



# Nordregio News

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## Reforms sweeping over the Nordic countries?



# A new wave of reforms sweeping over the Nordic countries?

By *Lisbeth Greve Harbo*

Municipal reforms are gaining political momentum in the Nordic countries, which all face great social changes. Some countries have already pushed their reforms through; others are still struggling with decisions on the matter. Finland has failed after several years of trying to implement a renewed reform process. Norway is in the midst of such a process, and Greenland is reconsidering the reform it undertook in 2009. In this issue of Nordregio News, we review current initiatives on municipal reforms in the Nordic countries. What exactly is happening now, and why?

This millennium has witnessed a number of initiatives and reform attempts. In the past decade, Denmark and Greenland have made courageous decisions that have resulted in a drastic reduction in the number of municipalities. There have also been changes at the regional level in Sweden and Denmark. During the same period, Iceland, the Faroe Islands and

Finland have experienced mergers of several municipalities as outcomes of voluntary local negotiations.

### Reflecting changing societies

The need for reform and the reallocation of tasks to the municipal level are derived from two major challenges that the Nordic countries »

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SUCCESSFUL REFORM IN 2007

Denmark



IN THE MIDST OF A PROCESS

Norway

### Where are we now, in September 2015?

In Denmark and Sweden, there is currently little discussion of restructuring at the municipal level. Denmark is the best example of a completed reform process in 2007 in the Nordic countries. Changes at the regional level are occasionally considered. However, no specific proposal is currently under negotiation.

In the past couple of years, both Finland and Norway have addressed the restructuring of their local-level administration in a very determined manner, and ambitious reforms have been launched. While the Finnish process was halted at government level in August 2015, the Norwegian process is currently in full swing.

In Iceland and the Faroe Islands, we see some early attempts to reinvigorate the rather slow but seemingly steady process of voluntary municipal mergers. Since the turn of the millennium, the number of municipalities in both countries has been reduced by one-third. However, because not only the very small municipalities but also some larger ones have merged, a wide range of sizes remains.

While Greenland underwent a full municipal reform in 2009, the actual transfer of tasks and responsibilities is ongoing. Greenland is the most recent example of how the completion of a reform process, and thus a new municipal structure, may not mark the end of the discussion.



Faroe Islands

SLOW VOLUNTARY PROCESS



Greenland

RETHINKING THE 2009 REFORM



Iceland

SLOW VOLUNTARY PROCESS



NO ONGOING PROCESSES

Sweden



PROCESS WITHDRAWN 2015

Finland

» have in common. These are: 1) pressure on the welfare system as a result of an aging population, which increases demand for public services while the tax base may simultaneously be eroding, and 2) wider functional labour markets, where new mobility patterns extend beyond municipal limits, for example expanded markets and changed commuting patterns.

Considerations regarding the appropriate administrative structure reflect the changing needs of society. Urban structure has changed, as have the needs and expectations regarding public service provision, and technology has changed the position of public administration. Obviously, there are also economic factors: a desire to cut administration costs by consolidating tasks into fewer units, or a re-evaluation of the size of the tax base necessary to carry out those tasks.

In all Nordic countries, these trends are translated into a need for larger municipal units, because a common argument for municipal mergers is that provision of public welfare services is more efficient in larger municipalities that better reflect the current everyday lives of the citizens.

### **Larger units, greater efficiency?**

Increased efficiency and improved service co-ordination is thus a primary expected outcome of mergers. While the argument for a larger-scale economy is that larger units can provide better and cheaper services, an open question in this respect concerns the time frame for this expected return. The restructuring process itself would increase costs for a period before overall costs could be reduced. Moreover, the transition phase for institutions, practices and procedures requires time and potentially extra resources before the pay-off becomes visible. Thus, the economic argument for enlarging the municipalities is of a strategic and long-term nature. Another strategic argument for larger municipalities is their potential for planning regional development and economic growth. Larger units are perceived to have the resources necessary to implement the strategic development required in an era of globalization, urbanization and ex-

panded labour markets. The basic argument is that larger units have more power and capacity to implement coherent plans for a larger area. This argument links back to the enlarged everyday geographical range of businesses and citizens, both of which benefit from large-scale planning.

### **Larger units, weaker democracy?**

A final argument in the pan-Nordic debates concerns democracy, which has been advanced both for and against mergers of administrative units. One aspect of the democracy argument is the representation of citizens in the political system. Mergers of administrative units under the political control of municipal councils would obviously diminish the number of elected politicians from each locality. However, in a well-conducted reform of the whole country, this should not cause a democratic problem in terms of representation (i.e. the number of councils and thus council members would be reduced for all citizens). The other aspect of either increased or diminished distance between the municipal authority and the citizens is less clear. According to the democracy argument, the closer to the citizen the decisions are taken, the better the citizen's opportunities to be and feel involved. Thus, this argument supports maintaining small municipalities. However, the same point can also be made in favour of municipal mergers, as fewer larger units allow administrative tasks to be shifted from the regional or state level to the local level. Thus, larger units can actually bring tasks closer to citizens.

### **Process is the key**

The political and public debate on reforms reveals several concerns. One is the final outcome of a restructuring process. Which municipalities will be merging? What will be the effect on the interlinkages with neighbouring municipalities, and how will the decreasing number of units modify the political landscape?

