

## **Regional reform in Norway and Denmark**

Jens Christian Hansen, Department of Geography, University of Bergen, Norway.

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### **1. Introduction**

The paper looks at demographic effects of changes in the production system and the implications of these changes for the roles of local, regional and national government. The focus is on local and regional population changes in Norway after 1950 and on changes in the political and administrative system.

Three simple questions are discussed:

1. What have been the most characteristic changes in the working population?
2. What have been the effects of these changes on the spatial distribution of the population?
3. What are the effects, if any, of these functional and spatial changes on the organisation of local, regional and national government?

The aim of first two questions is to quantify structural changes in the economy and demography. The third question is given more attention. It is assumed that spatial changes in the production system and in the population distribution would lead to administrative reforms. The reform processes and their outcomes will be discussed. In Norway very little happened. Denmark underwent a radical overhaul. What were the main causes of these divergences?

### **2. Functional changes in the workforce**

For the sake of simplicity, the working population of Norway can be divided in three major categories. In 1950, 26 per cent of the working population were found in primary activities such as agriculture, forestry and fishing. In 1990,

primary activities employed 6 per cent of the working population, in 2007 3 per cent. Secondary activities, such as manufacturing industries and building and construction work employed 36 per cent of the working population in 1950, 30 per cent in 1990 and 21 per cent in 2007. Tertiary activities, mainly producing services, employed 38 per cent of the working population in 1950, 64 per cent in 1990 and 76 per cent in 2007.

In 1950, much of the settlement pattern was linked to primary and secondary activities. The official definition of an urban settlement included clusters of houses with at least 200 inhabitants. Even with this generous inclusion of small urban settlements, only a little more than one half of the national population was found in urban settlements. Many of the settlements were municipal centres simply because there were so many small municipalities.

Paradoxically the number of municipalities had increased during the 19<sup>th</sup> century despite the fact that improved communications decreased relative distances within municipalities. The number of rural municipalities increased from 355 in 1838, reached a maximum of 680 around 1930, and remained at this level to 1960.

When the workforce in primary and later in secondary industries declined after 1950, this had no immediate effect upon the number of municipalities.

In 1950, the spatial distribution of population was still mainly an effect of the localisation of natural resources. In 2007, the population distribution itself was the main cause of the distribution of the working population. Service industries were generally speaking more labour intensive than primary and secondary industries. Most of the private services and almost all the public services addressed themselves to the daily needs of people. In other words, people and their needs became the most important localisation factor for employment.

The settlement pattern in rural Norway changed less rapidly than the employment structure. The number of traditional jobs was reduced, but much of the housing stock was used by retired people and as holiday homes for the

family and relatives of the owners. Some were also used by commuters who profited from improved roads to the nearest urban settlements. Municipal jobs in local service activities changed the local labour market, where younger women became more and more important. The increasing employment is linked to the beginning influx of oil revenues which permitted increased investments in the public service sector.

### **3. The modern welfare state reaches the national periphery**

After 1950, the development of local public services, such as education and health services was a driving force in small rural municipalities. The question of a revision of the municipal system had been raised already in 1946. No wonder that local mayors and councils would not support a reform which could lead to a weakening of the smaller municipal centres in an amalgamated municipality. On the other hand, central government wanted fewer and larger municipalities. The shrinking of space permitted in principle a reduction of the number of small municipal centres, who up till then had been protected from competition from larger centres because of their peripheral location.

Between 1950 and 1990, the urban population increased from 52 to 72 per cent of the total population. Most of the growth took place in larger and medium sized urban settlements, but the development of the welfare state also favoured growth in smaller urban centres. After 1990 the urban population continued to grow and reached 78 per cent of the total population in 2007. But the urban growth rate slowed down, and many of the smaller urban settlements which had experienced a rapid growth before 1990 got into stagnation or decline.

