

**THE PROCESS OF DECENTRALIZATION IN EX-SOVIET STATES:
A CASE STUDY ON THE REPUBLIC OF LITHUANIA**

by

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ABSTRACT

The purpose of this research is to assess the attitudes and perceptions of Lithuanian public administrators on the process of decentralization as it is currently implemented in Lithuania. The purpose of this research is exploratory and the conceptual framework utilized is descriptive categories. The concept of decentralization has taken on many different meanings and expected ends throughout the years. In order to guide this research, and formulate meaningful survey questions, the process of decentralization and its perceived impact on the bureaucracy, society, and the relationship between bureaucracy and society were studied.

The data shows that while the process of decentralization is received positively and with open arms, the current implementation of the process in Lithuania is leaving some public administrators to doubt its effectiveness. Some administrators have shown through their responses to the survey, that they are a little hesitant in increasing the magnitude of decentralization and especially privatization. This hesitation could fade as the administrators begin to understand, and more importantly realize, some of the long-term effects of the process. It is clear that the tight grip of control that the central government still holds over the localities will continue to hamper further efforts at decentralization and national reform. Only when the Republic of Lithuania decentralizes the power and authority of the central government will the perceptions and doubts of the public administrators either be quashed or realized.

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CHAPTER 1: INTRODUCTION

Introduction

Research into the throngs of government policy and organizational structure in transitional governments has long been at the forefront of the study of political science. The issue of decentralization and its effect on administration and governance is figuring prominently in the evolution of many developing countries. Many political economists stand by the notion that no single form of government organization is good for all nations and social circumstances; and "a knowledge of the capabilities and limitations of diverse forms of organizational arrangements will be necessary for both the future study and practice of public administration" (Van der Eyden 1971, 690).

In the early 1990s the fall of the Soviet Union led many social scientists to believe the newly separated states would be locked in a permanent economic and political state of stagnation. The transformation of a previously communist economy into a free market economy is not merely a process of structural and nominal change, but the erecting of an entirely new economy (Pohl 1996, 62 as cited in Lauletta 1996, 3). Diplomatic recognition placed upon these recently independent states came from major world governments in early 1992, and these new states began to take steps to join international organizations, thus abandoning any notion of a reformed "federal formula" resurrecting the U.S.S.R. (Gleason 1992, 141).

A common expectation for these newly independent states was that their total dependence on the highly centralized infrastructure of the now defunct Soviet Union would cripple any future economic expansion for decades. The optimistic spin on the

collapse of the U.S.S.R was that it provided great opportunities for theoretical processes of development and stability to be tested outside of academic conjecture. One of the prominent strategies for economic development and stability being utilized by many of the former Soviet states was decentralization.

While centralization refers to “the existence of a single decision maker – a government agency, a monopoly firm, or a cartel” (Nakamura 2003, 1), decentralization refers to “placing responsibility for program operations and decisions at the level closest to the public consistent with effective and responsible performance” (Ink and Dean 1970, 61). In newly formed nations where infrastructure is at best outdated, and at worst non-existent, this process of decentralization and the newly granted relative local control of the public administration to the public were slow to take root at first. Gradually, however, the process of decentralization began to take hold and economic advancements began to mature. Using a different lens to view the transition, one can focus on the foundation of process, rather than outcomes. Thus the true essence of reform would lie in the establishment of essential processes which could foster a more stable and productive evolution of varying socioeconomic structures. Much of the research on decentralization fails to take into account the actors in the process and the impact of decentralization on the administrators charged with the task of its implementation.

Research Purpose

It is vital to analyze and comprehend the administrator’s confidence in, and respect of, the power of decentralization. Another important issue is whether this power

is seen as a positive or negative force. Therefore, the purpose of this research is to assess the attitudes and perceptions of Lithuanian public administrators on the process of decentralization as it is currently implemented in Lithuania.

Conceptual Framework

The purpose of this research is exploratory and the conceptual framework utilized is descriptive categories. It is imperative to understand that the concept of decentralization has taken on many different meanings and presupposed outcomes throughout the years. In order to guide this research, and formulate meaningful survey questions, it is important to study the process of decentralization and its perceived impact on the bureaucracy, society, and the relationship between bureaucracy and society.

According to Ebel and Yilmaz (2002, 4-5):

To care about growth and poverty issues, one should be concerned about efficiency – supplying services up to the point at which, at the margin, the welfare benefit to society matches its cost. In the private sector, the market-price system is the mechanism. When the market fails in this objective, there is a case for the public commandeering of resources to supply the activity. Once the public sector intervenes, the efficiency logic is in favor of some form of fiscal decentralization.

If this is the case, and care should be given to matters of efficiency with respect to the need for decentralization of public sector administration, then the administrators charged with implementing such efficiency measures should be given thought as well. If the 'boots on the ground' don't believe in or have confidence in the power of decentralization to transform an economy and create a more efficient method of governing, the process of decentralization is doomed to fail.

Impact on Bureaucracy

The first category discussed and researched is the impact of decentralization on the bureaucracy. It is the bureaucracy itself that is most impacted by the process of decentralization. According to Kaufman (1969, 7), the growing demand for extreme administrative decentralization is “the most dramatic expression of social and political unrest in our time.” Citizens are becoming uneasy about the ability of their respective government to perform basic, primary service functions. Decentralization is one process that may provide an antidote to this infectious doubt.

The *efficiency* of public bureaucracies has long been at the forefront of public administration debate. To many, the use of the terms *public bureaucracy* and *efficiency* together make a strong case for an oxymoron. This perception is prevalent in both established and transitional nations. Decentralization and its granting of power to local authorities can improve transparency and thus public understanding of the bureaucracy. This new understanding could act to diffuse many notions/thoughts of government inefficiency. For the purposes of this study, efficiency shall simply mean: prudently using public resources to the best of the administration’s capability.

The *size of the bureaucracy* is also impacted by decentralization. Brennan and Buchanan’s (1980, 3-4) labeling of the public bureaucracy as “Leviathan” - a public entity which seeks to maximize its revenue - has had a tremendously negative affect on the opinion of public bureaucracy. Rama and Dewitt (2000, 1) declare, “Bloated bureaucracies and over-staffed public enterprises are a frequent legacy of state-led development strategies.” The desire to successfully understand government behavior, as it pertains to bureaucratic growth, and to recommend effective means of controlling that

behavior, motivated the formulation of the Leviathan hypothesis. Joulfaian and Marlow (1990, 1094) contend that “competition among different fiscal units is an effective means of controlling the aggregate size of the Leviathan.” Therefore, competition should lead to a more efficient and smaller workforce due to decentralization.

Impact on Society

The second category examined in this research is the impact of decentralization on society. Governments seek to continually improve their respective societies. In democratic states, this can be directly attributed to the power of the public to elect, and subsequently remove from power, those public officials they deem inadequate. This power supports the need for government policy that impacts society to continually be measured and analyzed.

Privatization is one method of decentralization that impacts society directly. Privatization dissolves most, if not all, the oversight and responsibility burden from public bureaucracy. While regulatory oversight over a particular field of services or service delivery can still be maintained, the day-to-day management of the particular function that has been privatized is eliminated. It has been argued that privatization also allows for an increased sense of control and power of the public over services.

The *economy* of a nation is seen as a direct indicator of the success of government programs combined with private ingenuity. The economy is a reflection of many processes and policies that are seemingly interconnected. If economic outcomes are a consideration of public policy, then what is the connection of decentralization to economic impact? And more importantly, as it pertains to this study: what is the *perceived* connection of decentralization to economic impact?

Impact on Bureaucracy-Society Relationship

The third category examined in this study is the impact of decentralization on the bureaucracy-society relationship. This relationship is very fluid. Government policy may be perceived by the public to be subservient to the whims of the bureaucracy. If this is the case, the policy and the bureaucratic beneficiaries of the policy are doomed to perceptible failure and public mistrust.

Responsiveness to societal needs is the first subcategory examined. Rose (1974, 342) contends, "The tasks of government are so great that the powers of the center can only be exercised by decentralization." Many of the Ex-Soviet states were faced with this dilemma due to the highly centralized structure of the Soviet political system. This is particularly true of Ex-Soviet states like Lithuania, which lacked the infrastructure to perform many basic government functions.

Similar to responsiveness to local needs, *accountability* is a vital component of successful government policy. The actions and policies of both the government in general and the administrators themselves must be held accountable and be perceived as being held accountable. If a service or policy is not successful, the infrastructure to both rectify the situation and track down the cause of failure must be in place. Without the knowledge of 'what went wrong' there can be no course of correction.

Another subcategory is *corruption*. When corruption is found to be prevalent in public administrations, it can have a devastating effect on both the bureaucracy and the society in which the bureaucracy is beholden to. Fisman and Gatti (2002, 326-7) found that "fiscal decentralization in government expenditure is consistently associated with lower measured corruption across countries." Fisman and Gatti's work validates many

proponents of decentralization and their belief that a well planned process of decentralization can engender greater bureaucratic accountability and lower the overall occurrence and magnitude of government corruption.

The final subcategory is the *participatory effect* of decentralization on the bureaucracy-society relationship. In democratic societies, the needs of the citizenry are paramount. If citizens begin to feel a disconnect with their respective governments and the ability of the government to perform basic duties, the government will soon be voted out of office. Many politicians utilize and ride the wave of public discontent concerning service delivery to victory at the polls. Decentralization, by its very essence of bringing power and control of the bureaucracy closer to the people it serves, has been shown in many studies to have a positive effect on participatory democracy. With greater local control, the citizens are able to gauge the political actions of their representatives and administrations and use their voting power to register approval or disapproval.

Table 1.1 illustrates these categories and their supporting literature. While not meant to constitute a total and complete view/perspective of the available literature, this table depicts the conceptual framework from which this study is organized. These authors, through their respective works, have contributed to this study and the formulation of the survey questions.

Table 1.1 Conceptual Framework Table

<u>Categories</u>	<u>Scholarly Support</u>
1. Impact of Decentralization on Bureaucracy	
1a. Impact on Administrative Function	Bardhan and Mookherjee, 2006 Campos and Hellman, 2005 Joumard and Kongsrud, 2003 Chapman, 1973 Furniss, 1974 Nakamura, 2003 Kaufman, 1969 Oates, 1999
1b. Impact on Efficiency of Bureaucracy	Worldbank, Operational Inefficiency Breuss and Eller, 2004 Campos and Hellman, 2005 Cremer, Estache, and Seabright, 1994 Fornasari, Webb, and Zou, 1999 Mukherjee and Moynihan, 2000 Ink and Dean, 1970 Furniss, 1974
1c. Impact on Size of Workforce	Brennen and Buchanan, 1980 Breuss and Eller, 2004 Joulfaian and Marlow, 1990 Rama and Dewitt, 2000 Lauletta, 1996
2. Impact of Decentralization on Society	
2a. Privatization	Dahl and Glassman, 1991 Johnson and Heilman, 1987 Korsum and Murrell, 1995 Hood, Hilis and Vaulne, 1997 Lauletta, 1996 Murrell, 1996 Shields, 1992
2b. Economic Effect	Olawu and Wunsch, 1990 Hood, Hilis and Vaulne, 1997 Bardhan and Mookherjee, 2006 Klugman, 1994 Shields, 2006 Maddison, 1964 Caputo, 1988 Olawu, 1987 OECD, 1986 Furniss, 1974

3. Impact of Decentralization on the Bureaucracy-Society Relationship	
3a. Bureaucratic Responsiveness to Societal Needs	Rondinelli, Cheema and Nellis, 1983 Joumard and Kongsrud, 2003 Bardhan and Mookherjee, 2006 Breuss and Eller, 2004 Campos and Hellman, 2005 Hindriks and Lockwood, 2005 Mukherjee and Moynihan, 2000 Strumpf and Oberholzer-Gee, 2002 Manor, 1999 Furniss, 1974 Rose, 1974 Bland, 2002 Faguet, 2002
3b. Bureaucratic Accountability	Beasley and Coate, 1999 Bardhan and Mookherjee, 2006 Campos and Hellman, 2005 Fisman and Gatti, 2002 Hindriks and Lockwood, 2005 Ink and Dean, 1970
3c. Corruption	Tommasi and Weinchelbaum, 1999 Fisman and Gatti, 2000 Bardhan and Mookherjee, 2006 Breuss and Eller, 2004 Fisman and Gatti, 2002 Ink and Dean, 1970 Seabright, 1996 Wildasin, 1995 Treisman, 2000
3d. Participatory Effect	Worldbank, Perceived Corruption Klugman, 1994 Houtzager, 2002 Litvack, 2006 Furniss, 1974

Report Structure

The following chapters include: a research and legal setting chapter which describes the various elements of the process of decentralization that are specific to Lithuania and Ex-Soviet States while giving brief historical background information; a literature review chapter on the subject of decentralization; a methodology chapter which discusses the survey research and sample methodologies, including an operationalization

table; a results chapter which describes and depicts the data received from the survey; and a conclusions chapter which summarizes the findings, presents conclusions, and suggests recommendations for future research.

CHAPTER 2: SETTING

Though decentralization is supposed to be, at its core, a device for improving governance, its overall impact on governance outcomes is relatively unknown. The recognition of the benefits of decentralization has long been accepted, but with the influx of differing models of decentralization, examples of its imperfections have grown as well. Along with the nature of inter-jurisdictional competition, lack of accountability at the local level is the driving force for a closer examination of decentralization - specifically in developing countries (Campos and Hellman 2005, 250). "The case (for decentralization) is rooted in two powerful intellectual traditions: the critique of economic centralism (especially central planning), and the perceived economic advantages of federalism" (Campos and Hellman 2005, 237). Great powers of social and/or moral regeneration are ascribed to decentralization, while centralization is more commonly associated with the evils of the modern polity: red tape, delay, constraints on individual initiative and restraint of entrepreneurship and spontaneity (Furniss 1974, 959).

The classification question also arises when dealing with the process of decentralization. How does one determine if a country is decentralizing? Unfortunately there is no set of prescribed rules or guidelines that one can check off when analyzing a nation's decentralization status. Ebel and Yilmaz (2002, 3 from World Development Report 1999/2000) state:

The World Development Report on Entering the 21st Century notes that along with globalization (continuing integration of countries worldwide), localization—the desire for self-determination and the devolution of power—is the main force “shaping the world in which development will

be defined and implemented” in the first decade of this century. The report argues that these “defining forces of globalization and localization,” which at first glance may seem countervailing, often stem from the same factors and reinforce one another.

Many of the conclusions of political economists are primarily based on the "central policy failure" theorem of imperfect and factually incorrect information, financial benefit seeking politicians, as well as lobbying of interest groups, seem to characterize the Leviathan behavior, which in turn leads to poor consideration of local needs and preferences. The enforcement of the political responsibility of the government is the only method to weaken the influence of these vested interests. It is believed that decentralization is one way to increase this enforcement (Thomas 1997, 168 as cited in Breuss and Eller 2004, 39). Bland (2002, 3) states, "decentralization demonstrates confidence in civil society and faith in its ability to exercise power." This power, channeled to a lower level (administrative or spatial) could engender greater responsiveness from the government to the needs of the citizenry (Furniss 1974, 960).

Finally, the highly specific problems and issues posed by industrial, advanced, and modern society makes decentralization appear as an attractive strategy. Furniss (1974, 960) notes:

In contrast to earlier issues that begged a central focus and standards (the drive for economic security, freedom of opportunity, eradication of pestilence, and liberation from authoritarian elites), current problems appear very different. Urban decay, crime, population control, environmental damage – none seem particularly amenable to a centralized solution. In fact, the modern bureaucratic state can be seen as a contributor to these problems rather than an agent for their resolution.

Joumard and Kongsrud (2003, 16) believe it is the climate of globalization and international influence which has led to the growing popularity of decentralization. These international considerations are increasingly affecting local economic conditions and decisions leading to a broader acceptance and occurrence of decentralization.

Decentralization is at the forefront of reform movements throughout Latin America and many parts of Africa and Asia; and under the cover of devolution, subsidiarity and federalism is also crucial to policy discourse in the United Kingdom, European Union, and United States. While the United Kingdom and its central government shifted some of its power over to the new parliament in Scotland and to the assembly in Wales, and the United States divested its responsibility for welfare policy to individual states, the growing trend toward devolution is more accentuated in transitional and developing nations (Dillinger 1994 as cited in Strumpf and Oberholzer-Gee 2002, 1-2).

