

Local Governing Under New Circumstances and Aspects of the Experience of the Transition Period in Countries of Central and South-Eastern Europe

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Abstract

This paper deepens in thw study of the transition experience to democracy of the former Communist Bloc Countries of Eastern and Central Europe, wich is a very important topic in the study of local governing in the European Context. As we know, thw former Communist Bloc Countries have a similar past under the communist regime, and in this context it is of interest to study the relationship between centralization and decentralization, as an important aspect of governing in the countries of Central and Eastern Europe. The almost uniform structures of transition and the aim to meet the standarts of democracy is the other orientation wich brings us plenty approaches to local problems. In this context, particular attention is paid to the organization of the Regional Development Agencies, which are presented as non-governmental and non-profit organizations. They are just managed by the National Council for Regional Development, whose president is the prime minister. The experience of the countries of the former communist bloc can stop even more the tendencies of political regionalism, which paves the way for federalism. In this case the requests of Transylvania can be taken as an example.

Keywords: communist regime, local governing, centralization, decentralization, comparison

1. Local Governing In Response To New Circumstances

Besides the application of funds, the range of participation of the population in the decision-making process of local governing is another indication of the degree of local autonomy. Until 1997, Switzerland was well known for participation in forms of direct democracy, through the organization of many Referendums even at the local level. In most European countries the involvement of citizens in decision-making was assessed through their participation in the elections of local councils. There exist great differences in the level of participation in the election of local governing bodies, from the countries with the highest indicators such as the Scandinavian countries, Luxembourg, Belgium, and Italy to those having the lowest indicators in Britain, Greece, Portugal, and the Netherlands (Gallagher 2001). The root of participation in local elections is becoming one of the characteristic trends for all countries. Researchers associate this trend even with the root in participation in national elections and the relatively low participation in elections in the European Parliament. For them it is a "kind of estrangement with policies" and more of a "shift" from the "traditional methods of representation"(participation in the elections). Meanwhile, it is brought information on alternative forms of expressing the political will associated especially with direct participation in the decision-making process for local governing (Hague 2001). They refer to formal and informal social groups that are conceived as civil society. For the authors of the study "Representative Government in Modern Europe" "popular participation in such groups shows their interest in specific issues but also it can be an important way of involving people in the decision-making process issues even in issues of general interest" and " moreover, to make decision-making more interactive and deliberative " (Hague 2001). In this context, the Scandinavian countries have undertaken projects of "free commune" or of "deregulated local government." The Projects began to be implemented in Sweden and were extended to Denmark, Norway, and Finland. Based on them, free provinces were allowed to do programming that would allow them to act further than their national laws in some specific areas (except for the area of individual rights, environmental health and welfare) such as land use planning, organization of the local administration, taxes, utility costs, education. However, all local initiatives were approved by national governments. Another way to increase the effectiveness of local government is taking care of the development of dialogues and debates at the local level. This way it is aimed a greater awareness of citizens on decision making. This is achieved through better information on policies, better recognition of interests and respect for the public opinion, the increase of degree of popular approval of the taken decisions (Hague 2001). Another direction conditioned by the new

circumstances is that of the limitation of the spaces of direct services of local authorities and their delegation to the private organizations either to organizations that have their profit motives or even to volunteer, non-profit organizations. In Denmark for example, many local governments have organized "user boards or concentrates" - "User Boards." In primary schools these boards are given a financial fund and the authority to appoint and fire staff. This way, "the role of local authority is changing from supplier to provider." It is about a "provider authority" –a term used to express a vision of the local government: authority is associated with the coordination of services and representatives of the community within and outside the territory. Its role is a strategy with specific contractual services to the private and voluntary agencies (Hague 2001). According to the advocates of this authority it is probable that the government be more limited in number, be a coordinating body, more involved in administrating rather than governing. Such a tendency also makes the role of citizens in local governance evolve from voters in elections into clients for specific services (e.g. an Environment, for elders). The priority of this authority is to promote local investment and competitiveness that the local area implements, rather than act as an instrument of implementation of social welfare policies, or focus on the economic development of the region. Researchers conclude that "in front of the decline of the participation in elections for the traditional institutions of representation, new alternatives allude that it is not necessary that the ways of solving it be sought in the efforts to compel the participation in elections. Solutions can be found in new ways that make it possible for the population to take part in public key decisions that belong to it.