There is no simple explanation for this. One reason is that people became more mobile. With two automobiles it was easier to organise daily life in a family living in the countryside, where one working parent worked part time near home, nursery schools and elementary schools, whereas the other working

parent went to work in a larger urban centre in a neighbouring municipality. In this peri-urban lifestyle, household members move between a house where they sleep and eat and spaces where they work and profit from specialised services. Another reason why people become more and more mobile is that whereas public services tend to be localised in municipal centres, specialised private services concentrate in larger urban settlements which are more accessible to their potential customers. Increasing specialisation is also found in public services. This specialisation implies a certain number of customers. Medical specialists need a certain number of patients to invest in modern equipment, and to ensure the quality of their medical skills.

#### **4. The modernisation of the elementary school system**

A planned reform of the elementary school system in the 1950s implied a diversification of teaching options in the upper classes, which again implied larger schools. The Ministry of Education assumed that a municipality adapted to the new school system ought to have a population of at least 5000 inhabitants. Less than one fifth of 744 Norwegian municipalities in 1950 satisfied this criterion. Function (the school system) and form (size of municipality) did not “fit”. Three possible solutions were discussed:

- 1) The inherent values of the present system of municipalities (local democracy, community values) were so important that a nation-wide amalgamation process should not be undertaken. This implied a rejection of a central school model which was supported by the Labour government.
- 2) The central school system could be integrated in a system of inter-communal cooperation. Small municipalities were sceptical, because they were afraid of losing the battle for the location of the new school.

3) A revision of the municipal system, amalgamating municipalities so that they would be big enough to provide a central school with a sufficient number of pupils.

### **5. The Schei committee and its work**

In 1946, a government committee, named after its chairman, started its work on possible changes in the administrative and political system. It took the committee almost 20 years to come up with principal and practical solutions and for the government 10 years to implement the reform. The number of rural municipalities was reduced from 680 around 1960 to 400 around 1970. In 1975, less than one half of the municipalities had 5000 inhabitants or more, and this proportion has changed little after 1975.

(The number of urban municipalities reached a maximum of 65 around 1920 and remained almost unchanged until 1960. The number was reduced to 47 in 1965 and remained at that level until 1993, when the distinction between urban and rural municipality was abolished by Parliament. Nothing was done with the county level. There were 20 counties in 1866, and with one exception it has remained unchanged until this day.)

The elementary school system has been used as example because it is a very important municipal function. But also other municipal functions, such as health services and environmental planning, have met problems because municipalities are too small.

Parliament's reform in the 1960s was not very radical. It concentrated on adjustments of the past without really anticipating future challenges. When Parliament had done its job, there were no further initiatives, except an evaluation of cases of 'unhappy marriages' which led to a dozen 'divorces'. As the seventies and eighties went by, many municipalities with declining populations became too small to host new, specialised public institutions. One way of solving this problem was voluntary cooperation between municipalities, but this model did not work well. In 1989, the government therefore decided to

ask a new commission to evaluate the existing system and to formulate principles for eventual future changes.

## **6. The interaction between function and form**

This section is a theoretical approach to the third question raised in the introduction; “What are the effects, if any, of these functional and spatial changes on the organisation of local, regional and national government.”

The interaction between function and space often confronts dynamic changes in the production system and inertia in the political and administrative system.

The quantity and quality of services offered depend upon targets set by those which have been elected to pursue their political goals. In principle, those who are elected have programmes for implementation of policies. Critical factors are sufficient economic resources and efficient strategies to convert economic input into acceptable political output.

Several approaches are used. On one hand, political and economic power are centralised on a national level. The important decisions are taken here. The practical implementation is often organised on regional and local levels, but the rules of the game are set by national political and administrative actors. The policy is *top - down*. The belief is that those with an overview know best, and that the increasing complexity of the processes of change has to be solved on a national or global level. Another model advocates a *bottom - up* approach. Problems should be solved near those who have them. Power should be decentralised and resources distributed locally. Between these two ideal types we find a number of compromise models, many of them ambiguous. Most of them distribute resources and responsibilities between two or three spatial levels. Tax income collected on a national level may be transferred to regional and/or local levels. Most of the money is earmarked for individuals, but may, for practical reasons, be distributed through regional and local institutions which

usually do what they have been told. This nation-wide system of transfers is threatened by direct internet transfers to the bank accounts of the recipients of pensions and other forms of welfare money.