However, a more controversial issue is the process itself. How would the reform be carried out? This requires decisions on »



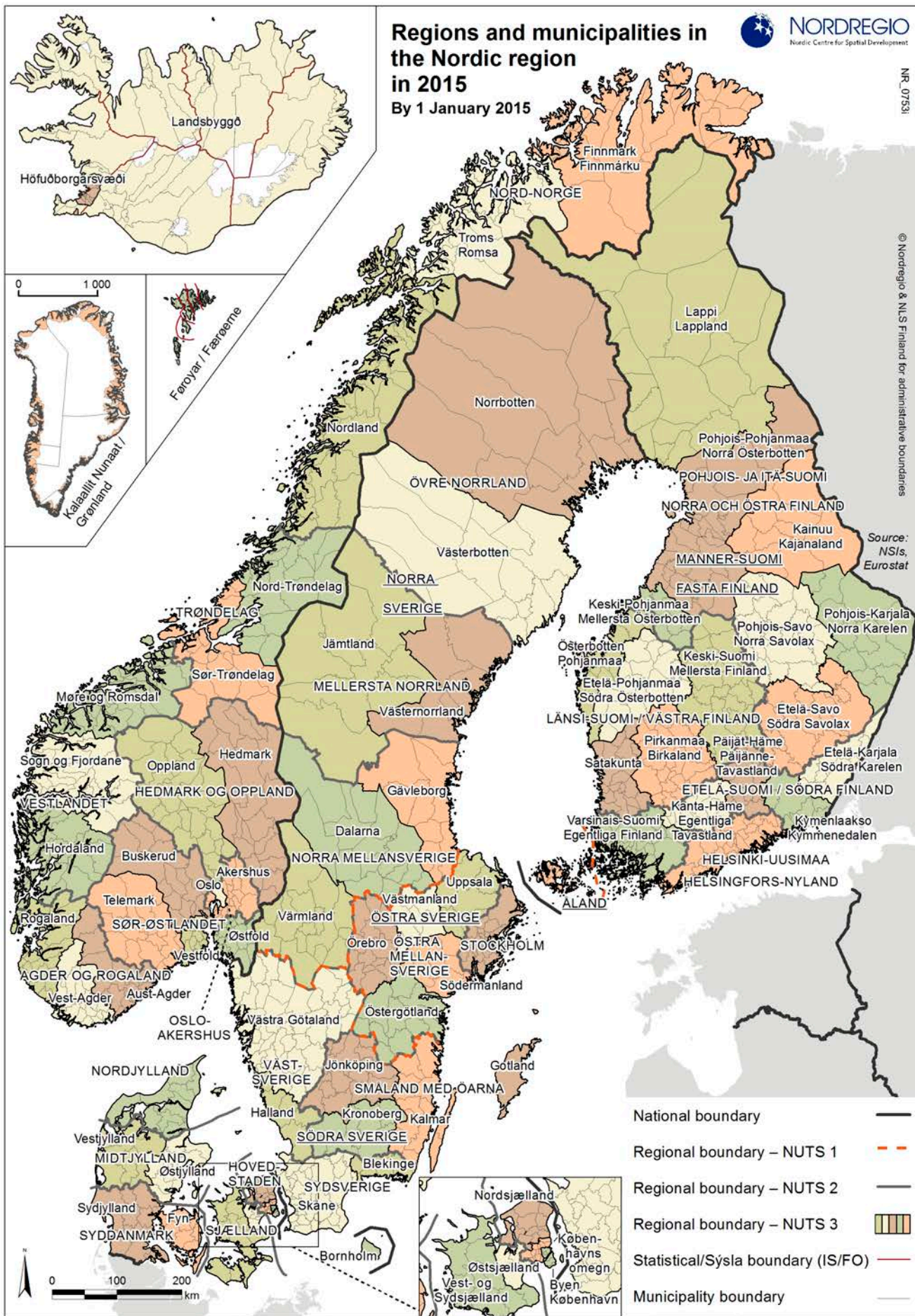
**Lisbeth Greve Harbo** is a Research Fellow at Nordregio. She is specialised in socio-economic geography, urban and regional development.

You can reach Lisbeth at [lisbeth.greve.harbo@nordregio.se](mailto:lisbeth.greve.harbo@nordregio.se)



# Regions and municipalities in the Nordic region in 2015

By 1 January 2015



## Nordic regional and municipal divisions according to pan-European administrative nomenclature

Nomenclature of Territorial Units for Statistics (NUTS)							Similar to Nomenclature of Territorial Units for Statistics (SNUTS)		
Nomenclature level	Nat.	DK	FI	IS	NO	SE	SNUTS 0	FO	GL
	Regional	NUTS 0		Manner-Suomi; Ahvenanmaa / Fasta Finland; Åland			Landsdel		
NUTS 1			2			3	SNUTS 1		
NUTS 2		<b>Region</b> 5	Suuralue; Storumråde 5		Landsdel 7	Riksområde 8	SNUTS 2		
Municipal	NUTS 3	Landsdel 11	<b>Maakunta; Landskap</b> 19	Hagskýrslu-svæði 2	<b>Fylke</b> 19	<b>Län</b> 21	SNUTS 3		
	LAU 1	<b>Kommune</b> 98		<b>Landsvæði</b> 8	Økonomisk region 89		SNUTS 4	<b>Sýsla</b> 6	
	LAU 2	Sogn 2174	<b>Kunta; Kommun</b> 317	<b>Sveitarfélög</b> 79	<b>Kommune</b> 428	<b>Kommun</b> 290	SNUTS 5	Kommuna 30	<b>Kommune</b> 4



Commonly used regional division in national context

Commonly used local (municipal) division in national context

The Nordic countries share a common structure of regions and municipalities. In a European context, however, the commonly used administrative divisions in the Nordic countries slightly diverge, especially in the case of Denmark and Iceland. Source: NSIs, Eurostat, ESPON

» time frames, scope for influence and discussion before the decision, inclusion of various parties and actors, and the need for a referendum. Of course, the options for managing these restructuring processes are conditional upon national legislation and political culture. These fundamental aspects aside, there is an almost unlimited number of possibilities for designing a restructuring process. These range all the way from top-down decisions mainly implemented by the lower administrative tiers under strong financial incentives to purely voluntary negotiations with the main units to be merged.

However, it is interesting to note that the arguments are unidirectional: they are only in favour of larger and thus fewer units. There is no proposal to increase the

number of administrative units, with the exception of current debate in Greenland, which has the potential to become an exception to the rule.