Experience from the Transition Period of Central and South-Eastern Europe Countries.

Studying the experience of the transition to democracy of the countries of the former Communist Bloc of South-Eastern and Central Europe is the second study topic in local government in the European context. It is important because we can highlight the approach to the creation of democratic standards and to the creation the fundamentals of local government as one of the foundations of the democratic regime.

1. The former Communist Bloc countries have an approximately similar past under the communist regime. "Centralization" and "decentralization" are aspects of democratic governing and one of the criteria that makes the difference between the totalitarian and authoritarian systems. What is unique about the communist regimes is that they allowed a degree of decentralization which actually was only formal. The very nature of the communist regime dictated governing based on the sole ideology (the communist ideology, Marxist-Leninist) "the implementation of centralization," the centralized and forced economic planning of the state.
2. The almost uniform structures of transition and the aim to meet the democratic standards is the other direction that offers many approaches even about local problems. They gain importance from the expressed will of the integration in the European Union, which has become a common ideal. However, the study comparing the South-eastern European countries highlights the differences. Whilst in the countries of central and south-eastern Europe during the communist regime were undertaken revisionist steps of the soviet communist model expressed in the "economic self administration" and in the cultural and religious liberalization, in Albania, the communist regime kept its fundamentalist nature until the end of its existence.

This can be shown in Romania where researchers distinguish three phases:

1. The historical phase, before the placement of the communist region which testified "that the principles of the administrative administration were implemented in the provinces".
2. The phase after 1944, during which was developed the soviet model in the built hierarchy, both vertically and horizontally and with the strengthening of the centralized bureaucracy.
3. The revision of the Soviet model in new local bodies but having only economic responsibilities.

The experience that the former Communist Bloc countries in the structure of the local government bodies in the context of all governing system of liberal democracy can be concentrated in the concepts and the realizations in two fundamental directions.

- I. Local self-governing expressed even as a local autonomy.
- II. Decentralization of the government.

The first meaning is directly related to the essential definition of liberal democracy government as a governing "from" and "to" people, which are two requirements for the functioning of the democratic governing. In the entire former communist bloc countries there are fair enunciations regarding the importance of local governing. First of all, those were enunciated for a greater participation of the population in governing, as a way for the direct expression of its will in the formulation and implementation of policies. With this assumption are defined and implemented forms such as:

1. the participation in the election of local bodies defined as the right of people to choose the governing bodies that make decisions on their behalf.
2. the direct forms of citizens' participation in decision-making of the commune. In Slovenia there are practiced such forms as citizens' counseling "assemblies", "referendums" called upon citizens' or councilors' request, public discussions.
3. the organization of citizens in organizations or lobbies, for to influence in the formulation of public policies. (Plostajner 2003). In Hungary, the Organic Law of the local government defines three forms of the direct democracy: local referendum, public initiatives, and civic meeting. The implementation of each of these forms depends on the percentage of the voters who seek their organization. Thus, for the referendum it is needed the demand of 10-21% of the voters, whilst for the public meetings it is needed the demand of 10% of the voters. Consultations with the public, where the representation of the group of interests occupies an important place, are organized by the Council of the Local Units, at least once a year.

According to Gobaz Bales and Joseph Hegidues (2002), for the participation of the citizens in governing there are specifically defined the powers of the self-governing bodies for to formulate and manage the daily problems of the citizens, but the effectiveness in solving such problems, depends on the situation and the results that the following sources produce:

1. Wealth in the form of natural resources of the local unit.
2. Enterprises in the form of capital resources of the local unit.
3. Finances with sources and incomes from local taxes.
4. Public, cultural, municipal, healthcare services, public health and tourism services.

