

The emerging Norwegian municipal structure: Alternative options – and their consequences – for the political and organisational reform of the local and regional levels

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Introduction

In Norway, as in the other Nordic countries, a discussion is currently taking place in respect of how to reform sub-national political and administrative structures. At present Norway, with a population of 4.7 million, holds direct elections to 431 municipalities, in Norwegian termed *kommune*, and 19 counties (in Norwegian *fylkeskommune*). The last major reform of the local political structure was made in the 1960's which saw a 50% reduction in the number of municipalities from, approximately, 900 to 450. The county structure has however remained unchanged for over 100 years (Selstad 2003), though directly elected councils were first initiated in 1974.

From the 1960s onwards, urbanisation, better communications, internationalisation, the construction of the welfare state, and the emergence of new politico-administrative approaches such as New Public Management etc., began to fundamentally alter the political and territorial landscape to such an extent that Tor Selstad (2003) now sees a discrepancy between functional and political regions. While most municipalities in the 1960s contained a common job- and housing market, new roads, more cars, urbanisation and the acceptance of longer travel distances from home to work have helped produce a new structure of 161 residential and labour market regions (see map 1), 65 of which have such a difficult or constrained geographical make up that they exist as single municipalities, most often with a population below 5000 inhabitants and with a low population density (Juvkam 2002). Similarly Norway's few metropolitan regions should be seen as being special cases as regards their urban structure. Excluding these metropolitan and peripheral regions, there are about 90 residential and labour market regions in Norway with an average population of 30 000 inhabitants divided between 2 to 10 municipalities. These are the municipalities that represent the biggest structural challenge to the success of the reform process. Typical arguments from politicians and/or researchers who favour a reduction in the number of municipalities include the following (Amdam *et al* 2004):

1. Small municipalities (below 5000 inhabitants) are simply not capable of efficient welfare production.
2. It is not possible to develop sustainable and self-developing residential and labour market regions because of the lack of political empowerment at this level.

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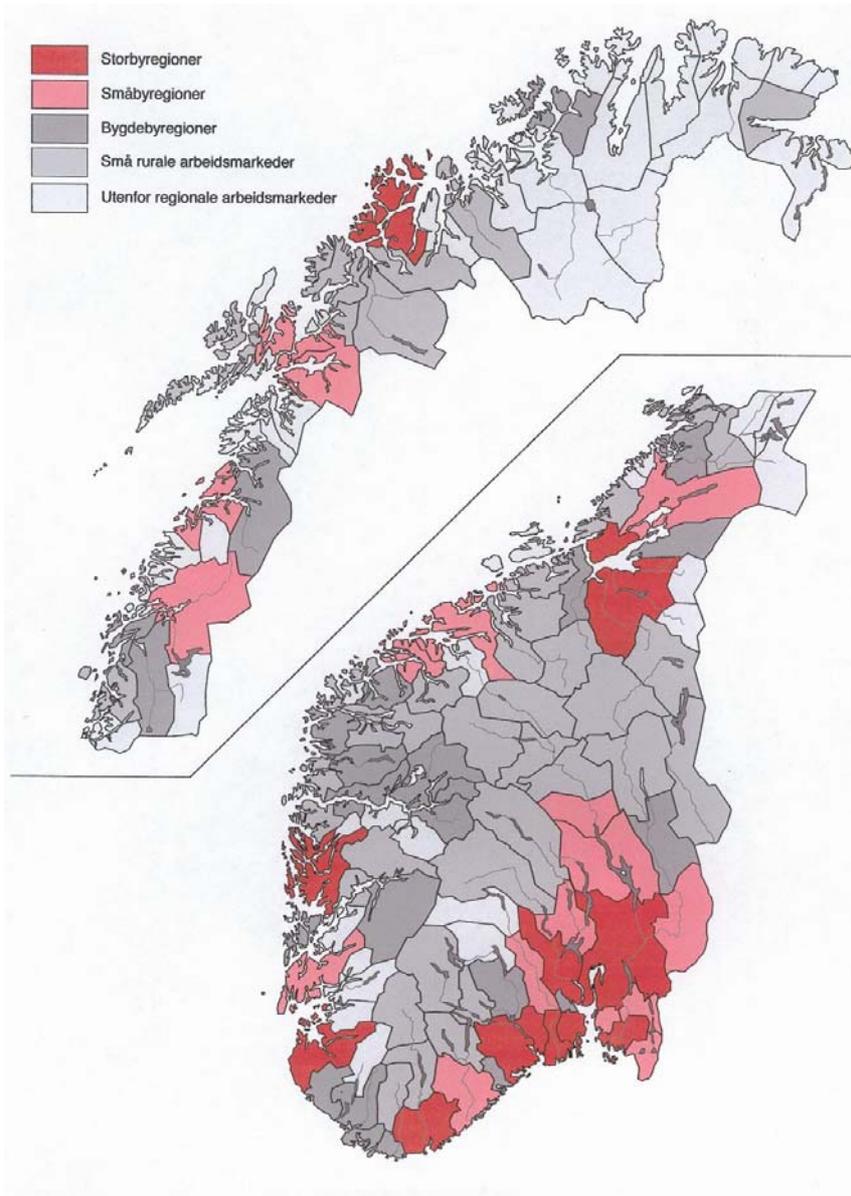
The same types of arguments have also emerged at the county level. The challenge here is that the functional boundaries of the metropolitan and other larger urban regions do not correspond well with the old county structure (Amdam 2004). There is also a growing need to coordinate activities on a level below that of the state but above the counties. As such, and in line with this observation, responsibility for hospitals was transferred from the counties to five state owned regional health companies in 2002. A similar approach to territorial reorganisation has now, moreover, been developed by more than 20 other state authorities.

While the strategy in the 1970s was to utilise county and municipality borders to provide the basis for the allocation and provision of all kinds of public activities the last 10 years has seen a process of territorial reorganisation and state centralisation, in relation to a number of activities, both 'up' and 'down' the administrative scale to new levels between state and county and county and municipality. The need for greater coordination at the labour and residential region level and on the K-region level (communication and knowledge, university regions) can, for instance, be seen as the driving force behind such a change in approach. The problem remains however that each state sector has its own borders and territories and faces inter-sector coordination challenges. In effect we have public activities and administrations on five separate levels below that of the state. Municipalities and counties are supposed to coordinate all kinds of public activities in their territory, which is very difficult in this situation. A further challenge moreover is that the counties in particular have lost legitimacy as political authorities, while two of Norway's major political parties have stated in their programme's their desire to eliminate the county-municipal level along with its directly elected county councils.

The focus here is on both local and regional development and planning – the role of the municipalities and counties as 'leading partners' and responsible planners and the role that municipalities and counties have as important welfare producers in Norway. Structural changes like these will certainly have an influence on such activities and on the role of local and regional politicians and administrators.

What then are the alternatives, and what are the likely consequences of such a change for local and regional development and planning, as well as for welfare production? Such questions are typically representative of those we often receive from local and regional politicians and administrators.

In this article the challenges and alternatives we can see emerging in respect of these questions will be discussed, as well as the types of important consequences likely to emerge in the context of this type of planning process with possible political conflicts between the state, regional and local levels (Amdam *et al* 2003, 2005 a, b).



Map 1: Labour and residential regions in Norway 2002. Deep red represents the most urbanized regions. (Juvkam 2002, Selstad 2003)

Challenges on the local and regional levels

This article focuses on changes occurring at the local and regional levels. The reason for this relates to the experience gained by the current author from research initiated by various municipalities and by the national organisation of municipalities (KS) with a view to discovering potential ‘bottom up’ alternatives and what the consequences of such alternatives would be, for the inhabitants of a municipality and for its organisation (KS 2003, Amdam *et al* 2003, 2004, Amdam 2003b). To be able to carry out such a task it has been necessary to concentrate on the development of the community as well as on the role of the municipality as the main welfare producer for local inhabitants. This can be illustrated as in figure 1.

