

THE IMPACT OF HISTORICAL HERITAGE OF CHANGING TERRITORIAL - ADMINISTRATIVE DIVISION ON COUNTRY'S DECENTRALIZATION PERFORMANCE

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ABSTRACT

The objective of the paper is to analyse how the historical alterations of country's territorial-administrative division impacts the criteria and terms of intergovernmental division of competences and responsibilities.

The roots of self-government in Lithuania are centuries old. History shows that municipalities were formed in Lithuania during 1918-19. However, their roots go back to the XIII century, when self-governments formed rapidly following the example of German towns, which were based on Magdeburg rights or their modification. The law on Municipalities was in effect in Lithuania between two World Wars. These municipalities were eliminated after the Second World War when the USSR occupied Lithuania. Once the independence of the country was established in 1990 the rapid changes of the system turning from the central to market economy has been made.

Realistically, however, the reform of territorial-administrative division, which consequently impacts decentralisation process in the country, is still in the process despite more than two decades of independence. The main reasons for such uncertainty in the composition of both: the lack of theoretical skills of frequently changing political powers and the absence of authentic traditions of self-government.

This paper tries to take a broader look at the subject by trying to make sense through the application of the concept of politic-administrative changes and their impact to the evaluation of the self-government identity as well as to the decentralisation process. The attention will be paid on the historical changes of territorial-administrative division, as the consequence of Soviet regime was the decimation of territorial identity, which by consistency created the obstacles for the on-going decentralisation reforms.

Introduction

In recent years territorial administrative reform has been continued in Europe. Their ups and downs are generated by political and economic factors. In European countries self-government bodies is either increased or decreased, either split or combined again. What determines these changes? Self-government is a complex formation. Its understanding, the structure and evolution depends on many factors. On the one hand the principle of decentralization and subsidiarity states that public service must be provided as close to people as possible in order to meet citizens' preferences, on the other hand the economic logic dictates that larger administrative units are able to provide public services more efficiently due to economies of scale. However, economists often forget that the historical heritage and the national mentality are sometimes crucial factors being ahead of economic considerations.

In this article the development of Lithuanian territorial administrative reforms is examined and it is attempted to find an answer to the question of whether political or economic, and historical factors, however, led to the course of current reforms.

The article aims to analyse how legacy of a historical administrative territorial division of the country causes conditions and criteria determined by the existing territorial administrative division in the context of decentralization.

In order to achieve the aim the following objectives are set: (1) to present the importance of territorial administrative division in the context of decentralization; (2) to analyse the European trends and territorial administrative reform during last decade; (3) to present the development of Lithuanian historical territorial administrative division and its meaning for the current political-economic decisions.

Why is the territorial administrative division important?

The principle of subsidiarity² established in the European Charter of Local Self-Government has not only economic and political, but also spatial and demographic meaning. Size of local government' territory means not only the geographical dimension. It is also related with a number of practical relations causing each other. Moreover, a form of local organization determines characteristics of other local government, including the distribution of functions and the nature of intergovernmental relationship between central and local nature authorities.

The territorial administrative reforms having being continued for three decades in both old European countries and countries with economies in transition include a number of issues not only territorial, but also the administrative and the competency nature. One of the most important is determination of decentralization level, which in turn is related not only to the idea of decentralization, but with some economic implications too. It is the satisfaction of preferences of

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² The [Oxford English Dictionary](#) defines subsidiarity as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level.

citizens and efficiency of provision of local public goods and particular market failures as external or congestion effects. All these issues are related to the territorial size of the municipality, the administrative system and the level of decentralization.

According to Oates (1972) if individuals with similar preferences (e.g. if their living conditions are specific ones) live in a small area, then decentralization may be the best way to meet the specific demands. Differences in preferences must be assessed even if it is difficult. For example, an issue of minority education is important when deciding to which level of government this function must be assigned, along with its funding. It is important to note that if the ethnic or religious communities are located in a small area (in one or several administrative territories), provision of certain public services may be assigned to local governments. However, this cannot be achieved if the territory they are located in is across the whole country.