A key argument used by its proponents is that decentralization makes government more responsive to local needs by “tailoring levels of consumption to the preferences of smaller, more homogeneous groups” (Wallis and Oates 1988, 5 as cited in Faguet 2002, 2). Specifically, fiscal decentralization (the allocation of spending and taxation authority to lower tiers of government) has become a recognized and often implemented policy objective in many transitioning states. Hindriks and Lockwood (2005, 2) continue with this notion:

For example, nearly all the large Latin American countries have initiated some form of fiscal decentralization in the last decade e.g. Bolivia (Faguet 2004), as have Indonesia, the Philippines, and Pakistan, to name just a few. China and Russia’s transition from socialism involves various aspects of decentralization. Moreover, it (decentralization) is actively

promoted as a development strategy by organizations such as the World Bank. There have also been similar reforms in high-income countries, e.g. devolution of tax and spending powers to Scotland in the UK in 1999, and in Italy, starting in 1993 with the introduction of a municipal property tax.

Many transitioning states have increasingly looked toward the process of decentralization as a mechanism for rapid change. Tackling the politico-economic realities and challenges that are often associated with transition is crucial, not only to an understanding of the dynamics at play in the process, but also to encourage the most efficient and least costly methods of making that transition. The problems of transition are magnified in poorer countries, and even more so in resource-poor countries (Pomfret 2003, 5).

Social scientists view transitional states through a slightly different lens than the average citizen. They view the breakup of the U.S.S.R. and the transitional progress taken by these new republics as a chance to put transitional academic, social, and economic theories into practice. According to Gleason (1992, 157):

The collapse of the communist order in Eastern Europe and the Soviet Union offers the best laboratory since decolonization for empirical tests regarding a host of propositions relating government structure to economic and societal interaction.

With specific regard to the collapse of the Soviet Union and the unique transitional difficulties of its previous member states, decentralization has had mixed results. "There is no better example of the difficulties of political reform and of country differences than the issue of political decentralization, on which communist countries were at the far end of the spectrum from developed capitalist democracies" (Murrell 1996, 29).

Decentralization and Transitional States

In these newly formed nations (from the old U.S.S.R.) the infrastructure in place was not up to par for a successful and smooth transition. This hurdle proved a very real obstacle for a speedy transition to local control of the public administration. Using a different lens to view the transition, as stated previously, one can focus on the institution of process, rather than outcomes. This shift of focus places the essence of reform on the establishment of essential processes; and these processes might produce a more stable and effective evolution of varying socioeconomic structures. Political and economic competitions are just two of the processes that rely upon solid institutional foundations and economic and democratic freedoms (Murrell 1996, 41).

The key to successful decentralization and its effect on administration and service delivery is the pressure brought on the local government by the locale's new electoral power (Bardhan and Mookherjee 2006, 103). Many of these newly formed nations were putting tremendous faith into the process of decentralization. These new nations did not comprehend that the numerous elements of decentralization and privatization had limited previous positive effect when enacted in nations of Eastern Europe. This was due in large part to the fact that the basis of decentralization was formulated and developed in western democracies with relatively advanced economic and civil infrastructure. Eastern European countries were attempting to privatize (a method of decentralization) whole economies rather than seeking only the privatization of certain public functions as western democracies had (Clark 1992, 1 as cited in Lauletta 1996, 12).

In practice, the process of decentralization does not take place in a vacuum. The ties between improved governance and decentralization can be undermined by historical

trends, class cleavages, and institutional inertia (Campos and Hellman 2005, 239). Hand-in-hand with a successful decentralization program is an open democracy. An old dictum states that democracy is firmly in place after two governments peacefully and quietly leave office when defeated in elections. Unfortunately, no leader has ever voluntarily left office in Russia (Murrell 1996, 30). The history of many of these newly formed nations, including Lithuania (the focus nation of this study), is intrinsically tied to Russia and the rather recently expired Soviet Union.

Another factor to consider when analyzing government policy and process is the mutation effect. Policy tends to mutate the farther it descends from the aggressive government reformer at the top to the staid status-quo-bureaucrat on the front lines. The atmosphere of the day-to-day interactions between the individual economic agents and the governments in ex-socialist countries is different than supposed similar interactions in countries infused with strong traditions of free markets. Strong liberalization measures are often muted by bureaucratic inertia when one moves away from capital cities to the outer regions. The resulting policy is a hodgepodge of the new and the old (North 1990 as cited in Murrell 1996, 32). In order to fully grasp this hodgepodge, one must understand where the bureaucratic impulses of Lithuanians are derived. This leads to the following section of the paper in which Lithuania's past is briefly examined, beginning with pre-dissolution U.S.S.R. policies.

The U.S.S.R.

According to the most commonly accepted traditional definitions of a federal system of government, the U.S.S.R.'s claim of federalism rings hollow. Federal systems of government must contain two primary distinguishing characteristics: the recognition of

at least two separate, self-standing, legitimate planes of government; and second, each government maintains, at least in principle, certain distinct areas of decision-making as unique spheres of authority.

Political power should be diffused between separate but interacting planes of government, each of which reserves certain powers to itself. “The separate governments (e.g., provinces, territories, and republics) constitute the key arenas of exchange for actors in the political process” (Gleason 1992, 143). The rights of regional political spheres, in a federal system, are basic and constitutional. “The chief recommendation of federalism as a form of government, then, is that federal arrangements unite diverse interests in pursuit of common goals by establishing limited and interacting spheres of sovereignty” (Gleason 1992, 143). However, according to Gleason (1992, 144) the U.S.S.R. is different, “A federal structure was adopted in the U.S.S.R. not to accommodate local interests but to co-opt and eventually undermine them.” The Soviet economy was performing as a single unit in which all goods and services moved without attention to the many borders of the republics. While intra-U.S.S.R. trade was abundant among the republics, external trade was closed (Pomfret 2003, 12).

Despite all the officially mandated federalism proclamations, the U.S.S.R. functioned and indeed was, a centralized, unitary government. “The very idea of “socialist federalism,” as Merle Fainsod once noted, radiated a “sense of legerdemain and make-believe” (Gleason 1992, 143). Gleason (1992, 148-9) continues:

Central officials offered a succession of plans designed to placate localist sentiment while keeping the old structure essentially intact. To dampen burgeoning nationalism, the Communist party stepped forward with a much touted *Nationality Platform* in September 1989. To mollify local complaints that the economy was excessively centralized, the government

offered a plan called the *General Principles for Restructuring the Management of the Economy and Social Sphere in the Union Republics*.

This direct contradiction between the stated goals and principles of the leadership of the U.S.S.R. and the reality of their actions led some to believe they merely wanted to showcase the illusion of a federal system. The lack of a true federal system with two distinct spheres of authority and power hindered many states when they finally broke free of the U.S.S.R. and declared their independence.

Before the dissolution of the U.S.S.R., the trade patterns within the highly centrally-planned Soviet economy were very inward-oriented. These were reinforced by pipeline, transport, and other communications facilities. Most of the Soviet infrastructure centered on a Moscow hub (Pomfret 2003, 12). When Mikhail Gorbachev came to power in the Soviet Union, he enacted some highly controversial policies. One of these contested policies was *Perestroika* (restructuring). *Perestroika's* economic side included decentralization of decision-making, a decrease in the role and power of central planning, increased private initiative opportunities in services and production, and an expanded role for previously abandoned market mechanisms (Mason 1988, 431). Mason (1988, 438) contends that Gorbachev will have a lasting effect on other nations in Eastern Europe and their struggle for the implementation of economic reforms:

The Poles have had a decentralizing economic reform on the books since 1982, but they have had little success in implementing it, partly because of bureaucratic inertia and partly because of conservative opposition. Gorbachev's reforms and his railings against bureaucratic resistance in the Soviet Union will have the effect of encouraging the reformers and muting their opponents in Poland."

Many reforming countries have experienced a very rapid collapse of governmental authority. This has led many observers to feel that the process of decentralization is bound to be a chaotic one. It is important to note however, that the process of decentralization and its sometimes seemingly chaotic effect is not the catalyst for the collapse of authority but merely a symptom of it. The state's previous reliance on the communist party's many mechanisms of control prodded the impulse of many reformers to immediately abolish and demolish the bureaucracy in order to promote change. These careless actions lead to state fissure, which can be enflamed by the inevitable collision of mixing old institutions with the new principles and world of capitalism and democracy (Murrell 1996, 29-30).

The Baltic States and the Republic of Lithuania

Form Adam Mickiewicz, Dziady ('Forefathers' Eve'), Part III:

The gentleman is Lithuanian, but speaks Polish? I don't understand at all. I thought that in Lithuania there were only Muscovites. I know even less about Lithuania than about China. I once saw an article about Lithuania in 'The Constitutional.' But the other papers don't talk about it at all."

This quote seems to portray what is the underlying current which drives the citizenry of the Baltic States. These states have survived a rather rich and turbulent past and Lithuania, Estonia and Latvia are currently undergoing massive political, social and economic change. These three states, formerly members of the Soviet Union's westernmost footprint, have struggled to come to terms with their newfound liberty.

Gleason (1992, 149) summarizes the events of Lithuania's Independence movement:

Toward the end of 1989, the process of decentralization began to take on the character of devolution. A key event in this transition was the split in the Lithuanian Communist party in 1989. The split precipitated the Lithuanian party's formal withdrawal from the C.P.S.U. (Communist Party of the Soviet Union) in December 1989. The withdrawal symbolized the end of party hegemony in the U.S.S.R. Secessionist movements surged ahead following the decision of the Lithuanian party. Gorbachev adopted the view that the union must be further decentralized, though he was unwilling to recognize that the Lithuanians would no longer be satisfied with Soviet-style "autonomy" but were demanding political independence.

With the ultimate demise of the U.S.S.R., the process of transforming the republics into relative independent states superseded any plans for federal redesign and devolution. By early 1992, many of the major world governments were eager to grant diplomatic recognition for these newly independent states. Some of these states began to take steps to join major international organizations such as the U.N. (United Nations) and NATO (North Atlantic Treaty Organization). The glimmer of hope that many hard line communist loyalists held of some ideal "federal formula" to dramatically resurrect the U.S.S.R. were subsequently abandoned (Gleason 1992, 141).

Lieven (1993, xvi) believes that the governments and political systems in the Baltics have basically developed as expected in the early years. "In Lithuania, the former pro-independence communists, now the Lithuanian Democratic Labour Party ... have pursued a policy of cautious economic reform and of good relations with Moscow. The relaxation of tension with Moscow paid off in August of 1993, when the last Russian troops left the country" (Lieven 1993, xvi). Along with the Czech and Slovak Republics,

Lithuania and the other Baltic States have traveled farthest. As with the case of politics, the degree of change appears to be related to initial conditions, geography and the presence of war upon independence (Murrell 1996, 31).

Russians generally believed and accepted that the Balts, culturally, were in a different and distinct 'Western' category which separated them from the other former Soviet peoples. This belief stems partly from the fact that the Balts were ascribed to the European Territorial Department, rather than the Commonwealth of Independent States (CIS) (Lieven 1993, xxiii).

One method that was undertaken by the Baltic States and other newly independent states of Eastern Europe to bring about a quick convergence into the capitalist market system was privatization¹ (Lauletta 1996, 3). From a purely political view, privatization seemed to be the cure that could remove much of the detested centralized political system which had oppressed many of the people of Eastern Europe for over half a century. According to Zecchini (1993, 73 as cited in Lauletta 1996, 13-14), "Privatization can make the inefficient and enormous socialist bureaucracies that controlled state enterprises obsolete, thus dramatically diminishing their overall power." Systemic objectives are a vital component from the start of a country's transition to a primarily market based economy because without privatization, there can be no significant market conditions (Zecchini 1993, 72 as cited in Lauletta 1996, 13).

Many of these newly independent countries and specifically the Baltic States were found to be stuck in a perpetual state of transition. While theorists and policy experts

¹ In recent literature, privatization is commonly seen as synonymous with decentralization, although this paper will seek to differentiate between these two processes. Whereas privatization refers only to the transfer of power (authority, regulation, oversight) from public to private hands, decentralization also includes the transfer or division of power to local public administrations.

disagree greatly on the degree and depth of the changes taking place, a consensus has emerged seriously doubting their return to communism. The Baltic society and economy is increasingly being pervaded by emerging market mechanisms.

The economic actors and social groups should garner their fair share of consideration, for it is their actions that can alter the course of the transition. Pohl (1996, 62 as cited in Lauletta 1996, 3) notes a prominent issue that the Ex-Soviet states faced concerning their transition. "The transformation from a communist economy to a free market economy is not a normal process of structural change, but rather the building of a totally new economy." Thus, the public sector employees of previously communist countries have considerable influence on policy and policy implementation with respect to economic outcomes.

H.J. Wagener distinguishes between different types of transitional change - the transformation of the economic order (the constitutionally or otherwise imposed rules and institutions of economic life) and a change of economic behavior. Unfortunately the change in economic behavior type of transitional change has not been given due attention by the research community. Without an adequate knowledge of this element of change, we can not hope, stresses Wagener (Saunders 1992, 390 as cited in Hood, Vaulne and Kilis 1997, 1), to build a general theory of transition and more importantly, be able to confidently state its completion.

An issue that often gets overlooked is the fact that the personnel were not in place in Lithuania (and many of the newly transitioning states) to effectively manage and run market-based enterprises. The communist manager has been shackled by the system and has never developed the necessary entrepreneurial skills to survive in a capitalist system.

The free-enterprise manager has a goal to maximize profits and is given latitude to utilize discretion in the accomplishment of that objective. The communist manager has never had to perform under this particular pressure and to this particular end, thus he is not equipped with the proper employment perspective or experience (Perkins 1963, 71). Another nod toward major economic reforms for the newly independent states comes from Csaba (1991, 18 as cited in Lauletta 1996, 14) who states, “The nations of Eastern Europe should privatize, simply because centrally planned economies have failed. No Western democracy has been able to sustain itself with greater than one third of all its workers in the public sector as is the case in Sweden.” These compelling arguments for the further decentralization of economic and political mechanisms in the Baltic States, and more specifically Lithuania, have led these nations to attempt to be the shining examples of what a steady, albeit sometimes obstacle-laden, dose of market influences can achieve.

Pertaining to governmental structure, Robert D. Ebel and Serdar Yilmaz (2002, 43), in their World Bank report, discuss the division of governmental power and authority as such:

In Lithuania the system of local government is two tiered: the county and the municipalities, villages, etc. The county is a territorial unit of state administration. Only the municipal government has autonomous power, enjoys the right of self-government and forms elected bodies. Members of local government councils are elected for three-year terms. The municipal council members nominate the executive officials at the municipal level. The city of Vilnius has a special status where the council is elected but the mayor is appointed.

Specifically dealing with the employment of public officials, Ebel and Yilmaz (2002, 43) continue:

All public employees are employed by the labor code of the central government. Local governments can hire new staff but they can not create new positions and give different wages and other compensation allowance. Local government association has an important role in negotiating local government mandates with the central government.

These stringent reigns on the local bureaucracy seem to mirror the precise complaints the Lithuanians previously launched toward the Soviet government. It is this stranglehold on the administration that the process of decentralization is meant to loosen. The following chapter will explore the process in detail.

CHAPTER 3: A REVIEW OF THE LITERATURE ON THE PROCESS OF DECENTRALIZATION

The purpose of this chapter is to review and examine the scholarly literature on the process of decentralization. More specifically the scholarly literature covering decentralization and its impact on the public bureaucracy, society, and the relationship between the public bureaucracy and society are examined.

