

# *Shaping Meso-Level Governance in Hungary*

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The paper deals with the shaping process of meso-level governance in Hungary. This process can be subdivided into four phases: The first was the enactment of the law on local government in 1990 which almost completely eliminated the former territorial units, the counties. The second phase can be characterised by the correction and substitution of the missing meso level in the form of expansion of state administration and emerging different types of quasi organisations and tiers. The third phase after 1996 was devoted to the adaptation to European regional policy creating NUTS regions although after the accession the regions could not become powerful actors in the management of Structural Funds. The fourth phase is just starting with the realisation that we should follow our own model based on our own needs. The shape of the new model is still very unclear but we should take into consideration that regionalism is not a question of the geographical scale but rather

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of decentralisation and the culture of cooperation referring to the new model of »governance«.

*Key words:* Europeanisation, European regional policy, administrative reform, meso-level governance, local governments, NUTS-system, regionalism

## 1. Introduction

One of the common features in the state development of East-Central European countries undergoing through a systemic change is the uncertainty in the establishment of the meso-level of governance (Tatur, 2004, Brusis, 2002, Surazka et al, 1997). The elimination of the formerly followed Soviet model, the political will to strengthen the municipal autonomies led in almost all countries to the shift of the main emphasis of governance on the local level. Many countries went so far as to eliminate the elected representative bodies at meso-level. All this took place during a time when regionalism was experiencing a renaissance in Western Europe, more attention was paid to the regional, sub-national level than to the local one, and when regions, i.e. meso-level governments became the beneficiaries of the government decentralisation. It is not accidental that the second half of the 1990s saw the reform of meso-level governance in all countries of East-Central Europe. In Hungary, this process has been rather problematic and burdened with contradictions.

As an applicant for EU membership, Hungary has made serious efforts in the past few years to adjust its institutional system to the requirements of the European Union. The process of Hungary's Europeanization is presented here through the development of the spatial structure of governance. The establishment of Hungarian regions was mainly justified by the regional development policy of the European Union. As a result, one of Hungary's first »homeworks« in Europeanization was about the creation of new territorial units and institutions. It is particularly interesting to examine how the model of territorial power division got transformed including the emergence of regions and the development of the territorial decision-making networks. These efforts have also been affected by the inner pressures for decentralization and outside pressure of adaptation on the part of the EU.

## 2. Historical background

The county as a territorial tier has traditionally been a very strong unit of the Hungarian public administration ever since the state was founded in the eleventh century. The county organizations were designed to protect the interests of the king and later of the nobility. The county was a state within the state, with a great autonomy or at least a great influence. This essentially feudal structure remained intact until the Civil Revolution and War of Independence in 1848–1849. The relatively great power of the county was retained and acknowledged by the 1870 Act on Municipal Authorities, which was the first in our history to regulate the state administration in a comprehensive way. The counties and larger cities of county rank continued to be the two pillars of the local government system, even though the ideas of a public administration reform and the elimination of the counties appeared several times over the past centuries.

In 1950, the Soviet type councils were introduced, but this system was also an essentially hierarchical and centralized one within the framework of a socialist unitary state. The prevailing professional and political view was that the »councils were not the organs of local power but the local organs of the (unitary) power«.<sup>1</sup> The county continued to function as the fundamental tier of territorial organization throughout this period. The municipalities in villages and towns were subordinated first legally and later (after 1971) »only« economically and politically to the county councils. The counties played a substantial role in the redistribution of public resources.

The structure of the state remained basically centralized until the change of regime, although it must be noted that the Hungarian system of councils gave more freedom to the local actors than that of the neighbouring socialist countries (especially after the reform of the mechanisms in 1968 and the modification of the 'Council' Act in 1971.<sup>2</sup>

## 3. Reorganisation of the territorial power in 1990

The Act on Local Governments, enacted in 1990 (number LXV), brought about a completely new situation in the territorial distribution of power. The municipalities became the key elements of the government system.

<sup>1</sup> Beér, J. (1951) Helyi tanácsaink államhatalmi jellege (Public character of the local soviets) = *Állam és Igazgatás*. 11–12. sz. pp. 593–606.

<sup>2</sup> Bihari, O. (1978) *The Constitutional Models of Socialist State Organization*. Budapest: Akadémiai Kiadó, Pálné Kovács, I. (2001): *Regional Development and Governance in Hungary*, Pécs: Centre for Regional Studies (Discussion Papers, No. 35, p. 41.)