### **7. Geography still matters.**

In the choice of location of service institutions, geography matters. Important national and regional resources have been and are used to set up institutions such as hospitals, secondary schools, higher education colleges and regional research institutions. The location of these institutions is often contested. To members of Parliament, representing geographically defined constituencies, the location of an institution often becomes more important than its functions. Regional policy, as defined by local and regional politicians, tends to set up more institutions than originally suggested by research and government white papers. One risks to end up with too many and too small institutions.

The development of regional colleges in Norway illustrates this problem. These colleges represented an institutional level below the university system, but above the secondary school system. Thirteen colleges were established between 1969 and 1986. The majority had one location, but some of them two or three, in order to pacify rival contestants within one county. Some of the colleges, located in medium sized towns, attract enough students to offer a broad variety of courses, and two of them (Stavanger and Kristiansand) have recently got university status. Others are located in small centres in sparsely settled areas with shrinking youth cohorts. The potential students tend to go to larger urban regions, and many of the small colleges have to reduce their teaching capacity, thereby further weakening their recruitment potential. This example brings geographical processes to the forefront, and also throws light upon problems arising when functional and spatial considerations do not match.

## **8. A new look at administrative boundaries.**

After the overhaul of the municipal boundary map in the 1960s, it was assumed that further revisions would be set in motion by the involved municipalities. Eleven amalgamations, involving 36 municipalities, were undertaken between 1971 and 1999. Most of these were 'delayed' amalgamations which had been discussed by the Schei committee, but where the process had taken a very long time. As a rule, they involved one town and its suburban municipalities, and the process was complicated. One of them involved Norway's second city, Bergen, which was a county of its own, and four neighbouring municipalities who were an important part of the neighbouring county of Hordaland which would lose 40 per cent of its tax income if they were transferred to Bergen. The compromise was to amalgamate the counties of Bergen and Hordaland into one. The political process was complicated, because it among other things meant changes in the parliamentary election system.

Once the delayed amalgamations had been undertaken, the reform process lost momentum. It was accepted that the reform, generally speaking, had been necessary, but no systematic evaluation had been conducted. The development of the welfare state resulted in new jobs also in the small, rural municipalities. When the Schei committee was concluding its work, the municipalities employed the equivalent of 98000 man years (1962). In 1990 they employed 326000 man years. In the same period central government employment increased from 88000 to 141000. This slower growth is explained by continuous transfers of responsibility from state to county and municipal level. The rapid employment growth was expensive, not least because of diseconomies of scale in small municipalities. But national governments supported these policies. More than one third of the total revenues of the municipal sector in 1992 were central government transfers, and many of the smallest municipalities received transfers up to 50 per cent.

A slump in the Norwegian economy in the late eighties worried the government, who made it clear that public expenditure could not go on growing without being evaluated. The municipal sector, it was asserted, was costly and there was room for efficiency measures. (Hansen 1997)

## **9. The Christiansen Commission**

In April 1989, a new government commission was appointed, named after its chairman (Ragnar Christiansen, former Minister of Finance). It got a wider, more general mandate than the Schei Committee. It was to study the effects of boundaries as a general framework condition, and to propose theoretical guidelines for the future delimitations of such boundaries. The commission was explicitly asked *not* to come up with concrete suggestions for amalgamations, and it was also asked *not* to come up with new models for the functions of municipalities, counties and central government. The white paper was not to be a blueprint for change, but a background report for eventual political action. The commission tried to get accept for a wider approach to the mandate, i.e. to study relations between form and function.