Process of Decentralization

Definition

Throughout the literature, the process of decentralization carries various nuanced and fluid meanings. It is important to begin a review of the literature with an analysis of these sometimes contradictory definitions in order to fully grasp the decentralization process itself. Chapman (1973, 127) warns writers to proceed with caution because decentralization's lack of consistent meaning makes it difficult to enforce.²

As previously mentioned, centralization refers to “the existence of a single decision maker – a government agency, a monopoly firm, or a cartel” (Nakamura 2003, Footnote 1), and decentralization refers to “placing responsibility for program operations and decisions at the level closest to the public consistent with effective and responsible performance” (Ink and Dean 1970, 61). Bardhan and Mookherjee (2006, 103) posit that, “decentralization shifts control rights over service distribution to a local government subject to electoral pressure from residents.”

² The process of decentralization has been examined in detail during the 60s-80s. Recent literature on decentralization has turned to privatization as the mechanism. As previously stated, privatization in recent literature can be seen as synonymous with decentralization. This study will seek to differentiate between the two when applicable.

According to Osaghae (1990, 84), there are two kinds of decentralization: *discretionary decentralization* and *constitutionally guaranteed decentralization*, distinguished by the following:

Discretionary decentralization is not constitutionally guaranteed ... it depends wholly on the grace of convenience to the central authority. Constitutionally guaranteed decentralization ... [is one] in which the dispersal of power to constituent units is obligatory.

The prevailing literature and research leads to the predominant rationale for decentralization: “The governments closest to the citizens can adjust budgets (costs) to local preferences in a manner that best leads to the delivery of a bundle of public services that is responsive to community preferences” (Ebel and Yilmaz 2002, 4-5). Some studies indicate the perceived local preferences of the community are in fact those of the local elite (Bardhan and Mookherjee 2006; Fisman and Gatti 2002; Prud’homme 1994).

Ebel and Yilmaz (2002, 4-5) argue that sub-national governmental authority to “exercise ‘own source’ taxation at the margin” is the essence of local authority to deliver services to the public. Bouniol and Laurent (2005, 1) in *Decentralization: a Centennial Process* suggest that the power of decentralization is achieved through the population’s election of local authorities and the granting of power and competencies to those authorities’ by the state.

In dealing specifically with administrative decentralization, the United Nations Development Program (UNDP) in *Measuring Democratic Governance* defines two forms of decentralization:

deconcentration which transfers authority to a local unit that remains accountable to the central government agency which has been

decentralized; and *delegation* which occurs when authority is transferred to a local unit which may not be a branch of the delegating agency. However, vertical accountability to the delegating central agency is retained [emphasis added].

Political decentralization is yet another method of decentralization. Furniss (1974, 968) further classifies this particular type of decentralization into three categories: legislative, corporate, and millennial. Particularly relevant to this report is Furniss' (1974, 969) following description of legislative decentralization:

Legislative decentralization can involve the transfer of power from the center to existing or newly established bodies. In either case the aims are the same: to relieve central congestion and focus attention on local problems; to permit administrative adjustment and flexibility; to promote the accessibility and accountability of decision-makers; to lessen, thereby, a personal apathy and local stagnation.

For the purposes of this study, decentralization, in a very general sense, shall simply refer to the dispersal of power and or authority away from the central government. This particular definition is not meant to be exclusive but rather inclusive of both local public control and privatization as representative of decentralization.

Decentralization and Bureaucracy

Administrative

The growing literature dealing with the administrative function of the public bureaucracy is overwhelming. The role decentralization plays in the reform efforts of many states, both established and transitional, is extensive, yet inconclusive. As previously noted, Kaufman (1969, 7) claims the growing demand for extreme administrative decentralization is “the most dramatic expression of social and political

unrest in our time.” Citizens are becoming uneasy about the ability of their respective governments to perform basic, primary management and service delivery functions.

Growing anxiety over corruption, outrageous and inflated costs for government purchases of goods, and a seemingly laxidascal attitude toward taxpayer money has led many to champion the cause of decentralization and local control. As economies develop, “the rise in human capital (in particular higher education attainment) has raised the ability of local citizens and their representatives to manage efficiently local affairs and participate in the nation’s decision process” (Joumard and Kongsrud 2003, 17). The relinquishing of control of state welfare programs to sub-national governments has substantial benefit potential for the localities. Oates (1999) posits that “local provision allows for experimentation and innovation which generate valuable information and has the potential to promote progress in public policy nationwide.” Local tailoring of programs can engender the “optimal mix of assistance across cash [financial grants/investment], childcare, training, housing and transportaion to facilitate work” in the local community (Joumard and Kongsrud 2003, 22).

A chief complaint that many citizens make about centralized bureaucracy is its inflexibility. The *one size fits all* method of administration is increasingly seen as problematic and not ideal. Local concerns differ dramatically across different regions of states and some proponents of decentralization cite this as the primary reason to decentralize. They argue that if the decision points of the bureaucracy are closer to the recipients/beneficiaries of those decisions it would allow for more “subtlety” thus supporting more customer-driven (and thus society-driven) approaches. “The stranglehold of democracy might be tempered by the establishment of new centers of

administration and control; the problems of ‘post-industrial’ society might be more amenable to diverse flexible solutions” with the advent of local control (Furniss 1974, 960).

Administrative decentralization is not without its difficulties. Any large scale organization has had to confront many of the common issues that are prevalent in the implementation of administrative decentralization. Many questions arise when developing a decentralization plan: *What should be allocated to the localities? How can the essential functions remain at the central control level and the non-essential be delegated to the localities? How can control, accountability, and coordination be maintained?* These are just a few of the many internal questions that decentralization administrators/planners must consider if their decentralization plan is to be a success (Furniss 1974, 966).

The issue of human capital is a recurring theme among both proponents and opponents of administrative decentralization. The central tenant of decentralization is the transfer of the burden of responsibility (to some extent), decision-making authority, and control to sub-national administrations. The question is: Will these newfound administrators have the knowledge and skill sets to effectively and efficiently handle their newly acquired responsibility? It is vital that government officials have enough training, experience, and professional skills to competently make and execute responsive public policies. Without this capacity, they cannot implement sound and effective public policy. According to Campos and Hellman (2005, 241), “at least in the initial stages of decentralization, local skill levels and policymaking processes are likely to lag behind those at the national level.” An important consideration that emanates from the afore-

mentioned notion is: *What are the expected specific time and efficiency losses upon initializing a process of decentralization?* Unfortunately, this is a question that can only be answered through empirical case-by-case studies.

Skills needed by the local administration also include, according to Campos and Hellman (2005, 241),

Appropriate management systems – accounting, budgeting, procurement, tax administration, auditing, reporting, and personnel management. In many developing countries, national governments continue to struggle with reforming these systems. Given their relative inexperience and more modest resources, local governments are likely to find establishing such systems and processes even more challenging.

The possession of these skills are paramount if the process of decentralization is to continue and improve upon the previous centrally-run administration's service delivery. Without these skills, both the public and public bureaucracy will lose faith in the process due to the lack of success.

Efficiency

The efficiency of public bureaucracies has long been at the forefront of public administration debate. As previously noted, these two terms (public bureaucracy and efficiency) appear the perfect poster-children for an oxymoron. This common perception is sometimes based on a lack of communication and effective community relations. This is not to say that public bureaucrats, in every state, fail to strive for methods to improve their efficiency. It should be noted that assessing organizational performance in the public sector is quite difficult. Unlike the private sector, which relies on profits and market share to evaluate it, the public sector has no established and universally agreed upon performance indicator. Mukherjee and Moynihan (2000, 1) note the distinct

differences between the organizational goals of public and private institutions with regard to efficiency:

Rarely will a public organization/agency work for profit; and the outputs of organizations such as an audit body or the planning division . . . are used only by other organizations within the public sector. . . . At the agency level, improved efficiency is often associated with a requirement to reduce the running costs of services over time.

In exploring the World Bank's efficiency definition, Fornasari, Webb and Zou (1999) found seemingly contradicting outcomes. Fornasari et al. also found an increasing effect on running costs detected after decentralization, especially in the short run, and conversely, he found this impact on costs disappeared in the long run. Breuss and Eller (2004, 45) argue this cost increase, found by Fornasari et al. (1999) arises "because of the shift of competencies to new authorities and the implementation of new institutions. But bit-by-bit, the efficiency-enhancing effects of decentralization gain ground, learning effects take place and the initial budget shock loses weight." Breuss and Eller (2004) warn against taking these efficiency gains into account without acknowledging the differing effects of local preferences, externalities, institutional competition opportunities and political decision making.

Another interpretation of efficiency is simply the ability of government bureaucracy to get something done. Furniss (1974, 966) portends:

To deny information to the top [central government] is to risk irrational decisions; yet to channel all information up is to swamp decision-makers and prevent any choice at all. . . . The continual proliferation of super agencies, ad hoc boards, special councils and bureaus, are examples of decentralization and attempts to get something to happen once a decision has been taken."

With the plethora of definitions and practical inferences of what the term efficiency effectively means, it is important to establish its meaning for the purposes of this study. In that respect, efficiency shall simply mean: prudently using public resources to the best of their (government administrator's) capability.

Many opponents of decentralization argue that decentralization is inefficient due to the absence of a recognized responsibility. However, the responsibility of the actions and/or decisions being made does not change with the implementation of a process of decentralization. Responsibility is not diminished; it still lies in the body of the individual and/or agency authorized with making the decision. Ink and Dean (1970, 61) disagree with the deterioration of responsibility theorem:

Decentralization and delegation do not in any way reduce the authority or ultimate responsibility of a headquarters official for what happens under his program. The head of the agency must also provide machinery to evaluate, audit, and inspect the effectiveness and integrity of the actions taken under a decentralized program.

An often cited efficiency benefit of decentralized systems is innovation and competition between different authorities. Breuss and Eller (2004, 37) argue that governments “can realize efficiency gains by utilizing their comparative advantages (see Cremer, Estache, and Seabright 1994, 5) and by dividing labor efforts corresponding to the respective local resources.” Traditional municipal agencies fear decentralization might induce ossification. “Decentralized programs might in time merely create another layer of inefficiency, none of these layers might be the proper fit, and the abolition of a level of government is never an easy matter” (Furniss 1974, 967).

Size of Workforce

The size of the workforce in the bureaucracy is an important determining factor of its overall efficiency. As previously noted, Brennan and Buchanan's (1980, 3-4) labeling of the public bureaucracy as "Leviathan" – a public entity which seeks to maximize its revenue, has had a tremendous effect on the opinion toward the bureaucracy. The World Bank (Rama and Dewitt 2000, 1) declares, "Bloated bureaucracies and over-staffed public enterprises are a frequent legacy of state-led development strategies." The desire to successfully understand government behavior, as it pertains to bureaucratic growth, and to recommend effective means of controlling that behavior motivated the Leviathan hypothesis. Joulfaian and Marlow (1990, 1094) contend that "competition among different fiscal units is an effective means of controlling the aggregate size of the Leviathan." Therefore, using the reasoning brought forth by Joulfaian and Marlow, competition should lead to a more efficient and smaller workforce due to decentralization.

Citizens tend to migrate toward communities that offer the best services. Whether these services mitigate the public to pack up and move to receive these services depends on the inter-jurisdictional competition between communities. Schools are just one example of the power of good public services in causing migration. In areas with recognized schools, one can expect other services to be equally recognized. Some communities, it has been argued, even reduce social benefits to the public in order to attract, or rather deter certain segments of the population. "Stricter budget discipline is effectuated and therefore a diminution of the size of the public sector can be expected" (Breuss and Eller 2004, 39). Joulfaian and Marlow's research (1990, 1100) supported his

primary hypothesis “fiscal decentralization is a significant determinant of total government size.” This was true even using cross-sectional data from only two time periods, and the results did not appear to be time-sensitive. Through their research, Joulfaian and Marlow (1990, 1100) concluded that fiscal decentralization acts as a constraint on the total size of government and further research should take into account all levels of government.

Decentralization and Society

Privatization

Privatization is a method of decentralization that dissolves most, if not all, the oversight and responsibility burden from public bureaucracy. While regulatory oversight over a particular field of services or service delivery can still be maintained, the day-to-day management of the particular function that has been privatized is eliminated. Privatization has become, to many in the business of governmental organizational theory, a cure for government inefficiency and voter discontent. This is disconcerting to some who feel the meaning of privatization has been misconstrued and misrepresented in recent research. Part of the problem with its misrepresentation is the fact that it has varying definitions. As noted in John Lauletta’s research (1996, 6) on privatization in Latvia, Dahl and Glassman (1991, 487) define privatization “. . . as an administrative approach for transacting government business and as a process of implementing [a] market place economy.” Johnson and Heilman (1987, 468) describe privatization as “. . . the participation of the private sector in the production and/or delivery of public services.” On the other hand, Shields (1992, 280) refers to privatization as the “process of rationalizing government by using market or market-like mechanisms.”

One of the primary reasons for privatizing public functions, according to Savas, (1982, 3) is reducing the role of government, or increasing the role of the private sector, in an activity or in the ownership of assets. Some of the more prominent methods of privatization include user fees, franchising, co production, revenue centers, volunteerism, and load shedding and contracting (Shields 1992, 22.3).

Privatization has a number of immediate benefits for the public bureaucracy including, but not limited to, the reduction in needed manpower, both in terms of implementation/planning and servicing the privatized function. Some research shows that privatizing public functions can have a detrimental effect to the beneficiaries of the services privatized. The service of public trash collection is just one such function. A private company may feel it is more important to be efficient than effective. For example, in the interest of servicing more customers and increasing the bottom line, the collectors might regulate the size of the containers to be emptied, the composition of the items collected and the placement of the containers at an inconvenient time. Police/security functions are another example. It is important that the government realize the implications and possible negative consequences of privatization. A privately-run police/security force might be subject to bribes and vendettas that publicly-run forces are relatively immune from. The previously avoided complications and issues that the private sector is confronted with on a daily basis and public services were able to avoid are now placed upon these newly privatized functions.

Korsum and Murrell (1995) contend that past relationships can influence decision- making in enterprises that have gone private, but ownership is the true influential factor, and its influence increases with time. In times of great policy and

political change, the key to understanding the eradication of patterns of inherited behavior do not lie in political policy but in the gradual changes wrought by effective ownership.

According to Hood, Hilis, and Vahlne (1997, 142), “Lithuania was the absolute frontrunner of the three Baltic countries as far as the implementation of the privatization process is concerned.” During the first few years of Lithuanian independence and the transition that followed, this decidedly proved to be the case. This was spurred ahead despite the fact that privatization as laid down by previous Soviet legislation was not as maturely developed as it was in Latvia and Estonia. Lithuanian legislation concerning both large and small privatization was already underway in early 1991. The Law on Initial Privatization of State Property (LIPSP) was the driving force behind the Lithuanian privatization process. This was done according to the so called LIPSP program. The implementation of the LIPSP program began in the second half of 1991 and dominated the majority of the privatization process in the program for privatization in Lithuania (Hood et al. 1997, 142). While privatization is an important and integral part of Lithuania’s decentralization process, this report seeks not to delve into the particulars and nuances of the LIPSP program, but rather to gauge the attitudes of the public administrators on privatization and decentralization in a more general sense.

Economic Effect

The study of how government influences the economy is in many ways macroeconomics (Shields 2006). While there have been numerous recent advances in the study of macroeconomics, Ex-Soviet states are working with past economic influences.

The economic effect of decentralization often lies in the eyes of the affected. To many previously employed government workers, decentralization can force them out of a job in the name of efficiency. To the taxpayer who is presently receiving a higher quantity and quality of services, decentralization is a welcomed process. Private businesses and their business cycles can have a very powerful impact on these process and policies. Maddison (1964, 99) states that the business cycle is not merely a reflection of private enterprise but rather a reflection of the many phases in government policy. If government policy impacts the economy in such a way, it can be assumed that government policy is analyzed, at least to a degree, with the end economic effect in mind. If economic outcomes are a consideration of public policy, then what is the connection of decentralization to economic impact? This is precisely one of the questions, in terms of perceived impact by the public administrators, this study aims to address.

Klugman (1994, 9-10) argues that decentralization, at least in principle, promotes several methods of local activity, infuses capital into the economy, provides for infrastructure, and enables an environment that would never had arisen under a centralized system of control and authority. It has long been accepted that true economic growth is spurred on by small business activity. The promotion of small business and active participation of entrepreneurs, leading to local economic growth, is better encouraged by local government according to Caputo (1988, 111).