Ebel and Vaillancourt (2007) argue that the principle of heterogeneity of preferences is closely related to the geographic usefulness of functions on the area basis. Thus, the essence of this principle - individuals or groups living in different regions may ask for different quantities for the same service provision, different quality of service, or have a different approach to the provision of services. Under these circumstances, the local government can provide adequate public services only if the area is in line with social preferences.

Another aspect of the territorial division defines the technical scope of economies of scale when determining the issues of provision of public goods or their manufacturing. According to Ebel and Vaillancourt (2007) public goods and services should be provided by the level of government that can optimally achieve economies of scale. Economies of scale occur when reducing the supply of goods or production costs. Dafflon and Madies (2009, 32) note that factors of economies of scale may vary depending on the functional area. Functional area can be defined:

- a) from the point of view of the **provision** (manufacturing) of public goods if the economies of scale occur across municipal boundaries, so there is a need for cooperation of local jurisdictions in providing such services;
- b) in terms of **consumption** of public goods, if the public goods provided by local government have overflow effects.

The potential economies of scale by itself (Latin - ipso facto) are not based on establishing of geographical territory of self-government. Cooperation of public and private sector or jurisdictional cooperation can also absorb the overflow effects.

The above-mentioned reasons are only part of economic motives, which should be evaluated by means of the parties starting the territorial administrative reforms and seeking for decentralization to local government. However, it should be noted that the historical legacy and tradition are often a decisive factor in the territorial administrative division, which slightly distorts the economic preconditions for decentralization.

Below the trends of territorial administrative reform in European countries during the last decade will be reviewed and then the analysis of historical Lithuanian territorial administrative division which led to another and now affecting the current decisions of decentralization will be listed.

What are the territorial administrative reform trends across Europe?

The economic crisis in 2007-2010 has led to the territorial reorganization aimed at the optimal, rational use of resources, increasing the efficiency of local authorities. In recent years also institutional power arrangement has been changed. Having being developed separate processes of federalism, decentralization, recentralisation in some cases both the autonomy and financial viability of local government decreased. These territorial institutional changes have affected all levels of sub-national government.

Dexia (2012) provides reform models in 2011:

- In Greece *Kallikartis* became a part of local administration reform in January 2011, so the number of municipalities was reduced threefold (from 1 034 to 324).
- In German municipalities were combined in several *Länder* (lands). In 2010 and 2011 in *Saxony-Anhalt* state the number of municipalities decreased by three quarters (from 840 to 220). Generally, during the four years the number of municipalities in German decreased by 7% – from 12 456 municipalities in 2007 to 11 553 in 2011.
- There were 116 municipalities in 2009 and on 1 January 2012 – 106 in Luxembourg. In the State territorial reorganization program it is planned to reduce their number to 71 till 2017.
- In Finland in 2007 a Project to restructure local government and services (PARAS) was started in order to decrease the number of municipalities gradually from 431 in 2006 up to 336 in 2011. But at the same time local expertise were being strengthened, particularly in the area of social services.
- In 2011 Irish Government promoted mergers of cities and counties, rationalization of urban management systems.

- Since 2012 Spanish Government has adopted a plan aimed at rationalization of municipalities with less than 5 000 inhabitants (and that includes 84% of the country's municipalities). The merger of municipalities and inter-jurisdictional co-operation are intended in the plan. Municipal competencies are expected to be redistribution according to the number of population. Regions of Castile and Leon, covering about 2 200 municipalities with less than 5 000 inhabitants, will be affected the most by such policies. It is also planned to reduce and adjust the municipal competencies.
- However, the trend to merge or consolidate municipalities is observed not in all countries. In France and Luxembourg the merger process is moving slowly. In Northern Ireland the reform aimed at reducing the number of municipalities from 26 to 11 has been cancelled and postponed to 2015. In Italy the plan, which was one of the 2011 fiscal discipline measures, to eliminate small municipalities (up to 1 000 inhabitants), has been rejected due to turning from the idea of merging to the idea of inter-jurisdictional co-operation.
- Recently, the governments promote inter-jurisdictional co-operation as an alternative to merging of municipalities. Co-operation is carried out in various forms, ranging from agreements of simple transfer of the functions, joint service provision, to the more complex integrated institutional forms of cooperation:
- In Italy municipalities with less than 5 000 population in 2013 will have to share resources (group procurement, municipal unions), while at the same time reducing the number of council members.
- UK Government has signed counties to sign the shared services agreement in order to carry out specific public services.
- In Ireland local municipalities are encouraged to co-operate in providing common waste collection, water supply services, installing common systems for compensation calculation or local tax collection.
- In 2011 a wide range reform of local government was started in Portugal. Elimination of some municipalities, the reform aims to strengthen competencies and financial resources of 23 municipalities and 2 Metropolis (Lisbon and Oporto) by inter-municipal collaboration tools.

