

**GRASSROOTS OF GOVERNMENT  
STRATEGIES, ATTITUDES AND EFFECTIVENESS  
IN THE ROMANIAN LOCAL ADMINISTRATION**

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The last decade brought about a massive increase in scope and discretion for the local government policy-making in the post-communist countries. The revenue collection was partly decentralized, transferring to the local units the responsibility for funding themselves. On the expenditure side, a lot of attributions were devolved from the center to the local governments, from supporting education and health care to subsidizing the local public services (if they chose, or can afford, to do so). As the reform in the post-communist countries advances, it seems likely that the welfare state will also become more localized. Decentralization of resources will create regional disbalance, the needs will be more variable and services more specialized, therefore the growth of local service provision will be a major trend in the modern, democratic societies that the CEE countries are trying to build.

But although decentralization and local government empowerment were proclaimed major political objectives, few studies have been pursued in our region which attempt to explain the differences in performance among the sub-national units, within or across countries. (For exceptions, see Bird, Ebel and Wallich, 1995; Swianiewicz, Blaas, Illner and Peteri, 1996). Which is surprising, given the practical relevance of the topic and the fact that these differences are sometimes striking. Such studies can discern what are the factors that determine the direction and the success or failure of the local policies: the economic environment, political affiliation of the local policy-makers, political culture – or none of these? Even an answer of the latter sort is important because it may imply the optimistic conclusion that other elements, like personal skill and determination of the political actors, play a role, thus allowing for interventions which can improve things quickly.

This study attempts at revealing the way the Romanian mayors reacted to the major reform of the local administration initiated by the government in 1998-1999<sup>1</sup>. Our aim is to explore what are the attitudes and

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<sup>1</sup> A substantial decentralization in both attributions and resources was realized, together with a reduction in the centrally administered grants and ear-marked funds. Local governments

values of this important sub-class of political actors, and what are their strategies for coping with the new situation. We believe, following the 'new institutionalist' paradigm, that the frames of mind of the social agents are part of the institutional framework in a broader sense, because they filter and rationalize the surrounding reality. By doing so, they shape the behavior of the agents which in turn will influence this very reality (North, 1990).

The field research was conducted in May-July 1999 on a sample of 600 Romanian local governments (a representative sample of the whole lot of 2,948 municipalities in Romania). The data was collected through a self-administered questionnaire sent by mail to the mayors in two rounds: the first set was distributed in May-June; the second set was sent only to the mayors who had not responded to the first call. Due to the official backing and co-operation of the Department for Local Government of the Romanian Cabinet (DAPL) we were able to collect 425 answers, and have a high rate of return of 71%. For reasons of inter-unit comparability, the Bucharest local governments were not included in our sample.

### **What are the factors which explain attitudes and performance (the independent variables)?**

Different schools of thinking advanced and tested various explanatory models for the phenomena under scrutiny. We tried to summarize all these experiences and, following one of the mentioned studies, define four broad types of explanations for the variations in the dependent variables (see Swianiewicz et al., 1996).

1. *The environmental type*, which sees the difference in outcome, performance, etc. as the result of different socio-economic conditions. Usually factors like the affluence and demographics of the citizens, the strength and structure of the economy, or the size of settlements are considered here. They are God-given, external factors if we take into consideration the normal possibility of control by the administration and therefore this kind of explanations are called environmental. All in all, they assume that the policy-makers' main concern are the challenges arisen from their environment and that they tend to give similar answers in similar circumstances. For the purpose of our study we measured two such indicators:

- the urban/rural type of municipality
- the number of inhabitants

2. *The partisan model*, which takes into consideration the ideological affiliation of the mayors. Here we can expect to find classical left-right

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were given greater scope for establishing the level of local taxes (among which the most important is the property tax) and revenues from the personal income tax are now shared between the local, county and central governments according to a transparent formula of 40-10-50%.

differences in policy among different ideological camps (tax-and-redistribute by the left, tax cuts and privatization by the right). In general, this model is reported to fit better the situation in continental Europe, where ideological cleavages tend to be more clear cut, while the environmental explanations are more suitable for USA, where party politics comes second to the local interests. In this study we defined the left-right affiliation of the mayors according to the results of our evaluation of the Romanian parliamentary parties (Aligica and Ionita, 1998). We believe this indirect assessment, which infers the parties' left-right positions from the answers of their MPs to a free-market vs. interventionism questionnaire, portrays the political actors better than their official documents.

3. The *political culture model*, which assumes that in a given locality or region there are underlying norms and values that shape the public behavior. They are persistent in time, shared by all the individuals or organizations across the political spectrum and do not depend directly on the socio-economic conditions. Hallmark studies like Almond and Verba (1963) or Putnam (1993) proved that such resilient patterns of attitude and behavior are not a fiction, though operationalizing and measuring them is not easy. In our study we decided to approximate the political culture through a geographical variable – i.e. the historical province of Romania where each locality belongs. This is a very imperfect approximation, of course, due to the lack of more precise data such as the territorial density of associations, political attitudes, etc. In the same time, we believe that it is not meaningless and may help to confirm (or infirm) an opinion widely spread nowadays that different parts of Romania inherited different political-administrative traditions which did not vanished altogether during the five decades of uniform communist rule<sup>2</sup>. For the purpose of this study we defined eight historical regions, which correspond roughly with the eight Regions of Development EU-type (ARD) introduced four years ago in order to facilitate the implementation of regional policies in Romania.

