



TÜRK-İSVEÇ YEREL YÖNETİMLER ORTAKLIĞI PROGRAMI
TURKISKT-SVENSKT PARTNERSKAP FÖR LOKALT SJÄLVSTYRE
TURKISH-SWEDISH PARTNERSHIP FOR LOCAL GOVERNANCE

Municipal amalgamation Theory, Methodology and International Experiences A Desk Study for the Tuselog Programme

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Introduction

Between 1950 and 1992, the total number of local authorities in 19 European countries¹ decreased by 38,933. This radical restructuring was primarily connected to rapid urbanisation, structural societal and economic changes and an emphasis on efficiency in service delivery (Council of Europe, 1998). The trend is especially apparent in the Nordic countries. By the middle of the 20th century, governments (and in effect local government) had taken on more and wider responsibilities, especially in the area of physical and social planning. In this context, the debate favoured larger local political units which would be capable of delivering the welfare programs envisioned by central governments. Thus, the political and academic climate was in favour of municipal amalgamation (Keating, 1995).

In Europe, the wave of territorial consolidation waned by the end of the 20th century. The former socialist countries in Eastern Europe even contributed to some reversal of the trend, as it was common for large municipalities that had been forced together under the former communist regime to split. In addition, few countries in Eastern Europe undertook reform, despite experiencing problems similar to those that had led to amalgamation 20-40 years earlier (Swianiewicz, 2010).

The reasons why reform is undertaken can be found in a multitude of political and structural factors. The nature of reforms, rather than being modelled after a strict scientific plan, are often conditioned on these variables. This report focuses less on the political factors determining policy choice and more on a condensed account of the main findings on the size of local governments. Focus lies on the (perceived) tension between public participation and effectiveness, identified by Dahl and Tufte (Dahl & Tufte, Edward A., 1973). The overview concludes that there is no necessary dichotomy between democracy and effectiveness but that the mandate of municipalities will most often be correlated with their size. In addition, the way in which reforms are undertaken matters.

The report first examines the theoretical propositions relating size and democracy and subsequently the arguments connecting size and efficiency. Research on the modality of reforms is given some consideration, before a closer look at the Swedish case of municipal restructuring in the 1960s and 70s. The Swedish reform has been termed perhaps the most scientific reform in Europe (Kjellberg, 1985), and thus serves as an illustration of the theories concerning local government size favoured in the 20th century. Last, a few other, more recent examples are looked at in less detail in order to present an idea of the rationale behind why and how reform is undertaken and the method for implementation.

Democracy, liberty and size

Since antiquity, there has been a connection between democracy and size. Both Plato and Aristotle propagated relatively small political units, as did Rousseau more than 2000 years later. Though these theories relate to direct rather than representative democracy, their central tenets underpin empirical research on modern representative democracies. The idea is that bringing government closer to the people will also enhance their influence and participation. Several empirical studies in

¹ Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK

Sweden, Norway and Denmark confirm this hypothesis, although the results vary depending on how democratic participation is measured. For example, one Swedish study showed that people were more likely to be active party members in small municipalities, whereas people living in larger municipalities were more likely to have contacted local civil servants (Nielsen, 2003, pp. 54-7). Another study finds that although inhabitants of small Danish municipalities are more likely to take an active part in public life, this is not because they have a more positive view of local politics or have more trust towards local politicians (Larsen, 2002). In Britain, size was generally found to have little or no effect on knowledge of different municipal functions and on attitudes towards local authorities (Newton, 1982, p. 197).

In one sense, participation is bound to be broader in a system of many small municipalities, as the number of seats available is also larger. However, smaller units also tend to have less influence over local planning and decision making due to their limited capacities. In a European perspective, smaller municipalities generally also mean that municipal spending as a share of GDP is lower (Swianiewicz, 2010) (though there are some exceptions, notably the UK). Smaller municipalities may lead to a higher degree of participation (though this is not wholly supported by the empirics) but those participating will have a smaller sphere of influence, or, in the words of an influential American scholar:

“[T]he smaller the unit, the greater the opportunity for citizens to participate in the decisions of their government, yet the less of the environment they can control. Thus for most citizens, *participation in very large units becomes minimum and in very small units it becomes trivial.*” (Dahl, 1967, p. 960)(emphasis added)

