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## FOREWORD

As accession negotiations draw to a close, both academic and public debates on the enlargement of the European Union have become more intense and more sophisticated. While in the early phases of the enlargement process, the candidate countries were often seen as the objects of integration policy and research, they are now emerging as active partners and participants in debates about European governance.

EuroCollege, a centre for EU-related teaching, training and research at the University of Tartu, Estonia, is committed to promoting both academic and policy debates on the various challenges associated with the Eastern enlargement. In 1998, with support from the EU's Phare programme, EuroCollege launched an Estonian-language publication series in order to increase awareness and stimulate discussion about the impact of EU accession at all levels of the Estonian society. The thirteen issues published to date present analysis and arguments by many prominent scholars and policy experts.

EuroCollege Working Papers is a new, English-language series that reaches out to a broader, international audience in an attempt to stimulate discussion about the policy dilemmas associated with the Eastern enlargement. More academic in orientation, the series has two goals. First, it provides an avenue for disseminating the results of research conducted by young Estonian academics and graduate students whose work focuses on some relevant aspect of EU accession. Second, the series seeks to stimulate the exchange of ideas among the emerging centres for EU studies in Central and Eastern Europe as well as the more established research institutes in the West. By providing a forum for academic discussion, the series will facilitate the integration of young CEE scholars into the academic community focusing on European integration. With this kind of dialogue in mind, the series is open to academic contributions from scholars, experts, and graduate students whose work focuses on issues related to EU enlargement, regardless of the country of origin. Potential contributors are encouraged to contact Liina Kulu at [liina@ec.ut.ee](mailto:liina@ec.ut.ee) (Tel. + 372 7 376 379) or send their manuscripts to EuroCollege, University of Tartu, Lossi 3-304, Tartu 51003, Estonia. The first publications of the series are sponsored by the European Union, the EuroFaculty programme, and Tartu University's EuroCollege.

I hope that the articles published in this series will draw our attention to overlooked issues, interesting findings and novel arguments that help us better understand the challenges associated with Europe's current transition.

Piret Ehin, Vice Director of EuroCollege

## INTRODUCTION

Until the end of 1980s the theoretical discussion over European integration was dominated by the discipline of international relations. It is only recently that scientists from other sub-fields of political science have become seriously interested in European integration. The “new” European integration research proceeds from the empirical reality of the politico-administrative system of the European Union (EU). Instead of the “big” questions of the traditional theories of European integration, it is more interested in describing and analysing the day-to-day policy-making in the European Union. The emphasis is particularly on issues pertaining to the efficiency and legitimacy of governance in the European Union (cf. Grande 2000; Jachtenfuchs and Kohler-Koch 1996).

One strand of this “post-ontological” European integration research (cf. Caporaso 1996) is concerned with the impact of European integration on domestic policies and structures. Albeit this influence has apparently been known for quite a long time, the speeding-up of the integration process in the second half of the 1980s and in the beginning of 1990s has clearly made the domestic dimensions of European integration more visible. At the backdrop of this, the issues pertaining to the European integration and domestic change have attracted more attention since the beginning of nineties onwards (cf. Héri-tier *et al.* 2001; Cowles *et al.* 2001). Whereas considerable research has been done in analysing the impact of European integration in the Member States, the europeanization discussion has been slow in catching-up with the EU eastern enlargement process, despite the obvious implications of the EU enlargement on the politics and structures in the candidate countries (Grabbe 2001, p. 1014).

The current paper discusses the influence of the EU on the territorial structures in the Central and Eastern European Countries (CEECs). These countries had similar sub-national governance structures already before the transformation processes had started. They also introduced roughly similar territorial structures immediately after the collapse of the communist regimes. In the first half of the nineties, the emphasis was on institution building at the local level. Since the mid-nineties many CEECs have proceeded with regionalization reforms. On the one hand, these reforms have been motivated by endogenous pressures for reform; on the other hand, the EU has been seen as the major impetus for these reforms (Hughes, Sasse and Gordon 2001; Brusis 1999). In this context, the current paper focuses on the interlinkages between the regionalization and europeanization processes in the CEECs.

It would be clearly beyond the scope of this paper to analyse the europeanization of territorial structures and policy in all CEE candidate countries. Therefore, only four countries – Estonia, Hungary, Poland and Slovenia – will be dealt with in more detail. These countries share common legacies of the communist past and have undergone a similar transition. All of them were included into the group of the “first wave” countries of EU eastern enlargement in 1998. This choice of countries also underlies the assumption that the country’s size is an important factor when designing the territorial structures. Hungary and especially Poland are both large enough in terms of territory and population to have strong potential for regionalization. In Estonia and Slovenia, with relatively small populations and territories, there is considerably less scope for far-reaching regionalization, though it does not mean that there is no need for elected government at the regional level.

The structure of the paper is as follows. First, the implications of the European integration on the local governments and regions will be discussed. We will explore the most important developments in the process of European integration with regard to local and regional governments and discuss the links between the European integration and regionalism in the Member States. The subsequent part gives an overview over the europeanization of sub-national government in the CEECs, first providing the background information regarding the territorial structures under the communist regime, and the problems resulting from the transformation processes in these countries, and then discussing the impact of European integration on decentralization processes in the CEECs. The following part provides a comprehensive overview analysis about the europeanization of territorial structures in Estonia, Hungary, Poland and Slovenia. The concluding part summarises the findings.

# 1. EUROPEAN INTEGRATION AND SUB-NATIONAL GOVERNMENTS

## 1.1. The territorial dimensions of the European integration

Since the mid-eighties the sub-national governments have gained additional momentum in the European integration process. In this respect the following developments are particularly important.

First, the Single European Act (SEA) foresaw the completing of the Single European Market project by 1992. This entailed the removal of barriers to the free movement of goods, services, persons and capital. Many measures that had to be adopted to remove these barriers touched upon the competencies of local and regional governments, such as changes in planning regimes, vocational and professional training, local transport, the environment, trading standards, health and safety, and consumer protection (John 2000, p. 879).

Perhaps the most important development was the reform of the EC regional policy. The SEA reinforced the EC regional policy by providing a link between the regional policy and broader aim of economic and social cohesion for the first time. The stronger commitment to the aims of regional policy was reflected in the considerable increase of the EC budget of regional policy. It was agreed that during the next programming period from 1988 to 1992 (Delors-1 package) the EC regional policy budget was supposed to double so that by 1993 this would constitute 25 per cent of the Community budget. The drastic increase has often been explained as a part of an intergovernmental “package deal” or – by persons more familiar with the US politics – as the “pork-barrel politics” that was necessary to secure the commitment of the four poorest countries to the Single Market Programme (Pollack 1995; for a different view, see Marks 1993, p. 194–202).

The SEA also provided the legal basis for the European Commission to rationalise and reform the implementation and objectives of the Structural Funds. In 1988 a number of regulations were adopted, that altered the objectives and principles of EC regional policy significantly. The 1988 reforms also reinforced four principles that have also been important in the later development of the regional policy (Allen 2000, p. 254):

- 1) **concentration** – EC regional policy should be concentrated on areas that most need the assistance;

- 2) **partnership** – sub-national authorities from the most appropriate level should be involved in the policy process. There should be the closest possible cooperation between the Commission and these authorities in various stages in the policy making from preparation to implementation;
- 3) **additionality** – national regional funding should not be replaced by the EC regional funding. Instead, the EC funding should be additional to national funding.
- 4) **programming** – multi-annual, coordinated programmes containing single projects, rather than single projects, are funded.

