

The Capital City in the Local Self-Government System in Central and Eastern European and Caucasus Countries

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ABSTRACT

Capital cities have a special role to play in their national local self-government system. On the one hand, each capital city has a certain symbolic meaning to their state; the whole state is assessed based on its capital city. On the other hand, the capital city generally differs from the rest of the local governments of the state:

- It is usually the largest local government of the state in terms of population;
- The GDP of the capital city and the metropolitan area is considerably higher than the state's average and, therefore, the capital city is one of the principal innovation and economic centres of the country.

Capital cities must be enabled legally and financially to fulfil long-term global requirements that should be taken into account in the national urban policy and in the distribution of national tax revenue. It is necessary to study the position of the capital city in other countries, especially in the transformation countries.

An analysis of the role of the capital city in the local self-government organisation of a country must consider the following four aspects:

1. The capital city in the human habitation system
2. The capital city and the national legal environment
3. Management models of the capital city
4. The economic environment in the capital city; the capital city and the economic environment of the hinterland and the country.

The author is of the opinion that there are practically no interdisciplinary analyses addressing legal, economic, and demographic and management problems of capital cities. The current article is confessedly one of the first attempts to analyse and compare the problems of capital cities in the Central and Eastern European and Caucasus Countries Region. The Central and Eastern European and Caucasus

Countries Region for the purpose of the present article is the area covering 23 countries (without Kosovo)¹. The threat in the case of Russia, only the European part of the country has been taken into consideration.

Keywords: Capital city, local self-government, region, habitation system, metropolitan area, urban sprawl, legal status of capital city, relationship with central government, regional co-operation, management of the capital city, city council, city district, economic environment, municipal revenue and expenditure, local budget per capita, competitiveness of capital cities, urban policy.

Introduction

Comparative analyses of local self-government systems in various countries have so far almost exclusively been made country by country. There have been considerably fewer comparative studies of specific issues such as electing the mayor or local taxes etc. This is quite understandable since, in the first case, it is possible to employ a specialist on local self-government of each particular country, whereas in the latter case the researcher has to know the local self-government organisation of several countries. The advantage is that, in general, the country by country comparative studies are based on more or less similar methodology or structure where the analysis is made according to the given structure. Among other things, the Council of Europe has regularly published overviews of local self-government in different countries. The Group of Independent Experts on the European Charter of Local Self-Government by the Congress of Local and Regional Authorities of Europe of the Council of Europe (CLRAE) has for years made reports where specific issues are analysed such as the position of the representative body in local self-government, the legal and economic framework of municipal property etc; this is, however, still done country by country. Studies of local self-government in the European Union Member States, although mostly country by country, have also been done in the European Union, especially since setting up of the Committee of the Regions in 1994 under the Maastricht Treaty (Die regionale, 1999). The Open Society Institute in Budapest has published several books on local self-government in transformation countries over the last decade (Kandeva, 2001).

Very good studies of local self-government organisation of various countries have been published by DEXIA (Local Finance, 1997, 2000, 2002, 2003, 2004). Beside general overviews, there have also been academic publications that focus on comparison of local self-government issues in different countries (Gemeinden und Kreise, 1999).

The author is of the opinion that there are practically no interdisciplinary analyses addressing legal, economic, and demographic and management problems of capital cities. The current article is confessedly one of the first attempts to analyse and compare the problems of capital cities in the Central and Eastern European and Caucasus Countries Region. Capital cities have a special role in their national local self-government system. On the one hand, each capital city has a certain symbolic meaning to their state; the whole state is assessed based on its capital city. On the other hand, the capital city generally differs from the rest of the local governments of the state:

¹ In February 2008, the Assembly of Kosovo declared Kosovo's independence as the *Republic of Kosovo*

- It is usually the largest local government of the state in terms of population whereby the capital city in the analysed 23 country region is unexceptionally the biggest city in the country.
- The GDP of the capital city and the metropolitan area is considerably higher than the state's average and, therefore, the capital city is one of the principal innovation and economic centres of the country. One of the transformation countries' distinctions compared to the Western countries is the exceptionally big (over 50%) relative importance to countries economics compared to the location of population.

The legal status of the European Council member states capital cities was compiled in 2005-2007 by the Group of Independent Experts on the European Charter of Local Self-Government by the CLRAE. Using the analysis of the countries an unified report (Szente, 2007) was compiled by Professor Zoltan Szente (Senior Research Fellow of the Hungarian Institute of Public Administration). Unfortunately that report does not reflect the position of capital cities in the system of state human settlements and economic environment. Few studies of the capital cities of the European Union Member States were conducted before the enlargement of the Union in 2004 (EU capital, 2003).