Any local or regional community exists within a specific context and situation and faces challenges both from other parts of the world, and from within, which inevitably vary from community to community. How inhabitants, companies, organisations etc., react to such challenges – how they cooperate and compete - to a large extent influences the capacity such actors have to develop efficient responses to these challenges (Amdam 2000, Bennet and McCoshan 1993, Healey *et. al.* 1999, Putnam 1993, Stöhr 1990, Vigar *et al* 2000). For practical reasons the notion of community has been divided into three areas; public activity (both political and administrative), private industries and the civil society. The focus of this paper is on public activity at the local and regional levels in addition to cooperation with the private sector and on public activity at the national level.

If we look at the current list of municipal (and county) responsibilities of both as a community and as a political and administrative organisation they can be divided into three areas as in figure 1 (Amdam and Veggeland 1998):

- **Public administration and the allocation of rights.** The municipality issues building permits etc., to inhabitants and companies in accordance with national laws and local and regional plans, while also providing economic support to inhabitants and families who fall outside the national welfare scheme or other labour insurance systems – ‘help for self help’ – which was one of the first responsibilities the new political municipalities adopted in the 1840s (Teigen 1999, 2000). Usually there is little participation from inhabitants in respect of such activities, illustrated as a one way arrow in figure 1.
- **Public production of services** such as education, kindergartens, hospitals and the care of the elderly and infirm etc. The modern Norwegian welfare state is more of a ‘welfare municipality’ than a ‘state’ since most of these activities are organised and produced by the municipality, within the context of economic support from the state and where services are provided in accordance with state regulations. Some activities in this area compete with private sector providers while in monopoly situations some ‘user participation’ exists, illustrated here by weak back arrows in figure 1.
- **Development of the ‘good society’.** Politically this has been the most important activity on the local and regional level since the emergence of a local political system in the 1840s until, approximately, 1960 when most of the rebuilding after the war was over and the construction of the welfare state began in earnest. A municipality or a county cannot however develop a society by itself,

participation and partnership with the private sector as well as with civil society and non governmental organisations (the municipality as a community) more generally is also required as illustrated by arrows from both sides in figure 1.

A change of municipal structure could have some, though probably small, consequences for the administration of rights and welfare state activities. In most municipalities the prevalence of such activities is small as compared to welfare and service activities or production, or to the nature and scale of the challenges related to the further development of the specific society in question. As such then this paper focuses on production and development activities.

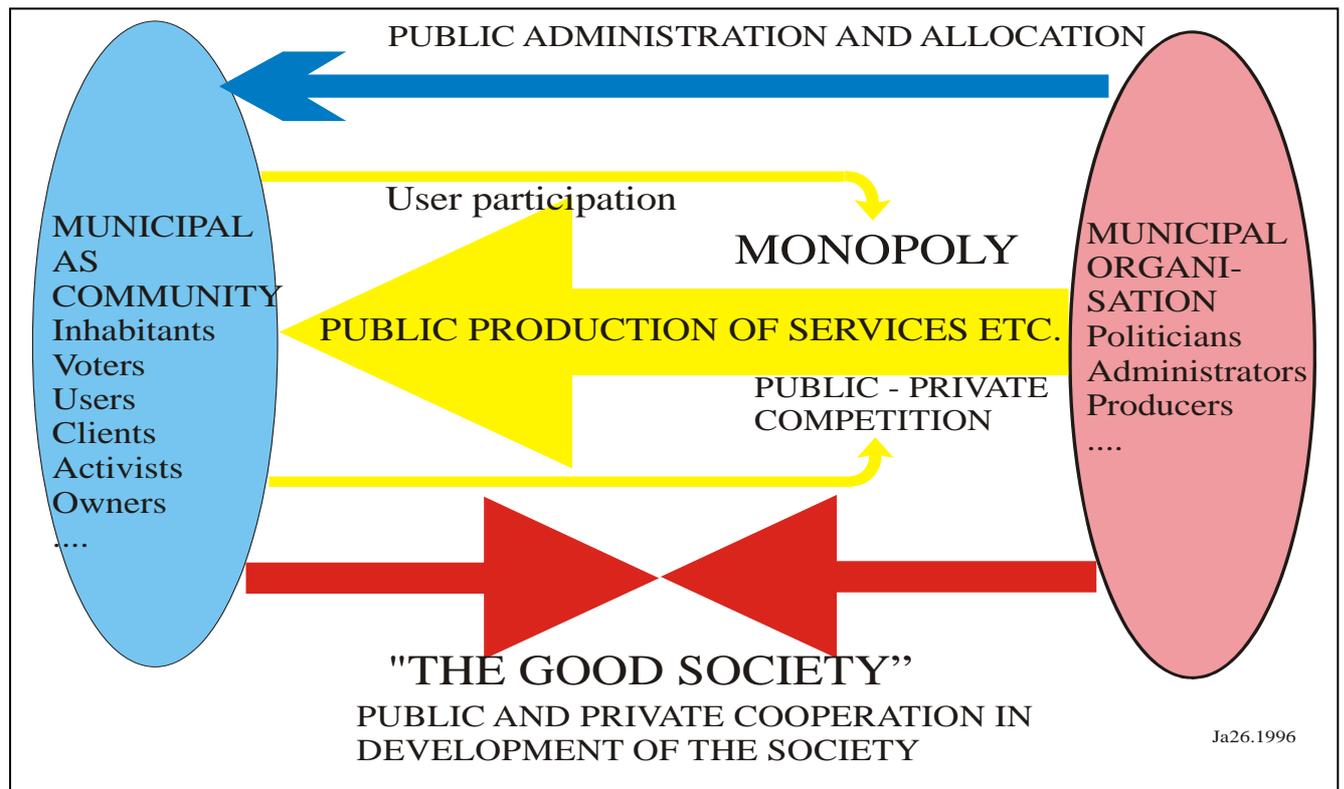


Figure 1: Different kinds of 'cooperation' between public organisations and communities.

Welfare production

The production of welfare services mainly relates to public activity and to civil society as outlined above. Individuals and families are the main recipients of this production and thus any proposed changes will directly influence both the recipients themselves and 'voters' more generally as many are employed by the municipality to produce services (over 10% of inhabitants are full or part time employees in this production and approximately 50% are recipients, mainly children and the old and infirm). We have then to focus on the impact on these groups if we are to understand the consequences of any proposed change.

As shown by Myrvold and Thorsen (2003) and others (KS 2003) there are few, if any, economies of scale to be had for kindergartens and primary schools in municipalities larger than 3000 inhabitants. For home-based care and homes for the elderly there are almost no economies of scale at all, and the same is true for health-care facilities for the elderly with more than 30 to 40 patients. In small, rural municipalities with an aging population this is often the number of people who need such attention in a general population of 3-4 000 inhabitants. These activities can be termed basic welfare production activities and typically take 75 to 80 % of the municipal budget. Thus the question emerges why should municipalities that are already larger than this merge when it is clear that no economies of scale will result?

One reason often forwarded for this is that small municipalities often do not have what central politicians and administrators believe is an 'optimal and efficient' production structure. Instead of one school, one kindergarten, one hospital for old people etc., there are many spread over different local communities that fight politically to preserve themselves while in some places, for instance, private schools are established when public schools are forced to close. These institutions are important to local inhabitants, particularly for their identity, where it is often perceived that there is benefit in having common institutions and activities in a small remote community. Local politicians, moreover, usually accept this even if it implies greater costs than a more centralised structure. So to reduce costs the municipality has to be merged so that the larger and stronger unit can fight more efficiently against local interests. What is interesting here is that alternative solutions are seldom forwarded. Why not accept the idea of having local kindergartens and schools if local inhabitants themselves are willing to cover the extra costs and organise the activity? Why not let parents take control of local schools in partnership with the municipality where they, by contract, are bound to national standards and curricula? This approach is likely to be as least as cost efficient as any general centralisation process and may even increase local activities and promote a positive local identity.

