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REPORT

ON

TOPICAL ISSUES CONCERNING LOCAL
AND REGIONAL AUTHORITIES

(Rapporteur: Mr J Merasz, Hungary)

EXPLANATORY MEMORANDUM

1. Background information

In March 1993, the Standing Conference of Local and Regional Authorities of Europe adopted the Pramböck Report, which dealt with the situation in the countries of Central and Eastern Europe and, at the same time, provided the first overview of how the self-governing authorities in the new democracies assess their own position. This report attracted much attention, and, given the further developments taking place day by day, the desire was expressed for it to be updated annually in order to give the Council of Europe and the representatives of local authorities in member states the latest information as a basis for providing effective assistance and support for the consolidation and development of democracy in these countries.

This update was produced by Mr Pramböck parallel to this report and is attached as an important document.

After the Standing Conference had at the same time recognised that developments in Central and Eastern Europe would also play a role in the future in the work of the Congress of Local and Regional Authorities of Europe, the proposal was made that the main stress in the report on current issues relating to local and regional self-government in Europe should also be on Eastern Europe in 1994.

Once again, it has been reaffirmed that the continuation of the democratisation process cannot be assured at government level alone, especially when there is a lack of information on current developments among the local authorities of Central and Eastern Europe.

All the representatives of self-governing authorities in Europe have recognised that they have an obligation to give assistance to local and regional authorities in those areas in which democracy, according to the principles laid down by the Council of Europe, is emerging. Since local authorities are closest to the citizen, they have a decisive role to play in changing people's way of thinking and system of values. Without more active co-operation and support for the development and strengthening of local democracy at all levels in Europe, there would continue to be an extremely great risk of Europe being once again split in two.

2. General developments

The importance of the decisions taken by the Council of Europe in particular that, of the European Charter of Local Self-Government, in which the principles for all levels of public authority are laid down, cannot be stressed often enough, because the Charter indisputably forms the basis of deliberations today when local government legislation is drafted or amended. In practice, however, differences in its implementation - even in important details - also become apparent in the old member states, and these differences render it more difficult for the new democracies to plan for the future.

There is a particular aspect, and one that must not be ignored, to the discussion on the future changes necessary that has been conducted between local authorities and governments since the emergence of the new democracies: at a time when new structures are being created in almost all areas of activity in Europe and, as a result of the principle of subsidiarity, a considerable amount of discussion is also taking place on democratic structures, it is very important for the new democracies to choose the way forward that is in line with expected future developments and spare themselves unnecessary detours.

How important this can be is shown by the fact that, without the European Charter of Local Self-Government, the development of local authorities in Central and Eastern Europe, and, indeed, of the democracies themselves, would be much more diverse today and the path these countries take to the common European home would be much longer.

Given this responsibility, the Congress of Local and Regional Authorities of Europe should continue its work even more intensively in future.

3. The position of self-governing authorities

After Maastricht it has become clearer than ever before - also to those countries that have enjoyed democracy for some considerable time - that in a united Europe local self-government, based on the principle of subsidiarity, must assume a very strong position in the decision-making process and in administrative structures.

Often enough, international agreements prepared by diplomats and signed by governments have proved impractical and failed to take account of the interests of local authorities, and therefore of citizens themselves. They may delay the process that everyone wants, they automatically cause citizens to resist change and lead to their disillusionment with politics, which may entail the undesirable risk, especially in the new democracies, of a retrogressive development.

Social and economic problems are arising in the countries of Europe today, the resolution of which will strengthen people's continuing tendency to believe that subsidiarity is to be understood not only as the distribution of responsibilities between the European and the national level but also as the consolidation of local self-government (which was almost forgotten at Maastricht), with decisions being made as close to the citizens as possible. This is in no way a purely political demand but, rather, a rational necessity which, due to the general difficulties in Central and Eastern Europe, is more pronounced there than elsewhere.

4. Special features of the new democracies

The representatives of self-governing authorities in the new member states of the Council of Europe and those which have already applied to join were given a questionnaire, by means of which further information was collected on regionalisation, co-operation with governments, partnerships, privatisation, finance and education.