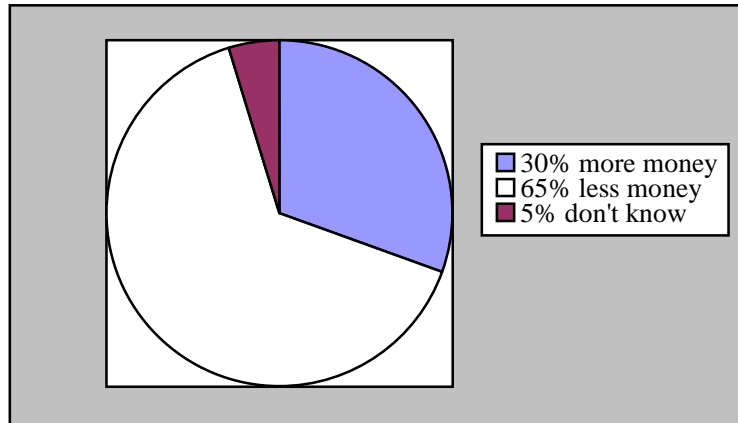
4. The *cohort effect model*, which simply looks at the role played by factors like age, gender, education or previous experience of the policy-makers. Studies like Inglehart (1990; pp. 66-83) show that newer, younger generations brought up in a different social climate and better educated, will have other policy preferences than their predecessors and display different patterns of behavior. However, it remains to be seen how (and if) this theory applies to the former communist countries, and whether the change of generations in local government, if real, brings about value shifts too. To

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<sup>2</sup> The Northern and Western regions (Crisana, Ardeal and Banat) have been for many centuries either part, or in the area of influence, of the Hungarian Kingdom or Habsburg Monarchy, hence their slight Central European look. The Southern (Muntenia, Oltenia, Dobrogea) and Eastern (Moldova, Moldova South) parts of nowadays Romania are more Balkanic. They enjoyed a problematic and fluctuating status of autonomy from the Turkish or Russian empires before being unified in 1859, and becoming the independent Kingdom of Romania in 1880. The North-West was incorporated in 1918.

measure the cohort effect we tested the effect of age, education and previous experience in the public administration.

5. We began the study with the four models mentioned; however, we ended up with a large residual which can only be explained by another independent variable. Let us call it the *fiscal optimism* of the mayors, as revealed by the answer to the question 'When the new law of local budgets takes effect, do you think you will have more or less resources at your disposal?'. The structure of answers is given in Fig.1.



**Fig.1. Fiscal optimism**

It is absolutely surprising that the fiscal optimism of the Romanian mayors does not correlate with their demographics, party affiliation, environment or region, as one would have expected. After all, decentralization will make some communities better off and others worse off by reducing redistribution through central mechanisms. Municipalities with social and economic problems will see their revenues shrinking at a time when they are supposed to assume more responsibilities. It may be that the mayors do not realize this yet, or there might be other determinants of this attitude. But since the fiscal optimism does not correlate with any of the other independent variables, we can use it as a fifth explanatory factor.

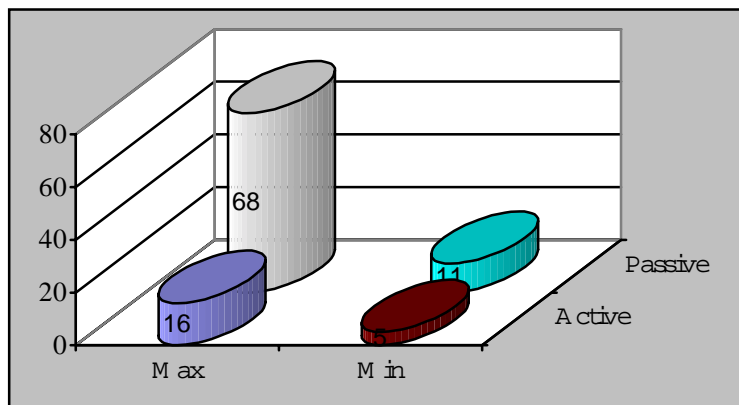
### **1. Budgetary strategies**

Let us start by defining two intermediary dimensions: *budgetary expansionism* ('how much should your budget be supplemented so that you are able to solve all your current problems?'); and *activism* (a score which shows how likely the mayors are to use active measures for increasing their budget – like raising taxes or user fees, selling assets, or contracting a loan, as opposed to asking for grants from the center, which is the typical passive attitude). The first dimension refers to the spending side of the local government activity, the second to the revenue collecting side. By

combining them we can construct a two by two matrix which defines four possible strategies of the local government officials:

- (i) *Neoliberalism* – reduce expenditure and rely on your own resources
- (ii) *Welfarism* – ‘tax-and-spend’ attitude
- (iii) *Passive-realism* – reduce expenditure and ask for help
- (iv) *Passive-wishful thinking* – expand the budget and ask for help

MAXIMAL BUDGET	MINIMAL BUDGET	
Passive wishful thinking (68%)	Passive realist (11%)	FISCAL PASSIVISM
Welfarist (16%)	Neoliberal (5%)	FISCAL ACTIVISM

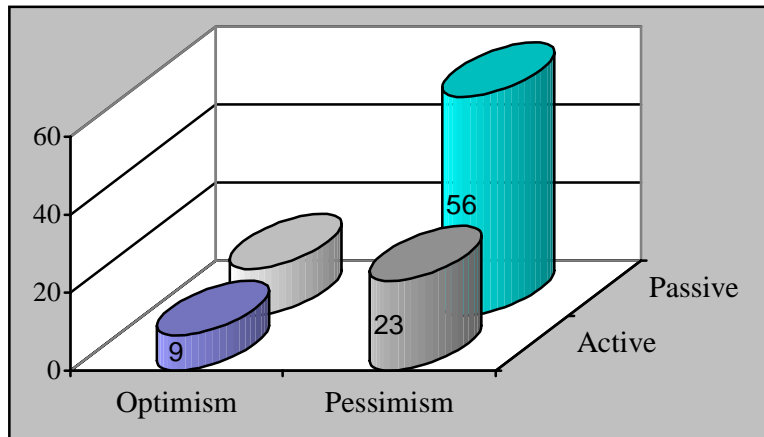


**Fig. 2. Budgetary strategies**

The high proportion of passive wishful thinkers among the Romanian mayors is in itself a matter of concern, given the general fiscal austerity imposed by the central government. If anything, it is more likely that the municipalities will get fiscal targets and caps on expenditure than extra grants from the center.