In addition to ideas centred on democratic participation, small scale local government may also be favoured on the grounds that such a system increases the opportunities for innovation and evolution, much as the logic underpinning a free market economy as opposed to command economy. The argument has two central tenets. First, a government design based on many power centres means that ideas and innovations can be tested in one place and if successful transferred to other local units. In addition, the risk for erroneous or hasty decisions made at the centre and implemented in the whole state decreases. In short, the more actors there are, the greater the chance that good ideas get chance of being implemented. Second, many small units of local govern also means that the consumer-citizen is presented with more options. They can then chose the municipality with the (for the individual) most optimal balance of local charges and taxes on the one side and the mix and quality of services provided on the other side, the so called Thiebout-model (Thiebout, 1956).

The model has received criticism for the assumption that citizens are rational actors who chose the place where they live primarily on the basis of the balance between municipal tax-level and service provision (Erlingsson & Ödalen, 2009, pp. 121-3) (Thiebout, 1956). A survey of over 200 tests of the Thiebout-model indicated that there is a slight predominance of studies showing that the greater the number of local governments the more satisfied citizens tend to be with some, though not all, local services. However, it is difficult to assess the hypothesis

that a higher number of municipalities makes for greater competition between them (Dowding, et al., 1994).

Effectiveness and size

Whereas arguments for many small units often centre on arguments about democracy and the consumer power of citizens, the imperative underlying the structural reforms on the local level which took place in many European countries in the 1960s and 1970s stemmed from urbanisation and demographic-social changes as well as increasing demands on the quality and number of public services. In the case of Sweden in the first half of the 20th century, the ruling Social Democratic party viewed the municipalities as essential tools for building a strong welfare system which in turn would result in a healthier society where more children were born (Sweden was at the time experiencing declining birth rates) (Ekström von Essen, 2002, p. 31).

The hypothesis that there will be scale effects to increasing the size of local government units is derived from economic theories on optimisation efficiency by approaching a size where marginal benefit equals marginal cost. However, as measuring the marginal benefit of public services presents a number of difficulties², empirical studies often focus on the cost side or equate population with output (Council of Europe, 1998, p. 23) (Byrnes & Dollery, 2002, p. 395). Here, a u-shaped marginal cost curve is often hypothesised. Simply put, production cost per unit are expected to decrease up to a certain number of units produced and then to increase beyond this point (due to for example to increasing communication costs).

The empirical findings related to economies of scale in local government are mixed. First, it is imperative to disaggregate the findings according to the service provided. An early attempt found that in St Louis and Massachusetts, US, there was a difference in the effect of population size according to the type of services studied. Public education, fire fighting, police and waste collection did not show any effect of population size on expenditure per capita though for example fire fighting naturally showed increasing cost with increasing catchment areas. The central municipal administration displayed the expected u-shaped curve whereas water and sewage service costs per capita decrease with size up to very large units (Hirsch, 1959).

A more recent survey of 32 studies undertaken in the US, the UK and Australia showed mixed results on different as well as on similar types of services. There are findings of diseconomies of scale regarding total local government expenditure as well as findings suggesting that there is no relationship between size and total expenditure. Similarly, a number of studies find no relationship between size and housing expenditure whereas one find evidence of economies of scale, one of diseconomies of scale and one of a u-shaped relationship (Byrnes & Dollery, 2002). A survey of European studies (Belgium, Denmark, Finland, Italy, the Netherlands, Norway and the UK) also shows diverging patterns. For example, an analysis made by the Danish ministry of interior in 1982 indicated that the differences in administrative efficiency between municipalities of different sizes are small, whereas another study on the same country found an inverted u-curve (Council of Europe, 1998, pp. 23-30).

² For example related to measurements of the quality of services and the difference in need for different services in different locations.

However, size alone cannot account for differences in efficiency between local governments. Population density is another important variable. Municipalities with large populations are often also highly urbanised municipalities where the population density is high, making service delivery cheaper than in sparsely populated areas (Houlberg, 1995, pp. 5-6). Another factor is the difference in service needs in different locations. Areas where the ratio of non-working in relation to working population is high will also face high service needs in relation to taxable income. Difference in service needs has also been used as an argument for municipal amalgamation, especially in urban agglomerations, where social segregation may result in socially highly unequal local units (Ostrom, 1983). A related, but different question concerns the spill over effects of service consumption in municipalities different from that where taxes are paid, which may be higher if municipalities are smaller and more numerous.

