

The more the merrier? Strengthening the role of regional governance over the fragmented municipal political system

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Abstract

It is rather difficult to determine the appropriate proportion and size of a single administrative unit from the principle of its effectiveness. This problem occurs in many European countries, including Slovakia and its geopolitical situation. Based on the observation and analysis, the size of local administration units differs significantly from the comparative measures. The paper discusses the problems of high level fragmentation of the Slovak municipal political system where the effectiveness of regional governance is substantial and often plays a dominant role within the decentralization process. Thus, the exclusive powers at local level are partially or to some extent transferred into the regional perspective. Compared to Nordic countries, the region of Central Europe lacks the comprehensive municipalization process so the authors argue about the options of strengthening the competences of regional governments over the local administration.

Key words: municipality, region, governance, Slovakia, decentralization

Introduction

A modern democratic society requires the system of good governance. There is no single explanation of what the good governance means. Taken into account the different meaning and understanding for various organizations and public actors it is rather difficult to establish a definite and unambiguous framework of good governance. Former UN Secretary-General Kofi Annan¹ used the definition that “*good governance is perhaps the single most important factor in eradicating poverty and promoting development.*” Nevertheless, Rachel Gisselquist argues (2012) there are plenty of working uses of such term which include variety of generally good things. As she warns, the good things do not automatically fit together in any meaningful way. She based her argumentation on Gerring’s (1999) criteria of conceptual goodness that are relevant to this field. First of all, good governance lacks parsimony. Gisselquist mentions that unlike good concepts, good governance has endless definitions and it is always about details to elicit if we are talking about the same issues. Secondly, good governance lacks differentiation since well-governed countries often sound a lot like functioning liberal democracies and it is not very clear how exactly they differ. Then, good governance lacks coherence. There are plenty of possible characteristics and interpretation which do not clearly interact or belong together. Finally, good governance lacks theoretical utility because it confuses more than it aids, in the formulation of theory and the related

¹ The statement was published in Kofi Annan’s Annual Report to the General Assembly on the work of the United Nations in 1998. See: *Annual Report of the Secretary-General on the Work of the Organization*, New York 1998, p. 62 (A/53/1)

project of hypothesis testing because the concept is very fluid and the specialists can easily define it in the way that best fits their own research data (Gisselquist, 2012).

From the perspective of our research, the transition countries and former Soviet Union member states created the bias to transform, extend and modernize the principles of democratic governance. While operating with the ‘democratic’ and ‘governance’ it should not be questionable whether the power is derived directly from the people which is usually guaranteed by the constitution. It is therefore the application of citizens’ power to direct and influence the state power and principles of civic representation at all levels of public administration. If the latter shall be understood as the public service and interest, the policy-making and governance is then considered to be the subject of state decentralization.

From this principle the public administration combines all interests and politics that serve and act toward the widest scope of citizens, providing for the general welfare. A modern public administration should be organized and structured around:

- Clear set of competences among the public institutions and toward the citizens
- Good and quality legislation
- The law enforcement
- Professionalism and competence of the public servants (Búšik 2005).

The public administration decentralization brings the expected benefits but, when ignoring the complexity of the process it might cause the potential threats. Let’s illustrate some of the examples. One of the most discussed positive effects of decentralization is to limit the consequences of the democratic deficit (Mihálik, Juhás 2012) which can cause a permanent crisis between the state and citizens. The decentralization links and opens the public administration for citizens to be concerned about the issues at the local and regional levels. At the same time, the state empowers its position by delegating the powers as well as the responsibilities to all levels of public administration while respecting the subsidiarity principle. Therefore, the democratic values and procedures are emphasized, the citizens’ engagement is more active and the directly elected representatives are more familiar and closer to ordinary voters. Another source of positive effect of the decentralization might be vested in the majority – minority relations in the nation states, emphasizing and strengthening the minority rights and their political and societal integration. All in all, the decentralization is expected to bring up the effectiveness and performance of the public administration itself which is discussed further in the paper.