As can be seen from just several examples the "Landscape" of municipalities has changed radically in the last few decades, especially during the last decade (the number of municipalities in Denmark decreased from 271 to 98, 2007, in Latvia from 524 to 119, 2009). Merger of municipalities was a result of crisis and austerity measures.

Historical and political implications of the territorial-administrative division in Lithuania

Before analysing realities and current issues of the administrative - territorial division in Lithuania, it is appropriate to draw a historical discourse which will make easier to look into the existing issues of never-ending administrative reforms. Lithuanian history, as well as any country's history, is unique, individual and different from other countries. The importance and significance of the country's history is treated differently by various researchers. Anthropologists and historians, who emphasize the uniqueness of the country formed by the historical conditions, invoke the current situation, based on the country's historical, social, cultural experiences. While others choose the opposite approach grouping countries into certain groups based on the selected features and looking for similarities rather than differences. According to the author, just as the appearance, structure and ability to survive of the plant depends on where and how it is rooted in, the analysis of country's one of the subsystems would not have a sufficient explanation of certain phenomena having not disregarded historical heritage.

Already in the 19th century a model of one paradigm³ economic was abandoned. When studying such a complex system as a "national economy" it is necessary to rely more on empirical research methods, particularly to use historical and statistical descriptions in addition to theoretical logical sophistries more (Martišius, 2005, 48). Therefore, the so-called historic path (path dependency is called so) is selected, i.e. the assumption that the initial choices made when shaping and formatting the authority or policies, limits and determines the subsequent choices.

Therefore, the historical approach in this case is important in two respects:

- In terms of the historical legacy of the system. This aspect will reveal the impact on the current administrative system of administrative reforms regularly occurred in the course of history of different countries which have been applied in our country simply by introducing a new management model. After all, a change in management models, and lack of distinctive traditions and systems lead to searches of "better and better" administrative model.
- In terms of self-government or centralization / decentralization. In turn existing management centralization / decentralization shaped the nation's understanding of self-government during the ages. This is important in the context of current situation, because, according to Musgrave, "This, what needs to be done in one case, will

³ Paradigm (Greek – paradeigma – example) – is a kind of thinking pattern, the subjective scheme of interpretation, which helps to understand and explain the phenomena. Paradigm can be defined as the whole of a certain basic claims about the world, its ways of understanding.

depend on the particular set of: the country's political and economic institutions, history and traditions ...” (Musgrave, 2003, xi).

Understanding of self-government based on customs appeared when people began to live in groups, forming the territorial or tribal communities. These communities have been self-governing since they solved issues of their own household, livelihood and their distribution among members of the community.