Legislators preparing this law were motivated mainly by political considerations and values and, of course, as Ádám remarks, the political elite tried to influence public administration in accordance with their own political interests.<sup>3</sup> The legislator chose to prefer the guarantees of local democracy and independence or autonomy. Efficiency and rationality of public administration – strongly emphasized in the modern Western states<sup>4</sup> in recent years – were rather neglected. The declaration of the equal rights of local governments and the subsidiary status or rather secondary importance of the counties was most crucial for the legislators. The developers of the Hungarian local government model made conscious efforts to eliminate all the compulsory and hierarchic aspects. This intention put an end to the centuries-long dominance of the counties and completely reorganised the structure of the local government system.

### 3.1. Fragmented municipalities

*The first* important change in effect until the present day was the extension of the right to local governance to all municipalities, regardless of their size. The number of local decision-making units was doubled: the former about 1,600 common (integrated) local councils were replaced by more than three thousand single municipalities. Due to the fragmentation and the lack of willingness to form associations, the system has become horribly expensive and in many cases operates with a very low efficiency. There have, of course, been continuous changes in the services offered by local governments establishing different types of associations,<sup>5</sup> but fragmentation has remained the essential feature of the system.

### 3.2. Weak county self-governments

*The second* very important change was the almost total elimination of the role of the counties from the territorial structure of public administration. Lack of competences, means and resources went together with an unstable political legitimacy and the lack of trust facing county assemblies. The assemblies were indirectly elected for the 1990–1994 period. This fact

<sup>3</sup> Ádám, A. (1998) *Alkotmányi értékek és alkotmánybíráskodás*. Osiris, Bp.

<sup>4</sup> Stewart, J., Stoker, G. (eds.) (1995): *Local Government in the 1990s*. London: MacMillan.

<sup>5</sup> Somlyódyne Pfeil, E. (2003) *Önkormányzati integráció és helyi közigazgatás (Integrations of local governments and the local public administration)*. Dialóg Campus, Budapest–Pécs.

served as an argument to bypass these bodies in the allocation of competences and resources. The missing integrative and interest representative power was substituted by the expansion of the state administration.

### 3.3. »Nationalisation« of meso-level

The *third* structural feature of the Hungarian public administration is strong centralization of the medium level. The central government and the ministries in particular have established their own »bridge-head« positions at the county and regional levels. Since 1990, many different types of deconcentrated bodies have been set up (to deal with matters of labour, construction, education, environment protection, consumer protection and agriculture, etc.). The increasing direct influence of the central government on the territorial levels is contradictory to the original philosophy of letting local-regional matters be controlled by local governments. A particularly important public administration figure used to be the commissioner of the Republic (abolished in 1994), organised according to 8 regions regionalised scale (which existed only on the map without any rational reason). The French type of control over local governments was fully strange if compared to the former Hungarian traditions.

*In conclusion* it can be stated that the Act on Local Governments has played an extremely important part in the construction of Hungarian democratic state structure. Local communities have been given a wide scope of competences and autonomy and therefore they have become important schools of democratic political learning. However, the structure of local government model has not proved suitable and sustainable for the decentralization of state power. Weakening of the democratically elected medium-level governments (counties) has contributed to an increase of the central government influence. The Hungarian state has been formed as a sand-glass, with a too strong top and a too strong bottom, causing many functional and democratic problems. Honestly said, Hungarian local governance suffers not only from efficiency problems, but also from democratic deficit. The stabilised local elite does not always share its power with local society,<sup>6</sup> and as we will see later, the missing societal control at meso level contributed to the dominance of uncontrolled networks.<sup>7</sup>

<sup>6</sup> Kákai, L. (2004) *Önkormányzunk értetek, de nélkületek! (We govern for you but without you)*. Századvég, Budapest.

<sup>7</sup> Pálné Kovács, I., Paraskevopoulos, C., Horváth, Gy. (2004) Institutional »Legacies« and the Shaping of Regional Governance in Hungary, in: *Regional and Federal Studies*. Vol. 14, No. 3, pp. 430–460.

### 3.4. Initial corrections

Experts identified the problem relatively early, but the solution has not been found yet. The debate about the status of the counties or meso level governance has been going on since 1990 with questions concerning the proper scale of meso level: 'Should the counties be replaced by the micro-regions or by regions larger than the counties?' The arguments used in the debate are mainly of political rather than professional character and the purpose is not always to launch and conduct a real reform but rather to postpone the stabilization of power at the medium tier, and to generate uncertainty about the future of county level government.

The 1990s were actually spent with the correction of structural problems caused by the Act on Local Governments, without any real success. In the integration of the system and the strengthening of the meso tier it was not always the administration reform measures that brought results. The Act on Local Governments was amended in 1994, introducing the direct election of county assemblies in order to strengthen their legitimacy, and abolishing the regional commissioner of the republic, but the real reinforcement of county governments did not take place, primarily because of the resistance of municipalities (mostly the bigger cities) and the ruling political elite. The more legitimate county assemblies did not get wider competences and public resources. Dozens of governmental resolutions were made in order to regulate the jungle of deconcentrated public administration – unsuccessfully.