Decentralization process overview

To begin with the elementary constitutional aspects of regional self-governance we have to establish the framework of decentralization process. In essence, the transfer of public authority to lower areas than central government means also transferring the independence in the decision-making process to the self-governing entities which is then followed as an important factor in the process of construction and formation of regional governments. The decentralization is generally defined as a process of enhancing the quality of governance in a given state by enabling the decision process closer to the affected groups – citizens (Nižňanský, Pilát 2009). The common ground for defining the decentralization and argumentation is vested in transferring the power and authority to the lower levels than state level (Pirošík, Sičáková-Beblavá, Pavlovič, 2004). Derived from this, another definition is observed that describes the decentralization as a process in which the idea of centralized

government is dismissed by transferring various specific competences to a dedicated levels and entities of the state power (Vykupilová, 2007). From the amount and types of the transferred competences within the decentralization we can elicit the process of administrative deconcentration which is specified by transfer of administrative competences. Furthermore, devolution is a transfer of legislative powers and it is considered as the most extreme form of decentralization (Ibid). The political decentralization brings the rise of substate decision makers and their increased sovereignty as well as the options and political participation for citizens and their representatives (Vykupilová 2007, Litvack - Seddon 1999). The other decentralization processes include fiscal decentralization, market decentralization and deconcentration.

The similar approach toward the decentralization definitions is visible among other theorists (Burki-Perry-Dillinger 1999) who accept this process as limiting the range and scope of political as well as decisive agenda at the central state level.

Authors Litvack and Seddon define the decentralization from the institutional perspective where they point on delegation of competences and responsibilities over the public functions from the centralized governments to subordinated or almost independent governmental organisations and (or) private entities (Litvack – Seddon, 1999).

Importance of decentralization lies in transferring tasks to regional or local units located below the central level, whereas in the current modern states it is impossible to reinsure services only from the center. As interpreted by Heywood (2004), peripheral institutions in the form of regional or local authorities confer tasks such as: education, health, social security, which relate to the particular domestic population pertaining to a given territory.

At the same time, the key feature of decentralization is to limit the definite structure and rigid competences delegation. The goals are to develop the political procedures that support constructive balance among the centralized and decentralized competences (Guide to Decentralization, 2001, p.19). Taken this into account, we admit that it is a continuous and long term approach with the aim of deepening the subsidiarity and the development of complex quality government system. It is rather expected that the competence strengthening of lower entities brings higher political participation and civic engagement in public affairs, the relations between state and citizens and most probably the effectivity of provided public services.

Apart from strategical approach toward decentralization as a strategy of power spill over, Konečný (1997) focused on three central levels of understanding:

- *Political decentralization* – practically the transmission of powers in the decision-making process together with the expectations of policy implications and recommendations
- *Economic decentralization* – power transmission in economic decision-making process as well as the spatial recognition of financial capabilities
- *Administrative decentralization* – powers delegated to lower administrative units without the continuous linkage to political and economic decentralization or power distribution in public affairs. That means the regional as well as local entities are self-decisive units.

Positive and negative effects of decentralization

Although the importance of decentralization is highlighted by multiple authors as investigated above, there are also quite opposite tendencies triggering criticism of decentralization. Some authors criticize the decentralization of deepening regional disparities and limiting economic stability (Canaleta – Arzo – Gárate – Orayen, 2001). Mainly due to the excessive pace of decentralization it may lead to inappropriate changes in organizational structures, new roles and responsibilities as well as system problems as a whole. This is advocated by Osoro who comments the decentralization as generally no universal cure and it does not always lead to effectiveness (Osoro, 2003, p.1). The author also argues that the deficit of decentralization may be vested in weak administrative and inadequate technical capacities at the local level (Ibid). Hutchinson and LaFond stress that decentralization can cause a serious contradiction between the financial sources and technical capabilities which are necessary for the process implementation (Hutchinson – LaFond, 2004, p.11). According to other authors (Mills 1990, Prud'homme 1995; Tanzi 1996) the negative effects of decentralization often lie in the discrepancies between the devolution of administrative powers – clearly articulated and assigned – and mechanisms to keep in check those who have been vested with new powers, the financial means to implement devolution, and technical skills to implement and to monitor and evaluate the decentralization process. But the arguments for decentralization of administration differ significantly. We can collate several supporting arguments as well as those which clearly stipulate the risks of competence delegation to lower levels of administration.