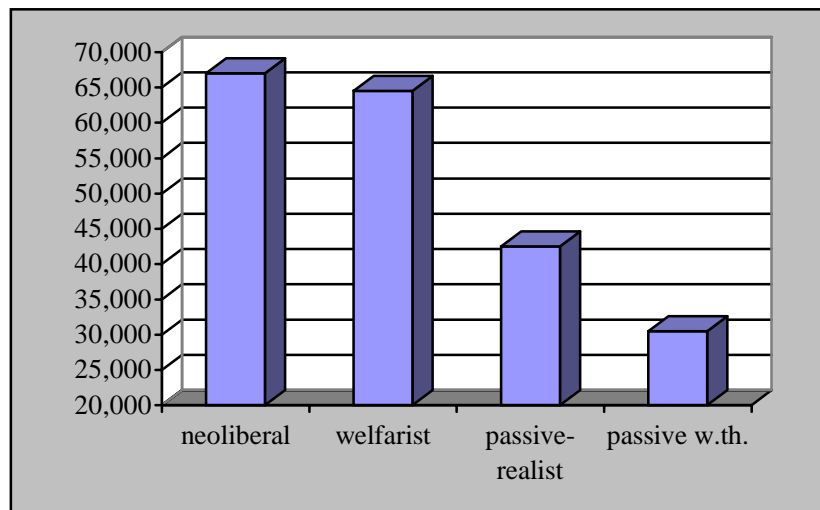
Our purpose here is to explore which of the models put forward at the beginning correlate with the adoption of one strategy or another. After testing the correlations, it turns out that:

- The most influential factor is the *fiscal optimism*, as defined above (model no. 5). The more optimistic the mayors, the more likely they are to adopt active policies, whether neoliberal or welfarist. Among the optimists the proportion of activists and passive is almost the same, while among the pessimist the first less than one third. The fiscal optimism functions therefore as a good predictor for the active fiscal policies (Fig. 3).



**Fig. 3. Fiscal optimism and active policies**

- A slightly weaker correlation is with the *size of the locality*, but only for the urban ones. While the size of a rural commune does not matter, there is a significant tendency of bigger towns to allow for more active policies and more conservative budget projections (Fig. 4).



**Fig. 4. Average size of urban communities and strategies**

### **Conclusions:**

- The *ideological affiliation* is irrelevant for explaining policy options at the local level, but this should not come as a big surprise. Many researchers have noted that politics is less partisan and more interest-driven at the local than at the national level, not only in USA but also in the continental Europe (Ashford, 1990; Dente, 1990; Batley, 1991).
- The *cohort effect* is also insignificant. It looks like age, education or the experience of a previous mandate do not make the mayors more skilled or assertive in managing their resources.
- Nor do the *region* or the *external environment* (urban/rural) influence the choice of policies overall, which contradicts the common intuitions that, some regions being less developed historically or suffering from transition-induced economic depression, their local governments would be more tempted to yield to a culture of despair and helplessness. Moreover, the rural mayors seem to be at least as active and realist as the average. The only influence of the environment is felt within the urban category, bigger towns allowing for more active policies in the local government. If there are problems created by the external conditions, they are felt most acutely in small towns, which probably have to bear a disproportionate burden of economic restructuring by seeing their few industries closed down and the unemployment shooting up exactly when the tax collection and welfare support obligations are decentralized<sup>3</sup>.
- The best predictor for the local government strategies is the *fiscal optimism*, the source of which is very difficult to identify. As we have already mentioned, it has nothing to do with the age, education or the previous experience of mayors, nor with the socio-economic environment, region or political affiliation. It predicts quite well if a mayor will pursue active or passive policies – i.e. if s/he relies on her own revenues or expects transfers from the central government. Fiscal optimism, as defined by the item in the questionnaire, is therefore the element which frames the local government attitudes towards resources. Mayors' expectations, whether reasonable or not, contribute to the shaping of their frame of mind. The very fact that it does not correlate with the region and socio-economic environment shows that, at least in some cases, their expectations are utterly wrong.

## **2. Institutional innovation**

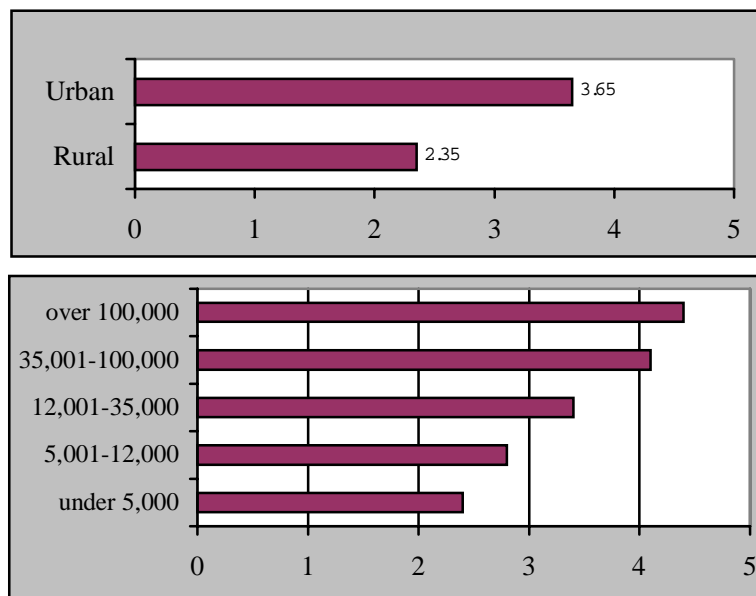
We constructed a composite indicator measuring institutional openness and change from the answers to the following questions:

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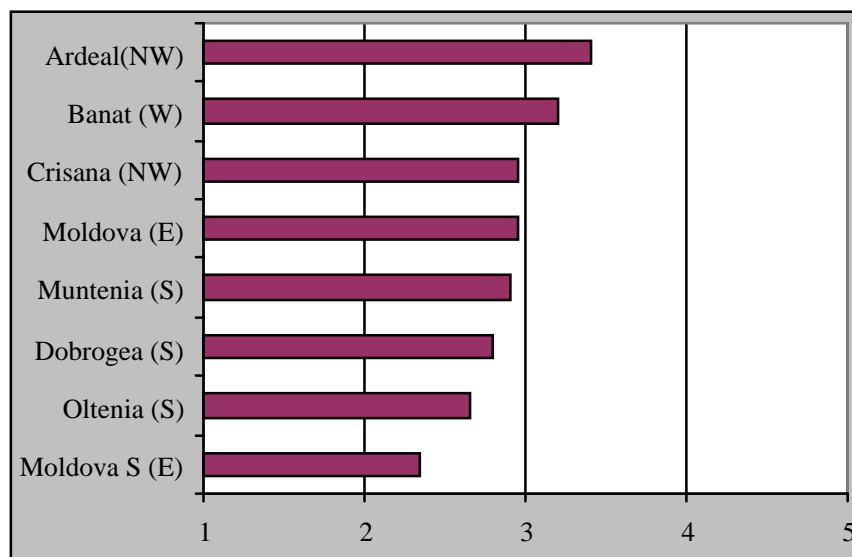
<sup>3</sup> Jobs become very important for mayors under the new local finance law, since 40% of the personal income tax collected locally becomes revenue of the local government.

