

The Norwegian municipal territorial reform: A study of the preparation phase

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Abstract

Municipal territorial reform as a central political issue got renewed attention in Norway after the general election in 2013, as the new majority in the Parliament and the new government which followed, supports the idea of larger municipalities. Norway is now preparing for – and in an early phase of – a territorial reform. In this paper we address the problem of territorial municipal reform by discussing: What concept of local self-governance dominates the Norwegian preparation process – and what characterize the reform strategy chosen by the government? In order to understand the initial phase of the Norwegian reform better, we compare the reform with the municipal part of the Danish structural reform. There are many similarities in the understanding of local self-governance and democracy between the two cases, but differences both in reform context and strategy. Our conclusion is that strategy matter, but it has to be seen in combination with institutional factors and accessible “windows of opportunity”. The main data sources in our study are written materials: white papers, media debate, reports and evaluations as well as reform documents.

Early draft!

Introduction

Over the last three decades municipal enlargement has been on the agenda in Norway, and other European countries (John 2010; Boedeltje & Denters 2010; Lidström 2010). In the Nordic countries, Denmark and Finland have carried out reforms, different in scale and different in strategies. Denmark implemented in 2007 a large-scale structural reform where counties were replaced with regions, and municipalities were merged from 271 to 98. In Finland, on the other hand, territorial municipal reform is happening on a smaller scale and is still going on; 452 municipalities have already been reduced to 336 municipalities. Municipal territorial reform as a central political issue got renewed attention in Norway after the general election in 2013, as the new majority in the Parliament and the new government which followed, supports the idea of larger municipalities. Norway is now preparing for – and in an early phase of – a territorial reform. In this paper we address the problem of territorial municipal reform by discussing: What concept of local self-governance dominates the Norwegian preparation process – and what characterize the reform strategy chosen by the government?

Our strategy studying the reform will be comparison with the lessons from other countries. In order to understand the initial phase of the Norwegian reform better, we will compare the reform with the municipal part of the Danish structural reform. In the first part of the research question we focus on the rationale behind the Norwegian reform, in the meaning of what concept of local self-governance dominates the Norwegian preparation process. Tentatively it is possible to observe three concepts of local self-governance in the Norwegian reform debate: the first concept is that municipalities are political institutions in their own right and a manifestation of the separation of power in the Norwegian system. The idea of local government as a school in democracy can be connected to this concept. The second concept is that municipalities are agent of the state in terms of mostly service-delivering organizations. The concern about professional and economical sustainability can be connected to this concept, and self-governance is understood as adaption to local conditions. However, there can also be observed a third concept of local self-governance in the Norwegian debate. Keywords here are local self-governance as de-regulation or reduced bureaucracy; local self-governance as free choice for the citizens where the role of local organizations and institutions are downplayed. In the first part of the research question we follow up, shortly, what type of concept dominate the reform preparation.

The second part of the research question is about reform strategy, a theoretical concept that will be presented more in the next section of this paper. The aim of this part of the research question is to map the elements of Norwegian reform strategy in order to understand the preparation of the reform better. In this process we will compare the elements of the Norwegian reform strategy with elements in the Danish reform strategy. This selection of a case in the comparison is based on the observation that the Danish reform seems to be the “reference reform” for the Norwegian reformers.

The paper is organized in the following way: First we give a short (and tentative) presentation of the analytical framework in this study¹. The key theoretical concept here is reform strategy. Next, we present the central characteristics (actions, decisions) of the Danish reform strategy with focus on the municipal part of the large-scale structural reform. The section “The Norwegian reform Process” is our empirical account on the preparation phase of the Norwegian reform. In the last part of the paper we discuss our findings. More precisely we compare our “empirical presentation” with the Danish reform in order to identify similarities and differences. Key findings here are subject to further discussions and conclusions.

The main data sources in our study are written materials: white papers, media debate, reports and evaluations as well as reform documents.

Theoretical framework

The concept of local self-governance is more often than not connected to a debate concerning the size of the governmental units. Important positions tend to find arguments in some classical formulations in Robert Dahl and Edward Tufte’s influential book *Size and Democracy* (1973). Their main argument goes as follows: the two most important dimensions connected to size and democracy are citizen effectiveness and system capacity of a polity. The first dimension affects the citizen’s potentials to control the decisions of the government, and the second is linked to the capacity to respond to the collective preferences of its citizens. To find the optimal size which advances democracy is difficult, because there often will be a conflict between these two criteria. What seems to be good for citizen participation and control (smaller units) seems not to be good for system capacity, and vice versa.

The debate often follows these lines: Arguments towards large local and municipal units emphasize system capacity and believers in smaller units emphasize participation and proximity between the elected officials and the citizen. We will look into how these positions are represented in the current debate for territorial reform.

¹ This is a first draft; further theoretical presentation and methodological considerations are not included yet.

Our initial theoretical expectations on strategy can be put in the following simple phrase; Reform strategy matter, but reform strategy is not always a matter of choice. By the latter we mean that a reform strategy similar to a reform *per se* may be shaped and constrained by the context it is a part of. A part of this context is institutions, that are “regulative, normative and cognitive structures that shape and guide human action” (Scott 2008). Institutional perspectives, for example historical institutionalism, emphasis stability as a common feature of change processes. Reforms and other policy initiatives are embedded in interests, veto groups, veto points and institutions that shape and constrain actions. Except from exogenous shocks, changes are expected to be path dependent. Put very simply, in this perspective, context factors are central in interpretations or explanations. Examples of such factors are institutions and institutional arrangements.