Table 1: *Arguments supporting and denying decentralization in general*

Relative advantages of decentralization	Disadvantages of decentralization
Identity recognition	Inequality in praxis
Locally and regionally differentiated political preferences and activities	Limited resources (financial and human)
More direct responsibilities	Failure risk and power fragmentation
Power and responsibility distribution	Undermining the state level
Local community building	Smaller distance and detachment
Participation and direct engagement	Lower degree of self-sufficiency
Comprehensive decision-making process	-
Flexibility	-
Subsidiarity	-
Better minority protection	-
Lower administrative and political units serve as testing grounds or policy laboratories	-
Better local and regional sources mobilization	-

Citizens control and realize services for which they pay taxes that can limit the system of raising the tax rates centrally	-
Transparency	-

Source: Nižňanský – Pilát, 2009, pp. 4-5

In a complex analysis of advantages and disadvantages of decentralization MacLean seeks for neutral position that there is no decentralization itself and as a sole process and in principle it is not positive or negative but dependant of the success of the implementation in the context of other reforms (MacLean, 2003, pp. 4-5).

So in other words, to allow the smooth decentralization process, it is necessary to fulfill several conditions. One of the most essential as considered by Litvack and Seddon is the acceptance of decentralization instruments that help the political intention. These conditions advise: legal and institutional framework, the system of responsibility for the provision of services and fiscal relations between different levels. The structure of responsibility must rest on clear information about the expenditure on services, alternatives to their guarantees, sources and their origin, which give the public the possibility of effective monitoring and responsiveness to the activities of regional or local government (Litvack - Seddon, 1999). According to Hutchinson we can talk about favored decentralization when there is a harmonization of competences and responsibilities with the required level of knowledge, capabilities and information flows (Hutchinson - Lafond, 2004).

We can state that the success of decentralization is mutually conditioned by several factors and is closely related to determination of the proper interface between decentralization and centralization. Generally, however, we apply the fact that each task should be performed at the level of government providing the most efficient and most cost effective solution. Excessive centralization causes a decrease in the flexibility of responses to the problems. In this regard, it can be argued that increasing decentralization justification, whether political that shifts political power to the sub-central level, as well as decentralization of competence, which allocates responsibilities and competencies between levels of government and thus fills this requirement.

To add some potential threats and risks of the decentralization in Slovakia the authors (Nemec, Berčík, Kukliš 2000) usually argue about the inappropriate transfer of responsibilities to self-government structures. According to them, there is also strong evidence from western patterns (Calvo 1972) which serve as the example for the ineffectiveness in the developing or transition countries where structural changes do not always lead to increased efficiency, effectiveness and economy. Another potential dangers and challenges for the decentralized system might be: corruption, patronage politics, incomplete information, the blurry accountability of the local representatives, reform delay and centralism in case of problems.

The local and regional level governance in Slovakia

When considering the decentralization levels in Slovakia we have to reflect the combination of three dimensions which was outlined in *The concept of decentralization and modernization of public administration* adopted by the Slovak government in 2001:

1. *Competence decentralization*
 - 1st level: Minimum local services

- *2nd level*: Enhancement of local services without the direct impact on the social structure (education, social securities, health care)
 - *3rd level*: Wide spectrum of public services including participation on social services
2. *Financial decentralization*
- *1st level*: Low taxation powers, low level transfers to municipalities
 - *2nd level*: Most transfers (shared taxes, grants) from the central government, the taxation system set by the central government
 - *3rd level*: The general powers to establish own local assets, sources and financial consolidation, including the loan system
3. *Political decentralization*
- *1st level*: Deconcentration – the representatives of the local public administration to be appointed by the government, the accountability to the central government
 - *2nd level*: Devolution - The representatives of the local level are elected, the payments and salaries are regulated locally and the accountability is to the citizens – voters

Here we mention the fact that the required changes and the effectiveness of the decentralization process toward the citizens and the local level might be successful only by simultaneous implementation of the above levels and dimensions. The decentralization of competences without the financial decentralization would cause the failure of such implementation. Slovakia is not any exception and as argued (Pinterič 2013) some other countries do witness the managerial as well as administration crisis in times of instability or inappropriate competences delegation. Specifically, authors deal with the Slovenian perspective which is, to large extent, very similar to Slovak demographic and territorial distribution (Jurak, Pinterič 2012).