It is with this understanding of the possible impact of small business that one can explain why “countries with effective local government systems have been much more dynamic and successful economically than those under centralized control (Olowu 1987 and Olowu and Wunsch 1990). This has lead to the accepted assumption in much of the

literature on decentralization that economic development is promoted, at least partly, through decentralization.

Bardhan and Mookherjee (2006, 124) contend the key point in the relationship between decentralization and the economy relies on the chosen method of financing for the local government. Empirical research implies that the effective limit of decentralization lies in the lack of revenue decentralization coupled with expenditure decentralization.

The driving forces in the development of small businesses are innovation and personal entrepreneurship. Assisting in the suppression of structural constraints may be an unexpected benefit to the devolution of decision making power (Klugman 1994, 10). The concentration of decision and policy making authority at the center can have a dramatic effect on the economic climate of rural regions. Dispersed rural enterprises have tended to be relatively isolated and have poorer knowledge of the economic activities in their immediate environment and beyond, leaving them at a distinct disadvantage to their urban (centrally located) counterparts. “These physical and social distances that separate central bureaucrats from rural entrepreneurs, inhibit economic growth” (OECD 1986 as cited in Klugman 1994, 10).

The effect of centralized policies and programs carry immeasurable weight in the organization of government. While decentralization can greatly influence and benefit the local economy, the overwhelming power of the central authority cannot and must not be overlooked (Klugman 1994).

According to Hood et al. (1997, 132), “The *institutional system* is the formal set of rules governing the political process and the co-ordination of the economy.” All three

Baltic States (Latvia, Estonia, and Lithuania) found their institutional systems dominated by the Soviet command system in Moscow. The system in Moscow was based on state-owned enterprises which were mainly controlled and run by All Union authorities.

Gorbachev's economic experiments deeply affected the Baltic States. Workers' Councils were formed and were formally given specific rights to participate in the management/control of the enterprise. Employees participated in newly formed co-operatives which also gradually gained controlling power in these enterprises.

"Managers, in particular, were involved in the process of getting state owned assets under their own control in a more or less legally acceptable way" (Hood, Hilis, and Vahlne 1997, 132). These controls and assets, however, would prove invaluable lessons for the unforeseen political decentralization and privatization choices that lay ahead for the Baltic States.

Decentralization and the Bureaucracy – Society Relationship

Responsiveness to Societal Needs

In today's modern world, governments are under increasing pressure to provide more services with less revenue. This pressure has forced governments to consider many alternatives to the status quo. Decentralization is often cited as a very promising process for alleviation of this pressure.

While it can be said that other factors may play significant roles as well, it is apparent that once a society loses confidence in its government to adequately respond to its needs, radical political change takes place, including revolution. For the vast majority of the developed and developing world, however, the needs of the society are vastly

different. Societal needs include safety from each other (police force), healthcare, education, employment needs, food, housing, and the list goes on. In modern society, it can be argued that these, as well as other, societal needs are becoming more difficult for a centralized bureaucracy to handle. Rose (1974, 342) contends, “The tasks of government are so great that the powers of the center can only be exercised by decentralization.”

Many of the Ex-Soviet states were faced with this dilemma due to the highly centralized structure of the Soviet political system. This is particularly true of Ex-Soviet states like Lithuania, which lacked the infrastructure to perform many basic governmental functions. Some nations, like the United States, tend to fluctuate between periods of centralization and decentralization. This fluctuation however, is held in check by the established democratic processes and is never as extreme as those in developing and transitional nations.

Responsiveness, similar to efficiency, is difficult to measure when dealing with public administrations. The World Bank (Mukherjee and Moynihan 2000, 1) cites timeliness, the provision of adequate information about the service, and systems of redress as significantly important considerations when measuring the level of responsiveness of public agencies. “However, not all issues that matter can be monitored by the recipient. For instance, the technical expertise of doctors or teachers is unlikely to be immediately visible to patients or pupils. Advisory panels and other quality assurance mechanisms beyond client surveys are important” (Mukherjee and Moynihan 2000, 1).

Decentralization is seen as a means whereby local governments can tailor the services they provide to meet the unique preferences and tastes of their respective communities (Strumpf and Oberholzer-Gee 2002; Hindriks and Lockwood 2005; Breuss

and Eller 2004). This tailoring of services to local needs is not available to the centralized administration, which is often criticized for its lack of flexibility and local knowledge or understanding of needs.

Research by Rondinelli, Cheema and Nellis (1983) found that “decentralization made government more responsive to local needs in Papua New Guinea by improving the capacity of provincial administrators, and improved the access of people in neglected rural areas to central government resources and institutions ‘perceptibly’ in Indonesia, Morocco, Pakistan, Thailand and Tunisia.” Similarly, Manor (1999) found evidence that “decentralization enhanced the responsiveness of government in the Philippines, India and Côte d’Ivoire.”

Faguet’s research (2002, 27) concluded that Bolivia’s public investment patterns were significantly altered by decentralization. Investment changed unambiguously throughout the country. Functions that were affected after the 1994 reform include education, water & sanitation, agriculture, water management and urban development. Local needs were positively and strongly related to these changes. The projects chosen were done so by the locality’s most important expressed needs, which allowed the poorest regions to acquire investment in social services. Superior sensitivity, by the local governments, to local needs provided evidence that the decentralized provision superseded the central provision.

Two issues of concern for the impact of decentralization on responsiveness to local needs are espoused by Joumard and Kongsrud, and Campos and Hellman. Campos and Hellman (2005, 239) argue that “competition between policy makers at the center and in the localities could constrain the responsiveness of local governments to

constituent pressures and weaken their capacity to control service providers.” Joumard and Kongsrud (2003, 23) warn against the under-provision of services emerging “when jurisdictions providing better quality services attract residents from other jurisdictions.” This idea of welfare-induced migration could cause a strategic game, causing regional governments to set exceedingly low quality of social services from the community’s point of view.

This concept runs counter to Bardhan and Mookherjee’s notion (2006, 109) that “some of the responsiveness of local governments to the interests of small users arises from the fact that these users often form a sizeable vote block in local elections. A local government that rides roughshod over their (the community’s) interests may be ejected from office by disgruntled voters.”

The responsiveness to local needs by public bureaucrats can only be examined with an eye toward accountability. “Without political accountability or the capacity and desire of civil society to respond to local authorities – the community’s needs might go unmet and corruption will follow” (Bland 2002, 4).

Accountability

Similar to responsiveness to local needs, accountability is an integral component of successful government policy. The actions and policies of both the government in general and the administrators themselves must be held accountable for their actions. If a service or policy is not successful it is necessary to have the infrastructure to track down the cause of failure and rectify the situation. Without the knowledge of ‘what went wrong’ there can be no correction.

Beasley and Coate (1999) have shown claims of differing levels of service provisions bear little theoretical support when contemplating decentralization. They assert that political economy explanations are the real justification for decentralization. A possibility receiving much attention is the differing levels of accountability pertaining to bureaucrats of both decentralized and centralized systems. Hindriks and Lockwood (2005, 2) contend that, “Decentralization is argued to increase the accountability of government . . . [and] accountability refers to constraints on the rent-seeking activities of office holders, such as diverting rents from the public purse, taking bribes, favoring of particular interest groups, and insufficient innovation and effort.”

The notion that localities lack institutional capacity (as previously discussed) also has a profound effect on accountability. Individuals require knowledge pertaining to auditing, reporting, evaluation, investigations, and prosecution. Skills, resources, and processes are important in providing the intellectual infrastructure for the production of reliable information. Institutional and individual capacity, are both seen as possible impediments to accountability (Campos and Hellman 2005, 239).

Analysis is scarce on the degree of change in accountability as it pertains to the implementation of a process of decentralization. Hindriks and Lockwood (2005, 3) believe the problematic issue of accountability for public officials is most prevalent when the official has different policy preferences from the electorate (a political agency problem) or when lobbying by special interest groups carries significant weight with the official due to lack of a policy preference.

Bardhan and Mookherjee (2006, 101) note, “Problems of accountability associated with traditional modes of delivery involving centralized bureaucracies include

cost padding, service diversion, limited responsiveness to local needs, limited access, and high prices charged especially to the poor.” Transitioning states have forged ahead and begun to experiment with multiple policies targeting increased accountability of the service providers through greater citizen input and control. “These include decentralization of service delivery to local governments, community participation, direct transfers to households and contracting out delivery to private providers and NGOs [Non-Government Organizations]” (Bardhan and Mookherjee 2006, 101).

Specifically dealing with the transfer of information, proponents of decentralization argue it brings politicians closer to the people by giving them better information about constituents’ preferences and making it easier for constituents to monitor politicians’ performance. Campos and Hellman (2005, 238) contend that,

At the local level, citizens can more easily learn of the activities and programs that their local leaders have promoted and supported, discern how much effort they have devoted to improving public services, and confirm whether they have delivered on campaign promises. In other words, the information that citizens need to make judgments is more readily accessible under decentralization. Hence, it strengthens political accountability.

A lack of attention has been devoted in the literature to problems of accountability in service delivery. The literature has instead “focused on the trade-off between uniformity of service provision under centralization with problems of uneconomic scale and cross-regional externalities under decentralization” (Bardhan and Mookherjee 2006, 102).

Ink and Dean (1970, 61) believe the dilution of policy formulation and planning functions are a direct result of the failure to decentralize the decision-making authorities.

The central agency head's time is consumed by the minutia of day-to-day details, inhibiting him from properly performing evaluation and control functions objectively.

Bardhan and Mookherjee (2006, 102) chronicle another concern dealing with decentralization:

With limited political contestability of local elections, leaders may be susceptible to capture by special interest groups, slacken effort to improve public services, or be incompetent, without facing any risk of losing their positions. In that case, accountability, efficiency, and equity in service delivery may worsen under decentralization.

Corruption

When corruption is found to be prevalent in public administrations, it can have a devastating effect on both the bureaucracy and the society to which the bureaucracy is beholden. The lack of trust ferments in the consciousness of many citizens and can have lasting negative effects. These lasting effects can cause civil unrest, lawlessness, assassinations, and even revolutions.

For the purposes of this study, it is important to clarify the term corruption. Simply put, corruption is the abuse of public office for private gain. While this definition may work in many fields it clearly leaves much explanation and specificity to be desired in the public arena. A recent World Bank report (2000, 1), *Anticorruption in Transition: Confronting the Challenge of State Capture*, has usefully distinguished between *state capture* and *administrative corruption* as follows:

State capture refers to the actions of individuals, groups or firms both in the public and private sectors to influence the formation of laws, regulations, decrees and other government policies to their own advantage as a result of the illegal transfer or concentration of private benefits to public officials. By contrast, *administrative corruption* refers to the intentional imposition of distortions in the prescribed implementation of existing laws, rules and regulation to provide advantages to either state or

non-state actors as a result of the illegal transfer of concentration of private gains to public officials [emphasis added].

Seabright (1996) and Tommasi and Weinchelbaum (1999) believe the principal drawback of centralization is the lack of accountability. They argue this compares to the inter-jurisdictional coordination issues that are inherent in decentralization. However, according to Fisman and Gatti (2002, 326), “recent theoretical models make opposing predictions on the relationship between decentralization and corruption: models that emphasize inter-jurisdictional competition or direct monitoring of bureaucrats generally favor decentralization, while those that focus on coordination of rent-seeking or bureaucratic competence often take a negative view of decentralization.” He continues to state that although the linkage of decentralization and corruption is a widely held belief, the theories disagree on what the extent of the relationship should be.

Fisman and Gatti (2002, 326-7) found that “fiscal decentralization in government expenditure is consistently associated with lower measured corruption across countries.”³ Fisman and Gatti’s work validates many proponents of decentralization and their belief that a well planned process of decentralization can engender greater bureaucratic accountability and lower the overall occurrence of government corruption.

Wildasin (1995, 327) believes there “may be a trade-off between local corruption on a small scale and central corruption on a large scale. It seems impossible to say a priori which would dominate the other.” However, recent empirical attempts at settling this question have so far given inconsistent results: Treisman (2000) “does not find any

³ This result is highly statistically significant, is not strongly affected by outlier countries, and is robust to a wide range of specifications, including all of those that have been used in the recent cross-country literature on corruption.

significant relationship between fiscal decentralization and corruption,” while in the cross-country regressions of Fisman and Gatti (2000) “fiscal decentralization appears to have a negative and significant effect on corruption.”

Many developing countries have expressed concern over worsened intra-community allocations due to decentralization (Bardhan and Mookherjee 2006, 123). With the control of service deliveries transferred to local administrations, a window into exploitation of information opens. The concern in many of these countries is that the prospect of preferential service deliveries and bribes by the local elites is aggrandized with the advent of decentralization. Under-taxation, selectively allowing large users to evade their tax obligations, is another corruption concern with the advent of newly realized local control (Bardhan and Mookherjee 2006, 110-11).

“These bureaucrats are thus able to extract bribes from customers in their role as monopoly providers of an essential service. The centralized system ends up differentiating services to different categories of customers based on their willingness to pay bribes, resulting in non-uniform delivery patterns” (Bardhan and Mookherjee 2006, 103). The placement of internal audits, systematic program evaluation, and investigation of illegal or unethical conduct in the headquarters of an agency or public bureaucracy is wholly consistent with decentralization (Ink and Dean 1970, 61).

Participatory Effect

In democratic societies, the purpose of government is to be a catalyst for the wants and needs of the people. The tracking of these wants and needs lies in the vote count. If the people are generally satisfied with the operation and performance of its public bureaucracy, it will be displayed by supportive voting patterns. While it is true

that the public does not directly vote on its bureaucracy, politicians placate to the dissatisfactions toward the bureaucracy in order to amass a plurality of votes. Voter's discontent and dissatisfaction is evident in the mantra and rhetoric of the politicians. Decentralization, by its very essence of bringing power and control of the bureaucracy closer to the people it serves, has been shown in many studies to have a positive effect on participatory democracy.

The process of decentralization and participatory democracy are linked in numerous studies. The political dimension, the involvement of people in decisions about local development, is the primary emphasis in many of these studies. At least in theory, decentralization allows for the managing of one's own affairs, which is an integral element of human development (Klugman 1994). Houtzager (2002) expands on this notion and contends that democratic participation enables support of state reform and pro-poor policies by those directly affected. It is important to draw the distinction between participation in the process of local political decision making and participation "as a means to affect the appropriateness of decisions and enhance the impact of public expenditures upon efficiency, equity, private initiative and so on" (Klugman 1994, 1).

Decentralization establishes institutional arrangements and multiplies the modes of participation allowing for votes to have political consequences. By allowing for local knowledge and commitment to the community to be reflected in the locality's vote, decentralization can be said to impact participation. The examples of decentralization's failure to engage effective participation can be attributed either to the lack of honest intentions by the national government or the dominance of decision making by elite bureaucrats (Klugman 1994, 4).

Participation, through better information and communication, has long been portrayed by instrumental theories as the means that individuals can guarantee their interests are protected and accounted for, thus ensuring more effective government (Klugman 1994, 8). Effective, responsive, and representative government have long been central tenants of democratic government. Any policy that appears to facilitate this objective is welcomed. Supporting this argument, Klugman (1994, 2) notes that “decentralization and participation are often positively linked.”

Many theorists cite a symbiotic relationship between decentralization and participation. Some measure of local participation is necessary for successful decentralization. Simultaneously, decentralization allows for a better flow of information from participatory actors to their representatives. A more familiar local level of government is easily influenced by this improved flow of communication. Litvack (2006, 1) believes decentralization can be a key first step in creating and fostering a predictable and recurrent opportunity for participatory action, even though localities may lack a history of citizen participation.

The mechanisms for successful communication flow are vital and highly necessary tools for any decentralization process. It is widely held that the local level of government is best equipped to handle timely and effective information/implementation processes (Litvack 2006, 3). Decentralization allows for this notion to be tested. Participation can be considered both: a catalyst for successful decentralization and as an objective of decentralization (Litvack 2006, 1).

Another benefit to citizen participation in decentralized programs is cost effectiveness. Many projects funded by the World Bank have found that the initial

training costs can be greater, but the savings in the long run are significant and the projects are better maintained. Despite the mere quantity of the information flow, the relationship this communication fosters has been found to be more evolved and meaningful (Litvack 2006, 3).