This brings us to the final question in this introductory article, namely whether a completed reform process would mark an end to the restructuring debate? This has not been the case in the Nordic countries. Even a final decision for a full reform process entails compromises. The reform in Denmark, which is the best example of a completed process in the Nordic countries, still has the potential for further mergers between municipalities that were not part of the 2007 reform. Even the potential for the complete abolition of the regional level of government in Denmark is mentioned in political debates from time to time. ■



# Iceland leads the way

By *Stefanía Traustadóttir*

The autonomy of municipalities is rooted in the human rights chapter of the Icelandic constitution. This legal article protects the citizens' right to exercise control over issues that concern them. Thus, it secures the existence of Icelandic municipalities, as this fundamental status must be considered in decisions on whether and how existing structures should be changed. It has an enormous influence on the development of Icelandic municipalities.

Two systematic attempts at reform have been made in recent times, in 1993 and 2005. The government and the Association of Local Authorities in Iceland have pushed for mergers of municipalities; it is argued that larger municipalities would have greater administrative capacity. During these two reform processes, the municipalities were given a new area of responsibility: elementary schools in 1996 and the care for disabled in 2011. Residents voted on a potential municipal merger in both 1993 and 2005, and as a result, the number of municipalities was halved over 12 years. Despite this significant decrease in numbers, there has been no significant change in the relative scale of municipalities. That assessment is supported by the fact that many of them have very small populations: 26 municipalities have fewer than 500 residents each, whereas 93% of the population live in 33 municipalities that have more than 1000 residents each.

## Positive assessment of previous mergers

When the mergers were evaluated in 2010, it was concluded that it would not be sensible for the government to push for further mergers of municipalities as it had in 1993 and 2005. Another interesting finding was that all representatives from municipalities that had been involved in the reform praised the project and concluded that their municipalities were stronger than before. Especially positive results were found in relation to efficient management, better service and stronger finances.

The evaluation report suggests four ways of making the municipal level

more efficient. One way is to enforce a minimum population. The second way is to create service regions by moving services from the national level to the municipalities, which can manage the service area in co-operation without having to merge. The third way is to focus on the development of service areas and call for government regulation of size and boundaries. The fourth way is for municipalities to co-operate in both traditional and new ways without governmental interference.

Some of these suggestions have been adopted in recent decades as the municipalities have taken on new tasks; the municipalities are now fewer and generally larger, and their administrative demands have intensified. Financial success has progressed from words into reality.

In recent years, the discussion about transferring tasks from the government to the municipalities has involved more layers of administration, and the idea of interregional municipal co-operation in particular has been on the agenda. This idea is aimed at strengthening the municipal level through increased decentralization without the need to merge municipalities, trusting that it will be beneficial for the residents and the private sector. The goal could well be reached with increased co-operation between municipalities and regions rather than by further mergers of municipalities.

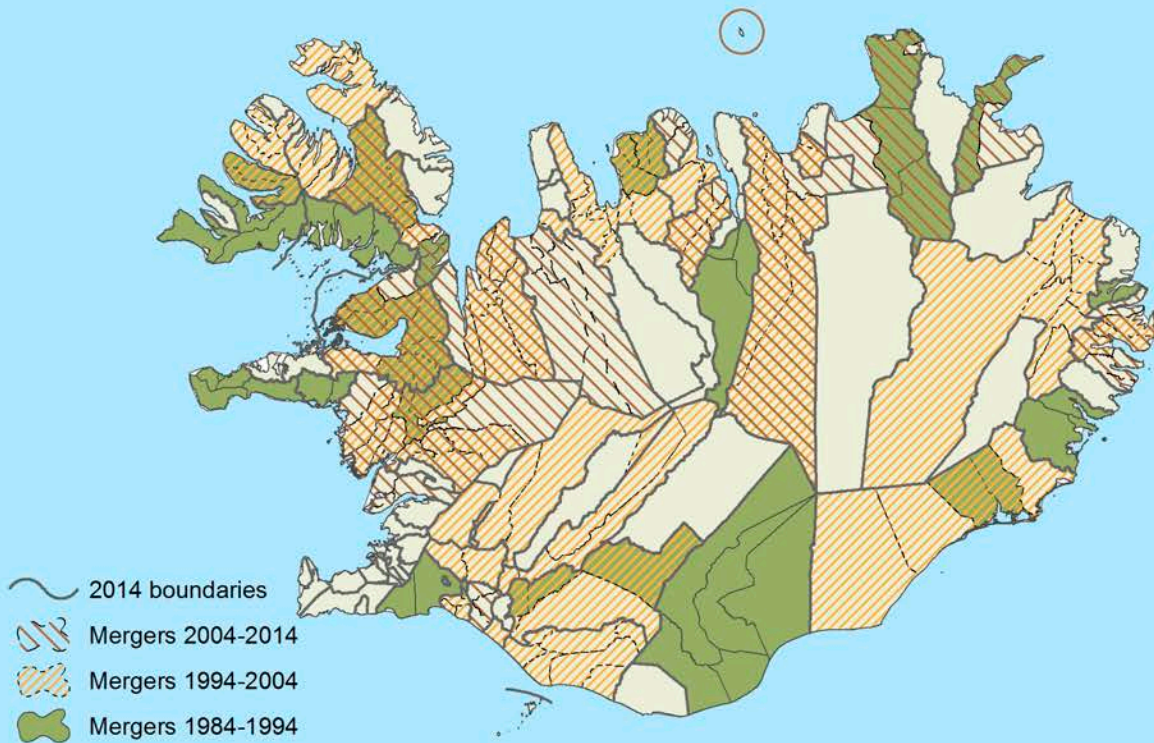
The next major task is the planned transfer of elderly care, and the transfer of the entire health-care sector has been discussed. There is great willingness for and interest in further co-operation and transfers of tasks that were formerly the government's responsibility. One example are the contracts between regional actors »



