

THE INFLUENCE OF DECENTRALIZATION ON STABILITY OF POLITICAL SYSTEM IN MACEDONIA

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Submitted to
Central European University
Department of Public Policy

In partial fulfilment of the requirements for the degree of Master of Arts

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Budapest, Hungary
2010

Abstract

All the institutional mechanisms incorporated into a political system of a state make their own impact on the quality of its functioning. The need to investigate this problem deeper is even more obvious in political systems that initially obtain certain factors that may have a destabilize character. One of such factors is the multiethnic structure of society. The state of Macedonia is a peculiar case as this is a transitional state that strives for stable development.

The research question of the thesis is concerned with defining a linkage between decentralization as a mechanism that stabilizes political system and political stability in Macedonia. The research hypothesis obtains that despite the fact that the process of decentralization in Macedonia was established as a conflict solving mechanism, the slow path of the decentralization implementation is not effective in managing political stability.

The methodology applied in the current research apart from the detailed analysis of the previous observations done in this area and legal basis for decentralization process in Macedonia contains a collection of qualitative data derived from the series of in-depth interviews conducted with the leading political process experts and politicians in Macedonia.

Decentralization process in Macedonia has been undertaken for five years by now. Even though it is a considerable time for any reform to get installed into the state's political and social system, the absence of more steep deadlines for the implementation loosened the intensive character of the reform process. The lack of central authority in coordination of reform process leads to wrong interpretation of

new requirements and tasks from the sides of local self-governments. Thus the research proves its initial hypothesis that the decentralization process is less and less effective in creating a strong linkage between central and local governments.

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Introduction

Institutional change in developing countries is one of the main substances for political stability. This process seizes all spheres of political and economic life of a state. Macedonia, being a part of multiethnic Balkan region, had been going through a troubled process of gaining independence, military conflicts that had been resolved by means of interparty cooperation and the involvement of the third party balancer.

Macedonia is currently undertaking some major reforms that are significant for its future political development, substantial and stable nation building process. These reforms are the direct consequences of the Ohrid Agreement that brought peace to Macedonia and contributed to political stability reshaping certain institutional processes. According to the Ohrid Framework Agreement the institutional change through decentralization reform is supposed to be undertaken through administrative and fiscal competencies transition to improve the representation of ethnic minorities in order to regulate the possible conflict situations that appear as the consequence of multiethnic social development.

One of the major effects of decentralization, taking into consideration the nature of Macedonian society, is the demands on behalf of ethnic political parties for even bigger autonomies that tend to reflect its political character. Demands for political decentralization (legislative functions' devolution to municipality level) may have very distracting effects on the unity of Macedonian political system. Any kind of political decentralization (i.e. federalization of a state) for a small state like Macedonia, considering its ethnic disparities in society, its political past (a huge effort on behalf of national political elites as much as the external influence imposed on Macedonia to enable the peaceful separation from the former Federation of Yugoslavia and political compromise reflected in constitutional amendments to prevent the intrastate war in 2001) can lead to dissolution of a state which is unacceptable for the maintenance of political stability in the region of Southeast Europe. Economic capacity of

Macedonia should also be taken into consideration: Macedonia is considered to be one of the poorest states in the Balkan region.

Derived from all the aforementioned factors the **research question** of my thesis is concerned with defining a linkage between decentralization reform and political stability of Macedonia.

The **hypothesis of my research** is stated with the following: despite the fact that the process of decentralization in Macedonia was established as a conflict solving mechanism, the slow path of the decentralization implementation is not effective in managing political stability.

The methodological part of the current research apart from a detailed analysis of political process in Macedonia and analytical reports from the leading organizations within the Macedonian non-governmental sector, contains the collection of qualitative data derived from the series of in-depth interviews conducted with the leading political process experts and politicians in Macedonia. From the institutional point of view interviews provided the opinions of the representatives from both non-governmental sector and political parties that provided for an objective opinion on the actual political process on Macedonian central and local governmental. The interviewees' selection strived to represent both ethnic majority (Macedonian) and ethnic minority (mostly Albanian as they constitute the biggest minority) that reflected the relationship between the needs and demands of different ethnic groups within the social structure of Macedonian population.

The first chapter provides a profound theoretical overview of the structure and functioning of a deeply divided society and the influence it has on stability of a political system within which Macedonia as a state is currently developing. The second chapter of the current thesis defines decentralization. For states with deeply divided societies it can be both the mechanism for conflict resolving and the process of conflict enhancement at the same time. The third chapter is devoted to the analysis of various aspects of decentralization in the state of Macedonia taking into consideration its previous state organization structure. The chapter also

provides the possible implications that decentralization process may cause in the short run and in the long run, which influences Macedonian political stability, crucial for the state development as much as for the future of the whole region of the Southeast Europe. The main conclusions then follow.

Chapter 1: Political System Stability in the Realm of Deeply Divided Societies

1.1 Definition of Plural Society

Plural society in a multiethnic state is a society in which several ethnic groupings coexist, each living in communities or regions variously separate from each other (Barth 1969, 18). Since the early 1960s this term has been used to describe societies in independent states or colonial territories characterized by sharp internal cleavages. The definition was first offered by Arend Lijphart and developed further by Fredrik Barth in his book “Ethnic groups and Boundaries: the Social Organization of Cultural Differences” where he assessed the emerged study of social and cultural pluralism (Barth 1969, 23). There are two opposite conceptions of the nature of societies embedded in the understanding of this term. As Leo Kuper noticed, the first was characterized as the “consensus model” that imply that “units are bound together by crosscutting loyalties and by common values or a competitive balance of power” (Kuper 1969, 10) spread mostly within political systems of developed democracies. The second model is the “conflict model” that stresses internally caused conflicts, incoherencies and system instability and considered the most spread and influential among sociologists and anthropologists (1969, 10).

The M.G. Smith’s paper on social and cultural pluralism was especially important in developing the theory of plural society. Smith had made a big contribution developing a theoretical framework for the understanding of societies characterized with cultural diversity (Smith 1960, 763-779). In his paper Smith made an accent on the high level of disunity of highly

segmented social systems and inevitable coercion needed to maintain the system as a political unit. Provided that social institutions are standardized social groupings that have common norms, values and activities and provided that there is no any possibility that different groups can interact, the institutional diversity in such societies is not naturally spread to political sphere. Thus in order to bind these groups under the common logo of political participation a certain degree of political coercion is needed (Smith 1969, 771).

Ian Lustick in his essay on stability in divided societies gives his own definition of stability. He refers to it as to a “continued operation of specific patterns of political behavior, apart from the illegal use of violence, accompanied by a general expectations among the attentive public that such patterns are likely to remain intact in the foreseeable future” (Lustick 1979, 325).

The concluding remarks of this subchapter should include that the term “divided society” is used by Lustick in the same manner as the term “plural society” is used by M.G. Smith and L. Kuper. Society as divided is considered to be the one that has clearly indentified boundaries between rival groups with stable and unchangeable membership and antagonistic ties that unite members of one group and distinguish it from the other one by means of terminal identities with high political salience sustained over a substantial period of time on a big variety of issues (1979, 326).

