994, 323–24).

Unlike in the Czech Republic and Hungary, fragmentation of local governments has not been much of a problem in Poland. The number of municipalities has remained relatively stable over 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 process. Also, the size of municipalities is much larger than in the two other countries and is more acceptable in terms of sustainability. Poland, a country with a population four times larger than that of the Czech Republic, had less than one half of the Czech number of municipalities.

The Decentralization-Centralization Cleavage

In all three countries, it was understood that a second stage of territorial reform to follow would tackle regional government; yet, this has not happened, and the continuation of reform is still pending. The extended provision, as far as regional-level administration is concerned, does not permit the overall architecture of the reforms dealing with territorial government to be finalized and perpetuates the existence of many gaps and vague points in the legislation, as well as creating a mess in
intergovernmental relations. As mentioned earlier, the provision also creates political tension fueled by a dissatisfied regional elite. At least four reasons for this development should be mentioned:

1. The intermediary authorities were the most discredited element of the Communist territorial government and were the target of the fiercest criticism after the regime collapsed—resentments still block their reintroduction.

2. The momentum of the territorial reform was lost after most of the postrevolutionary enthusiasm had been spent on the reform of local governments—time is no longer on the side of decentralization.

3. Political actors perceive the reform of regional-level administration as more relevant to the distribution of political power than was the local reform, and it became, therefore, intensely disputed—conflicts have lead eventually to a political stalemate that blocked further progress.

4. It is difficult to design the regional tier of public administration unless the shape of the local tier has been stabilized. Given the highly fragmented and, therefore, still unstable structure of local government in the Czech Republic and Hungary, it may be premature to fix the regional-tier administration in these two countries.

In addition, decentralists would argue that the new central governments, irrespective of their political shade, intentionally delayed or even torpedoed the continuation of the reform process on the intermediate level because of fears that they would have to give up some of their prerogatives and would lose control of the country’s development (cf. Regulska 1995). As noted by Baldersheim and Illner in the case of Czech Republic, the reluctance of the Czech ruling conservative party to continue the territorial reform and establish regional-level governments has a deeper political and ideological background: “Pragmatically motivated fears of societal fragmentation and loss of central control in a still transforming society have been mixed with ideological arguments
casting doubts on the relevance of any political institutions that stand between a citizen and the state, apart from political parties” (Baldersheim and Illner 1996b).

Fears that the extension of territorial self-government to the intermediate level could pose a challenge to the current distribution of political power in the country is one of the factors that stand in the background of such apprehensive attitudes (Hesse 1995a, 15). Some authors and politicians (e.g., J. Regulski and M. Kulesza in Poland and J. Jezek and J. Kalvoda in the Czech Republic) view the missing regional-level decentralization in Central and Eastern Europe as a real stumbling block for the progress of postcommunist transformation.

However, a tendency toward maintaining some degree of centralism or even toward certain recentralization can be observed in the region. Besides doctrinal arguments, and the not-so-surprising behavior of bureaucratic structures, this tendency has the following four main causes, which stem from the specific situation of the transforming countries (cf. Elander 1995): (1) the need of the central government to maintain control of economic and political development in the still volatile postcommunist transformation; (2) the need to control the distribution of scarce resources during a transformational recession or outright crisis; (3) the need to control economic and social differences among territorial units, so as to prevent the marginalization of some regions and the resulting social and political tensions that would endanger the new regime; and (4) the need to formulate policies aimed at maintaining national integration in a general atmosphere of societal fragmentation, resulting from the transformation processes.