A further reason for the desire for mergers is the savings they can deliver in respect of the centralisation of activities that automatically produce economies of scale, such as administration, culture and sport facilities, health care, technical infrastructure and activities that need specialisation (KS 2003). The Norwegian concept here is that of the 'general municipality' i.e., that all municipalities have the same responsibilities and activities regardless of scale. Small and remote municipalities however continue to experience difficulties in recruiting specialists such as doctors, planners, technicians, and administrators. Some cooperation with neighbouring municipalities is possible and is undertaken (Sanda 2000), but often only on a single project or functional basis. Since research has shown that large 'merged' municipalities produce such services more efficiently and often to a higher standard than small municipalities (KS 2003), this is deployed as the main argument for merging municipalities in spite of the fact that this usually concerns only 20% of budget thus producing a cost reduction that is often is no more than 10 to 20% (2-4 % of total budget, Amdam *et al* 2004).

In this light, what is needed instead is a new local and regional structure in respect of welfare production, as shown in table 1. Why not have a local political council, with a mandate from local inhabitants, which is responsible for the production of local services in partnership with local actors as well as other public organisations? Such an approach

could even stimulate local identity and social relations. Why not have a political council, responsible for welfare production, representing the residential and labour market region,, that produces economies of scale at this level? It is often the case that cities and towns divide their territory into smaller local units with responsibilities devolved to the local level (see table 1) and most often with indirectly or directly elected councils.

Territory	Welfare production	Development and planning
Regional level – job and housing markets > 5000 inhabitants (Region municipality)	Administrative systems Secondary education Health care Homes and hospitals for inhabitants with significant handicaps Technical infrastructure Culture and sporting activities and facilities Education and retraining of employees	Regional development and planning of the region as an integrated entity Activities for, and support to, industries and entrepreneurs Nature and environment preservation and use Influence on national politics concerning the region Regional partnerships and projects for development
Local level – basic living space < 5000 inhabitants (Basis municipality)	Kindergartens Primary schools Home care and homes for the elderly Hospitals for the elderly Other local public services such as libraries, information access etc.	Development of the local community – identity and relation- building activities in respect of culture, sport, hobbies, the environment etc. Partnerships for local projects and activities

Table 1: Responsibilities of welfare production and development and planning at the municipal and regional level

Development and planning

Local and regional development and planning focuses on all activities in a municipality or region, as well as on individual inhabitants, private companies and NGO's. Typically, before 1960, local politics was tasked with organising and implementing improvements in an area's infrastructure, organisations and institutions, while autonomous and stakeholder-owned organisations were made responsible for continuous activities such as the running of the cooperative bank, diary, shop etc. – the development of which we would today term as 'partnerships' or 'collaborations' based on social networks and territorial 'belonging' (Friedmann 1992, Healey 1997, 1999, Storper 1997). The municipality and county were arenas for the development of common visions and initiatives – 'meaning-making-processes' based on negotiation and cooperation – which today we try to 'reproduce' in strategic and mobilising communicative planning processes (Amdam and Amdam 2000).

This part of local political activity has however been neglected in Norway because of the challenges local and regional politicians face in respect of the way in which welfare production is allocated 'on contract from the state'. Instead of being entrepreneurial and problem-solving, most of that which passes for local political activity has degenerated into conflict prevention since such allocation conflicts, where resources are too small to produce 'win – win' situations, are never solved. Actually we have seen a new focus on society development in merged municipalities such as Sarpsborg and Fredrikstad (Amdam *et al* 2003, Amdam 2003b), particularly in respect of emerging territorial challenges as integrated residential and labour markets.

Alternative municipal structures

Challenges in respect of both welfare production and community development are concentrated at two local levels;

- a) **The local community** usually a school and kindergarten district perhaps with some private services like a local shop, and some retirement homes – and families with their homes, needs and activities that have to be coordinated in a well-functioning community. In rural areas there are still economic activities like farming, forestry, fishing etc., but increasingly most of the incomes of local communities are generated from outside work (commuting etc.) and public transfers through the welfare system. Due to geography some of these communities can have distinct borders like a small *fjord* valley in Western Norway and/or a strong tradition of cooperation as in some particular parishes.

- b) **The regional community**, usually defined as a common labour and housing market constructed around a specific centre, and where economic activities such as work, commuting, malls, the transport system, infrastructure etc., define its functional boundaries.

As shown in table 2 development responsibilities can be divided between a local and a regional level.

Political structure between state and municipality (County level)	Possible municipal structure
County – trend Further development and merging of counties – new responsibilities Possibly 14 counties in 2010	Trend model – ca. 300 municipalities in 2010, high variation in population, partnerships to coordinate development and production on residential and labour region level. Model A.
Sub-national regions with direct election of council (<i>landsdel</i>) 7 regions with delegated power from state in respect of communications, universities, health, regional development ...	Municipalities organised according to residential and labour regions. Possibly ca. 160 municipalities. Each ' <i>landsdel</i> ' with between 15 and 30 municipalities. Model B, but also model C is possible.
Two-level model – the state and the municipalities Only the state and the municipalities have direct elections.	Municipalities organised around larger cities and towns. Between 40 and 50. Model C, but also model B is possible.

Table 2: Alternatives for Norway's new sub-national political structure (Amdam 2004).

The main responsibility of the local municipality concerns local development and planning, to stimulate and initiate an active local community that activates its inhabitants, organisations and companies and create well-functioning local networks, arenas and communities. The integration of local public production and local development activities, where the kindergartens and schools could provide arenas for such activity, would be much easier however if the local community had 'control' over employees and over the buildings themselves. This is, in fact, the situation in many small municipalities today where the level of activity, as well as political engagement in actions etc., is often higher than in the larger municipalities (KS 2003).

A municipality that covers the entire residential and labour market would thus be a more efficient partner for private companies and public/state organisations as well as for the coordination of land use activities, infrastructure, the localisation of shops and other activities, and communications etc. (Amdam *et al* 2003).

Perhaps then what is needed here is a restructuring of the municipal structure where we *both* decentralise *and* centralise to around 1000 *local municipalities* responsible for local production and development and to 50 to 100 *regional municipalities* responsible for regional production and development? Even if the structure is not fundamentally altered as proposed here, the arguments above show that we need cooperation and partnerships on the local as well as on the regional level to meet the emerging challenges and to be more efficient in terms of public welfare production.

As noted previously Norway's current political and administrative structures were often forged at a time when travel to work occurred mostly by foot or by boat. The borders of

local and particularly regional communities are today however much more dynamic due to the expansion of transport systems and also because of the massively increased infrastructure endowments generated by the transport boom. Changes regarding local communities are often connected to the growth or decline of the population. Growth can lead to the establishment of new local service centres, new local communication structures and 'splitting up'. Reductions in the population level can make it difficult to maintain local organisations and activities and eventually to the amalgamation of communities. Better communication between small communities can have the same effect.

If a major goal here is to have as strong as possible a correlation between real local and regional community structures and political/administrative organisation then these structures must be dynamic and flexible. But to foster such long lasting relationships and policies a stable structure is needed. One potential strategy here is to attempt to plan a possible future structure. What communicative and infrastructure changes are likely to occur in the future (in the coming 30 years?) and what are the likely outlines of the functional regions that will be the result of this? Why not then create a new political/administrative structure that corresponds to such developments, thus creating greater stability in that time period. This is not often used as the major argument in the political debate today, but remains, potentially, one of the main arguments for undertaking major changes as shown by Selstad (2004). To achieve such stability municipalities should be expanded to include their potential future commuting areas as well as areas that are currently outside the commuting areas of the larger centres. This will potentially then provide for a new municipal structure of between 40 and 100 large municipalities (Amdam 2004, Selstad 2003, 2004). Changes like this will however create new challenges. Most of these political/administrative organisations will (in Norway at least) have a concentrated core where most of the population work and live and a large and sparsely populated periphery often beyond a viable commuting distance. Due to the distances involved, moreover, welfare production must be decentralised and somehow organised locally. As we have already seen in the larger towns in Norway this can lead to the establishment of local public coordinating organisations often with their own politically elected board. So why amalgamate local municipalities into larger units and then re-establish them afterwards as local production units to get an efficient local production?