Negative attitudes toward public bureaucracies stem from dissatisfaction of local service allocation. This low perception of government and its bureaucracy can have devastating consequences, which can undermine the very democratic institutions it represents. This can severely reduce the public sector's ability to recruit talented individuals into its workforce. Research on Organization for Economic Cooperation and Development (OECD) countries has displayed disconcerting signs about the increasing skepticism toward public service (World Bank 2000, 1).

In countries that have a history of government corruption and distrust, decentralization can allow for a more controlled, by the locality, system of checks and balances. Ex-Soviet states have an important role to play in the development of processes of decentralization. Rarely in history have researchers been given such a large number of nations, using different organizational methods, with which to test traditional and modern theories of decentralization.

CHAPTER 4: METHODOLOGY

This study is exploratory and utilizes survey research to assess the perceptions of Lithuanian public administrators on the impact of decentralization as it is currently implemented in Lithuania.

Survey Research

Lithuanian public administrators were surveyed to assess their perspectives on the effect of decentralization. The three categories of the survey are decentralization and its impact on the bureaucracy, society and the bureaucracy-society relationship. A minimum of one survey question was asked for each category and its relative subcategories.

Survey research was chosen for this study based on its unobtrusive nature, ease of implementation, and relevance to the research purpose. Personal structured interviews and focus groups are two other methods of research that were considered for this study. However, the time, distance, and financial requirements of either of these methods proved to be the deciding factors. Survey research allows for the measurement of opinion with minimal requirements on the part of the researcher for personal interaction with the sample. This was of primary concern due to the extreme distance of the sample population from the researcher. Another benefit of survey research is its unobtrusive nature due to the respondents' ability to complete and answer the survey questions at their convenience (Salant and Dillman 1994, 9 as cited in Jeffers 2003, 62).

The survey was pre-tested by MPA graduate students and was scaled using a Likert Scale. According to Babbie (2004, 169), "The particular value of this format [Likert Scale] is the unambiguous ordinality of response categories." The survey

questions were then translated into Lithuanian. This report includes the questionnaire in the appendix, both the English (Appendix A) and translated (Lithuanian) versions (Appendix B).

Sample

This study utilized a non-probability sampling technique called snowball sampling. Locating and disseminating survey questionnaires to public administrators personally would have been difficult considering the distance of the researcher and the prospective respondents. According to Babbie (2004, 184) with snowball sampling “... the researcher collects data on the few members of the target population he or she can locate, then asks those individuals to provide the information needed to locate other members of that population whom they happen to know.” This procedure is very conducive to both the study and the logistical restraints inherently present. Snowball sampling is primarily used for exploratory research due to its sometimes questionable representativeness.

The respondent’s anonymous identity is also of concern in this study. Babbie (2004, 66) defines anonymity as “...when neither the researcher nor the readers of the findings can identify a given response with a given respondent.” It is possible that some of the potential respondents may be reluctant to answer honestly about their government’s policies and programs if they feel their responses might become publicized. This is especially true in Eastern European/Ex-Soviet states where history has been unkind, to say the least, to dissenters and outspoken critics of government policy. While Lithuania is a peaceful and relatively open society, it is important to ensure the anonymity of the respondents as a precautionary measure.

Snowball sampling yielded 18 responses. The low response count is partially caused by the lack of available technology for viewing the survey in an online environment. The data is not statistically significant due to the number of responses. however, the data does offer some insight into the perceptions of Lithuanian public administrators.

Operationalization

The following table connects the method of observation (survey research) to the conceptual framework.

Table 4.1 Operationalization Table

<u>Categories</u>	<u>Research Method</u>	<u>Survey Questions</u>
1. Impact of Decentralization on Bureaucracy		
1a. General Impact	Survey: Likert Scale 1-5	SQ1. The decentralization process has empowered local administrators to make many decisions that were previously made by the central government. SQ2. In Lithuania, the central government has considerable power over local governments. SQ3. In Lithuania, the central government should slow down its process of decentralization. SQ4. Local control of public administration has improved the effectiveness of service delivery to the public. SQ5. Local control of public administration has increased the morale of the public administrators.
1b. Impact on Administrative Function	Survey: Likert Scale 1-5	SQ6. Local public administrators are not adequately trained to perform their duties. SQ7. Local public administrations lack proper financial management systems. SQ8. Local public administrations lack proper personnel management systems.
1c. Impact on Efficiency of Bureaucracy	Survey: Likert Scale 1-5	SQ9. Increased local control of public administration has improved the efficiency of service delivery to the public compared to previous centrally-run administrations.
1d. Impact on Size of Workforce	Survey: Likert Scale 1-5	SQ10 Local control of public administration has reduced the size of the public administration.

2. Impact of Decentralization on Society		
2a. General Impact	Survey: Likert Scale 1-5	SQ11. The public is now more satisfied with the performance of the local public administration than when the administration was centrally run. SQ12. The public is now more satisfied with the delivery of services than when the administration was centrally-run.
2b. Privatization	Survey: Likert Scale 1-5	SQ13. The privatization of previously public functions has increased delivery of public services. SQ14. Privatization of public services is beneficial to the public. SQ15. Privately run services are more efficient than publicly run services. SQ16. The government should continue privatizing more public services.
2c. Economic Effect	Survey: Likert Scale 1-5	SQ17. Local control of public administration is at least partly responsible for the economic development of the country. SQ18. Local control over public administration has improved the economy.

3. Impact of Decentralization on the Bureaucracy-Society Relationship		
3a. General Impact	Survey: Likert Scale 1-5	SQ19. Local public administrators are better informed about local needs than the previous centrally-run administration.
3b. Bureaucratic Responsiveness to Societal Needs	Survey: Likert Scale 1-5	SQ20. Local public administrators are more responsive to local needs than the previous centrally-run administration. SQ21. The process of decentralization has significantly improved channels of communication between the public and the local administrators. SQ22. Service delivery has significantly improved with increased local control over the administration.
3c. Bureaucratic Accountability	Survey: Likert Scale 1-5	SQ23. Local control of the public administration has increased the transparency of the decision making process. SQ24. Local control of the public administration has increased the transparency of bureaucratic actions. SQ25. Local control of the public administration has allowed for increased accountability of the public bureaucracy.
3d. Corruption	Survey: Likert Scale 1-5	SQ26. Local control of the public administration has decreased occurrences of corruption. SQ27. Local control of the public administration has reduced the negative impact of corruption on the public. SQ28. Under local control of the public administration corrupt offenders are properly punished.
3e. Participatory Effect	Survey: Likert Scale 1-5	SQ29. Local control of the public administration has increased the public input in the decision making process of the government. SQ30. Local control of the public administration has increased public confidence in the democratic process. SQ31. Local control of the public administration has increased public confidence in the government. SQ32. Local control of the public administration has increased the power of the public over government.

Strengths and Weaknesses of Methodology

Although survey research is very conducive to assessing the attitudes and perceptions of Lithuanian public administrators, there are some weaknesses to this type of research. One such weakness is the sample itself. By utilizing snowball sampling,

there may be differing views that are not present in the responses. The size of the sample is dependent upon the active role taken by the initial respondents in disseminating the online survey address to colleagues and the availability of the needed technology in order to respond via internet. This allowed for the limited size and scope of this particular sample, thus possibly limiting the statistical relevance of the results.

Statistical Methods

This research uses descriptive statistics to report the results of the survey. The descriptive statistics include percentages and mean. Survey Monkey is the online survey software/site utilized, and also provides tables to ensure accuracy of the reported results.

Human Subjects Protection

This research provides no foreseeable risks to the respondents participating in the survey. By utilizing an online survey website, the surveys are completely anonymous. It is not the intent of the researcher or the study to perform follow-up research on the respondent's answers to the survey, thus abolishing the need for identification mechanisms in the survey. This research also provides no financial benefit for the respondents. Completion of the survey is voluntary and the respondents may choose to discontinue their participation at any time.

CHAPTER 5: RESULTS

The purpose of this chapter is to present the results of the data collected from the administered survey in order to assess the attitudes and perceptions of Lithuanian public administrators. This chapter is organized by the survey categories, including tables depicting the responses to the survey followed by a brief discussion and analysis of the responses. The data tables contain the percentage and raw number of respondents who strongly agree, agree, have no opinion, disagree, and strongly disagree. Certain questions have a disproportionate number of 'no opinion' responses, which serve to add color to either the respective knowledge of the item discussed, or unwillingness to respond to the item. When these circumstances arise, they will be discussed as well.

A mean value of the respective responses will also be provided in each of the tables. These mean values serve to illustrate the strength of the agreement or disagreement of the particular statement. The coding will be as follows: Strongly Agree = 5; Agree = 4; no opinion = 3; Disagree = 2; and, Strongly Disagree = 1. A statement will be given a mean of 3 if the respondents were equally divided among the 5 options. These means are only to be used as an informative and illustrative measure.

The lack of compatible technology for the respondents created response issues that resulted in a less than expected accumulation of responses (18 responses were received). Some of the respondents raised concerns about their computers and the inability to utilize the chosen online survey method. The resulting response count resulted in data that is not statistically significant. However the results do offer a glimpse of what can be expected of the larger public administration population in Lithuania.

Impact of Decentralization on Bureaucracy

The first category discussed is the impact of decentralization on the bureaucracy. This section refers to the daily impacts that are perceived to be felt by public administrators. Table 5.1 displays the data collected regarding the perceived impact of decentralization on the Lithuanian bureaucracy. As previously noted, it is the bureaucracy itself that is often the most impacted by decentralization. The question to be studied is not if bureaucracy is affected, but how. What tolls befall upon the men and women of the public administration due to the sometimes extreme lengths governments will pursue in the name of reform? What do the boots on the ground think about the process of decentralization and its impact? It is this latter question that this section, and in a global sense, this paper seeks to assess. The first group of survey questions and the respective data collected toward their answer are portrayed below. As seen in Table 5.1, the first set of questions pertains to the perceived impact of decentralization on the bureaucracy generally.

Table 5.1 Impact of Decentralization on Bureaucracy

Bureaucracy	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
The decentralization process has empowered local administrators to make many decisions that were previously made by the central government.	6 33.3%	9 50%	1 5.6%	2 11.1%	0	4.05
In Lithuania, the central government has considerable power over local governments.	3 16.7%	15 83.3%	0	0	0	4.16
In Lithuania, the central government should slow down its process of decentralization.	0	1 5.6%	2 11.1%	10 55.6%	5 27.8%	1.94
Local control of public administration has improved the effectiveness of service delivery to the public.	0	14 77.8%	3 16.7%	1 5.6%	0	3.72

As shown above, more than three-fourths of the respondents believe that the process of decentralization has empowered local administrators to make more decisions. A telling sign for the perceptions of the respondents is their unanimous agreement with the statement concerning the considerable power of the central government over local governments. This particular perception helps to explain why a vast majority (85%) of the respondents disagree with curtailing the rate of decentralization in Lithuania. Approximately seventy-eight percent of those surveyed feel decentralization has improved local service delivery. The mean score of 4.16 for agreement on the power of the central government is the strongest (greatest deviation from the center) in the table and proves to illustrate the perception of the public administrators of a continually strong central government.

Table 5.2 depicts survey questions and responses dealing with the perceived impact of decentralization on the administrative function of bureaucracy. The administrative function of bureaucracy can be characterized as the day-to-day functions of management and implementation.

Table 5.2 Impact on Administrative Function

Administrative Function	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Local public administrators are not adequately trained to perform their duties.	0	2 11.1%	2 11.1%	11 61.1%	3 16.7%	2.16
Local public administrations lack proper financial management systems.	0	10 58.8%	4 23.5%	3 17.7%	0	3.52*
Local public administrations lack proper personnel management systems.	0	9 50%	2 11.1%	7 38.9%	0	3.11

*Only 17 responses to this question

Table 5.2 presents a few interesting points regarding the views held by the respondents. Approximately seventy-eight percent of the respondents feel the training that personnel receive is at least adequate to perform the necessary tasks required by a position in public administration. Almost 60% (58.8%) feel that local public administrations lack proper financial management tools and exactly half (50%) feel local public administrations lack proper personnel management systems. Despite the fact that none of the respondents held strong agreement for either of these positions, it is interesting that these perceived deficiencies exist. The absence of proper financial and personnel management systems could lead to increased acts of corruption committed in public administration. This would not bode well for a nation that is seeking to transition into greater acceptance by the European community.

Table 5.3 details the perceived impact of decentralization on the efficiency and size of the public administration workforce. While it would almost certainly be argued by public officials that their respective bureaucracies continually strive for greater efficiency, how do the yeomen on the ground feel about it, and more specifically, what is decentralization’s perceived impact on this efficiency effort?

Table 5.3 Efficiency of Bureaucracy and Size of Workforce

Efficiency of Bureaucracy	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Increased local control of public administration has improved the efficiency of service delivery to the public compared to previous centrally-run administrations.	1 5.6%	13 72.2%	2 11.1%	2 11.1%	0	3.72
Size of Workforce						
Local control of public administration has reduced the size of the public administration.	0	7 38.9%	5 27.8%	6 33.3%	0	3.05

As seen in Table 5.3, more than three-quarters (77.8%) of the people surveyed felt increased local control has improved the efficiency of service delivery to the public compared to previous centrally-run administrations. This majority perception could lead to future increases in both the quantity of the active decentralization programs and the rate at which new programs are being implemented. Respondents were split (38.9% agree, 27.8% no opinion, and 33.3% disagree) on whether local control of public administration reduces the size of the administration’s workforce.

Discussion

Decentralization's impact on the bureaucracy, as portrayed by the respondents' answers, suggest strong support for the process of decentralization. While the respondents were not asked in this particular section about the need to expand on decentralization processes, greater than three-quarters of the respondents (83.4%) disagreed with slowing down the process of decentralization. Unanimous agreement on the statement that the central government has considerable control over local governments and an overwhelming opinion (83.3%) that decentralization allows for more decision-making authority to the locals seems to suggest a concern and possible solution. The latter poses as an anecdote for the concerns of a centralized authority. With 75% in agreement on decentralization's improvement of efficiency of service delivery, it would not be a stretch to assume the respondents are satisfied with decentralization's performance.

Impact of Decentralization on Society

Table 5.4 details the survey questions and responses on the impact of decentralization on society. The table specifically addresses the subject of privatization, which is becoming a hot topic, both in transitioning states and developed nations who feel that privatization, along with the globalization process, leads to increased outsourcing of jobs. This study seeks to examine the perceptions of public administrators in a transitioning state (Lithuania) and therefore will not pursue the latter influence of privatization on outsourcing. In a democracy, society is the ultimate determinate of the success and/or failure of government programs and policy. The public and their

perception, therefore, is an important variable when measuring the performance of government programs. Decentralization is no exception.

Table 5.4 Impact of Decentralization on Society

Decentralization and Society	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
The public is now more satisfied with the performance of the local public administration than when the administration was centrally run.	3 16.7%	9 50%	3 16.7%	3 16.7%	0	3.66
Local control of public administration has increased the morale of the public administrators.	0	7 38.9%	4 22.2%	7 38.9%	0	3
The public is now more satisfied with the delivery of services than when the administration was centrally-run.	4 22.2%	8 44.4%	2 11.1%	4 22.2%	0	3.66
Privatization						
The privatization of previously public functions has increased delivery of public services.	3 16.7%	11 61.1%	1 5.6%	3 16.7%	0	3.78
Privatization of public services is beneficial to the public.	4 22.2%	8 44.4%	1 5.6%	5 27.8%	0	4
Privately run services are more efficient than publicly run services.	2 11.1%	10 55.6%	4 22.2%	2 11.1%	0	3.78
The government should continue privatizing more public services.	2 11.1%	6 33.3%	3 16.7%	7 38.9%	0	3.17

As depicted in Table 5.4, two-thirds of the respondents feel the public is now more satisfied with the performance of the local public administration than when the administration was more centrally run. The morale of public administrators is seemingly unchanged due to increased local control. According to the survey the issue of increased morale resulted in a split decision (38.9% believe it has increased, 22.2% have no

opinion, and 38.9% disagree). Two-thirds of the respondents feel public satisfaction concerning service delivery has grown as a result of decentralization.