The framework of local governments and governance is as old as the concepts of democratic government and administration itself. It was always considered as the service and provision of services to the inhabitants of particular location, region or municipality. According to several studies and arguments it has been elaborated that the principle of state decentralization and the strong role of local governments provide for accountability, effectiveness and the relative autonomy. For example, Stigler (1957) argued about two principles of local jurisdiction: if the representative government is closer to the citizens it has potential to work better and, people should have options to vote for the kind and amount of public services they want and desire. This theory suggests that the initial political relations of citizens and state authorities shall be established already at the local level to justify and reach the allocative efficiency (Shah 2006). Then, applying the Olson's (1969) principle of fiscal equivalence results in the overlapping jurisdictions such as local-state-nation and suggests that the benefits of each level jurisdiction shall be also overlapped thereby ensuring the optimal distribution of public services and goods. However, the principle of fiscal equivalence requires separate jurisdiction for each public service. Finally, the principle of decentralization or the decentralization theorem advocated by Oates (1972) suggests that every public service should be provided by the jurisdiction which has the control over the minimum geographic area that is able to internalize the costs and benefits of the provision. The theorem expects that the local governments are able to understand the needs and concerns of the local residents, local decision- making is

responsive to the people for whom the services are intended (justifying the fiscal responsibility and efficiency), unnecessary layers of jurisdiction are eliminated and interjurisdictional competition and innovation are enhanced (Shah 2006, 4).

In principle, local level government refers to specific authorities and entities that were created under the national constitution, state constitution or by ordinary law from the central government. The major purpose of local government is to bring and deliver variety of specific services in a specifically delineated geographical area. Then, the local governance or local administration is considered as a more complex category or concept of administering and executing the collective action at the particular local level. This includes various institutions of local government, networks, community organizations and informal norms that provide for the development and interaction between citizens and state, collective decision making and delivery of local public services. The local governance is a complex set of arrangements for the local, municipal and most often the community life. It provides for the basic elements of public life and local service but it should be also encompassed to provide for life and liberty of the ordinary people, enhancing the civic engagement by giving the variety of opportunities to participate in the local events and calls, supporting the sustainable local and regional development. From this perspective, the local governance is about providing and well-being in the particular locality or municipality.

In the Slovak Republic the public management is distinguished and differentiated into the following categories:

- Determination of policy development and standardization at the national level
- Implementation and policy standards are subject to control from the state level
- Particular services and provisions are exercised and executed by the regional and local level governments.

The reform process and decentralization in Slovakia after 1990 can be divided into several stages. Initially, the first step to decentralization was established already in 1990 by separating the state and local administration which led to the existence of 38 districts. The local or municipal administration was managed through institutions and authorities created by state level such as Labor Offices, Tax Offices or Environmental Offices. Subsequently, in 1996 the decentralization proceeded with the creation of 8 regional and 79 district authorities. In the wording of the Act 221/1996 the Slovak Republic is divided into regions, these are split into districts and districts into municipalities. The law practically introduced the territorial and administrative subdivision which then enabled the creation of the local self-governments. A significant move forward in state political and administrative decentralization was made in 1999 when the Slovak government approved the *Strategy of reforming the public administration* which can be characterized as the process of modernizing the functioning of a democratic state and the implementation of justice, freedom, responsibility, solidarity, the rule of law and civic engagement. These commitments were also made in spite of the EU, NATO and OECD integration and accession process. The adoption of such measures led to development of the necessary concepts in budgeting and public financing, education, control and regulation as well as the continuous informatization and networking which helps to decentralize the governance.

In 2001, the final wave of state decentralization process was established. The system of 8 self-governing regions in Slovakia was introduced which has finalized the creation of the second level governance and enabled to transform and relocate the powers and competences from local state administration to municipalities and self-governing regions. This shift was

significant in dedicating more complex set of exclusive competences to lower governmental levels including such important areas as health care, infrastructure, territorial and regional development and from our perspective, the educational and school system.

