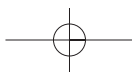
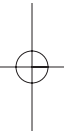




The Transfer of Power



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*Decentralization in Central and Eastern
Europe*

Edited by Jonathan D. Kimball

Local Government and Public Service Reform Initiative
Budapest, Hungary



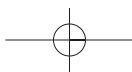
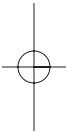
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Preface

Whether originating from independent or university research institutes, or academies of science, policy-oriented research is an important part of the policy-making process. In the face of the monumental challenges of local government reform in Central and Eastern Europe, it is surprising and worrisome that the region's researchers are not producing a substantial amount of quality material that can inform the policy debate.

Beginning in November 1997, with the support of the Local Government and Public Service Reform Initiative (LGI), I undertook a project to collect and disseminate previously published research papers, journal articles, and chapters from books focusing on the process of fiscal decentralization in Central and Eastern Europe. This project is the basis for this book. The overall goal of the project was to disseminate high-quality research in an area that I assumed warranted substantial exploration. Unlike many other edited volumes, this book will provide readers with a look at how the issues surrounding fiscal decentralization are being addressed by authors from within the region.

During the course of the original study, over 100 letters were sent to institutes and faculties in eleven countries in the region (Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, and Slovakia) describing the project and asking for materials to be sent to me. By the end of February, over sixty submissions had been received in response to my inquiries. Although I was surprised by the amount of papers I received, I was dismayed by the lack of focus of the submissions. Rather than addressing the issues described in the letter, most submissions addressed everything from the problem of drug abuse in Albania to conflict resolution in Romania. Only approximately one-half of the material I received focused on local government reform, and one-half of that was specifically focused on the issue of fiscal decentralization. Nevertheless, most of the material that originated within the region was produced in the early to mid-1990s and

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focused on describing rather than drawing conclusions. Thus, the papers did little more than provide descriptions, without noting trends, successes, or failures in the policy-making process.

In contrast, most of the recently published material, including books, magazine articles, and working papers, focusing on decentralization has been produced by authors from the United States or Western Europe (or if there are regional authors publishing, it is often in volumes edited by Western experts). Thus, the current debate is being directed by people from without and not from within the region. And although Western researchers may be familiar with the theoretical, quantitative, and qualitative issues of reform, they often lack the historical and cultural experiences that can only be fully understood by scholars from the region.

There are a three main reasons why policy-oriented research focusing on the reform of local government is not abundantly produced in the region. First, in many instances, most notably in the Czech Republic, Hungary, and Poland, the original surge in reforms aimed at local government subsided during the mid-1990s. As a result, other areas of reform peaked the interest of researchers and policymakers in the region. Thus, research focusing on issues of local government reform were pushed to the sidelines, attracting only the most committed specialists on local reform.

Second, in many countries, for example, Latvia, Estonia, and Romania, very little research has been carried out that deals with the issues of decentralization and local government reform. This is the result of an underdeveloped research community, as well as a question of focus.

Finally, many researchers and research institutes feel that they must create new projects in order to attract further funding. Whether the support emerges from domestic or international sources, funding issues relevant to the current policy debate are of particular interest to funding organizations. And, as was mentioned earlier, the reform of local government has not been a priority for most policy debates in the region.

In the policy-making process, however, on-going research informs and colors the debate, and without input from indigenous experts, mistakes can be made and wrong conclusions often form the basis for decisions.

The process of decentralization and local government reform is one of the most important aspects of the institutional and systemic reforms that are being introduced across Central and Eastern Europe and the former Soviet Union. Thus, it is important that institutes, both private and public, devote ample energy to looking at the policies that have worked or failed and examining the reasons for these results. Of course, for institutes with small budgets to expend the capital needed to conduct proper analyses, they will need to have the support of their funders.

Whether domestic or international, private or public, funding organizations need to support long-term, trend-identifying research. Although result-oriented, advocacy-directed research is necessary to influence policy at this point in history, long-term projects have an inherent value that cannot be overlooked. The results of such research not only inform the policymaker in the village, town, city, county, or country implementing the observed reforms, but the results also influence policymakers in other countries undergoing similar programs. Therefore, the challenge for funding organizations is to support both research that informs the current policy debate and long-term projects that will contribute to further discussions.

National and local governments throughout the region are forced to implement new strategies for meeting the needs of their populations. Research that focuses on the needs of public policy should be targeted at understanding what is being done right and what is being done wrong. Trends need to be identified, and results need to be shared. Funders can play an important part in this process by helping to disseminate the results of the research across borders through supporting active networking between academics, analysts, and policymakers at all levels of government.

The reform of local government is a complex and dynamic process that will continue far into the future. Each country undergoing the transition, however, does not have to act alone. By producing clear, analytical research, each country can learn from its counterparts

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throughout Central and Eastern Europe. Thus, analysts have an important and difficult task—they must move beyond mere description by producing papers and reports that answer the question “Why is this happening?” and speculate on ways to improve the situation. The ability of analysts to meet this challenge will determine their importance in the policy-making process.

The Transfer of Power: Decentralization in Central and Eastern Europe is part of a larger project titled “Fiscal Decentralization in Central and Eastern Europe: An Anthology of Good Practices and Proper Policy,” which was funded by the Open Society Institute’s Local Government and Public Service Reform Initiative (LGI). The following people provided invaluable contributions: Gallina Andronova, Martin Benedict, Anett Grubits, Altin Ilirjani, Constantin Iordachi, Ilona Klímová, Boris Koltchanov, Ernestas Norvaisa, and Marek Onopiuk. I would also like to thank the staff of LGI—Noémi Bélavári, Juliet Gole, Adrian Ionescu, Petra Kovács, Zsuzsanna Szoták, and Violetta Zentai—for the support they have given me during this project, as well as the numerous think tanks, university departments, and scholars who contributed their work and helped make this project a success.

Jonathan D. Kimball