With regard to privatization, Table 5.4 illustrates that greater than three-quarters of the respondents (77.8%) agree with the claim that privatization has helped increase delivery of public services. Two-thirds of the respondents agreed, and approximately a quarter (27.8%) disagreed with the notion that privatization is beneficial to the public. Sixty-six percent of respondents feel that privately-run services are more efficient than those that are publicly-run. Interestingly, while two-thirds of the respondents feel privatization is beneficial to the public, less than half (44.4%) believe the Lithuanian government should continue to privatize more public services and more than a third (38.9%) disagree with the continuation of increased privatization. It could be assumed that part of this contradiction is due to self-survival. Privatization, by its very nature, is a threat to the employment of many public administrators. Therefore, it is natural to see such a high percentage of hesitation. The disagreement, or hesitation, with increased privatization is not necessarily a contradiction with the previous findings which show a vast majority (85%) disagreement with slowing down the process of decentralization. As previously mentioned, decentralization includes transfer of control and authority to local public administrations whereas privatization is the transfer of control and management specifically to private organizations. Thus, while privatization threatens employment of public administrators, decentralization does not.

Table 5.5 examines the economic effect of decentralization. The perceived impact of decentralization on the economy can drastically impact the future direction of a nation's transition. A failed or stagnant economy can lead to mass discontent among the

public and even encourage revolution. The economic effect of a program, more often than not, is its catalyst for future success or failure. If decentralization is touted as an economic savior and the results are flat in the first few years, the public will turn to other programs that promise greater results. Therefore it is important to gauge the present perceptions of public administrators on decentralization's impact on the economy.

Table 5.5 Economic Effect

Economic Effect	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Local control of public administration is at least partly responsible for the economic development of the country.	3 17.7%	11 64.7%	4 23.5%	0	0	3.94
Local control over public administration has improved the economy.	0	8 44.4%	7 38.9%	3 16.7%	0	3.28

As shown above in Table 5.5, approximately 80% of the respondents agree or strongly agree in the power of local control to be, at least partly, responsible for the economic development of a country while none disagreed. Slightly less than half of the respondents (44.4%) believe that local control over public administration has improved the economy in Lithuania and 16.7% disagree (38.9% have no opinion).

Discussion

The telling issue tucked away in the data is the fact that less than half, only 44%, of the respondents believe that local control has improved the economy. It would seem that if 80% of the respondents feel decentralization has an impact, at least partly, on the economic development of a country, the respondents would then register their opinion on whether that impact has been beneficial or detrimental. However, only 60% of the respondents weighed in on the issue of either a positive or negative impact (44.4%

positive impact and 16.7% negative impact). This positive number of 44.4% is also disconcerting due to the respondents' two-thirds agreement that public satisfaction has grown.

Impact of Decentralization on the Bureaucracy – Society Relationship

The impact of decentralization on the bureaucracy-society relationship is examined in Table 5.6. This perceived impact is telling of the future of the process of decentralization in Lithuania. The data contained in the table, as well as inferences made from the data, portray the delicate interactions among these two elements (bureaucracy and society). This particular relationship, similar to all relationships, is a very fragile one, lying in a constant state of flux.

Table 5.6 Impact on Bureaucracy - Society Relationship

Bureaucracy-Society Relationship	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Local public administrators are better informed about local needs than the previous centrally-run administration.	10 55.6%	8 44.4	0	0	0	4.56
Responsiveness to Societal Needs						
Local public administrators are more responsive to local needs than the previous centrally-run administration.	8 44.4%	10 55.6%	0	0	0	4.44
The process of decentralization has significantly improved channels of communication between the public and the local administrators.	4 22.2%	8 44.4%	4 22.2%	2 11.1%	0	3.78
Service delivery has significantly improved with increased local control over the administration.	1 5.6%	11 61.1%	3 16.7%	3 16.7%	0	3.56

Table 5.6 shows unanimity in agreement (55.6% strongly agree and 44.4% agree) on the notion that local public administrators are better informed about local needs than the previous centrally-run administration. Concerning responsiveness to societal needs, again we have unanimous agreement on the claim that local public administrators are more responsive to local needs than the previous centrally-run administration (44.4% strongly agree and 55.6% agree). These unanimous agreements seemingly portend the end to any thoughts toward future centralization. Two-thirds of the respondents concur with the statements that the process of decentralization has significantly improved both the channels of communication between the public and the local administrators, and service delivery to the public. While it might be assumed that with improved communication comes improved service delivery, this is not always the case. Simply improving the communication has little impact on whether the local administrators act upon their newly acquired and increased information. The belief in the increased service delivery to the public has a direct impact on the perception of increased public satisfaction with the service delivery.

Table 5.7 examines the impact of decentralization on bureaucratic accountability and corruption. Public trust in the administrative moral compass is vital. It is important that the public has confidence in both the necessary duties to be tasked, and also the way in which those duties are to be performed. If personal financial gain or rent seeking objectives are seen to control the public administration's motivation, mass unrest will flourish. It cannot be expected that the bureaucracy will be 100% free from corruption, however, the proper handling of instances of corruption are just as important as the policies aimed at preventing it. A healthy fear and understanding of the punishment

process, and faith in its implementation should be present in order to deter such corruptive behavior from the bureaucracy. If the public or public administration lacks confidence in the proper punishment of corrupt administrators it could lead to an increase in corruption.

Table 5.7 Impact on Bureaucratic Accountability and Corruption

Bureaucratic Accountability	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Local control of the public administration has increased the transparency of the decision making process.	2 11.1%	10 55.6%	2 11.1%	4 22.2%	0	3.56
Local control of the public administration has increased the transparency of bureaucratic actions.	3 16.7%	7 38.9%	6 33.3%	2 11.1%	0	3.61
Local control of the public administration has allowed for increased accountability of the public bureaucracy.	1 5.6%	13 72.2%	3 16.7%	1 5.6%	0	3.78
Corruption						
Local control of the public administration has decreased occurrences of corruption.	1 5.6%	3 16.7%	10 55.6%	4 22.2%	0	3.1
Local control of the public administration has reduced the negative impact of corruption on the public.	0	5 27.8%	9 50%	4 22.2%	0	3.1
Under local control of the public administration corrupt offenders are properly punished.	0	1 5.6%	11 61.1%	3 16.7%	3 16.7%	2.55

As seen in Table 5.7, the perceived impact of decentralization on the increased transparency of both the decision making process and bureaucratic actions is agreed upon by two-thirds and just over one-half (55.6%), respectively. More than three quarters of respondents (77.8%) concur with the notion that local control of the public administration has allowed for increased accountability of the public bureaucracy. With regards to

corruption, at least half of the respondents chose to mark no opinion on the three statements regarding decentralization's impact. Respondents that chose to answer the questions of decentralization decreasing both the number of occurrences and the negative impact of corruption were split (occurrences 22% agree and 22% disagree, and negative impact 27.8% agree and 22% disagree). Only 5.6% of the respondents agreed with the notion that public offenders who were proven guilty of corruption were properly punished while 33.4% disagreed or strongly disagreed (61% no opinion). This perception by the public administration is telling of the corrective action and enforcement policies of the Lithuanian public bureaucracy (or lack thereof).

Many proponents of decentralization believe perceptions concerning increased public input and confidence in the process of decentralization help to solidify its cause. How does the public administrator view the accuracy of this claim? Table 5.8 takes a look at the participatory effect of decentralization on the bureaucracy-society relationship.

Table 5.8 Participatory Effect

Participatory Effect	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Local control of the public administration has increased the public input in the decision making process of the government.	0	8 44.4%	7 38.9%	3 16.7%	0	3.28
Local control of the public administration has increased public confidence in the democratic process.	1 5.6%	10 55.6%	0	7 38.9%	0	3.28
Local control of the public administration has increased public confidence in the government.	0	7 38.9%	3 16.7%	8 44.4%	0	2.94
Local control of the public administration has increased the power of the public over government.	1 5.6%	7 38.9%	5 27.8%	5 27.8%	0	3.22

According to the data in Table 5.8, slightly less than half of the respondents (44.4%) contend that local control of the public administration has increased the public input in the decision making process of the government, and only 16.7% disagree. More than 60% of the respondents (61.2%) agree that local control of the public administration has increased public confidence in the democratic process and 38.9% disagree. Increased public confidence in the government however, resulted in less agreement, only 38.9% agree, and 44.4% disagree. Increased power of the public over government due to local control of public administration was agreed with by 44.4%, and disagreed with by 27.8%.

Discussion

The bureaucracy-society relationship is a very complex one. It is difficult to measure the true impact of decentralization on this fragile partnership. However, some of the perceptions of decentralization's impact are very clear. Specifically dealing with corruption, decentralization appears to have no greatly perceived impact (the responses were split). Perhaps the most telling data in the survey is the strong disagreement held by the respondents that perpetrators of acts of corruption are properly punished (33.4% disagreed or strongly disagreed and 61% had no opinion) and the almost non-existence of agreement (5.7%). In contrast to the democratic process (60% of the respondents conceded decentralization's positive influence on public confidence in the democratic process), confidence in the government tilted slightly toward disagreement on decentralization's positive influence (38.8% agree and 44.4% disagree). This is contrasted with the respondents' unanimity in agreement with the positive impact of decentralization on service delivery. Despite the public's attainment of greater services,

discontent toward the government, possibly due to unrelated circumstances, is nevertheless increasing.

CHAPTER 6: CONCLUSION

This final chapter reviews the results received and makes some general conclusions concerning the attitudes and perceptions of Lithuanian public administrators on the process of decentralization as it is currently implemented in Lithuania. This chapter will also offer some guidance and suggestions on paths for future research concerning Lithuania and the decentralization process. This chapter is vital because it offers important inferences and conclusions while suggesting targeted future research in order to firmly establish this report within the body of scholarly research and policy debate concerning the process of decentralization as it pertains to states in transition, specifically the Republic of Lithuania.

Conclusions

The implementation of a process of decentralization in transitioning states has become a more pressing need due to the widespread deterioration of the capacity of central governments to successfully undertake systematic and concerted policy actions expected of any legitimate, functioning democracy. This deterioration is compounded by local governments who, in order to showcase their local independence from the center; defiantly pursue unsystematic, counterproductive policies and government activity (Murrell 1996, 29-30). This explanation offers insight on the respondents' significant disconnect in agreement on the topics of responsiveness and improved service delivery. The respondents unanimously agreed local control allows for greater responsiveness to local needs, but only two-thirds felt the service level has improved with local control.

The mean scores drop from 4.44 for responsiveness to 3.56 for improved service delivery.

Concerning economic advancement, the three Baltic nations of Lithuania, Estonia, and Latvia are the prominent exceptions to the generally accepted Soviet rule. Many of the other newly independent Ex-Soviet nations continue to slide into serious economic collapse and ever increasing inflation while the Balts have established dependent, successful currencies and proceeded rather successfully down the path of true economic reform” (Lieven 1993, xiii). According to Murrell (1996, 25), “The independent Baltic nations lead in economic and political reforms.” This success however, according to the public administrators in Lithuania is only partly due to the process of decentralization. Less than half the respondents (44%), feel that local control has improved the economy, yet none felt strongly about it. A mean score of 3.28 lends only to partial agreement.

Some individuals believe the current success that is witnessed throughout the Balts is merely temporary and will not last due to the cultural and social differences between Ex-Soviet states and western democracies, which are credited with decentralization’s creation. One example of economic success that seems to discredit this notion is Lithuania’s flourishing port town of Klaipeda⁴ on the Baltic coast. “With a deft mixture of market reforms, savvy marketing and a push for decentralization, he [the Mayor of Klaipeda, Mr. Gentvilas] has turned the port city into a Baltic hub” reports Maheshwari (2000, 6). Klaipeda is now recognized for being a buzzing hive of activity due to parts of its port becoming privatized and sold to foreign investors (Maheshwari 2000, 6). Some of the companies that have chosen to invest and move into the bustling

⁴ Klaipeda is a port that is famous for utilizing rail wagon loading ferries in order to transport massive amounts of Soviet military equipment and supplies to East Germany.

port town are Siemens, Phillip Morris, Master Foods (a US food producer), and a Radisson SAS hotel is also under construction. Siemens is contemplating expanding the capacity of its Renault Megane Electric harness plant which resides in a free economic zone just outside Klaipeda. The cheap labor⁵ (average wages per month are at \$300 [in the year 2000]) and great location is a huge draw for other companies as well (Maheshwari 2000, 6).

The mayor of Klaipeda, Mr. Genvilas cites the reason for Klaipeda's successful growth lies partly with the makeup of its population. "The more progressive ones came here, the ones who had given up their traditional viewpoint," continues Mr. Genvilas, "they were thus more ready for change after the Soviet collapse" (Maheshwari 2000, 6). Coupled with the region's receptive attitude toward privatization and western investment is the close economic relationship with Russia⁶ that has been maintained by the 25% of its population that still speaks Russian (Maheshwari 2000, 6).

Klaipeda's success story is not without its irony. While privatization and local control have shown to put Klaipeda on a very real and attainable path to economic success, Vilnius (Lithuania's capital) still holds very tight reigns of control over the port city. Mr. Genvilas, complained to Maheshwari (2000, 6) that "Every time we need to privatize land we need to ask permission of the government." This concentration of decision-making authority by the capital city is precisely the chief complaint that many Lithuanians previously held toward the now defunct Soviet Union. The success of Klaipeda should be an example of economic success that would seemingly lead to more

⁵ Unemployment fell to 3.7% in 2006, while wages grew 17.6% (CIA World Fact Book).

⁶ Russia compiled 10.4% of Lithuania's exports and 27.9% of imports in 2006 (CIA World Fact Book).

decentralization and efforts of privatization. However, only time will tell whether Klaipeda will prove to be an outlier of success or the model for it.

The respondents of the survey seemed to agree with the Mayor of Klaipeda's assertion that the grip of control the capital city has over local governments is immense. Concerning the survey question of centralized power (In Lithuania, the central government has considerable power over local governments), an overwhelming percentage (83%) agreed or strongly agreed (16.7%) with the statement. If the government of Lithuania desires to break free from its communist past and embrace the tenets of both, a democratic and market-place economy, this grip on power and authority must be loosened.

Despite Klaipeda and other success stories, it should be noted that privatization is not the panacea for the economic hangover that many newly independent states find themselves enduring. Privatization can be a strong fix and lead to increased economic activity, but the infrastructure must be in place for sustainable socio-economic growth. It can become very difficult to privatize industries that were previously highly centralized. Transportation, communication, and energy infrastructure are just a few examples. The creation and maintenance of these structures are highly dependent on its continued administration by a central authority. Gleason (1992, 159-60) expands on this notion:

Successful decentralization requires new construction and, therefore, additional capital investment to build new roads, railroads, transmission lines, transfer stations, pumping stations, and so on. Yet such investment capital is in exceedingly short supply. Large monopolies, such as the former Soviet airline company Aeroflot, may be broken up, but to whom do the planes belong? To whom do the mechanics belong? The question of the division of assets is not one that admits of a simple answer.

The question of ownership in the transition states of the old Soviet Union is not easily, nor often peacefully, answered. How does one lay claim to what belongs to all? This issue has and will in future years be a sticking point for these newly independent states.

Once power and authority are centralized it can be extremely difficult to alter that tradition. Even in the Baltic States, which were once vociferous critics of Moscow's absolute control over their land, are themselves highly centralized. While the centralization of the Balts is not as pronounced, nor severe as their Soviet predecessor, it still affects the citizenry. The respondents to the survey were unanimous in their agreement concerning the centralized power of the capital city over local administrations.

The public seems to have embraced certain aspects of western capitalism, which should foster increased decentralization. Accordingly, almost three-quarters of the respondents felt increased local control of public administration has improved the efficiency of service delivery to the public. With such a strong majority, it will not take long, presumably, for confidence in the management capabilities of the localities to grow as they continue to prove themselves.