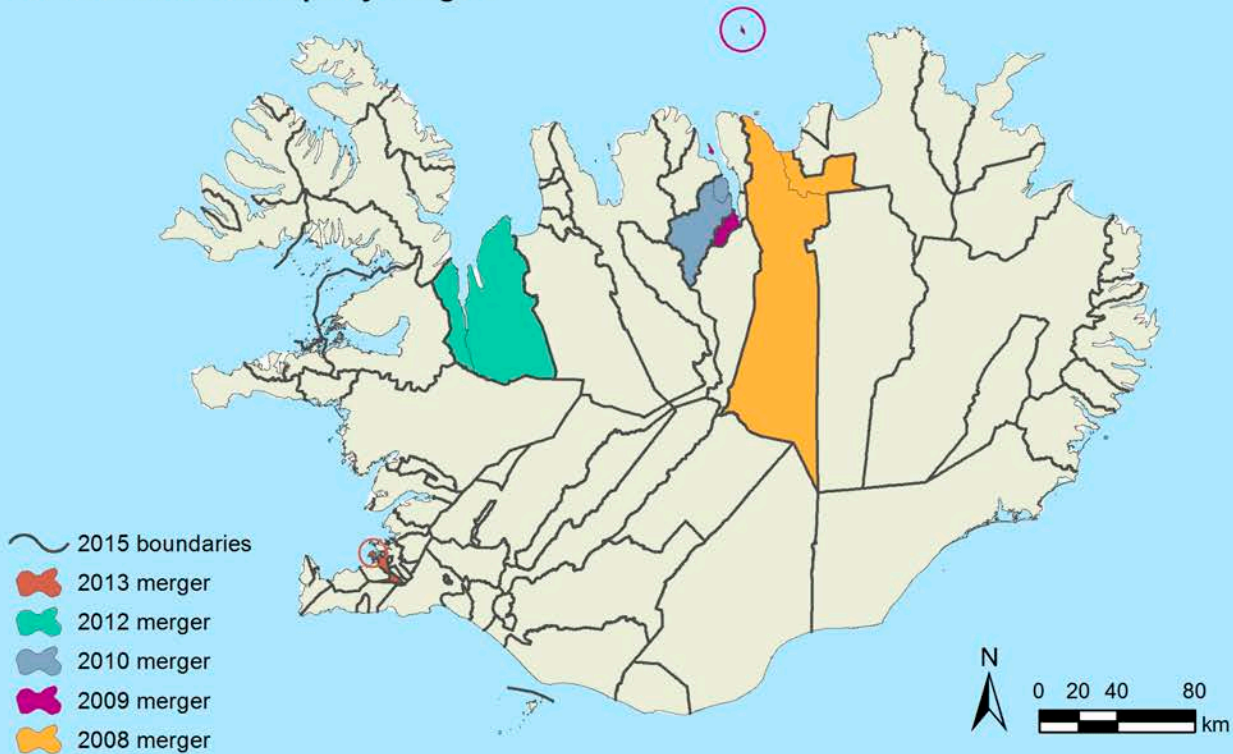
**Stefanía Traustadóttir** works at the Department of Human Rights and Local Government in the Ministry of the Interior in Iceland as a senior advisor on matters concerning local governments and municipalities.

You can reach Stefania at [stefania.traustadottir@irr.is](mailto:stefania.traustadottir@irr.is)

### Municipality mergers 1984-2014



### Latest decade municipality mergers



### Municipality mergers in Iceland



Based on data from National Land Survey of Iceland  
 NR0759 © Nordregio & NLS Iceland for administrative boundaries

MAP: LINUS RISPLING, NORDREGIO

Map by Linus Rispling, Nordregio

» and the government to organise public transportation in their areas.

### Ways to improve local government

The Minister of the Interior has proposed that a working group would be appointed during the fall 2015 to further strengthen the municipality level. The proposal suggests that the working group would come up with an action plan for the next 10 – 12

years. The objectives in the plan include ways to improve cooperation, decentralization, resident involvement and quality and diversity in public services. The plan also includes a new legal framework on public finances, as well as the development of information technology to provide new tools and opportunities for public administration. The preparations are well on the way and the appointment of a working group is likely to happen in the fall 2015. ■

### References:

Icelandic constitution 1. paragraph of section 78.

## INTERVIEW *Valgarður Hilmarsson, Mayor of Blönduós municipality*



**Valgarður Hilmarsson** has been Mayor for 38 years first starting in a small municipality. After the mergers he continued as a Mayor of the bigger municipality.

#### **What are the benefits and disadvantages of the reform in Blönduós? Is it a good opportunity to rethink the municipal structure or an unnecessary process?**

"It is important to reform municipalities. We need stronger entities to provide basic services for the population, such as education and social services. In my region, there are now four municipalities where there used to be ten. I believe that they should be merged into one municipality because the existing level of co-operation has been insufficient. Sometimes the partnerships are difficult, and the overall interests tend to be unclear because of the limited interests of the local politicians."

#### **Do you think it will affect the sense of local democracy and the sense of belonging to a place?**

"I believe that merging municipalities has positive effects on democracy. The fear of losing control stands in the way of changes, even though control has already been removed in co-operation between municipalities. In such co-operative arrangements, the power has often been handed to one person who receives a kind of absolute power that is a long way from democracy."

#### **In your opinion, what are the consequences of the reform for the people in terms of public services?**

"When units become large, you also have to make sure that all areas can flourish. I admit that this varies, but scepticism is probably a more serious issue where smaller communities tend to be suspicious of the larger ones. The smaller communities have often settled for fewer services, but when the municipalities are reformed, the demands increase. The demands can at some point become unreasonable because the same level of service can never be provided everywhere. It is only natural that the service level is not the same in a remote valley as in urban areas, and that cannot be called discrimination. When it comes to the local economy, the pre-merger structure of the municipalities dictates the financial synergies. Management will be more efficient and focused after the reform, and I believe that the interaction and communication with the government will become more successful with larger units."

