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accounting for the shift from convergence to divergence

Torfing, Jacob; Lidström, Anders; Røiseland, Asbjørn

Published in:
Scandinavian Journal of Public Administration

Publication date:
2015

Document Version
Publisher's PDF, also known as Version of record

Citation for published version (APA):

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The scandinavian regional model: accounting for the shift from convergence to divergence
Jacob Torfing, Anders Lidström and Asbjørn Røiseland*

Abstract
This article maps how the sub-national regional levels of governance in Denmark, Norway and Sweden have changed from a high degree of institutional convergence to a pattern of institutional divergence. It analyses the similarities and differences in the changes in regional governance and discusses how these changes can be understood. Our supposition is that the more or less rational explanations of change found in main strands of the new institutionalism fail to explain the recent reforms of regional governance. Consequently, we ourselves have to contend with explanations in which rational action plays a limited role and contingent articulations of political and institutional conditions, together with spillover effects from reforms of local governance structures, are central to understanding the reforms that have produced the increasingly divergent patterns of regional governance in Scandinavia.

Introduction
The 1970s marked the beginning of a general strengthening of the sub-national regional level of governance in Europe. This was mainly a response to the failure of previously centralised states to handle increasingly complex matters in a more globalised economy. Not only were entirely new levels of regional government established, existing regions also received additional powers (Hooghe, Marks and Schakel 2010, Heinelt and Bertrana 2011, Lidström 2011). The process was reinforced in the 1990s with devolution prompted by further challenges to the nation state, a more explicit regionalisation agenda from the EU and demands for ethnic self-government. A contributing factor was also the shift in regional development policies from a reliance on state redistribution to a “New Regionalist” agenda that emphasised the regions’ own responsibility for their development. A development achievable by coordination of the various resources that are available to local and regional actors, sometimes supported by additional means from the EU or central government. The coordinated actors not only included elected local and regional government and other public sector agencies, but also private firms and civil society organisations (Keating and Loughlin 1997, Keating 1998, Baldersheim 2000, Lidström 2007).

In the Scandinavian countries, the intermediate regional level has traditionally been weak. The unitary state and the municipal level have been favoured in the Nordic welfare system, although some welfare functions that require a larger
population base have been allocated to intermediate county councils – *amtskommuner* in Denmark, *fylkeskommuner* in Norway and *landsting* in Sweden. Indeed, by the early 1980s, following reforms in Norway and Denmark, the county council level in the three countries had become very similar in terms of position, function and size. They were now all directly elected, were responsible for hospitals and some secondary education, had powers of general competence and taxing powers, and had average populations of about 2-400,000 inhabitants (Lidström 2003). This coincided with an exceptional expansion of the welfare systems in the Nordic countries, and more generally with the rise of public expenditure in the Western world (Tanzi and Schuknecht 2000). Although significant differences remained, it is still relevant to talk about the convergence to a common Scandinavian county council model during this period of time (Sandberg 2005, Mydske 2006).

However, by 2014, the common Scandinavian model had been replaced by three different models, as summarised in Table 1. Danish regions have become the strongest in terms of the size of the population, but the weakest with regard to powers and functions. Swedish intermediates have retained much of their position and even become stronger where regions have been set up. Norwegian county councils lost powers and functions, not least due to the 2001 hospital reform removing about two-thirds of their activities.

Nevertheless, there were also a few clear characteristics of the changes. One common tendency is that the role of the intermediate level in coordinating other actors, in particular in regional development, has increased in all three countries (although there are significant differences between counties in Sweden) (Hörnström 2013). In most other respects, the county councils/regions have different functions in the three countries. For example, responsibility for hospitals remains fully in the hands of Swedish county councils, is limited to a responsibility for financing and providing somatic and psychiatric treatment in the Danish regions, and is totally removed from the Norwegian county councils (Byrkjeflot and Neby 2008, Magnussen, Vrangbaek and Saltman 2009). Although there is also a tendency towards a stronger emphasis on regional development functions, the general tendency is still towards divergence.

