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## **OBLIGATORY TASKS OF SELF-GOVERNMENT - A WAY TO BETTER EFFICIENCY?**

### **Abstract:**

In decentralised Europe, a regional self-government constitutes an important factor directly influencing the life of citizens in a given region. It is the outlined obligatory tasks where the public expenditure of self-governments should aim. An analysis of the legislation of European countries, having the obligatory tasks both defined as well as non-defined, and a comparison of the expenditure of their towns with the tasks defined by legislation all helped determine the most frequently represented obligatory tasks. Simultaneously the share of these tasks in the municipality budgets was scrutinised. The article aims at finding out whether the definition of the self-governments' so-called obligatory tasks in jurisprudence ensures saturation of the public interest and enhances the efficiency of municipal self-governments' activities, which has been proven by the research. At the same time, public supervision, education of the public in the field of state administration, training of elected representatives and a legal "failsafe" against indebteding the self-governments is considered fundamental.

### **Keywords:**

Self-government obligatory tasks, Public expenditure, Public interest, Self-government, Corruption

**JEL Classification:** H72, H76

## **Introduction**

Public administration is a significant economic driver in the Czech Republic (CZ). Over the last century, the public sector's share of the national economy had been rising in the CZ as well as Europe in general. Public budgets redistribute about 1 billion (trillion) CZK which constitutes about one half of the GDP. Out of the means redistributed through public budgets approx. three quarters are relocated through the state budget. Almost one third is consumed by regional self-government bodies (Ministry of Finance CR, 2015).

While executing the state administration, the ensuring of public interest should be centre and foremost. Our perception of public interest reflects our ethical values. Nowadays, however, our society is dealing with a situation in which what is not legally enforceable seems to be non-existent. Ethical norms have begun to lose their significance due to being constantly abused, which is a fact obvious to the common public. Under these circumstances, law-makers strive to replace ethical norms by legislation in order to enhance law enforceability as such. A question is posed whether this approach is correct or the only applicable one possible.

## **Research aims and hypothesis**

The aim of the research was to prove the following hypothesis: To what extent does a clear outline of so-called self-government obligatory tasks, to be found in the legislation of other European countries, lead to the fulfilling of public interest and the enhancing of the efficiency of municipal self-governments' activities?

For this purpose, the self-government legal regulation was examined and analysed in a selection of European countries and followed by their mutual comparison. Furthermore, expenditure benchmarking of the selected municipalities in the observed countries was carried out with the use of a detailed analysis of their cities' budgets. This approach aimed at finding out the height of the financial amounts being spent on the most frequently stipulated obligatory tasks.

To assess the efficiency of legal regulation, it is substantial to investigate whether there is any correlation between the economic development of towns and the legal regulation. Furthermore, individual towns have to be assessed in context of territorial development. It is not to be forgotten that the nature of each country's institutions is nonetheless conditioned by a variable of social factors, economic and moral circumstances, historical development and cultural traditions (Liška et col., 2011).

### ***Methods and methodology used***

The article employs a comparative method using benchmarking. According to Průcha (2014), the method is widely used, as it is extremely difficult to exploit the experimental approach in the sphere of public administration. With regard to the fact that this research will rely on the legal regulations of the selected countries and the budgets of the chosen municipalities, it will utilize the positive legislation in its standardised form. Thus, the regulatory dogma will be employed. In the course of the research the deductive approach has been exploited which creates the basis for the conclusions. Descriptive data statistics have been used for the budget analysis.

A boxplot has been chosen for this analysis as a suitable graphic tool to assess the dependence between the continuous variable (i.e. the expenditure) and a certain category variable (i.e. a country, town, category). We will conclude our investigation by way of drawing a correlation between public administration expenditure, the expenditure of self-governments and the level of corruption in the given countries.

### **Theoretical part – A summary of the contemporary scientific knowledge**

The competence of a local self-government in each country may differ in accordance with its legal delimitation. Matula (2013) has been involved in the study of the definitions of obligatory tasks in the Czech legislation on a long-term basis. In his study, he mentions the issue of differentiating agenda as a matter of separate powers with respect to legislation. He finds three areas - the first represents decision-making related to law enforcement and in its nature nears delegated powers; the second represents activities implemented with regard to competence determined by the state; and the third is carried out at a self-government's own discretion, an analogy of self-government's voluntary tasks.