1.2 Political system and its stability in plural societies

The conceptual framework of political system was formulated by David Easton in 1950s. Its impact on the overall behavioral movement and political science in general was estimated by Eugene F. Miller as “...the towering achievement of an effort now almost 2500 years old to develop a philosophical and scientific understanding of political life” (Miller 1971, 185).

Easton's system theory speaks of a broad variety of issues both theoretical and methodological. Its universality allows its application in many scientific areas.

The conceptual framework of Easton builds a system that reflects political life in a state as a system of behavior (Easton 1965b, 24). This system is plunged into environment where it gets influence from. The two main functions that system reinforces are the response on an influence from the environment and the feedback interpreting its own process of information flow, the roles of actors and institutional decision-makers (Easton 1965b, 25-26).

Following such framework it appears possible to structure and observe functions of any institutional mechanisms that can influence stability of a political system. Stability in deeply divided societies is not an exception. Segment actors of a system inside and outside of it in the environment feature institutionally or informally interact permanently by means of feedbacks and responses. Such impulses, being stabilizing, neutral or destabilizing, build up the adaptation process based their interaction. This creates uncertain balance between the system and environment as a condition for system stability. According to Easton and his work "A System Analysis of Political Life" the problem that remains is the fact that such changes are least likely to happen simultaneously as both system and environment also undertake a permanent change (Easton 1965a, 102). Such constant development blows the adaptation and enhances destabilizing impulses rather than stabilizing. That is why a total adaptation is never possible; temporary state of adaptation is the only solution a state can reach to stabilize political system of a state with institutional change response (Easton, 105-108).

The major results of this subchapter's analysis can be summarized with Dew's and Almond's words. Edward Dew's analysis of the Third World states and their plural societies contributed to the stability of such political system (Dew 1974). In his view political stability in deeply divided societies can be pursued as the functional relation between its political institutions, resources and basic attitudes (Dew 1974, 271). It is necessary to mention Gabriel Almond who pointed on the crucial role of political institutions that being effective, responsive

and to certain extent coercive are able to maintain and control various demands within political system (Spiro 1967, 904).

1.3 Stability in Deeply Divided Societies

1.3.1 Theoretical underpinning of consociationalism and control model and examples of Macedonian case

For years scientists has been interested in analyzing and investigating society as an integrated unit. With time it was not the stability of functioning that puzzled researches, but the incentive of conflict within society's various elements, which happened repeatedly in social surrounding. From one point scientists from Hegel to Weber and Parsons used to analyze the coherence and stability of a system in its response to various external forces (technological, ideological). The opposing vision of society development was undertaken by Hobbes, Durkheim, Darendorf and others that analyzing the constant desire of society to conflict. According to this view disorder and conflicts are natural elements of society's development. Though what interested researchers mostly was the ability of social- political systems to endure stability for a long time if its achievement in the first place if not possible.

As a result the works of "consensus theories" contain analyses of conflict, whereas "conflict" studies concentrated mostly on the means of system maintenance. For deeply divided societies the conflict approach looks more natural and understandable as social and political stability is always quite questionable and problematic. The problem remains in how to explain political stability over time in states that embedded with deep cleavages and considered to be ethnically, religiously or in any other way plural (Lustick 1979, 327).

Consociationalism and **control** as two theoretical approaches play valuable role in explaining persistence of political systems in divided societies as they are modeled around the matter of continuation of social segmentations and take intensive process of rivalry for granted

between conflicting segments. For both of these stability models the states of ex-Yugoslavia are a bright example. It appeared that the premordialist approach that explains the break out of a conflict with the ethnicity-based reasons is neither necessary, nor sufficient enough to fully explain the instability in a region (Jano 2009, 4). The nearly completely homogeneous Albania experienced conflicts while Czechoslovakia having several ethnic minorities managed to stay out of them. It proves the need in another approach that would analyze the nature of this region's conflicts in a more proper manner. According to Jano the modernist approach can fill the gap taking into account economic, social and especially political reasons of conflicts (2009, 7). The control system incorporated in Yugoslavia to keep multiethnic society stable. Its main consequence led to the issue of "state legitimacy" in citizens' view on the intra and international levels that revealed that not only people, but nations themselves did not have enough trust in each other to negotiate and avoid the conflict situations (2009, 8-9).

Consociationalism and control models are thus alternative explanations of stability in such societies. Consociationalism is focused on the mutual cooperation of subnational elites as decisive in this regards, while control approach mobilizes the superior power of one (dominant) segment to endure stability and limit political stability of the other (dominated) segment.

The models of peace sustainability are observed in Macedonia's political process in a quite precise manner. A sudden switch from a highly decentralized political system that Macedonian municipalities enjoyed during the socialist era combined with unequal ethnic minorities' representation embedded in the initial constitution of Macedonia in 1991 plots the control model coordination. However, consociational features of stable development can be seen the sphere of political process articulation. Governmental coalitions always include Albanian political party to avoid the concentration of ethnic minorities in the opposition and enable at least formally a fair decision-making mechanism (Brunnbauer 2002 13).

It should be noticed that both of the models are equally effective and doubtlessly contain flaws. Practical application of consociationalism was criticized for its overestimation shortly

after some further studies and investigations were undertaken by other researchers. Brian Barry accepting the general Lijphart's idea about consensus and cooperation as an instrument for stability is rather cautious about the implementation of such policy model (Barry, 1975, 393-411). Barry expressed fair concern concerning the negligent attitude to power relations and institutional mechanisms that due to its status may be more effective while maintaining political stability in plural society rather than the elite groups' cooperation. He also pointed on the necessity to look closer at possible negative consequences of consociational techniques, such as its manipulation and antidemocratic nature if abused.

1.3.2 Functional and structural comparison of consociationalism and control model

Barry introduced the alternative understanding of maintaining political stability in the circumstances of deeply divided social structures put simply as the model of domination or intergroup control. This theory emerged as a result of analysis of divided society as a vertically constructed organization. Two segments constitute divided society – subordinate and superordinate groups, where the latter controls the former and in such a way negotiates political stability as the only solution to mutual existence (Barry 1975, 398).

As it was mentioned earlier both consociationalism and control approaches contain both control and consensus elements respectively. Thus there are several criteria that provide for effective construction of politically stable system based on every of these models:

The first criterion stands for **authoritative allocation of resources** as in consociational system it is the common area of interest of both of segmented groups and in control system it is only superordinate elite supervising control over it. Such common area can be viewed as the official minority language usage in certain municipalities. The initial constitution of 1991 took the side of Macedonian minorities and its political elites and ignored the status of minority languages, while the negotiation over the peaceful Framework Agreement included all minority

communities representatives (the main Macedonian and Albanian parties signing the peace agreement).

The significance of bargaining in consociational model is a necessary condition for stability maintenance. Contrary to this bargaining and negotiation between subordinate and superordinate segments would be considered as a sign of political stability breakdown. The negotiation over the Ohrid Peaceful agreement lasted for more than 3 weeks and included the efforts of the international community. The interests of the major political party representatives had to be listened and followed (Skaric 2004, 95).