One of the municipalities' greatest challenges is managing schools. The minimum number of diverse services is different; a child welfare committee cannot be operated for fewer than 1500 people, and services for the disabled are planned to cover areas with at least 8000 inhabitants. Size preferences for different services make things complicated where there may be a number of smaller municipalities involved. Maybe there would be less complexity with fewer and larger units."

#### **What message would you like to send to the government?**

"Currently there is no pressure from the government for further mergers. Waiting for something to happen is too expensive, and further merging of municipalities is one of the most important steps for the nation as a whole."



# Norway: steps on the path to reforms

By Terje Kaldager

In Norway, the most recent municipal reform took place more than 50 years ago. Since then, the municipalities have increased their responsibility portfolios with new tasks delegated by the government, while the government has strengthened its control. The municipalities have reacted to the increased workload by managing more of their tasks through intermunicipal co-operation. In this context, the time for municipal reform may have come.



## Change is on the way

The Norwegian reform process is at the beginning of a long road, but hopefully not a rocky one. The two governing political parties have made the following statement on the inaugural agreement between them:

*"...the government will carry out municipal reform, and the necessary parliamentary decisions must be made in the coming parliamentary period.... The government will go through the tasks of the county municipalities, the county governors and central government in order to delegate more tasks and authority to the municipalities."*

The basic goal for the government is similar to that of other Nordic countries: to transfer power and responsibility to municipalities that are larger and therefore more robust. They share the same fear of weakened democracy, and of decision-making escaping further from local control. There are challenges related to demographic development, welfare services, competences and the ability to develop local communities that function well and are attractive. At the same time, one of the main principles is to provide citizens with good and equal services wherever they live. The government stresses the importance of the size and capacity of the municipal administration to secure the quality of the services.

## How to divide tasks?

There are three political levels in Norway: the central government, 18 counties and 428 municipalities. In 2014, the government decided to embark on a

path of reform (Proposal on Municipal Economy 2015). However, Parliament is concerned about forcing a change; the municipalities participating in local mergers should do so voluntarily. A precondition was that the government should also undertake the tasks conducted at the regionally elected level.

An expert committee appointed by the government made three recommen- »

**Terje Kaldager** is senior adviser in the Norwegian Ministry of Local Government and Modernisation with focus in regional planning and development and coordinated housing, transport and land use planning. He has worked several years in the county administration of Vestfold.

You can reach Terje at: [terje.kaldager@kmd.dep.no](mailto:terje.kaldager@kmd.dep.no)

## INTERVIEW **Tore Nysæter, Mayor of Narvik municipality**



**Tore Nysæter** has been Mayor since 2011, and wishes to continue four more years after the upcoming election. He came to Narvik 21 years ago to work as a teacher in secondary school while being able to ski as much as possible.

### What are the benefits and disadvantages of the reform in Narvik?

"The benefits of the reform are better planning and better tools for developing businesses. The reform will become a disadvantage if we do not use modern technology to bring municipal services closer to everybody, especially those in the more remote areas. Narvik started well by being the first Nordic municipality to be allowed to use *sky storage* with our transfers to the Google App as a work platform."

### Will the reform affect the sense of belonging to a place?

"I believe that the sense of belonging to a place will not diminish with the reform. It is said that the Irish have never been as proudly Irish as they have been since joining the EU."

### What are the consequences for the people in terms of public services?

"There will be more effective and stronger planning, more opportunities for better services for the smaller municipalities if they join a larger new one today. It is also an opportunity to create new borders that are better suited to where people live, work and travel. If we use the full potential of technology, we will bring the municipality closer to the inhabitants and free funds for better services."

### What is the greatest local challenge?

"How to attract more businesses. We need better planning and tools for that."

» dations regarding the municipal structure of the future, given the tasks municipalities have today:

- The minimum size of a Norwegian municipality should be between 10,000 and 20,000 inhabitants
- There should be a special focus on municipal mergers in urban areas with a common labour and housing market
- The government must relax its control and put more emphasis on strengthening local democracy.

The government has received these recommendations and commented that because of the varied geography of Norway it is not feasible to impose strict rules for the population size of the new municipalities. In June 2015, Parliament discussed the matter again (Parliamentary Report Meld St. 14 (2014–2015) and Parliamentary proposition Prop. 121 S (2014–2015)). Once again, Parliament stated that there should be three political levels in Norway, and the tasks should be conducted at the lowest effective level. The government should have responsibility for tasks that are conducted nationwide. Accordingly, tasks involving local knowledge and initiatives should be conducted at the local or regional level, and tasks delegated to the regional level should be more clearly linked to the role of the regional community developer. This could include provision of services to citizens.

Currently, investigations and discussions are taking place between neighbouring municipalities and counties aiming to reach decisions on mergers before May 2016. A survey conducted in 2015 by a national newspaper (Dagens næringsliv) shows that eight municipalities have decided not to participate in any mergers, three municipalities have decided to merge, eleven municipalities have begun preliminary discussions and 62 municipalities have entered negotiations, while 344 are in an appraisal phase.

## Reassessment

The government has initiated internal

processes to reassess the distribution of responsibilities across administrative levels in Norway (e.g. responsibilities for tasks, and for the financing of childcare, the police force, road building and maintenance). The government has suggested transferring more tasks to the municipalities from several service fields, presupposing that such transfers will occur only if the municipalities merge into larger and more robust units. The government has determined two conditions for transferring tasks in secondary education and public transport to the largest municipalities (these tasks are presently undertaken by the counties):

- Large municipalities and their constitutive functional areas must have sufficient capacity and competence to manage the tasks
- In areas outside a large municipality, the task must be managed in a way that ensures a level of services equal to that in the rest of the county. Population size and geographical distances will be important in these cases.

Parliament has asked the government to investigate the tasks for a new regionally elected level of government. Regional planning will be an important tool for authorities acting as regional community developers.