When we operate with a concept of reform strategy, it means that policymakers and reformers have some degree of freedom in deciding how the reform should be implemented. For example in the organization change literature, it is claimed that different strategies suits different situations (Zaltman & Duncan 1977; Kotter & Schlesinger 1979; Beer & Nohria 2000). Further different distinctions illustrates different strategies. For example one can chose between different strategies; top-down versus bottom-up; incremental versus radical; a strategy based on consultation or strategy based on coercion².

Different reform strategies can also be found in different empirical examples. There are several possible experiences Norwegian reformers can draw upon planning the reform; (i) Earlier domestic public sector reforms, (ii) earlier domestic planning and attempts to redraw the municipal territorial structure, and (iii) experiences from other countries that have amalgamated municipalities. Examples in the first category of reform are the Norwegian hospital reform, the Norwegian welfare and insurance administration reform (NAV), the coordination reform in the health sector, and the regional administration reform of 2010. Examples of the latter category are Denmark and Finland which recently have reduced the number of municipalities, but they have followed different strategies (Sandberg 2011). We could here also include the Swedish municipal block reform. Sweden has two waves of

² And additional examples from political science: Reform leaders have three strategies at their disposal, reform through gifts of persuasion, by buying support or by applying threats (Samuels 2003; Baldersheim & Rose 2010:257). Heritier (1999) operates with “four strategies used by EU actors to overcome institutional rigidities: package deals, compensation, compromise and institutional sequencing. Blom-Hansen et al (2012), build on Pierson and Heretier, operates with three strategies; the confusion strategy (keep opponents in the dark), the alliance building strategy (divide and rule) and the compensation strategy (bribe opponents).

territorial reforms. In 1952 the number of municipalities was reduced from approximately 2.500 to approximately 1.000 municipalities. This territorial municipal structure lasted 10 years. Then came the Municipal block reform (*kommunblocksreformen*) which kept the existing municipalities, but by a Municipal Act created 282 municipal cooperations (*kommunblock*). The intention from the central government was that these cooperations should generate further integration, namely amalgamation into new municipalities. However, that did not happen, so the government left the voluntary principle around 1974 and created new municipal structure with 277 municipalities (Mouritzen 2006; Wångmar 2013). Among these possible sources of inspiration and experience, we will focus on the Danish structural reform of 2007, the reform most mentioned as a reference in the case of the Norwegian reform.

Our use of the concept is simple as understanding strategy as the “pattern in a stream of decisions and actions” (Mintzberg 1978:985). In order to understand the initial phase of the Norwegian reform better, we will compare the reform with the municipal part of the Danish structural reform. More precisely, we map the elements, activities and decisions in the two reforms. This definition of strategy has similarities with Baldersheim & Rose (2010:12) who defines strategy as “the procedures of decision-making adopted by policymakers in order to accommodate interests and stakeholders affected by policy initiatives”. One difference is that we map more than the decision-making phase of the reform. The reform strategy concept is also used in an earlier study of regional level reform in Denmark and Norway (Blom-Hansen, Christiansen, Fimreite & Selle 2012). More precisely, they compared the regional part of the Danish structural reform with the Norwegian regional administrative reform (Forvaltningsreformen 2005-09). They found similarities in the initial phase but also that the reform processes followed very different paths in the later stages (Blom-Hansen et al. 2012). They found that the Danish government was more active in using different strategies, and this explained a more successful reform in Denmark³. Our use of the concept is also different and simpler than this.

To sum up here, the concepts of institutional arrangement and the concept of reform strategy can be connected to two different types of explanations. The theoretical concept of reform strategy is about behavioural and procedural explanation, while the concept of institutional arrangements (context) can be connected to more institutional and structural

³ The build their agency approach, where reform strategy is the key concept, on Pierson and Heretier. The three strategies were; the confusion strategy (keep opponents in the dark), the alliance building strategy (divide and rule) and the compensation strategy (bribe opponents).

explanations. Are different findings connected to choice of strategy or shaped and constrained by existing institutional arrangements?

The elements of the Danish reform strategy

As mentioned, Denmark implemented in 2007 a large scale structural reform where counties were replaced with regions, and municipalities were merged from 271 to 98. The preparation of this reform started in the late summer of 2002, was unexpected, and municipal amalgamation became only one part of this large reform. Many of the existing county tasks were transferred to either the state or the new municipalities, and the right to levy taxes at the regional level has been removed (though it remains at the local, municipal level). What characterized the Danish reform strategy?

Elements in relation to the central level

Unexpected and emerging. A first characteristic of the Danish reform was that it was rather emerging and unexpected than planned and rational. A structural reform was not an issue during the election campaign and not part of the agreement between the two parties that took office in 2001. As late as June 2002 the Minister of Interior commented that there were no plans for changing the municipal structure (Mouritzen 2010). One can therefore say that this large-scale reform emerged on the political agenda, which we will come back to later. This is also the conclusion from researchers, "nothing has indicated that the outcome of the process was planned beforehand" (Mouritzen 2010:40).

Commission work (independent deliberation committee). A second characteristic was that when a reform came on the agenda, it then resulted in a large study, a commission work by 12 members over 15 months, which included discussions about a new task distribution in the Danish public sector administration. The background here was "a window of opportunity" (Mouritzen 2010:27) that opened during a public and national debate in the summer of 2002. October 1, 2002, the "Commission on the Administrative Structure" was formed. The commission met the deadline and issued its report at the very end of 2003 (ibid), after 14-15 months of study and deliberation. They concluded that the municipalities were too small and vulnerable. At the same time they did not recommend a particular model for a proper structure. Instead they described several possible models and left the decisions to the politicians (Mouritzen 2010:28).

Function distribution discussed early. The function distribution between levels of government was discussed early, for example in the Reform commission. One reason for this is naturally

that the Danish reform is a large-scale structural reform and not just a reform about municipal size and borders. However, it should be mentioned that the commission found that the municipalities were too small and too vulnerable “given the complicated tasks that had been transferred to the municipal level over the years” (Mouritzen 2010:28). Therefore, isolated other elements in the structural reform, the Commission suggested that municipalities should have at least 20.000 inhabitants.