While the commission was working, the political context was changing. The optimism of the mid-eighties had gradually been replaced by pessimism. Unemployment increased, manufacturing industries shed labour, the fisheries went through an ecological crisis and agriculture became more and more dependent upon government subsidies. The running of the welfare state implied increasing economic transfers from central government. The commission published its report in May 1992, three years after began its work. (NOU 1992:15) Three main principles were formulated:

1. Municipalities should be delimited in such a way that they constituted geographically functional units adapted to a common housing market and labour market, and the location of private and public services.

2. As far as possible, municipalities should have at least 5,000 inhabitants.
3. The total area of a municipality should be such that its inhabitants were ensured acceptable access to the municipal centre and the most important public services.

All but one of the 12 members of the commission supported its conclusions about the need for a reform. One member, representing the Centre Party, disagreed and held the view that voluntary cooperation between municipalities would be an adequate alternative. She felt that criteria related to evaluation of services and community development had been given too much attention, and that local values had been neglected (NOU 1992:15, 306). In the debate which followed the publication of the report, the Centre Party gained the initiative and set the agenda.

The strategy of the dissenters was to focus on the recommendation that a well functioning municipality should have at least 5000 inhabitants. Since more than one half of the municipalities had less than 5000 inhabitants, and since so many people in the small municipalities were employed in the public sector, any hint of change provoked them. The Centre Party had 12% of the electorate in 1991 and 30 % of the mayors in 1991, and three-fourths of these were found in municipalities with less than 5000 inhabitants (Hansen 1997).

The members of the Commission visited all counties and met many local politicians. As a member of the Commission I also participated in many meetings after the report had been presented. I became convinced that scepticism and rejection of the report was related to a general fear of change more than being a result of an evaluation of the criteria; we know what we have but not what we will get. One of the reasons for amalgamations was to make the municipalities more efficient, economically speaking. This was interpreted as a government attempt to get more services for less money. Members of the commission insisted that this was not the intention. Economies of scale would

liberate capital which could be used to develop better public services. But this reasoning had little credibility with the general public.

### **10. The political handling of the commission report.**

The question of EU membership had implications for the municipal reform. Sweden applied for membership in July 1991 and Finland in March 1992. The Swedish and Finnish economy had taken a turn for the worse in the beginning of the 1990s; the national debt increased and the number of unemployed increased rapidly. An awareness of crisis developed. Membership in the EU was considered a necessary condition for economic restructuring. A comfortable majority voted 'yes' in the Finnish referendum in October 1994, and a small majority of the Swedes voted yes in November. The Norwegian minority Labour government decided to apply for membership, but many of its voters disagreed, and Norway repeated its no from 1972 in a referendum in late November 1994.

There was a centre - periphery dimension in the EU debate which was also reflected in the discussion on the Christiansen Commission report, which was published in May 1992. The government gave priority to the EU question, and the Christiansen Commission report was sent to the Ministry of Municipal Affairs with a hint that it could take the time it needed to write a Government White Paper to Parliament. The Ministry took the hint, and spent three years on the job. The outcome was a defensive document which in due time was sent to the Parliamentary Committee for Municipal Affairs, (St.meld. nr. 32 (1994-95.) (12.05.95). The Committee took one year to write its proposal to Parliament.) (Innst. S.nr. 225 (1995-96.) (30.05.96).

The Christiansen Commission had not come up with concrete proposals for changes of the municipal and county maps of Norway, because this was not part of its mandate. The White Paper written by the civil servants in the Ministry of Municipal Affairs found that time had come to propose concrete boundary

changes. A new national commission was to be appointed. This commission was to coordinate the reform process, and to present possible changes of the municipal map of Norway (Hansen 1997). This procedure was quite similar to that practiced by the Schei committee in the 1960s. The necessary revised legislation was to be presented to Parliament in 1996.

The local process was to be coordinated by the county prefects and extensive local participation was envisaged. One issue discussed in the White Paper was use of local referenda. It considered these referenda as advisory. The outcome of the local referenda should be only one of several elements in a decision process, and the final decisions should be made by Parliament. The municipalities were invited to formulate alternatives. The Centre Party had already, through its minority vote in the Christiansen Commission, indicated that it would oppose such a procedure. On the political grass-root level (municipal and county councils), the values of local democracy were given decisive weight. The No majority in the 1994 EU referendum gave these institutions more power.

