

Hornek, Jakub:

**POLITICKÉ DOPADY
ZADLUŽOVÁNÍ MALÝCH OBCÍ
V ČESKÉ REPUBLICE: PŘÍPADOVÁ
STUDIE KARLOVARSKÉHO KRAJE
2010–2014.**

Praha: Sociologické nakladatelství
(SLON). 2016. 348 pages.

DOI: 10.5817/PC2019-2-139

The publication *Politické dopady zadlužování malých obcí v České republice: Případová studie Karlovarského kraje 2010–2014* is in general focused on the financial conditions of small Czech municipalities. In the context of the political impact of this problem, Jakub Hornek takes a deeper look at the indebted municipalities. Mainly, he focuses on the smallest municipalities, because they are the ones most threatened by debt. The topic of the financial problems of Czech municipalities is ongoing and often discussed in the Czech political (political science) space. Here I could mention the popular and important book *Politické aspekty financování českých měst* by Ilona Kruntorádová (2015) or the research *Mechanismy rozhodování o investičních záměrech a rozpočtech obcí* by Kopriva, Čopík a Čmejrek (2017). However, the publication *Politické dopady zadlužování malých obcí v České republice: Případová studie Karlovarského kraje 2010–2014* is unique in its deeper examination of the smallest municipalities.

Small municipalities have to face big problems with finances. Due to the lack of finances, the smallest municipalities are able to provide only basic functions for citizens (p. 284). Very often these problems end up in debt. Based on this statement, the goal of this book is to analyse the political impact of debt on the

municipalities, which are or were in debt. The publication has a clear structure – it consists of three case studies of municipalities with less than 500 inhabitants. The impact of debt is researched in two dimensions. The first one is the impact of the debt on municipal democracy. The second one tries to answer the question: what is the relation and attitude of the regional and national offices to the problem of critically indebted municipalities? To achieve the goal, Hornek defines four research questions spread across these areas: legislative rules and institutional responsibility, amalgamation of the municipalities and municipal elections, and the municipal political environment.

Hornek combines quantitative and qualitative methods in this research. For deeper understanding and information, he used the method of semi-structured interview with mayors of the municipalities. The other data come from the Czech Statistical Office, Ministry of Finance, Regional Office of the Karlovy Vary region, Union of Towns and Municipalities of the Czech Republic, and from regional and national media (p. 285). The methodology of this book is commonly used in this research field. With the use of qualitative methods and case studies, we have to point out the limits (e.g. the external validity) of the research results. This publication works within these limits, however, the results are presented mainly as generally valid. In my point of view, while the research has limits that are not dramatic, they should however be mentioned.

The first part of the book focuses on theoretical background. Firstly, Hornek presents the problem of fragmented municipal structure in the Czech and European context. According to Hornek, the unique, fragmented municipal structure is the reason why we should study small municipalities. Secondly, he explains the political aspects of municipal indebtedness in the Czech Republic. This part

is based on the analysis published by the Ministry of Finance and on legislation in this area. Hornek confirms in his analysis that 20 indebted municipalities in the Czech Republic were municipalities with less than 1000 inhabitants. He indicates failed investment projects are the main cause of municipal debt. Due to failed investments, many municipalities have to repay project money to contributing institutions. However, in majority of instances, the money is borrowed. These loans, especially in the smallest municipalities, then result in indebtedness (p. 119).

The next chapters present the case study of small indebted municipalities in Karlovarský kraj. The third chapter explains the conditions of the small municipalities (less than 500 inhabitants) in Karlovarský kraj. As the main variables for the analyse, Hornek points out: municipal cooperation, services provided by municipalities, financial conditions, attitude to amalgamation, voter turnout, nomination process in municipal elections, character of councillors in the local council and index of plurality.

Finally, in the fourth chapter, the author analyses three cases of critically indebted municipalities – Bublava, Nebanice and Prameny. All three municipalities are described using the previously mentioned variables. This information is widened and deepened with examples of state institutions' communication with these municipalities as well as the mayors' attitudes towards indebtedness and prevention. All these facts are analysed together and compared with the rest of the selected municipalities with less than 500 inhabitants.

Based on his research, Hornek presents four political impacts of indebted municipalities and connected problems. Hornek points out that the attitude of Czech Republic's institutions towards indebted or failed municipalities is a serious problem. He describes the experiences of the three analysed municipalities.

In these cases, neither the Ministry of Finance nor the Regional Financial Office solved the problem. These institutions tried only to point out the problem, but they did not look for a solution.¹ The author called this the problem of legislative rules. In the Czech Republic, there is no legislative rule that defines what to do about or how to deal with indebted municipalities (p. 237). As the second finding, the author presents the municipalities' unwillingness to amalgamate. In his research, all mayors declare that they do not support amalgamation as a possible solution to the problem. Some mayors also think that indebted municipalities are not able to find a suitable municipality to amalgamate with, especially because of the debt (p. 240). The creation of candidate lists and election strategies is mentioned as the third political impact of indebtedness. Hornek confirms that debt influences these political conditions and presents possible options (p. 241). As the last political impact of indebtedness, he mentions the impact on inhabitants'/voters' behaviour. The main variable is turnout, which is connected with inhabitant/voter attitudes towards the debt (pp. 242–244). To sum up, municipal debt not only influences the financial side of the municipality, it also has a strong influence on the political environment of the municipality.

The publication presents a relevant problem of Czech local policy. This is the strength of the research. Furthermore, the author points out that there is an important legislation gap in this field. From this point of view, the publication is very valuable. What's more, the author also focuses on the next problem of Czech local policy – the fragmentation of municipal structure. In my view, Hornek here

¹ In case of the municipality Bublava, the Ministry of Finance set a repayment schedule. However, the repayment was so high that the municipality was not able to pay it.

found another argument for supporters of amalgamation (or more precisely, for critics of high municipal fragmentation). As the main crisis factor for indebtedness, the author mentions the high number of the smallest municipalities (78 % of municipalities have less than 1000 inhabitants and 26 % of these have less than 200 inhabitants). These municipalities face the problems of unqualified municipal leaders, not enough administrative staff and failed investments. All these factors then lead to debt (p. 246). However, in the theoretical background, the author mentions M. Keating's (1995) research focused on amalgamation (*Size, Efficiency and Democracy: Consolidation, Fragmentation and Public Choice*). From this point of view it is important to add that the argument for amalgamation based on economic factors is not complete, and Hornek does not support these tendencies in his research. As the last (not least) strength of the research, I would like to mention the methodology. As was mentioned, Hornek combines statistical methods and the use of case studies (data obtained from interviews), which explain the problem very deeply. However, this methodology is also connected with the limit of external validity.

The publication *Politické dopady zadlužování malých obcí v České republice: Případová studie Karlovarského kraje 2010–2014* provides new findings connected with the financing of small municipalities in the Czech Republic. The publication presents a unique and deep view into the problems of indebted municipalities, which is relevant in the Czech political environment. I would like to highly recommend this publication to all researchers interested in problems of small municipalities in the Czech environment. Furthermore, the publication also provides new findings in the economic field, so researchers in the field public finances may also profit from reading it.

References:

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