An analysis of the position of the capital city in the local self-government organisation of a country must consider the following four aspects:

1. The capital city in the system of human settlements;
2. The capital city and the national legal environment, including the capital city's relationship with the central government and regional co-operation.
3. Management models of the capital city, including decentralisation.
4. The economic environment in the capital city; the capital city and the economic environment of the region and the country.

The Position of the Capital City in the National Human Settlement Organisation

The Central and Eastern European and Caucasus Countries Region for the purpose of the present article is an area covering 23 countries. In the case of Russia only the European part of the country has been taken into consideration. Moscow is not a local government unit but a unit of the state governance with the status of a federal city. In an analogical way has so far been the governance model in Baki and Yerevan. They have only one tier local self-government system – in the city districts. Yerevan was recognized as a municipality by the amendment of the Constitution in November 2005. According to the Article 108 *“Yerevan is a community. The peculiarities of local self-government and formation of local self-government bodies in the City of Yerevan shall be defined by the law.”* The most probable date of local self-government bodies (city council etc) formation in Yerevan will be 2008.

The total Region is 6.7 million km² (60% of the territory of Europe) and their combined population is 315 million people (40% of the total population of Europe). 31 million people live in the capital cities of the Region and that is 10% of the population of the Region (Table 1).

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Table 1. Capital population in the Central and Eastern European and Caucasus Countries

Capital City	Population of Capitals (in thousands and year)	Total population country (in thousands, 2007)	Capital population of total population (%)
1. Baki	1,132.8 (2006)	8,120.3	14.0
2. Beograd	1,120.1 (2002)	10,150.3 ²	11.0
3. Bratislava	417.7 (2005)	5,447.5	7.7
4. București	1,921.8 (2002)	22,276.1	8.6
5. Budapest	1,697.3 (2005)	9,956.1	17.0
6. Chișinău	593.8 (2006)	4,320.5	13.7
7. Kiev	2,660.4 (2005)	46,299.9	5.7
8. Ljubljana	246.8 (2006)	2,009.2	12.3
9. Minsk	1,765.8 (2005)	9,724.7	18.2
10. Moscow	10,126.4 (2006)	111,616.0*	9.1
11. Praha	1,188.1 (2007)	10,228.7	11.6
12. Podgorica	136.4 (2003)	684.7	19.9
13. Riga	727.6 (2006)	2,259.8	32.2
14. Sarajevo	380.0 (2005)	4,552.2	8.3
15. Skopje	466.8 (2002)	2,055.9	22.7
16. Sofija	1,126.4 (2007)	7,322.9	15.4
17. Zagreb	783.5 (2005)	4,493.3	17.4
18. Tallinn	401.2 (2007)	1,315.9	30.5
19. Tbilisi	1,095.0 (2006)	4,646.0	23.6
20. Tiranë	343.1 (2001)	3,600.5	9.5
21. Vilnius	542.8 (2007)	3,575.4	15.1
22. Warszawa	1,700.5 (2006)	38,518.2	4.4
23. Yerevan	1,103.8 (2006)	2,971.7	37.1
TOTAL	31,678.1	316,145.8	10.0

*Population of Eastern Russia

Source: : www.citypopulation.de

From the point of view of economy and public administration, the significance of the capital city in the human habitation system of the state has at least a three-fold influence. The larger the concentration of population in the capital city,

- 1) The larger is the territory of its hinterland and the stronger its economic influence in the state;
- 2) The more the city is influenced by urban sprawl;
- 3) The more acute is the need for special regulation (a special status) of the capital city in the state's public administration (local self-government) system.

² With Kosovo (2,153,1 thousand inhabitants, incl 197,0 thousand inhabitants in Capital Prishtinë in 2009)

The relative importance of the population of the capital city among the total population varies from 4–5% (e.g. in Poland, Ukraine) to 30% (e.g. in Armenia, Estonia, Latvia) (Table 2).