Consolidation versus fragmentation of local administrative units – small and large municipalities

Determining the most appropriate size of the lowest administrative unit is not as simple as it gets. It is a problem that concerns not only Slovakia or the central European area, but also other countries. It should also be added that the size of local governments varies considerably in different European countries: on the one hand, there are countries with large municipalities such as England or the Nordic countries and the other countries with small municipalities such as France (Swianiewicz, 2003). These differences result from historical tradition, though in some countries, the territorial organization of municipal governments rooted in other traditional terms and reasons. On the other hand, several European countries have embarked on the path to connect or amalgamize territorial unit, while this trend is particularly valid in the countries of northern Europe. The situation that occurred in Central Europe after the fall of Soviet regime in the early nineties was moving in the opposite direction than in most European countries in this period, which generally resulted in raising municipal units, while in central European countries there was a fragmentation of units at the lowest level of government.

The size of the administrative units influences the overall system of local government but also public administration as a whole and has impact, *inter alia*, on the distribution of functions and the relationship between the central government and local government (Page - Goldsmith, 1987). In assessing which way is the most efficient, whether consolidation or fragmentation we need to take into account the factor of economic efficiency, state of democracy, economic development and distribution (Swianiewicz, 2003). Subsequently, we introduce evidence and factors that determine the advantages of small or large municipalities.

The relative advantage of large municipalities and thus merging supports the fact that it may offer scope for the implementation of public policy at the local level, which ultimately increases public interest in what is happening at that level. At the same time this leads to the involvement of better candidates in elections to local councils, while the size of the office is also growing in prestige and power (Dahl - Tufte, 1973). Larger units allow for increased support for local economic development, also provide more opportunities to create a strong civil society. Plus, a large government may increase the efficiency of tasks, improve service quality, since large municipal units can provide services beyond the capabilities of smaller communities and, finally, the performance of tasks will be more professional. Large municipalities have greater opportunities to provide citizens with all required services. The wider professionalisation can make better decisions about effective solutions, while the bigger municipality has plenty of resources that can be used in making voters' claims come true (Nižňanský et al., 2009). In large municipalities there are more extensive views of pluralistic society and there is a better developed party system. Finally, the representation of various minority groups appears to be better in larger units, which is supported by a greater degree of liberalization and the related acceptance of otherness (Swianiewicz, 2003).

On the other hand, there are also arguments strengthening and supporting the smaller municipalities or the principle of territorial fragmentation. One of the basic arguments in favor of smaller units is greater proximity among citizens and their representatives hence the

greater public accountability from their representatives is expected. It is usually true that the political participation of citizens in small communities is higher than in large ones which is related to a sense of belonging, which can be documented when comparing the lowest territorial administrative unit with regional governments and, with the state (Nižňanský et al., 2009).

Another fact is the greater uniformity of small autonomous units at the lowest level, which ensures easier application of policies satisfying the interests of a large number of people. In smaller areas the participation of citizens in local politics might be intensified, since they feel that they can significantly influence the political process. A big plus for small government is less bureaucracy. Fragmentation should lead to healthy competition between the smaller autonomous formations in order to obtain capital (Swianiewicz, 2003). As the above facts and fragmentation as well as the consolidation of local government have their own advantages and disadvantages it is not possible to clearly determine which of these procedures is preferred or better in theory and practice.

Klimovský argues over the advantages of consolidation and fragmentation of administrative units where he indicates that *"although economic considerations favor the consolidation (or defragmented) structure, several sociological studies show a strong identification with inhabitants of municipalities (albeit very small) with their settlement units and their results confirm importance of maintaining fragmented structures"* (Klimovský 2009, 183).

If, however, there is a very small village it has a merely negative impact on the implementation of demanding projects and services for citizens, as they have insufficient economic, organizational or human resources. In most European countries mainly in the period after World War II the process of creating larger units was in line, whereas small municipality system did not work as efficiently as desired. Consolidation or the creation of larger territorial units was justified by better communication, social mobility, as well as technological development at the municipal level (Vajdová, 2006). The solution to this problem could be a voluntary cooperation of municipalities, the establishment of joint offices or merging municipalities (Klimovský, 2009). In the next section we compare the evolution of the size of the territorial municipal units in Central European countries and their current status.