After the 1988 reforms, roughly 90 per cent of the funds were distributed in a three-step process. First, Member States were to adopt their regional development plans and present them to the European Commission. On the basis of these regional development plans the Commission and a Member State were to bilaterally negotiate the Community support frameworks (CSFs). Third, specific economic programmes were agreed upon in partnership between states, Commission administrators and sub-national representatives (Marks 1996, p. 394). Following the principle of concentration, these nationally initiated programmes were supposed to be concentrated on 5 priority objectives: underdeveloped regions (objective 1); regions in industrial decline (objective 2); long-term unemployment (objective 3); youth unemployment (objective 4); adaptation of agricultural structures (objective 5a); development of rural areas (objective 5b).<sup>1</sup> Thereby, only objectives 1, 2 and 5b were regional development objectives.

Apart from CSFs, 9 per cent of the Structural Funds budget was designated to the so-called Community Initiatives. In fact, the Community initiatives are quite similar to the non-quota section of the European Regional Development Fund introduced in 1979. The Commission was given the opportunity to propose certain measures that were of interest to the Community but not covered by the regional development plans. Member States could then submit applications to receive the assistance from the Community Initiatives (Wishlade 1996, p. 38). The Commission has considerable autonomy regarding the Community Initiatives. First, it is important that the appropriate forms of action under each of the Structural Funds are outlined in very

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<sup>1</sup> The arrangement of priority objectives has been changed in the beginning of subsequent programming periods. In 1993 a new objective 4 was foreseen to facilitate the adaptation of workers to industrial changes and to changes in production systems, and the former objectives 3 and 4 were merged. With the Nordic countries joining in 1995, a new objective 6 aimed at areas of sparse population was added. Agenda 2000 foresaw further changes for the purpose of achieving more concentration. It was decided that there should be only three priority objectives in the programming period 2000-2006: underdeveloped regions (objective 1); regions in social or economic conversion facing structural difficulties (objective 2); unemployment (objective 3) (for an overview of the development of the EU regional policy, see the European Commission regional policy website: [www.europe.eu.int/comm/regional\\_policy/index\\_en.htm](http://www.europe.eu.int/comm/regional_policy/index_en.htm)).

broad terms. Furthermore, Community Initiatives are designed on the basis of guidelines established by the Commission alone, although a Committee consisting of Member States governments must be consulted (Allen 2000, p. 256).

1988 arrangements were a considerable success "... at moving away from the uncoordinated funding of nationally selected projects towards the funding of programmes, designed in consultation with the member governments and using Commission determined criteria." (Allen 2000, p. 255–256). These reforms enhanced the autonomy of the Commission in the policy process of the regional policy as well as provided local governments and regions with new "windows of opportunity" at the European level.

Yet, the later development of the regional policy has been rather disappointing for those who hoped that there would be further reforms for enhancing the decision-making role of local and regional governments in the regional policy. Instead, since 1992 onwards Member States have been rather clawing back the autonomy given to the European Commission with the 1988 reforms. First, Member States have been insisting on that the national territorial structures should be taken more into account when implementing the EU regional policy. Second, the central governments have strengthened their control over the Community Initiatives. In 1993 a new Council Committee on Community Initiatives was established to ensure more efficient control. The Community Initiative allocations as a proportion of the Structural Funds budget have also decreased, constituting only 5 per cent for the programming period 2000–2006. In addition, the process of structural programming has been streamlined. Previous three-step process was replaced with a two-step process where Member States could opt to submit the regional development programmes with the specific economic programmes already at the outset, shortening the process and reducing the Commission's room to manoeuvre and sub-national authorities' possibilities to influence the process (*ibid.*, p. 255; cf. Marks 1996, p. 394–395). Although these reforms do not constitute a complete overhaul of the principles adopted in 1988, the fact that the Member States have been clawing back the autonomy previously given to the Commission cannot be ignored. Several commentators have characterized these later developments as "re-nationalization" of the regional policy (e.g. Keating and Hooghe 2001, p. 248).

The speeding-up of the integration process in the mid-eighties necessitated the response of sub-national governments at the European level. First, numerous local governments and regions are represented at the European level through the so-called "regional offices" by now. In 1985 German *Länder* Hamburg and Saarland were the first to establish such offices in Brussels. Three years later there were already 18 regional offices in Brussels. By the end of 1990s, about 150 offices representing the interests of local governments and regions were reported (Hooghe and Marks 2001,



p. 86). These representations can be of various types. Thus, there are bureaus representing only one region or several regions or even bureaus that are set up by regions or localities from the different Member States. The role of the bureaus is somewhere between a lobbying agency and an informal embassy for their particular region. Their tasks include providing the Commission and Parliament with regional viewpoint on topics that concern them; keeping an eye on the European scene for upcoming issues and providing their home governments with this information as well as participating in networks with other sub-national governments (Hooghe 1995, p. 186). Empirical studies show that politically influential regions and localities tend to be more represented at the European level than the poor regions that would benefit from the EU regional policy. Also regions that have an identity different from that of the rest of the state tend to be more present at the European level. Obviously, poor regions are under-represented because sub-national representation would not make a difference in case of the EU structural funding, as the most important decision pertaining to the budget and its spatial allocation are made by the Member States and, to a lesser extent, by the Commission. The studies also show that it is often political reasons that motivate regions and localities to be represented at the European level (Marks *et al.* 1996).

Second, the Treaty of Maastricht foresaw the establishing of the Committee of the Regions (CoR). In a way, this institution can be seen as a successor to the Consultative Council of Regional and Local Authorities that was set up with the 1988 reform of Structural Funds to consult the Commission on regional policy issues. Although being initially envisaged by its advocates, notably the German *Länder* as an influential body with co-decision rights, the CoR turned out to be basically a consultative body with no real decision-making power, the status and role of which is quite similar to that of the Economic and Social Committee.<sup>2</sup> The CoR is consulted by the Council or by the Commission in cases required by the EC Treaty or when these institutions consider it necessary. In addition, the CoR can issue an opinion when it considers it appropriate.

For advocates of the concept of “Europe of Regions”<sup>3</sup>, the CoR was clearly not an adequate solution. Beyond its weak position in the decision-making procedure, the arrangement of appointing the members of the CoR has been criticized. The CoR consists of the representatives of local and regional bodies who “... shall be appointed for four years by the Council acting unanimously on proposals from the respective Member States.”<sup>4</sup> Thus, in the end, it is up to the central governments to

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<sup>2</sup> See Hesse 1995 for interesting accounts on the discussion regarding the creation of the Committee of the Regions in the Member States.

<sup>3</sup> See p. 8.

