

Self-Governance (Net)Works



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Central and Eastern Europe is not a stranger to the experience of strong centralization – it was the official state policy, expressed in the doctrine of democratic centralism, embodied in the one-party system and often rooted in constitutions. For more than half a century, the republics of the region perpetuated the Soviet model of state management from one decision-making center, bypassing the regional specific features, and above all, by ignoring the will and needs of their residents. Unified state power was a denial of self-government, which was perceived as a threat to the monopoly of communist power. The basic principles of self-government were incompatible with the instruments of the authoritarian state and the aspirations of the omnipotent bureaucracy. The hierarchized councils at local and regional levels existed only as relays of the political will of the central committees. Their boundaries, structural shape, and names were changed whenever the dynamics of relations within the ruling party demanded it.

This is why one of the most fundamental points in the agenda after the political upheaval of the 1990s was the need for decentralization. The restoration of democratic instruments, civil rights, freedom of the press, and free elections made it possible to introduce reforms in the spirit of decentralization. In addition to building democratic institutions and market economy, the establishment of local governments has become one of the pillars of the modern state and a symbol of the transformation of the entire region. In some Central European countries, the role of self-governance was appreciated very quickly, and an effective administrative division was introduced, which was then improved over the years. In other countries the pace of these changes was slower, and the positive results were

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noticed only twenty years after the transformation. However, it became clear that the local government constitutes the foundation for the reasonable shaping of public authorities, exercising administration, the provision of public services, and spending of public money.

Decentralization is the subject of the 9th issue of *4liberty.eu Review*. We present to you a collection of ten articles, the majority of which provide analyses of the self-government statuses in particular countries of Central and Eastern Europe. Not only do the authors describe different paths to achieving self-governance, but they also focus on the latest reforms that have changed the face of the local government in a positive or negative way and propose liberal solutions that can significantly contribute to improving the activities of local communities.



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FROM LOCAL CLIQUES

Although the challenges faced by individual countries of the region vary, they have one common denominator – attempts to find the right system of financing self-government. Fiscal decentralization – which entails shifting some responsibilities for expenditures and/or revenues to lower levels of government – became a central point of most of the analyses published here. All the authors analyzing the existing solutions in the field of financing local government emphasize the need to reform them if the local and regional authorities are to successfully fulfill their roles, i.e. effectively perform public tasks on their own responsibility, without interference of the central state authority. There are multiple suggestions: sharing part of income tax revenues with municipalities (Bulgaria), transferring all revenue from the first income tax threshold (Poland), or even partial independence of local government finances from the annual budget-related decisions of the parliament (Slovenia), as well as – from a completely different perspective – the call for invest-

ment of the budgetary surplus of local governments in the necessary infrastructure (the Czech Republic).

Several authors, not knowing the other articles, unwittingly got involved in an engrossing discussion regarding the sufficient and perfect size of a commune. There are multiple suggestions. In order not to reveal too much, I will only ask a few questions that may arise after reading this issue: Is 200 people in a commune not enough? What should be done with the communes which have too few inhabitants? Or differently: What should be done with the communes that seem to have too few inhabitants, but are doing quite well? Is 8,000 really the perfect number? Can the EU average of 5,500 inhabitants become a model for the countries of the region?

Many of the arguments cited by the authors can serve as a guide for the readers from other parts of Europe. The articles contain examples of communes too small to survive in the European self-government network, and solutions that helped save some of them from the fall, as well as the final result of dashed hopes of residents enjoying a good level of communal services...

Among the examples of positive reforms of recent years, Estonia stands out among the crowd, where the liberal government formulated and carried out a comprehensive reform of the administrative division considered one of the greatest systemic successes after regaining independence. Territorial reforms have been on the political agenda in many countries. Nevertheless, they very often fail to materialize due to fears of identity loss or protests from local cliques. Estonia chose a mixed strategy of bottom-up and top-down elements that succeeded, proving that a lot depends on the consensus among stakeholders and government's commitment to long-term goals.

Unfortunately, there is a negative, dangerous trend that can be observed in some countries of the region, namely recentralization. The wave of populism and nationalism, which is best seen today in Poland and Hungary, demolishes the successes of self-government and returns to the model of a state controlled from the seat of the ruling party in the capital. Sometimes, the "reforms" introduced by these illiberal governments are unambiguous and directly interfere with self-government, taking away competencies from local and regional authorities, strengthening the government pillar in territorial units at the expense of local self-government bodies, and destroying the plurality of legislative bodies by means of the electoral law. More often, however, they are in the form of regular, but incremental changes, the consequence of which is limiting the freedom of self-government units by reducing funding – directly through income cuts, or indirectly by imposing new/additional tasks without increasing the budgets of local government bodies.

This trend is dangerous and inconsistent with the *European Charter of Local Self-government*, which protects the autonomy and independence of local communities. It is also at odds with the spirit of liberalism. It is worth quoting the words of Friedrich Hayek, referring them not only to the economy, but also to other social phenomena, including state management:

"The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design. To the naive mind that can conceive of order only as the product of deliberate arrangement, it may seem absurd that in complex conditions order, and adaptation to the unknown, can be achieved more effectively by decentralizing decisions and that a division of authority will actually extend the possibility

of overall order. Yet that decentralization actually leads to more information being taken into account".

I encourage you to explore all the articles featured in this issue and I hope they will be inspirational. ●



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