## 4. The chance of the correction by the regulation of regional development policy

### 4.1. The challenges of European regional policy

While the European Union in general considers the structure and functioning of public administration as a national internal affair, it has established a fairly strong adaptation force through the regulation of the utilization rules of its Structural Funds. The principles of the European regional or cohesion policy, such as subsidiarity and partnership have raised the regions within the decision-making processes of the Union and became one of the most virulent factors of multilevel governance.

The management of the EU Structural Funds had the biggest influence on meso-level administration. The literature about the so called Europe-

anisation often states that European regional policy has a crucial role for national public administrations.<sup>8</sup> The European regional policy is one of the few community policies which have a strict regulation of the management of Structural Funds and this regulation requires flexible adaptation of national structures. The invasive effect of the Structural Funds on national public administrations can be explained by the motivation of domestic actors to acquire development resources for various targets supporting the priorities of the Community as well.

The emerging new model of regional policy in the 1980–1990s meant a crucial challenge for the Member States' public administrations in the following fields:

- The Commission introducing the NUTS system and different categories of development objectives pushed national governments to designate the eligible areas at regional level. This phenomenon launched a series of reforms in the territorial structure at the medium tier governance and the establishment of new administrative levels as well as the amalgamation of former ones. Therefore, the Structural Funds were one of the most important factors in encouraging *regionalisation*.<sup>9</sup>
- Second, the development programmes became more complex, which necessitated the improvement of performance capacity and the introduction of new functional solutions into management. The challenges were: preparing long-term programmes instead of development projects and *co-ordination* among different branches and sectors.
- The increasing public involvement in the economic development required a more flexible behaviour of public administrative staff making them interested in the performance – *market-oriented administration*.
- The necessary involvement of external resources and the more and more comprehensive measures naturally strengthened the horizontal relationships as opposed to vertical ones – *partnership*.

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<sup>8</sup> Bache, I. (1998) *The Politics of European Union Regional Policy. Multi-Level Governance or Flexible Gatekeeping?* Sheffield Academic Press, Bovaird; T., Löffler, E., Parrado-Diez, S. (2002): *Developing Local Governance Networks in Europe*. Baden-Baden: Nomos.

<sup>9</sup> Keating, M. (1998) *The New Regionalism in Western Europe: Territorial Restructuring and Political Change*. Edward Elgar: Cheltenham.

There are some differences in the adaptation of the accession countries if compared to the former member states.<sup>10</sup> The preparation for the EU accession and the reestablishment of national power and administrative structures were usually parallel processes supporting each other in Central-East European states, but they were not free from conflicts.<sup>11</sup>

- First the EU had a more direct effect on shaping national administrations in Central-East European countries through financing them from various pre-accession funds.
- A further particularity of the adaptation process is that the CEE countries had to facilitate their management system parallel with the building of general public administration. Therefore the new, fragile national public administrations were less able to meet the professional requirements set by the Community.

## 4.2. The Hungarian answers

It is therefore not an accident that the Hungarian government tried to follow the European principles of regional policy during the legislation process of 1996. The prospects of huge amounts of European money were a strong motivation to adapt the European model.

The Act on Regional Development (1996; XXI.) was shaped during a long preparatory process and sharp debates, as everybody expected this act to solve the territorial development problems and structural problems of state administration.

The act was based on the principle of regionalism without previously clarifying the scenario of the administrative division of Hungary. The legislator tried to eliminate this contradiction by introducing a special institution: the so-called development councils, at several territorial scales.

According to the Hungarian regulation, the development councils established at national, regional, county and micro-regional level were created by delegations. A great dilemma was whether the micro-regional (NUTS4), county (NUTS3) or the macro-regional (NUTS2) level should

<sup>10</sup> Surazska, W.; Bucek, J.; Malikova, L.; Danek, P. (1997) Towards regional government in Central Europe: territorial restructuring of postcommunist regimes. = *Environment and Planning C: Government and Policy*, 4, pp. 437–463.

<sup>11</sup> Hughes, J., Sasse, G., Gordon, C. (2004) *Europeanization and Regionalization in the EU's Enlargement to Central and Eastern Europe. The Myth of Conditionality*. Palgrave, Macmillan, p. 215.



be the main action place of regional political intervention and institutional system. The answer was based on fairly pragmatic arguments. The legislator decided to establish special institutions at all three territorial tiers independent from the public administrative system (158 micro-regions, 19 counties, 7 macro regions). This over-fragmented institutional system, the conglomeration of development councils operating at three territorial tiers contributed to the fragmentation of the development resources, competition of the tiers among each other and conflicts evolving due to the lack of clear division of labour and, what most importantly, the macro (NUTS2) regions could not become the central actors of the regional policy.