Immediately after the Parliament Committee on Municipal Affairs had received the White Paper from the Ministry, the Centre Party sent Parliament a proposal instructing the government to respect municipal council votes and local referenda. No boundary change should take place without local consent. On June 1<sup>st</sup> 1995, only three weeks after the White Paper had been published, Parliament gave assent to this proposal by 81 votes to 58. A slightly stunned Minister told the press: “We will have to consider this decision in connection with the revision of the law on municipal reform. But the law still has precedent over parliamentary decisions.”

On June 7 1996 the recommendations of the Parliamentary Committee was discussed in Parliament. It was presented as a compromise between the government and Parliament, but in practice it buried the Christiansen Commission report and the government White Paper. Parliament (by 92 votes to 65) stated that it at present did not see a need for a municipal boundary

reform, that it therefore rejected the proposal of the White Paper, supported by Government, to set up a commission to coordinate the reform process. This in practice meant that no work of legislative reform would be initiated. (Hansen 1997)

### **11. What about voluntary amalgamations?**

There was one exception. Parliament (by 92 votes to 65) asked the government to have a closer look at the Municipal Act and other laws to facilitate the organisation of voluntary cooperation between municipalities. The Christiansen Commission had documentation showing that this form of cooperation might be useful in win-win cases, but less efficient when priorities had to be made which favoured some partners and not others.

What has happened after 1996 does not change this general picture. Between 2002 and 2008 there have been five cases of voluntary amalgamations, involving ten municipalities. The number of municipalities has been reduced from 435 to 430. The municipal administrations strongly recommended these amalgamations, and the municipal councils were also for, although often with a close majority. In some of the referenda the difference between yes and no votes were extremely close. In quite a few municipalities there have been negative referenda. There are at present no indications of active interest in voluntary amalgamations.

### **12. The economic power game**

Citizens are legally entitled to public services. The costs of providing these services are higher per capita in municipalities where people are few and internal distances long. In practice this means that 'poor' municipalities receive higher transfers than 'rich' ones. In some peripheral municipalities up to 75 per cent of the income comes in form of government transfers. National norms

guarantee a high level of public services, thereby generating local employment, in particular for women.

Rune Sørensen (2004) presents data on the development of municipal incomes, comparing small and larger municipalities. Reference data used are income data since 1965 in municipalities with more than 9000 inhabitants in 1985. These data are compared with corresponding data in municipalities with less than 2500 inhabitants. In 1970, the income per capita in the small municipalities and in the reference municipalities was equal, but in 1990 they were twice as high per capita in the small municipalities. This is mainly due to increasing transfers of government money to the small municipalities. There was a reduction of transfers in the small municipalities during the first half of the 1990s, but they were still 75 per cent higher than in the reference municipalities. These transfers were mainly compensation for diseconomies of scale. The cost of public services was high in municipalities with few inhabitants spread over extensive areas. Legal citizen rights in an ambitious welfare state defined the expenditure. If the locally generated income did not cover the expenditure, the state paid. It could afford to do so, because oil and gas income in the form of taxes and government ownership in the oil industry made the Norwegian economy a very strong one.

Sørensen (2004) also presented results from a questionnaire survey in 2002 answered by mayors and by head administrative officers responsible for budget work. The question was: Do you think that your municipality should amalgamate with one or several of the neighbouring municipalities? In municipalities with more than 5000 inhabitants, 39 per cent of the mayors and 53 per cent of head administrative officers said yes, whereas only 18 per cent of the mayors and 39 per cent of the head administrative officers in municipalities with less than 5000 inhabitants agreed with the question.