At this point it is important to reiterate the difference in functional authority between local authorities in different countries. As the minimum and optimal population size of a unit of local government differs according to the type of service provided, the minimum and optimal size set by policy makers in different contexts also differs. Replies received from 24 European Countries to a survey by the Council of Europe in the 1990s show that the population size deemed minimum for the delivery of public services varies between the countries, with for example 2000 in Bavaria and 6500-8000 in Sweden (Council of Europe, 1998, pp. 31-2). In all, establishing a universal minimum or optimal population size for municipalities will inevitably prove to be a futile endeavour. An analysis of the minimum requirements (in terms of population, own financial resources, population density etc.) for the delivery of public services will depend on the nature and scope of those services. As discussed below, the driving force behind several European local border alterations was a commitment to decentralised service delivery with a view to improve welfare and plan development.

Central places and polycentrism

Just as the size necessary for delivering a certain range of services has been central to instances of municipal amalgamation, so has establishing the borders of a municipality posed problems to policy makers, and raised questions related to the differentiation between town and country. A theory which has had some influence over municipal amalgamations, especially in Sweden in the 1960' and 70', is the theory of central places developed by Walter Christaller in 1933 to explain regularities in the distribution of towns. Assuming a flat landscape, Christaller argued that the size of the market (or catchment) area will be determined by a product's cost, cost associated with transport (to get to the retailer) and demand. As each producer will seek to maximise the distance to his competitor, each retailer will have monopoly in an area with a radius as long as the customer is willing to travel to obtain the product. To maximise the area in which the product can be sold, an outlet node is surrounded by a hexagonal hinterland (round shapes leaves parts of the plain without service). In addition there will be a difference in the length people are willing to travel to obtain a certain product, creating a hierarchy of central places where each central place will have a number of places of next rank within its hinterland (Hohenberg & Hollen Lees, 1995, pp. 49-50) (von Böventer, 1969). Christaller's theory is not a precise account of reality. Demand and population density is rarely evenly distributed and transportation not evenly costly (due to differences in the landscape). Never the less, it has had a significant impact on both theory and practice.

Today, functional areas are often based on commuter flows, for policy as well as for analytical purposes. Such functional areas can be defined as “agglomeration[s] of work places attracting the work force from the surrounding area. If a certain share of the labour force in a defined fringe area are out commuters it is attached to the municipality to which the largest portion of commuters go” (Antikainen, 2005). As transportation becomes more efficient and faster, distances are shortened and for this and other reasons, functional urban areas based on commuter flows get bigger and fewer in number. For example, the number of functional labour market areas in Sweden sunk from 190 in the 1970s to 100 in the 1990s (Andersson, Frida, et al., 2007, p. 115).

However, some theorists have questioned the applicability of dichotomies such as urban-rural or centre-periphery. On the European scale, Copus argues that improvements to transportation and communications, structural changes such as a focus on services and light industry as well as technological changes, including the development of ICT technologies, contribute to a more polycentric Europe where the importance of spatial location is declining (Copus, 2001). On the local level, portraying ideas and labour force as travelling only from the periphery to the centre is argued to be an over-simplification. Rural entrepreneurs may, making use of modern communication technologies, develop business relations on a global scale and rural tourism can make the rural locality a centre of economic activity (Andersson, Frida, et al., 2007).

These trends may be grouped together under the heading of “polycentricism”, a model which has influenced both theory and practice, primarily since the late 1990s. Polycentrism can be observed both on the level of individual cities (with for example commuter flows going from one suburb to another in addition to from suburb to centre) and on the level of urban regions. It is connected to the traditional focus on commuter flows but also take into account other forms of travel, for example for leisure or shopping. On the regional level, polycentric urban regions are characterised by a small number of historical, politically independent entities of similar size and within more or less close proximity and lack a clear leading urban centre. Polycentric urban regions, rather than cities, are now often viewed as areas of economic agglomeration and specialisation (Kloosterman & Musterd, 2001). Polycentrism has important implications for municipal and regional amalgamation policies, since regional governance is becoming increasingly important for development planning and management. On a European level, measures promoting even development and growth are often targeted precisely towards regions.