During the era of New Regionalism, it might have been expected that the Scandinavian model would have continued to develop its common characteristics and along similar lines. As all three countries have basically been subject to the same pressures of globalisation, Europeanisation and competition, it would have been reasonable to assume that similarities would have been strengthened through similar types of reforms. These could have included amalgamations of county councils into larger regional units and transfer of full responsibility for regional development to these regions. However, although New Regionalism also made an impact in the Scandinavian countries (Hörnström 2013), the solutions selected were very different in each country and were made according to national priorities rather than as adjustments to New Regionalism. A consequence was a shattering of the previous unified model.
Table 1 The regional levels of government in Denmark, Sweden and Norway 1980 and 2014

<table>
<thead>
<tr>
<th>Number and type</th>
<th>Denmark</th>
<th>Sweden</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>14</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>2014</td>
<td>5</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Average population</td>
<td>366,000</td>
<td>1,125,000</td>
<td>460,000</td>
</tr>
<tr>
<td>Taxing powers</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Major own functions</td>
<td>Hospitals, secondary education, roads, environmental regulation, regional busses and trains, specialised social care</td>
<td>Hospitals, regional busses and trains, some specialised social care</td>
<td>Health care, dental care for young and elderly, public transport, some secondary education</td>
</tr>
<tr>
<td>Major coordinating functions</td>
<td>Regional planning and development</td>
<td>Regional planning and development</td>
<td>Public health activities, regional development (in regions)</td>
</tr>
<tr>
<td>Note: * By 2017, there will be 8 county councils and 13 regions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Why did this happen and how can the process and outcome be understood? An initial impression is that no single theory of context-dependent decision-making seems to be able to account for this shift from convergence to divergence. It cannot be seen as an expression of institutional rationalism, whether based on actor calculations, isomorphism/policy transfer, or path-dependency. Instead, we...
need to look for alternative ways of understanding the process, based on the assumption that the underlying logic is much more temporal and non-rational.

This article aims to map how the regional levels of governance in the Scandinavian countries have changed from the early 1980s and onwards, analysing to what extent there are similarities and differences in these changes, and discussing how these changes may be understood. In the next section, the theoretical framework is presented, with particular focus on rationalist vs non-rationalist explanations of reform change. This is followed by an overview and analysis of the reform processes in each of the three Scandinavian countries and the extent to which these can be accounted for by the different theories. In a final section, the results are compared and the conclusions summarised.

**Scandinavian regional reforms – alternative ways of accounting for institutional change**

The regional levels of governance are founded on fundamental governance structures that provide a set of constitutional rules that establish and regulate a broad range of different administrative departments, agencies and networks that provide operational procedures for the production of public services and authoritative decisions for citizens and private stakeholders. As such, the reform of the regional governance structures amounts to a ‘third order change’ that transforms the constitutional rules that regulate the formation of collective and operational rules (Ostrom 1990).

The county councils and their supporting administrations are institutional governance structures authorising particular actors to produce public governance in accordance with a large array of normative, regulatory and procedural rules and on the basis of a particular distribution of resources. When explaining Scandinavian county reforms it is, therefore, obvious to look for theoretical inspiration in the ever expanding toolbox of the new institutionalism. The various strands of the new institutionalism all share the basic assumption that ‘institutions matter’ when it comes to explaining social and political reforms. Hence, although social and political agency is seen as the key driver of change, it is assumed that social and political action to a varying degree is structured, conditioned and shaped by institutional rules, norms and procedures as well as by institutionalised forms of knowledge and discourse (Peters 2012).