- (a) Do you take part in any form of institutional cooperation with other Romanian local governments?
- (b) Since you took office did you change anything in the structure of your organization?
- (c) Do you have partnerships with the private sector?
- (d) Since you took office did you introduced a new local tax or did you identify any new sources of revenue?
- (e) Is welfare aid conditional on community work?

Affirmative answers to these questions are considered signs of institutional activism and innovation. The indicator varies between 0 (lowest) and 5 (highest); it was found to correlate with the environment, region and the mayor's experience in office. Institutional innovation depends significantly on the size and type of municipality, with big towns scoring highest (Fig. 5). The historical region also functions as a predictor for institutional innovation (Fig. 6), but only in three cases: Moldova South (2.35) on the one hand, Ardeal (3.4) and Banat (3.2) on the other. The other five regions are grouped around the average score of 2.95 with no significant differences among them.



**Fig. 5. Institutional innovation score and the environment (urban/rural, size)**



**Fig. 6. Institutional innovation and historical regions**

The incumbency effect is the weakest, the mayors on their second mandate being slightly more innovative (3.15, as compared to 2.85 for newcomers). But the significance of this correlation is questionable because two of the five questions give way to ambiguous interpretations: ‘Since you took office...’ could mean the whole period in office for the mayors with more than one mandate.

If we split the innovation index into components, we find that the bulk of the variation occurs only on *three* of the five items: (a) cooperation with other local units, (b) internal structural change and (e) welfare aid conditionality. Joint ventures with the private sector (c) and the introduction of new local taxes (d) play no role in differentiating among regions or types of environment. This finding strengthens the results from paragraph 1, namely that whenever it comes to ‘hard’ budgetary issues (like c and d) activism is spread evenly across regions and types of environments (urban/rural) and does not correlate with the mayors’ ideological affiliation, demographics or experience in office. Therefore it is possible to refine the measurement by creating a new indicator of ‘pure’ (or ‘soft’) institutional activism only with the items (a), (b) and (e). The new indicator can only make the correlations even more robust.

### **Conclusions:**

- Summing up, the *urban* local governments reform more their own structure and cooperate more with each other. The *bigger* the town, the more activity in this direction seems to take place. Which is small wonder: the local government is also bigger and there is more scope for institutional reforms and gains in efficiency.

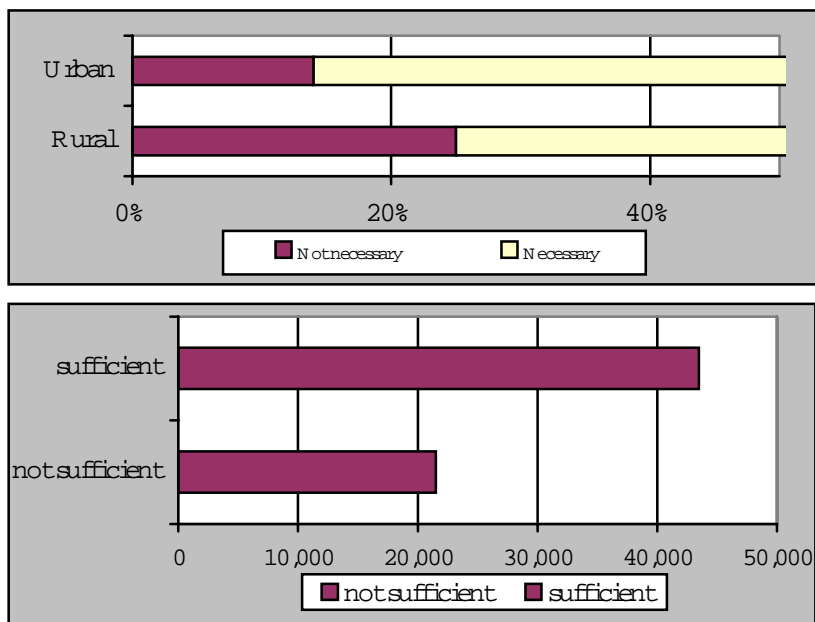
- Historical regions determine the institutional reformism and cooperation, with Ardeal and Banat scoring highest. In the first case there might be a bias towards inter-municipality cooperation, since Ardeal concentrates most of the local governments held by UDMR. This political outlet of the Hungarian minority set up a forum of mayors and city councilors where each locality becomes automatically a member. However, it is unlikely that this bias explains entirely the high score of Ardeal<sup>4</sup> – and even less so that of Banat, where the proportion of Hungarians is smaller. We can safely assume that a certain *regional political culture*, whatever its historical origin, makes the local governments more active and permeable to reform.
- Nevertheless, it is important to note that this plus of activism and reformism is manifest only in the ‘soft’ areas of institutional design and cooperation with other units. When it comes to budgetary innovations and fiscal reform (‘hard’ issues) the regional political culture does not make any difference.

### 3. Privatization of public services

Although theoretically part of the institutional reform of the local government, the privatization of the locally provided public services pose specific problems and call for different interpretations, so we discuss it separately. The mayors were asked if they regard the privatization as necessary, and if yes, whether what has been done by now in this respect is sufficient or not. The environment and the region explain some the differences in answers, yet the fiscal optimism is again the best predictor.