Instead of trying to answer this rhetorical question an attempt will be made here to describe three alternative strategies based on figure 2 each of which tries to include the fact that we need political/administrative coordination both on the local (basic municipality) and regional job and housing market levels.

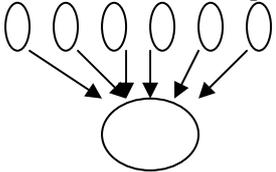
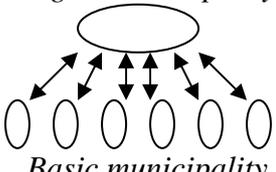
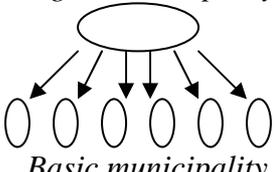
Model:	Basic municipality	Region municipality
<p>A. Bottom up: Basic municipality in power</p> <p><i>Basic municipality</i></p>  <p><i>Job- and housing region</i></p>	<p>Direct elections to basic municipality parliament</p> <p>Responsible for welfare production and community development on a local and regional level.</p> <p>Economic responsibility</p>	<p>Indirect government and elections</p> <p>Production and development activities organised cooperatively by municipalities as 'projects' or 'cooperative-municipality'</p> <p>Bounded economic responsibility by mandate from municipalities.</p>
<p>B. Both basic- and region municipalities</p> <p><i>Region municipality</i></p>  <p><i>Basic municipality</i></p>	<p>Direct elections to basic commune parliament</p> <p>Responsible for welfare production and community development only on a local level.</p> <p>Economic responsibility</p>	<p>Direct elections to regional parliament</p> <p>Responsible for welfare production and planning and development on a regional level.</p> <p>Economic responsibility</p>
<p>C. Top down: Region in power</p> <p><i>Region municipality</i></p>  <p><i>Basic municipality</i></p>	<p>Indirect government and elections</p> <p>Bounded responsibility for local production and development according to delegation from the region municipality.</p> <p>The region municipality is responsible for the economy</p>	<p>Direct election to regional parliament</p> <p>Responsible for welfare production and community development on a local and regional level.</p> <p>Economic responsibility for local and regional public activities</p>

Figure 2: Three alternative models for the integration of 'basic' and 'region' municipalities

Model A can be termed the basic municipality alternative or 'bottom-up' organisation. Norway is divided into local units with approximately 3000 (1000 - 5000) inhabitants who themselves take care of basic welfare production and local development and cooperate with other municipalities and/or counties to solve regional production and development challenges. This is a 'generalist-model' since all municipalities have the same responsibilities. Additionally, in relation to activities that are difficult for individual municipalities to undertake themselves, they should develop flexible cooperation strategies and/or specialisations where they buy services from each other, from other public organisations or from the private sector. To realise this model Norway must be reorganised territorially both in its urban and rural areas into perhaps 1000 basic municipalities, this will undoubtedly have significant consequences for today's larger

municipalities. Since municipalities will then be more equal in terms of population and economic power cooperation may perhaps be easier.

This model is a utopia; the most realistic model is a 'hybrid' model with large and small municipalities co-existing in regions that have to cooperate to solve regional challenges. This is the situation in most regions today and this form of cooperation between large and small is often problematic because of the dominance of the large centre municipality (Amdam et al 2003, Sanda 2000). Without major changes emanating from the state level, this 'hybrid' alternative is the most realistic development – the 'trend' alternative.

Model B can be viewed as a local-regional power-sharing model. Norway is divided into both basic and regional municipalities with direct elections and a clear division of responsibilities and powers. In this model the territory of a municipal region can also include basic municipalities that are not a part of the job- and housing region, because the basic municipality is a 'free' public organisation that can promote local interests directly in conflict with other municipalities and the municipal region. The municipal region must be responsible for welfare production with clear economies of scale evident at this level and for regional development and planning as well as in respect of regional infrastructure and communications, major land use planning etc. With clear political and economic power, this can be done more efficiently than via the cooperation approach of model A. There will of course be a power struggle between the local and regional levels both politically and administratively as well as in respect of who is to be responsible for what and over the type of cooperation that has to be developed. Because advanced production, planning and development need specialised knowledge and competence, the municipal region will quickly become the major actor as regards regional development and planning, while the basic municipality will be the major actor in respect of daily welfare production and public services.

This model is robust both regarding welfare production and development and is flexible both territorially and in respect of the internal organisation foreseen on both the local and regional levels. The model can also be easily adapted to different alternatives in respect of public organisation on the sub-national level. The county-municipal model we have today is, in principle, constructed on the basis of this organisational model, though, in reality, the territorial organisation is very different as the county borders are not well adapted to Norway's current centre-periphery reality (Selstad 2004).

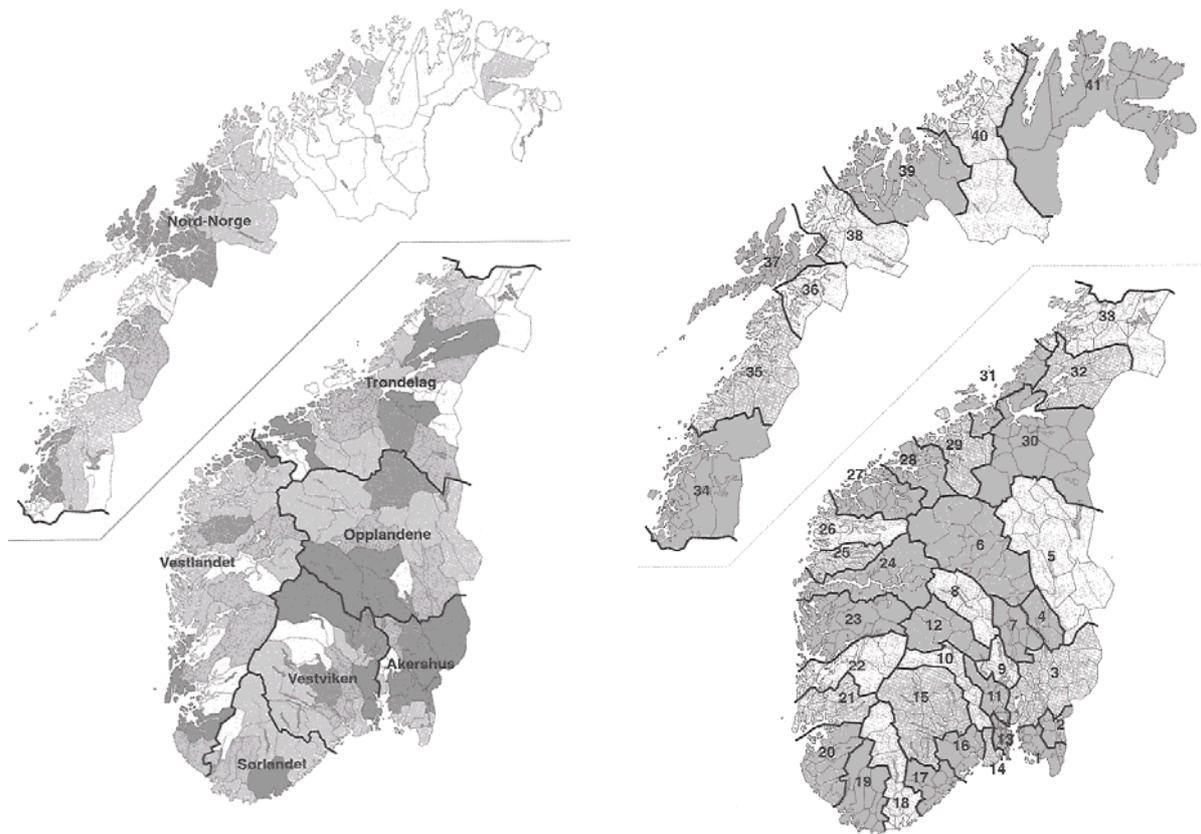
Model C can be termed the 'greater-municipal' model. The municipal region is the main political and administrative actor with total responsibility for regional and local production and development, but with perhaps some delegation to the basic level which can differ from region to region. The municipal regions themselves decide whether they will have basic municipalities and what their responsibilities would be. The interests of the periphery, which is often not properly integrated into the common job- and housing market, can however be easily overlooked or ignored here. This model is both rational and simple when viewed from state level with many fewer local/regional political actors than today. The model can easily be combined with a two layered system (state-municipality) or with a model based on large sub-national regions be it 5, 7 or 9.