Hearing. After the publication of the report; it was set up a hearing with deadline 7 April 2004. Different interested parties were asked to submit their opinions and suggestions – and the aim was to reach a political agreement before the summer holiday (Mouritzen 2010). The hearing period gave the government the time to make up its mind and to finish their own proposal. Three weeks after the deadline, 27 April 2004, the government’s own proposal (The New Denmark) was launched. This document consisted of the reform content that became the result (i.e. amalgamations, regions) The minimum size of the municipalities was now increased to 30.000 inhabitants (ibid:29; Bundgaard & Vrangbæk 2007).

Reform coalition: The central negotiations resulted in a reform coalition, both an interest alliance between the central government and Local Government Denmark (KL) and a political alliance between the central government and its support party, the right-wing Danish People’s Party. The latter alliance resulted in June 2004 in an Agreement document which framed how the reform was to be further carried out (Danish government 2004). Before that, the negotiations with Social Democrats and the Liberals had collapsed 17 June 2004. “The agreement did not specify new municipal boundaries, but contained the provision that amalgamations were to take (s) place and that the goal was new municipalities with at least 30.000 inhabitants” (Blom Hansen 2010:53-4).

Obligatory with elements of voluntariness. After the central political agreement in June 2004 all municipalities got approximately six months to respond around “with whom to merge” (Mouritzen 2010; Blom-Hansen et al 2010; Henrichsen 2013). We talk here about coercion since the municipal councils got no choice “whether to merge” only “with whom to merge”. And despite arranging referendums, “the decisions were in all cases to be approved by the three parties behind the agreement at the central level” – and they approved of almost all the proposals” (Mouritzen 2010). The elements of voluntariness, was that the government did not dictate who should merge with whom⁴.

Deadlines. The reform had short deadlines for the different reform activities. The commission got 14-15 months to work. The hearing had three months and the local planning and decision

⁴ Coercion was the case in connection with replacing counties with regions (ibid:32).

processes only six months. The deadlines were met. Baldersheim & Rose (2010:247) describe the Danish strategy as “comprehensive review of local and regional structure; deadlines stipulated to stimulate amalgamations followed up by local negotiations – ‘voluntary’ choice of partners’ (ibid.250).

Resistance and pattern of conflict. The initial pattern of conflict has been described as the following: The Association of Danish Counties versus the rest; small versus large municipalities; and government versus opposition (Baldersheim & Rose 2010). However, the government in addition to necessary support in parliament managed to make a deal with the powerful Local Government Denmark (KL). Probably therefore, the local implementation seems to have created surprisingly few problems (Mouritzen 2010:32; Blom-Hansen 2010:54; Henrichsen 2013:14).

Elements in relation to the local level

Involvement in the planning and decision making. The local design of the reform, for example who should merge, was a matter between municipalities at the local level and the central government (and its support party). No regional (county prefects) level actors were involved. However, in the decisions phase, altogether 73 referenda were held. And the decisions were in all cases to be approved by the three parties behind the agreement at the central level (Mouritzen 2010). In the cases with local conflict or other problems, it was used an umpire, appointed by the government. This happened in a few cases (Mouritzen 2010, Henrichsen 2013). Only in two cases the central government took decisions against local wishes (ibid).

No direct economic incentives. To our knowledge, no direct economic incentives such as reform gifts, were offered the merged municipalities, the indirect economic incentives (tax reform) were also rather limited. We can see in the agreement about new financial sources transferred from the country councils in connection to the changes in taxation power (and income), there will be adjustments in grants from the central government. On the other hand, there was a deal with other elements. Blom-Hansen describes the deal that was accepted by Local Government Denmark (KL): “More welfare functions, especially in the labour market area, were to be entrusted the municipalities. In the return, they had to accept amalgamations in order to combat criticism of low efficiency and quality in small municipalities” (Blom-Hansen 2010:53). And, finally, all municipal employees were guaranteed a job after the reform (Vrangbæk 2010:217).

Exceptions. The reform affected the municipalities in various degree/extent. 65 new merged municipalities came into existence. As mentioned the Danish government increased the

minimum size the municipalities could have to 30.000 inhabitants. It seems that there was pressure on local politicians in municipalities with under 20.000 inhabitants; “the local politicians in fact had a gun to their head and had to make a decision rather quickly” (Mouritzen 2010:32). That said; exceptions were allowed. Smaller municipalities, especially islands-municipalities, were permitted if they entered into binding cooperative arrangements (Mouritzen 2010:29; Henrichsen 2013:15).

New local reforms and adjustments. The amalgamations generated local reforms (Christoffersen & Klausen 2012). The results of the reform, but not the reform strategy per se, are evaluated (i.e. Ministry of interior 2013). There are some concerns about democracy and political steering. The overall numbers of council members are e.g. reduced from 4597 to 2520. There are also some indications of a move towards more strategic oriented politicians and less local issues on the agenda. Even if it is uncertain, there are indications of increased professional and economic sustainability (The Ministry of Interior 2013:56-8). The numbers of managers are approximately the same as before 2007, but a reduced number of top managers and some increase administrative managers have occurred (The Ministry of Interior 2013)⁵.

The Norwegian Reform Process

The general election in 2013 gave Norway a new majority in the parliament. The “red-green” government, coming to power in 2005 lost, and the four opposition parties were given the opportunity to set up a new government. The four, the Conservative Party, The Progress Party, The Christian Democratic Party and the Liberal Party negotiated a Cooperation Agreement after the election stating that a municipal reform was necessary, with the most important decisions to be taken during the upcoming parliamentary session (2013-17). Only two of the parties agreed to cooperate in government, the two on the right side of the political spectrum, The Conservatives and the Progress Party. The other two, however, gave the new government necessary parliamentary support. In the political platform for the government the municipal reform was concretized further.