In the course of development of the state of Lithuania, in the community most people were farmers. In the late sources, already in the 12th century, these communities were referred to as *laukas* (a field), and its inhabitants – *laukininkai* (free peasants). Though *laukininkai* community consisted of individual households, it co-owned part of the means of production, and performed some productive functions collectively. Cultivable land was divided between *laukininkai* – each household managed its part as own property, grasslands, forests, water bodies were used mutually. Members of *laukas* community were in solidarity, weapons and other means were used to defend own field, they helped and aided a member after the fire or other disaster, prepared jointed meals, accompanied corpses to their own cemetery. In order to solve issues of households and administration *laukininkai* meeting was gathered. *Laukas* community had the elder, the company court. A few or a dozen fields made up a land with a castle and Duke. And in the 12th century self-government of individual settlements in our country was rapidly formed according to the model of German cities based on the Magdeburg law, or its modification (Kulm, Lubeck). Magdeburg Law was the first stable and reliable form of local self-government in Lithuania during a few centuries (from 12th to the 17th – 18th centuries). (Lithuanian municipalities' website)

Further analysis of the administrative-territorial self-government is divided into the following provisory periods of decentralization:

- Lithuanian Kingdom and the Grand Duchy of Lithuania the 13th – the beginning of 15th century
- The Grand Duchy of Lithuania the beginning of the 15th – the mid of 16th century
- The Grand Duchy of Lithuania in Commonwealth of Two Nations the mid of the 16th – 18th century
- The Russian Empire (1795 – 1914)
- World War I (1914 – 1918)
- Interwar period (1918 – 1940)
- Soviet occupation (1940 – 1990)
- Independence period (1990 – now)

Lithuanian Kingdom and the Grand Duchy of Lithuania the 13th – the beginning of 15th century. During early stages of the Grand Duchy of Lithuania (GDL) forming in Lithuania there were some lands managed by the regional dukes. When King Mindaugas united the country, many dukes were killed, deported or otherwise eliminated. Power was divided between relatives and beloved ones. These were the first rudiments of an administrative territorial formation and attempts to enter the centralized management of Lithuania. However, expanding the country to the Slavic lands, the central government began to wane, and the land became a semi-independent.

In 1385 having concluded Kreva treaty with Poland, Lithuanian territorial administrative model was started to be changed in accordance to Polish one.

The Grand Duchy of Lithuania the beginning of the 15th – the mid of 16th century. At the beginning of 15th century Vytautas the Great began administrative reforms. Following the example of Poland, the old feudal principalities were started to be rearranged into voivodeships, but the process was slow (Kiaupa, Kiaupienė, Kunevičius, 2000, 163 – 164). Thus, the Lithuanian administrative division at that time already was modified by the Polish one. Unlike Mindaugas times when the management of administrative units was based on kinship ties, during the reign of Vytautas self-government model of the noblemen was formed. Although the original idea was to strengthen the central government in the periphery, finally decentralization became a strong one. In some places absolute self-government was dominant.

The Grand Duchy of Lithuania in Commonwealth of Two Nations the mid of the 16th – 18th century. Important administrative reforms were carried out in 1564 - 1566, when preparing the Second Lithuanian Statute and reviewing thoroughly the legal framework (Kamuntavičius, Kamuntavičienė, Civinskas, Antanaitis, 2001, 112). After the so-called reform of the powiat (1564 - 1566), the Polish two-level large territorial administrative division and the model of caste nobility of self-governance were established in Lithuania. On the basis of sub-regional level, a powiat or a county became the main unit of nobility self-government (Encyclopaedia "Lietuva", 2008, Volume I, 21), while voivodship remained large regional-level units functioning for nearly two hundred years. Powiat sejmiks essentially became the supreme government, voivodships did not have any direct power on powiats. The entrenchment of absolute self-

government was one of reasons of the internal state of military and political potential weakening and collapse (Daugirdas, Mačiulytė, 2006, 93).

The Russian Empire (1795 – 1914). In 1795 when Tsarist Russia occupied Lithuania, the management was promptly reformed under the Russian example. The territory was divided into provinces (regional level) and counties, also called “újezd” (sub-regional level) (Daugirdas, Mačiulytė, 2006, 94). The highest administrative state government belonged to Governor General appointed by the czar. Governor General controlled not only the civil government of provinces, but was a chief of the army located around the land. Governors - they, like the Vice-Governor, too, were appointed by the czar, and usually not from the local population - administered provinces and headed the county’s executive bodies. The greatest power in counties belonged to the administrative ushers “ispravnikai”, elected from the county noblemen, but under the authority of the Governor.