*Rational choice institutionalism* explains institutional change as a result of rational self-interested actions of individual and/or collective actors who are responding to changes in the environment. External events and structural transformations in the political and socioeconomic context will tend to alter the preferences of the rational actors who, subsequently, will change the institutional governance structures in order to ensure that they match their new preferences and the changing contextual conditions (March and Olsen 1995). In their effort to change the institutional structures social and political actors face different options regarding the institutional design. The institutional context in which the rational actors are operating may structure their choices and influence the pay-
off matrix, but it does not prevent the actors from making a rational choice within the given set of institutional constraints (Ostrom 1990). As such, there is plenty of room for social and political agency to change the fundamental governance structures so that they are aligned with their preferences and the environmental conditions. When applied to public sector reforms the rational actors are often assumed to be executive public managers aiming to maximise their budgets or task portfolio (Dunleavy 1991) or private interest organisations aiming to influence government decisions (Scharpf 1997). However, we should not forget that political parties and politicians can also be seen as rational actors aiming to shape the public sector on the basis of political preferences influenced by political ideologies and strategic concerns. In fact most of the standard theories of party behaviour make rational assumptions about how political parties within a given set of constraints behave in ways that maximise their chance of winning elections, participating in government and major political agreements, and realising their political programme (Sjöblom 1968, Strom 1990). However, when explaining regional governance reforms from the perspective of rational choice institutionalism, we should not only be able to identify the rational pursuit of clearly formulated political preferences, but also events and structural transformations that have caused the political actors to change their preferences in ways that call for a redesign of the institutional forms of governance. If politicians reform regional governance something must have changed their preferences.

Historical institutionalism is less optimistic with regard to the possibility of intentional reform of institutional governance structures due to the existence of institutionally embedded lock-in mechanisms (March and Olsen 1995). The contingent choice of particular institutional forms of governance will over time tend to generate a positive feedback from the social and political actors who operate within the stable institutional structures. The actors learn to manoeuvre within the institutional structures and they benefit from the general acceptance and stability of the institutional structures that allow them to use their acquired skills, reduce uncertainty and exploit economies of scale. In this situation the costs of transforming the institutional structures will seem insurmountable, and the concurrence of increasing benefits from the preservation of the status quo and high transformation costs of large-scale reforms means that even sub-optimal institutional solutions will tend to persist (Pierson 1994). Changes may occur when the logic of the institutional path is problematized by external events, but the changes will tend to be relatively small and in continuity rather than discontinuity with the past (Torfing 2009). Large changes leading to the establishment and institutionalisation of a new path are rare and tend to be a result of cataclysmic shocks that dislocate the old path and open a terrain for political struggles aiming to shape the new path. In such situations the social and political actors may rationally pursue particular interests although their rational action will be bounded due to the lack of information and decision-making resources. In addition, the interests pursued by social and political actors will tend to be shaped through processes of mutual learning and by the common frames of reference that have developed among the actors in the particular policy field, and
that will tend to make the reforms less radical. Hence, when it comes to explaining reforms of regional governance from the perspective of historical institutionalism the expectation is that change will either be limited and incremental or triggered by an external shock that completely shatters the existing governance structures and the path-dependency that it fosters.

Sociological institutionalism emphasises the normative integration of social and political actors who act in accordance with the logic of appropriate action prescribed by the institutional context in which they are situated. Change is for the most part small and results either from context-specific reinterpretations of rules and norms or from experimental learning processes (March and Olsen 1995). Large-scale institutional reforms are explained as a result of isomorphic pressures (DiMaggio and Powell 1983). In order to survive it is more important for public and private organisations to be legitimate in the eyes of external actors than to be efficient. As long as they follow the changing organisational fads, their chance of surviving seems to be good. As such, organisations are subjected to coercive pressures from superior authorities, mimetic pressures from other organisations in the same field, and normative pressures from new generations of employees who are equipped with new ideas about how to govern. When organisations adjust their institutional designs in accordance with the different kinds of pressures, the inevitable result is a growing homogeneity in the organisational field. Organisations look the same because they are subjected to the same organisational fads. However, contextual reinterpretation of new organisational fashions, selective and incomplete implementation and local learning processes tend to put boundaries on the homogenising effects of the isomorphic pressures. Nevertheless, when it comes to explaining regional governance reform from the perspective of sociological institutionalism, the expectation will be that reforms are motivated by the attempts to enhance legitimacy by doing what others are doing or recommending.