⁵ However, around 2010: “The current phase of implementation takes place inside the new regions and municipalities as they strive to rationalize their administrative and service delivery structures, in order to reap the potential (and much hoped for) benefits of scale. A number of changes are thus currently taking place, and the outcome in terms of efficiency and quality gains is rather uncertain at this point in time. It appears from recent analysis that the administrative costs in the new municipalities have actually increased and that efficiency has not increased (Houlberg, 2009). The exercise of administrative amalgamation has been costly in term of manpower resources in terms of stress among personnel, although the government cleverly issued a guarantee that all regional and municipal employees would be guaranteed a job after the reform. The favourable economic situation until late 2008 made it easy to keep the promise. Yet, it appears that a long-term ambition to reduce administrative costs and to slim the upper management structure in new regions/municipalities has not yet been achieved” (Vrangbæk 2010:217).

The new government's political objective was a communal reform which realized a system of strong municipalities with capacities to meet future challenges in the welfare services. A more robust structure (fewer and larger municipalities) would give more competence and professional skills in each municipality, which was considered very important not least in difficult child care issues and costly specialized services in care and education. Recent history, with enlarging cooperation between municipalities and an increase in arm length communal companies, had shown that the tasks of today were already too ambitious for the existing structure. Important decisions regarding infrastructure and some of the welfare services were already moved out of the municipality councils, and transferred to inter-municipal companies. From these a decrease in local democracy had followed. A comprehensive municipal reform giving more tasks and authority to larger municipalities would also be a democracy reform (Political platform, 071013, p. 46). The new government would therefore go through the tasks performed by the counties, the regional prefects and the national state with the ambition to give more power and authority to more robust municipalities. The government in the political platform further promised to invite the parties in the parliament to discuss the reform process.

This was necessary, acknowledging that it was a minority government, but not least on the background of an earlier (failed) reform history connected to this matter. Already in 1989 a ministerial commission was set up (Christiansenutvalget) to address the problem of municipal and county structure. The commission concluded in 1992 (NOU 1992:15) that the nation would be better off with a reform which would give fewer and stronger municipalities and counties. As a lower limit they estimated that a municipality should have at least a population of 5 000 inhabitants, and a county at least 200 000. This would, if realized, radically change the Norwegian municipal structure. Their proposal was, however, politically controversial. Though they had strong supporters many of the parties had an internal (center-periphery) split on this issue, and a few were totally against reform. Therefore a decision in parliament in 1995 saying that merging of municipalities should only happen if the municipalities involved agreed was formative for what happened in the years to come. This was known as the so called "voluntary strategy", which gave veto power to every municipality in question. The center right coalition, with the now PM as responsible minister for municipal affairs, tried in the period 2001-2005 the voluntary strategy combined with some monetary incentives, but with moderate success.

Knowledge strategy: an expert committee. The government first procedural step was on the 3 January 2014 to set up an expert committee to propose the most important criteria for the municipal reform. The committee should “freely” set up criteria and principles for a new municipal structure. Several topics could be considering e.g. economic robustness, natural work-residence regions, and different conditions for good task management, and all these taking into consideration local government’s all main functions. As a general principle the expert committee should have as its main premise that all municipalities should themselves be able to solve all law assigned tasks (i.e. not inter-municipal cooperation). The expert committee (the Vabo committee after its chairman) was not expected to do new research, but rather putting together and analyze existing data and statistics. They should deliver its first report within 3 months and its final report within 1st December 2014. For the final report the mandate should be concretized more later on, but an important issue would be to find criteria for a municipality structure where the municipalities had larger responsibilities than today.

Discussing the different criteria used in earlier governmental reports the expert committee stated (p. 22) some important facts about the diverse geographical municipal structure in Norway. Per January 2014 Norway had 428 municipalities, with a population varying from 211 up to more than 634 000, the average was 11 937, the median value 4 661. Half of the Norwegian municipalities had a population with less than 5 000 inhabitants. The areal connected to the municipalities also showed large variance, from 6 km² up to the largest 9 707 km², with a median value of 471 km².

As background information the expert committee described some main changes in the Norwegian society during the last decenniums, like population growth, urbanization, depopulation in some regions, immigration and radical changes in communication. Some 50 years after the last amalgamation reform there should be time for a new reform of the municipal structure. After a discussion of the four main functions for local government, service delivery, authority, societal development and democracy, the expert committee proposed ten main criteria for new sustainable municipalities. These were sufficient capacity, relevant professional competence, sufficient distance (authority function), effective service production, economic sturdiness, freedom of choice, functional areas for societal development, high political participation, local political governance and local identity; and two towards the national state; broad area of local government responsibility, and a central steering combined with local autonomy. The committee concludes with three main recommendations: Firstly, the municipalities should have at least 15 000 – 20 000 inhabitants to secure good practice of its responsibilities. Secondly, the municipal structure should make

up a better fit with functional societal regions. And thirdly, the national state should reduce its ambition of governing in details, and new arrangements for political participation should be developed to assure that democratic arenas could be well functioning. If the criteria and proposals from the expert committee happens to be implemented during the reform process the number of municipalities in Norway would be reduced from 428 to about 100.