Doing municipal amalgamation, and alternative approaches

Although the municipal boundary reforms focuses to a large extent on determining the optimal and minimum size of municipalities as well as the optimal borders, some consideration of the process of reform is also necessary. In many cases, a mix between voluntarism and obligation, together with some experimentation, has been implemented. The second Swedish round of reforms (60s and 70s) started as a gradual, voluntary measure but as few mergers were implemented, a parliamentary decision resolved to make the scheme compulsory. In Denmark and Greece (1990s and 2000s), reform was largely a top-down process with compulsory amalgamations. In Norway, on the other hand, recent (limited) reforms have been implemented through voluntary measures, though with financial incentives and campaigning by the national government and the association of municipalities and

regions. In Germany, a voluntary phase was followed by a phase in which the Länder enforced amalgamations (Baldersheim, Harald & Rose, Lawrence E., 2010).

Recently, Latvia replaced a voluntary scheme of territorial reforms, including voluntary cooperation as well as options for different types of municipalities, with an obligatory reform. This recast provided Latvia with one level of municipalities instead of two and reduced their number from 525 to 118. Amalgamation was executed according to certain criteria, which parallel those observed in the Swedish case above. The minimum size of municipalities was set at 4000 inhabitants and a municipality must encompass an urban centre located no more than 50 km from any point in the municipality (there are a few examples to these rules) (Congress of Local and Regional Authorities, 2011) (Council of European Municipalities and Regions, 2008, pp. 24-5).

The track record of purely voluntary schemes of municipal amalgamations is less successful. This observation can be attributed to a number of factors. Redrawing of local boundaries presents, policy makers are forced to take variables such as culture, history, politics, and power structures into account. Importantly, the status quo is a heavy factor in shaping opinions about the optimal borders of municipalities. In addition, local elites and communities may host a number of fears about possible reforms, for example loss of autonomy and influence, less access to services, loss of local community and possible conflict between parts of the new municipality (Swianiewicz, 2010). Paddington (who can be categorised as an opponent of large-size local governments) has made three propositions for a fair reform process:

- The restructuring should address local preferences and needs (favouring smaller over bigger local units);
- Local boundary reform should not only be fair but also transparent and accessible;
- Neither central nor local elites should decide on the reform, as both may represent only a subsection of society.

Thus, in order to accommodate for local political, cultural and historical realities, an inclusive balanced process is, according to Paddington, preferred over a top-down scheme (Paddison, 2004). The way to consult local authorities and other actors differs between cases of territorial reform, some of which have been cited above. The Macedonian case is noteworthy, as it included a national referendum of the reform. Other instances of consultations have resulted in amendments to the original proposition (Greece) or cancellation of the whole process (Ukraine) (Swianiewicz, 2010). In the recent Danish reforms, several local referenda on amalgamations were held.

Different forms of inter-municipal cooperation as an approach to coping with service delivery can be found in consolidated and fragmented systems alike, both as complement and as an alternative to consolidation. Examples include countries where large scale municipal reform has not been undertaken (e.g. France) as well as countries where further demographic and structural changes has necessitated new approaches (e.g. Sweden, Hungary and the Czech Republic), These arrangements may be either public- or private law units, where the former enjoy a higher level of democratic legitimacy and state supervision and the latter more flexibility. In most cases, both private- and public law bodies can be observed but for the most part, these are multifunctional units which draw

their financial resources from participating municipalities (European Committee on Local and Regional Democracy, 2007). French intermunicipal bodies are a notable exception, as they can levy local taxes in addition to those of the participating municipalities.

Territorial amalgamation in Sweden

Local self-government in Sweden has a long and varying history. In its modern form, its origins are often dated back to the law on local government of 1862. There were three types of municipalities: rural municipalities, towns and cities. In 1862, there were 2400 rural municipalities, 89 cities and towns and around 10 boroughs. The municipalities' boundaries were based on parishes, thus making the church the centre of the political unit. However, urbanisation and other societal changes, as well as the expansion of the welfare state, put the system into question. In 1943, the smallest Swedish municipality had 78 inhabitants. The Swedish Government Official Report (equivalent of a Green Paper) from 1945 observed that declining populations and accumulating responsibilities presented problems to local democracy. Many rural municipalities were struggling to fulfil their obligations and provide an acceptable level of public services and transferring these obligations to the state would undermine local self-governance. An increasing reliance on state grants also had the effect of making local authorities more dependent on the state. Some municipalities had initiated cooperation in some functional areas to overcome these problems. However, the report observed that the willingness to cooperate was not sufficient and cooperation arrangements could make municipal administration fragmented and further undermine local democracy.