Changes in the county structure

It is likely that the county structure will be changed before the municipal structure (Amdam *et al* 2004, Selstad 2003) the plan is to have a new structure ready by 2010. Three alternatives are currently being discussed (see table 2), two of these were proposed in a White paper (St.meld. nr. 19 (2001-2002)): a trend alternative with some voluntary amalgamation of counties and a more radical change into somewhere between 5 to 9 regions. Two liberal political parties have proposed a structure with only municipalities as political organisations under the state level. Without any radical changes in the broader political situation it is likely then that some counties will be merged, so that we end up with perhaps 14 counties in 2010 with approximately the same responsibilities as today – mainly secondary education and regional development and planning. But this alone will not solve the problem of the coordination of state and other activities on the sub-national level.

In Denmark five new political regions were created from 1.1.2007 mainly responsible for hospitals and regional development. The strategy was also to merge municipalities so that they have at least 20 000 inhabitants (www.im.dk – from 1.1.07 a reduction from 271 to 98 municipalities). Corresponding alternatives have also been discussed in Norway (Selstad 2003), in respect of the creation of perhaps 7 regions able to assume the responsibilities of the counties in respect of education and regional development, and perhaps also even for the state owned hospital companies, universities, regional colleges, road building and communications as well. This would entail a real process of decentralisation from the state. This is also supported in principle by the ‘Rural community commission’ (*Bygdeutvalget* 2004). A change like this will however increase the pressure to reduce the number of municipalities and most likely to organise them according to the territories of functional regions (residential and labour market regions) (Amdam 2004). This will mean that the 65 municipalities that are not part of larger residential and labour markets will still be on their own and need special treatment in respect of their broader economic situation and their assumed responsibilities.

A third alternative is to abandon the county as a political unit and have a model with only municipalities as regional political units. It is of course possible to still have 300 – 400 municipalities, but the political power of the municipalities will be small compared to that of the sectoral state bodies. It is likely then that the number of municipalities will have to be reduced tremendously, perhaps to 41 regions, each with its own major city or town as illustrated by Selstad (2003), see the right side of map 2.



Figur 17: Norge inndelt i 41 regioner. ¹⁶

7 Regions (*Landsdeler*)

41 Regions (*Fogderi*)

Map 2: Norway organised as 7 or 41 regions. Source Selstad 2003

The challenges outlined above can be passively addressed by the municipalities; they adapt to whatever the state decides in terms of structures, or they can take the initiative themselves. The challenges are different in a) metropolitan areas, b) the residential and labour market regions that have more than one municipality and in c) the 65 isolated or remote municipalities. It is reasonable to believe that the pressure for change will be highest in group (b), but here differences also exist between functional regions with a dominant centre and regions that have many competing small centres (Amdam *et al* 2003). In the first case the merging in the Fredrikstad and Sarpsborg areas shows that an amalgamation can be successful if the involved area already has a high level of social integration due to the centralisation of jobs, education, services, leisure activities and voluntary organisations. In areas with no dominant centres the challenges in respect of promoting successful change are a lot higher since the competition between centres has to be addressed and models for a political and administrative structure that is acceptable to all the municipalities concerned have to be developed. An attempt will now be made to illustrate this with some examples taken from Møre and Romsdal county.

The case of Søre Sunnmøre

As shown on map 3 this southern part of Møre and Romsdal county called Søre Sunnmøre has 7 municipalities and a population of 45 000 inhabitants. The municipal structure is also shown on map 3, there is no dominant centre. One reason for this is that the area is divided into three residential and labour markets due to the existence of problematic communications arteries (see map 1). In the near future (2007) a new tunnel under the fjord will connect the eastern and western parts of the area into one residential and labour market, and thus all municipalities except Vanylven to the south-west. This will create new challenges and possibilities as well as increasing pressure from the state to change the municipal structure. The region is seen by Selstad (2003) as a part of region 27 if Norway were to be divided into 41 regions in a 2-layer system (see map 2).

Three municipalities in the region have less than 5000 inhabitants and already face strong pressure from the state for important state economic transfers to be reduced in future if they do not merge with a neighbour. Likely changes, if they do not take the initiative themselves, are that the number of municipalities in the western part will be reduced from four to two with approximately 11 000 inhabitants each. In the east the distance between the two centres of Ørsta and Volda is only 10 km and with a strong process of integration already taking place. This could lead to a voluntary merging of these two municipalities of 10 000 and 8 000 inhabitants respectively. Vanylven with 4000 inhabitants is in fact one of the 65 isolated municipalities and the new tunnel will not influence this situation.

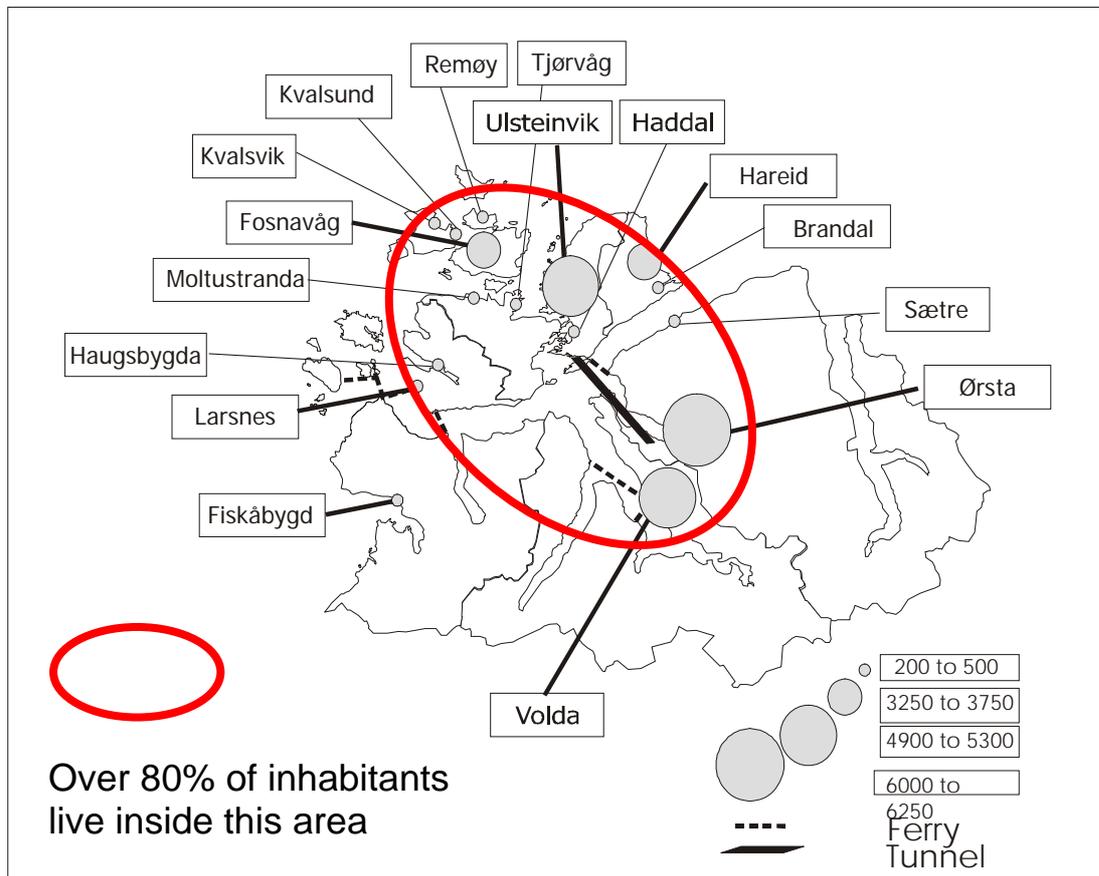
This area already undertakes some cooperative ventures in respect of welfare production and also has a regional council (*Regionråd*) of mayors and chief administrators to discuss and develop policy if all can agree. This council has discussed these challenges and has received economic support from the state to make a study of the possibilities opened up through cooperation and/or merging, a study for which the current author was responsible (Amdam *et al* 2004). In this study 6 main alternatives including a 'trend' (from 7 to five municipalities) are compared against the major consequences related to production and development locally and regionally, see table 3.