<sup>4</sup> Article 198a of the Treaty Establishing the European Community.

decide who should represent the regions and localities in the CoR, whereby both elected and non-elected delegates can be appointed (Loughlin 1997, p. 157). Further, the institution lacks its own administrative apparatus. It has to share its staff with the Economic and Social Committee. It is also pointed out that the CoR is too heterogeneous and can therefore be characterized by conflicts between different interests, particularly between the rich and the poor or the regional and the local interests, on the basis of which cleavages exist that pit different groups against each other, making the decision-making very difficult (Hooghe and Marks 2000, p. 82; Christiansen 1996, p. 97–106). Notwithstanding these criticisms, it is in itself significant that the CoR was established at all since it was the first time that the local and regional interests were institutionally acknowledged in the political architecture of the European Union.

Finally, the Maastricht Treaty also opened the Council of Ministers to the subnational government. Since Maastricht a sub-national minister may represent and vote for a Member State in the Council, provided he/she speaks for the whole country. Nevertheless, it is still up to the Member States central governments to decide whether the sub-national governments should be granted this rights or not. Until now, the regions of federal Member States – Germany, Belgium and Austria – have been granted this right. With the 1999 decentralisation reforms in Great Britain, Scotland and Wales have joined the most privileged regions. Spanish regions have also been vying for this right but have not succeeded so far. Apparently, the regions of the other EU Member States have little or no perspective to participate in the Council of Ministers in the near future (Hooghe and Marks 2000, p. 83).

## **1.2. Europeanization of sub-national governance in the EU Member States**

Last ten years have witnessed an explosive growth of research on the impact of European integration on the policies and structures of the Member States. It has been increasingly recognized that “Europe matters at home”, i.e. that domestic policies and structures are being “Europeanized”. In contrast to the earlier studies on “Europeanization” that were interested in how the domestic politics and structures influence institution building at the European level, the focus is on the impact of European policies and structures at the national level. Following this, europeanization could be defined as “... incremental process re-orienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy-making.” (Ladrech 1994, p. 69)

What are the “logics” of europeanization? It is obvious that European integration implies changes at the national level where there is an institutional misfit between the

European institutions and domestic structures. The “goodness to fit” between the European and domestic arrangements determines the degree of adaptational pressure that a Member State experiences (Risse *et al.* 2001, p. 6–7). Further, there are more indirect ways of how europeanization works and that cannot be appropriately comprehended through the fit-misfit model. Some EU policies do not explicitly entail an institutional model that the Member States should implement but rather influence the opportunity structures of domestic actors and hence alter the distribution of resources between domestic actors. This logic of europeanization underlies the “negative integration” or “old regulative policies” that aim at eliminating barriers to the free movement of goods, services, capital and persons in the Single Market (Knill and Lehmkuhl 1999). Thirdly and more implicitly, the European integration may trigger domestic change by altering the beliefs and expectations of domestic actors. Thereby, European policies and ideas can serve as a point of reference for reform-minded domestic actors and provide additional legitimation for the reforms at the national level (*ibid.*; cf. Radaelli 2000).

Obviously, the EU regional policy is the most important EU policy for the sub-national governments. Regional policy is primarily a re-distributive policy but it also contains regulative elements. The EU prescribes that the Member States should bring their arrangements in line with the principles of the EU structural policy. The principle of partnership means that the Member States should provide for involving the sub-national governments in the EU regional policy decision-making process. Yet, the Member States have considerable leeway in how and to what extent they do it. Besides, there are no clear-cut rules to verify whether the Member States truly involve sub-national governments or not.

Overall, the EU has had a very limited influence on the implementation of the principle of partnership and the Member States have been keen on insisting that national territorial structures are in their competence and the Commission should have no influence there. Central governments have remained reluctant to truly involve sub-national governments in the regional policy decision-making. Moreover, the arrangements of the EU regional policy have been usually fitted into the state-specific institutional frameworks. Notably, one can predict an actor’s influence more precisely by knowing in which country policy is made than by knowing the stage at which policy is made. Except the federal countries and Spain, sub-national governments have some influence only in the stages of implementation and monitoring of the EU regional policy (Marks 1996).

Nevertheless, the impact of the 1988 reforms of the EU regional policy on sub-national governance in the Member States should not be underestimated. We can observe a growth of activities of sub-national governments at the European level. The “gate-keeper” position of the central state has been weakened. In particular, regions

with strong cultural and historical identities that are different from the rest of the state have sometimes tried to circumvent the central government in relations with the supranational level (Jones and Keating 1995). For those regions, the EU is an additional point of reference providing them with a “window of opportunity” to gain additional funding and to enhance their international profile.

In addition to the EU regional policy, sub-national governments were affected by the transfer of their competencies to the European level, particularly since the speeding-up of the integration process in the mid-eighties. In several EU Member States, this logic of europeanization has been contrary to the logics of regionalization process that has taken place parallel to and independently from the European integration process where tasks have been devolved to the regional governments (cf. Sharpe 1996). As a response to losing their tasks, regions have demanded more participation rights in deciding European issues at the national level as well as access to the decision-making at the European level. Several EU member states have adopted some kind of arrangement to involve regions in working out the national position regarding matters where their competencies are concerned (cf. Jeffery 1997; Jones and Keating 1995).

Overall, the European Union can be characterized as a mixed blessing to the regions and local governments. On the one hand, the re-distributive logics of the EU regional policy combined with its regulative elements have resulted in limited empowerment of localities and regions. On the other hand, the European integration has entailed the loss of regional competencies to the EU. Furthermore, if we make a cross-country comparison, then different patterns of adaptation to the EU influence can be observed (Börzel 1999, cf. Jeffery 1997). There are two main reasons for this diversity of patterns of adaptation. First, the territorial structures in the Member States are very different, ranging from federal states such as Germany to traditionally very centralized unitary states, notably France and Great Britain. Therefore, there are obviously considerable differences among the Member States as to what extent the European integration has influenced their territorial structures. Overall, states with strong regions have been more affected than unitary countries. Secondly, different formal and informal national institutions shape the responses of the Member States. This means that although the states are similarly affected by the integration, we can still observe differences in national responses. Germany and Spain are a case in point: whereas the cooperative federalism facilitated the institutional adaptation of German territorial structures to the EU influence, the competitive and conflict-oriented inter-governmental relations hindered a smooth adaptation in Spain (Börzel 1999).

Finally, the European institutions, notably the CoR have supported and contributed to the development of the concept of the “Europe of Regions”. The concept has

been particularly strongly put forward by the regions in the federal Member States, especially German *Länder*. “Europe of Regions” is by no means a clear-cut concept and it has different meanings. However, usually this concept implies that in the context of globalization and europeanization the regions constitute the most appropriate level of decision-making. Respectively, they should be provided with more autonomy for more efficient and democratic governance, not least to remain competitive at the European (or international) level. As regards the future of the European Union, the regions should also have more “say” in the European decision-making. There is, however, no empirical evidence whatsoever that the concept of “Europe of Regions” has had a considerable impact on the national reform discussions in the Member States.