Table 2. **Capital population of total population (%)**

Up to 10.0	Bratislava, București, Kiev, Moscow, Sarajevo, Tiranë, Warszawa
10.1-20.0	Baki, Beograd, Budapest, Chișinău, Ljubljana, Minsk, Praha, Podgorica, Sofija, Zagreb, Tirana, Vilnius
20.1-30.0	Skopje, Tbilisi
30.1-40.0	Tallinn, Riga, Yerevan

In welfare states, people move to smaller settlements near cities where the living environment is better while they generally continue working in the city and using its social and technical infrastructure. In recent years, such a trend has become evident also in transformation countries. As an exception the population has been growing in Kiev, Minsk, Moscow, Skopje and Tiranë (Table 3).

Table 3. **Dynamic of population in some capital cities**

	Population (in thousands)	
	1990	2005–2007
Bratislava	441	417.7
Budapest	2,017	1,697.3
Kiev	2,595	2,660.4
Ljubljana	276	246.8
Minsk	1,634	1,765.8
Moscow	8,769	10,126.4
Riga	910	727.6
Skopje	448	466.8
Tallinn	479	401.2
Tiranë	238	343.1
Vilnius	577	542.8
Warszawa	1,651	1,700.5

Source: www.citypopulation.de

From the point of view of the analysis of the economic potential of a city, it is, undoubtedly, reasonable to view the city as an agglomeration formed as a result of urban sprawl rather than a city within its historical administrative borders.

Certain other criteria are significant from the point of view of human settlement concentration. The researchers on human settlements employ the Zipf rule that says the second largest city, in terms of population, is two times smaller than the largest one. This applies almost completely in several countries such as Bosnia and Herzegovina,

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Montenegro, Poland, Russia, Slovakia, Slovenia and Ukraine. In Lithuania the index is even less than two. In Armenia, Georgia, Hungary, Macedonia, Romania and Serbia the second largest municipality is 5-10 times smaller than in the capital city (Table 4).

Table 4. Population in Capital and in the second largest city

	Population in Capital (in thousands)	Population in the second largest city (in thousands)	
1	2	3	4
Baki	1,132.8	Ganca	306
Beograd	1,120.1	Novi Sad	191
Bratislava	417.7	Košice	223
București	1,921.8	Iași	322
Budapest	1,697.3	Debrecen	204
Chișinău	593.8	Tiraspol	158
Kiev	2,660.4	Charkiv	1,465
Ljubljana	246.8	Maribor	91
Minsk	1,765.8	Homel	481
Moscow	10,126.4	St Petersburg	4,661
Praha	1,188.1	Brno	367
Podgorica	136.4	Nikšić	58
Riga	727.6	Daugavpils	110
Sarajevo	380.0	Banja Luka	165
Skopje	466.8	Kumanovo	78
Sofija	1,126.4	Plovdiv	347
Zagreb	783.5	Split	189
Tallinn	401.2	Tartu	100.2
Tbilisi	1,095.0	Kutaisi	190
Tirane	343.1	Durrës	100
Vilnius	542.8	Kaunas	358
Warszawa	1,700.5	Łódź	764
Yerevan	1,103.8	Gyumri	148

Source: www.citypopulation.de

In Estonia and Latvia, the capital city is not the only town of disproportional importance in terms of population compared to neighbour countries. 13% of the population of Estonia and 16% of the population of Latvia (Statistical, 2005:38) live in medium-sized cities while 34% of the Finnish population and altogether 50% of the Swedish population live in medium-sized cities (Table 5). This could indicate certain tendencies in Estonian and Latvian human settlement development. Figuratively speaking – in an economic sense, there is often no middle class in transformation societies and it is also reflected in places of residence. But there is, probably, a close causal connection between the two characteristics.

Table 5. Population (%) in cities of different size in Estonia, Finland, Latvia and Sweden

Population (in thousands)	15-20	20-25	25-50	50-100	100-250	above 250
Estonia	3,7	1,5	6,7	5,0	7,6	29,5
Finland	0,4	6,4	14,7	13,2	4,4	10,7
Latvia	1,7	0	7,0	9,0	4,8	31,7
Sweden	0,9	5,2	20,7	24,0	12,8	16,8

Source: www.citypopulation.de

2. The Position of the Capital City in the Legal System

Four groups of capital cities can be distinguished, depending on whether and how national legislation regulates the issue of the capital city (Mäeltsemees, 2005:24-25):

1. The constitution establishes the capital city.
2. There is a special law on the capital city³.
3. The status of the capital city is provided in a separate chapter, section or sections of the law on local self-government.
4. The capital city is treated in the law on local self-government like any other local government.