Based on such resources it is assumed the place and role of the local government bodies in fulfilling the direct daily interests of citizens. The assumption takes into account the approach of the government as close as possible with the governed, which is detected and enabled by the fact that the local government bodies are closer to the policy "customers," known as "the end lesers".

This way it is meant not only the distribution of powers between central and local government bodies.

The above assumption refers to the strengthening of the relation between the government authority and the mass of population with its interests and requirements.

Finally, self-governing in the former Communist Bloc countries is treated as a decisive condition for to stop the monopolization of government by the central government, which gives way to the exercise of an authoritarian and oppressive power. This happens because the population of the former Communist Bloc countries is highly sensitive towards the strategies of the totalitarian government tools, from which is seeking to have a break from it eventually. Such sensitivity is so great that in these countries has dominated the will and tendency of a greater fragmentation of the government to strengthen especially of local governing. A wish like this was expressed by the increase of the number of local government units, even though they were very small in size. It can be said that in all of the former Communist Bloc countries there is a clear exposition of the powers of the local bodies, which is part of the constitutional and institutional format (the case of Poland).

Decentralization, as another condition for the implementation of liberal democracy government, is perceived related through its government legitimacy with central authorities, as well as with local authorities. Therefore, with the national task fulfillment, central government is considered in its sovereignty and legitimacy, acquired it based on the will of the electorate (the adult population) of the entire country. A sovereignty that is shown in the fulfillment of the interests of the entire society, thus of all the heterogeneous population that exists and operates within the nation-state framework and that it is the central government's duty to implement the so called "political integration of the society", which is directly related to the harmonization of the interests of the population, thus with providing the general welfare, a result of the economic and social developments. At the same time, in the conducted studies, in is highlighted that it is again the duty of the national government to fulfill the protection of the national sovereignty, to guarantee the security, as well as representing the nation-state in relations with other states and in the process of the European integration, that is why it is concluded that the task fulfillment in meeting the interests of "the entire society" and of "the entire nation" lead to the necessary and inevitable decentralization. Meanwhile it is noticed the spaces that create the factors of the democratic government, which make decentralization inevitable: this way are defined the factors that are related with the legitimacy of the local government itself, which is built based on the will of the governed of the respective areas and that the local government bodies can fulfill the interests closest to those of their citizens, which are the most important needs.

This reasoning is addressed to the benefit of decentralization and at the same time it is highlighted that decentralization imposes politics with centralizing overtones. This was grounded with the fact of the qualitative and

quantitative conditions of the sources in all their three types: natural, human, and capital resources. It is a fact that the distribution of resources according to the regions and units of government is very uneven.

There are regions rich in all three resources, and regions with scarce resources where their insufficiency is highly exposed, which is the essential characteristic feature of resources in general. Whilst the demand for vital values and material values is endless (a characteristic feature of values), resources are characterized by "insufficiency." The different situation of resources makes decentralization in government inevitable, which implies even centralization, but having democratic features, which are totally opposite in the totalitarian and authoritarian centralization. Thus it is underlined that centralization in its general meaning, means the implementation and at the same time the preparation for the harmonization of the development of all regions giving the central government the role of coordinating and balancing.

In this regard, Nora Avenieva writes: "In this process, balance and coordination are of a great importance" and same is the "responsibility to build a democratic, social and fair state." (Avenieva 2003)

In general, the legal framework of the former Communist countries defines three types of decentralization:

1. Deconcentration
2. Delegation
3. Devolution

In the case of Slovenia, the deconcentration is realized in the distribution of responsibilities between the different levels of the central government. It works in the vertical dimension, with a vertical hierarchy. In this respect are included the links between the central and local government, where representatives of the central government mediate between the central government and the local government. It is assumed that through them be realized the harmonization of the vertical dimensions.

Delegation represents transferred responsibilities from the central government to semi-autonomous organizations.