It is fair to say that a main concern in the report was the discussion of professional sustainability in connection with specialized service delivery in small municipalities. But also challenges for the larger one and the cities were discussed, especially connected to issues like area planning and transportation. According to the expert committee all the main functions of local government would benefit from a municipal reform that gave larger municipalities. Regarding the local democracy function the argument could go either way, fewer councilors and longer distance between the local politicians and the citizens could be negative, but more political alternatives in local elections and higher activities between elections they saw as possible positive effects. The problem with increased distance could to some extent be solved or modified by introducing political committees on the sub-municipal level. Overall, also local democracy would benefit from larger municipalities, they concluded.

Political consultation – a white paper on the reform. The Ministry of Local Government and Modernisation sent a white paper on the municipal reform to the Parliament in May 2014. The ministry said that the expert committee in its first report had delivered a solid professional basis for the reform process. It also saw that the experts' criteria for a robust structure would be a good starting point for local processes as well as for the national state when it should consider the structure from a national point of view. A central argument for reform was that larger municipalities with broad responsibilities would have larger steering capacity and resources for implementation. Economically they would be more robust with strength to follow up local priorities and professional staffs with more resources for local societal development.

The ministry would not, however, set an absolute lowest population figure for the new municipalities. It recognized the special geographical character of Norway, and argued that the distance factor was not only a problem for the county of Finnmark in the north, but elsewhere too, so the reform had to take these facts into account. But the ministry would consider promoting an addition to the Local Government Act, which could order small municipalities where the distance was a hinder for reform to build larger professional staffs through inter-municipal cooperation.

When it comes to organizing the ministry's strategy was embedded in a regional reform processes. Here the regional prefects were given an important coordination role, in cooperation with the regional branch of the Norwegian Association of Local and Regional Authorities (KS). During autumn 2014 all municipalities are invited to take part in these processes to consider and clarify the possibilities towards merging with neighboring municipalities.

Decision rules. The law of structural division (of municipalities) has a claim for popular voice in amalgamation (or splitting up) processes. Traditionally this regulation has been handled locally by setting up advisory local referendums, implemented after reports on local challenges and pros and cons for amalgamation. The ministry now wanted a smoother process and envisioned future standardized fact documents, which could be supplemented and implemented locally to meet the needs for information about the consequences. As an alternative to referendums the ministry would offer the municipalities arrangements for citizen surveys containing question about expectation of future service deliveries, the potential for local development and growth and different alternatives for amalgamation. These would give the municipal council a better basis for decisions than referendums, as the ministry saw it. (They said nothing about the value and possible outcomes from the political mobilization connected to a referendum. So, what was recommended from the ministry was in fact a depolitization of the issue). But local referendums would still be an option if the local councils have this consultation form as its preference.

The prefect should also if necessary lay the ground for processes between municipalities beyond different county borders. These borders should not be a hinder for what else would be considered as good solutions in the region, so the county borders had to adapt to this challenge. But the ministry would not recommend a larger reform of the counties now, so short time after the regional administrative reform (Forvaltningsreformen 2005-09). It had to be considered after the municipal reform was implemented.

The ministry proposed in the white paper the following time table for the reform: the regional process starts this autumn (2014) and goes through 2016. During this period, in the spring of 2015 the government will present a white paper formulating new and larger responsibilities for the reformed municipalities. Two ways forward were further stipulated.

1. Municipalities with decisions on amalgamation during the autumn of 2015, may have national decisions confirming their wished solution in the spring 2016. The new municipalities would then be implemented from 1 January 2018. This was a consensus model, which presupposed local agreement with the same decisions in all the municipalities involved.

And the government will take the opportunity to confirm the local decisions if they find them to be in accordance with the overall intentions with the reform.

2. This way is for municipalities which make their decisions during the spring 2016. The government will then give a total overview of the reforming municipalities in a proposal for parliament in the spring 2017. Now the consensus principle will be modified, the veto-power of each municipality will be abolished under the slogan that “no single municipality can stop changes which are welcomed and rational from regional and national reasons”. The new municipalities coming out of this process and the national decisions will be implemented from 1 January 2020 (or 2019), with the new councils elected in September 2019.

Even if the national government wanted to depoliticize the local process advising not to have local referendums, out of this time table it is reasonable that the amalgamation reform still will be a hot political topic, with cleavages across parties and localities. These could happen both during the local election campaigns in September 2015 and in the general election for parliament in September 2017.

The reform process will be followed with economic incentives. The municipalities will be compensated with an amount of money for the onetime cost with the organizational amalgamation, increasing with the number of municipalities involved and the size of the population in the new construction (from 20 mill NKR to 65 mill NKR). Besides these the new municipalities will get a reform support (from 5 to 30 million, according to population size).⁶ And not least the amalgamated municipalities will keep their transfer from the national income system on the same economic level as before the reform over a period of 20 years (15 + downsizing through the last 5). After the reform the national government will evaluate the whole economic transfer system between the national state and the municipalities. Without saying it clearly, there are formulations in the white paper which must be interpreted as in the long run it will not be economic lucrative to remain as a small municipality.

The ministry states clearly that the “generalist communal principle” (all municipalities responsible for the same portfolio) represent a significant principle for the reform. But if the outcome of the process ends up with a very heterogeneous pattern, enforced inter-municipal solutions and task and responsibility differentiation may be brought into question.

Consensus and disagreement in Parliament. The white paper was handled in the parliamentary committee and in the plenum in June 2014. As expected the parties in government (The Conservative Party and the Progress Party) together with the parties behind

⁶ Originally restricted to amalgamations involving more than a population of 10 000, later the minister promised to remove this restriction.

the agreement (The Christian Democratic Party and the Liberal Party) assured majority in the parliament and stood behind the objectives and the process strategy for the municipal reform. The only substantial change during the handling in the parliament was connected to the regional level. The Conservative Party and the Progress Party in principle are in favor of a two tier model, given more responsibilities to larger municipalities and abolishing the counties as a political level. This stand, however, does not have any majority in the parliament. So the four parties made a compromise securing a majority saying that the tasks and responsibilities for regions (prospective larger counties) should be explored and a part of the process proposing new and larger responsibilities for the new municipalities.