### ***Legal framework of self-government in the CR***

Czech legislation of 2000 does not offer a positive definition of self-government. Section 8, Act No. 128/2000 Coll. on Municipalities states: "If a specific law regulates the powers of municipalities and does not define them as delegated powers, they shall always be regarded as separate powers." As Koudelka, Ondruš and Průcha (2009) state, a range of law that regulates the activities of public administration does not differentiate between the separate and delegated powers and at times an interpretation cannot even be given of which powers are concerned. It is necessary to differentiate between a municipal authority and the delegated powers vested in it and the municipality itself. Section 35, clause 2 of the Act No. 128/2000 Coll. further states: "The separate powers namely include issues listed in Section 84, 85 and 102 with the exception of directives issued by the

municipality. Furthermore, in compliance with local conditions and conventions, a municipality with separate powers attends in its territory to creating the conditions for the development of social welfare and for meeting of the needs of its citizens. It primarily concerns meeting the housing needs, health protection and development, transportation and communications, the need for information and education, overall culture development and public order protection.” The listed Sections 84, 85 and 102, however, regulate mainly the powers of the municipal council and the board of representatives without giving a detailed account. According to Koudelka et coll. (2009), Section 35 specifies the right to self-government as granted by the Constitution in Article 100 and guaranteed in Article 8 of the Constitution of the Czech Republic as continued in clause 101 and 104 of the Constitution of the Czech Republic by a more detailed definition of the self-government. The authors then refer to the previous legislation which in its Section 14 (1) strived, in analogy with other European countries, to delimit the self-government using a positive demonstrative account of individual activities as well as providing negative outline of self-government in Section 14(2). As the authors proceed to state, the present legislation defines self-government using positive as well as negative delimitations, however, by such intricate means that cause further complications.

Czech legislation also makes reference to specific Acts that regulate separate powers. These tasks could be perceived as obligatory as they are imposed on self-government by law (Kopecký, 2009).

### ***An analysis of legal regulations in selected European countries***

The following chapter aims at the comparison of legal regulation in selected European countries, with the German, resp. Bavarian, regulation serving as the referential “role model”. Our closest neighbours were chosen, i.e. Poland and Slovakia, along with a country that has self-governing obligations incorporated in its Constitution - Serbia. The result of the research is a selection of the most frequent obligatory tasks of self-governments as well as a basic analysis that leads to the assessment of individual legal regulations and a determination of the most suitable shape that would ensure the most efficient performance of the municipality self-government in saturating public interest while also being citizen-friendly. The quality of the legal regulations in defining the self-government obligatory tasks is assessed according to the criteria of organisation, clarity, the auditing and supervisory system and the definition of the obligatory tasks as such. The criterion of organisation is determined by the pace of finding one’s bearings in a law, i.e. whether the provisions of the law are concentrated in one section. From the author’s point of view, a clear legal regulation is such that defines obligatory as well as facultative tasks so that it excludes any ambiguity. The area of auditing and supervisory system investigates the measures a law-maker has adopted to prevent inefficient waste of public means. The definition of obligatory tasks as such focuses on whether and how explicitly the obligatory tasks are formulated or hinted at in a norm.

## *Germany*

The Bavarian solution was chosen for the purposes of the research as it articulates the tasks of municipalities with separate powers very thoroughly; as set out in Geis (2014).

In Bavaria, a dualistic model has been created which distinguishes between the separate powers of a municipality (Article 7 of the Bavarian Municipal Law) and delegated powers (Article 8 of the Bavarian Municipal Law). Separate powers of a municipality contain tasks of the self-government within the intention of Article 28 of the Constitution. This proceeds in Article 57 of the Bavarian Municipal Law and Article 83 of the Bavarian Constitution. The tasks in the scope of the separate powers are understood as the self-government issues in compliance with Article 28 II of the Constitution. These tasks cover facultative as well as obligatory tasks.

### a) Facultative tasks without directives

Based on right to the self-government, municipalities also own the “right of task assignment”. The municipality itself may independently choose which tasks it will accept based on political, economic, social and environmental grounds. The municipality exercises its right of choice with respect to facultative tasks according to obligatory consideration. This process considers aspects of inclusion (“whether, if”) and choice (“how”). What is not excluded is the fact that this consideration may be reduced to zero in favour of accepting as well as rejecting the task. Such a reduction of consideration is only acceptable when based on basic rights of a citizen and on the principles of the social and democratic state respecting the rule of law.