## **2. EUROPEANIZATION OF TERRITORIAL STRUCTURES IN THE CEECS’**

### **2.1. Background: communist legacies and transformation**

The communist regime was extremely centralized and undemocratic. The state system followed the principles of “democratic centralism” and “homogenous state authority”. The former implied that the lower level territorial units should be subordinated to and controlled by the higher-level units. Those at the level above could overrule the decisions made at lower levels. Sub-national levels of government were also financially, to a large extent dependent on central government, as the bulk of local revenues were central government grants. Local finances were included into the state budget. The principle of “homogenous state authority” meant that, by definition, there could be no contradictions between the interests of different territorial units as they were all to express the interests of the working class defined by the Communist party (Illner 2002, p. 11; Coulson 1995, p. 5–9).

In addition, the communist regime was characterized by the dominance of vertically organized and centrally controlled economic structures over territorial government and administration. Enterprises often had more resources than territorial units and sometimes local governments became even dependent on them. Consequently, “... a territorial unit was administered more as an aggregate of outposts of central economic and administrative agencies than as a complex socioeconomic organism.” (Illner 2002, p. 12). As to the legitimacy of the institutions at the local and regional level, formally elected representative bodies (the “soviets”) existed. However, the result of the elections was to a large extent determined by the pre-selection of

candidates by the communist party. Thus, the locally elected bodies were created rather by nomination than by true elections (Baldersheim and Illner 1996, p. 11).

It was against this background that the post-1989 reforms take place. After the fall of the communist regimes, it was important for the CEECs to re-establish democratic government structures at the local and regional levels. Furthermore, viable democratically elected local and regional government structures were considered crucial for reinforcing the principles of democracy and rule of law (*ibid.*).

The decentralization process follows a similar path in the countries under consideration (Illner 2002). In the first years of transformation the institution building at the local level was given a priority. There are several reasons for this. First, the local level was regarded as the grass-roots level of democracy proper being the closest to the citizen. It was also argued that the introduction of self-government at the regional level would constrain the autonomy of local government because localities would lose the tasks and would have to compete with regions for resources. Apparently, another important reason why the local level was given priority over the regional level was that during the communist regime regional institutions were very important outposts of the communist party. They were supposed to control the activities of local units. Therefore, the institutions of the regional level were associated with the communist regime.

Indeed, after the collapse of communist regimes, some CEECs abolished regional level institutions altogether (e.g. Czech Republic and Slovakia). On the other hand, euphoric expectations surrounded the restoring of local government systems and many CEECs accorded the status of a local government to very small units, sometimes the units amalgamated during the communist period were disintegrated again (Baldersheim *et al.* 1996, p. 25–26). Thus, during the first years of transformation relatively fragmented local government systems were created, the values of self-determination and democracy were given priority over functionalist criteria.

It has been only since the mid-nineties that the regional level of government has received more attention in the CEE. First, most of these states have a considerable proportion of small local government units. For the efficient provision of public services it is necessary that these authorities cooperate or that larger units at the regional level fulfil these tasks. Furthermore, many CEECs have been plagued by the problems of fragmented state administrative organisation at the regional level (Verheijen 1997). So far the tasks of central government at the regional level have been mainly fulfilled by the field offices of the respective ministries. This has resulted in the lack of coordination of central government policies at the regional level. In particular, regional policy considerations have received too little attention and there is

unnecessary duplication of organizational structures at the regional level. At the backdrop of this, it has been recognized that some kind of general-purpose units at the regional level – be it deconcentrated state administration or democratically elected regional government – are necessary.

## **2.2. Territorial dimensions of the EU eastern enlargement**

### **2.2.1. Main steps in the EU eastern enlargement process: From “Copenhagen criteria” to regulatory alignment**

Parallel to the decentralization reforms, Estonia, Hungary, Poland and Slovenia have been striving for the EU membership. The EU accession negotiations with these countries were opened only in 1998 though closer relations with the EU had been developing already since the beginning of the transformation period.

The relations between the EU and the CEECs acquired a legal basis with the Association (Europe) agreements that were signed between 1991 and 1996. Most importantly, the cooperation between the EU and these countries attained a solid basis, a regular political dialogue was institutionalised, as well as important steps towards the liberalization of trade were agreed upon. In 1993 the aspirations of the CEECs to become EU members were officially recognized. The Copenhagen European Council envisaged the EU membership of these countries as a final goal and laid down the so-called “Copenhagen criteria” that prospective candidates should fulfil in order to qualify for the EU membership. However, the three criteria – the stable democratic institutions, the functioning of a market economy, and the capacity to integrate – remained too vague to be put into concrete objectives that the CEECs could have aimed at (Mayhew 1998, p. 29). In 1994 Hungary and Poland were the first to submit their applications for EU membership. The rest of the current CEE candidate countries followed during the next two years.

The next important step towards the accession of the CEECs into the EU was taken at the Essen European Council in December 1994. In Essen a “preaccession” strategy for enlargement was adopted that aimed to prepare countries that had signed the Association agreements for membership. It included four key elements: the Europe Agreements; the White Paper of June 1995 that dealt with preparing the CEECs to join the EU internal market; the “structured dialogue” involving the joint meetings of the EU and CEECs heads of governments and finally PHARE

Programme as a pivotal financial instrument in the pre-accession strategy.<sup>5</sup> The subsequent European Councils of Cannes and Madrid reinforced the decisions taken in Hessen. At the Cannes Summit, the White Paper on the preparation of the associated countries to enter the internal market of the EU was approved. In Madrid the Commission was charged with preparing a ‘composite paper on enlargement’, evaluating the impact of enlargement on the EU policies and budget, and its opinions (*avis*) on the membership applications of all candidate countries. The Commission was supposed to present the paper after the intergovernmental conference that was to commence in 1996. Further, an indicative date to open the accessions negotiations with Malta, Cyprus and the CEECs six months after the end of the intergovernmental conference was set (Sedelmeier and Wallace 2000, p. 445).

In July 1997 the Commission published the reports requested by the Madrid Summit entitled “Agenda 2002”. Apart from the future of the main areas of Community policy and the EU’s financial perspectives for the period 2000–2006, the document focused on the enlargement. It included the opinions over the candidate countries prepared by the Commission on the basis of the Copenhagen accession criteria and a financial framework for supporting the pre-accession process in the applicant countries. Moreover, it stipulated a framework enlargement strategy. The latter envisaged that the *acquis communautaire* – the body of EU law – would be applied fully upon accession, transitional arrangements being subject to negotiations. Notably, also a “reinforced accession strategy” was agreed upon that was based on pre-accession aid and new Accession Partnerships (APs) that were to be reviewed annually (*ibid*, p. 448). The APs were to govern the relations between the EU and the candidate countries until their final accession. Though the APs were supposed to be worked out in collaboration with the candidate countries, in fact very little attention was paid to the CEECs’ objections. As a result, the negotiations were reduced in scope. Furthermore, differently from the previous enlargement rounds, no opt-outs were allowed for the current candidate countries and transitional periods were to be agreed upon only for a short period of time (Grabbe 1999, p. 22–24).