One possible structure is that of three municipalities; Vanylven as it is today and an amalgamation of Volda and Ørsta into one and all four of the municipalities in the west into one. This alternative comes out better for Volda/Ørsta than for the western part of the region. A more radical alternative is to amalgamate all 7 municipalities into one, this can be positive if it is possible to develop trust and cooperation inside the big unit, if not this alternative is negative as compared with the trend alternative. Model 1+7 proposes that the existing municipalities continue as basic municipalities (see above) while establishing and empowering a 'region municipality', see figure 2. Our analysis shows that this alternative is more positive than other alternatives as compared to the 'trend', and particularly so if rivalry is low. But this model can handle rivalry a lot better than the alternative with one large municipality. In this alternative the 7 municipalities establish and empower a regional municipality for the whole region while responsibilities are divided according to table 1 above. This is an adaptation of model B from figure 2; the municipalities themselves establish a regional political power by empowering a new directly elected council. Instead of the existing 7 municipalities, some of the larger ones can be sub-divided into perhaps 10 to 14 basic municipalities in the future. Two other alternatives exist; one large municipality that includes the town of Ålesund with the

surrounding 'Borgund' area and strengthened formal cooperation between the 7 municipalities. Both of these alternatives are evaluated as negative compared to the 'trend'.

The 1+7 model will introduce these major changes:

- Direct elections for both regional and local municipality (7) councils and a division of powers according to the basic – region municipality model (B)
- The region municipality will have the formal responsibility, according to law, while local municipalities are assumed to be part of, and thus to receive their formal powers from, the region municipality – this construction is one formal organisation from the outside.
- Partnership agreements and power sharing principles will provide the basic municipalities with as much power as possible and full responsibility for primary welfare production.
- Freedom under responsibility – if the basic municipality does not act in accordance with the agreements and within the pre-set economic constraints the regional municipality will have to assume control.



Map 3: Søre Sunnmøre, municipal borders and centre structure

Consequences of Alternative	Communal production	Local development and politics	Regional development and politics	Total evaluation
3 municipalities Consequences for 'Ytre Søre' (4 => 1)	Neutral to weak positive	Negative	Strong positive	Neutral to weak positive
Consequences for Ørsta/Volda (2 => 1)	Weak positive to positive	Positive	Strong positive	Strong positive
1 large municipality Rivalry	Neutral to weak negative	Negative	Positive	Neutral
Cooperation	Weak positive to positive	Positive	Very strong positive	Positive
1 + 7 – Model B Rivalry	Neutral to weak negative	Positive	Positive	Weak positive
Cooperation	Positive	Positive	Very strong positive	Strong positive
Borgund – Sunnmøre 1 municipality	Weak negative	Negative	Neutral	Negative
Cooperation between 7	Neutral to weak negative	Neutral	Negative	Weak negative

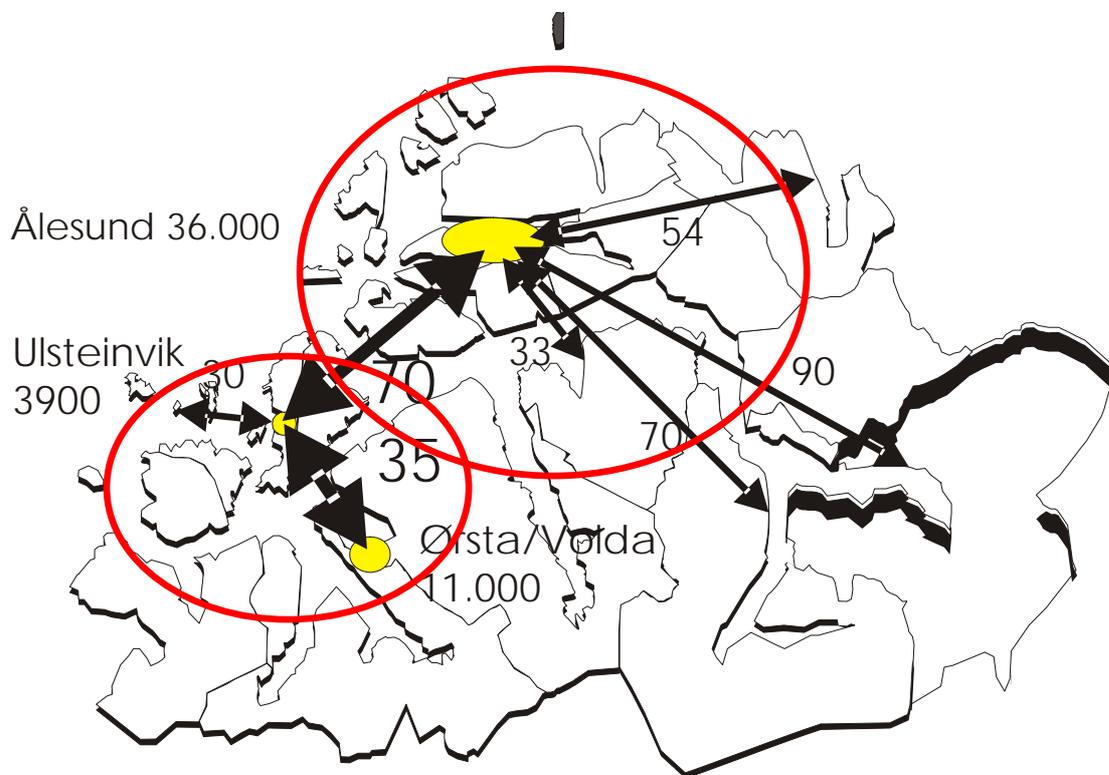
Table 3: Alternative and consequences compared to the trend-alternative (Amdam et al 2004)

Alternatives have however not only to be positive, as seen in isolation from the local situation, they also have to be adaptable to possible national strategies. According to our evaluation the 1 + 7 alternative not only has the most positive local consequences but is also adaptable to the three main strategies for national change currently being discussed in respect of the county and municipal structure. The reason for this is that a structure that, seen from the outside, is a unit with 45 000 inhabitants is big enough to produce economies of scale. The regional council was thus then advised to select this alternative for further study (Amdam et al 2004).