Devolution includes the highest degree of delegation because it gives full responsibilities to the lowest levels of the local government in decision-making, managing, and financing. (Plostajner 2003)

Indeed, different countries have a combination of the three mentioned types mentioned above. An important indicator of the degree of delegation is that of the presence of mediating bodies between the local government and central government.

In Bulgaria there is a division into two levels of the local power: regions (28 regions) and municipalities (262 municipalities in 1994). According to the constitution of the country, the region has triple functions:

1. The formulation and implementation of regional policies
2. The execution of state policies at the local level
3. The achievement of the necessary balance between national and local interests.

Regions are governed by regional governors, who are appointed by the Council of Ministers and are considered as representatives of the government in the regions. The governors' duty is to exercise an administrative control over the local power. This is associated with objections and clashes when the governors and the municipality mayors belong to different political forces. (Avenieva 2003).

In Hungary, the government system is made of two levels, by removing the intermediary level. However, researchers of the local government according to the countries of Central and South-Eastern Europe countries consider democratization of this government as defined from two preconditions:

1. The implementation of consensual policies, which are the basis of the liberal democracy government system
2. The implementation of rational policies for the use of the three types of resources, policies that because of the conditions of the resources have to count on the specialization of high technology based on expertise and continuous perfection. They conclude that part of decentralization itself should be the distribution of responsibilities between central bodies and local bodies, and as long as such a distribution is considered legitimate it is necessary for a close cooperation. Otherwise it loses the responsibility and as a consequence loses even the accountability, and above all, it puts into question and danger the legitimacy of the government. Meanwhile it is noted that the consensual policy in the relationships between the central government bodies and local government bodies leave a lot to be desired.

The degree of cooperation and the consensual policies in the case of Bulgaria e.g. have been set excessively from the party composition of the bodies. (Avenieva 2003)

Despite of all the above assumptions, it is very difficult to set clear orientations.

Empirical studies of the bodies or intermediating links can raise questions such as:

- What should be the number of these bodies?
- What should be the extent of their intervention in local bodies?

- Should the administrative expenses of "intermediate links" in relation to the basic bodies of the government (central and local government) be taken into consideration?

In the study on the local government of Bulgaria there are identified the "political appointments of the governors of districts and repeated instances of biased attitudes, which has led to appeals in courts. (Avenievna 2003)

In the same study it is concluded that "*dialogue between central authorities and local authorities is one of the most important guarantees for the democratic government and one of the conditions for the successful integration into Europe*". (Avenievna 2003)

Otherwise the conflict creating situations have consequences in:

- The degree of general economic and social development, where the root of rhythms is more sensitive in local units.
- Lack of balance between centralization and decentralization of power and resources, where centralization will prevail significantly.

Therefore researchers raised the question: how effective can public services for the citizens, without self-government and decentralization and harmonization of as many interests as possible, and at the same time even without the decentralizations of the financial resources and human resources?

It is also widely accepted the existence of disputes between local government and intermediate links. For example, as we mentioned before, in Bulgaria the governors were appointed by the Council of Ministers, and they are sent in the regions as representatives of the government for the administrative control of local government. "*Such a fact leads to open conflicts with local self-government bodies and mostly with the mayors of the municipalities. The clash of powers becomes even more serious when the governors and the mayors of the municipalities belong to different political forces.*"

Such a consideration is directly related to the nature, efficiency, and the rational use of resources, their incarnation especially in the financial incomes and expenses. There is an inseparable link between local government and the decentralization of the financial resources. The organization and development of local government as an institutional structure that assumes the responsibility for the implementation of direct public services for the population, which means even financial decentralization and guarantee the financial stability of the local units.

Why a financial decentralization?

The quality of liberal democratic government is measured by the fulfilled tasks of its functions for the security in guaranteeing the realization of the rights and freedoms of the individual with the rule of law, as well as for the achievement of prosperity for all citizens. Such a quality describes even the practical implementations of local self-government and the decentralization in two directions:

1. Management of the three types of resources: natural (environmental), human, economic.
2. Realization of the income and financial expenses.