When the questionnaires were being processed it was discovered that the problems faced by, and the arguments put forward in, the new democracies were very similar to problems faced and arguments expressed in Western Europe (something that was later, at preparatory sittings, not only affirmed by representatives of Eastern European countries). It was also found that countries were confronted with only few (but important) problems specific to themselves and with many more problems which can to a large extent be resolved in the same way as those experienced in other European crisis areas. Social, environmental, infrastructural, economic and other problems always have a regional character, but their causes, and, much more, alternatives for their elimination, have so much more in common throughout Europe today than was the case a few years ago.

If this is correct we shall also be able to deal with fewer and fewer local problems at the European level, and assisted regions and those which might be put at a disadvantage in this connection will have to be dealt with more and more as a complex of problems. It must not

be forgotten that it is human beings, European citizens, who are affected by what is being done, people who are now not only citizens of their own town or village and of their home country but also, increasingly, of Europe, and they must learn how also to bear responsibility for one another. The extent to which Europe will be free of tensions in the future also depends to a decisive extent on the consistency with which our Congress does its work.

5. Regions - points of view and general developments

As far as the creation and distribution of regional responsibilities is concerned, there is nothing special about the fact that no clear trend is becoming apparent in Central and Eastern Europe today. In the old member states of the Council of Europe there are various examples to follow which, as a result of the considerable transfer of information by Western European countries, are very well-known to a wide circle of people in the newly emerging democracies.

These countries are today facing the difficult decision on how they are to organise their regional level of government - whether to retain or change traditional structures when, at the same time, people have long been speaking about a Europe of the regions. For these countries, a fundamental desire today is their wish to meet the conditions for their integration into Europe. A government policy deviating from this would almost certainly be rejected by voters, for whom special importance attaches to the long discussed, and still lacking, guide on how in the future they can argue their case in Europe in support of their regional interests, since a decision that paves the way for the future would mean they could save a considerable amount of time and effort and - something that appears even more important given the economic situation in the next few years - money. Whether an interim solution will be necessary and whether a bad decision will further weaken some countries depends on the continuation and success of the negotiations with the European Union.

Following the disintegration of the unitary state, each local authority and group of citizens has striven for the greatest possible independence. Inter alia, this has led in many countries to a doubling of the number of independent local authorities, for example in Hungary, the Czech Republic, Slovakia and Poland.

After the experience of the last few years, the fact that it may be necessary to do some restructuring is now being discussed because - as can be gathered from Mr Pramböck's report - the growth in the number of local authorities, some of which have even received financial assistance, adversely affects their ability to carry out their functions.

This report can only provide some additional information on this problem to supplement that gained both from the evaluation of the questionnaires and at the sittings of the working parties, at which predominantly representatives of Central and Eastern European local authorities, but also experienced representatives from Western Europe, were present. It is only possible to mention the preconditions for the establishment of a region applying today in the areas dealt with and laid down in the Statute of the Congress of Local and Regional Authorities of Europe.

One thing has become quite clear: the regions or territories that have evolved over the centuries, each with different responsibilities, a different status and size, cannot, and must not, be suddenly abolished and replaced by something new. The regions that are to be established according to the development plans of the European Union are supposed to include structures that have developed historically, integrate them when any necessary changes are made and, with due regard for regional characteristics, ensure all tasks are

carried out on the basis of the principle of subsidiarity.

How important it is for the principle of citizen participation to be fully observed and for us to ensure that people get to know, inform and accept one another by means of partnerships and co-operation between local authorities and regions is shown by the cruel war in former Yugoslavia. In other parts of Europe, too, tensions are arising again and again between regions, countries, minorities or citizens.

It cannot be stressed enough that the most effective means of bringing about and stabilising peace and compensating for differences in the development of various regions is the maintenance of contacts and co-operation. This fact was realised and support was given early on by the Council of Europe, the European Union, governments, non-governmental organisations and associations of self-governing authorities. It was also emphasised at the meeting of heads of state and government in Vienna in autumn 1993. Intensive institutional contacts and, even more important, contacts among citizens offer virtually the only possibility for the dissemination of ideas among ordinary people that transcend purely national interests.