The Constitution establishes the capital in almost all 23 countries of the analysed region. No particular reference to the capital city is in the national constitution only in Estonia. The Latvian constitution also does not mention a capital city but according to Article 15, “*the Saeima (parliament) shall assemble in Riga*”. The national constitution designates the capital of the country in Albania in Article 14 (6); Armenia Article 13; Azerbaijan Article 22; Belarus Article 20 (1); Bosnia and Herzegovina Article 5; Bulgaria Article 169; Croatia Article 13; Czech Republic Article 13; Georgia Article 10; Hungary Article 74; Lithuania Article 17; Macedonia Article 6; Moldova Article 14; Montenegro Article 5; Poland Article 29; Romania Article 14; Russian Federation Article 70 (2); Serbia Article 9; Slovakia Article 10 (1); Slovenia Article 10 and Ukraine Article 20.

In two countries (Lithuania and Montenegro) the historical aspect of the capital city is accented. According to the Lithuanian Constitution (Article 17) “*The capital of the Republic of Lithuania shall be the city of Vilnius, the long-standing historical capital of Lithuania*”. Montenegro’s constitution on the other hand makes a distinguish between the administrative and the historical capital city. In Article 5 it says, “*Capital and Old Royal Capital. The capital of Montenegro shall*

³ In two (Russia and Ukraine) out of regions 23 countries, laws have also been adopted about some other cities. St. Petersburg has a special law, adopted by City Parliament (*Законодательное Собрание Санкт-Петербурга*), regulating its status. According to the Constitution of Ukraine (Article 133), “*The Cities of Kyiv and Sevastopol have special status that is determined by the laws of Ukraine.*”

be Podgorica, The Old Royal Capital of Montenegro shall be Cetinje.“ In four countries (Belarus, Croatia, Russian Federation and Slovak Republic) the constitution enacts that the status of the capital city shall be regulated by law. According to the Constitution of the Republic of Bulgaria (Article 135), *“the territorial division and the prerogatives of the Capital and the other major cities shall be established by law.”*

Capital city laws have been adopted in half of the regions countries:

Albania

- Law No. 7605, dt.02/15/1992 “On the Subdivision of Territory in Municipalities and Communes and for the Organization and Functioning of the Municipality of Tirana”

Croatia

- The Law on the City of Zagreb (“Narodne novine” No 62/2001)

Czech Republic

- Act on the Capital City of Prague (131/2000)

Georgia

- The Law on the Capital of Tbilisi

Macedonia

- In the Law on Local Self-government from 2002, Article 4, the city of Skopje is defined as a particular unit of local self-government in which common needs and interests of the citizens are exercised and they are determined by the character of Skopje as the Capital of the Republic of Macedonia. The same article states that the provisions of the Law on Local Self-government, as *lexis generalis*, address the city of Skopje too unless with the Law on the City of Skopje, as *lex specialis*, it is not defined otherwise. (Davkova, 2006)

Moldova

- Law on the Statute of the Municipality of Chisinau - No.431-XIII of 19.04.95

Poland

- Act on the Local Self-government of Warszawa (1994)

Russia (1994)

- The Law of City Moscow (*Закон города Москвы*), passed by the Moscow Duma on June 28, 1995

Slovakia

- Law of Bratislava (No. 377/1990)

Slovenia

- The Law on the Capital of the Republic of Slovenia (adopted in 2003)

Ukraine

- The Law “On the Capital of Ukraine the Hero-City of Kyiv” (passed by the Parliament on January 15, 1999). Additionally Kyiv is mentioned in a number of other laws.

Depending on whether the status of the capital city has been regulated in the legislation, and if yes then how, the countries fall into three groups:

1. The essential principles of functioning of the capital city are regulated by the Constitution. No separate part about the capital city exists in the constitutions of the analysed countries (unlike for example in the Austrian constitution where there is a separate part about capital city).
2. The status of the capital city has been regulated by a chapter or specific sections of a framework law on local self-government (Budapest, Tirana). A majority of the analysed countries have two-level self government and the capital city has a special status under a two-level local self-government system where it has the responsibilities of both the first level and the second level, and is supervised directly by the central government. Skopje is an exception – it is the only town with a special status subjected to supervision by the central government under an otherwise one-level local self-government system. Yet again, the number of population of Skopje (467,000 inhabitants) is much higher than that of other local authorities – e.g. the second largest town Kumanovo has 78,000 inhabitants. In today's Europe, Albania is the only or one of the few countries categorising its local authorities - there are four categories of local authorities in Albania (Hoxha, 2001:49). Incidentally, the 1938 Towns Act of Estonia divided the towns into four categories depending on the number of population.
3. The capital city is subject to the same legislation as the rest of the county's local authorities. Most countries belong to this group. Estonia can also be considered to belong to this group, although, in the interest of truth, it must be noted that Estonian legislation contains a special regulation concerning the capital city – the Local Government Council Election Act stipulates that elections in Tallinn take place by city districts and a half of the mandates in the council are distributed equally among the districts irrespective of the difference in the size of their population which can be up to ten times (Mäeltsemees and Olle, 2006).