The role of the official regime differs substantively. Consociational societies incorporate the role of intermediators (umpires), whose main function according to F.G. Bailey, is rule preservation and regulation of political competition between different segments (Bailey 1969, 135). Intermediators' role also includes modifying the rules that already exist, offering and confirming the new ones as well as coping with unexpected disorders that may occur. In control societies leaders do not anticipate competition and do not negotiate the way intermediators in consociational societies are expected to act. Leaders act on behalf of their "teams". In control societies the official role of regime is used as an administrative and bureaucratic support of superordinate group (Barry 1975, 401). According to Dimitrova the participation of international experts used as a conflict mediator was very bias (Dimitrova 2004, 174). From one point the external influence forced the conflicted political elites agree to proceed a discussion to comply with the rules of democratic governance; from the other point such influence turned into political pressure to agree on the conditions of agreement that even though were comforting for Macedonian society needed a much more effort to satisfy the needs of interested parties (Dimitrova 2004, 179).

Even though consociational models theoretically employ all the necessary elements to pursue democratic rule in a deeply divided society, political reality of states with plural societies incorporate both consociational and control models in their techniques of political stability

maintenance. Also even though coercion as one of the instruments connected to the general recognition of control model in divided society, it is unlikely to serve in practice as a stability device. A further research should be done to investigate stability models that would not include coercion and contain more effective mechanisms of keeping stability than vague balance of compromise that strives for perpetuation of political arena in respect with each other. Taking criticisms of Daadler and Nordlinger, Lustick points on conceivable and proven empirically evidence that society with vertically segmented structure may incorporate a mixed version of consociational and control model to maintain stability (Lustick 1979, 334-336).

The view on the matters of political stability in plural societies was precisely put forward by Alvin Rabushka and Kenneth Shepsle who consider that stable democracies are not possible in divided societies and that one way of untying the nod between the plural character of society and governing elites is “the dominant majority configuration” (Rabushka and Sheple 1972,85). This example of modified control system is described by them as “...infrequent ethnic cooperation, immoderate ethnic politics at the expense of minority groups... and eventual repression of minority political activity...”(Rabushka, Sheplse 1972, 90).

In conclusion it should be pointed out that deriving from the series of criteria used by both of the stability models the theory of control model for deeply divided society was somehow underestimated. The research had demonstrated that in addition to coercion or the threat of it, the effective control model may offer incorporation of such political and economic instruments such as institutional arrangements, legal frameworks and the balance of sociocultural circumstances that allows every society within the state authority support define the implement the best possible solution for the conflict regulation. (Lustick 1979, 342).

1.3.3 The Alternative of Divided Power Model

The models of political stability maintaining were discussed and developed by many researches with the concentration on the studies of ethnopolitical conflicts. Phillip G. Roeder offered his analysis of political system stabilization by juxtaposing advantages and disadvantages of consociationalism (power sharing structure) and control (domination structure) models (Roeder 2000). The arguments of Roeder is supported by those of Hill in his essay about ethnic conflicts management, where he discussed the “domination” model pointing out that stability in plural societies needs a preponderant authority to control unlimited demands of ethnic subordination groups (Hill 1993, 57-73).

“Power sharing” in Roeder’s words are the collection of mechanisms that connotes with the Lijphart’s notion of “consociationalism”. It presupposes mutually inclusive and partitioned decision-making rights of segmented groups (Roeder 2000, 9). Roeder also points out on the role of national government’s institutions and electoral rules that in Horowitz and Lijphart’s words can best ensure political stability. Power sharing includes institutional arrangements with respect to proportionately organized and representative parliamentarism. Ethnic cooptation reveals the ability of society to coordinate political process through collective activities that in turn accentuate multidimensional coalitions (Roeder 2000, 11).

Roeder suggests that neither domination, nor power sharing models can fully subscribe for the best possible stability maintenance in plural societies. His suggestion in fact is an alternative institutional arrangement that offers a long-lasting balance between national government and segmented groups that allow more flexible blockage of political aggression (Roeder 2000, 17). In his analysis Roeder goes back to Madisonian institutional tradition of “divided majorities and expanding of individuals’ liberties” (Roeder 2000, 18). He refers to James Madison’s “Federalist Papers” that emphasize that “power should be a check to power” (2000, 18), who in turn is sure that “fragmented national power and empowered individuals weaken the national government and do not proliferate institutional weapons among ethnopoliticians” (2000, 18). In practice it

means that encouraged divisions in majority while already in parliament should not isolate ethnic groups in political process participation.

Roeder puts an example of Macedonia as a viable practical explanation to divided power model. One of Albanian parties is used to stay in the coalition with the election winner (Macedonian majority party) in order to operate a stable coalition parliamentary opposition (Roeder 2000, 19-20). Such institutional arrangement that takes place regularly since Macedonian independence in 1991 is partly an example of divided power model of political stability sustaining as the rules of consociationalism are usually constitutionally arranged, when the initiative between majority and minority parties derives from the mutual understanding, cooperation and foreseen advantages from the both sides. The back side of such organization in Macedonia is an increased capability of a conflict breakout. In Macedonia two major Albanian political parties (Democratic Union for Integration DUI, the current coalition partner and Democratic Party of Albanians – the representatives of ethnic minorities in the parliamentary opposition) have been going through a conflict, which major reason is the division of political power. The uneasy local election in 2009 that involved the accidents of shooting and fighting at the voting polls are the direct consequences (FYR Macedonia, 2009).

As a general conclusion to the chapter several points should be pointed out. First of all the definition of political system of a state as well as the functional feature of stability of political system was provided. The research went further investigating the major models that theoretically are called to be able to sustain political stability especially in deeply divided society. These models (consociationalism, control and power-sharing) have their own advantages and drawbacks and can be watched implemented partially in political systems of many states. Macedonia is one of such examples.

Chapter 2: Decentralization and its impact on political stability of a state

2.1 Defining decentralization

To understand the reasons why political decentralization plays such a crucial role in ethnic conflict resolving and reducing pressure in deeply divided societies it is important to define decentralization itself. According to Brancati “it is a system of government in which there is a hierarchical division of power among multiple levels of government, where each level has independent decision-making power over at least one issue area” (Brancati 2009, 6).

Decentralization refers to the substitution of central authorities on the local level with competencies by local governments when it comes to functions that from subsidiary point of view may be better implemented on the local level. Central government will always be concerned with the main monetary and financial issues, defense and foreign affairs, while the matters of local transportation, health and education are often left up to local units to decide on.

The extension to which decentralization is spread in a certain country depends on the number of issue areas covered by local government. It varies greatly from state to state. Also the big influence on the matter of decentralization approach is whether subnational authorities “are explicit and codified by law or implicit and easily rescinded” (Brancati 2009, 7). The relation between central and local government is also very important considering the level of dependence of the later on the former. No matter how much the authority of local power is legally codified there is always a possibility of local government responsibilities to be infringed by national government. If such situations happen decentralization reforms have rarely positive effect on ethnic conflict mediation.

The paradox of decentralization according to Brancati also consists of the fact that it may not only lead to conflict solving, but can create the background for even deeper social cleavages (2009, 7). The examples of such extreme cases were observed by Brancati in his work about

managing intrastate conflicts by means of decentralization (2009, 8-9). He noticed certain conditions that may either act as catalysts for ethnic conflicts making them flourish or vice versa gives a solid ground for a state to maintain the ethnic cleavages. Thus the current subchapter of this research defined decentralization and provided the implications for the further development of this term in terms of its qualities and functions in divided society in the next parts.