It has become clear that in all countries the local self-government and the decentralization of government cannot be achieved effectively without the sufficient resources. In the European Charter the "*inevitable and even obligatory dependence between the powers that are given to the local government and the necessary resources for their fulfillment*" is one of the conditions for the local economy.

In this context, it has been researched regarding the clear concepts and concrete methods in the local self-government, as well as in the decentralization. Thus: Self-government is defined in providing the independent budget of each local unit with the right of providing sufficient independent financial resources and their management for the dicert interests of the community of the unit. In general the constitutions and legal acts for the local budgets of the countries of South-Eastern and Central Europe were based on the Article 9 of the European Charter for the Local Autonomy which states:

- The development and expansion of the process of power decentralization.
- The binding dependency between the power given to the local power and financial resources necessary for their fulfillment.
- According to Territorial Reform and Decentralization (2008) giving the right of the local power, in accordance with the legal basis for the provision of independent sufficient financial resources and their independent use for the qualitative fulfillment of their powers.

A guarantee for securing the financial resources of the local units is thought to be holding properties that are used in the interest of the community. Nevertheless, in all former communist bloc countries are encountered great difficulties in securing their revenues from the local units because there are no accurate inventories of their assets.

This is being considered as one of the most important issues. It is widely known that a key condition for an effective government is the correct management of the resources for the implementation of the fulfillment of basic tasks of the government system, thus, *“of the allocation of the authoritative values.”* Meanwhile, dealing with the problem has become complicated since the beginning of the privatization on a higher scale. The strategy of the privatization keeps alive the discussion *“whether the property should be sold and the income earned shall be spent for the community or the local units’ wealth should be preserved and managed as effectively as possible for it to be a constant source of income”.* (Avenievna 2003)

In the case of Bulgaria, for example, the main financial resources are defined in the Law on Local Taxes and Fees. They are provided in the following types:

- Real estate taxes
- Inheritance taxes
- Donations taxes
- Real estate’s sales or purchase taxes
- Taxes on vehicles

There are added other less important taxes which are defined by law too. Similarly, are set by law taxes for the administrative and public services. (Avenievna 2003)

In the case of Croatia, the taxes such as the income taxes and profit taxes are divided in percentages between all the levels of government. Many local units have set the consumption tax, with a certain percentage independently. This has led to a double taxation for the same product, because the Value Added Tax is subject to the central government.

The following tables are a concretization of the structure of the revenues and expenses of the local bodies in Slovenia.

Table 1: The structure of local revenues, 1997 dhe 1998 (Effective Public Policy Institute 2009)

Incomes	1997(%)	1998(%)	Real growth
Taxes’ incomes	42.6	41.2	2.9
Income taxes	39.0	37.4	1.9
Property taxes	0.4	0.4	5.6
Inheritance and gift taxes	0.2	0.2	- 8.7
Gambling taxes	0.2	0.2	19.9
Taxes in the use of goods	2.8	3.0	16.6
Non-tax incomes	35.6	37.3	11.5
Administrative fees	0.0	0.0	-3.7
Fees on gambling machines	0.9	0.7	-12.2
Penalties	0.1	0.2	23.3
Local fees	0.3	0.4	15.3
Municipal fee	2.7	2.7	8.3
Incomes from administrative bodies	1.9	1.8	1.9
Contribution for building and land use	10.3	12.0	24.5
Fee on fams and forestry	0.6	1.1	81.6
Other incomes (property sales, rents, etc.)	18.8	18.4	4.3
General grants (financial stabilization by the state)	18.8	18.4	4.4
Special Grants	3.0	3.1	11.3
Total (loans excluded)	100.0	100.0	9.0

Table 2: The structure of the expenses of the municipality, 1997 and 1998

Expenses	1997(%)	1998(%)	Real growth 98/97(%)
Administration (salaries, costs, etc.)	12.9	13.0	7.7
Protection and rescue funds	0.4	0.4	0.0
Public institutions	41.0	41.7	8.5
Primary Education	11.7	11.9	8.7
Research activities	0.2	0.1	-35.0
Culture	5.4	5.3	3.7