It should be pointed out again and again that after the elimination of economic, ecological, social and other problems in one region of Europe similar problems may arise in another. Due to this undesirable effect, a confrontation of citizens who live in the regions and react to such problems more sensitively than ever before in the Europe of today, should be avoided.

Extremely great importance thus attaches to updating the Convention on Transfrontier Co-operation, and the preparatory work on this should be speeded up. A parallel demand is that the European Charter of Local Self-Government, which was opened for signature on 15 October 1985, should be updated. Since that date some aspects, such as the number of countries that have signed, have changed considerably and rendered it necessary to amend certain parts of the Charter (principle of subsidiarity, financial equalisation procedures, powers, division of responsibilities).

6. Specific situation in Central and Eastern Europe

In those countries which lived for decades under a communist dictatorship the democratisation of the state coincides with the collapse of the state-run economy. Most citizens still respond in the old manner, which is something that has been instilled in them since their birth. This is, of course, no different in other countries, and it renders it very difficult to make sweeping changes everywhere. However, in Central and Eastern Europe people are also under the additional pressure to make those changes that are necessary immediately, and the first years of the young democracies have had the sobering effect of making them realise that there are no ready solutions that can be adopted without making fundamental changes.

Now that these countries have received a large amount of information from, and learned from the experience of, the Council of Europe, the European Union, national governments and local government associations in Europe and other continents they are developing an increasing ability to find their own specific solutions to problems. The background to these ideas is formed by the resolutions of the Council of Europe and the rich experience of numerous European countries, but up to now there has been a lack of a parallel exchange of experiences between the countries involved. This defect has been recognised by the institutions of the Council of Europe, and today they offer tremendous opportunities for the

development of these contacts.

The countries of the former Eastern bloc were, it is true, not homogeneous before the political changes either, but extensive similarities among them in the past - partly geographical, partly inherent in the system - would have made solutions possible that were easier for them to adopt. The initial reserve towards one another of these countries that were once allies could be explained after the collapse of the communist system by their turning away from everything that had anything to do with the most recent past. Here it is necessary to emphasise their need, which has been mentioned on several occasions, for time, money and the ability to produce goods.

The reorganisation of the contacts between these countries and their co-operation with one another can considerably speed up the establishment of democratic institutions and economic development, which is of decisive importance for this region today. The first steps were taken by representatives of local authority associations in Poznan and Katowice at the end of 1993.

However, in Europe general priority should be given to not allowing the unification process to slow down, either artificially or unintentionally, due to a new division between East and West or North and South. Not only representatives from Central and Eastern Europe have repeatedly pointed out that, when people get to know and compare the problems of European countries, they discover they are identical.

In the interest of all countries, any great divergences in the democratic and economic development of individual countries should be prevented. Without violating the sovereignty of member states, the European institutions should continue to find new ways and means of ensuring that there will be no repetition of the political division of Europe.

7. Finances

In most countries, the legislation on local government provides local authorities with a high degree of legal autonomy in accordance with the Charter of Local Self-Government. However, this autonomy is often severely restricted by financial constraints.

Particularly in countries where attempts to promote local self-government have led to the fragmentation of local authorities, a directly-elected regional tier of government tends to be absent for similar reasons. At the same time, dozens of decentralised government offices have sprung up. The trend towards increased central-government control is creating a democratic deficit, causing less and less use to be made of local potential and encouraging the growth of structures which are based on connections and take no account of citizens' views. In Central and East European countries, this is arousing suspicion and creating opposition among the public, who see it as a return to party-dominated state structures of a kind they no longer want.

As indicated in Dr Pramböck's report, local-government associations have a very weak negotiating position and little influence on central-government legislation. The central-government funds available - which are continuing to fall - are mostly being redistributed to the disadvantage of regional and local authorities. Local-government revenues are falling in real terms. At the same time, governments are making use of their powers to delegate tasks and responsibilities which they are unable to deal with or fund themselves, but without providing any financial resources.

Local authorities' own tax revenues are under 10% in almost all cases. In countries where local authorities have already been provided with significant property holdings, it is not possible to make up revenue shortfalls by selling these off. This is partly because the demand for land and real estate is low and partly because any revenue thus generated would have to be reinvested to avoid a reduction in overall assets.