2.2. The role of decentralization and maintenance of conflicts in multiethnic societies

Ethnic conflicts and secessionism are perhaps the biggest threats imposed on states, its peace and stability for the past 20 years (Brancati 2009, 1). Ethnic conflicts have equal chances to appear in developing and developed countries, large and small states, robust democracies and in authoritarian states under the condition of historical, political, social preconditions that result all in all in multiethnic character of country's society.

Deriving from the consequences of intrastate conflict certain remedies are expected to appear. To better eradicate such conflict situations politicians and other experts in social mechanics developed the mechanism of decentralization, which is considered as a conflict reduction mechanism through allotting minority groups with certain amount of control over its political, social and economic affairs (Lijphart et al. 1993; Hartzel and Hoddie 2003). That is why such well-developed countries like Belgium, Spain or Italy as much as developing states like Czechoslovakia or Macedonia have all used the mechanisms of decentralization to maintain stable political systems. The interest in decentralization as one of the most powerful methods of ethnic conflict solving was relevant during the "re-emergence" of new independent states in the decline of the socialist era. Its interest prevails until these days with the attempts of such post-conflict states of Afghanistan and Iraq (Brancati 2009, 2).

The puzzling effect of political decentralization according to Brancati lies in the fact that it has been successful in certain states, while in other countries it could not mitigate secessionism

and other distracting influences (2009, 2). The situation in the province of Quebec or the Basque Country paid back with a relative level of political stability, while the numerous cases in the Yugoslavia or Czechoslovakia revealed the inability of decentralization held in various public spheres to maintain stability and mutually co-existing development. Yugoslavia seems to be an especially remarkable case as states in this federation despite a continuous widespread support and exercise of decentralized governance dissolved into separate states. At the moment decentralization reforms are in the process of implementation inside these states as well. Bosnia and Herzegovina as much as Serbia has autonomous regions while Macedonia has been undertaking a broad decentralization reform as a result of the peaceful agreement of 2001 that ended the intrastate ethnic conflict between Macedonian Albanian communities (Dimitrova 2004,174).

Secessionism, being a quite comprehensive demand of minority groups, from a normative point of view, poses endless difficulties in the practical realm of its realization. In the case of Macedonia secessionism way not always represent predominant desire of the majority of the population, but the influence of certain political forces and media propaganda. In addition to this even considering the possibility of legitimization of secessionism can endorse a public opinion suggesting that people of different ethnicities, languages and religions can not live peacefully in the same territory.

The case of multiethnic society in Macedonia proves such warning calls. Both Macedonians and Albanians as much as Turks, Serbs, Bosniaks and Vlachs have lived peacefully under the rule of federation of Yugoslavia. The times of independence and unavoidable process of nation building has been dividing Macedonian society for almost 20 years by now. Ethnic politicians here (predominantly Albanians as this minority accounts in around 25% of the state's population) are eager to promote decentralization as the safety anchor that is able to protect minorities from abusing their rights by means of special attention to them in relations with deconcentrated government's units and devolved self-government's authorities. They are assured

in such a way that decentralized authorities may assist their grievances and prevent minorities from “drifting” unprotected under the influence of more powerful ethnic majority group.

The analysis of decentralization experience and its different perspectives for states led many scholars to challenge its effectiveness (Nordlinger 1972; Horowitz 1985; Roeder 1991; Snyder 2000). Quoting the United Kingdom Prime Minister John Major the new perception of decentralization was anticipated as “the Trojan horse that will lead to fiction, frustration and demand for full independence”. That is why the general conclusion that can be made at this point is that decentralization is the process that can not be neglected and should be always controlled and measured by policy makers.

2.3. Decentralization as conflict deterrent and conflict maker

The majority of leading experts in the area of ethnic conflicts and political and institutional stability assume that decentralization reduces ethnic conflicts (Lijphart 1996, Tsebelis 1990; Horowitz, Stepan 1999; Lustic et al. 2004). This assumption does make sense considering that new opportunities that are offered by decentralization allow citizens to influence the process of decision-making that breaks the distance between government and people. Decentralization by means of all its consequences reduces futility for social discontent and resentment. Decentralization in deeply divided societies is directly linked to political and institutional stability of a political system of a state. According to one group of scholars decentralization prevents the necessity of multiethnic accommodation by moving the political center to the local level (Tsebelis 1990).

Other scholars suggest that it limits the boundaries of a conflict and thus allocates them within certain territories (Manor 1998). However according to Brancati that in turn refers to a large number of scholars decentralization most importantly gives minority groups a certain amount of control over political, social and economic affairs (Brancati 2009, 8). The

implementation of such strategy should be carefully wrought through depending on the ethnic minorities' concentration in certain areas of a state and their equal spreading throughout the country. Brancati notices in his research that the heightened protective measures undertaken by territorially spread ethnic minorities lead them to demands or independence (Brancati 2009, 9).

There are several arguments that identify the reasons why decentralization cannot be considered as an absolutely effective conflict mitigator. One of them according to Elazar and other researchers suggests that decentralization fails to hold country's population together as its deeply divided nature does not contain a sense of integration and unity due to multicultural character as the sense of unity is crucial for any state especially if it is a young state and only adopts the nation-building strategies to social specificities (Elazar 1987; Burgess 1993; Narang 1995). Hardgrave argues that decentralization in any form intensifies the conflict by legitimizing regional identities and enduring a special status of ethnic groups by means of providing either political administration (the power of legislating in certain spheres) or administrative decentralization (initiating the devolution of authorities, allowing discretion in decision-making and regulation). This argument does not always seem sustainable as central government can not avoid recognizing and legitimizing ethnic minorities especially, especially if they constitute a large portion of states population.

The third argument suggested by Nordlinger explains secessionist power of decentralization observing its effects in the long run (Nordlinger 1972). Decentralization may and almost always does foster ethnic groups to demand more and more autonomy that may end up with requests for independence and question the state of country's unity and indivisibility.

The fourth argument suggests the reactionary effects of decentralization implemented by national government. Majority groups can be incentivized to produce subnational legislation aimed at discrimination of minority groups. This in the end may cause deeper social cleavages.

No matter how many arguments may be paid to prove the distracting nature of decentralization in fact far from many of ethnic groups use all the aforementioned factors to

engage in to ethnic conflicts. Brancati suggest there should be a link between the action of ethnic groups and behavior of governments that is able to keep the balanced status of political stability in a state. This link according to him is ethnic political parties (Brancati 2009, 12). Referring to ethnic parties as regional (as they get popularity only in certain regions of a state) and juxtaposing them to statewide political parties that represent the interest of state population Brancati argues that there are certain aspects of decentralization that favors one parties over the others (Brancati 2009, 11).

The second chapter helped organize the knowledge about decentralization as a mechanism that comprises partially the features of political stability maintenance models deeply investigated in the first chapter of the current research. Decentralization is a very flexible mechanism that can be both effective in uniting the state and can as well lead to further distraction and social cleavages.

Chapter 3: Decentralization Reform in Macedonia

3.1 The evolution of local government in Macedonia

3.1.1 Local government structure under the socialist regime

During the socialist Yugoslav times the Macedonian system of local government was featured with a high degree of decentralization. The broad range of decentralized competencies even included the provisions of economic regulation and national defense – features that were not used to be under local self-government discretion even in much decentralized systems like those of United Kingdom or the states of Northern Europe. Macedonian local government enjoyed an enormous financial autonomy and was politically almost independent with the

elected body of local legislation and appointment procedure of local officials almost without central government interference.