It must be said in support of specific regulation of the status of the capital city in a country with the capital city significantly bigger than other municipalities (that is the case also in Estonia) that it could be an advantage to many other municipalities, especially the smaller ones. Figuratively speaking a unified local self-government organisation forces the system into a position equivalent to the Procrustean bed. Since 1994, Tallinn has actively sought recognition of its position in the form of specific legal regulation.

The Law on the Capital of Slovenia was adopted quite late, namely, 12 years after Ljubljana became the capital city of the sovereign state of Slovenia. The main reason of that delay was that there has not been a clear idea of what should be the special legal status of the capital city. In fact, the Law did not bring any important regulation since it only obliges the both partners (State and the Capital) to the cooperation in the most important fields which are important for both sides. Though the present legal regulation of the capital status is not sufficient, there is not any clear idea of how to change it. Nevertheless, through time the cooperation between the State and the Capital has become much better than it was at the beginning (Grad, 2006).

3. Management Models of Capital Cities

The results of comparative studies are very interesting and attest to diversities. Here it is appropriate to acknowledge the people who drew up the European Charter of Local Self-government for their ability to put such universal principles into words.

An easily comparable indicator is the size and term of office of the city council (Table 6). The Estonian Constitution was adopted in 1992 and it was not amended until 2003 when the term of office of municipal councils was prolonged from three years to four years. Armenia (Article 107), Estonia (Article 156), Belorussia (Article 118) and Bulgaria (Article 138) are one of the few countries in Europe where the term of municipal councils is established in the Constitution.

Table 6. Members in City Council and the Election Period⁴

	Members in City Council	Election period
Beograd	90	4
Bratislava	80	4
Bucureşti	55	4
Budapest	66	4
Chişinău	51	4
Kiev	120	5
Ljubljana	45	4
Minsk	55	4
Praha	70	4
Podgorica	55	5
Riga	60	4
Sarajevo	28	4
Skopje	45	4
Sofija	61	4
Zagreb	51	4
Tallinn	63	4
Tbilisi	37	4
Tiranë	55	3
Vilnius	51	3
Warszawa	60	4

⁴ As marked before, in Moscow local self-government units are the rajons. In the Moscow Duma there are 35 deputies. According to the Constitution of Armenia (Article 107, amendment in 2005): “*The community shall exercise its right of self-government through the bodies of local self-government - the Council of Aldermen and the Head of Community, who shall be elected for a four-year term of office in conformity with the procedure defined by law.*”

The statutes of the City Council of Minsk ratified in 2001 is unconventional (*Устав города Минска*). According to the Article 3 “*The city government organs system constitutes of Minsk City Executive Committee and district administrations. The City’s local government organs system comprises of Minsk City Council of Deputies and organs of territorial self-government.*”

In some capitals the city representatives organ is called the City Assembly and the organ in the tasks of city government is unconventionally City Council (Beograd, Praha, Zagreb) or more understandably mayors office (Budapest)⁵. In Tbilisi the self-government is implemented by an elective representative body (*sakrebulo*), which is staffed on the basis of the mixed election system: 12 out of the 37 members of the *sakrebulo* are elected by proportional ballot (lists of party candidates), while the rest 25 by the majoritarian (first-past-the-post) election. As a result of amendments to the legislation in 2005, the *sakrebulo* elects the mayor of the capital, i.e. the head of the executive structure of – the government of Tbilisi (Losaberidze, 2006).

From time to time the size of municipal councils has been an issue – generally it has been said they could be smaller. In order to compare the size of municipal councils, it is reasonable to calculate the number of citizens per elected member (Table 7).