### b) Obligatory tasks

The obligatory tasks are imposed on the municipality by the law. A formal regulation is required according to the article 28 II of the Constitution because the obligation to accept a task is an intervention into the self-governing right of a municipality. When the consideration is reduced to zero, then the facultative task equals the obligatory task. “Whether” is imposed onto the municipality, however, “How” is at its sole discretion.

Article 57 of the Bavarian Communal Law as well as Article 83 of the Bavarian Constitution will serve best to provide a list of tasks in the separate powers.

On the one hand, the Bavarian concept allows municipalities to exercise wide powers; however, in the case of the facultative tasks it employs supervision by a superordinate body to especially protect the self-sustainability of municipalities. Regarding the context of municipality management in the CZ, this measure seems to be a very reasonable one as it may, to a certain extent, eliminate the inadequate handling of municipal property. Otherwise, the comparison of the list of self-governing

obligatory tasks with the other observed countries reveals a considerable accord.

### *Serbia*

According to the interpretation of the Act on Municipalities (Blatkovič, 2009), Serbia divides the powers of self-governing territorial units into: a) natural or separate self-governing powers; b) entrusted powers and c) delegated powers. Regarding the nature of the entrusted powers, unknown to the Czech law, these powers belong to central bodies who entrust them by law; they do not delegate them onto the local bodies. The act of entrusting the powers is always carried out under the supervisory and managing authority of central bodies. Usually, issues of state administration are concerned that are implemented by the self-governing bodies strictly according to the rules and regulations issued by central bodies and under their full supervision. The exercising of the entrusted powers is financed by the state means (central power), which serves as proof that in exercising these powers the bodies of self-governing units only play the role of detached bodies of the central power.

A detailed segmentation and a list of self-government tasks are outlined in the Act on Municipalities, namely in Article 20, which accounts for the largest number of self-government tasks in all monitored countries – 39 items. Like in the Czech Republic and Poland, the supervision over the execution of the self-government is regulated by a special law.

### *Poland*

There are tasks of separate and delegated powers in Poland that began to be recognized again in 1983. The present dualistic model is based on legislation implemented in 1990, i.e. by the Act on Municipalities of 8th March 1990 (Dz. U. of 1990 r. Nr 16, poz. 95). Polish legislation splits the tasks of separate powers into obligatory and facultative ones. Tasks to be performed obligatorily are defined by Section 7, paragraph 1 of the Act on Municipalities. These are the tasks that satisfy the mass needs of a community. The detailed account is not comprehensive (like in Slovakia, the term „namely“ is mainly used here). A more precise definition of the self-government tasks of a municipality ensues from an analysis of the relevant substantive law and constitutional law. This implies that the definition of facultative tasks is quite difficult (Leoński, 2006).

### *Slovakia*

Like the Czech Republic, Poland and Serbia, Slovakia also had to handle the transfer from the central government to the devolved municipal self-government. In 1990, the Act on Municipalities No 369/1990 Zb. was adopted; although it has seen many an amendment, it is still valid today.

Unlike the Czech concept, the Act describes the self-government activities widely in Section 4. The list is not detailed, but demonstrative, which can be primarily proven by the use of the word „namely“ in Section 4, paragraph 3. In the framework of the separate powers of a municipality, facultative and obligatory tasks may be differentiated, which closely resembles the German model. Šotolář (2003) characterizes obligatory tasks as another typical feature of the self-government, but at this point the municipality is obliged to perform these tasks.

The research shows that despite the geographical and historical differences, the obligatory tasks are de facto identical. This implies that the execution of public administration and its focus should vary only to a minimum degree within the European framework. What the individual countries differ in is their approach to the legislation as well as the execution as such. The Bavarian regulation is descriptive and relatively clear while it fosters efficient control mechanisms which are not left only at the central level as is the case of the other observed countries. From the point of view of this research, the Bavarian regulation seems to be the best, with Polish, Slovak, Serbian and Czech in its wake.

## **The research**

The research explores several areas to confirm the above-set hypothesis from various angles. First, we will focus on the comparison of the expenditure of governments and self-governments as compared to the GDP and the level of corruption. Later, the results of the previous chapter in the research - i.e. the quality of the legal regulation of the scrutinized countries - will be included. Based on the analysis of the budgets of 26 towns in the observed countries, we will then identify the most preferred expenditures of the self-governments.