Local government enjoyed single-tiered government system that prevails until today and large municipalities which is remarkable enough with regards to fiscal and political autonomy. As a consequence municipalities were considered fully engaged in the various spheres of state development (economics, education, health, culture, social care and infrastructure). Despite such relatively well developed political structure numerous negative efforts of such system overweighed its advantages. The very high level of local authorities devolved from the center undermined the ability of a state to pursue jointly coordinated economic activities. An inefficient parallel policy implementation was present on both central and municipal levels. A high degree of financial autonomy of local governments deprived the state from a sufficient support of underdeveloped municipalities.

The extreme decentralization supported only on the basis of natural and economic resources and human capital even though supposedly allowed the better connection between decision-making and local needs did not provide for a better implementation of municipalities' functions. The local territorial division favored urban municipalities and neglected the capacity of rural municipalities. The third major disadvantage of the pre-independent local government system belonged to intra-municipalities' contact between local authorities and population. A large variety of responsibilities prevented local authorities from a close contact with citizens. In addition to this not much was tried to be done as the popularity of local authorities was determined by the level of their popularity within the powerful political party.

3.1.2 Local government of the independent stage before the OFA

Macedonian independence brought over new political dimensions. The Local Government Act of 1995 implemented with other laws on local elections and new territorial boundaries

substantially reduced the scope of local decentralized authorities placing Macedonian local government on the opposite competency extreme. First of all economic and national defense functions were abolished. Newly structured local governments started to be heavily depended on state financial support.

According the Constitution of Macedonia central government fully took the responsibility to regulate local development and financially supervised underdeveloped municipalities. New territorial division was reconsidered through a newly adopted act on territorial boundaries that established 124 municipalities instead of the previous 34 that existed prior to 1996. Even though smaller municipalities were better at identifying local needs, their decision-making powers were mostly eliminated. The introduction of an institute of a mayor replaced a collective executive body. One united popularly elected local council came to power instead of three chambers of a municipal assembly with broad legislative authorities on the local level. The major goal of central government reductions meant to clarify local organizational structure and clarify its' competencies. Majority electoral system was replaced with proportional voting with mayors elected by majority popular vote. Relations between legislative and executive local bodies were ensured from the legitimate point of view. Elected mayors and proportional representation in the local council ensured also the rights of local ethnic minorities groups that comprise one third of national population (Kandeva 2001, 21-23).

In addition to this the establishment of Multiethnic Commission and the provision of minority languages usage were incorporated into the new local self-government law of 1995 (Skaric 2003). All in all according to the legislative acts of 1995 124 municipalities restructured the map of local government yet again. Municipality units were shaped with the provision of municipality as a natural geographic and economic unit with a well-regulated communication network within settlements, a strong inclination towards a common central government and developed infrastructure on both intra- and inter-municipality levels (Kandeva 2001, 20).

The relationship between state administration and local government was pursued through the interconnection between the two types of administrative-territorial division in Macedonia. The first comprises the deconcentrated functions of central government to its local agencies. Usually they are subordinated to the ministries and located in large municipalities (the agencies of the Ministries of Education and Physical Culture, Health, Labor and Social Policy, Culture). The second type of administrative- territorial division is the system of municipal government. Local government's right to perform its duties and choose priorities for development goes independently from central authorities' interference, but is heavily conditioned upon several aspects. Local governments report their financial situation to the Ministry of Finance, which in turn determines the size of municipal budgets.

The allocation of the revenue surplus is being approved by the Ministry of Finance or forwarded to central budget or republic funds. Central government also monitors the legality of activities implemented by local municipalities through the right of activity suspension and a possible appropriate procedure initiation in the Constitutional Court. Central government also supervises temporarily delegated functions entrusted to local authorities concerning field projects. Central government has a right to dissolve local councils if it fails to hold regular sessions or adopt the budget by the December 31 of the previous fiscal year. In such situation central government appoints a temporary commissioner to regulate local government before early elections take place.

The importance of this subchapter points on a high level of concentration that the government of Macedonia has been putting to properly shape the system of local government. This is a clear indicator of the significant role of the relationship between the local and the central government systems.

3.2 Administrative decentralization in Macedonia

3.2.1 The main objectives and the progress of public administration system reform

Public Administration System (PAS) reform process is considered to be the part of the overall decentralization in Macedonia initiated by the signing of Ohrid Framework Agreement in 2001. Decentralization in this agreement is stipulated as its crucial element as in the majority of developing states decentralization is one of the most powerful mechanisms that enables the opportunities for significant improvement of political system structure and citizens' involvement in decision-making process. In the case of Macedonia this mechanism ensures ethnic communities' full participation in economic, political and social development under the circumstances of multiethnic composition of society.

Decentralization started formally in 2005 by means of competencies and certain functions' transfer from central government to the municipality level. These functions include the delegation of responsibilities in the spheres of health, social care and local economic development. It also includes primary and secondary school education, planning within the scope of rural development and cultural affairs maintenance in the units of local self-government (Selami, Risteska 2009, 1306).

According to the experts' opinion the full-time introduction of decentralization process and thus public administration reform is subjected to numerous delays and postpones. It is mostly concerned with the inability of leading political parties – state-wide Macedonian (VMRO – Internal Macedonian Revolutionary Organization- Democratic Party of Macedonian National Unity and SDSM – Social Democratic Union of Macedonia) as well as ethnic Albanian political parties- rivals DUI and DPA (Hadzi-Vasileva, 2010). It is necessary to mention that the legal framework that supported the initiation of decentralization process deserves proper attention. Several laws were put in place that created an opportunity for smooth reform process to begin.

These laws were drafted starting from 2002, improved and ratified include Law on Self-government, Law on Territorial Organization, Law on Equitable Regional Development, Law on Financing of the Units of Local Self Government (Selami, Risteska 2009, 1306).

Going back to the public administration share of decentralization reform the general view of Macedonian experts go back to the lack of understanding from the side of political elites in the central government (Hadzi-Vasileva, 2010). Instead of initiating a sufficient process of professional preparation of cadre the representatives of Albanian ethnic minorities try to take advantage of the Agreement conditions of full representation of social communities in Macedonia. They further demand higher quotas for Albanian population within public service employment policy, trying to overlook other less numerous ethnic minorities and decrease the ratio of Macedonians in public service sector (Hadzi-Vasileva, 2010). This particular factor goes out of hand and destabilizes the process of decentralization considering the fact that in the majority of cases there is a necessity in additional educational and training programs offered to Albanian population in Macedonia. In addition to the public administration quota should be distributed wisely among the professionals that can cope with the job requirements and Albanian language that is being taught in public schools in Albanian municipalities does not often ease the situation (Hadzi-Vasileva, 2010).

The reform of PAS in many countries has been placed on the top of agenda for quite a long time. It became an axiom that increases in effectiveness and efficiency of public service is automatically connected to the overall capacity of economic development. The case of Macedonia and development of its public administration system is perceived by the state's citizens as a failure due to the inability to create a special climate for the improvement of its living standards (Selami, Risteska 2009, 1307). The main reason hidden behind such unfortunate attitudes is the lack of capacity from the side of central and local governments to provide public administration with functional policies that public organizations and institutions would be able to implement (2009, 1307).