The act made the counties the dominant units of regional development and although it provided a possibility for the creation of macro regions, it was not compulsory. The fundamental reason for the hesitation about the regions was the fact that there was no consensus about their number or geographical borders. The county development councils were entitled to pass the development plans and distribute state support. By these competences we can conclude that the county development councils became more powerful bodies than the parallel existing and still directly elected county general assemblies. The question of the future of meso level governance remained unanswered, and the number of options was increased (micro or macro regions, or the counties).

### 4.3. The effects on public administration

#### *Decentralization, expanding territorial approach*

- From among the impacts we first have to emphasize the strengthening of the territorial approach. Regional policy in Europe first reached the development phase in the 1980s in which the former centralized system based on the central redistribution was replaced by the bottom up model involving local resources. The Hungarian regional policy had to be adapted to this model. The government had to realise that it was not able to handle the territorial problems from the centre and that it needed territorially embedded partners. Because of the ambivalent opinions about county self-governments, a specific »inter-sectoral« construction was introduced and called the system of development councils.
- The decentralization and institution-building was fulfilled preliminarily in terms of the tasks and competences, but it hardly

concerned the division of resources. Only an insignificant part of the budget was utilized in a decentralized form. The development councils operating at too many tiers and involving too many ambitious actors could dispose of only a fragment of the development resources, which naturally caused frustration, local conflicts and finally, disillusionment.

### *Formalized co-operation, integration*

The model of the development councils following the principle of partnership inevitably brought innovation into public administration, even if the above described contradictions finally became the source of malfunctions, too. The development councils became the framework for the co-operation and integration of different organizations and sectors in a public administrative structure and culture that was suffering from the lack of coordination and integration.

The membership of the development councils was recruited from the following actors: municipalities, county assemblies, state administrative organs, economic chambers and the employees' interest representations. The councils set up at three territorial tiers and the central tier provided the opportunity not only for co-operation and communication between the sectors and branches, but also for the linking of different tiers through the provision that certain tiers were allowed to delegate their representatives bottom up. It has to be mentioned that the modification of the Act on Regional Development of 1999 excluded the actors of the economic sector from the members of the development councils.

### *Changes in the functioning of public administration*

Regional policy resulted in significant changes in the operational methods and approach:

- The principle of partnership meant a challenge for every national public administrative system, and especially for those national models in which the partner type of co-operation between the tiers or the sectors had no tradition. Vertically managed relationship system of both the sectoral departments and the sectoral deconcentrated organs took a new direction following the Act on regional Development and became rather horizontal. The motivation for co-operation between the different self-governments is just as important, since the municipal egoism dominating the

fragmented municipal system was channelled into territorial frameworks in terms of development programming and resource distribution. The partnership element contributed to the »governance« approach eliminating the central role of hierarchical subordination as the main means of »governing«. The principle of partnership could not bring a real breakthrough in the Hungarian public administrative culture in one aspect, concretely in the field of co-operation with the civil, non-profit sector. It is also beyond dispute that in the field of co-operations currently the formal, protocol elements and ad hoc interest alliances are characteristic rather than a systematic co-operation or common implementation of programmes.

- The challenges of regional policy affected the flexibility and the acceleration of reaction time of public administration's operation. The limitation of implementation (and application) time in regional policy contributed to the emergence of the so called »ad hocarism« – the formation of occasional teams, the emergence of the bureaucrat type working for success fee, and the expansion of more flexible operational and organizational forms. The Hungarian experience shows that the traditional bureaucratic apparatuses both in the ministries and in the majority of self-government units are unable to perform project management – they prefer to contract out those tasks. In Hungary we witness the flourishing and expansion of the non-profit organizations, indirect public administration, as well as quasi governmental and quasi non-governmental organizational forms. Today, the sphere of meso-level governance cannot be described only by the public administrative organs.
- A very important change is the rehabilitation of planning and therefore the limitation of at one time very typical short-term thinking. Following the systemic change, as a result of rigid refusing of the »socialistic planned economy«, planning itself was eliminated from among the tools of public administration. This deficiency obviously caused a lot of damage in every field. In terms of regional and economic development it led to particularly negative consequences. The Act on Regional Development and Physical Planning passed in 1996, referring to the European principle of programming; (re)established long-term planning and introduced the comprehensive approach as a precondition for acquiring development resources. The actors of public admin-