The most important cleavage between the government alliance and the opposition was due to the assessment of to what the degree the reform strategy was voluntary or compelling. The Labour Party was in favor of changes in the municipal structure, but could not support the reform because the compelling elements were found to be too strong. The party argued that it was a lack of trust in local democracy connected to the government's strategy. It turned out that it was a hidden threat punishing small municipalities economically if they, even after serious consideration, concluded that they did not go for reform. The Labour Party was also critical to the proposal giving the prefect extraordinary authority to control municipal borrowing, though it was intended to stop strategic moves in the period up to amalgamation decisions. These were interpreted as a sort of mistrust to the municipalities.

The Labour Party's position, however, is also somewhat ambiguous. The party refused the reform as the strategy was formulated, but has a common comment together with the political majority of four. The comment was saying that the voluntary aspect should be real, but there might be exceptions from this principle "in quite special situations", whereas single municipalities should not have the opportunity to stop changes which are appropriate in the situated region.

The Center Party and the Socialist Left Party were the strongest opponents towards the reform. They were against the reform for several reasons; the role of the municipalities as an actor in societal development was not adequately emphasized, and the impact of the decentralized structure for regional and district policy was not part of the reform philosophy. The premises in the mandate not to consider inter-municipal cooperation they saw a considerable weakness. These parties also saw a paradox in the government's refusing inter-municipal cooperation as an alternative option, while at the same time addressing these as a medicine for small municipalities not taking part in the amalgamation reform. And it was considered a weakness of the strategy that the future tasks and responsibilities were not

clarified before the regional reform process started. The Center Party saw the government's proposal as a threat to representative democracy and local democracy altogether. The Socialist Left Party saw the reform proposal not as a problem solver for local politicians and democracy, but was afraid that it would promote a situation with more bureaucrats and fewer politicians, more complex organizations and a longer distance between the citizens and the local councilors. If the generalist communal principle contributed to otherwise unwelcomed changes in municipal structure, there could be an idea to modify it.

All the opposition parties were sceptical to the time table for the reform, which they found too scanty for involving the citizens affected and securing good preparation, discussions and decisions.

Discussion

A point of departure in this study is that the Norwegian reformers had several possible sources of experience and strategies to build on. The review of documents and the media debate indicates that the Danish experiences were the most important. There are both similarities and differences between the Danish and Norwegian case when it comes to strategy, (content) and context. The Norwegian municipal territorial reform comes in a time where other structural arrangements is more or less settled; the large-scale hospital reform of 2002, the coordination reform which has consolidated or resulted in many inter-municipal arrangements in the health area, the Norwegian insurance and welfare administration reform. These are example of more or less stable institutional arrangements that may affect the possibilities for large-scale municipal amalgamations. And furthermore, similar to Denmark before there exists a myriad of different municipal cooperation arrangements.

The Danish reform context is different from the Norwegian. Examples are a reform failure in the labour market administration in 2004, a reform effort in the capital region in 1995 and the unification of labour market administration in 2008. Belonging to the Danish reform history here was an earlier reform at Bornholm which involved the merger of levels and municipalities, and from January 2003 five municipalities and Bornholm county were amalgamated into one region municipality with both tasks and responsibility of municipalities and counties (Christiansen & Klitgaard 2008:53). But as we know, the structural reform in Denmark didn't follow this example as a whole; the separation of local and regional government was kept. All in all, however, Denmark exemplifies a Nordic country where the radical reform was recently and rather unexpectedly pushed through.

There are similarities between the two cases in the problem definition (diagnosis). Keywords here are need for more economic and professional sustainable municipalities. The main arguments and the ideology motivating reform had much in common. Larger municipalities were seen as desirable towards meeting the challenges from increased request for competence and professional welfare services. Local democracy was also considered as a motive for reform and larger units. Here most arguments followed the track of emphasizing system capacity. Should democracy on the local level meet the challenges for the future they had to be large enough to have the capacity and competence to solve real problem for the citizens; only then could they be given sufficient autonomy from the national state.

Citizen efficiency and participation are also important, but for the majority of the political actors it does not unambiguously lead to small units. In Denmark empirical research did not find that democracy would be negatively affected by larger units. In the Norwegian summary of the relevant research there were presented arguments both ways, but all in all the committees' reasoning was legitimizing a democratic gain from a reform strategy. The experiences and evaluations from the Danish reform showed some democratic problems affecting the new and enlarged municipalities, and these were a concern in the governmental report and white paper. But so far this problematic has not been given any substantial input to the upcoming process in Norway.

When it comes to the reform strategies, there are many differences: degree of coercion, use of local referendums, and use of direct economic incentives, main actors in local/regional planning, reform elements, and publications of reports from expert committee, whether the reforms are planned or emerged, and central reform coalition.

An important difference between the strategies in the two countries has been the voluntary/compelling dimension. In Denmark amalgamation was obligatory ("a gun to their head"); the municipalities could choose partners, which constellation they wanted to merge into, but the national mandate for reform was in principle not negotiable.

"However, it was not voluntary in the sense that municipalities under 20,000 inhabitants had a choice of whether or not to merge. (...) the local politicians in fact had a gun to their head and had to make a decision rather quickly. Experience from Denmark, Norway and Sweden seems to indicate that voluntary arrangements involving both questions of 'whether to merge' and 'with whom to merge' rarely lead to municipal amalgamations since local opposition and personal ambitions act as effective veto points in the decision-making process. By removing the option 'whether to merge' the government in effect removed these veto points" (Mouritzen 2010:32).