In 1785 in Russia self-government of counties of noblemen and provinces caste was introduced, that was applied to the nobility of connected lands of GDL; the noblemen were granted the Russian noblemen rights, sejmiks of the counties and provinces were left. But rights of sejmik, compared with GDL times, were poor. Therefore, these sejmiks performed more representative and advisory functions (Kulakauskas, 2002). In 1861, after the abolition of serfdom, when peasants acquired the rights of citizens, including the right to self-government and districts and neighbourhoods were established. However, these institutions had little rights and self-government was dependent on the will of the local noblemen. Thus, how Daugirdas and Mačiulytė (2006) state in their article properly that “the system of Russian territorial administration and self-government was completely alien to Lithuania – multilevel, highly exaggerated and highly centralized”.

World War I (1914 – 1918). During World War I, when the Germans occupied Lithuania, the administrative territorial system was promptly replaced by the German order. Lithuania entered the territorial – administrative unit – **Oberost** (in German Ober-Ost). It was intended to be connected to Germany. Oberost Lithuanian territory was divided into six areas, but at the end of 1916 already they were merged into three areas, consisting of 58 counties (“cruisers”) (Lithuanian Soviet Encyclopaedia, 1987, Volume III), the county governor and his advisers, and the city mayor under the authority of the county governor, appointed by German officers structured the German administration. Management regulations of Oberost eliminated the political rights and personal freedoms of the population (forbidden to participate in the activities of administrative institutions, go from one county to another, send letters in the Lithuanian language, etc.). The land was exploited economically (requisition were conducted, various fees were collected). At that time, the local government was the Germans. Since 1916 in major cities the boards were structured where the local townspeople were appointed. City boards took care of home restoration, tax collection, requisition organization needed by the occupiers (Lazauskienė, 2007).

Interwar period (1918 – 1940). After July 1918 the Eastern Front leadership abolished Oberost formally and created two administrative units instead – Lithuanian region (independence declared on 16 February) and the so-called Baltic state ([Kuršas](#), Lifliandija Estliandija).

Having declared its independence in 1918 in Lithuania, a new political power realized at once the importance of the local government for restoring the national state and the economy. Although both the Russian period, and the German administration did not meet needs and traditions of state, however, original Lithuanian territorial administrative division was not created, county boundaries were determined chiefly by the boundaries of Russian újezd and German cruiser where in some places they were adjusted a little. The main chain of government was clearly identified, i.e. volost, which became a major local government authority. The government provided municipalities rather broad competence, significant financial resources and tangible assets. Counties performed a role of intermediary between the central government and volosts. However, after 1924, having changed the self-government law, a county began to take shape as the central government territorial (regional), government tool, and the self-government of volosts rights were started to be limited. This type of governance was very close to the model of centralized authoritarian state, but during a complex historical period in complicated geopolitical situation it could be justified. There was no a clear decision which territorial governance model should be selected (centralized or decentralized). Frequent and cardinal change in the law confirms that the territorial administration and local traditions were in the prices of shaping (Daugirdas, Mačiulytė, 2006, 95 – 96, Stačiokas, 1991, 209).

Soviet occupation (1940 – 1990). The territorial administrative system from 1940 to 1950 was not substantially changed. Only the elderships were replaced by neighbourhoods (Encyclopedia of Soviet Lithuania, 1988, Volume I, 86). In 1950, the counties and districts were cancelled, and the Lithuanian Soviet Socialist Republic was divided into oblasts, districts and neighbourhoods (Encyclopedia Lithuanica, 1970-1978, 17-21). Thus, existed but not completely formed municipal system was finally destroyed, centralized, municipalities retained only economic functions. The

district council had no real power, since all important decisions had to meet the requirements of local communists or a higher authority. The purpose of councils was to implement the policy of the Communist Party in the places, to manage cultural and political activities respectively, to ensure the compliance with the Soviet law.

Independence period (1990 - present).