istration, especially the municipalities, learned the lesson fairly quickly, and within a relatively short period of time all territorial unit types prepared their development concepts and programmes. On the surface they were able to meet the requirements fairly quickly. However, if we take a closer look at the planning process and consider the later destiny of the planning documents, we have to conclude that the approach of planning and its real integrating function was hardly enforced. The plans were mainly prepared by expert companies based on fairly formalized »EU conform« schemes and the involvement of the local society and economy was only formal. It was therefore not accidental that real implementation of the quickly prepared planning documents was barely launched at all, they remained the compulsory annexes of different project applications, but neither the decision-makers nor the applicants integrated the programme targets and priorities into their activities. The real rehabilitation of planning is still hindered by the fairly loose and incomplete regulation. The legal nature of planning documents is unclear and so are the procedural regulations in many aspects, together with the circle of those involved in planning. The planning itself is not connected to the executive institutional and tools system. Recently there have occurred some signs of the intention to solve this problem. The preparation of the draft law on the planning system as a whole has been started.

- The reform documents aimed at the modernization of public administration, emerging continuously since the second half of the 1990s, have introduced the requirements of quality, proficiency and efficiency into the values of public administration. However, the modernization programmes have not succeeded in achieving really significant results. The budgetary restriction policy afflicting primarily self-governments has been more important motivation, for instance: as a result of this policy, both in the offices but especially in the institutions performing municipal services, significant staff cuts were carried out and their leaders were forced to analyse the costs. The efficiency challenge of regional policy is of a different nature but it is obviously linked with financial resources. Preparing for the accession to the European Union, the management of increasingly bureaucratic organizations understood that the bureaucratic background and the quality of management would be extremely important in the period when

certain regions were in competitive relations. The acquirement of the ISO qualification (and later called CAF) is proceeding fairly quickly as well as the training of public servants in European skills and foreign languages. Of course, this process is not directly connected with regional policy but this is exactly one of the community policies the requirements of which warned the Hungarian public administrative profession about the necessity of integration, training and preparation. The European regulation of regional policy, especially in this programming period, puts a fairly great emphasis on the establishment of sound management and declares its provision to be the responsibility of national governments. The efficiency requirements against the management unavoidably raise the necessity of the measurement and evaluation of efficiency. Yet, we have to mention that in this respect the EU Member States cannot take pride in their great experience, either; there is no mature methodology for the measurement of the management's efficiency. However, the emerged demand will probably put a significant impact on public administration and consequently on its regional policy activities.

### *Conflicts in the traditional democratic institutional system*

Besides the inevitably positive impacts of regional policy, it is worth to pay attention to the phenomena which preliminarily concern the democracy and publicity of the decision-making and the opportunities for participation, which means the institutional system, quality and model of democracy. The current literature often cites the opinions that indicate the negative effects and consequences of partnership, corporate institutions, associations, ad hoc groupings and informal networks.<sup>12</sup> Transparency, direct participation and equal opportunity in the interest enforcement are the fields which may be easily violated, especially when regional and local self-governments and the civil society are not strong enough. As I have already mentioned, regional development competences in Hungary have also been delegated to a corporate system of institutions equipped with parallel but separated competences over the county self-governments. This fact alone has caused a democratic deficit. The situation has been further worsened by the fact that the legislator has not clarified the legal

<sup>12</sup> Olsson, J. (2001) *Democracy Paradoxes in Multi-level Governance*. Gdansk, RSA

nature, the status of development councils as »autonomous institutions«, and has not regulated the basic issues of their procedures and organization. The experience shows that the majority of development councils have not been really eager to share their powers with their »partners«. A new elite is emerging at the territorial level, whose influence and internal system of relationships is based on the power, influence and the division of development resources. This emergence of the new elite, as a network, can also be confirmed by a marking feature of the Hungarian public administration. At the moment, an increasing number of collective decision-making bodies has been organized, which, when connected to the basically deconcentrated territorial organ of a given sector, quasi socializes the decision-making process. The delegated membership of different bodies set up in the fields of national defence management, youth policy, employment policy, water management and tourism management has been recruited practically from the same circles (self-governments, economic chambers, universities, trade unions, deconcentrated authorities), and therefore it also links the elite in a formalized way. Its power and influence derive seemingly from the represented organization. At the same time, these delegating organs do not control the activities of the leaders delegated to these organizations. The power of the emerging elite is slowly transforming into a set of personal positions without really contributing to the institutionalization of the relationships between the organizations.<sup>13</sup>

The tasks of the consultative bodies, i.e. civil organizations, are often only the subsequent confirmation of the decisions, while the cheating of rules is protected (hidden) by the common interest of access to the financial resources. Regional policy is a special public policy in which the professional political, technocratic, and efficiency elements are fairly mixed with the non-professional, equity and participation elements. The sensitive balance of those has been rather difficult to achieve in Hungary so far.