### ***The expenditures of governments and self-governments as compared to the GDP of a given country***

This chapter investigates the correlation between the expenditure volume of self-governments and their efficiency (level of corruption) as presented by KNOEMA<sup>1</sup> and the assessment of the self-government quality as presented above. The fact that corruption is perceived as a crucial issue in the development of current economies has also been proven in a recent study by Hanousek, Shamshur and Trešla (2016) who have found out that corruption may have a dynamic influence on a society in those situations where it is used as a prompt solution of bureaucratic obstacles.

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<sup>1</sup> KNOEMA is an American society established in July 2011 seated in Washington, DC. It came to existence due to the notion that the management of complex international aid programmes and development of intra-state policies of economic development are hindered by the lack of available and quality data.

Gradually, however, it is becoming a source of trouble. Similar conclusions were reached by Son (2016) who states that developed countries with a whole range of regulations to prevent corruption see a slowing down of their real GDP growth. Lechner (2013) who deals with the issue of bureaucracy concludes that there are tools like e-Government with the potential to positively influence the overall economic environment of a state and thus contribute to the reduction of the bureaucratic burden. Furthermore, it has a positive and essential impact on the transparency of legislation which, according to the World Bank, is a factor positively forming the overall economic environment of a state.

For the purposes of this research, the percentage of governmental/local sector expenditures was compared to the GDP as presented by the OECD (2015) and the Eurostat (2015) in relation to the KNOEMA index (2014).

In European context, corruption is perceived to be mainly the issue of the post-communist countries. Grochová and Otáhal (2013) state that corruption ensues from complicated rules and thus is a feature of an ill-established and enforced formal environment. The article of Campose, Dim and Saleh (2010) observes that corruption in the countries of central and east Europe is pervasive and penetrating without the possibility of eliminating its effects. This is a truly fierce statement, however, it has been more or less confirmed by the outcomes of the investigation. Germany is assessed as the least corrupt country out of all the observed countries, whereas Serbia is the most corrupt.

As the next step it is important to find out what GDP percentage is spent on the public sector and whether the amount of this expenditure influences the public administration efficiency (the level of corruption) – to be demonstrated by the following data:

Chart 1 The correlation of the governmental expenditure with the level of corruption

| Country               | Government expenditure in % of GDP, 2004 – 2014 |      |      |      |      |      |      |      |      |      |      |
|-----------------------|---|------|------|------|------|------|------|------|------|------|------|
|                       | 2004  | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| <b>Czech Republic</b> | 42,2  | 41,8 | 40,8 | 40,0 | 40,2 | 43,6 | 43,0 | 42,8 | 44,3 | 42,4 | 42,0 |
| <b>Germany</b>        | 46,3  | 46,2 | 44,7 | 42,8 | 43,6 | 47,6 | 47,3 | 44,7 | 44,4 | 44,4 | 44,1 |
| <b>Poland</b>         | 43,5  | 44,2 | 44,5 | 43,0 | 44,1 | 44,9 | 45,6 | 43,6 | 42,6 | 42,4 | 42,1 |
| <b>Slovakia</b>       | 37,8  | 39,5 | 38,5 | 36,0 | 36,6 | 43,8 | 41,9 | 40,4 | 40,0 | 40,8 | 41,4 |
| <b>Serbia</b>         | 40,8  | 40,3 | 43,2 | 43,4 | 43,4 | 43,5 | 43,6 | 42,4 | 45,9 | 43,2 | 46,1 |



| Country               | Efficiency |      |      |      |      |      |      |      |      |      |      | Correlation |       |         |                             |
|-----------------------|------------|------|------|------|------|------|------|------|------|------|------|-------------|-------|---------|-----------------------------|
|                       | 2004       | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | r           | t     | P-value | Comment                     |
| <b>Czech Republic</b> | 72,8       | 72,3 | 76,7 | 72,5 | 74,9 | 70,0 | 69,5 | 70,3 | 69,8 | 69,3 | 72,7 | -0,76       | -3,52 | 0,01    | Strong negative correlation |
| <b>Germany</b>        | 87,4       | 85,4 | 87,4 | 87,0 | 84,1 | 85,2 | 84,3 | 83,5 | 84,4 | 83,5 | 87,6 | -0,08       | -0,25 | 0,81    | Weak negative correlation   |
| <b>Poland</b>         | 64,6       | 62,1 | 58,7 | 55,1 | 58,9 | 61,0 | 64,3 | 63,2 | 64,2 | 65,1 | 71,8 | -0,39       | -1,26 | 0,24    | Medium weak correlation     |
| <b>Slovakia</b>       | 72,8       | 71,8 | 71,8 | 66,7 | 70,1 | 70,0 | 67,6 | 67,9 | 67,9 | 66,5 | 71,8 | -0,07       | -0,22 | 0,83    | Weak negative correlation   |
| <b>Serbia</b>         | 37,9       | 32,5 | 35,9 | 31,9 | 36,2 | 43,8 | 42,4 | 42,0 | 40,1 | 40,6 | 44,5 | 0,51        | 1,77  | 0,11    | Medium positive correlation |