Sørensen comments that the present system of transfers gives small municipalities higher income per capita than large municipalities. If a small

municipality amalgamates with a larger one, the aggregate transfers per capita will be reduced. The transfer system gives no incitement to saving costs. This generous transfer system has been with us quite some time, and even if national politicians in principle would reduce the transfers, it is difficult to do so in practice. There is always an election around the corner (every second year). As long as Norway can afford to practise this system, it would be politically suicidal for a party to reduce transfers (Hansen 2004).

### **13. Municipal status quo, but what about the counties?**

During the late eighties and nineties the future of the county, the intermediate level between state and municipality was put on the political agenda. Did we need the counties? If yes, should we revise their size and evaluate their tasks? A brief historical survey is necessary before discussing these questions.

The counties were established in 1671, and although counties have been subdivided or amalgamated, there have been only minor changes during the last 150 years. The functions of the counties were initially similar to those of the French *departements*; the *amtman* (*prefet, governor*) represented, through legal control, central government in the provinces. New legislation in 1837 established county councils with appointed members from the municipalities. But each county still had a government- appointed governor. Direct elections of council members were introduced as late as 1964. The county income came from the municipalities and from government. The county council thus consisted of selected municipal politicians, preferably mayors, overseeing that they got back as much as possible of the contributions they had given to the county council treasury.

A new reform in 1976 introduced direct elections and taxation rights. Finally, the county had got a legislation and an organisation similar to that of the municipalities. A division of labour was introduced between municipalities and counties. The by far most important task of the county was the responsibility

for hospitals and specialised health services (about 60 % of the budget). Secondary schools (20 %) and county roads (20 %) were also important. The county had no supervisory control of municipal expenses. But there were grey zones between municipalities and counties, zones where problems arose, but where solutions had to be found elsewhere. Often central government had to sort out problems. Did we need another commission?

To the Christiansen Commission, it had been evident that proposals for boundary changes depended on the functions to be performed by municipalities and counties. But its mandate did not permit it to analyse these links between functions and form (space). Nevertheless, it proved to be difficult to initiate a reform if form and function were not seen in context.

In its handling of the Commission report in June 1996, Parliament invited (by 90 votes to 68) the government to appoint a commission to look at the division of responsibilities, tasks and functions between the three political decision levels; state, counties and municipalities. This commission (The Wilhelmsen Commission after its chairman) published its report in 2000 (NOU 2000:22). One of the 12 members proposed an abolition of the county, the intermediate level. Its tasks could be transferred to government or to the municipalities. If the local level should be strengthened, the municipalities would have to be bigger. Given Parliament's principle on voluntary amalgamations, this alternative remained theoretical. The majority of the Wilhelmsen commission members did next to nothing to strengthen local democracy. It realised that if it wanted to increase the political importance of the counties, some counties were too small to be able to handle the crucial problems of health services. It therefore suggested a reduction of the number of counties from 19 to 13-15. But Parliament still insisted upon the principle of voluntary amalgamations. It buried the Wilhelmsen Commission next to the Christiansen Commission (Hansen 2001).

The Labour minority government of Stoltenberg (2000 – 2001) made one important move after Parliament had stopped the reform. It decided to transfer the responsibility of hospitals from the county to the state. The existing system had come under heavy criticism for high costs and low efficiency. The transfer process took six months, and when it was over, the counties realised that they had lost much of their political power.

#### **14. The Bondevik minority government 2001 – 2005**

The parliamentary election in 2001 resulted in a change of government. Stoltenberg's minority government resigned, and a coalition government, with Kjell Magne Bondevik, as prime minister took over and held power for four years. Its parliamentary basis was narrow. It had to seek support in all directions. The question of regional reform was difficult, because the coalition parties did not have convergent views. The Minister of Municipal Affairs came from the Conservative party, which supported a reform, but the Christian Democrats and the Liberal Party did not see the need for immediate action. This internal disagreement resulted in many reports and few decisions. The Norwegian Association of Local and Regional Authorities (KS) took a leading role in the debate, and commissioned research on the regional problem. The point of departure was a critical review of form and function. Was the existing county map a forward-looking blueprint for stronger regions? Alternative models were discussed. Three alternatives were developed. One was to divide the country in half a dozen regions. This approach was inspired by the Europe of Regions. Larger regions would permit the return of the hospital system to the counties. They would also be able to play a more active role in urban and regional planning, and in transport planning. A second alternative was a following up of the Wilhelmsen Commission (NOU 2000:22) suggestion of reducing the number of counties from 19 to 13 - 15, and a third alternative was a