The Public Administration Reform Strategy was initiated in 1999 long before Ohrid Agreement came to place. It was compiled of various strategies and policies that while applied to Macedonian realities would be able to improve the structure and functioning of public administration and fulfill the requirements for Euro- Atlantic integration (Strategy for the Former Yugoslav Republic of Macedonia 2010, 15). The activities done in this sector include the establishment of a special unit within the governmental General Secretariat. This unit was held responsible for the coordination of the public administration reform requirements within different public sectors. The Civil Servants Agency was also set up called for civil servants' legislation advocacy in which the adopted fairly recently Law on Civil Servants is of a big help for employees whose rights need to be protected (Selami, Risteska 2009, 1307). The Ministry of Local Self-Government was established in addition to other institutional changes. This gave life to numerous internally coordinated projects to prepare local municipalities to the introduction of the core element of the decentralization in Macedonia – fiscal decentralization process.

Kristina Hadzi-Vasileva, the “Community Forum Program’s” coordination manager, implies that the creation of the Trilateral Committee for Coordination of Trainees (TCCT) in October 2003 is another positive point that reveals a great deal of improvement in the administrative aspect of decentralization (Hadzi-Vasileva, 2010). The committee is financially supported by the UNDP and is called to conduct a regular series of training for civil servants. In addition to this following the 2005 Action Plan for European Partnership a strategy for trainings in local self-governmental units for the period of 2006-2010 was adopted by the government (Hadzi-Vasileva, 2010).

The requirements that have already been fulfilled in the area of administration reform by the government can admit a significant intention for changes. However the quality of its further implementation is still under question. The next subchapter will cover the major pitfalls of administrative reform in Macedonia.

3.2.2 Recommendations for Further Improvement in Macedonian administrative system

Since these activities on a certain progress was made that stipulated a better competencies redistribution process within public administration institutions. However the visible pros and cons of administrative decentralization are just the top of an iceberg (Analitica 2007, 10). Politicisation of public administration system is so far the biggest out of all concerns. It is expressed through the availability of jobs and candidacies' selection, "...employees that have high positions in the hierarchy of state institutions are degraded by appointing politicised individuals – supporters of the political party in power..." (Selami Risteska 2009, 1307).

According to public administration experts the next steps that should be set as the nearest future goals on the way to decent implementation of administrative decentralization in Macedonia are the following: the increase in employees motivation, better assessment and performance management, corruption eradication (2009,1308). **Motivation of employees** has a direct influence on the overall performance of any organization. It has always been difficult to motivate public servants to perform well and try to improve considering the fact that the wage limit in public administration is rather low and state organizations usually employ a much bigger number of staff then initially needed. Civil Service Agency and various non-governmental organizations in Macedonia are currently working on the series of trainings that are aimed to shift the employees' mentality and introduce more commercially oriented traits in everyday job like challenge, interest, responsibility, advancement and improvement (2009, 1308). The best possible motivation though is that derived from the example of supervisory body of an employee as well as improved salary system.

The Law on Civil Servants includes the chapter on the salary system. According to it each public administration position contains four career development stages. The passage of every each of them takes at least three years of professional experience at a certain institution (Law on Civil Servants, 2001). Civil Servants' Agency major concentration should be also turned towards

to the new generation of public administrators. Though not much is being done so far in regards of professional reappearance of university graduates that would allow them shift the attitude to public administration.

The major objective in the area of **performance management** is a fair measurement of performance results and the creation of principles and goals for employees to achieve and be awarded for it on the competitive basis. The system of bonuses and rewards can shift the attitude of public administration and make it more competitive and familiar within the conditions of market economy.

The assessment of civil servants is also embedded into the law mentioned previously. According to it the evaluation of managerial staff should be held by the minister or the head of a specific administrative body) while the assessment of expert-administrative civil servants should be implemented by managerial servants (Law on Civil Servants 2001). However no evaluation framework that would assure the effectiveness of evaluations has been done so far and civil service assessment management is still on the level of initial development (Law on Civil Servants 2001).

Macedonia is not an exception in its perpetual fight against **corruption** in public administration sector. The biggest problem Macedonia came across with in this area is "...the politicisation of the anticorruption bodies, making them making them use a selective approach when tackling the corruption issues, mainly intending to degrade the political opponents of the parties in power..." (Selami, Risteska 2009, 1309). According to the Freedom House reports the corruption index in Macedonia went down from 4.75 to 4.50 and made a consecutive drop in 2009 as well improving the overall ratio of the national democratic governance better (Misev 2008, 373-385). International experts on democratic governance identify positive trends in the fight against corruption in Macedonia. The improvements were noted by such organizations as Transparency International and even by the European Parliament in their progress reports on Macedonia starting from 2007 (Misev 2008, 386).

Selami and Risteska point out on significant improvements in the process of corruption eradication in Macedonian public administration system even since 2006 giving a credit to the evident success of the new Code of Ethics for Civil Servants written in 2001 (Code of Ethics for Civil Servants 2001). Its aims stand for the following of “the principles of legality, professional integrity and loyalty” while executing their functional responsibilities (Selami, Risteska 2009, 1310).

In addition to all the aforementioned factors public administration reform is concentrating on since the signing of Ohrid Framework Agreement, it is necessary to mention that the Agreement raised many issues that used to destabilize Macedonian society for a long time. The equal representation is a very important criterion that can not be overlooked in public administration. Equal representation in Macedonia is perceived first of all along the ethnic lines and redistribution of ethnic minority representatives in public service sector. Following the principle embedded in OFA the position-based system in Macedonian civil service offered much wider opportunities to enable the employment of ethnic minority representatives. From one view it increased participation, combated (at least partially) discrimination factors within society. But from the other side, the special attitude to ethnic minorities increased social cleavages on the basis of employment opportunities and in certain sectors of public administration lowered the effectiveness of servants’ performance (Nikolov, 2010). The reason may be the difference among educational backgrounds of ethnic majority and ethnic minorities. It appeared that a simple fulfilment of the civil servants employment quota does not necessarily emphasize the core objective of public administration reform.

The subchapter devoted to the administrative reform in Macedonia revealed that there are many aspects of it that require a more professional approach in implementation. The legal basis for administrative changes was successfully prepared, various responsible organizations and agencies established for its implementation. The weakest point of this decentralization part still

remains the educational policies provided for civil servants that so far are not able to shift the attitude and mentality of workers.

3.3 Fiscal decentralization in Macedonia

3.3.1 The Legal Basis for fiscal Decentralization

Decentralization and its fiscal aspect in Macedonia as in other states are called to improve the effectiveness of the public sector and thus make the living conditions more sustainable. But there is an additional point in the decentralization process in Macedonia: it has to provide for stronger democratic institutions that would introduce a more stable and cohesive social and national solidarity and prevent the possibility of the break out of a conflict (Nikolov 2010). Decentralization in Macedonia became the instrument that enabled the come back for peaceful problem-solving process within society and political elites.