Source: Based on the OECD (2015) and KNOEMA (2014) data and compiled by the author

It may be assumed from the calculation that neither a correlation between the governmental expenditure and the level of corruption (efficiency of the public administration) has been proven, nor causality may be considered. The critical value for the coefficient of correlation for 11 observations at the level of importance being 5% is 0.6 while only the Czech Republic surpassed this value. Therefore, the level of the public administration efficiency is not influenced by the level of the means invested in it. In the Czech Republic, though, the higher the expenditure, the lower corruption there is. The results may also be driven by the fact that individual countries invest a similar percentage of their GDP into public administration. It may be concluded that the amount of the invested means is not as important as the way these means are used. The amount as such does not have any significant influence on the way it is used, even though it may be assumed that if it sank considerably, the efficiency would be affected negatively. Nevertheless, we cannot deduce that the sole rise of the allocated means would lead to any improvement of the efficiency. The share ratio of the means invested into public administration has been demonstrated to be similar. However, a considerable difference is seen in the means spent on local self-governments; Germany along with Slovakia dealing with half the Polish expenditure, two thirds of the Czech ones respectively. Simultaneously in this comparison, the level of public administration efficiency is best in Germany whereas Slovakia is the worst. Evaluating the accompanying phenomena that support self-government efficiency, we may say that the well-functioning infrastructure allows for a gradual reduction of the percentage of the means invested to the self-government by the state as the self-government is capable of gaining the means in a different way than from the alone state.

Chart 2 A comparison of GDP parameters with the quality of the legislation and the level of corruption

| Country        | GDP (EUR mil) – contemporary prices | Government expenditure in % of GDP – average 2004 – 2014 | Local self-government expenditure in % of GDP – average 2004 – 2014 | GDP per capita (EUR) – contemporary prices | Legislation quality | Efficiency | Expenditures of monitored cities per inhabitant in EUR |
|----------------|-------------------------------------|--|---|--|---------------------|------------|--|
| Germany        | 2 571 963                           | 45,10  | 7,55  | 31 836                                     | 1,25                | 86,33      | 3 778,2  |
| Czech Republic | 142 962                             | 42,08  | 11,26   | 13 718                                     | 3,75                | 70,65      | 769,3  |
| Slovakia       | 60 625                              | 39,70  | 6,68  | 11 191                                     | 3,00                | 67,67      | 667,3  |
| Poland         | 332 835                             | 43,68  | 13,54   | 8 691                                      | 2,50                | 63,74      | 1 528,95   |
| Serbia         | 29 252                              | 43,25  | -   | 4 018                                      | 2,75                | 31,38      | 697,9  |

Source: Based on the Eurostat (2015), the OECD (2015) and KNOEMA (2014) data and compiled by the author

The analysis shows that even though Germany's expenditure on the local self-government is low, the total value ranks the highest in the observed countries. It corresponds to the quality of legislation and the low level of corruption. Thus the highest certainty exists in Germany that the financial means will be used in favour of public interest. Polish state expenditure in percentage as well as its total value is higher than in the Czech Republic, there is, however, an interesting difference between the total amount spent on the local self-government and the percentage that are both higher in Poland than in the Czech Republic, but the GDP per capita in local self-government expenditure is higher in the Czech Republic. Slovakia comes second last in the complex comparison. Unfortunately, data for Serbia were not accessible as the Serbian statistical office does not record this type of data.

### ***Most preferred self-government expenditures in the observed countries according to their expenditures***

This chapter sets out to compare preferred expenditures on obligatory tasks from the self-government budgets of specific towns and to determine how specific countries manage them and what they hold as a priority.