Along with the lack of transparency, the main contradiction can be detected between the decentralization demands of regional policy and the centralization efforts of the central government. While the new institutional system of regional development has been established at three lev-

<sup>13</sup> Futó, P., Fleischer, T., Pálné Kovács, I. (2006). Governance in regional and environmental policies in Hungary: challenges of Europeanisation and adaptation. In: *Adapting to EU Multi-Level Governance. Regional and Environmental Policies in Cohesion and CEE Countries*. Eds. Ch. J. Paraskevopoulos, P. Getimis, N. Rees. Aldershot: Ashgate, 2006, pp. 107–135.

els, most of the decision-making competences and development resources have remained under the authority of the central government and its ministries. The narrow action space of the territorial organs and the strict rule of resource division has led to a kind of disillusionment among the local actors.

## 5. Recent developments and the future prospects

In 2002, the government announced the bravest public administration reform programme, by planning the creation of directly elected regional self-governments by the year 2006. The objective of the reform was to settle the decade-long debate over the counties by transferring territorial power to the regions, thus eliminating the self-governance status of the counties. This programme was too ambitious. At that time many experts were pessimistic about this intention because in Hungary regions are artificial formations, so the regional identity of Hungarian society was obviously very weak. The civil society and the political institutional system had not yet been built up at regional level. Consequently, the democratic control over regional bodies, as well as the relations of these bodies to the electors and social or political institutions would be rather weak. It was Therefore an extremely important question whether a top-down initiated regionalisation, together with a weak and not integrated local society, could lead to an actually decentralised power structure? There was a danger that a forced regionalisation would become a tool not of the local, but of the central power.

Fears proved to be unjustified, but not because of their unreality but because the reform of regional self-government was dropped. The government in power in 2002–2006 did not prepare any laws for the regional reform. The excuse was that the reform would probably not have gained the support of the opposition in the Parliament. Considering that regionalisation requires the amendment of the Constitution in Hungary, the necessary two-thirds support in the Parliament is only possible if a consensus with the opposition is reached.

Paradoxically, it may have been the accession to the European Union that made the government changes its mind about regionalisation. The accession in 2004 caused a shock and disappointment. Referring to the »weak regional capacity«, the European Commission insisted on the centralised management of Structural Funds, therefore regional institutions (regional

development councils) almost completely lost their former influence on regional policy. The management authorities were built up from the central government, the regional actors were only given co-operating function. We have to face with the fact that the EU does not insist on the active role of regions, it does not want to take risks with the decentralised structures.

The experience of managing the available resources within the framework of the first national development plan was not very good. The management model of the »single« regional operational programme was not only centralised but also fragmented. Regional development agencies that used to gather substantial experience about the management of the pre-accession funds were given a very limited role after the EU accession. They were given the so-called intermediary body status in relation to the central managing authority of the ROP, and thus they only had restricted chances to assist and promote the local actors. The experience from the years following the accession does not support the necessity of regions being on the beneficiaries' side, although there exists a quite general dissatisfaction with the strongly bureaucratic and remote decision-making centres.

The government re-elected in 2006 made another attempt to carry out the reform of regional self-governance, although it was not very convincing. After the elections the government made proposals in an extremely swift manner for the amendment of the Act on Local Governments and the Constitution, which were submitted to the Parliament before the beginning of the summer, without any societal or political consultation. No wonder that the opposition did not support the proposal. The issue of regional self-governments is not on the schedule and it is uncertain when it could be put back on the agenda, but the government has a firm intention to carry out regionalisation in state administration and the provision of services. Although the concrete ideas are yet unknown, such a regionalisation leaking through the back door bears the danger of reinforcing the positions of the government against the local society.

The government, however, seems to focus its regionalisation efforts not on those fields where they are most needed. The second national development plan for the 2007-2013 is just about to be finalised. Although the government put a heavy emphasis on the role of the regions during the planning process, and they in fact promised the creation of independent regional operational programmes, the prospects of the regions are not very promising now that the series of negotiations with Brussels are at the end. The government has made a recommendation for a very centralised management, regional development agencies will be given an intermedi-



ary role again, as just in 2004–2006, and regional development councils will not be more than consulting partners in the planning.

This story leads us to the conclusion that the territorial reform cannot be and should not be handled only as a part of the European adaptation process, nor it should be subordinated to the needs of regional policy.

## 6. Conclusions

At the beginning of the 21<sup>st</sup> century, regionalism has become one of the most promising slogans, usually connected with the notions of »Europeanization« and modernization. Behind the slogan of regionalism, however, it is possible to detect rather different intentions, values and even concepts of geographical configurations.