The Norwegian strategy could be characterized as sub-voluntary. It is obligatory for every municipality to explore the challenges for future service production and possible

amalgamation scenarios. They can, however, in principle say no to a merge with other municipalities. But if they do, and remain a rather small one, they will live under the threat of being forced into a mandatory inter-municipal constellation, and probably, in the future to receive a decreasing economic transfer from the national state. It is about this strategy there are a split among the political parties. The Danish reform strategy had more elements of coercion, while the Norwegian strategy has stronger elements of voluntarism. In the Norwegian case we see regional deliberations, direct economic incentives and a possibility of coercion later in the reform effort.

The Danish reform was a structural reform where the regional level was an integrated part of the “reform package”. From the start the Norwegian government for several reasons wanted to keep the counties out of the reform process, and rather come back to their functions after the municipal reform was well implemented. May be the government’s expectations (hope) were that so little of their portfolios then would be intact that they would occur as superfluous. These, however, the parties in the parliament could not accept, and they activated a majority for also to consider the counties (regions) future position and responsibilities as part of the same reform process.

The Norwegian process is intended in this early phase to be softer and more decentralized than the Danish process happened to be. Among others the regional prefects in Norway are given an important role in initiating and coordinating the reform process in their county of responsibility. And these days the prefects are receiving a letter of mission from the ministry defining their role as initiator/coordinator of the process in their counties, and a future task of summarizing it. They are expected to cooperate with the regional branch of the national association for local and regional government. And both will receive economic support to strengthen their role as supervisors to the process. The prefects are often politician from an earlier carrier keeping a competence in reading what in a given situation is political possible. But it remains to be seen how productive their political capital will be in the next few years ahead.

A crucial element in a reform process is the composition of a coalition behind change. A possible solution is to establish the least necessary coalition or building so large a coalition as possible securing sustainability for change through time. In Denmark the two parties in government negotiated an agreement with the right wing Danish People’s Party, which constituted a rather small, but sufficient coalition in parliament. No less important was the cooperation with the Local Government Denmark securing a robust political organizational

foundation for the reform. Blom-Hansen (2010) comments the deal between Local Government Denmark (KL) and the government:

“It was accepted, and although it did not survive unscratched during the difficult negotiations with other relevant actors, not least the opposition parties in the Danish parliament, it demonstrated once again how powerful an alliance between central government actors and local government representatives can be in Danish politics” (Blom-Hansen 2010:53).

The observation that the Association of Danish Counties was left out of the reform cooperation/alliance and that Local Government Denmark made a deal with the government makes the reform coalition different from that in Norway. The Association of Norwegian Municipalities (KS) has deliberately decided not taking a stand on the issue. This can again be traced back to the reform context; these three associations have different member base. The Norwegian Association has both counties, large and small municipalities as members, and a strong political split among the members on this issue.

The Association of the Danish Counties was, as mentioned, left out of cooperation, as was in an important phase The Social Democratic Party. The Social Democrats together with the Liberal Party has traditionally been the stronghold for local government politics in Denmark. Initially drawing the Social Democratic Party into the coalition was a preferred alternative, but it was left out when the alternative making an agreement with the Danish People’s Party was opened up. The Social Democrats, however, in the parliament voted in favor of many of the laws constituting the reform. When the reform was implemented on the local level there were surprisingly few attempts to repolitize the issue on the basis of cleavages between the parties.

The background for the reform in Norway was that the parties behind the new majority have the claim for change in their political programs ahead of the elections in 2013. The two in and two parties outside government constitute the main coalition behind the reform. It has obviously been important for the government to secure support from the Labour party as the largest one in the opposition. So far the government has not entirely succeeded. Labour distances them from the reform, though the fact is that they on most of the substantial issues are in concert with the government, and in favor of changes in the municipal structure. In the first hand this political cleavage affects the time table and gives some legitimacy to municipalities which will be slow starters in the reform process. If and how the political controversy between government and opposition will influence the substance and success of

the reform is too early to say. These will probably first be clarified during the election campaigns leading up to the elections in 2015 and 2017.

For the time being there are some indications that the reform roles of the parties seen in a historical context have been turned up down. The Social Democrats (Labour) has in Norway traditionally been the reform engine developing the modern welfare state and in reforming the municipal structure. While the conservative liberal parties were sceptical to the reform process 50 years ago, they are now in head of the reform as the Social Democrats have become reluctant reformers. These in many ways reflect the political constellation in the neo liberal age, where the conservative liberal side has replaced Labour as the change masters when it comes to alter public organizational structures.

Finally, The Danish reform was more emerging than planned, while the Norwegian reform was planned. However, when it came on the agenda in the initial phase, there were policy entrepreneurs in play: two Liberal politicians, Jens Rohde and Rikke Hvilshøj, and not at least the newspaper *Berlingske Tidende* (Bundgaard & Vrangbæk 2007). These policy entrepreneurs seem most important early, providing a problem formulation, and regarding a “shift in the balance of power within the major government party” (ibid:515). In contrast, the Norwegian reform was expected and promised by the new government that took office in 2013.

The emerging Danish reform, did not necessarily mean bad conditions for implementing it. Mouritzen point at some advantages:

“The 14 months when the Commission on Administrative Structure deliberated behind closed doors helped the government to make up its mind in three ways. First it was able to monitor closely how public opinion was slowly but effectively primed for a grand reform. Secondly it was continuously able to take the temperature as to how drastic changes could be decided without having to large political losses vis-a-vis the public and other central actors in the Danish society inflicted upon it. And, thirdly, it was able to construct an agreement both within the two government parties as well as between the government and the supporting Danish People’s Party” (Mouritzen 2010:40).