Table 7. **Population per member of City Council**

Population (in thousands) per member of City Council		Population (in thousands) per member of City Council	
Beograd	12.4	Riga	12.1
Bratislava	5.2	Sarajevo	13.6
Bucureşti	34.9	Skopje	10.4
Budapest	25.7	Sofija	18.5
Chişinău	11.6	Zagreb	15.3
Kiev	22,2	Tallinn	6.4
Ljubljana	5.5	Tbilisi	29.6
Minsk	32.1	Tiranë	6.2
Praha	16.9	Vilnius	10.6
Podgorica	2.5	Warszawa	28.4

Election of the mayor and the mayor’s position in the city organisation differs. Again, countries can be divided into groups:

1. The mayor is elected directly by the people (Beograd⁶, Bucureşti, Chişinău, Kiev, Ljubljana, Skopje, Tiranë) and she/he is a Chair of the City Council (Kiev).

⁵ For example in Hungary, to the local and regional governments, the separation of powers approach is not applied. In strict terms, there is not a separate executive organ. The decisions of the local legislative body, are implemented by its office. This office is managed by the mayor (in the metropolitan self-government the chief mayor), but is led directly by the chief administrator. The Budapest General Assembly is assisted by the Mayor’s Office. The Mayor’s Office is responsible for the preparation and implementation of decisions taken by the General Assembly.

⁶ For example pursuant to the legislation of Serbia, the Mayor of Beograd is elected along with members of the City Assembly a direct secret ballot for the period of four years. The Mayor may not be a councilor of the City Assembly.

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2. The mayor is elected by the municipal council; he/she is a member and Chair of the City Council (Tbilisi).
3. The mayor is elected by the City Council but he/she cannot be a member of the council (Tallinn).

Models of management decentralisation of capital cities are very interesting and diverse. In Ukraine the constitution designates even the forming of city districts. According to the Article 140 of the Constitution of Ukraine: “*Issues related to organization of management of city districts shall be the competence of city councils.*”

Mostly city districts are units with relatively limited self-governmental rights, frequently (in Riga, Skopje, Vilnius etc.) they are just units serving administrative tasks without having any political council (Table 8).

Exceptional in the analysed capitals is Moscow, which has been divided into 10 management units (*okrugs*) and 123 districts of which districts are the bearers of local governing. There are 10-12-membered direct primary councils in the city districts. In 2003 the city districts of Moscow constituted in Association of Moscow Municipal Units (*Ассоциация муниципальных образований города Москвы*).

Table 8. City Districts in the Capital Cities

Capital city	Population of Capitals (in thousands)	City districts	Average population in City district (in thousands)
Beograd	1,120	17 (with 19-75 members)	66
Bratislava	418	17 (with 9–40 members)	25
București (<i>primaria sector</i>)	1,922	6	154
Budapest	1,697	23	74
Chișinău (<i>preturas</i>)	594	5 (only admin function)	119
Kiev	2,660	10	266
Ljubljana	247	17	15
Minsk	1,766	9 (only admin function)	196
Praha (<i>městské části</i>)	1,188	57	21
Riga	728	6 (only admin function)	121
Sarajevo	380	4	95
Skopje	467	10 (only admin function)	47
Sofija	1,126	24	47
Zagreb (<i>gradski četvrti</i>)	784	17 (with 11-19 members)	46
Tallinn (<i>linnaosa</i>)	401	8	50
Tbilisi	1,095	6 (only admin function)	183
Vilnius (<i>seniūnas</i>)	543	21 (only admin function)	26
Warszawa	1,701	18	95
Yerevan	1,104	12	92

Relatively unique management models exist also in the other capitals. For example in Bratislava local government is divided into two-tier system: the Bratislava city and 17 city districts. Local government in both tiers consists of city representation and mayor (called *primator*) and 17 district representations and mayors. Both self governmental representations are elected. City districts are the legal person as the city as a whole (Bucek, 2006).

Legally and economically independent were recently also the city districts of Tbilisi. In the 1990s the capital Tbilisi was divided into 11 administrative districts and their heads were directly appointed by the president. At the same time, each district has an elective representative council (*sakrebulo*) and own budget. Powers of the districts were significantly restricted in 2002, while in 2005 they were abolished at all.

The model of Prague's decentralised management system is interesting. According to the Law, the local government of the capital city Praha has two tiers. These tiers are not identical in the sphere of municipal self-government on one hand, and in the sphere of devolved public (state) administration on the other. In the sphere of municipal self-government, the city has been divided into 57 self-governing Municipal Districts (*městské části*) with elected bodies. In the sphere of public administration, the 57 municipal districts are grouped into 22 administrative districts (*správní obvody*) since 2001. Metropolitan Districts shall have their own budgets (Pomanac, 2006).