According to Halásková et Halásková (2014), the expenditures of self-governments are primarily used for the financing of the needs of the region. The public expenditure volume is related to the growing autonomy and responsibility of local self-governments as well as the overall expansion of the public sector as a whole. To be able to assess whether the selected European cities are driven by the account of obligatory self-government tasks to allocate the financial means in their very direction, it was necessary to compare the expenditures of these cities. Out of each listed country

(Bavaria, Czech Republic, Poland, Slovakia, Serbia), 5 cities were chosen housing from 10,000 to 100,000 citizens and their 2015 budgets were analysed. Again the method of percentage towards the total budget was chosen. The analysis only accounted for those items that appeared in the budgets of all observed countries. With disregard to the varying notion in the matter, the research clearly reveals that municipalities in European context solve fairly identical tasks. The differences are visible in the scope and division into obligatory and facultative tasks and in the amount of the financial means that are invested into the individual tasks. As a matter of course, self-governments of various countries have various priorities, which is primarily determined by the infrastructure condition of the municipalities and the country's culture code.

We will consider the difference in the expenditure percentage in individual countries (Chart 6). The average value of expenditures is 4.8%. The median is 1.9%, i.e. half is lower than this number and half is higher. The third quartile equals 5.2%, which means that only a quarter is higher than 5.2%. It implies that the data tend to include low values and only several extreme ones (due to which the average is higher than the median). The Czech Republic, Poland and Slovakia stand higher than the average expenditure, Germany and Serbia are lower. In each country, there is a town that spends nothing on some of the categories. For instance, four Polish towns spend nothing on tourism, whereas in Serbia there are four towns with no expenditure on land planning or fire protection. All towns in Poland and Slovakia allocate 26% of their expenditure to education.

Chart 3: Descriptive statistics of the expenditure percentage for all the countries

Source: Author's own data processing based on the budgets of the selected European towns<sup>2</sup>

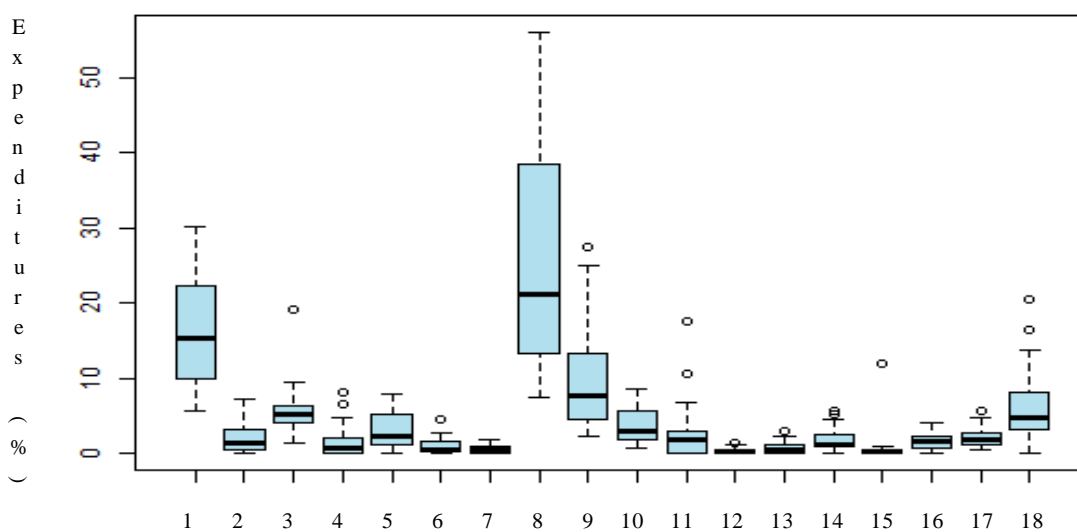
|                          | All    | CZ     | D      | PL     | SK     | SRB    |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Average                  | 4.801  | 5.337  | 3.655  | 4.974  | 5.874  | 4.216  |
| Standard deviation       | 8.004  | 7.023  | 5.226  | 8.404  | 11.627 | 6.444  |
| Minimum                  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |
| 1 <sup>st</sup> Quartile | 0.462  | 0.687  | 0.476  | 0.428  | 0.623  | 0.321  |
| Median                   | 1.865  | 2.338  | 1.567  | 1.752  | 2.127  | 1.210  |
| 3 <sup>rd</sup> Quartile | 5.219  | 7.222  | 4.731  | 5.970  | 4.492  | 4.496  |
| Maximum                  | 56.090 | 30.152 | 27.415 | 42.698 | 56.095 | 26.829 |

