

**DECENTRALISATION IN THE CONTEXT
OF MULTI-LEVEL GOVERNANCE: STUDY
CASE - ROMANIA**

Abstract

After the breakdown of communism, there was a significant misfit in terms of governance between Romania and the democracies from Western Europe, due to a strong centrist legacy that shaped the political system in Bucharest during the 20th century. Nevertheless, after a slow start, Romania started to embrace some elements of multi-level governance and devolve authority to the sub-national governments in order to comply with the EU membership requirements. The process was not an easy one as the central government tried to retain as much authority as possible. Thus, the decentralisation process is not yet complete. The article starts with a general context related to multi-level governance and the potential benefits attached to the decentralisation process and then continues by analysing the developments and the obstacles that hindered the full implementation of these processes in Romania.

Keywords: multi-level governance, decentralisation, centrism, EU, integration.

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**DESCENTRALIZAREA ÎN
CONTEXTUL
GUVERNANȚEI MULTI-
NIVEL: STUDIU DE CAZ –
ROMÂNIA**

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Rezumat

După căderea comunismului, a fost observată o discrepanță semnificativă în ceea ce privește guvernarea între România și statele democratice din vestul Europei, în special datorită unei moșteniri puternic centraliste care a modelat sistemul politic de la București pe parcursul secolului XX. Cu toate acestea, după un start mai lent, România a început să adopte o serie de elemente din guvernarea multi-nivel și să delege autoritate guvernelor sub-naționale pentru a se conforma cu cerințele integrării în UE. Procesul nu a fost unul ușor în condițiile în care guvernul central a încercat să își păstreze cât mai multă autoritate. Prin urmare, procesul de decentralizare nu este încă finalizat. Articolul începe prin a trece în revistă contextul general al guvernării multi-nivel și potențialele beneficii atașate procesului de decentralizare și apoi continuă cu o analiză a evoluției și a obstacolelor care au frânat implementarea pe deplin a acestor procese în România.

Cuvinte cheie: guvernare multi-nivel, descentralizare, centrism, UE, integrare.



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INTRODUCTION

The main lesson learnt from the Soviet model's failure was that a centralist governance is both ineffective and undemocratic. Thus, multi-level governance, especially when done through decentralisation, should be the better solution, or at least that is what the policy literature implies (Dowley, 2006). In this regard, several World Bank reports conclude that when done correctly decentralisation improves the efficiency of governance, reinvigorates local politics and reduces corruption (World Bank, 2000).

Romania has as well embarked, after 1989, in the process of strengthening the sub-national government, as there was a great misfit in terms of governance in comparison with the countries from Western Europe. While the initial progress was slow, important steps have been taken during the EU membership negotiations, due to a strong pressure of the European Commission and its emphasis on multi-level governance. Nevertheless, due to the strong centrist legacy of the countries, important obstacles have had to be overcome in order to reach the EU's requirements.

This paper is divided in two main sections. In the first part it describes the general context of decentralisation as part of the multi-level governance phenomena in Europe. In the second part, it reviews the main developments and obstacles seen in the decentralisation process in Romania after 1989. The paper concludes that, while several steps have been undertaken by the subsequent governments, further steps are needed for establishing a genuine decentralisation process and thus a functional multi-level governance.

2. MULTI-LEVEL GOVERNANCE THROUGH DECENTRALISATION IN EUROPE: THE BROAD PICTURE

2.1 Multi-level governance – general considerations

Multi-level governance, as it was defined by Schmitter (2004), is an arrangement for making binding decisions that involve several politically independent but otherwise interdependent actors at different levels of territorial aggregation in continuous interaction, which does not assign exclusive policy competence or assert a stable hierarchy of political authority to any of these levels. While this definition was refined by scholars over the years, Marks and Hooghe (1996) are thought to be among the first scholars that described the multilevel governance concept by challenging the traditional state-centric views and arguing that the sovereignty of European states is limited by the application of collective decision-making and by the growing competence of supranational institutions.

Multi-level governance is one of a number of models of network governance which attempt to describe the European polity where governance not government is the focus because authoritative allocation takes place without or outside government (Eising and Kohler Koch, 1999). It focuses on the relations between the tiers of the EU from the supra-national through nation-states down to sub-national levels positing a dispersal of power away from the central state and either upwards to the supra-national level or downwards to the sub-national level. Nevertheless, it does not aim to end the nation-state or even its primacy (Jessop, 2004) or be seen as draining of powers from the Member States towards Brussels as the process is not a unidirectional one with regions losing out as well as gaining authority (Le Gales and Lesquesne, 1998). The latter is usually gained through the process of decentralisation which has been promoted intensely by the European Union where an emergence of regional or sub-national governance structures has been observed (Hooghe, 1996). Apart from ensuring an effective multi-level governance, the European Union has promoted decentralisation also for implementing its regional policy (Hughes et al., 2004).