European requirements, particularly the regulation of cohesion policy, had a strong effect on the modernisation of public administration in Hungary during in the accession phase,<sup>14</sup> just as it is the case in the other new member states and countries that also would like to join the EU.<sup>15</sup> These challenges contributed to the spread of the new administrative culture, i.e., the methods of New Public Administration, including co-operation and foresight. Under the adaptation pressure, institutional and legislative responses have been made. This is only the beginning of the learning process, however. Very often the changes are only superficial. Partnership, for instance, is still limited to the local political elite, professionalism limited to a narrow circle of consulting companies without spreading among stakeholders; and instead of real decentralization, there have been superficial debates and reforms on regionalism.

The transitions made on the surface may only result in considerable instability, especially when the long-term objective is unclear. In Hungary (and generally in other Central-Eastern-European countries) not only the division of public power among the branches and levels has become uncertain with the appearance of inter-sectoral and semi-public or quasi autonomous organizations, and tiers, but the geographical borders are uncertain as well. New, alternative territorial units have emerged, com-

<sup>14</sup> Ágh, A. (2003) *Anticipatory and Adaptive Europeanization in Hungary*. Hungarian Centre for Democracy Studies, Bp.

<sup>15</sup> Kopríc, Ivan (ed.) (2003) *Modernisation of the Croatian Public Administration*. Faculty of Law, University of Zagreb – Konrad Adenauer Stiftung, Zagreb.

peting with the official territorial division and emphasizing the need for territorial reforms.

Generally, the logic of partnership in European regionalism has been used as a tool rather than a target in Hungarian politics. It has become a tool of centralization, the resource distribution alongside clique interests, bypassing the directly elected self-government bodies and the general public. The formations are already Euro-conform,<sup>16</sup> but the content is rather similar to the eastern political culture. The meso-level is »floating«, the new institution-building is going on at two »meso-levels« (micro-regions, macro region), and the county-system also remained intact. For a long time, neither professional nor political answers could be given to the question whether the county or any other formation should be the appropriate unit for decentralization, because no systematic analyses and calculations have been made with regard to the possible allocation of different functions to the respective tiers.

Therefore, Hungary's first task prior to the modernization challenge of regionalism is to conduct a real decentralization and meet the traditional challenge of participative democracy, otherwise the original logic of regionalism may be violated, and the old, centralized, antidemocratic political attitudes may survive within the framework of new geographical boundaries and organizational forms.

However, it is not possible to immediately implement the regional reform in Hungary either. The programme of regionalization should be planned in the longer run. Adaptation to the European Union is thus one, but not the only and not even the most stable basis for regionalization. The question is whether the civil society and the economy in Hungary are now strong enough to go on with the process of decentralization. The first phase of regionalisation was concluded by the EU accession. This phase was characterised by the servile following of the external pattern and cannot be said to have been basically successful. The second phase of regionalisation might be successful if Hungary relies on its internal resources and explores its interests in the strengthening of meso-level governance. Regionalism is not an issue of scales; its real intellectual content is decentralisation, the division of government's competences with the meso-level. There is no decentralised state without strong meso-level governance. The European pattern is not in the organisational form or geographical scales

<sup>16</sup> Halkier, H., Danson, M., Damborg, C. (eds.) (1998) *Regional Development Agencies in Europe*. Jessica Kingsley, London.

but in the partnership and the culture of cooperation.<sup>17</sup> Hungary still has a lot to learn in this respect.

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<sup>17</sup> Bovaird et al., 2002.

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## SHAPING MESO-LEVEL GOVERNANCE IN HUNGARY

### Summary

*The paper deals with the shaping process of meso-level governance in Hungary. This process can be subdivided into four phases: The first was the enactment of the law on local government in 1990 which almost completely eliminated the former territorial units, the counties. The second phase can be characterised by the correction and substitution of the missing meso level in the form of expansion of state administration and emerging different types of quasi organisations and tiers. The third phase after 1996 was devoted to the adaptation to European regional policy creating NUTS regions although after the accession the regions could not become powerful actors in the management of Structural Funds. The fourth phase is just starting with the realisation that we should follow our own model based on our own needs. The shape of the new model is still very unclear but we should take into consideration that regionalism is not a question of the geographical scale but rather of decentralisation and the culture of cooperation referring to the new model of »governance«.*

*Key words: Europeanisation, European regional policy, administrative reform, meso-level governance, local governments, NUTS-system, regionalism*

## OBLIKOVANJE SREDNJE RAZINE VLASTI U MAĐARSKOJ

### Sažetak

Jedno od zajedničkih obilježja razvoja države u zemljama srednje i istočne Europe koje prolaze kroz promjenu sustava jest nesigurnost pri uspostavi srednje razine vlasti. Mnoge su zemlje ukinule izabrana predstavnička tijela srednje (regionalne) razine tijekom oblikovanja novog modela lokalne samouprave. Sve se to događalo tijekom renesanse regionalizma u zapadnoj Europi. Tada se više pozornosti poklanjalo regionalnoj (subnacionalnoj) nego lokalnoj razini, a regionalne su se jedinice počele koristiti prednostima decentralizacije kao i mogućnošću pristupa europskim strukturnim fondovima.