We will now take a closer look at the variation in the expenditure percentage in the individual categories (Graph 2). Obviously, on average the towns spend the most on administration (16.4%)

<sup>2</sup> The study analysed budgets of 26 European towns for the year 2015. The following towns were dealt with: Poland: Lwówek Śląski, Konstancin-Jeziorna, Koziernice, Kety, Polkowice, Sokołów Podlaski; Slovakia: Senica, Bánovce nad Bebravou, Dolný Kubín, Malacky, Štúrovo; CE: Roudnice nad Labem, Jičín, Břeclav, Mělník, Hlučín; Germany: Passau, Freiberg am Neckar, Lanshut, Regensburg, Augsburg; Serbia: Subotica, Požarevac, Pancevo, Čačak, Vranje.

as well as the above-mentioned education (25.7%). There is not a single city that would not endow administration and education with at least a part of the budget (minimums reaching higher than zero). Furthermore, each town allocates at least part of the sum to culture and social services. The largest portion comes to the following categories – administration (30.2% at maximum), education (56.1%), social services (27.4%) and culture (19.1%), to the construction and repair of communications (20.5%) and to the housing and commercial stock (17.6%). On the contrary, the least subsidised categories are cemetery maintenance (zero to 1.3%), fire protection (zero to 1.8%) or tourism (zero to 2.9%).

Graph 1 Boxplot of expenditures on self-government obligatory tasks



1. Administration, 2. Safety, 3. Culture, 4. Wastewater disposal, 5. Waste management, 6. Public transport, 7. Fire protection, 8. Education, 9. Social services, 10. Sport, 11. Housing and commercial stock, 12. Cemetery maintenance, 13. Tourism, 14. Cleaning and maintenance of public place, 15. Town and country planning, 16. Greenery, 17. Street lighting, 18. Construction and repair of communications

Source: Author's own data processing based on the budgets of the selected European towns.

The analysis has been essentially influenced by the fact, that various countries employ various tiers of public administration to fulfil the tasks. The most striking differences stem in significantly higher expenditures on education in Poland, Slovakia and Serbia, however, which is the result of the municipalities being the promoters of elementary schools as well as secondary schools, while the Czech secondary education is promoted by the regions. The same is valid for the herein not included healthcare as the approach is at great variance among the countries. Furthermore, the state of the infrastructure has a great impact on the analysis. Serbia spends a higher percentage on the wastewater disposal, however the construction of which has not been finished yet as was the

situation in the Czech Republic 20 years ago. Housing subsistence and investment into the housing and commercial stock result from the fact whether the municipalities own the real estates or not. Regarding the field of public transport, the expenditure is determined by the size of the town and depends on the existence of an integrated transport system. Comparing my findings with the complex research of Halásková (2012) who had analysed all EU states, I have arrived at the same conclusion that the largest volume of expenditures flows into education and the social area. Another interesting piece of information that has come out of the analysis is the proportional (%) conversion of the municipal Euro budget per 1 citizen. Rich Bavaria will cause no surprise by taking the first place with 3,770 Euro per 1 citizen, although the second place of Poland with 1,528 Euro per head and its distance from Czechia on 3rd place with 769 Euro per capita may be quite surprising, followed by Serbia as the fourth with 697 Euro per 1 citizen and the fifth Slovakia spending 667 Euro per capita. The fact that a significantly poorer Serbia spends more on 1 citizen than Slovakia does is partially incurred by the scope of the tasks that burden Serbian municipalities and that largely exceed the present standard situation. Nevertheless, these data do not correspond with the height of GDP per capita in 2015 prices which amount to 37 Eur/pc in Germany, 15.8 Eur/pc in the CZ, 14.4 Eur/pc in Slovakia, 11.1 Eur/pc in Poland and 4.6 Eur/pc in Serbia (Eurostat, 2015). Halásková's research (2017) has ascertained similar findings after having analysed the Eurostat data as she has not succeeded in proving any relationship between the GDP and singular expenditures.