In summary, the three institutional theories provide different perspectives on regional governance reforms. Seen from the perspective of rational choice institutionalism, we would expect regional governance reforms to be driven by rational actors who ensure the efficiency of history by redesigning institutions in order to match preferences shaped by significant societal developments. Viewed through the lens of historical institutionalism, we would expect sizeable regional governance reforms to emerge in the wake of major crises and external shocks that destabilise the existing path and thus create a ‘punctuated equilibrium’ that facilitates path-shaping. Finally, the sociological institutionalist perspective makes us expect that sizeable regional governance reforms are a result of homogenising mimetic pressures that urge countries to imitate trends and reforms from other countries in the hope that they will enhance their legitimacy.

Despite their theoretical and explanatory differences, the three institutionalist theories all seem to rely on a somewhat rational explanation of regional governance reforms that fails to capture the contingent interplay between political and institutional logics. Rational choice institutionalism assumes that social and political actors aim to make rational adjustments of fundamental governance
structures to reflect new and emerging conditions and preferences. Historical institutionalism tends to think that learning effects, increasing returns to scale and high transformation costs make it rational for social and political actors to stick to the established path despite the existence of alternative institutional designs that potentially have a higher performance on key parameters. Finally, sociological institutionalism believes that the adoption of the latest fad is instrumental in preserving and enhancing organisational legitimacy, which appears to be more important than efficiency for securing long-term survival. Although historical institutionalism - with its emphasis on path-dependent sub-optimality - and bounded rationality and sociological institutionalism - with its emphasis on the pressure to adopt the latest fashion in order to improve legitimacy - seek to escape the idea that change is driven by rational action based on exogenously given preferences, there is still a considerable remnant of rationalism in both of these branches of the new institutionalism in the sense that actors are assumed to either preserve the status quo, if they stand to benefit from that, or reform institutions in order to enhance legitimacy and the chance of survival.

An alternative theoretical point of departure would view regional governance reforms as a result of contingent and temporal articulations of governance problems, new available solutions, emerging occasions for collective action and political actors who are driven by political moods and impulses, short-term gains, tactical games and idiosyncratic beliefs rather than by carefully calculated strategies aiming to realise a set of hierarchically ordered preferences that are formed on the basis of an extensive analysis of important problems and possible solutions. This theoretical lens has more in common with Kingdon’s policy stream model that emphasises the temporal coupling of the stream of problems, solutions and actors in contingent moments of decision (Kingdon 1984) than with the classical model of rational decision making and the modified version based on bounded or normative rationality. As such, the expectation will be that regional governance reforms are driven by chance discoveries, political impulses and contingent power struggles rather than conscious institutional designs.

A last point is that the explanation of the Scandinavian reforms of county-level governance cannot be viewed in isolation from reforms at other levels of governance. The last decades have seen the development of a complex, but well-integrated, system of multi-level governance in which changes at one level of governance are often the result of changes at other levels. Hence, we shall argue that the recent reforms of the county governance systems, which in the Scandinavian countries have been much weaker than the local and national governance levels, must be explained, partly, as a spillover effect of local government reforms. As such, local government and county governance reforms are clearly intertwined and should be analysed as two sides of the same coin.

Empirical analysis of the recent reform processes in the three Scandinavian countries will enable us to assess the extent to which these processes are characterised by the varying forms of rational action that are explicitly or implicitly assumed by institutionalist theories, or whether, alternatively, they are driven by
more accidental articulations of problems, solutions and political opportunities and governance reforms at other levels of governance.

Methodologically, the analysis consists of tracing the processes of territorial and regional reform in each country and interpreting the developments in the light of the theoretical framework. Different types of sources are used for the description and analysis. These include official policy documents such as government proposals and reports from government commissions. The study also draws on a re-analysis of previous research about territorial reforms in the three countries.