The idea that good governance emerges from an efficient division of competences between multiple levels of government has a long history in political science and among policy makers (e.g., Oates, 1972; Tiebout, 1956; Weingast, 1995). Nevertheless, over the past decades, governance networks have become increasingly complex, often being organised informally and characterised by fluidity and hybridity (Rhodes, 1996). In these networks, the centre may still attempt to retain its control and secure its own policy priorities using both direct and indirect techniques (Bramwell, 2004). It should be noted though that there will be limits on the centre's ability to steer a complex governance network, such as the one seen now in the European Union.

2.1 Decentralisation benefits for governance

Decentralisation is a broad term covering a range of possible ways to divert the responsibilities and resources from the central government to lower tiers (Booth, 1985; Smoke, 1993). Systems are decentralised to the extent that the centre possesses a smaller share of fiscal resources and grants more autonomy to subnational levels of government (Schneider, 2003).

Hicks and Kaminski (1995) distinguish three modes of decentralisation: deconcentration, devolution and delegation. Others like Kovziridze (2002) also include federalism in this list. Deconcentration (sometimes called administrative decentralisation) entails the transfer of limited responsibility to lower levels of administration. In this case a regional authority represents and is accountable to the central government (Yuksel et al., 2005) at the local level but is not a legal, self-governing entity. Similarly, delegation denotes the transfer of managerial responsibilities for specifically designed tasks to public

organisations outside of the regular bureaucratic structure – usually local agencies. Devolution [also called political decentralisation or democratic decentralisation (Ribot et al., 2006)], in contrast, is the transfer of authority to relatively autonomous and self-governing legal bodies outside the direct control of central authorities, which most of the time should be elected by their accountable population. In short, decentralisation may either involve the shifting of selected administrative activities to lower levels in the name of greater efficiency, or the introduction of self-government at lower units of territorial division (Chojnicki and Czyz, 1992).

Decentralisation is by now well-documented pattern in Europe (Keating, 2008). Already by mid-19th century, Guizot (1861) observed the tensions between a centrally exercised power, that is generally more disinterested, and more capable of taking justice and reason for its sole guide and local institutions which should act as guards against usurpation of power by the centre. A century later, economists started to argue that decentralisation could enhance governance at all levels (e.g. Coase, 1960; Oates, 1972; Tiebout, 1956). Consequently, over the last three decades, as many as 29 out of 42 democracies have decentralised powers to lower tiers (Hooghe et al., 2010). These reforms have come about as a result of three main sources: the Europeanization process, welfare state retrenchment, and bottom-up demands for (more) autonomy (Keating, 2008). Some other researchers see this as a consequence of large-scale political changes—particularly, democratisation (Grindle, 2000) and the switch to a new economic model (Litvak et al., 1998).

Improving quality and efficiency in providing public services by accelerating the decentralisation process represents one of the fundamental premises of a democratic, rule of law state that is oriented towards achieving performance in public services for its citizens. Local governments should have superior information about citizens' preferences or technologies to be used in provision of public goods than a distant national government (Rubinchik-Pessach, 2005). Bringing public decision-making closer to the citizen and thus empowering participation, creating greater accountability for the public officials, improving quality in providing public services to citizens, as well as reducing their costs, are a couple of benefits brought about by public services decentralisation (Cătană and Cătană, 2010; Channa and Faguet, 2012). Bardhan and Mookherjee (2008) note that decentralisation allows citizens to more easily demand services from their government, monitor performance, and punish them if they are dissatisfied, thus strengthening the governments' responsiveness and accountability. Oates (1972) suggests that central governments make better decisions with respect to "global" public goods, which concern everybody in a country, whereas lower tiers could have a bigger impact at local and regional level.

Decentralisation may establish more democratic procedures and create new sites for debate which are closer to the population. On the long run it can encourage the reformulation of dominant paradigms and lead to positive. Decentralisation advocates also believe that the greater efficiency and equity along with local people's ownership of local decisions and projects will result in more effective local investments and management and ultimately in more socially and environmentally sustainable development (Ribot et al., 2006). Moreover, the competition among local governments is believed to lead them to improve their own governance in order to enhance their attractiveness on the Single Market.