In December 1997 the Luxembourg European Council adopted the Agenda 2000. On the basis of the Commission *avis*, it was also decided to open accession negotiations with the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus. The negotiations with these “first wave countries” were commenced on 31 March 1998. In 1999 the accession negotiations were extended to Bulgaria, Latvia, Lithuania, Romania and Slovakia. During the accession negotiations the candidate

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<sup>5</sup> The PHARE (French acronym for Poland and Hungary Assistance to Economic Restructuring) programme was launched in 1989 after the collapse of the communist regimes in CEE as a financial help supporting the transition-process and democratic institution building in Poland and Hungary. Later on, following the rapid political changes in the rest of CEE, it has been gradually extended to comprise 13 CEE countries.



countries were supposed to adopt the *acquis*. First, a process of “screening” by the Commission was foreseen with the aim of examining the ability of candidates to apply the *acquis* and identifying controversial issues. Subsequently, the accession conferences were to be opened. It is at these conferences where all the questions pertaining to the transition periods were to be settled (Sedelmeier and Wallace 2000, p. 452). Currently, most of the candidate countries have advanced to the final stage of the accession negotiations with having only few chapters of *acquis* left to agree upon.

### **2.2.2. Europeanization of territorial structures in the CEECs: Conditionality and diffusion**

First, the impact of the EU enlargement on the sub-national governance in CEE is apparent in the way that the EU has supported the democratic institution building since the beginning of 1990s. Stable democratic institutions became a conditionality in 1993 Copenhagen Council that called the membership aspirants to achieve “.... stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities” as one of the three criteria for joining the EU. In 1992, the EU also started a Democracy Programme within the PHARE and TACIS<sup>6</sup> framework, with 5 Mio. ECU allocated to the CEECs. About half of the 52 projects supported dealt with improving local democracy and participation, development of NGOs, and education analysis (Kirchner 1999, p. 210). Yet, this criterion was too broad, democratic institution building at the local and regional levels being only one aspect of it. Besides, the economic support from the EU was not targeted enough. Later on, as the CEECs EU membership perspectives became clearer, there was a shift in the EU strategy from supporting the democratic institution building in the transition process to ensuring regulatory alignment of the CEECs with the *acquis* (cf. Grabbe 1999). It was only since then that the direct impact of the European Union on territorial structures in the candidate countries has become more apparent.

The *acquis* has significant implications on the territorial structures in the candidate countries. First, it contains an extra chapter on the EU regional policy (Chapter 21: Regional Policy and Coordination of Structural Funds). Thus, the CEECs will have to demonstrate that their arrangements are in line with the principles of EU regional policy. As regards the relationship between sub-national governments and central government, the implementing of the principle of partnership is of key importance. It

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<sup>6</sup> TACIS (Technical Assistance for the Commonwealth of Independent States) is a grant-financed technical assistance programme for 13 Eastern European and Central Asian countries, that aims at supporting the transition process in these countries.

is, however, up to the candidate countries to decide exactly how the involvement of sub-national actors is provided for. Further, the candidate countries must join the NUTS (French acronym for Nomenclature of Territorial Units for Statistics) statistical classification system. The NUTS system divides territorial units into three interrelated categories in order to create a single and coherent structure of territorial distribution. There are three levels of regions in the NUTS system: whereas level 1 territorial units usually comprise several level 2 units, level 2 units consist of a number of level 3 units.

Second, in the context of the EU regional policy but also other EU policies, the Commission has been insisting that the candidate countries should have the “administrative capacity” necessary for implementation (Arnswald 2000, p. 55–60).<sup>7</sup> Not surprisingly so, because the EU is dependent on the Member States regarding the implementation of its policies. The EU does not have its own administrative apparatus to implement its policies; it has to rely on the Member States and sub-national governments in particular to implement the EU policies. Apart from that, the regions and localities in CEE will become the main beneficiaries of the Structural Funds and will have to spend considerable amounts of the EU money. Thus, there are obvious reasons why the EU has been emphasizing that the candidate countries should demonstrate that they have the administrative capacity to implement its policies. As a matter of fact, the “administrative capacity” has not been a key issue in the previous enlargement rounds though it has always been a part of the assessment of the candidate states (Ruubel 2002, p. 27–28).

The EU has made use of several instruments to ensure that the conditionality of membership is fulfilled. First, the Luxembourg European Council decided that the Commission should provide the Council with regular reports “... reviewing the progress of each Central and East European applicant state towards accession in the light of the Copenhagen criteria, in particular the rate at which it is adopting the Union acquis” (European Council 1997). The annual progress reports are a very useful point of reference for the accession countries providing them with information on to what extent they fulfil the EU criteria (Mayhew 2000, p. 11). Apart from that, the Commission has tried to influence the candidate countries more or less directly through the PHARE-sponsored regional programmes, through day-to-day interactions between the candidates’ representatives and Commission officials in Brussels, and through the delegations in the candidate countries (Hughes *et al.* 2001, p. 7).

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<sup>7</sup> The importance of the legal and administrative infrastructure instead of just the “transposition” of legislation was stressed already in the 1995 White Paper on regulatory alignment (Sedelmeier and Wallace, p. 443).

Apart from being subject to the direct adaptation pressure, there is a cognitive dimension of europeanization of politics and administration at work. In fact, it was already in the immediate aftermath of the collapse of the communist regime that the EU became a political and economic role model for the CEECs (Friis and Murphy 1999, p. 220). This is not so much because these countries tried to anticipate the EU membership conditionality. It was rather because they saw the European values and ideas having a value independently of whether they lead them eventually to the EU membership or not. In a similar vein, the need to integrate into the European Union was not discussed only in terms of practical benefits but also regarding the values it represents (Grabbe and Hughes 1999, p. 189). The politicians in the CEECs have often emphasized the need to “return to Europe” where they historically belong. As the former Estonian Prime Minister Mart Siimann put it: “The participation of Estonia in European integration is a natural process, which results from our centuries long belonging to the Western-European cultural arena. Considering this background, unification with European structures means a restoration of historical, economic, political and cultural ties.”<sup>8</sup>

In order to commit themselves to the European values, the CEECs have been emulating concepts and ideas perceived as “European”.

## 2.3. Country studies

### 2.3.1. Estonia

Unlike other countries dealt with in this paper, Estonia was an integral part of the Soviet Union. Although Estonia formally became independent only in August 1991 the changing political situation after the Gorbachev’s “perestroika” allowed for decentralization reforms to be started already in the end of eighties. The first truly democratic elections at the local level were held already in December 1989. A month before the elections took place the basic framework for the new local government system had been established with the Law of the Foundations of Local Government. It provided for the introduction of a two-level local government system. The primary administrative level was formed by municipalities, boroughs and cities, the secondary level was formed by 15 counties and 6 independent cities (Mäeltsemees 2000, p. 64).

In order to receive the status of a local government an applicant municipality, borough or town had to present its socio-economic development plan and draft-statute to the central government. These documents were to be reviewed by an

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<sup>8</sup> Cited in Kirch *et al.* 2001, p. 71.

Expert Commission on Public Administration Reform. In effect, more than 250 settlements received a local government status, roughly half of them having less than 2000 inhabitants (*ibid*, p. 103). Meanwhile, the number of local government units has slightly decreased due to voluntary amalgamations supported by the central government. Yet, there is still quite considerable number of small local government units that lack proper finances and capacities to fulfil their given tasks. The government has tried to tackle the efficiency problems of fragmented local government system via reducing the number of local government units.<sup>9</sup> Perhaps the most radical idea has been put forward by the Regional Minister *Toivo Asmer*, who envisages the creation of 15+5 local government units on the basis of the current counties and five largest cities (Huang 2001). Nevertheless, until now all the proposals to reduce the number of local government units have been drastically watered down, to a large extent because of the fears of central government politicians to loose support in the localities concerned.