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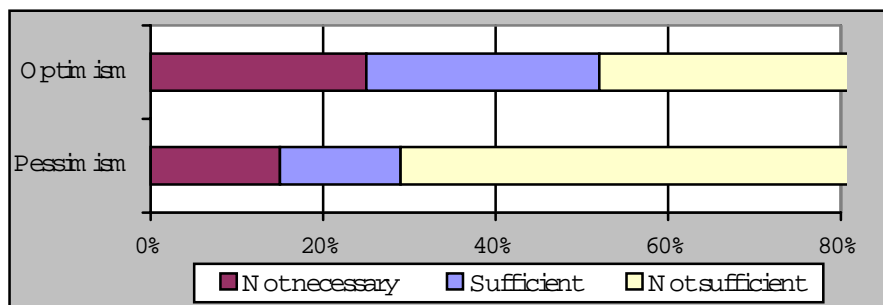
<sup>4</sup> The more so since on this score the Ardeal region has the lowest standard deviation, which shows that the inclination towards cooperation is not concentrated in the areas with Hungarian population but evenly distributed in territory.



**Fig. 7. Privatization and the environment**  
(urban/rural, size)

As we see, the urban mayors are more likely to find privatization necessary, which is natural since the rural communes have fewer assets to privatize. From this point of view it is surprising that the gap is not even larger. Probably the rural mayors in our sample did not have in mind their own locality only, but the desirability of privatization in general – which is still a good measure of their attitude. The size of the town is negatively correlated with the eagerness to privatize the local services. It looks like the mayors of small towns feel more intensely that these services are a burden and want to get rid of them. We'll come back to this point below.

Fiscal optimism is the strongest determinant of whether privatization is considered necessary, sufficient or none of these two (Fig. 8). The more optimistic mayors feel less need to speed up the privatization at the local level, while those who expect to lose from the new allocation mechanisms are more eager to relieve themselves of a supplementary burden.



## Fig. 8. Privatization and fiscal optimism

### Conclusions:

- The general view is that privatization of the local public services is desirable and should continue, opinion shared by the majority of the local governments.
- *Environment*: the type of locality (urban/rural) influence the attitude towards privatization in a predictable way: since local governments of the rural communes have fewer assets to privatize, this issue is less salient for them. On the other hand, mayors of small towns display the most acute feeling that privatization should be sped up.
- *Fiscal pessimism* and the *small size* of the town are the best predictors of a positive attitude towards privatization. It is very likely that the public services represent a disproportionate burden on small urban local governments, unable to continue to subsidize them when the earmarked grants from the center are terminated, or simply unwilling to bother with loss-making public companies (*regii autonome*) which cannot benefit from economies of scale. On the other hand, bigger urban municipalities with a more complex structure and more efficient public companies tend to regard these services as a possible source of income they do not want to give up<sup>5</sup>. Moreover, the allocation formulae for inter-governmental 'equilibration' transfers seem to be biased in favor of the bigger and better-off municipalities – and these formula are based partly on the quantity of public services provided at the local level. It is understandable that some mayors are not happy to cancel off their budgets a component which either represents a net gain or at least help make the budget more 'complex' and less transparent. However, in spite of this trend, not all the mayors of big towns are against privatization – in fact, as the figures show, most of them are *for* privatization.

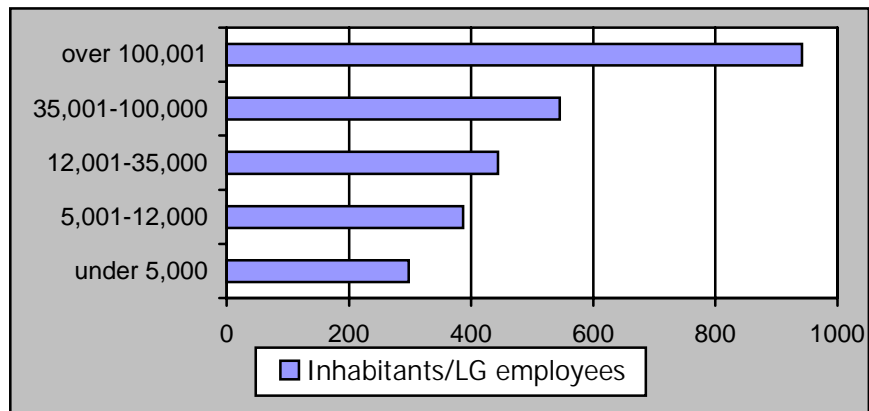
### 4. Human resources

We measured (a) the ratio of inhabitants to local government employees (positions in staff charts, irrespective of whether they are occupied or not) and (b) the proportion of vacant positions in the local government structure.

On the first indicator we found only the expected positive correlation with the size of municipality (the bigger the community, the more inhabitants per local government staff will be – see Fig. 9), with a national average of about 400 and rural/urban averages of 365 and 445, respectively. None of the other variables related to environment, party affiliation, cohort and fiscal optimism introduce any variation in this pattern.

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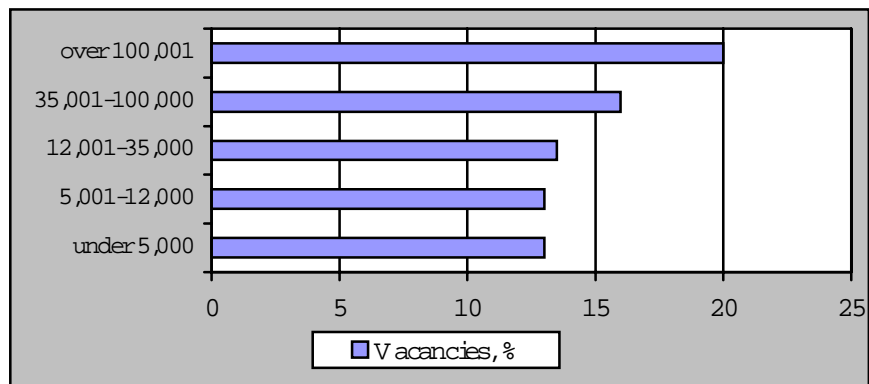
<sup>5</sup> For an analysis of how public companies can be used by the local government as a source of off-budget revenues, see Ionita and Fartusnic, 1999.