status quo alternative. The reports initiated by KS brought forward useful data and presented consistent evaluation methods (Selstad 2003). But the government did not respond, and Parliament did not receive proposals of system changes.

### **15. Bondevik leaves – Stoltenberg comes back. The Soria Moria declaration**

After four years, the Bondevik minority government lost the 2005 parliamentary elections. A new coalition government headed by Jens Stoltenberg from Labour entered the political scene. Labour included the Socialist Left Party and the Centre Party, thereby obtaining a Parliament majority.

Its manifesto - the Soria Moria declaration - promised a reform of the regional administrative level (Statsministerens kontor 2005). The regional level would be the principal actor of regional policy. The intention of government was to follow up the declaration with concrete proposals for the division of responsibilities between municipalities, regions and national government, including a new regional level to replace the county. Some of the existing counties were too small for these tasks; larger regions would have to be delimited. When delimiting these regions, distances and identity would have to be considered, and both municipalities and the present counties should participate in the process. The new system should be established by January 1. 2010. The government knew that the proposals would be met with scepticism by most members of Parliament, who were all representing a county. The municipal and regional ministry portfolio was given to the Centre Party, which had been the strongest opponent of administrative changes. This did not speed up the regional reform. Macro problems were left in the shadow, instead local mobilisation was encouraged.

In December 2006, the Ministry of Municipal and Regional Affairs presented - six months behind the normal schedule - a delayed report to

Parliament on regional policy : *Regionale fortrinn – regional framtid* (Regional preferences - regional futures). (St. meld. nr. 12 (2006-2007), Hansen 2007) The document was forwarded to the Parliamentary Committee of Municipal Affairs. The committee published its recommendations to Parliament in April 2007 (Innst.S.nr.166 (2006-2007)). It was a summary report, but it contained no concrete proposals for Parliament to discuss. Different views had not been worked into compromises. Parliament discussed the document on May 10. No important decisions were made. All but one of 19 amendments were rejected. The amendment which was supported by Parliament asked the government to examine and evaluate feedback from municipalities and counties on future tasks and responsibilities for the new regions before it presented its final recommendations to Parliament in spring 2008.

This evaluation was conducted by civil servants in the Ministry of Municipal and Regional Affairs. On February 26 2008 it presented a detailed report on the status on the reform after the ministries, counties and municipalities concerned had presented their views. The report states that there is no consensus about the reform. None of the three alternatives got support from the majority of respondents, and the civil servants could only recommend a new round of hearings, this time about the administrative report. But the administration could not have suggested this procedure without the tacit support of the political system.

#### **16. No reform expected.**

As the case stands today, the government intends to present a proposition to Parliament in the autumn session 2008. Nobody believes that a new regional level will be proposed. This will imply that there will be no radical transfer of political responsibility from government to region. At best, some minor changes will be proposed.

Almost twenty years of work on an administrative reform, initiated by the work of the Christiansen Commission in April 1989, will end with a belly landing, to use an expression from the press debate. Some political commentators blame the Centre Party for closing the door to the county reform. Others blame Labour. They claim that the present Prime minister (Stoltenberg) in 2000 wanted to abolish the county level. Since he did not succeed then, he now follows a policy of weakening the counties.

Whatever the reasons, there is a general scepticism to change. There are no evident economical reasons for amalgamating small municipalities and counties since diseconomies of scale are being compensated by economic compensation from government. Many small municipalities might even be worse off if they merge with a larger municipality, since the transfers to the amalgamated municipality will be lower per capita than that given to small municipalities (Sørensen 2004).