Sport	3.3	3.4	11.8
Social insurance	3.8	3.7	3.1
Kindergarten and Nursery	14.8	15.1	8.3
Public health	1.5	1.6	17.7
Other	0.4	0.5	49.9
Transfers to local economy	35.6	34.9	4.5
Public Hygiene	12.3	11.6	0.6
Homes	4.8	5.6	24.6
Roads	10.6	9.6	-3.5
Fire Protection	1.9	2.0	10.2
Other transfers	6.0	6.1	8.7
Provisions	0.8	0.5	-28.8
Transfers in sub-local communities	1.1	1.2	12.4
Other	8.2	8.3	

Nevertheless, in almost all the former communist bloc countries is noted the "low level of local taxes revenues." Therefore many local units do not have taxes as this main revenue source. This led them to concentrate in the incomes from fees and contributions for public services. Bonds, as in the case of Croatia, are an expression of the degree of the local self-government. Local government units in Croatia were given the right to issue securities and bonds. (Ott&Bajo 2001)

Decentralization is reflected in the mutual obligations of the central and local bodies. They are determined in the function of the strategic goal of democratic government, therefore, of better harmonization of all social and nationwide interests. In this context, the local government units are assigned to meet the obligations of the State Budget, whilst the central bodies have the obligation to provide financial support from the State Budget.

According to Territorial Reform and Decentralization (2008) the main instrument of financial support of the local government units are the subsidies from the state budget. They vary from one commune to another. The difference depends on the anticipation of the rate of incomes from the own resources of each local unit, which taken together with the state subsidy have to help the local governments to meet their powers.

Borrowings are another source, but their effectiveness is determined by the destination: whether they are used for capital investments or for financing operative expenses. This is the reason why there are set certain standards for borrowing. Thus local government in Croatia has limited borrowing rates for local units up to 20% of the expenses of the previous year. (Ott&Bajo 2001)

According to Wolfyang Reutch, Grants or financial aids have an important role as well. They are widespread in East Germany and they refer to the general division of taxes. Grants are paid on the basis of "per capita", i.e. on the basis of "specified needs." But the most common form is that of "special grants, for special purposes. Those are for defined objects".

Meanwhile, the former communist bloc countries face some problems that increase the complexity in exercising powers. It is widely accepted that there exists a great disproportion between the incomes generated by the local government based on its own resources and on subsidies from the state budget. This led to a substantial increment of deficits from the state budget during the years of the transition. Therefore, the study points out that in Croatia "it is difficult to calculate the fiscal capacity of local governments because there are no exact figures for the respective populations". (Ott&Bajo 2001) The same applies even for the other former countries of the communist bloc because of the great mobility of the population. Nevertheless, in the studies regarding the budgets of the local government units is expressed the concern "for the political implications with differentiations for different units of the local government by the central government." Therefore in almost all the countries of the former communist bloc arise problems which are directly related to the more effective management of economic and financial resources. This way it is intended to eliminate many of the shortcomings and weaknesses.

Among them we mention:

- The classification of the resources owned by the local units based on the calculations of the three types of them, aiming at accurate data upon which is realized the management of values.
- The classification and consolidation of budgets.
- The clear separation in the budgets through the capital expenses and operating expenses, giving priority to attracting domestic and foreign investors.
- Long-term planning of capital projects, including public investment.

- The operation of the system with indicators for the implementation of programs with the aim of creating general goods to meet the interests of the citizens. Among the most important indicators is that of the real cost-benefit ratio.
- The operation of internal control.
- The evaluation and reward of the work of the officials of the local administration.

What can be said about the developments of reforms?

The content of local self-government and decentralization was affected by the development of reforms. Thus, in almost all the countries of the former communist bloc the transition process began with the territorial reform, considering it as essential in the path of democratization and for to once and for all the totalitarian and authoritarian centralization.