**Fig. 9. Population per local government employee, by size of locality**

The result is remarkable in itself, showing that in spite of the expected budgetary constraints in worse-off regions or party affiliation, the local governments are reluctant to shed staff. This is true even if the look at the institutional activism defined in paragraph 2: even the mayors who pursued structural reforms in their apparatus seem to have found a way to do this without firing personnel. This result should be qualified for the big towns, however, where the number of cases is small and the standard deviation is high, so it is possible that some of the mayors of big towns did restructure their staff.

The second indicator shows that the proportion of vacant positions is almost the same across regions, types of environment and budgetary expectations (12-16%). It is slightly higher in big urban local governments, which is understandable given the low salaries and the job alternatives available in big towns (Fig. 10). An exception from this pattern is the Dobrogea region, with an average of 24% vacancies and the highest standard deviation.



**Fig. 10. Vacant positions in local government (%), by size**

It looks like the big municipalities, plus some localities in the Dobrogea region, find it particularly difficult to hire qualified people. The reasons may be different: availability of alternatives in the first case, isolation and extremely harsh conditions of living in the second ('Danube Delta' effect?). However, these are only suppositions. What is clear is that reducing positions in the local government is the last thing the mayors would do, even faced with severe budgetary constraints.

### 5. Effectiveness in functioning and communication

We used a budgetary process score as a measure for how effectively the local government can perform their functions and communicate the results to the citizens. More precisely, this indicator aggregates the affirmative answers to the following three questions, and therefore varies between 0 (low effectiveness) and 3 (high effectiveness):

- Did the local council approved the budget execution for the previous year?
- Has the budgetary execution for the previous year been made public, according to the law?
- Did the local council approved the budget for the current year?

Meeting these requirements is not an extremely tall order: since our survey was conducted in May-June, many weeks after the budgetary process should have been completed, the answer to all three questions should normally be yes. Indeed, this was the case in about 70% municipalities, but it is exactly the deviations from the norm which are important. They are explained by only two factors: the size of the urban localities (Fig. 11) and the region (Fig. 12).

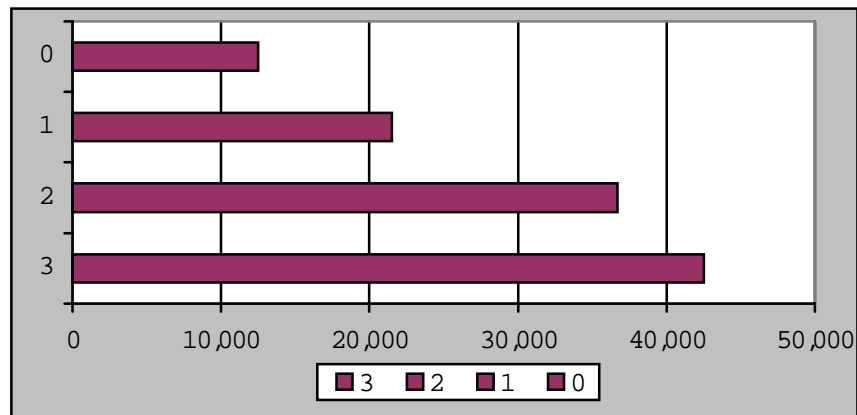
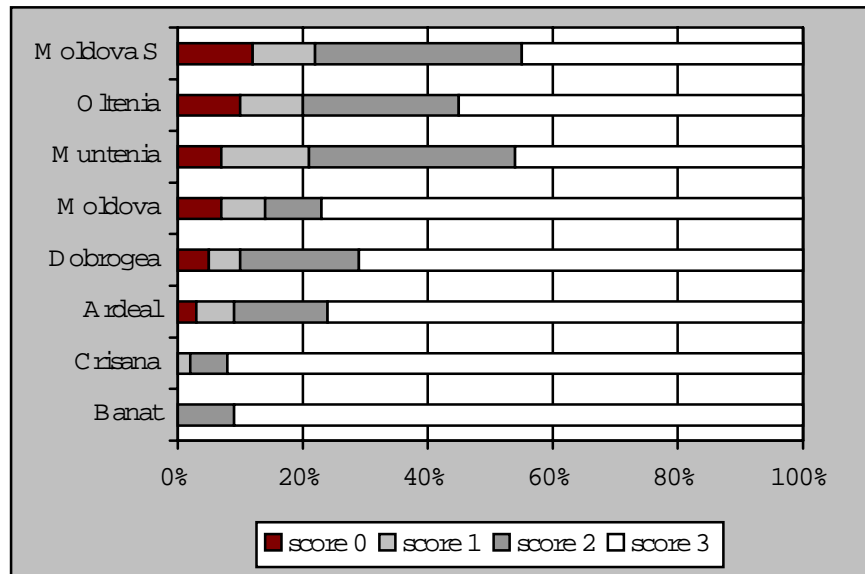


Fig. 11. Budgetary process score by size of town

Surprisingly, the rural communes do not perform worse than the urban ones, the average scores for the two types of localities being roughly the same. The size of the rural commune does not matter either. Which is

not the case with towns: the small ones seem to have problems in performing and communicating the results of the budgetary process.