None of the above factors can be easily dismissed, and the arguments for maintaining a certain level of centralism and even applying some corrective recentralization in Central and Eastern Europe seem to be well founded. The rationale for such a position can be well supported by illustrating the negative consequences of the fragmentation of local governments that took place in the Czech Republic and Hungary after 1989 (see above).
The exaggerated and romantic localism (and regionalism) of the pre-1989 movements as well as the exaggerated ambitions of the local elite during the early period of the transition generated many unrealistic expectations regarding the potential benefits of territorial decentralization, autonomy, and self-government, and they contributed to the fragmentation of the territorial structure of government that took place particularly in the Czech Republic and in Hungary after 1990. Commenting on the Polish situation, G. Gorzelak (1992) identified six myths about local government in the postsocialist countries that contributed to false expectations: (1) the myth of local autonomy (unrealistic expectations toward the potential of local autonomy and the rejection of any central involvement in local affairs); (2) the myth of prosperity (the belief that economic autarky will guarantee the prosperity of local communities); (3) the myth of property (the belief that the restoration of municipal property will in itself guarantee local development); (4) the myth of omnipotence (the belief that municipalities are both entitled to and capable of deciding all local problems by themselves); (5) the myth of eagerness (the belief that zeal can compensate for knowledge and skills in local politics and administration); and (6) the myth of stabilization (the belief that stable conditions are what local governments should and can attempt to reach). Gorzelak’s observations, inspired by the Polish scene, can be easily generalized to all three countries of the region.

As noted by numerous authors (e.g., Illner 1991b, Barlow 1992; Hesse 1993), the tiny local governments that 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 small communities seems to be a positive neighborhood integration, might in reality become an oligarchic rule of a few families or of a small group of local influentials. Small communities cannot, as a rule, mobilize sufficient political and organizational resources to launch more ambitious projects, and they are far too weak as partners in negotiations with regional state offices. Their weakness facilitates centralist
tendencies. Still more problematic is the small scope for socio-economic development. Economies of scale cannot be achieved within the framework of very small communities: narrow municipal boundaries constrain or impede the provision of municipal services, which are thus frequently duplicated and difficult to coordinate. With a fragmented structure and intermunicipal differences in the provision of services, it is difficult to attain equity (Barlow 1992, 62–63).

Overcoming the territorial fragmentation of local governments probably will be one of the prerequisites to the further success of the reform process. The effectiveness of local authorities in the provision of services and the stimulation of local development, which depends on their size, may prove critically relevant for success. However, consolidation, which involves some degree of recentralization, cannot be achieved within a short period and cannot be decreed—any externally imposed amalgamation would be politically untenable. Territorial administrative systems in Central and Eastern Europe have to put up with the 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 aspects dealing with economic and administrative efficacy and representative democracy, which favor larger units. A feasible way to overcome the extreme fragmentation is to design, encourage, and support intermunicipal cooperation (cooperation targeted on specific goals and the establishment of special districts), which might later lead to genuine amalgamation and stimulate such cooperation through state subsidies, fiscal policy, and advice. Some of these methods can be made obligatory. Hungarian legislation is quite inspirational in this respect.

**Conclusion**

Neither decentralization nor centralization are, of course, absolute values in postcommunist transformation. One-sided approaches—whether the centralist legacy of the former regime and the centralist temptations of the new elite or the decentralist dreams of communitarians and the war cries of localists and regionalists—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 for postcommunist transformation in Central and Eastern Europe, yet in a more complex sense than it is usually assumed: both insufficient and excessive decentralization are the problems. On the regional level, decentralization is still an issue, and further reforms are expected. On the local level, the excesses of decentralization should be corrected.
Notes

1. This approach is reasonably justified as all three countries share similar legacies of the Communist past, in addition to some legacies of a more distant history, and they have been facing similar tasks during transition. Some cultural commonalities between the Czech lands, Hungary, and Galicia (the southeastern part of Poland) can be traced back to earlier times. Until 1918, these territories belonged to the Austro-Hungarian empire and shared similar institutions and a similar cultural climate.

2. Coulson remarked that “the centralized Stalinist system gradually collapsed into something more akin to a network of baronial fiefs, consisting of party bosses each engaged in the pursuit of their own ends.” This, in his opinion, reflects a political culture that has older roots than communism in some countries of Central and Eastern Europe (Coulson 1995b, 9).