The EU accession requirements created a window of opportunity for institutional reforms to increase political and fiscal accountability of sub-state governments in Central and Eastern Europe (Fabbrini and Brunazzo, 2003). The EU has placed the creation and empowerment of the lower level of administration, necessary for receiving, managing and implementing the EU funds, at the heart of the accession criteria established during accession negotiations (Hughes et al., 2004; Keating, 2008). These funds require administrative capacities at the sub-national level, in correspondence with the EU's units of the territorial statistics (Marek and Baun, 2002). While the EU did not specify the institutional form of the regional layer of public administration, the emphasis on multi-level governance and the principle that the region should form the main unit of regional development policy has grown within the European Union, increasing the importance of sub-national units of authority (Hooghe and Marks, 2001). Together with other international institutions, like the World Bank and the Council of Europe, it has particularly emphasised the governance benefits of decentralisation and supported it with advice and aid to countries with poor governance record (Dowley, 2006).

3. ESTABLISHING MULTI-LEVEL GOVERNANCE IN ROMANIA: DECENTRALISATION DEVELOPMENTS AND OBSTACLES

3.1 *Historical context*

After 1989, all governments in the Central and Eastern Europe were highly centralised and episodes of regional autonomy proved short-lived (Zürcher et al., 2005). Establishing multi-level governance in several countries in the region remained formal, dysfunctional and mostly symbolic resulting in an incoherent, dysfunctional institutional setting with overlapping responsibilities (Sturm and Dieringer, 2005). According to the World Bank (2001), ten years after democratisation, Romania together with Bulgaria, and Slovakia (as well as Albania, Ukraine and the Russian Federation) were among the most centralised states with less than 5 per cent of GDP allocated to sub-national government. This is strongly connected with the dominant governance tradition in Romania, reinforced during the pre-

communist and communist historical periods, of political, economic and administrative centralisation, influenced by French Jacobinism and its idea of the one and indivisible Republic (Loughlin and Peters, 1997). The legacy was also visible after 1989 impacting cooperation both horizontally and vertically. More importantly, it has affected the attitudes of people towards rules, regulations and procedures (Nientied and Racoviceanu, 2000). As Agh (1998) put it, in Romania the survival of the old authoritarianism was very strong and persistent although it appeared in new forms and created a facade of democracy.

It should be noted though that governance in Romania has gradually evolved towards a more compound polity system. The joint effect of domestic state traditions and the influence from the EU and the Council of Europe has led to changes to the dominant centralist governance and allowed the introduction of political, administrative and fiscal decentralisation combined with trends of local deconcentration (Dobre, 2010). The design of its territory at local level, however, is more or less unchanged since 1968, with the governance structured according to a three-tier system of government: central, county and local (Dragos and Neamtu, 2007).

3.2 Decentralisation developments in Romania after 1989

Following the communist breakdown, there was an important degree of misfit between EU and Romania in terms of governance. Consequently, the subsequent governments have started to implement several initiatives in order to redeploy public services to the local administration. However, the question of how political power should be distributed between the state centre and the sub-national government constituted a major political issue. The Bucharest elite was faced with a conflicting set of international and domestic pressures. On the one hand, the collapse of the neighbour federal states reinforced interests in continuing the legacy of a highly centralised governance. On the other hand, the increased activism of the politically organised Hungarian minority strengthened fears from the consequences of decentralisation (Csargo, 2007).

Between 1990 and 1996, apart from the introduction in the new Constitution of the concept of the principles of decentralisation as "the public administration at the local level is created on the basis of local autonomy and the decentralisation of the public services" (Constantinescu and Iorgovan, 1992) and the enactment of a couple of legislative initiatives the decentralisation process was slow. There was no clear legal outline of competences with frequent overlaps that were causing conflicts and major dysfunctions (Ghinea and Moraru, 2002) as state administrative and territorial structures were characterised by a centralised and top-down approach.

In 1997, the new right-wing government planned a comprehensive revision of the law on local government, including a redefinition of the sub-national government, to include transfers of responsibility in the areas of health, education and social policy. Consequently, control on decisions of local self-governing authorities was limited to legality control with significant provisions on local government finance included in the government programme, which promised a stabilisation of financial transfers from the central government and an increased level of financial independence. The central government finally accepted that revenues should be transferred to local governments in order to support them in their growing responsibilities (Peteri, 2006). Nevertheless, the whole process suffered from severe implementation problems as major political questions related to local autonomy and democracy had to be settled before decentralisation could start and a real multi-level government could be established (Nientied and Racoviceanu, 2000).