## **Outcomes**

Based on the statistical data as compared to the legislation quality and level of corruption, we may conclude that the quality of legislation in countries with a higher level of corruption is not capable of a more significant enhancement of the self-governments' efficiency in allocating their means; however, in countries with a low level of corruption a quality legislation is present. Thus, we have to search for other factors that play a role in the efficient activity of self-governments. In the compared countries, it is undoubtedly the legal tradition and self-government development that are important as Germany and the Czech Republic of the 19th century belonged to the industrially developed countries with a long tradition of municipal self-governments. On the other hand, the economic situation of Slovakia, Poland and Serbia at the end of the 19th century and at the beginning of the 20th century was marked by a lack of industry and an overall underdevelopment. Poland, Slovakia, Serbia and the Czech Republic all belong to post-communist countries who embarked on a journey to freedom and democracy in the 90s of the 20th century. While the split-up of the united Czechoslovakia occurred without any impact on its constituents, a years-long conflict between the states of former Yugoslavia has left the economy in the region badly afflicted to a huge extent. The overall situation in Serbia may only be improved by enhancing the central infrastructure that will not

do without government investments, mainly with the assistance of foreign capital. As Cervero (2009) claims, the correlation between the investments into transport infrastructure and economic growth has already been proven.

The awareness of the public in the area of public administration and their interest on the municipal activities is an essential presupposition of transparent management of municipalities. The Czech state-of-art legislation does not offer a citizen any clues. The main outcome of the research therefore constitutes of a recommendation to incorporate a demonstrative account of obligatory self-government tasks into our legislation. Thus providing a suitable guidance for every citizen who is interested in whether a municipality is on the right track or is spending financial means on things that help improve the wellbeing of its citizens but simultaneously omits the essential issues. Involving civil society and its influence on the local self-government development, the role of the elected representatives as well as the clerical staff is the concern of Lyngstad (2010) who investigates the participation of these types of structures and their influence on the municipal decision-making. He consequently comes to a conclusion that a present modern self-government cannot do without the absorbing of the recommendations made by the civil and private sectors involved in the area. The fact that the most efficient, i.e. civil supervision works better in developed countries is clear due to the corruption perception index which in the worldwide context places Germany on the 10th position, Poland scored the 30th, with Slovakia being the 35th whereas CZ the 37th and Serbia the 71st (Transparency International, 2016).

Regarding the listing of self-government obligatory tasks as such, the research has proven the demonstrative account of the obligatory tasks and concise demonstrative account of the facultative tasks to be the most efficient. According to the Czech legal system, the obligatory tasks include those already encoded in special legal regulation; i.e. maintenance of public safety and order, fire protection, town and country planning, waste management and waste water treatment, public transportation, public education and further education, undertaking, communications maintenance, social area, public places and greenery maintenance, not to forget the maintenance of the municipal property.

The following may be included of the facultative tasks: recreational facilities, sport facilities, associations and clubs subsidy, transport facilities, partnership with other municipalities and culture. The self-governing principal as such must not be omitted and the account of tasks should be accommodated to the specific needs of the given country.

Another essential finding is the issue of the laymen composition of elected bodies. In this case, a compulsory training for the elected representatives may be recommended in the scope of the special professional competence exam - general part that will have to be passed by every official of

the local self-government body. This issue is solved by the Bavarian legal regulation that, similarly to the Czech regulation of the 1930s, has prevented and still prevents the excesses of self-government by means of requiring approval of a body solid line on a higher administrative level in order for loans in the case of facultative tasks to be authorised. Thus, it is a higher level of the public administration but still it is not that farfetched that it would misjudge the real necessity of the loan. Besides the demonstrative account of the obligatory self-government tasks such a „failsafe“ would be a good tool for guarding municipal expenditure. Therefore an unequivocal recommendation can be stipulated for the implementation of the administrative amendment into our legislation.

In the course of amending the legislation, it is necessary to prevent centralistic tendencies and limitations ensuing therefrom to the self-governments as can be detected happening in the CZ nowadays during the preparation of the Act on Budgetary Responsibility that in its consequences may significantly restrict the self-government operability and management.

## Conclusion

The research has shown that a demonstrative account of self-government obligatory tasks along with a “failsafe” against indebteding is one of the ways to make the Czech legislation clearer and more efficient for both the citizens as well as the elected representatives. While pondering over the budget, the citizens will primarily be able to comprehend whether the expenditures are allocated to the areas that are essential for municipality development.

If we go back to the hypothesis of the whole research, i.e. whether legal regulations may positively influence the performance of self-governing activities, we must state that a well-functioning economy with a legal tradition and a continual development may rely on a quality legislation to support the efficiency of the performance of public administration. However, when other factors are absent, such as a developed infrastructure and the continuity of legal development, the legal regulation in itself is not capable of replacing them.

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