In Azerbaijan (Aslanov, 2006), the capital city has only one tier local self-government system in the territory of 11 towns (administrative districts). The analogical model is in Yerevan, where as local self-government exists only at district level, the local executives are heads of 12 district municipalities. Their responsibilities are approximately the same as other municipalities in Armenia (Tumanyan, 2006).

Budapest has a dual self-government system, having 23 district self-government and the "central authority" of the capital. This means that in addition to the Budapest Municipality, the local government of Budapest, each of the 23 districts has its own government, the so-called district self-governments, with elected mayors and a body of representatives. The General Assembly of Budapest and the district bodies of representatives are equal in terms of their basic rights, with no hierarchic relationship between them. Both the Municipality of Budapest and the district self-governments have their own financial revenues and both are entitled to get central grants in proportion of their tasks and functions (Szente, 2006).

Kyiv is divided into 10 districts. Organization of work and the scope of the responsibilities, in accordance with the Constitution, are determined by the city council. Each district in the city has its own council; responsibilities between the city itself and the districts are divided in accordance with the principle of subsidiarity; the city council in its budget every year defines the share of the budget revenues to be transferred to the districts. The districts do not have any own responsibilities or own budget revenues fixed in the national legislation, so all the functions of the district authorities may, actually, be treated as delegated (Proshko, 2006).

In Zagreb, the members of the City Borough Council are elected by the citizens of its territory on the basis of their general voting right of direct election (Lauc, 2006).

An important issue is political power and the political body in a city district. Almost in every city with decentralised management the citizens elect or the city council sets up a district council. In the latter case, the composition of the district council reflects the political composition of the city council. The essential question, without a doubt, is whether setting up the district council will increase the interest of the people of the district in solving the problems of their area. For example, in Tallinn, city district councils are established by the City Council based on the results of the municipal elections, and the candidates receiving personally the most votes in the district are appointed to the district council provided their party exceeded the election threshold of five percent.

There are at least three different ways to elect the city district leader (district mayor):

1. The district mayor is elected directly by the people.
2. The district leader is elected by the district council.
3. The district leader is appointed by the city government (the executive body).

The essential question is – to whom is the district leader accountable? The size of the district council also varies. In certain cities, all district councils have an equal number of members. Most cities, however, take into consideration the number of population of the district when establishing the size of the district council. There are also two possible ways. One, the number of district council members has been prescribed (Bratislava 9-40 members), or two, the number of district council members is established prior to municipal elections depending on the number of population of each district. In Tallinn, the number of district council members is calculated as follows: twice the number of City Council members elected from the district, which depends on the number of population of the district, plus one.

There is an important question – does decentralisation cancel efficiency? There are a number of myths about public administration and its reforms, and one of the myths is that the result of decentralisation is less efficiency (Randma and Annus, 2000: 139).

A significant indicator of decentralisation, incl. fiscal decentralisation, is the proportion of city district budgets in the city budget, and to what extent within the district budget limits they can take political decisions. Making comparative calculations in this field is extremely complicated and requires a separate study.

4. Economy of the Capital City and its Position in the Economic Environment of the Country

As a matter of fact, there are two large problem areas. One area concerns the economic activities of municipalities themselves, i.e. budgeting, providing public services etc. In case of providing certain services in areas such as public transport, waste management etc that requires regional co-operation and the parties may not be interested in voluntary co-operation, appropriate legislation has to be passed to

ensure provision of undisrupted services. Another area concerns the position of the capital city in the economic environment of the region and the country as a whole.

For example, two thirds of the country's GDP is generated in Tbilisi (Losaberidze, 2006), the GDP of Praha is more than double that of the Czech Republic as a whole (Pomanac, 2006) and 56% of the total GDP of Latvia is produced in Riga (Vanags; Vilka, 2006). Almost 93% of all Azerbaijan state budget income provides the capital Baki. Chisinau Municipality collects almost 37% of all local fees and taxes raised in the country, and produces almost 60% of the GDP (Munteanu, 2006). Although almost 30% of the population of Estonia lives in Tallinn, the capital city gives almost half of the country's GDP and, what is even more radical, 75% of foreign investments have been made in Tallinn and the county surrounding the capital city (Harju County). The role of the capital city, usually a metropolis, as an economic engine of the region and the whole country is significant. A comparative study of this aspect is quite complicated. Generally, the data is available up to NUTS III level but, for example in Estonia Tallinn together with the surrounding Harju County belongs to the NUTS III level etc.