The 1989 Law of the Foundations of Local Government foresaw also the introduction of local government at the regional level. This arrangement, however, existed only until the adoption of the Estonian constitution and following changes of the local government legislation in 1993. The Estonian constitution implies a one-level local government system. The introduction of other levels of local government is left open. More specifically, Article 155 Section 2 states that "... other units of local government [than municipalities and towns – *author's remark*] may be formed in accordance with the bases and procedures established by law." Respectively, the regional level of self-government was abolished with the 1993 legislation. Regional self-government units were transformed into general-purpose state administrative units led by the county governors. County governor is a *préfet*-type institution appointed by the central government and responsible for the supervision of the activities of local governments and coordination of central government and localities policies at the regional level. Besides county governments, special-purpose units of central government exist at the regional level.

Similarly to other CEECs, there has been much discussion regarding the pros and cons of having special-purpose vs. general-purpose administrative units at the regional level in Estonia. Another issue is the appropriate number of county governments. It is in this context that "European" arguments have been used. It is argued that the number of counties in Estonia should be reduced because larger entities would be more viable in view of the forthcoming EU accession. Apparently, the "European" arguments should be considered as additional support to the necessity to reduce the number of counties rather than as arguments in their own right (CoR 2000, p. 31–32). Yet, the number of counties has remained unchanged so far.

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<sup>9</sup> For a critical account on the Estonian local government administrative-territorial reform, see Drechsler 1999; cf. Kungla 1999.

Besides, this issue is far less salient compared to the local government administrative-territorial reform. The reform discussion has been focused on modifying the current system, the introduction of self-government at the regional level has not even been considered.

The conditions for membership of the EU have had a rather limited impact on the territorial structures in Estonia. Estonia is a small country with roughly 1.4 million inhabitants. During the accession negotiations it was agreed that the whole country should be considered as NUTS level 2 unit. It has been more controversial which level should correspond to the NUTS level 3 units. At once, in the proposal of the reference regions for NUTS that was submitted by the Estonian government to the EUROSTAT in April 2001, a five-partite division corresponding to the NUTS level 3 units was put forward: North-Estonia covers Harju-county, Central-, North-East-, West- and South-Estonia. The counties were considered as NUTS level 4 regions (Ruebel 2002, p. 81). The five units above the county level, however, remain purely statistical regions. And so far, no changes have taken place to reflect this new level in the territorial governance. This division has been, nonetheless accepted by the European Commission (European Commission 2001a, p. 71).

Parallel to these changes Estonian government has taken further steps to align the Estonian regional policy with the EU regional policy. In 1999 Estonian government adopted a new Regional Development Strategy that tried to reinforce that process. In April 2001 a decision on the basic principles for preparation to implement the European Structural Funds and the Cohesion Fund Support and an Action Plan for preparing the implementation of the European Structural Funds and the Cohesion Fund were adopted. The Commission has recognized the measures adopted in its 2000 and 2001 progress reports respectively. At the same time, however, it stresses the need to take further steps to enhance administrative capacity and strengthen the coordination between relevant authorities (Commission 2000a, p. 68; Commission 2001a, p. 71).

### **2.3.2. Hungary**

As regards the decentralization reforms, Hungary is in many respects a frontrunner compared to other CEECs (cf. Gibson and Hanson 1996; Baldersheim *et al.* 1996). In particular, the Hungarian reforms were longer and more systemically prepared. In 1990 the local government legislation was adopted that established local government and regulated local elections. It was quickly followed by framework legislation that assigned the powers and functions, financial resources and ownership of property. Local governments were made responsible for a wide range of services. On the other hand, local governments were also assigned their own tax bases and shares of

national taxes that guaranteed considerable predictability of revenues (Davey 1996, p. 117). Furthermore, the considerable autonomy of local government was bolstered by constitutional guarantees (Fowler 2001, p. 8). In drawing the boundaries of local government units, the Hungarian government took an approach where even the smallest settlements were conferred a local government status (Temesi 2000, p. 347). The 1994 amendments modified the local government system in view of four years of experience. Nevertheless, no major changes were made as regards the autonomy of local government in Hungary. Consequently, the Hungarian local authorities enjoy “the greatest autonomy and the most extensive competencies” among CEE transformation countries (CoR 2000, p. 33).

Hungary is ethnically a very homogenous country and it is lacking the basis for either ethnic or historical “bottom-up” regionalism (cf. Keating 1995). Notwithstanding, the country has a longstanding tradition of regional government (Temesi 2000, *passim*; CoR 2000, p. 34). In line with this, the 1990 Local Government Act foresaw the introduction of counties – *Komitaten*. Besides the historical and functional arguments, it was also maintained that some kind of meso level structure between the central government and local government would be a “European” norm (Fowler 2001, p.12).<sup>10</sup> Yet, the introduction of regional level was very much disputed. Many politicians would have preferred to do away with the regional level completely because it was associated with the Communist Party domination and local administration manipulation under the soviet regime. It was against this background that a compromise was reached which retained the counties, though in a weakened form. The counties were supposed to fulfil only a subsidiary role in that they provide services that the localities were not capable of providing themselves and those that had a regional character. Compared to local government, the counties remained far more dependent on central government resources and had no taxing powers of their own. Furthermore, until 1994 counties assemblies were elected indirectly by colleges of municipal representatives (Davey 1996, p. 118).

With the 1994 reforms the county level was strengthened to alleviate the problems that resulted from the fragmentation of the local government system. Apart from introducing directly elected assemblies, the reform transferred new responsibilities to the county level and replaced the commissioners of the republic with the offices of public administration to exercise legal supervision over local governments and to coordinate the activities of localities and deconcentrated state administration at the regional level. The former were appointed by the president and had jurisdiction over several counties, the latter were established in each county and the capital, and were

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<sup>10</sup> Nevertheless, generally it has remained far from clear what is the ‘European’ model for territorial structures, and sometimes parties have used the ‘European’ argument to gain support for contradicting claims (Fowler 2001, p. 15-16).

appointed by the prime minister on recommendation of the minister of interior (Temesi 2000, p. 352).

It was recognized already in the beginning of nineties that the country needs a coherent regional policy to reduce the inter-regional disparities in economic and infrastructural development. Regarding the territorial structures, the discussion was focused on the issue whether the regional development responsibilities should be given exclusively to the counties or to a new system of institutions created for this purpose only (Fowler 2001, p. 23–25). Eventually, it was decided to opt for the second solution. In 1996 a Regional Development and Physical Planning Law was passed that established the county Regional Development Councils. These were corporate bodies that consisted of representatives of county general assemblies, local government associations, employers' and employees' organizations and the Ministry of Environment and Regional Policy. This law was to a large extent based on the European model and, thus, enshrined the principles of the EU regional policy (Horváth 1999). In its *avis* the Commission noted that "Hungary is the first country among Central and Eastern European countries which adopted a legal framework closely in line with the EC structural policy. Many sections of the new law have been drafted in the perspective of taking over the *acquis*" (European Commission 1997, p. 90).