In 1990 after gaining the independence, everything had to be started from the beginning, because the Soviet people had been weaned from the right and the duty to manage their own affairs. In the current study there is an attempt to determine if it was achieved during the 2 subsequent decades. However, primary attempts to divide the territory into the administrative units and to establish new institutions of self-government were not very successful. Self-government was not active enough, because the municipalities still executed the functions assigned by the central government, thus, they had neither sufficient political freedom nor the independent budget or property to implement their own functions. What is more, the provisions of Local Self-government Act (12 February 1990) on the power of municipalities and internal organization of management bodies, created the conditions for internal conflicts between municipalities, councils and boards to occur. Although according to the free will of citizens the Lithuanian Supreme Council was elected on the basis of the Provisional Basic Law (1990) the conditions for the transition from a centralized to decentralized management were created, in reality the aim of the first year of independence was not achieved. The system was criticized because the territorial division was not different from the former Soviet period. On the other hand, within such a short time since independence, the country changing the legal, economic, civil and social systems hardly was expected very constructive solutions in decentralization of management system. Moreover, as it is clear from the historical review, strong traditions of local management in the decentralized country were not present in Lithuania. Basically changing the system, there were difficulties in distinguishing and defining the central and local government functions and administrative system clearly, or provide a strategy for the development of local self-government, and appointing local governments immediately an economic basis for their valuable functioning.

The situation changed in 1992, when in the new constitution of the Republic of Lithuania there were six articles was appointed to local self-government, Article 6, and the constitutional norms on local self-government were prepared according to the provisions and requirements of European Charter of Local Self-Government (Lithuanian municipalities' portal. Development of local self-government in Lithuania). This was the impetus for the modification of legal system governing the self-government. In 1994 there was adopted the Law on Local Self-Government, Municipal Offices Election Law, Ministry of Territorial Units and their Boundaries. Despite the offers of various social groups, division remained similar to the Soviet as after the reforms in 1990. The law was implemented in 1995 replacing the previous two-level and five-category system (districts, republican subordination cities, cities subordinated by counties, urban-type settlements, neighbourhoods) by a two-level and two-category system (counties, municipalities):

- 10 counties (higher-level administrative units under the authority of the central government);
- 56 municipalities (units with the right to self-government, 44 districts and 12 city municipalities);
- Elderates (territorial units without the rights of self-government, under the authority of municipalities).

Period	Levels of management*, administrative - territorial unit					Characteristics of self-government. Signs of centralization / decentralization
	1st central power	Level 2	Level 3	Level 4	Level 5	
Lithuanian Kingdom and the Grand Duchy of Lithuania the 13th – the beginning of 15th century.	King Mindaugas (Lithuania Grand Duke (~ 1236-1263), King of Lithuania (1251-1261))	Land managed by relatives. Vicegerents - <i>tijūnai</i> (Latin <i>tivunus</i>)				Land remained semi-independent, weak ties with the central government
	Self-government of cities – Magdeburg law					
The Grand	Duke Vytautas	Voivodeship	Powiats			Links with the

Duchy of Lithuania the beginning of the 15th – the mid of 16th century		s managed by noblemen				central government strengthen, caste noblemen self-government model formed. However, eventually decentralization was strengthened
Self-government of cities – Magdeburg law						
The Grand Duchy of Lithuania in Commonwealth of Two Nations the mid of the 16th – 18th century	The central government highly concentrated in Poland	Voivodeships managed by noblemen	Counties (powiats)			Powiat sejmiks essentially became the supreme government; voivodships did not have any direct power on powiats. The entrenchment of absolute self-government.
Self-government of cities – Magdeburg law						
The Russian Empire (1795 – 1914)	Governor general	Governorates	Újezds	Since 1870 districts	Since 1870 Elderates	Territorial - administrative structure equivalent to Russian. A centralized multi-level governance system. Weak self-government
World War I (1914 – 1918)	Eastern Front leadership (Oberost - administrative territorial unit)	Districts (Bezirkes)	Counties (cruisers)	n.d.	Elderates	Territorial - administrative structure equivalent to German.
Interwar period (1918 – 1940)	Seimas		County	Volosts	Elderates	During the first year of independence, self-government was stronger. In 1924 after amending. Of Municipal Law the county, representing the central government the influence increased while districts -