## The way forward

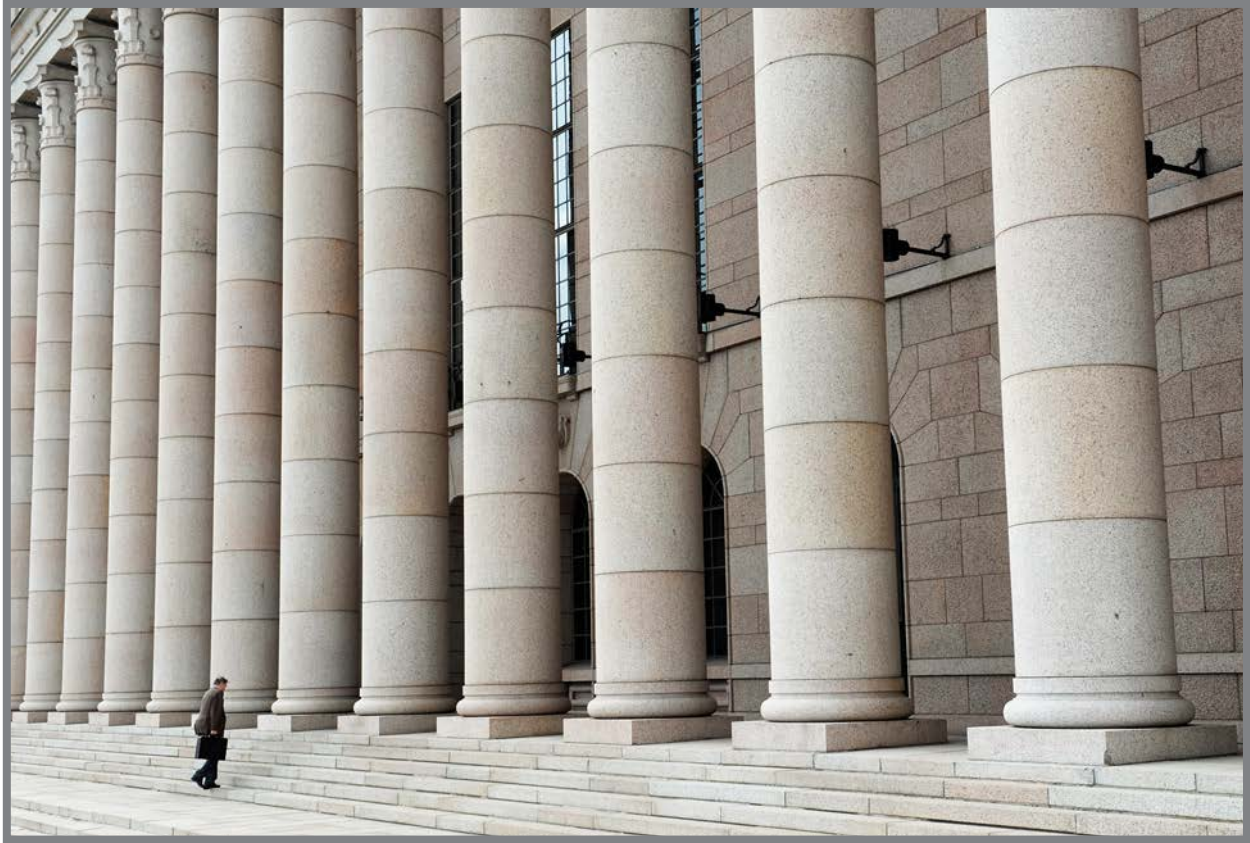
In the summer of 2015, the government invited counties to consult with neighbouring counties concerning mergers. Regional decisions concerning county mergers are expected by autumn 2016, so that this process can catch up with the merger process for the municipalities. Municipality and county structures must be mutually calibrated.

The government intends that parliamentary decisions on municipal and regional reform will be made simultaneously in the spring of 2017. Then, elections for new municipalities and new regions could be held in the autumn of 2019, and the reform would come into full effect from January 1, 2020. ■

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Proposal on municipal economy 2015. Prop 95 S (2013–2014).

Parliamentary report Meld St. 14 (2014–2015) entitled “The municipal reform—new tasks for larger municipalities” and Parliamentary proposition Prop. 121 S (2014–2015) entitled “The proposition for municipal economy 2016”.



## Why did the Finnish local government reform of 2011 fail?

*By Siv Sandberg*



**Siv Sandberg** is a researcher and university lecturer in public administration at Åbo Akademi University in Finland. Her fields of expertise include local and regional democracy, public sector reform and political leadership. She is currently involved in a number of projects analyzing the effects of local government reform in Finland and Scandinavia.

You can reach Siv at [siv.sandberg@abo.fi](mailto:siv.sandberg@abo.fi)

A decision by the Finnish government on 19th August 2015 marked the end of a fruitless four-year attempt to bring about an extensive reform of municipal boundaries. The aim of the reform was to strengthen the ability of local authorities to perform their legal obligations. Even after voluntary amalgamations, reducing the number of local authorities from 452 in the year 2000 to 317 today, the median size of a Finnish municipality is no more than 6,600 inhabitants. While these relatively small local authorities bear heavy responsibilities for education and social and health care, the system capacity of the local government sector has been a long-term concern of national politicians.

According to a recent government decision, municipalities are no longer obliged to investigate future amalgamations with their neighbours. The government will stimulate voluntary amalgamations among municipalities, but will no longer seek a national reform of local boundaries. However, other plans of Prime Minister Sipilä's cabinet, appointed in May 2015, may involve dramatic changes to Finnish local government. Nevertheless, the return of the amalgamations initiative to local decision-makers marks a re- »



- » turn to policies implemented before 2005.

Why was the amalgamation reform initiated by the former Prime Minister Jyrki Katainen's cabinet in 2011 unsuccessful? A number of points related to the reform scheme and process can be identified.