The report further expresses clear support for the idea of local self-government, stating that was not only a cost-efficient way of providing public welfare services but that it had also substantially contributed to the peaceful and democratic societal development in Sweden. Analysis of the requirements put on municipalities found a lower population limit of between 2000 and 3500. In the following reform proses, only rural municipalities were affected, and their number was reduced from 2 498 to 1 037 (Sundström & Tingvall, 2006, pp. 14-6). Opposition to the reform came primarily from conservative parliamentarians and from local politicians from small municipalities. The latter had concerns regarding, among other things, the distances from the periphery to the administrative centre and regarding possible increasing influence for civil servants in relation to elected representatives (Erlingsson, et al., 2011).

However, the demographic and structural changes continued in the 1950s with decreasing population in some municipalities and increasing demands in the form of efficient administration and service delivery. Therefore, a new state committee was commissioned in 1959 to investigate the need for, as well as the possible execution of, a new territorial reform (Sundström & Tingvall, 2006, pp. 16-7). The committee issued a green paper in 1961 (Statens Offentliga Utredningar 1961:9), which examined the empirics and laid the grounds for "perhaps the most 'scientific' structural reform in Western Europe" (Kjellberg, 1985, p. 232). The principles underlying the reform proposed by the commission merit special attention, as they are strongly connected to several of the theories cited above. In all, the reform was condition on the predominant view of social planning at the time, especially the social democratic party's view of the welfare state (Kjellberg, 1985). The two primary principles for reorganisation of municipal boundaries was to be a minimum population size which

would make it possible for all municipalities to perform the functions delegated to them and that determination of municipal borders be based on an urban centre (cf. central place theory).

First, in establishing a minimum size for municipalities, the committee undertook an analysis of the main spheres of municipal activity (schools, social protection, health care, water and sewage, building, employment, fire fighting and police) and the resources needed to perform these functions. As the school system had recently been reformed (providing for nine years of schooling for all children) and as much as 40 % of the budget for rural municipalities went to schools, the resources required to provide adequate schools were especially important. The perceived minimum population, 6500, for the organisation of adequate schooling was a decisive factor in establishing the overall minimum population size, which was set to 8000.

In addition, and closely connected to establishing a minimum population size, the committee also argued, on the basis of central place theories, that well functioning municipalities needed to be ordered as far as possible in accordance with the spontaneous regions which were assumed to be ordered around central places. An account of the theory of central places was presented above and as the report closely adhered to this theory, there is no need to reiterate it here. The method used for establishing the “natural” centrality of a place focused on its economic centrality, or the place to which people from the hinterland travelled to obtain certain products. In establishing the proposed border alterations, a method combining minimum population size with the centrality of places was applied. Based on these considerations, the committee proposed the creation of a little less than 300 municipal blocks, which would later be transformed into large municipalities, replacing the old rural municipalities, towns and cities. Initially, the municipal blocks were inter-municipal cooperative entities, and the old units retained their status (Nielsen, 2003, pp. 27-8).

After the parliament passed a law largely based on the recommendations of the committee, the reform was initiated in 1962. The county administrative boards were charged with implementing the changes but the transfer from municipal block to a large municipality was voluntary and met with local resistance. As of 1969, only 38 of the 282 blocks had formed municipalities. 37 blocks consisted of only one municipality and thus only 75 of the planned 282 big municipalities were established by 1969. The social democratic government then resolved to make the reform compulsory and a law was passed by parliament in 1969 requiring the remaining blocks to be transformed into municipalities by the end of 1974 (Nielsen, 2003, p. 28). In the consultations preceding this law, only a fourth of the municipalities that expressed an opinion supported forced amalgamations and the parliamentary vote that followed was close (Erlingsson, et al., 2011, p. 20).