It would be necessary to compare city budgets and especially budgets per capita. Unfortunately, it is a rather hopeless attempt based on the data available on the homepages of the capital cities, although the results of the attempt are shown in Table 9.

Table 9. **Data on budgets of some capital cities**

Capital city	Year	Data on budgets (million in national currency)	Data on budgets (million EUR)	Data on budgets per capita (EUR)
Bucureşti	2007	3,850 leu	1,041	542
Budapest	2007	497,200 forint	1,954	1,152
Chişinău	2007	1,093 leu	67	112
Minsk	2007	3,330,210 ruble	979	554
Riga	2007	422 latt	600	824
Sofija	2006	618 leev	316	281
Zagreb	2007	6.026 kuna	829	1,057
Tallinn	2007	6,625 kroon	423	1,056
Tbilisi	2007	570 lari	250	228
Tiranë	2004	6,794 leks	55	160
Vilnius	2006	821litt	238	439
Warszawa	2008	9,740 zlott	2,811	1,653

The homepages of the cities contain data on different years but - this is even more important – it is generally difficult to establish whether budgets contain but revenue generated from their own revenue base or include also allocations from the state; loans have a significant impact on the budget etc. It is not easier to make a comparison of the structure of revenue and expenditure.

The position of the capital city in the state human habitation, economy and public administration should also shape the urban policy of the corresponding country.

Apparently it is not additionally necessary to accent that this arises from the special status of capital cities. Nevertheless, one can add that in the 47th Annual Conference of the Union of Capitals of the European Union (UCEU) held in Tallinn in autumn 2007 a Declaration was adopted in which the participating 21 capital city leaders confirmed that: *“European Capital Cities are not merely seats of government, but are the cultural and economic centres of Europe, vessels of cultural identity, and places to live and work for tens of millions of some of the most productive and creative European citizens.”* Alas specifically in the transformation countries urban policy is in the phase of the beginning of elaboration. The foregoing has found proof among other things in the 2004 Resolution of the European Parliament “On the urban dimension in the context of enlargement” draws attention *“to the great disparities in terms of urban policy between the 25 Member States, particularly as a result of the enlargement to include 10 new Member States, which often have no clear and comprehensive urban policy at national or regional level.”* (European, 2004). Undoubtedly the foregoing goes for all transformation countries. The analysis of the capital cities especially done by public administration should significantly widen and deepen.

Conclusion

The Central and Eastern European and Caucasus Countries Region for the purpose of the present article is the area covering 23 countries. The total Region is 6.7 million km² (60% of the territory of Europe and Caucasus) and their combined population is 315 million people (40% of the total population of Europe and Caucasus). 31 million people live in the capital cities of the Region and that is 10% of the population of the Region.

Four groups of capital cities have been distinguished, depending on whether and how national legislation regulates the issue of the capital city:

1. The constitution establishes the capital city
2. There is a special law on the capital city
3. The status of the capital city is provided in a separate chapter, section or sections of the law on local self-government
4. The capital city is treated in the law on local self-government like any other local government.

The problems of management of the capital city have been divided into three groups:

1. Relations with the central government
2. Relations on the horizontal level and regional co-operation
3. Internal relations of the city, including decentralisation.

Election of the mayor and the mayor's position in the city organisation differs. The countries have been divided into three groups: a) the mayor is elected directly by the people; b) the mayor is elected by the City Council and he/she is a Chair of the City Council or c) he/she cannot be a member of the City Council.

Mostly city districts are units with relatively limited self-governmental rights, frequently they are just units serving administrative tasks without having any political council.

From the point of view of economy two big groups of problems are analysed:

1. The role of the capital city in the economy of the country
2. Economic activities of the capital city as a local government itself (municipal revenue and expenditure, delivery of public services etc.).

The capital cities are generally economic centres of their countries and regions having a leading role in innovation. The economic policies of those countries should take it into account. The lack of objective assessment of the role the capital city has in the economic area is also caused by the fact that, so far, urban policy, that has become one of the most significant aspects of regional policy in the European Union, has not been studied. It is of little consolation that, in the 2004 adopted resolution of the European Parliament on the urban dimension, it is pointed out that no new member state of the European Union has a clear and comprehensive urban policy at national or regional level.

The comparative analysis of the capital cities can be used for regulating the legal status and management models of capital cities and for formulating the urban policy in the Central and Eastern European and Caucasus Countries.

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