As already advocated in several Council of Europe texts, steps should be taken to enable local authorities to plan their finances in the long term, and their own revenues - as opposed to redistributed central-government tax revenues - should be increased to approximately 60% of the total.

Borrowing is a further possibility open to local authorities, but only very little use has been made of it so far (average of 4% local-government debt in Hungary). The reason is that, under the old regime, local and regional authorities could be sure of receiving additional funding when deficits occurred because of politically-determined expenditure that took no account of revenue generation. With the ending of the planned economy, this possibility no longer exists either. The banks are available as lenders for sensible local-government borrowing at the most favourable national interest rates, but local authorities still need more practice and greater confidence in the use of the credit-based financing techniques which work well in the established democracies.

8. Training of public servants

The general conditions brought about by the change in system, for instance completely new legislation, the multiparty system, the market environment and a high degree of autonomy, have created even more new challenges for public servants than for the newly elected office-holders. At the same time, a large number of additional local authorities and hence new council offices have been established in many countries. The decentralised government offices have also taken on large numbers of skilled staff such as lawyers, administrators and other highly qualified civil servants who used to work for local government. This has resulted in very great demand for - or rather, a serious shortage of - suitable staff capable of working as local-government officials under the changed social conditions and in the face of the new and higher expectations of a very critical public.

Given the above, most local authorities are unable to employ suitable staff for all their activities or, alternatively, their existing staff are being put under excessive strain. As comparisons with fully-fledged democracies have shown, it was possible to get by with considerably fewer civil servants under dictatorial regimes. The public are very critical of the number of local-government employees, which in some cases rose following the change of system, and are questioning the need for them. At the same time, however, they are demanding much more from local government in terms of services.

This description shows the importance of training, further training and exchanges of experience for local-government employees in Central and East European countries. This situation has led all the institutions of the democratic states to start training programmes. However, these are hardly co-ordinated at all, involve much overlapping and make multiple demands on the officials' time. The result is often to reduce participation and weaken the effect produced.

All the training centres for public servants have been - and have so far remained - under central-government supervision.

The great differences between local and central government in terms of the work to be done and challenges to be met are increasingly highlighting the need for local authorities or local-authority associations to establish their own training centres. These could be used not only for regular in-service training of staff, but also - as part of the international training network along with the central-government colleges - for ensuring co-ordination and compatibility.

None of the requirements for training of this kind exist in Central and Eastern Europe at present. European governments and local-government and other institutions should step up efforts in this direction so that competent training staff and an institutional framework can be provided on the spot without delay. Large numbers of experts of differing nationalities conducting occasional, short lecture tours without co-ordinating their work cannot provide effective assistance even in the short term.

Town-twinings and the programmes now up and running show that continuous co-operation based on partnership offers significant mutual advantages (LOAD, PHARE programmes, ECOS, Know-How Fund).

9. Concluding remarks

Europe's local-government representatives should push through at all levels of institutionalised co-operation the public's increasingly loud calls for local authorities to be involved in all European decision-making processes to the same extent as the implementation of the decisions imposes duties and obligations upon them. Unfortunately, it is having to be pointed out more and more frequently that the term "democracy" is derived from the word for "people" and that unless constant, close contact is maintained with the people, ie the citizens of local communities, democracy will be faced with ever-recurring problems.

It must be understood that local solutions to the problems of our continent will become more and more difficult to find in future and there will be an increasing need to seek comprehensive and balanced approaches that ease tensions and take account of other regions. To this end, conventional civic thinking based on a single nation will have to be expanded to include a European dimension. The fundamental importance of twinnings between local authorities must be recognised, but they should be based on broad involvement of the people and should no longer merely be formal arrangements which exist only on paper. The terrible war in Bosnia shows how little nations, peoples and individual citizens know about each other, how easily crisis situations can be fatally misinterpreted, and how quickly the belief can vanish that today's conflicts can be dealt with and solved as a matter of routine using conventional methods.

In order to create a united and peaceful Europe, the Council of Europe and, in particular, the Congress of Local Authorities and Regions, should continue their hitherto successful work and go on identifying and analysing new trends as they appear, while adapting to the new conditions and constantly seeking new ways and means of strengthening democracy and peace.