The reforms made it possible to transfer even more of welfare provision to the local level and in 1979, Swedish municipalities represented 19,9 % of BNP, whereas this figure had been 8,9% in 1965. A number of other effects of the reform have also been noticed, of which a few are mentioned here. First, local elected representatives became more “professional”, with some politicians working full-time and receiving compensation for the work put in. Second, the number of local civil servants increased and more tasks were transferred to professional employees (Nielsen, 2003, p. 30). Although the services provided by municipalities generally increased, differences in services between municipalities remained or changed only marginally (Gidlund, 1983, pp. 71-90). An important

addition to the territorial reforms has been the country wide financial equalisation system which aims to ensure that all citizens enjoy the same level of public services.

Although most amalgamations undertaken in the reforms in the 1960s and 70s remain, 13 municipalities were split between 1977 and 2003 (Sundström & Tingvall, 2006, p. 20). However, continued demographic changes and migration flows within the country has also resulted in discussions about further amalgamations. For example, it is expected that the Swedish population above 85 years of age will double over the coming 30 years. Small municipalities, with a population below 10 000, face problems in terms of increased sensitivity to reductions in income (for example due to out-migration) or increased costs (connected to service needs). In addition, as the population grows older, the ratio between working population and non-working population will change, resulting in further effects on the cost-income relationship (Sundström & Tingvall, 2006, pp. 125-8). To a large extent, such problems are addressed through inter-municipal cooperation regulated partially by public law. This cooperation, which is not limited to small municipalities, can take the form of loosely built networks aimed at increasing professional capacity and buying and selling of services. More formal modes of cooperation, such as regional associations of municipalities, joint committees on certain functional areas etc. also exist.

However, it is primarily regarding the regional level that large scale transformation has been debated. A parliamentary committee on public sector responsibilities, which submitted its final report in 2007 (Ansvarskommittén, 2007), suggested that six to nine regional authorities (with directly elected governing bodies) should replace the existing county councils and regions. This reform is similar to previous amalgamations as it relies on a belief in social planning as a means to create welfare and growth (Lidström, 2010). According to the law, the regions take over responsibility over health care and infrastructure from the former smaller county councils (landsting) and responsibility over regional development is transferred to them from the county administrative boards. The regional amalgamation is a voluntary measure implemented only by those county councils wishing to be joined together and so far only four such regions have been established.

Local boundary reform in Europe – two extremes

Local administration and government is not something fixed. Rather, the European experience shows that reforms to local boundaries take place on a recurrent basis as structural, political and social conditions change. New forms of organisation come into place on the local and regional level and as tasks are transferred upwards and downwards, the question of border alterations are often put on the agenda. Recent Eastern European examples show that political changes can trigger not only consolidation but also fragmentation.

In this context, the French municipalities are an interesting case. Some 36,000 municipalities are ordered along borders which in many cases date back to 1789, with the great majority of municipalities having less than 2000 inhabitants. Several unsuccessful attempts at amalgamation were made in the 18th, 19th and 20th centuries. An effort in the 1970s to create new municipalities and merge existing small units also failed, as the option available to coerce mergers was rarely used and few voluntary amalgamations boundaries took place. The reform was influenced by similar

endeavours in other European countries but proved a disappointment to the policy makers with only 912 mergers as of 1995, of which 152 were subsequently separated (Kerouche, 2010).

French municipalities have limited responsibilities as compared to municipalities in many other European countries. Some functional areas were devolved from the state to municipalities within the framework of reforms undertaken in the 1980s, but the main change took place on the regional level. Despite some functional reform, the municipal subdivision largely remained intact, leading to a large number of inter-municipal cooperation arrangements. In the 1960s, inter-municipal cooperation in urban areas was encouraged by the central government. This was followed in the 1990s by similar arrangements in other types of localities. These bodies, called communities, are governed by a decision making body made up of representatives of the member municipalities and perform both functions delegated to them by the participating municipalities and functions bestowed upon them by law. It is worth noting that they also have the power to levy their own taxes (Kerouche, 2010). Concerns have been voiced as to the effects that this arrangements has on local democracy, since decisions are removed one level from the electorate (Hertzog, 2010)

Thus, despite problems similar to those that provoked municipal amalgamation in other European countries, the French system has remained largely intact. Although French municipalities are functionally weak, they have political muscle. One reason for this is the practice of accumulation of mandates, meaning that parliamentarians and members of the senate, or other elected bodies, can also be local elected representatives. This arrangement gives local mayors considerable sway over national politics (Wollman, 2004) (Kerouche, 2010).