### Timing and sequence

Prime Minister Katainen's amalgamation reform was the second such initiative. In the preceding five years (2006–2011), local authorities had engaged in voluntary amalgamations and in the founding of new intermunicipal agencies responsible for social and health care. The results of the voluntary reform were mixed, ranging from very radical amalgamations to inaction. Furthermore, the voluntary reform scheme did not include any measures to discipline veto players, which in some regions created peculiar solutions dictated by the most reluctant partners. However, it is unfair to deem the first reform unsuccessful, as political rhetoric in the wake of the 2011 parliamentary elections did. Among local decision-makers, this rhetoric created a spirit of rebellion. The government had hardly presented the first outline of the new reform in 2011 before the “municipal uprising”, led by a number of mayors, took place. This uprising affected the political climate surrounding the reform in subsequent years.

### Unclear policy preferences within the cabinet

While most parties agree on the need for reform, there is a basic disagreement concerning methods and sequence. One basic difference concerns whether to reform municipal borders first, equipping local authorities to manage their responsibilities for social and health care, or to reform health care structures first and decide on the need for amalgamations in the longer term. Even if “municipal boundaries first” was the official goal of the Katainen cabinet, the six parties in the cabinet articulated different preferences concerning the sequence by which this would occur. To local decision-makers, this appeared to be a mix of signals, and parallel reform strategies undermined trust in the central government, paralyzing local reform activities (Stenvall et al. 2015).

### Change of incentive structures

While the first phase of the reform (2006–2011) placed a high value on multiple reform strategies and stimulated intermunicipal co-operation alongside amalgamations, the aim of the 2011 reform was to narrow the number of alternatives, and to guide the outcomes of local processes more thoroughly than the previous government had. A number of municipalities that were front-runners during the first phase of the reform faced a situation where doing “everything right” turned out to be doing “everything wrong”. This was another factor that reduced the legitimacy of the 2011 reform.

### Conflicting goals of extensive reform and voluntary activities

A basic conflict in the reform scheme was the attempt to conduct extensive reform through voluntary means. A proposal for forced amalgamations between municipalities in urban regions was turned down. The government was left with a relatively toothless method of creating stronger local authorities: a duty for all municipalities to investigate future amalgamations with their neighbouring municipalities.

### Lack of political energy

Even though there was tremendous resistance to the reform among local decision-makers, the majority of the 250 local authorities attended to the duty of investigating amalgamations. However, with a few exceptions, these investigations were characterized by an unusually low level of political energy. The local authorities did what they were obliged to do, but few of the decision-makers believed in what they were doing.

As the amalgamation policy returns to where it started—voluntary amalgamations on a case-by-case basis—Finnish local governments face one of their most significant challenges for decades. The Sipilä cabinet is about to launch an extensive reform of social and health care aimed at transferring responsibility for social and health care to a new autonomous level of 5–19 regions. Even if municipal boundaries remain the same, about 60% of the municipal duties will be transferred to this new regional level. This will have extensive effects on the activities, finances and politics of local authorities. ■

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## INTERVIEW **Kimmo Jarva, Mayor of the City of Lappeenranta**



**Kimmo Jarva** has been Mayor of the City of Lappeenranta since December 2011. Previous to this he was Mayor of Vihti municipality.

### **What are the benefits and disadvantages of the reform in Lappeenranta? Is it a good opportunity to rethink the municipal structure or an unnecessary process?**

“Two reforms of major strategic significance have been carried out in the Lappeenranta region: the establishment of a regional social and health care district, and the consolidation of municipalities in 2009 and 2010. The greatest benefits of these reforms include productivity improvements in the public sector and the opportunities to integrate social and health care services, to carry out customer-driven operational reforms, and to improve service processes. We have been able to reduce the need to replace retiring employees significantly.

Unfortunately, municipalities appear to be reluctant to go ahead with consolidations until they have reached a financial dead end. Strategic reforms should be carried out proactively, taking advantage of the retirement of the baby boomer generation.

The downside is the detachment of social and health care services from other municipal service management, and the surrender of democratically elected city councils' decision-making power to regional municipal federations. Meanwhile, the negative aspect of municipal consolidation from the residents' perspective is that they become far removed from the decision-making process, and the gradually diminishing stock of local knowledge in larger cities.”

### **Do you think it will affect the sense of local democracy and the sense of belonging to a place?**

“Residents tend to identify strongly with their hometowns, and municipal consolidations have a powerful psychological impact on how people perceive their local identity. Few people living in the affected municipalities believe that the consolidation will have any positive consequences. Instead, they believe that the growing size of municipalities and the decreasing number of local people in elected positions will complicate personal interaction.”

### **What are the consequences of the reform for the people in terms of public services?**

“The primary objective of productivity improvement in administration and support services is to secure vital local services. However, with shrinking financial resources, municipalities have been forced to downsize and streamline their service networks, thereby limiting services that people consider important, such as upper secondary schools. Meanwhile, social and health care services reform has provided all the region's residents with equal access to services and the opportunity to use health care services in the neighbouring municipality. It has also helped to develop stronger social and health care services and to build expertise.”

### **What are the expected effects of the reform for the local economy and municipal administration?**

“Public service efficiency improvements help to keep tax rates reasonable, and thereby to pave the way for growing private consumer demand. By promoting a more experimental mindset and innovative procurement, municipalities seek to offer opportunities for local businesses.”

### **What is the greatest local challenge that needs to be solved in the near future?**

The greatest local challenge in the near future is being able to meet the service needs of the ageing population while maintaining a reasonable tax rate. Preventing the harm caused by unemployment, and promoting employment.”

### **What message would you like to send to the government and to other Nordic countries and their municipalities struggling with the same issues?**

“A message to the government would be that municipalities need more leeway and fewer regulations that dictate the details of their service provision. A message to other Nordic countries working with same issues would be that change offers an opportunity to build something entirely new. It is important to ensure that people consider work important and rewarding, even in the midst of dramatic organisational changes. Supervisors will play a key role in driving this change.”