Notwithstanding the insistence on counties as the "would-be meso level" during the previous debates, the 1996 law foresaw also the creation of another category of intermediate units. The reason was that the 19 Hungarian counties are roughly the same size of French departments or Italian and Spanish provinces and correspond to the NUTS-3 units. However, in order to be eligible for Object 1 assistance there was the need for establishing larger structures consisting of several counties that would qualify as NUTS-2 units (CoR 2000, p. 42). In addition to the need to comply with the EU regional policy requirements, the larger units were perceived as being more "European" in general and helpful in facilitating cross-border cooperation (Fowler 2001, p. 30). Yet, the creation of the regions was far from an overhaul of Hungarian territorial structure: the regions were meant solely to create the NUTS-2 units for EU accession purposes and nothing beyond that (*ibid*, p. 31). The 1996 law remained also quite vague about on which basis the future regions should be constituted. The discussion over how the regions would be created was highly controversial, especially the issue whether the newly created regions should be based on the county structure or not. Finally, a county-based definition of regions was adopted while leaving the territorial division open. Regional development councils were to be formed voluntarily by county regional development councils. Furthermore, the law also mentioned the "new region" that was defined as a "... territorial unit to be treated as one from the social, economic and environment point

of view, extending over several counties or certain of their territories (Chapter 1, Article 5) (*ibid*, p. 36).

The 1998 Commission progress report on Hungary recognized the measures adopted, but at the same time severely criticized the delays resulting from the lack of implementation of the necessary structures (European Commission 1998a, p. 33). As a follow-up, the Hungarian parliament amended the Regional Development Law in 1999. Its new provisions foresee the establishing of seven Regional Development Councils that are mandatory within the designated boundaries of seven NUTS level 2 regions each of them consisting of three counties, except the unit comprising the Budapest region and the surrounding county of Pest. Each of the 19 counties constitutes a NUTS-3 unit. The law also provides for the strengthening of both county development councils and regional development councils vis-à-vis counties. Furthermore, the amendments also changed the composition of regional development councils, tilting the balance in favour of central government representatives (CoR 2000, p. 42–43). Recently, the creation of directly elected regional assemblies has been discussed. This idea has gained considerable support across the political spectrum (Fowler 2001, p. 41–43).

### **2.3.3. Poland**

In contrast to Hungary, Poland made little early success in introducing viable democratic structures at the local level. Essentially, the 1990 Act on Local Self-Government reflected a compromise between the ruling Communist Party and the Polish democratic opposition. Whereas the Act provided for free democratic elections, the structural arrangements adopted were clearly inadequate to establish a properly functioning local government system. In particular, the division of tasks between the council and the executive was not appropriate and the council was oversized. Furthermore, not enough financial autonomy was provided for and local governments remained to a considerable extent financially dependent on the central government appropriations (Zaucha 1999, p. 66–67). The territorial boundaries of local government units inherited from the socialist period were to a large extent left in tact. Unlike in other CEECs discussed in this paper, Poland does not have localities that have less than 1000 inhabitants, and 77% have populations over 5000 (Kowalczyk 2000, p. 245).

Simultaneously with the introduction of the new local government system in 1990 the regional voivodship councils were abolished. Voivodships were transformed to state administrative units that were led by voivode (*wojewoda*) – an official appointed by the prime minister. The 1990 Act on Local-Self-Government also foresaw an



assembly consisting of local government representatives at the voivodship level. Nevertheless, this was merely a consultative body and, in essence, the voivodship level consisted of deconcentrated state administrative units. In 1990 also the territorial offices that were supposed to provide social services at the regional level were established. Significantly, the system of the territorial offices was based on the system of counties (*powiat*) that had existed before 1975 (*ibid.*, p. 220). These changes aside, the 49 voivodships established in 1975 were retained.

Notwithstanding the absence of regional dimension of decentralization reforms in the beginning of the nineties, the discussion regarding more far-reaching regionalization has been on the agenda since the beginning of the transformation process. It is important, however, that the Polish regionalization is not characterized by the “bottom-up” logic with distinctive ethnic or historical regions different from the rest of the country demanding for more autonomy. Though there are small spatial concentrations of Germans in the western part of the country and of Ukrainians in the south-east Poland, their autonomy has never been an issue (Illner 2002, p. 8). The Polish reforms have rather taken place in a “topdown” manner. The establishing of the intermediate level self-government was justified in terms of legitimacy. The voivodships as territorial units were considered too large for a democratic and decentralized state. On the other hand, it was also decided that the current voivodships should get directly elected assemblies and their number should be reduced. With the leftist forces (Alliance of the Democratic Left, the Polish Peasant Party and Union of Labour) coming to power in 1993 the regionalization reforms were postponed because of the strong opposition to the introduction of counties by the Polish Peasant Party (Zaucha 1999, p. 74-75; Kowalczyk 2000, p. 221).

After the introduction of the new system of local government in the beginning of the nineties, soon the functional deficiencies of the arrangement were recognized. Meanwhile numerous special-purpose state administrative units had been created. This resulted in the lack of transparency and coordination at the regional level (“Poland of Departments”). Furthermore, the need to create units that would perform efficiently regarding regional, economic and structural policy was particularly emphasized. The reduction of the number of voivodships was also considered necessary for the efficient management of EU Structural Funds. It was also pointed out that the new larger units would be more appropriate from the perspective of trans-national cooperation and EU interregional partnership programmes. Against this background, the focus of the debate on regional selfgovernment shifted from arguments related to democracy and legitimacy to the efficiency considerations (CoR 2000, p. 52–53; Garsztecki 2001, p. 307).

The “window of opportunity” for regionalization reforms seemed to open in 1997 after the centre-right coalition came to power. A few weeks after the new

government was formed, it sent a bill to the parliament that provided for the introduction of new territorial structures. Nevertheless, due to the resistance from the backbenchers and opposition the decision on establishing the counties and new voivodships was postponed again for almost a year. Thus, it was only in summer 1998 that the parliament finally decided that Poland would be divided into 16 voivodships and 373 counties as of January 1, 1999. At the same time the territorial offices established in 1990 were to be abolished and their functions to be transferred to the new county level. The Commission's reaction to the reforms was overly positive (cf. European Commission 2000b). Moreover, it remarked already before the new structures were implemented that the reform "... should have a significant positive effect on the development of a genuine regional policy approach in Poland" (European Commission 1998b, p. 33). In 2000 the Polish government proposed a provisional classification corresponding to NUTS that reflects the existing territorial structures with the 16 new voivodships as NUTS level 2 regions, 44 groups of counties as NUTS level 3 regions and 373 counties as NUTS level 4 regions (cf. European Commission 2000b, p. 67).

Notably, the territorial model that Poland has adopted is quite similar to the arrangement that had existed in Poland before the communist regime (cf. Kuklinski and Swianiewicz 1996). The counties as territorial administrative units have a history of four hundred years. The voivodships have historical roots dating back to the end of the thirteenth century. 17 voivodships had already existed in the period of 1918 to 1939 and 1950 to 1975. Thus, the current reform to a considerable extent follows the national path-dependencies. However, it has also been pointed out that the model contains very strong elements of decentralization that are unique in the history of the Polish unitary state (CoR 2000, p. 53).