In the 1990s, the Czech Republic faced problems similar to those of France but of different origin. After a law was passed in 1990 which made it easier for local governments to split, there was an avalanche of de-mergers and the number of municipalities rose from 4120 in 1989 to 6249 in 2007. A subsequent amendment to the law made it more difficult for municipalities to separate, but the large number of small municipalities found it difficult to cope with their tasks, as manifested in for example indebtedness, lack of skilled personnel and inability to provide services at a satisfactory level. To remedy these problems, Czech municipalities have entered into spontaneous cooperation arrangements termed Unions of Municipalities. In addition, the government has recently proposed a top-down scheme of cooperation whereby communities of municipalities would take over some of the independent functions of local governments (Illner, 2010).

At the opposite extreme of the French case lies the recent Danish example of quick, elite-driven reform. Denmark had in the 1970s undergone a reform similar to that of Sweden and although the conservative party and the Danish people's Party had long been arguing for another reform to the local government sector, there were no indications that such a change was forthcoming until 2002 (Mouritzen, 2010). After a parliamentary debate, a commission on structural reform was formed, which delivered its recommendations in 2004. The government's white paper, which was quickly issued following a public hearing, took a radical view, proposing changes in three areas:

- Boundaries: a reduction of municipalities from 271 to 98, replacing 14 counties with 5 regions;

- Tasks: Most of the tasks formerly assigned to county councils, except health care, regional development, and a few other tasks, were divided between the state and the municipalities;
- Local finances: The new regions were to lose their taxation powers and be financed through state grants and co-financing from the municipalities. Municipalities retained their taxation powers, topping these up with state grants and a system of financial equalisation.

The arguments used in favour of the reform centred on efficiency and were based on a commitment to the principle of decentralised governance which had been at least as important in Denmark as in Sweden. The commission noted that some local units were too small to be able to perform their tasks efficiently. In addition, it observed difficulties in coordination between the different levels as well as some overlap between them (Indenrigs- og Sundhedsministeriet, 2005, p. 7). Arguments pertaining to efficiency in relation to size in delivery of public services were at the forefront of the commission's report and the law later set a minimum requirement of 20,000 inhabitants in a municipality (though at least 30,000 was desired) (Mouritzen, 2010).

The implementation of the Danish reform also went comparatively smooth. It was voluntary insofar as the municipalities could themselves determine with which neighbour to unite, but there was also an element of coercion in the lower limit in population size and in the fact that mergers had to be approved by the central government. In several cases, the municipalities were forced to give up their first option and renegotiate, and 73 local referenda were held, but in the end only two municipalities chose not to merge but to enter into other forms of cooperation with neighbouring municipalities (Mouritzen, 2010).

Conclusion

The empirical evidence supporting either bigger or smaller local governments is inconclusive. There is support both for and against the proposition that bigger units are more efficient and similarly, the idea that small local governments are more democratic than bigger units is supported by some and refuted by others. The results indicate that there are other factors influencing effectiveness and democratic participation on the local level and that determining the size of municipalities is not an exact or universal science. Boundaries not only have administrative functions but also political, historical and social and drawing them requires consideration of these aspects, as well as on for example infrastructure and economic development. In addition, minimal size depends on the breadth and scope of functions accorded to municipalities. Some services, requiring specialist personnel and expensive equipment, may only be performed by a relatively large municipality or by several municipalities pooling their resources.

Where reforms have been stalled or were never initiated, other strategies have been developed to cope with demographic changes and changes in the demands put on local authorities. Generally, in systems where local authorities have larger responsibilities, they also encompass larger numbers of people (with some exceptions, notably the UK). The Nordic countries are a case in point, where the commitment to decentralised government has been used as an argument for territorial reform. Another approach to coping with small local authorities has been inter-municipal cooperation, implemented in France and in countries in Eastern Europe, but also in countries where cooperation has coexisted with amalgamation (for example Germany).



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Regardless of the type of reform undertaken, it involves a large number of diverse actors, including interest groups, politicians and civil servants on state and local levels as well as ordinary citizens. Managing these different and often opposing interests may prove challenging and experience shows that a wholly voluntary process of municipal amalgamation is difficult to follow through. On the other hand, it is essential that different interests be consulted and taken into consideration when drawing local borders and assigning responsibilities. The fragmentation of Eastern European countries in the 90s shows that local units which have forcibly been united may be unstable.

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