The 'concern' model

In 2004 Amdam et al (2005 a, b) studied the municipal structure of the rest of Møre and Romsdal county while the basic-region municipal model was developed further based on the principles of flexible organisations or concerns; economic and juridically free organisations with common leadership as implied by model B above. While Søre Sunnmøre has a typically polycentric structure, the rest of the county can be divided into three regions each dominated by a small town, a typical example is Nordre Sunnmøre with Ålesund as the dominant centre, see map 4. The regional structure of Sunnmøre will

be simpler when the under-sea tunnel between Ulsteinvik and Ørsta/Volda (*Eiksundsambandet*) is opened in 2007, though five municipalities with less than 5000 inhabitants each remain outside the two central job- and housing areas, see map 4 (Amdam *et al* 2005 b). Map 4 shows the three biggest centres; Ålesund with a population of app. 36 000, Ørsta/Volda with 11 000 and Ulsteinvik with 3 900. The Eiksund tunnel will integrate Ulsteinvik and Ørsta/Volda into a labour market with approximately 40 000 inhabitants (the smallest circle) compared with Ålesund with approximately 60 000 (largest circle). Travel time from Ålesund to Ulsteinvik is 70 minutes one way (fjord crossing by ferry). Municipalities outside the functional region around a centre will usually have interests other than just those of the inhabitants in the core; a new municipal structure that tries to integrate all of the municipalities on map 4 into one larger unit will however undoubtedly experience a significant amount of internal conflict as shown by Amdam *et al* (2003).



Map 4: Job- and housing markets in Sunnmøre after the Eiksund tunnel, one way travel time in minutes

Future top-down changes could make it necessary to create new structures like two or six region municipalities in Møre and Romsdal county. How then could such a structure be organised with so many internal conflicts and competing interests? In our discussion with politicians and administrators we found that the model we presented as the best for Søre Sunnmøre could easily be adapted to these challenges. With local power over the activities deemed important for every day life – a basic municipal structure that included approximately 80% of the activities of the municipality today as its basis, the regional municipality could become a flexible organisation easily adaptable to the challenges arising in different regions.

A typical municipality today is organised according to functional principles as illustrated in figure 3, (left side). There is no organisational connection between local communities and results-based units like schools. Results-based units might be localised in a community, but local inhabitants have little ability to influence their activity politically or economically. According to Norway's municipal law initiatives must be raised politically and be handled by the administrative leader, his/her staff and the leader of the results-based unit. In small municipalities this does not usually present a problem because local networks include most politicians and employees as well as inhabitants and thus are used to introducing change. In the larger municipalities however this type of organisational structure creates a significant amount of tension and often leads to the establishment of local political boards or 'action groups' with a limited ability to promote cooperation between the community and the results-based units responsible for production in the area. It is however very often the case that the strongest voices raised against the larger municipalities result from the realisation that the gap between people and leaders will increase and also that services will no longer remain under local control and thus can easily be closed down and/or centralised.

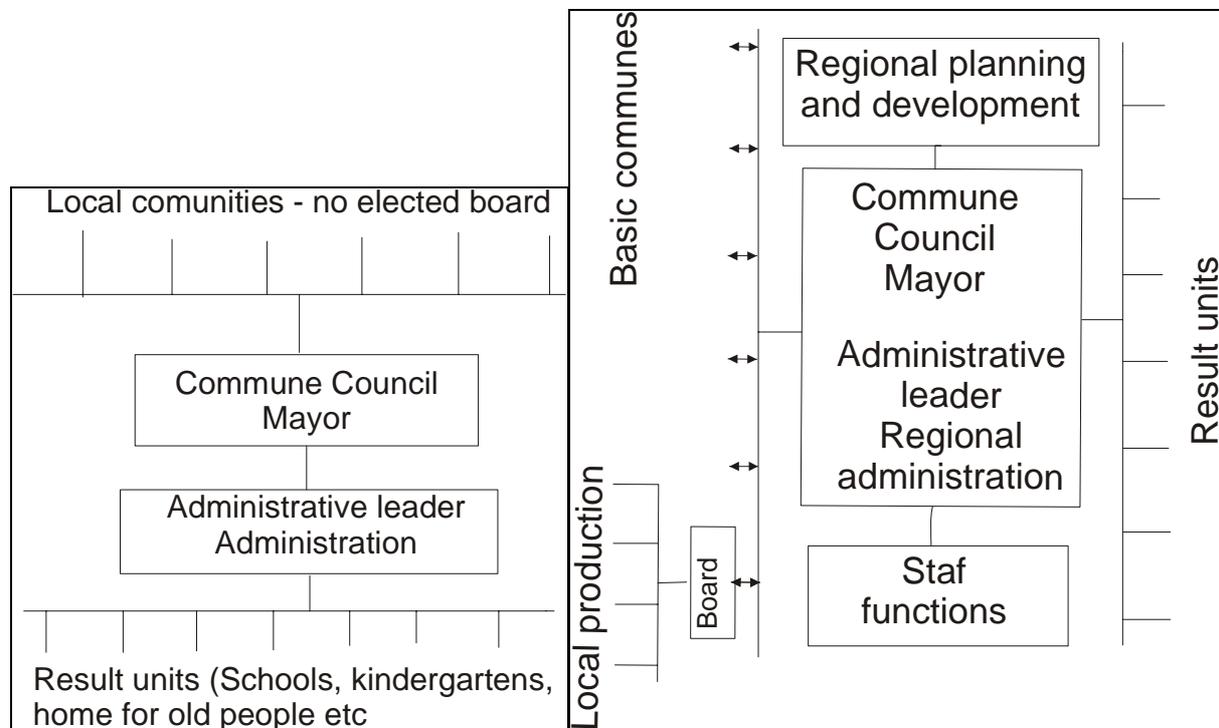


Figure 3: Functional and flexible municipal organisation

Figure 3, right, tries to illustrate what a flexible municipal organisation would look like. The core element here is political and administrative leadership. Responsibilities and production are delegated both to territorial/political units and to functional results-based units according to what is most efficient politically and/or economically. A typical flexible or 'concern' municipality responsible for a rather large territorial area will establish basic municipalities with direct elections for the local municipal council; give these councils responsibility for primary welfare production and a round sum budget appropriate to the expected level of welfare production and activity. The local council and its administration (usually the leaders of schools, kindergartens etc.,) is responsible both to local inhabitants and to the region municipality, but is also free to generate extra income for other activities and local

development. Local responsibilities can even differ between basic municipalities according to size, staff qualifications, experience etc. On the other hand, activities that are designed for the whole region such as renovation, land surveying etc., can be organised through results-based units on the regional level.

In reality this will mean that the flexible or 'concern' municipality is:

- A network of juridically free units that each have -
- The same owners (inhabitants)
- Common interests, visions and goals
- Common strategic political and administrative leadership
- Division of responsibilities – specialisation

To establish such an organisation voluntarily a better result must be documented than that possible via other alternatives while inhabitants, politicians, employees etc., must develop trust in each other, with the model and towards the region. It is however also clear that contracts are needed illustrating the governing principles of what happens if, for example, a local community does not work in accordance with the previously agreed principles or where it attempts to succeed from the common organisation occur.

A model like this will work best if participants fully agree on its structure, on the principles upon which it rests and where participants trust each other. Power delegated can easily also be used to work against what is defined as the 'common interest' on the regional level, since local interests can be different from regional interests. The model itself does not provide a solution to this perennial problem but is rather an instrument that can be helpful in its mitigation. As shown in table 3 however there is little reason to believe that this model is significantly better than a traditional functionally-based centralised power model if significant internal conflicts and rivalries remain.

How then should change be introduced?

A 'bottom-up' strategy for this type of change needs coordinated initiatives on two levels, the local level or processes in each municipality involved, and the regional level. One reason for this is that changes have to be accepted by inhabitants in each municipality through the voting system while employees can easily sabotage a change if they do not accept it. As such then it is often a long and difficult process from the development of a common vision for change to the actual detailed implementation of such changes, see figure 4. This figure will be used to illustrate the likely challenges that can emerge with reference to specific cases studied (Amdam *et al* 2004, 2005 a, b).