The breakup of the coherent Scandinavian regional county model 1980-2014

Regional governance reform in Denmark
The well-prepared Danish local government reform in 1970 gave rise to a two-tier system in which 275 municipalities were supplemented with 14 county councils. At both levels the administrative units were governed by directly elected councils that appointed a local or regional mayor, respectively. Both municipalities and county councils were given clearly defined tasks in terms of planning, regulation and service production together with their own independent taxing powers. However, the regional authority suffered from the lack of national political attention, the general indifference of the national mass media and a limited contact with citizens as their role in welfare provision was restricted to secondary service tasks such as public transport, upper secondary education and the provision of somatic and psychiatric health care and specialised social care. The somewhat weaker position of the county councils vis-à-vis the municipalities was evidenced by the fact that the latter did not have the power to define and expand their own tasks in the same way as the municipalities could through the Local Government Act.

In the 1980s and 1990s there were hardly any discussions of local government reform. The attempt to curb the rise of public expenditure at the municipal level was the major bone of contention between central and local government, but did not trigger major reforms (Blom-Hansen et al. 2012). However, at the end of the period a mixture of practical geographical concerns and a general feeling that the municipalities in some areas were too small to deliver welfare services and policy solutions of sufficiently high quality spurred the proliferation of inter-municipal collaboration. Persistent unemployment combined with the New Regionalism agenda had also fostered an enhanced focus on regional growth. Still, there were no demands for amalgamation and large-scale local and regional governance reforms and in 1998 the Committee on Public Sector Responsibilities concluded that the existing division of tasks and responsibilities among state, county councils and municipalities was appropriate. There was apparently no need for any structural governance reforms.

However, the Conservative party, which was a part of the Liberal coalition government from 2001-2011, kept arguing that the county councils should be
abolished in order to reduce the general level of taxation, which was assumed to be positively correlated with the number of administrative levels with taxing powers. The same argument was propagated by Danish Industry that sought to reduce the tax burden of private firms in order to enhance their competitiveness.

Despite the growing, but scattered, demands for a major governance reform that was sporadically voiced in the media, the Minister of Economic and Domestic Affairs in the spring of 2002 assured the public that the government had no intention of launching a large structural governance reform as there were no sound reasons to do so. Nevertheless, during the uneventful summer months national newspapers tempted some young members of parliament from the Conservative and Liberal government parties to support the idea of a structural governance reform that would abolish the regions and create larger municipalities with an average of 30-50,000 inhabitants, which researchers believed was the optimal size in terms of efficiency and democracy. A number of important interest organisations promptly declared their support for a structural governance reform. Hence, the idea of a major reform rapidly gained momentum in the Danish mass media and was finally endorsed by the government towards the end of the summer (Blom-Hansen, Elklit and Serritzlew 2006). Now, the problem was that, apparently, there were no sound reasons for carrying out a large-scale governance reform. The government had entered into a Garbage-Can process in which it desperately needed to find one or more problems to match the new found solution (Bundgaard and Vrangbæk 2007; Christiansen and Klitgaard 2008). In order to do so, it formed the Structural Reform Commission that consisted of researchers, experts and representatives from universities, ministries, counties and municipalities, but had no participation of elected politicians.

The Commission failed to demonstrate that larger municipalities would necessarily be more efficient and more democratic, but argued that larger municipalities would be more ‘sustainable’ in terms of providing professional welfare services of high quality close to the citizens. In January 2004 the Commission published its final report that recommended a structural governance reform based on fewer and larger municipalities (Strukturreformkommissionen 2004). Four different models were sketched out: The first enhanced the size of both municipalities and county councils, but preserved the division of labour between them. The second aimed at larger units, but expanded the portfolio of the county councils. The third abolished the county councils and transferred their tasks to the state and some new and larger municipalities. The final model sought to create larger municipalities with more tasks and a new regional level with fewer tasks. The government was clearly in favour of the last model, although it seriously considered the third model, and after consultations with the municipalities and political negotiations with the opposition, the Danish Parliament passed a structural governance reform that reduced the 275 municipalities to 98 and replaced the 14 county councils with 5 new regions. The new and larger municipalities and the new regional authorities were created through amalgamation.