3. The Czechoslovak reform of 1961 introduced a new administrative regionalization of the country, which reduced the number of regional-level units (districts and regions), increased their size, and shifted many competencies to the ministries. The Polish reform of 1973–1975 and the Hungarian reform of 1984 abolished the intermediary units (the districts) and introduced a two-tier system of territorial administration. In Czechoslovakia, the possibility of introducing a two-tier system was also discussed in the 1980s but was never brought to life.

4. The territorial structure of public administration in Central and Eastern Europe in 1989, at the end of the Communist era, is outlined below. In the Czech Republic, there existed a three-tier system of territorial government: (1) municipalities (villages and towns), altogether 4,104 units; (2) districts, seventy-five units; (3) regions, seven 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, and joint towns), altogether 1,542 units; (2) regions (counties), nineteen units. In Poland, there were two tiers: (1) municipalities (rural, urban and joint urban-rural), 2,383 units; (2) regions (voivodships), forty-nine units.

5. This political culture is the product of a much longer development than just the forty years of the Communist regime. In the Czech lands, it was also shaped by the Nazi occupation, by the interwar democratic regime, and by the long experience
of suppressed national existence within the Habsburg empire. A greater part of this historical experience consisted of coping with external pressures of some kind and adapting to them.

6. Both for ideological and pragmatic reasons, establishing a self-governing republic was one of the key concepts in the program of the Polish Solidarity movement in the 1980s. Self-governing structures had to be established wherever possible, in the enterprises as well as in the territorial units, the subjectivity of which had to be strengthened (cf. Benzler 1994, 315–17). Based on a more philosophical grounding, this kind of thinking was close to the group of Czechoslovak dissident intellectuals grouped around Václav Havel.

7. High expectations toward the social and political impact of localism were frequently expressed in the late 1980s and early 1990s by Polish social scientists grouped in the research program dealing with local Poland and territorial self-government. (cf. Jalowiecki 1989.)

8. In the Czech Republic, all settlements were categorized in 1971 according to five categories, and for each category a certain level of development was foreseen. Housing construction was regulated to comply with the categorization. In the case of the least preferred category of settlements, development had to be suppressed and gradual depopulation was expected.

9. B. Jalowiecki in his study on the 1990 Polish local elections mentions several examples of such ancient and persistent territorial feuds (Jalowiecki 1990, 136–7).

10. 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 and used to have considerable autonomy within the former Czech Kingdom. The background of the claim is regional, not ethnic. In discussions concerning the reform of regional-level government, these parties demanded that Moravia becomes an autonomous administrative and political unit and that it should be called a “land.” These measures were supposed to restore the historical status of this region. Such aspirations have not found sympathy in the government, which feared that the Czech-Slovak schism may be replayed in the case of Moravia.

11. We prefer to view the measures of 1990 as the first stage of a more comprehensive reform of territorial administration, which continued in the subsequent years and has not yet been finished.
12. The 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 is missing as a proper level for the implementation of several agendas regarding public administration (e.g., environmental protection, regional planning, higher-order health services).

13. As mentioned, there was a difference between the three countries in terms of the preparation of the reform. In Hungary, with its relatively liberal atmosphere, serious discussions about reform began as early as 1987. In Poland, similar discussions followed one year later. In Czechoslovakia, reform measures had to be prepared within a few months in 1990.

14. The new system of territorial government in the Czech Republic was described and analyzed by a number of social scientists, notably Baldersheim et al. 1996c; Davey 1995a; Dostál and Kára 1992; Dostál and Hampl 1993; Hendrych 1993; Hesse 1995a, b, c; Hesse and Goetz 1993/94b; Illner 1991a, b; Kára and Blazek 1993; and Wollmann 1994. Some of the above contributions belong to “gray zone” literature that is not distributed through commercial networks.