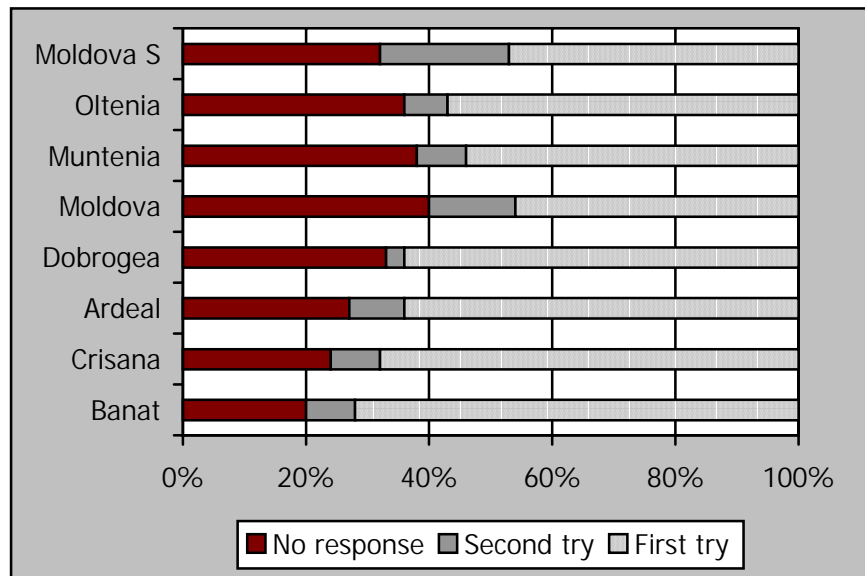


**Fig. 12. Budgetary process score by region**

The regional institutional culture seems to be a fairly good predictor for this measure of institutional performance and confirm a well-known cliché: Banat and Transylvania score high and the Southern parts of the Old Kingdom score low.

A second measure of effectiveness in institutional communication can be obtained by simply looking at the way our subjects responded to our inquiry<sup>6</sup>: from the first attempt; at the second request; or not at all. Here, again, the main explanatory factor is the regional political culture (Fig. 13).

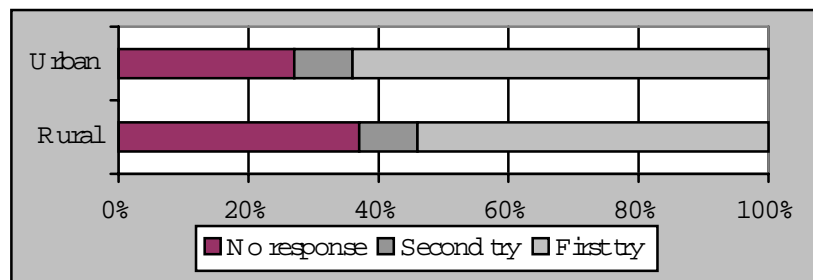
<sup>6</sup> The questionnaire was self-administered, distributed by mail and a pre-paid envelope was enclosed. The only reasons for not responding were therefore to consider the survey as not so important or to postpone filling the questionnaire in until it is lost or forgotten.



**Fig. 13. Effective communication by region**

Banat and Transylvania (plus Dobrogea this time) score better than the average. The rest either do not respond at all, or do so only when they are approached a second time.

There is also a weak correlation here with the type of environment, the rural mayors scoring lower on the communication indicator (Fig. 14).



**Fig. 14. Effective communication by type of environment**

The results presented in Fig.13 and 14 may raise the issue of adverse selection. In other words, those who are the least effective in communicating (and therefore do not respond) might perform below the average of their region or type of environment on other dimensions too – institutional innovation (2), privatization (3) or effectiveness of budgetary process (5). However, it is unlikely that this self-selection invalidates any of the previous results – if anything, it strengthens them, because the regions with the best rate of response perform always better on other indicators too. The ‘silent low performers’ are more numerous in low performing regions, so

that making them speak up would probably increase the observed differences between regions, in every instance when this variable matters. The same logic applies in the case of rural/urban self selection.

## 6. Attitude towards corruption

The mayors were asked (a) if they think that there are corrupt civil servants in their local governments, and (b) if there have been cases of corruption exposed and measures taken against the persons found guilty since they took office. By aggregating the answers we obtain a score between 0 (no corruption reported, no measures) and 2 (there is corruption, some cases were made public and the perpetrators punished).

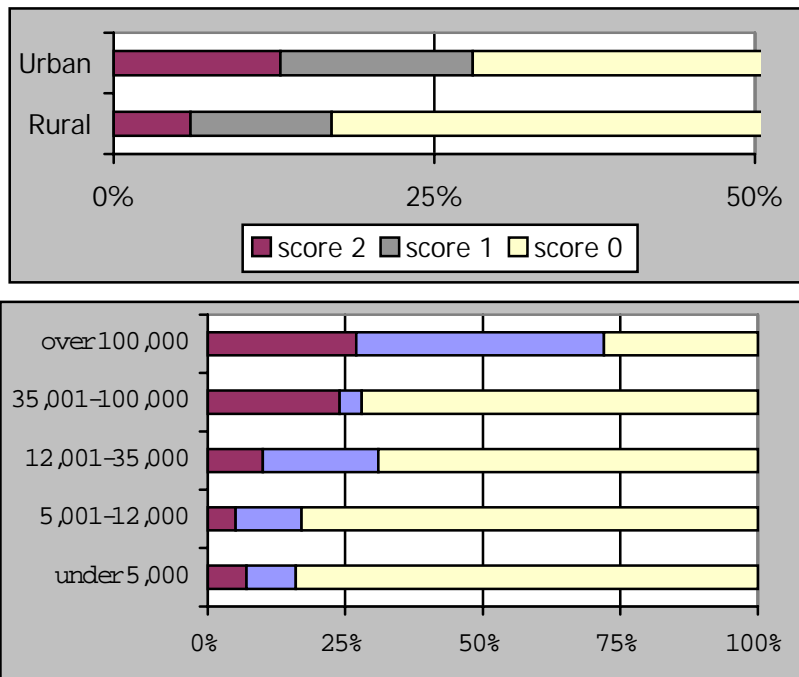
There are two alternative interpretations for a situation when no corruption is reported:

(i) That *there is no corruption* in that particular institution. If the answers are taken at face value, it must then be explained what makes some local governments less (or more) corrupt than others. In terms of our models the only plausible explanations may have to do with environment (bigger towns and larger budgets provide more possibilities for embezzlement, better protection through anonymity and higher demand for 'corrupt services' from the clients) or the regional institutional culture (by tradition, some regions are 'more corrupt' than others).

(ii) The respondents are *not willing to admit and confront this problem*. The second interpretation takes the affirmative answers as a signal that, for some reasons, some respondents are more inclined than others to uncover and fight corruption in their institution. This attitude ought to be explained.