One noticeable difference between the old Lithuania and the new is the acceptance of political discourse. The expired Soviet Union was not friendly to the expression of political and socio-economic discourse. In the Republic of Lithuania, the University of Klaipeda is encouraging foreign and local dialogue concerning the current transition of Lithuania. A particular course of interest at Klaipeda University is titled "Lithuania in Transition: A Comparative Perspective." The objective of the program (found online at http://www.ku.lt/en/study/programs/in_transition.php) is:

... the analysis of the processes that occur in contemporary Lithuania from the comparative perspective. After the break of the Communist regime the region faces the second transformation, i.e. from post-Communist state to that of European Community. This transition still challenges the reality of Lithuania; therefore, academic discussions on that point are of great and crucial importance.

This course is just one example of how the Lithuanians seek to simultaneously understand their current place in transition and foster ideas for the path to the future. Another interesting note on the class is nestled in the description. The Lithuanians desire not to simply be partners with Russia and the neighboring Baltic States, but rather to become a part of the European community. This desire is telling of the possible future decisions and their seemingly inevitable tilt toward European acceptance. The Lithuanians seek European approval and acceptance, and the decentralization of its economy and administrative society is a promising first step.

Of course, the ever-present day-to-day realities frequently remind us of the many challenges that lurk ahead. Murrell (1996, 29) cites one example of such a challenge, “constitutional guarantees of a free press offer little comfort when the new private sector has few resources and when competition is strong from newspapers still owned by the government.” Murrell presupposes that many of these transitional countries are not as fertile for the growth of decentralization and western-style democracy as some might hope. The reigns of power are hard to release, especially when the alternatives are so bare. Perhaps as the Lithuanians inch closer to European acceptance and community it will behoove their leaders to relinquish their absolutist mentality on the power and authority of the central government in order to be fully embraced.

Table 6.1 Survey Results

Impact of Decentralization on:	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Mean Score
Bureaucracy						
The decentralization process has empowered local administrators to make many decisions that were previously made by the central government.	6 33.3%	9 50%	1 5.6%	2 11.1%	0	4.05
In Lithuania, the central government has considerable power over local governments.	3 16.7%	15 83.3%	0	0	0	4.16
In Lithuania, the central government should slow down its process of decentralization.	0	1 5.6%	2 11.1%	10 55.6%	5 27.8%	1.94
Local control of public administration has improved the effectiveness of service delivery to the public.	0	14 77.8%	3 16.7%	1 5.6%	0	3.72
Administrative Function						
Local public administrators are not adequately trained to perform their duties.	0	2 11.1%	2 11.1%	11 61.1%	3 16.7%	2.16
Local public administrations lack proper financial management systems.*	0	10 58.8%	4 23.5%	3 17.7%	0	3.52*
Local public administrations lack proper personnel management systems.	0	9 50%	2 11.1%	7 38.9%	0	3.11
Efficiency of Bureaucracy						
Increased local control of public administration has improved the efficiency of service delivery to the public compared to previous centrally-run administrations.	1 5.6%	13 72.2%	2 11.1%	2 11.1%	0	3.72
Size of Workforce						
Local control of public administration has reduced the size of the public administration.	0	7 38.9%	5 27.8%	6 33.3%	0	3.05
Decentralization and Society						
The public is now more satisfied with the performance of the local public administration than when the administration was centrally run.	3 16.7%	9 50%	3 16.7%	3 16.7%	0	3.66
Local control of public administration has increased the morale of the public administrators.	0	7 38.9%	4 22.2%	7 38.9%	0	3
The public is now more satisfied with the delivery of services than when the administration was centrally-run.	4 22.2%	8 44.4%	2 11.1%	4 22.2%	0	3.66
Privatization						
The privatization of previously public functions has increased delivery of public services.	3 16.7%	11 61.1%	1 5.6%	3 16.7%	0	3.78
Privatization of public services is beneficial to the public.	4 22.2%	8 44.4%	1 5.6%	5 27.8%	0	4
Privately run services are more efficient than publicly run services.	2 11.1%	10 55.6%	4 22.2%	2 11.1%	0	3.78
The government should continue privatizing more public services.	2 11.1%	6 33.3%	3 16.7%	7 38.9%	0	3.17
Economic Effect						
Local control of public administration is at least partly responsible for the economic development of the country.	3 16.7%	11 61.1%	4 22.2%	0	0	3.94
Local control over public administration has improved the economy.	0	8 44.4%	7 38.9%	3 16.7%	0	3.28

Bureaucracy-Society Relationship						
Local public administrators are better informed about local needs than the previous centrally-run administration.	10 55.6%	8 44.4	0	0	0	4.56
Responsiveness to Societal Needs						
Local public administrators are more responsive to local needs than the previous centrally-run administration.	8 44.4%	10 55.6%	0	0	0	4.44
The process of decentralization has significantly improved channels of communication between the public and the local administrators.	4 22.2%	8 44.4%	4 22.2%	2 11.1%	0	3.78
Service delivery has significantly improved with increased local control over the administration.	1 5.6%	11 61.1%	3 16.7%	3 16.7%	0	3.56
Bureaucratic Accountability						
Local control of the public administration has increased the transparency of the decision making process.	2 11.1%	10 55.6	2 11.1%	4 22.2%	0	3.56
Local control of the public administration has increased the transparency of bureaucratic actions.	3 16.7%	7 38.9%	6 33.3%	2 11.1%	0	3.61
Local control of the public administration has allowed for increased accountability of the public bureaucracy.	1 5.6%	13 72.2%	3 16.7%	1 5.6%	0	3.78
Corruption						
Local control of the public administration has decreased occurrences of corruption.	1 5.6%	3 16.7%	10 55.6%	4 22.2%	0	3.1
Local control of the public administration has reduced the negative impact of corruption on the public.	0	5 27.8%	9 50%	4 22.2%	0	3.1
Under local control of the public administration corrupt offenders are properly punished.	0	1 5.6%	11 61.1%	3 16.7%	3 16.7%	2.55
Participatory Effect						
Local control of the public administration has increased the public input in the decision making process of the government.	0	8 44.4%	7 38.9%	3 16.7%	0	3.28
Local control of the public administration has increased public confidence in the democratic process.	1 5.6%	10 55.6%	0	7 38.9%	0	3.28
Local control of the public administration has increased public confidence in the government.	0	7 38.9%	3 16.7%	8 44.4%	0	2.94
Local control of the public administration has increased the power of the public over government.	1 5.6%	7 38.9%	5 27.8%	5 27.8%	0	3.22

Table 6.1 lends to some interesting glimpses into the perceptions of Lithuanian public administrators and their current process of decentralization. The sample size must be taken into account when making conclusions on the above data, however, the high concentration of agreement/disagreement/no opinion on some of the questions tends to lend more validity to the results. Unanimous opinion in surveys is hard to come by, and

is most often attributed to a homogenous sample population. While it can be argued that the sample technique utilized (snowball sampling) can lead to a homogeneous sample population, the varying answers on the other questions posed in the survey tend to disprove this reasoning.

Unanimous responses to the survey questions were: 100% agreement with the statement concerning the power of the central government over local government; 77.8% agreement (the other 22.2% had no opinion) with the claim of decentralization being at least partly responsible for the economic development of the country; and 100% agreement on the both of the notions that local administrators are better informed and more responsive to local needs than the previous centrally-run administrators. By themselves, interpretation of the concentration of agreement on these statements might be lost, but taken together they provide some insight into the perceptions concerning the process of decentralization. All these notions display an overall positive and receptive attitude toward the process. Taken out of context, one might assume this newly independent nation was ready and willing for continued and even increased decentralization efforts. However, the data found elsewhere in the table shows otherwise.

Far from unanimous agreement, lie the split responses to such statements as: privatization is beneficial to the public (66.6% agree/strongly agree and 27.8% disagree); local control has decreased occurrences of corruption (22.2% agree/strongly agree and 22.2% disagree); and most strikingly, decentralization has significantly improved channels of communication between the public and the local administrators (66.6% agree/strongly agree and 11.1% disagree).

Taken in context, the data shows that while the process of decentralization is received positively and with open arms, the current implementation in Lithuania is leaving some public administrators to doubt its credentials. Some administrators have shown through their responses to the survey, that they are a little hesitant in increasing the magnitude of decentralization and especially privatization. This hesitation could fade as the administrators begin to understand, and more importantly realize, some of the long-term effects of the process. It is clear that the tight grip of control that the center still holds over the localities will continue to hamper further efforts at decentralization and national reform. Only when the Republic of Lithuania decentralizes the power and authority of the central government will the perceptions and doubts of the public administrators either be quashed or realized. Previous literature shows the propensity of decentralization programs to be a net benefit, and this report does not contradict this notion.

Despite these struggles with central authority and resources, the Balts, and Lithuania in particular, continue to fight the odds and pursue something that just 20 years ago would have appeared impossible. Lithuania has expanded on its trade relationship with Russia and has grown rapidly since the nation rebounded from the 1998 Russian financial crisis. Lithuania is also increasingly orienting its trade toward the West. In May 2004, Lithuania joined the European Union, adding to its previous membership in the World Trade Organization. As of 2006, Privatization of the large, state-owned utilities is nearly complete (Central Intelligence Agency, World Fact Book found online at <https://www.cia.gov/library/publications/the-world-factbook/geos/lh.html#Intro>). With

steady progress toward decentralization, the objectives of truly becoming part of the European community and world economy should be handily in reach.

Suggestions for Future Research

With respect to the Baltic States, during the initial stages of independence the cohesiveness factor played a major role in their respective growth. It was important to establish a sense of cohesiveness before any laws and rights were discussed. Laws must be created, written, and enforced by someone, and it is paramount that that someone begins with collective cohesiveness within the citizenry. The Baltic States had the ability to incorporate historical discourse as a means of formulating this cohesiveness. Many of the Baltic leaders were versed in stimulating personal memories of the many Soviet displacements of their people. This created a sense of unity and became a basis for social cohesion and nation-building. It would be enlightening for future researchers to study the impact these *historical accounts* had in coming to terms with their Soviet past.

In addition to forging memories of the ‘Russian Occupation,’ as it is commonly referred, future research should engage the decisions and actions relating to the need to be accepted by the world community. Was the immediate reaction to all things American (a very positive, pro-American sentiment) merely a way for the Balts to separate themselves from their Soviet past? Is decentralization merely a symptom of this impulse reaction which will soon be reconsidered and thus altered?

The data shows that while Lithuanian public administrators feel that decentralization allows for greater efficiency, public confidence, and local control; the pressing need to continue increasing the pace of decentralization is met with some reluctance. Two-thirds of the respondents feel that decentralization is beneficial to the

public, yet almost 40 percent disagree with the notion of decentralizing more government programs. Why the contradiction? Is it the fear of losing employment to privatization? This issue is ripe for further research.

This research concentrated on the perceptions of the public administrators on the process of decentralization. The literature contained a void regarding the opinions of the public on the process of decentralization in Lithuania. Public opinion should be gauged and assessed in order to comprehend the attitudes of the citizenry concerning decentralization. With respect to privatization, the literature suggests that the implementation of a privatization program allows for an increased sense of control and power. A comprehensive study on Lithuanian public opinion toward aspects of decentralization could also touch on the accuracy of this claim as well.

As previously stated, decentralization and its impact on governance outcomes is relatively unknown. This is an important research subject that could help to provide both guidance and motivation for future implementation of processes of decentralization.

I personally believe western democracies and democracies in general could learn a great deal from further detailed research into the decisions and consequences of Baltic independence. These nations offer modern blueprints for the further democratization of nations.

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APPENDIX A: SURVEY QUESTIONNAIRE

The Process of Decentralization in Ex-Soviet States: A Case Study on The Republic of Lithuania

Survey Questionnaire

The Purpose of this research is to assess the attitudes and perceptions of Lithuanian public administrators on the process of decentralization as it is currently enacted in Lithuania.

All responses to this survey will be anonymous. It is not the intent of the researcher to study the individual opinions on decentralization, but rather to survey and understand the general opinions of the Lithuanian Civil Service on Lithuania's current process of decentralization.

Please answer the following questions to the best of your ability.

The following questions will be rated on a Likert Scale of 1-5. 1 = Strongly Agree, 2 = Agree, 3 = No opinion, 4 = Disagree, 5 = Strongly Disagree.

SQ1. The decentralization process has empowered local administrators to make many decisions that were previously made by the central government.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ2. In Lithuania, the central government has considerable power over local governments.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ3. In Lithuania, the central government should slow down its process of decentralization.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ4. Local control of public administration has improved the effectiveness of service delivery to the public.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ5. Local public administrators are not adequately trained to perform their duties.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ6. Local public administrations lack proper financial management systems.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ7. Local public administrations lack proper personnel management systems.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ8. Increased local control of public administration has improved the efficiency of service delivery to the public compared to previous centrally-run administrations.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ9. Local control of public administration has reduced the size of the public administration.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ10. The public is now more satisfied with the performance of the local public administration than when the administration was centrally run.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ11. Local control of public administration has increased the morale of the public administrators.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ12. The public is now more satisfied with the delivery of services than when the administration was centrally-run.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ13. The privatization of previously public functions has increased delivery of public services.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ14. Privatization of public services is beneficial to the public.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ15. Privately run services are more efficient than publicly run services.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ16. The government should continue privatizing more public services.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ17. Local control of public administration is at least partly responsible for the economic development of the country.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ18. Local control over public administration has improved the economy.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ19. Local public administrators are better informed about local needs than the previous centrally-run administration.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ20. Local public administrators are more responsive to local needs than the previous centrally-run administration

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ21. The process of decentralization has significantly improved channels of communication between the public and the local administrators.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ22. Service delivery has significantly improved with increased local control over the administration.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ23. Local control of the public administration has increased the transparency of the decision making process.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ24. Local control of the public administration has increased the transparency of bureaucratic actions.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ25. Local control of the public administration has allowed for increased accountability of the public bureaucracy.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ26. Local control of the public administration has decreased occurrences of corruption.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ27. Local control of the public administration has reduced the negative impact of corruption on the public.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ28. Under local control of the public administration corrupt offenders are properly punished.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ29. Local control of the public administration has increased the public input in the decision making process of the government.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ30. Local control of the public administration has increased public confidence in the democratic process.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ31. Local control of the public administration has increased public confidence in the government.

Strongly Agree Agree No Opinion Disagree Strongly Disagree

SQ32. Local control of the public administration has increased the power of the public over government.

CQ1. I am a Male Female

CQ2. My educational background is High School Graduate Some College College Graduate

CQ3. I have been working for the Lithuanian Civil Service for _____ years.

For translation purposes:

Decentralization is defined as: To distribute the administrative functions or powers of (a central authority) among several local authorities.

Efficiency is defined as: accomplishment of or ability to accomplish a job with a minimum expenditure of time and effort

Effectiveness is defined as: producing the intended or expected result

APPENDIX B: SURVEY QUESTIONNAIRE IN LITHUANIAN

Šio tyrimo tikslas - įvertinti Lietuvos valstybės valdžios atstovų pozicijas ir supratimą apie šiuo metu Lietuvoje vykdomą decentralizacijos procesą.

Visi šios apklausos metu pateikti atsakymai bus slapti. Tyrėjas neketina tirti atskirų nuomonių apie valdžios įgaliojimų perdavimą vietos valdžios institucijoms, jis nori sužinoti bendrą Lietuvos valstybinės tarnybos nuomonę apie dabartinį Lietuvos decentralizacijos procesą.

Kuo atviriau atsakykite į šiuos klausimus.

Šie klausimai bus vertinami pagal "Likert" skalę nuo 1 iki 5. 1 = Visiškai sutinku, 2 = Sutinku, 3 = Neturiu nuomonės, 4 = Nesutinku, 5 = Visiškai nesutinku.

1 SQ. Decentralizacijos procesas įgalino vietos valdytojus priimti daug įvairių sprendimų, kuriuos anksčiau priimdavo centrinė vyriausybė.