The Danish reform was therefore more emerging than planned, back in 1998 a governmental commission concluded that no structural reform was needed (Opgavekommissionen 1998). We have also seen that this was the formal attitude to the government until 2004. In Norway, on the other hand, municipal enlargement has been several times on the agenda, but without results. And, as mentioned, a reform of the counties was limited in result. The new government from 2013 has the question high on the agenda.

Even though the Norwegian government are not recommending local referendums, but a more administrative process, we have argued that the reform at this stage is more voluntary

than the Danish. Combined with some degree of uncertainty and inherent tensions, the Norwegian strategy may well be transformed to a more coercive strategy.

The Norwegian reform strategy: openness, tensions and uncertainty

The previous comparison leads us to conclude that there are significant differences in elements (characteristics) of the two reform strategies. The Norwegian strategy, as we know it today, is more “open and transparent”. The Danish government in the winter and spring 2004 could act behind a “veil of vagueness” (Christiansen & Klitgaard 2010: 233). In this period the Minister of Interior and Health could act as a “policy entrepreneur” through building a political alliance with Danish People’s Party and an interest alliance with Local Government Denmark (KL). The latter deal was an exchange of reform support with more interesting functions and tasks to the municipalities (ibid: 233). “Veil of vagueness” was an element in the Danish reform strategy; the Danish government could manage the initial phase without any cost because of asymmetric information. The government knew the other interests (stakeholders, parties) preferences, while the other did not necessarily know the government’s own preferences (ibid: 234).

The “openness” element in the Norwegian strategy was probably not only a matter of choice. Before entering the government offices, it was well known that the new Norwegian government wanted a local government reform. Compared to the Danish strategy which had elements of vagueness, one main difference is that the Norwegian strategy is open about the process, and apparent winners and losers have information to form their own strategies.

The Norwegian reform strategy, as we know it today, contains of elements that are deliberately chosen by the government and elements that are adjustments (accommodation) to the reform context (for example the institutional arrangements and other circumstances) – and thus a matter of constrained choice.⁷ It is clear that the Norwegian government has degrees of freedom choosing the time-span of the reform activities, the sequence of reform activities (preparing municipal merger before deciding a new function distribution between level of government), the level of direct economic incentives, the design and appointment of the expert committee, to gain sufficient political support in a “amalgamation friendly” parliament,

⁷ It can be argued that the Danish reform was accommodated/adjusted to the territorial structure, exceptions were allowed in Denmark. Among the 98 municipalities in the new territorial structure, 65 municipalities were new (amalgamated). Among these – and to our knowledge- 73 (19 municipalities based on that)* referendums were held, while 6 got help from a government appointed umpire. 15 of the new municipalities got under 30.000 inhabitants in addition to 4 Islands with 3-14 000 inhabitants (Henrichsen 2013:15). Establishment of two big municipalities; Esbjerg and Vejle, each with over 100 000 inhabitants. The average size of the municipalities; 56 000 inhabitants (ibid). This makes 33 old municipalities without amalgamation.

and partly also the reform content (the elements in the reform) and the decentralized preparation of the reform (the use of region prefects).

However, there are elements in the Norwegian strategy where the government has less degree of freedom. By that we mean, the element in the strategy is not only a result of the free will of the government, but an adjustment (accommodation) to the reform context and other circumstances. One example here is the elements that is about a “softer, decentralised and more voluntariness” in the preparation and decision-making process. This indicates adjustments (accommodation) to existing institutional arrangements (i.e. the territorial structure of municipalities and counties). In Norway there is a long-standing experience that amalgamation initiatives “tend to activate one of the central cleavages of the Norwegian system, the centre-periphery cleavage” and that actors “of the periphery tend to resist amalgamation” (Baldersheim & Rose 2010:99). The traditional strength of the periphery is both a motive for a decentralized process and a special tension which brings uncertainty about the outcome.

This is also a fact that will influence the political parties, their strategies and the mobilizing potentials in the upcoming election campaigns. Within two to four years ahead the semi-voluntary aspects of the Norwegian strategy will come to a crucial test. Will then the openness in the reform strategy with the possibilities of manoeuvre from many players undermine the government’s reform ambitions? The political prestige invested in the reform is now considerable, and it is therefore unlikely that it will end up with so meagre results as the previous regional administration reform. But the dilemma will occur that the now voluntary chosen strategy may have come to an end. With an outcome of a very heterogeneous municipal structure the majority in the parliament may be forced to shift towards a more coercive strategy in the next phase.

Conclusions

In this paper we addressed the problem of territorial municipal reform by discussing: What concept of local self-governance dominates the Norwegian preparation process – and what characterize the reform strategy chosen by the government? We have concluded that there are many similarities in the concept of local self-governance in the Danish and Norwegian reform, a concept centred on concerns about system capacity as well as economic and professional sustainability.

In order to understand the initial phase of the Norwegian reform better we have found a comparison with the municipal part of the Danish structural reform useful. In the previous

part of the discussion, we have observed several differences. Neither of them can be seen only as a matter of choice, the context have played an important role. Even though the Norwegian strategy comparatively is more based on openness (for example the preferences of the government), on consultation, have a known majority in the parliament, and use direct economic incentives and reform gifts, there remains some uncertainty about its outcome. There are unsettled questions connected to task distributions and the regional level, and there are political cleavages that may arise on the agenda and change the direction of the reform as well as change the government's reform strategy.

Obviously we have observed and described the interplay between reform context, reform content and reform strategy. The differences in strategy can to a certain degree be explained in the differences in reform content (the regional level included in the Danish reform from the start) and reform context (the territorial structure of Norwegian municipalities makes it harder to decide future borders in Oslo).

Finally, our conclusion is that reform strategy matter, but it will be informed by institutional settings as well as "windows of opportunity". It remains to see if the latter are more important than the former or other factors.

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