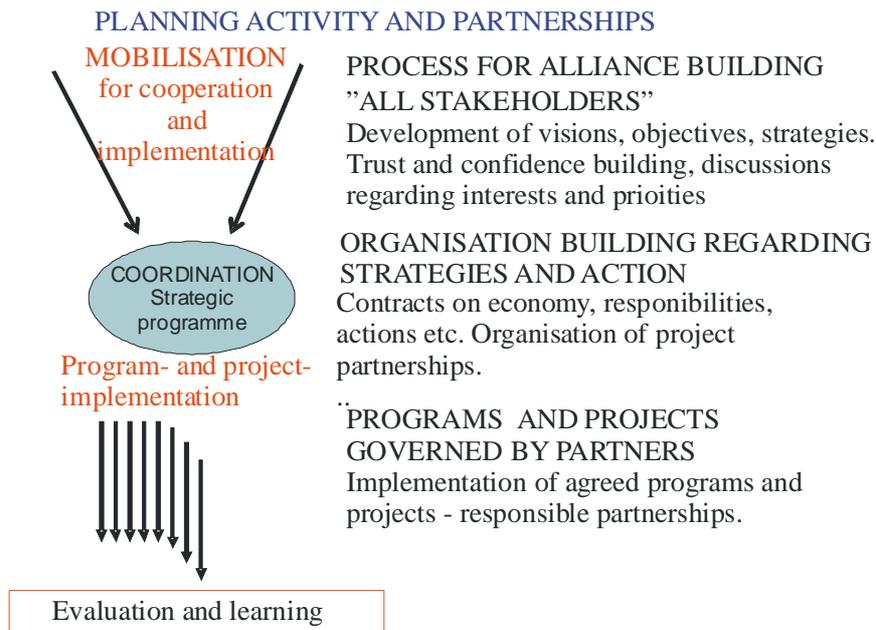


Figure 4: Change of municipal structure as a strategic planning process

The collection of expert advice is only the first stage in the long process of the voluntary merging of municipalities. For example in Søre Sunnmøre the process can be aborted at once if mayors and/or chief administrators so choose (and this has happened to some extent). If they agree on this alternative or another, this has to be accepted by all seven municipal councils. Where this is the case the next stage will be to go into more detail – to study all 7 organisations and make concrete recommendations for change, localisation of activities etc. In all 7 municipal councils this is then put to a secret vote involving all of the inhabitants in each of the 7 municipalities to determine whether they accept the proposed change. If a positive result is obtained, a concrete programme for change with a lot of projects for planning and implementing the changes in detail can be entered into, see figure 4. Throughout the process all stakeholders must also be willing to accept the fact that other stakeholders retain power over the process and that reasonable arguments have to be considered and accepted. As with other communicative planning processes this process is in fact, throughout, a learning process and to function the partners must build trust and confidence both in the process and in the other participants. Manipulation will certainly lead to a breakdown of such a bottom-up process (Amdam and Amdam 2000, Amdam 1995, 1997, 2000).

Mobilisation – strategic planning

The first stage in any bottom-up process must be the mobilisation of stakeholders. An understanding that ‘something must be done’ has to be developed particularly among ‘opinion makers’, but also within the wider community. If the proposed alternative is not seen as interesting or as an answer to the challenges either perceived or actually experienced by them, any attempt at mobilisation will likely fail or perhaps even precipitate a counter-mobilisation trend against it. Based on experience from other processes (KS 2003) there will always be someone who is against change or who believes that the proposed change will be negative for them as individuals or groups.

Without a 'mobilisation for change' process including leading politicians and other stakeholders as well as the wider community, such proposals have little likelihood of being implemented due to the step vice planning and decision process where agreement from a majority in all existing municipal councils, as well as from their inhabitants, is needed. Somehow a majority has to be certain that a concrete alternative is better than that which could be expected to occur without the proposal being implemented. Such a mobilisation process however takes time, common knowledge and arguments have to be developed and subsequently accepted through open debate (Amdam and Amdam 2000). Local and regional newspapers, radio, TV, local organisations, industries etc., should also be involved in the debate. It is perhaps most efficient if inhabitants reach the same conclusions as experts on their own via group debates etc., perhaps even using communicative methods (Amdam and Amdam 2000).

Ideally the inhabitants in all 7 municipalities should develop the same visions, objectives and strategies in respect of change. To do so one needs regional processes that develop knowledge, trust and confidence in the strategy and in respect of the necessity for change (Amdam 2000, 2003a, Storper 1997).

Members of municipal councils in small municipalities have very strong relations with inhabitants from their part of the municipality. It is advisable then to begin the process with the maximum involvement of all politicians in the region, together with all of the major stakeholders. A plan designed to gain acceptance for the proposal has to be developed and implemented by the regional council and the municipal councils – and one that is not simply about the manipulation of opinions, but rather where concrete activities and debates are planned that involve people and which are realistic in respect of the content of the proposal as well as its potential outcomes. Negative outcomes have to be registered and compensated – it is often quite typical in this respect that processes of voluntary merging of municipalities are most successful in areas where the positive outcomes are well documented and understood by the majority concerned.

Common trust and respect have also to be developed in addition to a common identity where possible. If mistrust exists among leaders, politicians, administrators or local communities, no common understanding of the need for structural change exists (low pressure for change from the state) and there is little likelihood that a communicative learning process could lead to a wider process of mobilisation for change, it is better then to abort the process at this stage.

Organisation – tactical planning

It is possible to engage and mobilise people in and for major change and still be unsuccessful. One important stage here is the strategic discussion of principles, the next rather more concrete stage also displays a significant level of challenge. For example the 1 + 7 alternative will initially have few immediate consequences for the basic production of welfare services such as primary schools, home care, and local development, but instead will propose a merging of 7 administrations engaged in economics, culture, infrastructure etc. Should however these administrations be relocated to a new administrative office in the centre of the region or split up so that each of the basic municipal units retains some of these activities? Even small changes can be problematic if inhabitants, politicians or administrators feel that this is wrong or is more positive for some areas than others. The most efficient solution seen from the outside and the most

efficient and acceptable solution for a majority of inhabitants in each of the 7 municipalities is, moreover, often not the same.

Somehow the administrative or coordinative planning process must develop compromises through negotiation with employees and their organisations, political interests, business interests, local interests etc., and find acceptable solutions to all operative changes.

Without a strong common view in respect of change and a clear vision of what changes are needed and acceptable, solutions that work for a clear majority and are acceptable for the minority, operative planning can easily end in conflicts as to the details and to an abrupt ending of the process.

Implementation

The implementation process needs clear objectives and a clearly defined future vision. The implementation planning process should set out how change will occur from the structure currently in place to the decided future. This can be seen as a 'technical' process but can easily open up new conflicts or awaken old ones. This process will have direct consequences for employees as well as for their network of 'users'. In addition to dealing with strategic and tactical decisions, the implementation process demands open communication and agreeable arguments. While in the preceding stages the various stakeholder groups must have equal power and must all be willing to accept reasonable arguments – if negative consequences are to be avoided.

Conclusions

This article has examined the emerging challenges in respect of the changes in Norway's municipal and county structure (with the help of case studies), in respect of what alternatives are possible and what their consequences would be, as well as investigating the communicative planning processes needed to be implemented for such a change 'from below' to be successful. In our studies in Møre and Romsdal County we found that a flexible regional organisation with basic municipalities responsible for basic welfare production would provide the best result if trust and cooperation could be developed. What is needed is an open, mobilising process where changes on the strategic, tactic and implementation levels are discussed and developed through open debate and where trust and confidence, as well as common identity, evolve as a result of a common understanding of the situation and the challenges faced, and where solutions that, as a totality, are better than the possible situation without changes and initiatives from below while at the same time being acceptable both by the majorities and minorities in all municipalities. What is needed then is an open communicative and confidence-building process (Amdam 1995b, 2000, 2003a).

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