The principle of a referendum preceding an amalgamation will strengthen those who do not want change. Among them are many local and county politicians and people employed in municipalities and counties. “We know what we have, not what we will get”

### **17. Norway and the Nordic Context.**

All the Nordic countries (Denmark, Finland, Norway and Sweden) are divided into municipalities. The county was an intermediate level between state and municipality in Denmark, Norway and Sweden. Finland had a system of voluntary intermunicipal cooperation. When the municipal system was established (in Norway in 1837), parish boundaries were used as municipal boundaries. The church was often the focal point of a local community. The parish boundaries reflected accessibility to the local centre. Before the municipal reforms in the 1950s and 60s, there were 2500 municipalities in Sweden, almost 2000 in Denmark and 750 in Norway. The improved transport

system permitted amalgamations of municipalities. The new municipalities had the responsibility for primary education and social services. Both these functions were centralised. Sweden had two reforms, one in 1952, which reduced the number of municipalities to 1000, and one between 1967 and 1974, when the number of municipalities was reduced to less than 300 and the average population of a municipality increased to 30000. In Denmark, a reform in the 1960s reduced the number of municipalities to less than 300, and increased the average population to 20000. Central authorities in Sweden and Denmark had full control of the amalgamation process. Finland introduced a system of voluntary amalgamations in the 1970s, resulting in only modest changes – from 520 to 460 municipalities. The average population was 11000, the median population 5000. The reform work in Norway started in 1946 and took a very long time, not least because of extensive consultation between commission members and the municipalities involved. It resulted in a reduction from 750 to 450 municipalities, an average population of 9000 and a median population of 4400. The Swedish and Norwegian reforms did not involve the counties. The Danish reform reduced the number of counties from 25 to 14.

As described above, the second round of reforms in Norway was initiated in 1989 and is not finished yet. In Denmark, a second round of reforms was initiated in October 2002, when a commission started its work. Its point of departure was an analysis of the functions of the political/administrative system. It then defined threshold values for the various services to be offered by the municipalities to their inhabitants. It was a political objective that many service functions could and should be decentralised from state and counties to the new municipalities. The geographical consequence of the analysis of functions and threshold values would be a radical reduction of the number of municipalities,

from 300 to 100. The commission found that problematic small scale disadvantages would characterise municipalities with less than 15000 inhabitants and large scale diseconomies of scale in municipalities with more than 50000 inhabitants. It recommended that amalgamations preferably should result in municipalities with around 30000 inhabitants. The commission spent 15 months on its work. The Christiansen commission in Norway, with a much narrower mandate, spent three years on its report, which was buried after 15 years of discussions leading nowhere. After the publication of the Danish report, the government spent four months in writing the political document on the reform, and two months to secure a majority in Parliament. The municipalities were asked to come up with proposals for amalgamations respecting the premises set by government and accepted by Parliament. Only four of the 271 municipalities did not find partners to cooperate with. Government intervened and finally decided.

Denmark also abolished the county system. Instead, the country was divided into five regions, whose main responsibility was specialised health services.

In June 2005 Parliament voted for the new legislation regulating the new geographical division. Elections were held in autumn 2005, and the reform was a reality on January 1. 2007. Denmark is now divided in 98 municipalities with an average population of 55000. Only one per cent of the population lives in a municipality with less than 20000 inhabitants.

The Danish reform was organised top – down. Functions were defined first, population threshold values for services next, and then the municipalities themselves were asked to amalgamate so that the new municipalities respected the population threshold values. The local authorities were consulted, but the premises were laid by central government. It should be added that geographical constraints are less important in Denmark where internal distances in the new municipalities are acceptable for most of the inhabitants. In Norway, geography still matters. Amalgamated municipalities respecting population threshold values will contain peripheries far from the municipal centre.

But the main reason why Norway has not had its reform is not a problematic geography, but the persistent belief in a bottom – up political process. The municipalities have in reality a veto right, and most municipalities will use it to stop centralisation processes.

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