Zakon o lokalnoj samoupravi (broj LXV) iz 1990. stvorio je potpuno novu situaciju u teritorijalnoj raspodjeli vlasti. Općine su postale ključni element sustava vlasti. Na taj je način kraju privedena stoljetna dominacija županija kao tradicionalnih, tisuću godina starih, teritorijalnih jedinica mađarske države. Sustav lokalne samouprave potpuno je reorganiziran. Slabljenje demokratski izabranih regionalnih vlasti u županijama pridonijelo je rastu utjecaja središnje vlasti. Mađarska država oblikovana je poput pješčanog sata, s presnažnim vrhom i preširokim dnom, što je dovelo do mnogih funkcionalnih i demokratskih problema.

Osnutak mađarskih regija 1998. uglavnom je opravdavan politikom regionalnog razvoja Europske unije. Prema mađarskim zakonima, razvojna vijeća osnovana na državnoj, regionalnoj, županijskoj i mikro-regionalnoj razini stvorena su delegiranjem. Pojavilo se pitanje na kojoj razini treba smjestiti središte političke intervencije i institucionalnog sustava – mikro-regionalnoj (NUTS 4), županijskoj (NUTS 3) ili pak regionalnoj (NUTS 2). Takav, previše usitnjen, institucionalni sustav pridonio je fragmentaciji razvojnih resursa, a makro regije (NUTS 2) nisu mogle postati središnji akteri regionalne politike.

Vlada je 2002. najavila najhrabriji program reforme javne uprave, s planom stvaranja izravno izabranih predstavničkih tijela regionalne samouprave do 2006., ali nije pripremila nikakve zakone za takvu regionalnu reformu. Paradoksalno je to da je možda baš pristupanje Europskoj uniji navelo vladu da promijeni mišljenje o regionalizaciji.

Pristupanje Uniji 2004. izazvalo je šok i razočaranje. Pozivajući se na »slab regionalni kapacitet«, Europska komisija inzistirala je na centraliziranom upravljanju strukturnim fondovima te su tako regionalne institucije (regionalna razvojna vijeća) gotovo potpuno izgubile svoj prijašnji utjecaj na regionalnu politiku.

Vlada, ponovno izabrana 2006., još je jednom pokušala provesti reformu regionalne samouprave, iako ne na previše uvjerljiv način. Nakon izbora vlada je na brzinu podnijela prijedloge amandmana na Zakon o lokalnoj samoupravi i na Ustav. Uopće nije čudno što opozicija nije podržala taj prijedlog. Pitanje regionalne samouprave trenutno nije na dnevnom redu i neizvjesno je kad će se tamo opet naći, no vlada je odlučna u namjeri da provede regionalizaciju državne uprave i javnih službi. Iako su konkretne ideje još nepoznate, takva regionalizacija, koja se pokušava uvesti na mala vrata, nosi sa sobom opasnost jačanja vladinog položaja u odnosu na lokalne zajednice.

Čini se, međutim, da vlada ne usmjerava svoje regionalizacijske napore tamo gdje bi to bilo najpotrebnije. Drugi nacionalni razvojni plan za 2007. – 2013. u tom smislu ne obećava puno. Vlada je predložila vrlo centralizirano upravljanje, gotovo potpuno zaobišavši regionalne razvojne agencije i vijeća.

Sve to vodi k zaključku da se teritorijalnom reformom ne može i ne treba baviti isključivo u sklopu procesa prilagodbe Europskoj uniji, niti je se može pretpostaviti potrebama regionalne politike.

Pitanje koje se nameće glasi: jesu li civilno društvo i gospodarstvo u Mađarskoj sada dovoljno jaki da nastave s procesom decentralizacije? Prva faza regionalizacije završila je pridruživanjem Europskoj uniji. Za nju je bilo karakteristično servilno oponašanje tuđih obrazaca. Druga bi faza mogla biti uspješna samo ako se Mađarska osloni na vlastite snage i razmotri koji je njezin interes za jačanje srednje (regionalne) razine vlasti.

Ključne riječi: europeizacija, europska regionalna politika, upravna reforma, srednja razina vlasti, lokalne jedinice, NUTS sustav, regionalizam