In general in the administrative territorial events of countries were held several criteria:

- The geographical feature of the area to viewed from the rate of ownership of natural, human and capital resources.
- The presence of a city (in the case of a municipal residential center, town), which historically has been an economic, cultural center, and which created the necessary communication between settlements across the territory, through its infrastructure.

The common traditions of people living in different settlements of the territory.

The electoral reforms were focused at the size of the territory. It is clear that in determining the size we cannot exclude the historical considerations, the basic components of the nation-state, thus the physical, psychological, cultural traditions, and the life style. According to Anna Ghinea (2000): "the territorial administration is more a result of the cultural, social, economic, and political conditions, rather than of a random decision." But parts of the considerations are also the feelings generated during the rule of the communist regime which monopolized the entire political, social, economic, cultural, and spiritual life. In all countries of the former communist bloc dominated the willingness to undertake major changes. Whilst during the disclosure of volunteering for the territorial organization dominated proposals for the creation of as small units as possible, as a way of calculation the interests as close to the population's daily interests as possible. Thus, e.g. in Slovenia as a result of the reform of the local government system which was based on preferences of the local governed, the number of municipalities was tripled: from 62 municipalities in 1991 into 147 municipalities in 1994 and in 1998, their number reached 192.

An increment of the number of municipalities happened in all the countries of the former communist bloc. Studies for the local government evaluated the size of the municipalities as having positive and negative effects. First of all, the increasing effectiveness of the participation of citizens in setting inputs (inputs-value demands and support) is viewed as a positive effect. The inputs are directly related to their everyday interests. Organized in small units, the population can express its interests much better. Precisely such a predisposition is evaluated as a participation in the highest numbers of citizens possible because the involvement of citizens in the government is at a higher extent.

But the extent of the territorial size can create difficulties in meeting interests and needs. In general the small-sized municipalities have smaller human and financial resources, insufficient to provide higher level services. It happens that small municipalities fail to provide sufficient financial resources (among others because their population is small and the possibility of tax collection is limited, or because natural and capital resources in direct dependence of the municipalities are scarce). This is a predisposition to increase the dependency on the state for its financial support. According to Anna Ghinea (2000): In Slovenia, small municipalities, manage to spend up to half of the local budget for administrative works, whilst large municipalities spend only 10-20%. According to Territorial Reform and Decentralization (2008) an important subject in the realization of the local self-government and centralization has been the definition of intermediary levels of government. In all studies conducted it is required to be careful not to achieve "an unnecessarily increment of the administrative costs."

Meanwhile it is being considered as an effective measure to create regions of development. There were even concretized the functions that must perform, based on three points of view:

1. Preparation (formulation) and implementation of regional policies.
2. The implementation of state policies at the local level.
3. Providing the necessary balance between national and local interests.

Regions are considered as a solution to the "inadequacies" of resources present in many municipalities, whilst through regions can be built "bridges" for mutual benefits. Secondly, according to Territorial Reform and Decentralization (2008) regions draw the governments away from the direct advantages having a deep political content. In the context of the

region can be better studied the advantages of a municipality enjoys based on the ownership of resources. This facilitates the harmonious development at the regional and national level. Whilst on the other side, governments provide the necessary conditions for the balanced development of the regions of the country through investing, crediting, and financing policies.

Such dispositions could be materialized with the example of Romania. Romania has a vast territory and a large population. There are significant disproportions between the developments of different regions, which issue the difficulty in achieving a contemporary of active regional policy. The country is divided into eight regions. Regions, as shown above, are used as a development structure rather than as an administrative structure, because the main function of the regional development policies is to eliminate inequalities in development of different regions. In this context, particular attention is paid to the organization of the Regional Development Agencies, which are presented as non-governmental and non-profit organizations. They are just managed by the National Council for Regional Development, whose president is the prime minister. The experience of the countries of the former communist bloc can stop even more the tendencies of political regionalism, which paves the way for federalism. In this case the requests of Transylvania can be taken as an example. This is the special case study.

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