The comparison of the lowest local government units in Central Europe in terms of population size

For the last 50 years most European countries established the consolidation tendencies, especially in the Western European and Nordic countries there have been a decline in the number of municipalities, while in some countries to a greater extent than in other. Klimovský states that in Lithuania the decline in number was almost 90%, Sweden 87%, Denmark 80%, Belgium and Great Britain around 78%, Germany 51%, Netherlands 44% and similar (Klimovský, op. cit., p. 188). We will, however, consider and analyse only countries falling to the central European area (Visegrad group countries), for which the consolidation process was typical even during the non-democratic regime. In the 70's there was a decrease in the number of self-governing units, mainly in Poland, where there has been a process of merging of municipalities by almost half from about 4,000 to the 2400. In the Czech Republic the process lasted slightly longer (for nearly forty years from 1950 until the end of the eighties there was a decline in the number of municipalities by more than half - from nearly 11,500 to approximately 4,000). Hungary is characterized by a similar pattern, though still in the sixties the number of municipalities was around 3000 and in the late eighties only 1300 (Swianiewicz, 2003). In Slovakia, like the abovementioned neighboring countries has

undergone a similar development, the process of descent when the number of municipalities as a result of merger was initiated even during the first Czech - Slovak Republic in the thirties but reached its peak in the late seventies during the communist Czech - Slovak Republic. Needless to say, in comparison with Hungary, the Czech Republic and Poland, the Slovak process of municipality decrease was not that significant - in 1930 there were nearly 3,500 municipalities and in early eighties, nearly 2,700 (Berčík - Lovecký, 2003), which represents a decrease of almost 23%, which is much less compared to nearly fifty percent reduction in the municipalities of other V4 countries.

After the collapse of non-democratic regimes, however, all Central European countries witnessed the fragmentation wave as a result of transformation and the number of municipalities increased again, but this was quite contrary to the consolidation course in other European countries, which have undergone an intensive process of merging at that time. Swianiewicz believes that this process in Central European countries *"could be seen as a response to violent amalgamization in the 70's"* (Swianiewicz, 2003, p.12). The most significant fragmentation is reflected in Hungary with increase of the municipality size by more than 50% from 1300 to around 3100 (Klimovský, 2009) which basically meant a return to the position of the pre-merger process. In the Czech Republic the situation was similar even though there was not a significant fragmentation of municipalities - the increase of the number of municipalities was by 1600 which resulted to almost 5800 municipalities (Balík, 2009). In Poland and Slovakia the system change brought lesser dimension than in the case of the Czech Republic and Hungary. Polish amalgamization reached a negligible increase of almost 5% (Swianiewicz, 2003), similar to Slovakia where numbers increased by nearly 200 from 2669 in 1989 to about 2800 in 1991 (Volko - Kiš, 2007).

The current situation in terms of size of the municipalities in Central Europe is almost identical with the status of the beginning of the new millenium. Based on the above, it is possible to identify the municipal structure in Poland as consolidated when the current number of municipalities is 2479 (GUS Central Statistical Office of Poland, 2013) which is equal to the number of municipalities after the merging process carried out in the 70's. From the perspective of the average population the Polish municipalities belong to the largest in Europe and they are incomparably larger in relation to the surrounding countries of Central Europe, whereas the average population of Polish municipalities is 15 000 (Balík, 2009).

Hungary is characterized by a fragmented structure of the lowest local government units, which currently numbers around 3175, while their average size in terms of population is 3170 inhabitants (Klimovský, 2010).

In the other two countries, the Czech Republic and Slovakia there are on average smaller municipalities in terms of population size, whereas in the Czech Republic the average size of municipalities in their total number of about 6250 (Karbach - Kútik, 2011) stands at 1650 residents and in Slovakia, the aggregate amount of about 2900 municipalities (List of municipalities in Slovakia, 2013) at 1870 inhabitants (Klimovský, 2010). The Czech Republic, similarly to Slovakia can be described as highly fragmented landscape in terms of their residential establishment.

It might be interpreted that Hungary, Czech Republic and Slovakia rank among countries with a large number of small municipalities.

The more the merrier?

We have already analysed the settlement structure of individual countries within the region of Central Europe in terms of population size and their impact on the performance of government at the local level, alongside with the possible solutions to the situation. From the analysis we can conclude that only one of the four observed countries can be classified as a consolidated with regard to the structure of local government units, while Hungary, Czech Republic and Slovakia are countries with highly fragmented local structures. Local governments of Central European countries except Poland are thus characterized by a high degree of fragmentation and therefore are in place voices calling for reform in this area.