Visiškai sutinku Sutinku Neturiu nuomonės Nesutinku Visiškai nesutinku

2 SQ. Lietuvoje centrinė vyriausybė daro gana didelę įtaką vietinėms valdžios institucijoms.

3 SQ. Lietuvoje centrinė vyriausybė turėtų sulėtinti decentralizacijos procesą.

4 SQ. Vietinė valstybės valdymo kontrolė pagerino paslaugų teikimo visuomenei veiksmingumą.

5 SQ. Vietiniai valdžios tarnautojai neturi tinkamos kvalifikacijos savo pareigoms vykdyti.

6 SQ. Vietiniams valdžios tarnautojams trūksta tinkamų finansinio valdymo sistemų.

7 SQ. Vietiniams valdžios tarnautojams trūksta tinkamų personalo valdymo sistemų.

8 SQ. Didesnė vietinė valstybės valdymo kontrolė pagerino paslaugų teikimo visuomenei veiksmingumą palyginus su anksčiau centralizuotais valdymo būdais.

9 SQ. Vietinė valstybės valdymo kontrolė sumažino valstybinio valdymo apimtį.

10 SQ. Dabar visuomenė yra labiau patenkinta valstybės valdymu vietiniu lygiu negu tada, kai buvo valdoma centralizuotai.

- 11 SQ. Vietinė valstybės valdymo kontrolė pagerino valstybinės valdžios pareigūnų moralę.
- 12 SQ. Dabar visuomenė yra labiau patenkinta paslaugų teikimu negu tada, kai buvo valdoma centralizuotai.
- 13 SQ. Anksčiau valstybės vykdomų funkcijų perdavimas savivaldybėms pagerino teikiamas visuomenines paslaugas.
- 14 SQ. Valstybinių paslaugų privatizacija yra naudinga visuomenei.
- 15 SQ. Privačiai valdomos paslaugos yra veiksmingesnės nei valstybės valdomos paslaugos.
- 16 SQ. Vyriausybė turėtų ir toliau privatizuoti daugiau valstybinių tarnybų.
- 17 SQ. Vietinė valstybės valdymo kontrolė yra bent iš dalies atsakinga už šalies ekonomikos augimą.
- 18 SQ. Vietinė valstybės valdymo kontrolė pagerino ekonomiką.
- 19 SQ. Vietiniai valdžios tarnautojai yra geriau informuoti apie vietinius poreikius nei ankstesnis centrinis valdymas.
- 20 SQ. Vietiniai valdžios tarnautojai jautriau reaguoja į vietinius poreikius nei ankstesnis centrinis valdymas.
- 21 SQ. Decentralizacijos procesas žymiai pagerino bendravimo kanalus tarp valstybės ir vietos valdytojais.
- 22 SQ. Padidinus valdymo kontrolę vietiniu lygiu, žymiai pagerėjo paslaugų teikimas.
- 23 SQ. Vietinė valstybės valdymo kontrolė padidino sprendimų priėmimo proceso skaidrumą.
- 24 SQ. Vietinė valstybės valdymo kontrolė padidino biurokratinių veiksmų skaidrumą.
- 25 SQ. Vietinė valstybės valdymo kontrolė leido padidinti valstybės biurokratijos atskaitingumą.
- 26 SQ. Vietinė valstybės valdymo kontrolė sumažino korupcijos atvejų skaičių.

- 27 SQ. Vietinė valstybės valdymo kontrolė sumažino neigiamą korupcijos įtaką visuomenei.
- 28 SQ. Esant vietinei valstybės valdymo kontrolei, korumpuoti nusikaltėliai yra tinkamai baudžiami.
- 29 SQ. Vietinė valstybės valdymo kontrolė padidino visuomenės indėlį į sprendimų priėmimo procesą valstybiniu lygiu.
- 30 SQ. Vietinė valstybės valdymo kontrolė padidino visuomenės pasitikėjimą demokratijos procesu.
- 31 SQ. Vietinė valstybės valdymo kontrolė padidino visuomenės pasitikėjimą vyriausybe.
- 32 SQ. Vietinė valstybės valdymo kontrolė padidino visuomenės įtaką vyriausybei.

1CQ. Aš esu ____
____vyras ____moteris

2CQ. Mano išsilavinimas yra ____
____Baigtas universitetinis išsilavinimas ____Kolegija ____Specialusis
išsilavinimas

3CQ. Lietuvos valstybinėje tarnyboje dirbu _____ metų.

APPENDIX C: LITHUANIAN CHRONOLOGY*

The Period of Formation of the Lithuanian State

1009

The name of Lithuania was first mentioned in the Latin chronicle "Annales Quedlinburgenses" (Annals of Quedlinburg).

1201

Crusaders began their expansion to the Baltic area.

1230

Crusaders began conquests of Lithuanian tribes in the West of Lithuania.

1266

Lithuanians gained victory over the Knights of the Sword (at Siauliai).

1236-1263

Mindaugas rule. Mindaugas did a lot for Lithuania. He managed to join many small duchies into one large and strong state, introduced Lithuania to the European countries.

1240

Mindaugas ruled all Lithuanian territorial units.

1251-1253

Mindaugas was Christianized and crowned the King of Lithuania.

1260-1274

Prussians and other Western Lithuanian tribes rose in rebellion against the Teutonic Order. The rebellion was led by Herkus Mantas. Dominance of Lithuania. Advance of Grand Dukes.

1316-1341

Gediminas' rule. Gediminas laid the foundations for his dynasty and Lithuania's might.

1387

Aukstaitija (the Highlands of Lithuania) was Christianized. Vilnius was granted the right of Magdeburg.

1392-1430

Vytautas the Great ruled Lithuania.

1410

The Battle of Tannenberg (Zalgiris, or Grunwald) was won. The might of the Teutonic Order was routed.

1522

The first publishing house was founded in Vilnius.

1529

The 1st Statute of Lithuania was adopted.

1547

The first Lithuanian book "Catechism" by Mazvydas was published in Karaliaucius. Protestantism was spreading in Lithuania.

1569

After signing the Liublin Union Lithuania and Poland formed the Commonwealth.

1579

Vilnius University (Academy) was established. Counter-reformation started.

1596

The Church Union (Catholics with orthodox believers) took place in Lithuanian Brasta.

The Period of State Disintegration

1654-1667

The war between the Grand Duchy of Lithuania and Russia.

1656-1660

The war with Sweden.

1709-1710

The plague in Lithuania. German colonization became more intensive in Lithuania Minor. (After the wars and the plague, the process of Polonization intensified. Lithuania starts to lose its power).

1765-1775

Kristijonas Donelaitis wrote his poem "Metai" ("The Seasons"). It is of the most outstanding creative works in the world literature.

1772

The first partition of Lithuania and Poland. The Lithuanian territory reaching the rivers of Dauguva and Dnieper fell to Russia's share. Other territories retained in the former order.

1772-1792

Rise of Lithuanian economy and culture.

1773

The Jesuit Order was repealed and the Educational Commission was established. It appeared to be the first secular educational institution in Europe.

1793

The second partition of Lithuania and Poland. Russia seized the lands of Minsk, Volyne and Podole.

1794

The uprising in Lithuania and Poland led by Tadas Kosciuska.

1795

The third partition of Lithuania. Lithuania was annexed to Russia, the region of Uznemune to Prussia.

1795-1918

The whole Lithuania was ruled by strangers.

1812

Napoleon troops invaded Lithuania.

1831

The uprising against the Russian occupation.

1840

The Statute of Lithuania was abolished.

1861

The abolition of serfdom.

1863

The uprising against the Russian occupation.

1864-1904

The press in Latin script was banned. The Russian alphabet was introduced.

1904

The ban on the press was lifted. The little protected its rights against the giant.

1905

The revolution in Russia. The Vilnius Seimas passed the resolution demanding to grant the whole ethnic Lithuania autonomy with the Seimas being elected in Vilnius by general elections. The Seimas also urged people not to pay any taxes to Russian authorities, not to allow their children to attend Russian schools, and not to apply to any Russian state institution.

1914-1918

The World War I. German troops occupied the country (in 1915). Lithuania saw new possibilities to re-establish its independence. Re-establishment of the Lithuanian State.

1918-1920

In February 16, 1918, the independence of Lithuania was proclaimed. Vilhem II, Keiser of Germany, signed the Act of Recognition requiring to enter into dose relations with Germany. In November Lithuania started to form its army to defend the country against the invasion of Bolsheviks. German troops left Lithuania but fights with Bolsheviks lasted till the early 1920. On June 12, 1920, Russia recognized the Lithuanian state and its independence. But at the same time Lithuania had to defend itself against the Bermondts troops (joint Russian and German army fighting against Bolsheviks seeking to re-establish the former Russia).

1920

Poland violated the Suvalkai Treaty and occupied the Eastern Lithuania with its capital Vilnius (the capital was transferred to Kaunas).

1922 August 1

The first permanent Lithuanian Constitution was adopted.

1923

The Klaipeda (Memel) region was returned to Lithuania.

1926-1939

On December 17, 1926, the coup de' tat took place. The members of the national party came into power. President Smetona ruled Lithuania.

May 12, 1938

The second permanent Lithuanian Constitution was adopted.

1939-1940

On March 22, 1939, Lithuania, after the Ultimatum of Hitler, had to transfer the Klaipeda (Memel) region to Germany. In October of 1939, the USSR ceded Vilnius and a part of the Vilnius region to Lithuania (some of the lands under the former Polish occupation were attached to Byelorussia). As for the repay Lithuania was forced to let the Soviet troops into the country. According to the forced treaty of mutual assistance 20 thousand armed Soviet soldiers were brought into Lithuania (after some time even more). At that time there was no evidence yet of the existence of secret agreements of August 23, 1939, between the Soviet Union and Germany (it concerned the partition of almost the whole Eastern Europe). The international situation was favorable to the USSR and it issued an ultimatum to Lithuania to station an unlimited number of Soviet soldiers in the country and to change the Lithuanian Government. Any opposition threatened the country to be destroyed, and the Lithuanian Government had to accept ultimatum. The President of the Republic left Lithuania on June 15, 1940, because he did not want to legalize the aggressive actions of the USSR. On the same day the Soviet troops occupied Lithuania and actually all power went over to the USSR. The puppet Government led by J. Paleckis was formed and the ostensible elections to "the national Seimas" were organized. On July 21, "the national Seimas" proclaimed Lithuania a Soviet Socialist Republic and on August 3, Lithuania became the 14th member of the Soviet Union.

1940-1941

The new regime destroyed the entire economy. Land, banks, industrial enterprises, and trade establishments were nationalized and culture was sovietized. Violence and terror were the main characteristic features of that period. On the night from July 11 to July 12, 1940 2 thousand Lithuanian statesmen, leaders of Lithuanian parties were arrested following the secret plain of extermination. It was the first people arrest. The second took place from June 14 to June 18, 1941. More than 35 thousand people were deported to Russia. Other deportations were broken off by the war between Germany and the Soviet Union. While withdrawing, the Soviets killed many people they had arrested. On June 24, 73 political prisoners were tortured to death in the Rainiai forest near Telsiai, 450 people were killed in Pravieniskes. The Soviets shot dead about 5 thousand prisoners, soldiers and civil people by Cervene settlement on June 24 and 25. After the communists had withdrawn, hopes about freedom rose again.

1941-1944

The German occupation. The Front of Lithuanian Activists (FLA) had been founded in Germany among Lithuanian refugees to fight for the independence of Lithuania. As soon as the war broke out FLA proclaimed the provisional Government of Lithuania. Lithuania aimed to retain its independence. But this Government was not recognized by Germany, the civil administration was formed, and FLA closed. Since the very end of 1941 the major resistance newspapers were being published and the anti-Nazi movement was going on. Many underground organizations such as the Lithuanian Front, the Union of Lithuanian Fighters for Freedom, the Lithuanian Freedom Army, the Lithuanian National Party and the Lithuanian Solidarity Movement took up their activities.

(1941-1944 contd.) The Lithuanian parties of the independence times renewed their activities as well. All these movements united into the General Lithuanian Liberation Committee at the end of 1943. Owing to Lithuanian's strong resistance Germans failed to organize a local SS legion. The repressions started: 46 intellectuals were arrested and taken to the Stutthof concentration camp, and the higher schools were closed down. The Lithuanians resisted to being involved into the war machine.

The Second Soviet Occupation

1944-1988

On July 13, 1944, the Soviet troops occupied Vilnius. After Klaipeda had been occupied on January 28, 1945 the whole country fell under the rule of the Soviet Union again. Terror and deportations to Siberia started. 8 deportations of large scale occurred in the post-war period, namely; in September, 1945; February 18, 1946; December 17, 1947; May 22, 1948; March 24-27, 1949; May 27-28, 1949; March, 1950; October 2, 1953 (the last one took place after Stalin's death). The most extensive deportation was in 1948. Approximately 80 thousand people were sent to Siberia. Lithuania tried to resist the occupation. Many men left for the wood. The partisan war lasted for eight years (1945-1952) and had a great impact on national consciousness. The promised assistance from the West did not come and Lithuania remained behind the iron curtain. The Soviet occupation had destroyed the Lithuanian economy and culture. After the abolition of private property, control of economy was concentrated in the central establishments of the USSR. The rights of the so called Republic were becoming more and more limited. Any sign of economic independence and national identity was extinguished. Finally, the Lithuanian economy became utterly dependent on the economy of the Soviet Union. Lithuania was subjugated to political, economical and cultural goals of the Soviet Union.

Revival and Reconstitution of the State

1987-1989

The economic chaos in the Soviet Union made M. Gorbachov on coming into power to undertake cosmetic reforms. "Perestroika", "glasnost" were declared. A lot of democratic changes were taking place in Lithuania, the press was becoming more and more independent.

1987

For the first time a public meeting to commemorate the Molotov-Ribbentrop Pact was held near the monument for A. Mickevicius. The militia did not dare to deal with participants of the meeting openly.

1988 July 3

The initiative group of the Lithuanian Reform Movement (Sajudis) was founded.

1988 October 22-23

The Constituent Congress of the Lithuanian Reform Movement took place.

1989 February 15

During the Sajudis Seimas meeting held in the Kaunas Music Theatre it was said that Lithuania would not be satisfied with partial achievements but would seek the independence.

1989 August 23

The Baltic Way. On the memorial day of Molotov-Ribbentrop Pact the line of people stretched through all the three Baltic states - Lithuania, Latvia and Estonia.

1990-1992

The independence was regained.

1990 February 24

The Sajudis won the first free elections to the Supreme Council. Vytautas Lansbergis was elected Chairman of the Supreme Council, K. Prunskiene was appointed Prime Minister.

1990 March 11

The Act on Re-establishment of the Independent Lithuanian State was proclaimed.

1990 April 17

The ultimatum of the Soviet Union. The economic blockade started.

1991 January 11

The change of the Government. A. Simenas was appointed Prime Minister.

1991 January 13

The change of the Government. G. Vagnorius was appointed Prime Minister.

1991 January 13

Bloody events in Vilnius. There were attempts to seize the power by force. 13 defenseless people were killed. The Soviet troops occupied the Committee of Radio and Television, the TV tower.

1991 February 9

The whole Lithuania voted for its independence in the plebiscite of February 9.

1991 July 31

The massacre in Medininkai. Soviet terrorists killed the guards of the Medininkai frontier post.

1991 August

After the failure of the Putsch in the Soviet Union the official recognition of the Republic of Lithuania finally started.

1992 June 14

The referendum on withdrawal the army of the former USSR in 1992.

1992 July 21

The change of the Government. A. Abisala became Prime Minister.

1992 September 17

Lithuania became a member of the United Nations Organization

1992 October 25

The Constitution of the Republic of Lithuania was adopted by referendum. The first elections to the Seimas were organized as well. A. Brazauskas became Chairman of the Seimas. B. Lubys was appointed Prime Minister.

1993 February 14

In accordance with the Constitution A. Brazauskas was elected President of the Republic of Lithuania. C. Jursenas became Chairman of the Seimas.

1993 March 10

The change of the Government. A. Slezevicius was appointed Prime Minister.

1993 May 14

Lithuania was admitted into European Council.

*This timeline was taken from <http://neris.mii.lt/homepage/liet1-1.html>.

APPENDIX D MAPS OF THE REPUBLIC OF LITHUANIA



As found online at <http://www.nationsonline.org/oneworld/lithuania.htm>

LIETUVA



LITHUANIA

A Baltic State

As found online at <http://www.reginanuttall.com/lietuva/index.htm>



As found online at <http://www.hotels-europe.com/lithuania/index.htm>