Since the official start of decentralization in 2005 a considerable progress has been achieved. A sufficient legal basis was prepared and put forward following the conditions of the Ohrid Framework Agreement and the European Charter of Local Self-government ratified by Macedonian parliament in 1997 (Council of Europe 1985). The laws that deal with local self-government, territorial organization, and the financial aspects of local self-governmental units defined the limits of municipal authorities and their financial capacity.

Another positive feature is the involvement of several core ministries from the government in designing a Program for Fiscal Decentralization Implementation (Ferigulio et. al. 2008, 1). The most important of them are the Ministry of Local Self-Government (MoLSG) and the Ministry of Finance (MoF). Several intergovernmental bodies were set up to provide a better assistance for fiscal decentralization: the Association of Local Self-Government (ZELS), the Decentralization Working Group (DWG), Commission for Monitoring and Development of the

system of Municipal Financing (2008, 2). The later two consist of civil servants and fiscal decentralization experts from with Macedonia and abroad that provide government and municipalities with the necessary information and research reports.

A great amount of agencies and committees revealed also a rather dysfunctional feature of decentralization process. According to the report of the Center for Economic Analysis in Macedonia both in 2007 and in 2008 there was still no coordinated and sufficient implementation strategy offered by central government (Nikolov 2008, 32). The reasons for this are hidden two main aspects. Having the process looking smooth on paper, central government does not progress much in its functional implementation. In addition to this a big variety of stakeholders and their fragmentary redistributed responsibilities do not allow a fully coordinated process of fiscal decentralization to happen. To cover it all there is still no main central decision-making body that would keep the process smooth. ZELS, DWG and even MoLSG do not have significant “state-secretary-level representation”, which makes decentralization good on paper, but bad in reality (2008, 31). Moreover due to the aforementioned factors the mutual process of information sharing has not been properly established.

The list of organizational failures can be added up by another problem: Macedonian municipalities are very different in size, amount of population and economic capacity. Thus it is almost impossible to install the practice of best practices in fiscal decentralization achievements as the backgrounds of the compared municipal units are too different.

3.3.2 The Structure of Fiscal Decentralization

The essence of fiscal decentralization reform can be simply summarized by mentioning the following most important aspects of it. The two phases of fiscal responsibilities’ assignments are offered to every municipality under the conditions of certain criteria every each of them have to fulfill. The first phase started in 2005. The major responsibilities transferred to local

governments are the transfer of the own revenues from the tax sources (mostly personal income tax sharing); development of methodology to transit capital and earmarked grants from the central government and the set up of refinancing of debt procedures from the side of local government. The conditions local governments have to meet at this stage are purely of an administrative character. Local governments are expected to fulfill their professional staff with at least two financial officers and at least three tax accountant experts (Nikolov 2008, 11).

The second phase of fiscal decentralization presupposes the change of the nature of governmental grants from the earmarked type, used to appropriated to specifically stipulated areas of households, to the type of block grants assume a much higher discretion in decision-making for municipalities in the areas of culture, social welfare and child protection, primary and secondary education and health care system that includes public healthcare organizations and those primary care. The conditions upon which the second stage of fiscal decentralization is considered to be passed are much more demanding though. The viable results are expected in the financial performance of municipalities and its newly hired staff. The financial reports on budget execution are expected to be on time. If all of the requirements are being fulfilled on time such positive improvement gives a legitimate right to municipalities to send a request for block grants transfer that is subscribed to the Ministry of Finance (2008,12).

The closer look into the process of fiscal decentralization reveals certain difficulties with compliance. On a more specific level the problems are the following: the unclear assignment of expenditure responsibilities redefined on both local and central level; the revenue assignment is not sufficient enough to comply with that of expenditures. The system of central government transfers does not meet the requirements of equalization and proper grant redistribution. The last, but not the least negative point that needs much of improvement is the system of municipal borrowing and debt refinancing. It remains very vague: while more well-off municipalities have gone unblocked accounts from the previous debt refinancing, less financially successful municipalities that do not have a capacity to refinance their debt independently from the support

of central government remain in the “grey zone” of loan undesirability. They can not borrow money as their accounts are blocked and as a result are not able to revitalize the frozen economic activity of municipality (2008, 3).

3.3.3 The Main Distortions of the Fiscal Decentralization Plan

There are several issues that remain unresolved which prevent the full implementation of decentralization process. As it was mentioned above the size of municipalities in accordance with the Law on Territorial Boundaries are far from being optimal (Nikolov 2010). Such division is acceptable from the point of ethnic minorities’ allocation for the purpose of keeping them together and allowing generating the climate of healthy democratic governance inside municipalities.

Deriving from the analysis of the Center for Economic Analysis in Macedonia it can be concluded that the optimal size for Macedonian municipalities is around 6000 people, as only from this point on the administrative cost index is diminishing (Nikolov 2008, 8). According to the latest census conducted in 2002 52 out of 84 municipalities together with the city of Skopje have less than 6000 people. Such composition complicates the process of decentralization a lot (Edition of Publication of the Census of population, households and dwellings, 2002).

The comparison between municipalities reveals that one fifth of them are able to cope with the most basic service delivery, while the other one fifth are situated much higher above the scale of minimum efficiency (Feruglio 2008, 7). As fiscal decentralization redistributed financial functions equally among all the municipalities there is always a risk of a failure to sustain such devolution many of municipalities. The municipality of Arachinovo is a good “sad example” of such decentralization complication. According to its mayor, the municipality even though contains mostly Albanian population, it is so poor that it is not able to provide even for the basic

infrastructure maintenance, let alone to try to attract investments from Skopje or elsewhere (any kind of construction presupposes developed infrastructure (Bajrami 2010).

Another distortion can be found in power relations between municipalities and central government as well as within municipalities' organization on their own. The theoretical political structure inside municipalities with directly elected mayor and council reveals the practice of many states. The reality looks less attractive as it appears it is often available for political gridlock between local legislature and municipal executive power.

Both mayor and council are elected separately. The Law on Local Self-Government defines and divided powers between these two organs (Feruglio 2008, 3). At the moment it allows unequal relationship between council and mayor (2008, 5). When the councilors have only the simple majority opportunity to override mayor's decision, the mayor in turn has the political power to reject the council's resolution and even appeal to Constitutional court. In municipalities where ethnic minorities' population accounts for more than 20%, but where it does not constitute the majority of inhabitants, political party politicization between council coalition and mayor is quite often possible. The results of such division of power is the blockage of every municipal council's decision by mayor (2008, 6).

The vertical relationship between central and local government is crucial during the process of decentralization. The most important function of central government is the information exchange and attentive and monitoring of events. The current relationship on the vertical governmental axis are only exposed up to quarterly financial reports, while what is needed to be done is regular monitoring procedures set up in a way that would allow more discretion in municipal decision-making (especially in financial issues) and a constant consultancy support needed first of all for the proper budget execution.

The quality of monitoring should also contain a more systematic approach, rather than the current application of the day-to-day assessment method (2008, 8). Systemic evaluations are more consistent and allow better horizontal accountability enactment. The inability of such

performance goes hand in hand with the high level of politicization of fiscal decentralization reform. The mayor of Arachinovo argues that due to his belonging to ethnic Albanian party that is currently in the opposition to the parliamentary coalition and thus the government, influences the effectiveness of local-central government dialogue; the requests are almost never satisfied on time by the central governments and there is not sufficient support in provided by central government to this municipality (Bajrami 2010).