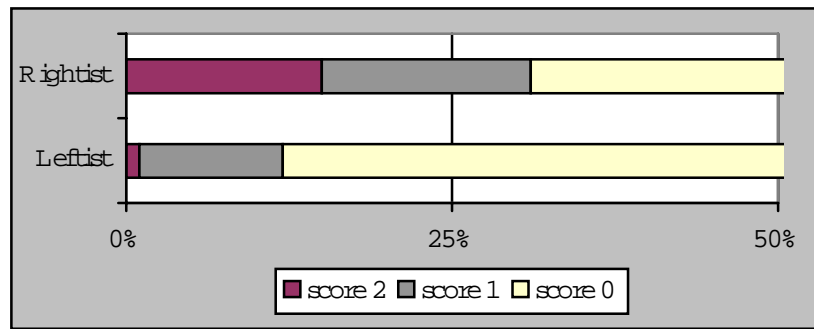
The first interpretation (environmental) seems to be validated to some extent. Corruption is more frequently reported in big urban local governments (Fig. 15). Almost 75% of the cities with population over 100,000 admit facing this problem, and 25% of those bigger than 35,000 exposed and punished corrupt civil servants.

However, there is *no regional effect*, which contradicts a very widespread belief that the Northern and Western parts of Romania are more 'institutionally clean' than the others.



**Fig. 15. Environment type and corruption scores**

The second interpretation is also supported by data. There is a significant correlation between the number of cases reported and the *political affiliation*: right-wing mayors report corruption more often (Fig. 16). Which means, according to our hypothesis, that they are less tolerant toward it. It is unlikely that the party membership of the mayors caused the observed corruption in their institutions. Rather, there is every reason to believe that corruption, deeply rooted in the institutional culture of the local governments, pre-dated the mandate of the current mayors and thus is independent of their political ideology. If there is no direct causation, the observed difference must then come from the willingness to admit it. All the more so since, if a mayor would have been particularly effective in exposing and combating corruption during his mandate and thus decreased significantly its occurrence (negative causation), he would have probably reported the cases in our survey – after all, this is a measure of his success. All in all, we find no explanation for the correlation displayed in Fig.16 other than the less tolerant attitude towards corruption of the mayors from rightist parties.



**Fig. 16. Ideology and the fight against corruption**

It is difficult to disentangle the two types of explanations, (i) and (ii), since the rightist parties tend also to have more urban mayors than the leftist ones. Our sample does not allow a good analysis of the ideology effect by controlling for the type and size of locality. Nevertheless, Fig. 15 and 16 show that the intolerance of corruption correlates stronger with the ideology than the environment type (urban/rural), which suggests that the first may be the real explanatory factor.

### CONCLUSIONS

	Environment		Party	Region	Cohort	Fiscal optimism
	Size	Urban/rural				
1. Strategies	↑					↑↑
2. Institutional innovation	↑	↑		↑		
3. Privatization	↓↓	↑				↓
4. Human resources	↑					
5. Effectiveness, communication	↑			↑↑		
6. Corruption	↑	↑				
			↑↑			

↑ Correlation; ↑↑ Strong correlation; ↓↓ Strong negative correlation

The table above summarizes our findings.

- As we see, the *cohort effect* must be rejected for all the dimensions under scrutiny. Younger or better educated mayors do not make any difference when it comes to resource management, institutional innovation, effectiveness or good communication. Nor does the experience of a previous mandate help much. This is bad omens for the optimistic theory of generation change and shows that other factors than the mere demographics of the political representatives should be taken into consideration if a real reform of the political class is the pursued goal.
- The *ideological affiliation* of the mayors makes no difference for the budgetary and privatization policies, institutional change or human resource management, which confirms the view that local politics is less partisan than national politics. The only area where party matters is *corruption*, which seems to be tolerated less by the right wing mayors. Our results support the conclusion that in countries with a fuzzy political cleavages, which is the case in Romania if look at the parties' economic views, the local policy is not influenced by ideology (Swianiewicz et al,1996; Robinson,1963).
- The region, used here as a proxy for *political culture*, explains well the 'soft' institutional innovation and the effectiveness in functioning and communicating. Transylvania and Banat score high on every such indicator, with Moldova South performing worst, followed by Oltenia and Muntenia. However, all these differences disappear when it comes to the 'hard' budgetary strategies. It seems that there is indeed an institutional culture in Banat and Transylvania which help the local governments organize themselves, follow procedures and communicate better; but this does not make them more creative and assertive in managing resources too. Surprisingly, corruption is no less frequent in some regions than others.
- *Environment* matters, but more by the size of municipality than by the rural-urban cleavage. The village mayors score slightly poorer at communicating and institutional innovation. But the real problem in Romania lays at the level of small town local governments: they are not able to reform, are late with the budgetary procedures, have problems with inter-institutional communication and are passive wishful thinkers when it comes to financial resources. Here, more than in many villages, there is a real disproportion between means and needs, and the situation can only worsen as the decentralization goes on. Their strong willingness to privatize the local public services appears to be a desperate attempt to get rid of a burden rather than an active policy of restructuring and increasing revenues. The only problems discernible in big towns face are corruption – determined, we believe, by the increased

number of opportunities and higher stakes – and a shortage of qualified personnel due to better job alternatives available on the market.

- *Fiscal optimism* is an ad-hoc explanatory factor which we identified during this research. It probably depends on the 'perceived environment' more than on the real conditions the local governments are going to face under the new law of local budgets. If so, its effect may weaken once the mayors gain experience and adjust their expectations to the real fiscal environment. But this can also be a measure of the person's skills and determination to cope with the new situation, in which case it is exactly one of the things we were looking for. It does not correlate with the mayors' demographics, political affiliation or environment and seems to be evenly distributed in territory. It influences positively the activism of the budgetary policy, which leads to the optimistic conclusion that there is room for personal intervention and improvement in spite of the adverse external conditions<sup>7</sup>. And it correlates negatively with the willingness to privatize the local public services, which shows that they are still perceived as a source of revenues.

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<sup>7</sup> For the role human factor and bureaucratic discretion in local government performance, see the special edition of *International Review of Comparative Public Policy*, vol. 2, 1990.

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