# Greenland is rethinking the 2009 merging of municipalities

By Klaus Georg Hansen

On the first day of 2009, Greenland switched from 18 municipalities to just four. The transition had been prepared over several years, and most of the political parties supported the change. The idea behind the transformation was to delegate political decision-making power and economic resources from the central administration to municipal administrations. In reality, one of the very few administration areas that have now been transferred to the municipalities is the administration of land use and spatial planning.



**Klaus Georg Hansen** is currently working as a project manager at the Ministry of Finance in Greenland. He is an anthropologist and has previously worked as the Head of National Spatial Planning in Greenland, Deputy Director and Senior Research Fellow at Nordregio and Head of Faculty at University of Greenland.

You can reach Klaus at [KGHA@nanoq.gl](mailto:KGHA@nanoq.gl)

The municipality that covers the west coast of Greenland from Disco Bay to the Qaanaaq area, Qaasuitsup Kommunia, is the largest in the world in terms of square kilometres. Kommuneqarfik Sermersooq, which includes the capital Nuuk (on the west coast) and the east coast of Greenland is the second largest. However, in terms of inhabitants, all the municipalities are very small.

Qaasuitsup Kommunia comprises eight of the former municipalities. Not long after the new municipality came into being, the citizens of several settlements began complaining about the new administrative structure. A typical complaint was that the new structure had centralized many administrative decisions. These kinds of complaints indicate that in the opinion of the citizens, politicians and even researchers, there has been a decline in the degree of democracy.

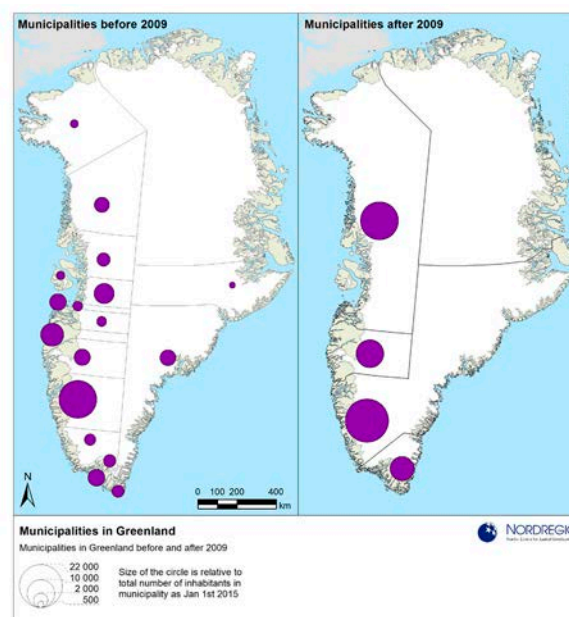
This widespread dissatisfaction with the new municipal structure resulted in a consultative referendum in Qaasuitsup Kommunia in April 2014; 12,644 citizens were entitled to vote but only 6,603 did so, which is a 52.2% turnout. The question for the consultative referendum was whether the municipality should be divided into three new (and smaller) municipalities; 79% voted yes, and 21% voted no.

The possibility of splitting up not only Qaasuitsup Kommunia, but also Kommuneqarfik Sermersooq is on the national political agenda of the parliament, the Inatsisartut, this autumn. The economic and potential administrative consequences of a division of one or two of the municipalities have been the subject of reports. At present (September 2015), it is not clear in which direction a national political decision on dividing one or both of these municipalities would go.

As mentioned above, one of the main arguments for splitting up the large municipalities has been the re-establishment of

local and more democratic administrations. At least, that is how it has been interpreted by many stakeholders in the public debate. I do not find this interpretation adequate. It is a fact that many administrative processes have been professionalized, and have become more democratic in a more accurate sense. By that I mean that the new structure of four large municipalities has ensured more uniform and “by the book” administrative decision-making processes.

The dissatisfaction of many citizens with the new system can also be interpreted as dissatisfaction that administrative decisions can no longer be negotiated and tailored to “particular circumstances”. If this is the case, then the real reason for the dissatisfaction among the citizens is actually rooted in a desire to return to a less democratic administrative practice where “particular circumstances” and the personal relationships between clients and administrators again can play a certain role in municipal administration. ■





# Adapting to or mitigating demographic change?

By Liisa Perjo and Lisa Hörnström



**Liisa Perjo** is a Research Fellow at Nordregio. She is specialised in urban and regional development.

You can reach Liisa at [liisa.perjo@nordregio.se](mailto:liisa.perjo@nordregio.se)



**Lisa Hörnström** is a Senior Research Fellow at Nordregio. She has specialised in regional policy, regional government and governance, and regionalism.

You can reach Lisa at [lisa.hornstrom@nordregio.se](mailto:lisa.hornstrom@nordregio.se)

There is a high level of awareness among policy-makers and the public that the Nordic countries, and especially their peripheral regions, face demographic challenges. Although the challenges are similar in all the Nordic countries, their national policy responses differ.

The Nordic Working Group on Demography and Welfare just released a comparative study that maps and compares the national policy approaches to demographic change. It shows that none of the Nordic countries has established separate policies or programmes to address demographic change in an integrated manner, but the consequences of demographic change are addressed in various policy areas.

Comparative research shows that the Nordic countries seem to approach the population concentration in urban areas in two ways: 1) adapting the governance system to the declining population in peripheral areas, in particular through municipal mergers, and 2) mitigation, by means of various attractiveness measures, to preserve or increase the population base in such areas.

When it comes to meeting the decline in the share of the working age population, the overall impression is that the Nordic countries focus on mitigation efforts. The aim here is to mobilize as much of the potential labour force as possible, primarily through pension reforms or by promoting the inclusion of vulnerable groups such as youth and immigrants in the labour market.

The study provides Nordic policy-makers with inspiration and possibilities for mutual learning concerning shared challenges.

## REPORT

**Adapting to, or mitigating demographic change?**

**National policies addressing demographic challenges in the Nordic countries**

Download the report at [www.nordregio.se/publications](http://www.nordregio.se/publications)

(3.10.2015 onwards)

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