As it can be seen from a brief overview of the process of fiscal decentralization there are much more unclear and undecided aspects in it, than those that are clear and implemented. Even the legal basis that seems profound enough to base the whole decentralization reform on did not come out as a result of a previous research and analysis of the best practices within the countries. Judging from the recent past of local self-government, Macedonia does not seem to be rather skillful in shifting the organizational trends in this area.

3.4 Political implications of decentralization in Macedonia

The perspectives that decentralization has for the nearest future should be evaluated from the political point of view. Political process and the stable political climate inside the country are the primary goals of Macedonian decentralization as since 2001 it became the major result of consensus-seeking dilemma between the main political parties in the fight for more equal representation.

After assessing the main aspects of decentralization reform it is necessary to stress its political implications. Currently the reform does not presuppose any devolution of political authorities. Central government is not even eager to let go the functions that are supposed to be delegated to local governments according to the framework Agreement and other already enacted legislative acts and local by-laws. The conditions of the current decentralization flow leave many local governments unsatisfied with its results. Many local politicians blame the lack

of political authorities at the local disposal and the lack of political will (Osmani 2010). Such negative mood within both population in municipalities and political elites on both central and local levels may any time lead to spoiled elections and even bigger increase of dissatisfaction. The surveys done by the Institute for Sociological, Political and Juridical Research showed that people generally do not have a trust in local governments and do not expect anything much from the new ones either decentralized or centralized (Functioning of the local self-government in the Republic of Macedonia, 2008). Mayors and local councils do not cooperate with the representatives from the civil society – non-governmental organizations, and are still politically discriminated and identified by political belonging. All the aforementioned factors do not create a sufficiently stable environment for political process on the local level. The new troubles that less well-off municipalities have with decentralization requirements do not ease the pain either.

Contrary to this on the central level the relative political stability (if not take into consideration the international affairs of Macedonia with its closest neighbors) has been installed. The early parliamentary elections of 2008 and the regularly conducted presidential and local self-governments' elections in 2009 created an interesting sequence of events for the governing coalition of VMRO and DUI. The early parliamentary elections influenced with a great deal of support the results of local elections. At the moment the absolute majority of Macedonian municipalities are dominated with the party in the government and very few ethnic Albanian municipalities (Arachinovo – “New Democracy”, Tetovo – DPA and several others) have other mayors, but the representatives of DUI. Such political division in the central and on the local level does create a certain political stability that can enable the government to implement much more policies than they would do otherwise.

A high popularity of the current coalition can not stay forever. Buying five additional years by the early elections, the coalition has some time to stabilize the decentralization process and show some viable results. According to the recent decentralization report only very few municipalities actually managed to stabilize their performance and approach the accomplishment

line of the second phase of decentralization (Levitas 2009, 19). The report notices though that the central government is not eager to support even these municipalities, let alone the poor and unproductive ones, having no desire to let go still centralized functions that belong to local authorities.

One of the prerogatives of local government in future will be the supervision of local police offices. This is one of the ways in which decentralization poses a great deal of challenge on local politics, especially in municipalities where society is deeply divided along the ethnic lines. It will also constantly pose the effect on the possible cooperation of local criminal and governmental authorities due to the high level of corruption.

The issues concerned with the demand for more political power to decentralize step by step start taking place in different municipalities. The municipality of Gostivar experienced the conflict between the mayor and municipal council as the former did not want to let municipal property in favor of the council a few years ago. The conflict ended with a considerable political stalemate and blocked political activities in the municipality (Taleski 2005, 8).

Until the local elections in 2009 the previous mayor of Skopje had been perpetually refusing to transfer authorities and employees to the city municipalities in accordance with the first phase of fiscal decentralization. During the passed five years having no prior authorities over the coordination of primary and secondary schools the mayors of many municipalities kept replacing school directors without any justification. The previous head of the Arachinovo municipality allowed the unlicensed erection of the monument devoted to the National Liberation Army soldiers even though the competencies of urban planning are included into the second phase of decentralization while Arachinovo is still not able to fulfill the requirements of the first phase (Taleski 2005, 4-11).

It can be noted that due to the insufficient information campaign and the absence of proper cooperation between the central and local governments the process of decentralization reform is not always explained correctly. From one side central government is not willing to let many

authorities out of hand and tries to postpone the process. From the other side local politicians do not properly interpret the capabilities decentralization gives to them and try to take advantage of it demanding more authorities of purely political character.

In addition to this even though the military conflict is over it seems that decentralization process pushed ethnic political leaders for more and more authorities to demand. Albanian politicians constantly demand Albanian language to become the second national and used throughout the whole state, not just municipalities with Albanian population majority. One of the political leaders of DUI Rafiz Aliti requested the Constitutional Amendment that would establish the position of the vice-president of the republic that would surely be occupied by ethnic Albanian (Taleski 2005, 6).

The major conclusion that one can make after the evaluation of the possibilities of political implications of Macedonian decentralization is that the slow implementation of the reform leaves behind the traces of wrong interpretation. The neglected attitude by the government together with other comfortable factors can lead to the constant political destabilization and become a valuable background for possible conflicts (political and ethnic).

Conclusion

The current research provided with a detailed informational review on the process of decentralization in Macedonia by means of applying the sequence of decentralization activities to the main theoretical approaches that investigate the influence of decentralization reform on the level of political stability in states. The case of Macedonia remains a remarkable example of a peaceful negotiation and successful application of conflict avoiding mechanisms that prevented the state from falling for the military means of political and social stabilization. Similar to many other states in the Balkan region the social structure of Macedonian population is striking with the variety of ethnic minorities that coexist on a very small territory. Various conflicts heated by

ethnic disparities, and often supported politically, lead to need of producing instruments that can either avoid them or at least peacefully regulate.

Decentralization in its various political, fiscal and administrative components according to many leading scholars remains one of the most effective means to keep political system of a state stable. Unfortunately it does not work for every state. The governing political elites in every state are required to adjust this mechanism. Decentralization in Macedonia includes the administrative and fiscal aspects that aim to delegate certain authorities according to subsidiarity principle to the units of local self-government. The Ohrid Framework Agreement became and still remains the main legal instrument that retains political stability. Though decentralization itself is not as effective as it was considered to be when the reform process started.

A successful legal basis for decentralization still remains the biggest achievement of Macedonian government since its start. In the administrative area the transfer of professional staff from the central to local level of government and the distribution quota within the representatives of ethnic minorities is very weakly supported by the educational policies that should increase professional competencies and productivity of civil servants. The lack of financial support and inefficiency in resource redistribution among the local municipalities, which often reveals the relation (or the absence of such) to the political party in government, undermines all the efforts of municipalities on their way to the second phase of the reform. Central government does not provide effective assistance to the local units despite a large number of especially established committees and agencies. The lack of central authority in coordination of reform process leads to wrong interpretation of new requirements and tasks from the sides of local self-governments.

Thus the research proves its initial hypothesis that the decentralization process is less and less effective in creating a strong linkage between central and local governments. The requirements proclaimed by the Framework Agreement and the further legislature are not being

exercised fully and that is why do not facilitate the interaction process between society and government on both local and central levels of political system.

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