Although it is not explicitly investigated whether the performance of local government is determined on the larger or smaller number of municipalities within the territory, we believe that Slovakia should accede to the wide-ranging discussion on the current state of municipal structures and seriously think about consolidation problems because the municipalities in Slovakia are not only inadequately protected financially or in personnel terms, but they often fail to solve their own problems or in services provisions arising from the law. We believe that a possible solution to the current unfavorable situation could be vested in introducing a merger process of municipalities on the basis of a new legislation, but this would mean an unpopular solution that would meet the displeasure of citizens, but also the leaders of the municipalities. The authority would remain in the municipalities, but it would set up administrative center covering several municipalities. The solution could also be in the municipality categorization as introduced in the Czech Republic. As suggested by Klimovský, independent and original jurisdiction would remain in the hands of small municipalities while the transferred competences and powers would be given to the higher (merged or central) municipality (Klimovský, 2009). We also suggest that the role of merged or central authority should be exercised by the current regional administration in several areas of public life and services such as education system, health care, social service. Although, this modification would have regulated certain powers of the authorities, on the other hand, the municipalities could still have the decisive powers on community development.

The structure of the powers delegated to municipalities points to the inconsistency of individual central government bodies and non-compliance with the principles of efficient allocation of political responsibilities. This is reflected in the lack of clarity of the tasks, widening the power split between the state administration and local self-government (education, health, social services), as well as work-sharing between the two levels of local government (social work), the lower efficiency and higher financial demands of the tasks, but also the negative impact on the user of public services - citizen.

The way of current methods of state administration and power transfer to municipalities raises twofold problems from the legislative perspective.

The first is the transmission of state administration on all local governments which are considered as legal entities en bloc. In the exercise of jurisdiction which is difficult due to specific expertise, personnel, spatial and technical equipment etc., it is impossible that each municipality is able to effectively perform as it is ordered by law. From these reasons, the local authorities are not considered as self-government bodies but more likely as entities executing the state administration in the name of the state power. Thus, it needs to act as a state entity.

The second problem is the extent of transferred performance of state administration, which is transferred to the local government. Many competences distort the principles of

efficient distribution of political power. The elected council, but also elected mayor do not possess sufficient influence to fulfill these tasks and there is a division of responsibility between the state and local government with a negative impact on elected bodies. A particular problem is the application of multiple provisions and acts from the period before 1989, the period of central planning and state paternalism.

Conclusion

In general, it is believed that a large number of municipalities is undesirable as it reduces the efficiency of the performance of the original and transferred competencies. The merging process of municipalities should be reflected in a more efficient and better implementation of responsibilities and, at the same this should be considered as one of the most important prerequisites toward faster development of municipalities and regions. The relationship between the size of the municipality and the effectiveness of its financial activities is one of the most important issues of local self-government and decentralization process. The size of municipality is an outcome of representativeness and effectiveness in addition to the service provisions. Therefore, if we want more representative municipalities with local authorities closer to the people the result will be in a more fragmented local and territorial map with a larger number of municipalities. In comparison, if there is a request to have an effective local service we should prefer smaller number of municipalities with greater coverage area and higher number of inhabitants. In any case, the number of municipalities should be approaching the optimal size structure as advocated by several authors (Brennan - Buchanan, 1980; Oates 1981).

The effective functioning of municipal self-government is essential to their size, but also the structure of the population. Optimal – sized administration units are capable of performing multiple tasks and functions. According to the theory the more functions given to government stimulate greater public interest in participation in governance, hence the motivation of residents to be elected or to elect more quality local governments. The ability to provide public services by the government is determined by the amount and composition of their budget, whereas in small municipalities the majority of current expenditure and more than half of the budget expenditure are dedicated to management (maintenance of office, salaries of the mayor and local MPs). From this reason these municipalities are not able to invest in their development and have difficulties to finance other municipal functions. Therefore, in such situations, the delegated and transferred powers in particular services for wider public provisions such as education, health care and social service shall be dedicated to higher units, such as merged municipalities' authority or regional governments.

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