Establishing the multi-level governance was reinforced by the EU requirements in the context of EU membership negotiations. As a consequence, the system was adjusted to meet these requirements, as well as the principles of the European Charter of Local Self-Government (ratified by Romania in 1997): local self-government and decentralisation, financial autonomy, eligibility of local authorities, citizens' participation, and the appropriateness and legality of the local authorities' decisions. The 2003 revised Constitution has laid down the principles of local governance: 'decentralisation, local autonomy and deconcentration of public services' with further steps taken in 2006 through a new law on decentralisation which created a delimitation between central, county and local authorities' competencies. More importantly, the central public administrative authorities were, as of that moment, obliged to consult the local authorities before adopting any decision that would influence them directly. In 2008, a further step was made when a technical inter-ministerial committee was established that facilitated the decentralisation of 368 hospitals at the local level, the transfer of an important number of education establishments under the authority of city halls and the creation of the local police authorities (Ministry of Development and Public Administration, 2013).

Currently, following all the subsequent legislation related to decentralisation since 1990 onwards, the public services available in Romania are handled at all legally-established levels of authority – local level (handled by the city councils – local roads, public transport, public order, social welfare services, health care, management of public areas, social housing, community services, etc.), county level (handled by the county councils – social assistance services, airport management, environmental policy, spatial planning, management of public areas, county roads, water supply, community services, etc.) and central levels under the authority of the prefect's institutions (the so called deconcentrated services – public health management, cultural heritage management, consumers protection,

employment, social benefits management, educational management, fiscal management, rural development, environmental protection, forestry, food safety, statistics, etc.). The division of responsibility between counties and municipalities is based on the principle of subsidiarity. In practice though, the division of responsibility between counties and municipalities, especially in rural areas, is not clear-cut (European Commission, 2010).

According to the European Commission (2010), local government expenditure amounted in 2010 to 9% of GDP and 24% of general government expenditure, rising considerably since the end of the 1990s, being mostly diverted to education (31%), economic affairs (22%), housing (13%) and social protection (13%). The main trigger for this progress was surely the influence of the European Union during the membership negotiation talks. Bailey and De Propriis (2002) observed their dominant role in dictating the terms of governance changes. Even though in their official declarations the European Commission stated its non-interference with the Romanian state's internal decisions, the informal pressure during the negotiations and in the design of domestic laws was significant (Baun and Marek, 2006).

3.3 Obstacles in establishing a multi-level governance in Romania

The Romanian government, bound by the Leninist legacy of 'democratic centralism' (Hughes et al., 2004), has been rather unwilling to take big risks in redesigning the centrist governance (Dragoman, 2011). Consequently, from the very beginning, the system of multi-level governance was not very well defined being subject to several modifications over time depending on the central governmental interests and ideas. Decisions regarding the limited number of services that were actually decentralised to lower tiers of government have not been coherent and consistent and were constantly delayed (Rezessy et al., 2006). In several sectors there has been a discrepancy between the actual responsibilities of local authorities, and the ones ascribed to them in the relevant laws, mainly because sub-national government depends financially from the central state, which has a range of tools to control the management of local budgets (Poputoaia and Bouzarovski, 2010). Moreover, a legislative framework with contradictory provisions, generating incoherencies and dysfunctions of the system, was tolerated (Cătană and Cătană, 2010).

The process of multi-level governance reform in Romania has led to structural changes at all levels, but these adjustments are due to the Commission's requirements and preferences rather than any national initiatives towards this. Nevertheless, Romania has witnessed the new patterns of governance based on partnership and subsidiarity with a strong demand, both from internal and external factors, towards further strengthening of sub-national government.

CONCLUSION

Governance in Romania has gradually evolved since 1989 from a strongly centralised state towards a more compound polity system. In this regard, external factors influenced significantly the dominant centralist understanding of the state. As of the beginning of the 2000s, when EU membership became a tangible goal, several positive structural developments have been witnessed, bringing Romania closer to the multi-level governance framework imposed by the European Commission as a key accession condition.

The process was not an easy one as several obstacles have hindered its development. The subsequent governments attempted to retain their control over the national governance. Nevertheless, as it can be observed in retrospective, the process is rather irreversible as strategies to stop decentralisation are unlikely to succeed, taking into account that the pressures to decentralise are beyond government control. Therefore, the future Romanian governments, rather than attempt to resist it, should promote further decentralisation reforms in order to achieve a more efficient governance.

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