The Polish reform of territorial government is probably the most frequently analyzed and commented on among the postcommunist reforms in Central and Eastern European countries. This is due more to the dramatic circumstances under which the changes were first negotiated during the round-table discussions, to the importance attributed by Solidarity’s strategists to transformation on the local level, and to the large number of scholars (both domestic and foreign) monitoring the Polish scene, than to the particular comprehensiveness or consistency of the Polish reform; in this respect, the uncontested primacy belongs to Hungary. We mention some social science contributions commenting on the Polish developments: Baldersheim et al. 1996c; Benzler 1994; Cielecka and Gibson 1995; Gorzelak 1995; Grochowski

15. In spite of some fluctuations, citizens tend to have confidence in the new local authorities and have been mostly satisfied with their activity. In the Czech Republic, the ratio of those who had confidence in local governments to those who did not was 59:26 at the end of 1995. Local governments enjoy a relatively high rate of 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 authorities dealing with self-government were among the institutions that enjoyed the greatest public confidence. (The data are from the Polish State Centre for Public Opinion Investigations, quoted from Cichocki and Cielecka 1995, 190. The time of the surveys is not indicated.) As for satisfaction, Czech data indicated that the ratio of individuals satisfied with local authorities to those dissatisfied was 50:26 in 1994. (The data are from the Czech part of the ISSP 1994 module.)

16. The reform of local government and territorial administration was performed in 1990, and local elections were held in November 1990. The main aim of the reform was to break away from the Soviet system of territorial administration and to institute a democratic local government. 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 the two-tier division of the Czech Republic, with a third tier pending. In urban and rural municipalities, territorial self-government has been introduced. (Municipalities are the only level on which territorial self-government has been established.) The reform measures have instituted a new structure of municipal organs and a new regulation of resources. The 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.

17. The reform of territorial government in Hungary is the outcome of relatively long-lasting, continual, and systematic preparatory work, which had already commenced by 1989 and was made possible by the Hungarian brand of reform communism. The reform program itself was instituted in 1990, and its main principles were the same as those mentioned above in the case of the Czech Republic. However, the Hungarian reform program was more comprehensive and
went farther than analogical reforms in the Czech Republic and Poland. In Davey’s opinion, legislation on local government in Hungary is the most liberal in Europe (Davey 1995b, 58). The reform measures tried to establish a system of local government that was nonhierarchical and decentralized, similar to the British or Scandinavian models (Szabó 1992, 7-8). 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 within the system of local finance where the reform was very advanced and elaborate.

18. Davey concluded his account of the Hungarian reform by stating that “local government reform has gone faster and further—a great deal further—in Hungary than in the other former socialist countries of Europe. Indeed, it could be said to be the only country in Central and Eastern Europe with a fully fledged system of local government already in operation” (Davey 1995b, 74).

19. Péteri and Szabó stressed that the original idea of amalgamation was rational: to create more efficient local administration. Yet, the amalgamation was implemented by the Communist regime in the wrong way and mistakes were made that had grave political consequences. The seat villages of joint councils were too dominant at the expense of other settlements. The development of these seat villages antagonized the inhabitants of the small villages, which were declining and being depopulated, against the consolidation scheme. (cf. Péteri and Szabó 1991, 74.)

20. As elsewhere in Central and Eastern Europe, the main thrust of territorial reform in Poland was to establish local self-government on the municipal level. This priority was supported by Solidarity’s programmatic idea of a self-governing society, which had to be built bottom-up in Poland, beginning at the local level and proceeding to the regional and central levels (Benzler 1994, 315–6, 322–3). The reform was instituted from March 1990 according to the Act on Local Self-Government and a package of other bills that followed.

21. The 1990 Polish reform of territorial government was incomplete since the beginning: its focus was local self-government, while provincial administration was left aside. Benzler (1994) explains that this was caused by the constraints that the opposition faced during the round-table talks with the Communist government. This half-heartedness constitutes the main weakness of the reform process.
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