### **2.3.4. Slovenia**

The 1991 constitution of Slovenia provided for the foundations of local government. According to the constitution, a settlement was granted a local government unit status following a referendum among the residents of the area favouring its establishment. Unlike in Hungary, Poland and Estonia, it was also agreed that a local government unit should have at least five thousand inhabitants, exceptions being possible for special geographic location and national, historical or economic reasons. In fact, the exception became a rule as Slovenia has many mountainous areas with dispersed settlements. Thus, quite fragmented local government system with altogether 192 municipalities was established with about only half of them having less than five thousand inhabitants (cf. Setnikar-Canca *et al.* 2000, p. 388–389).

In line with the general trend in the CEECs, the regionalization process in Slovenia has been rather slow. The Slovene constitution provides that “Municipalities shall be at liberty to join with other municipalities in establishing wider self-governing local government bodies or regional local government bodies to exercise administrative powers and to deal with matters of wider common interest.” (Article 143, Section 1). However, it was only in 1998 that the first municipalities used this possibility (Požun 2001). Far more important meso-level institutions are the 58 deconcentrated state administrative units, each covering the territory of one or more municipalities. These special-purpose bodies fulfil the tasks of state at the regional level and exercise supervision over local authorities in their own specialized areas. In order to facilitate cooperation between local government and state administrative units, advisory committees consisting of the representatives of municipalities have been established (Setnikar-Canca *et al.* 2000, p. 390–391). Overall, the intermediate level structures remain very fragmented in Slovenia. In addition, there are several problems pertaining to the status of state administrative units and their relations with local government (CoR 2000, p. 63).

Parallel to the endogenous reasons, there has been exogenous pressure for regionalization reforms in Slovenia. As regards the EU regional policy, it has not been clear from the beginning whether the whole territory should qualify as NUTS level 2 region or not. Taken as one region, with a GDP per capita reaching 68% of the EU average in 1997, Slovenia is expected to exceed the 75% threshold in 2003–2005 and, thus, will not be eligible for objective 1 funding any more. Besides, also when leaving the objective 1 aside, even parts of Slovenia that could apply for the objective 2 assistance did not qualify because they did not have respective administrative structures at the NUTS-3 level (CoR 2000, p. 64).

At the background of endogenous and exogenous pressures for reform, the Slovene government has speeded up the regionalization process in the recent years. It first submitted a draft Law on Regions to the Parliament in 1998. This proposal foresaw the establishment of fully-fledged regional self-government with their own competencies. However, the number of the regions was left open to discussion (*ibid*). Since then numerous plans were come up with boundaries being drawn very differently, ranging from two to fifty eight regions. Finally, in March 2000 the government decided in favour of the two regions option where Slovenia is divided into an urban Ljubljana region and the rest of the country, that despite the strong opposition from different parts of Slovenia except, of course, Ljubljana (Požun 2001). Nevertheless, this division was strongly criticized by the European Commission. Moreover, it rejected the plan on the grounds that “... it would have created an unbalanced breakdown of Slovenia in terms of population figures, while treating Slovenia as a whole as one NUTS level II region would be quite close to the EU 15 average” (European Commission 2001b, p. 72). Since the rejection of the

Slovenian government proposal by the European Commission, there has been no progress in the regionalization process. The 1999 Law on the Promotion of Regional Development established 12 regional development agencies covering territories that correspond to the NUTS level 3 units. The European Commission has given its blessings to this arrangement (European Commission 1999, p. 48).

## CONCLUSIONS

The post-1989 decentralization reforms in Estonia, Hungary, Poland and Slovenia follow a similar path. In the immediate aftermath of the collapse of communist regimes, institution building at the local level was clearly a priority. As a reaction against the strong centralization in the communist period, very fragmented local government systems with many small municipalities were introduced. On the other hand, the regional level structures were substantially weakened. In fact, except in Estonia no self-government institutions with democratically elected assemblies were introduced at the regional level. Apart from that, several of the CEECs opted for having special-purpose instead of general-purpose state-administrative units at the regional level. Consequently, they have been confronted with problems resulting from the lack of co-ordination of state policies at the regional level. It is against this background that the endogenous pressure for the reforms increased in the mid-nineties, though in several CEECs regionalization was discussed already in the beginning of the transformation period.

Parallel to the national push factors, the EU has had considerable impact on the territorial reforms. Though the EU has supported the democratic institution building in the CEECs already in the beginning of the nineties, it was only with the transposition of the *acquis communautaire* that its direct impact on the territorial structures has become more apparent. More specifically, administrative capacity and the NUTS classification seem to be the most important aspects of the EU influence on the territorial structures of the CEECs. The candidate countries had to align their territorial structure with the NUTS system and, in some cases this had direct implications on drawing boundaries of the intermediate level territorial units. As regards the administrative capacity, the Commission has been quite vague about what exactly it expects from the candidate countries. Apparently, it has given a clear preference neither to the administrative nor to political decentralization. As far as the partnership principle is concerned, we have too little empirical evidence to estimate to what extent the regions and localities have been empowered in these countries. Besides, the Commission has paid only a lip-service to the issue in its progress reports so far.

The Europe-conditioned regionalization reforms range from introducing merely statistical regions with no structures (Estonia) to far-reaching regionalization where considerable power has been devolved from the central state to the regions (Poland). In Hungary Regional Development Councils have been created that correspond to the NUTS-3 level units. Further reforms are discussed and eventually regions might

become elected assemblies. Regarding the Hungarian discourse, it was also pointed out that the “European” argument has also influenced the preceding decentralization discussion but it has been used to support different, partially contradictory arguments. In Slovenian case, the EU seems to have had a major impact on the regionalization process. Slovenian government proposed to the Commission that the country should be divided into two regions having elected assemblies that would, at the same time, correspond to the NUTS level 2 units. The Commission has rejected the proposal and the Slovenian government is working on a new division. In Poland the regions with far-reaching autonomy have been established. However, in Polish case the functional reasons and national path-dependencies seem to have been far more decisive than the European influence. Interestingly, “Europe” seems to have had almost no impact on the reform discourse in Estonia. As a small country, the whole territory of Estonia qualifies as NUTS level 2 region and purely statistical regions have been created to match the territory with the NUTS level 3 units.

Evidence from Estonia, Hungary, Poland and Slovenia show, that there is a mutually reinforcing relationship between the twin processes of europeanization and regionalization. In all four countries except Estonia, europeanization has triggered institution building at the intermediate level. Europe-introduced changes have led to administrative decentralization, except in Poland, where endogenous pressures have been decisive. However, the territorial structures in the CEECs are still in flux, particularly as regards the institution building at the regional level. Recent developments in Hungary demonstrate that administrative decentralization might subsequently lead to political decentralization.

Paradoxically, whereas europeanization has reinforced institution building at the regional level during the pre-accession stage, it will obviously lead to centralization upon the accession of the CEECs into the EU. In the countries that have proceeded with far-reaching transfer of competencies to the sub-national level, regions will lose several competencies to the European level. To compensate the newly created regions for the loss of their tasks, mechanisms need to be worked out to involve them in the European politics of the respective Member State.

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