						limited.
Soviet occupation (1940 – 1990)	Presidium of the Supreme Soviet of the Lithuanian SSR	Oblasts	Districts	Neighbourhoods		In 1940 the county and district councils were released, self-government was destroyed.
Independence period (1990 – now)	Seimas	County**	Municipalities	Elderates	Sub-elderships** *	Only municipalities have the right for self-government. Therefore, in Lithuania there is only two levels of government, or a government level system.
<p><i>* Levels of government are divided relatively, because in the table the analysed period covers several centuries, to find a single division is unlikely to be successful, and the main focus is not on the accuracy of the administrative territorial division, but on the changing perceptions at self-government at the regional, sub-regional or local levels in course of times and subordination, and the aspects of centralization / decentralization.</i></p> <p><i>** The county administrations cancelled in 2010. Only the territorial - administrative unit remained.</i></p> <p><i>*** Elderates - since 2009.</i></p>						

Source: compiled by the author

Table 1. History of territorial-administrative division in Lithuania

It can be seen that the efforts for the development model of the legal framework and territorial administration did not reflect the objective of decentralization. Territorial administrative system remained close to the Soviet one, although, there were suggestions to restore the inter-war Lithuanian territorial administrative structure and names of the various levels. Decentralization shifts in Lithuania started in a difficult national and international situation. Such superficial changes could be a consequence of that the central government, as in 1990, did not have a clear strategy of decentralization; there was not incentive to break down (from the point of view of politics) system for the governing left-wing government with sufficient seats both in parliament and municipalities. However, coming back to the idea that after four years since restoring of independence was not enough time interval to reform the system in force for many years substantially, we can treat the reform not as finite, but only as one of its stages.

Later, it was planned to continue the territorial administrative reform by crushing administrative units, gradually increasing number of municipalities to 90, but the following steps have not been taken. At present there are 60 municipalities in Lithuania, with legal personality and LR constitutional right guaranteed by the government in Lithuania. As Kornai pointed rightly (1992): “The change of government itself does not mean the change of the system, but rather it is an assumption for the system change. Change of systems is a historical process, which seems to require a long period of time”.

Conclusions

In Europe implementation of territorial administrative reform is in certain fluctuation. While issues of making municipalities smaller / larger and their size are a never-ending debate. As it can be seen from the latter decade the trend of the change in the number of municipalities shows decrease in the number of municipalities and enlargement of regional administrative units, while at the end of the last century the predominance of federalist ideas led to administrative units shredding.

Territorial administrative division is determined by many factors. These are not just political decisions, the level of decentralization, economic factors, but also the historical heritage, which is particularly felt in the post-Soviet countries and their efforts to the development of decentralized systems.

As it can be seen from a perspective of the historical Lithuanian territorial - administrative division, the country does not have a genuine and deep traditions of division that have been established according to the needs of population over the years, as that has been determined by the country’s volatile geopolitical situation.

Lithuanian history shows that even through the 20th century the models of Lithuanian territorial management and local self-government were changed many times. Centralized management was dominating and self-government was limited or minimal. This prevented the development of local self-government and community traditions, solidarity of the population declined, indifference to public affairs increased.

The very beginning of the formation of territorial identity during the interwar was completely destroyed in the Soviet time. Not accidentally, because of the lack of political will, the implementation process of a new territorial and municipal management was delayed and became very complicated. As in the interwar period, it is still wandering between the centralized management and greater self-government.

The absence of both local and regional self-government made Lithuania a unique, quite of radical type unitary state, having the transformed Soviet administrative division of the territory. Therefore, in Lithuania the problem of territorial administration reorganization and decentralization still remains relevant.

According to the author, first of all, the basis of territorial administration reforms must be the fundamental principles of decentralization and economic territorial division basics and for the sake of efficiency, leaving aside the residual phenomena of history collisions

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