The regional level of governance survived the sporadic political attempts to abolish it, but the price was high. Hence, the regional authorities were stripped
of a large number of responsibilities; which meant that the responsibility for regional roads, the provision of public transport, services to private enterprises, preventive health care and rehabilitation and environmental regulation were transferred to the municipalities. The municipalities were also mandated to take over the responsibility for the provision of specialised social care from the counties if they wanted to. Other tasks, such as the responsibility for secondary education, were transferred to the state.

Basically, the new and larger regions were left with only two major functions from the former county councils: 1) growth and development through planning, development and coordination in the field of economic growth and employment, environmental protection, tourism, public transport and secondary education; and 2) somatic and psychiatric health care in the regional hospitals which is about the only area where the regional counties have clear operational functions.

In both of these areas the regions must share their responsibilities with other actors. Hence, there is a mandatory Municipal Contact Committee in which the regions and the municipalities within their area coordinate their planning decisions and their health and growth initiatives. The members are the mayors and the regional chairmen. There is also a mandatory Health Coordination Committee in which regional and municipal politicians negotiate and govern the joint health agreement that regulates prices and procedures in the area of preventive health care, somatic and psychiatric treatment and rehabilitation. Finally, it is required that the regions establish a Regional Growth Forum in which the region is represented together with the municipalities and a large number of public and private stakeholders. The Regional Growth Forum is a governance network that deals with all questions pertaining to regional growth and development (Sørensen, Ref Pedersen and Sehested 2011). The municipalities play a strong role in the Regional Growth Forums; not least because they coordinate their views and actions through discussions in the Municipal Coordination Councils that have been established in each of the five regions.

The structural governance reform is first and foremost a story about a Garbage-Can process in which contingent events and political impulses create a solution that is later matched with a problem (Christiansen and Klitgaard 2008). However, the reform is also a ‘chronicle of a death foretold’ as few people believe that the region will survive in the long run. They have lost many of their former tasks, and not succeeded in gaining new ones. As such, the governance of the active employment policy in Denmark is not a part of the portfolio of the regions, but placed in the hands of special-purpose state regions. Economically, the regional counties are heavily constrained. They are stripped of their taxing power and rely on government grants, hospital payments from the municipalities and funding from EU projects. Most of their economic resources come from the state, but they are not allowed to move state money flexibly from one main account to another. Last but not least, the political campaign to abolish the regions seems to continue, although so far it has not been possible to find an alternative way of governing the hospitals that, on the one hand, secures democratic ac-
countability, and, on the other hand, ensures arm’s length distance from the state. Still, the expectation is that the new Liberal coalition-government will eventually remove the regional level and have some kind of corporate boards to run the hospitals. The election pledge of the Liberal party in the 2015 election was that the regions will be abolished if their performance is not significantly improved before the next election (Politiken 2015).

In sum, it seems clear that the Danish reform of regional governance was part of a large-scale structural governance reform and that the changes at the regional level were largely a spillover from reforms aiming to create larger municipalities. The political ambition to reduce overall taxation by reducing the number of administrative levels played a role in triggering the reform processes, but there were also other, but less explicit ambitions such as administrative rationalisation and enhanced capacity for contracting out public services. However, the ambition to reduce taxation by abolishing the regional level of governance was unsuccessful since the regions survived, although stripped of their traditional taxing powers. The new regions were also stripped of a large number of tasks and responsibilities and most of these were transferred to the municipalities that came out of the reform as the big winners. In terms of explaining the process and outcomes of the regional governance reform there is little support for a rationalistic interpretation of the event. There is no evidence of big external socioeconomic transformations and events that are changing the preferences of the social and political actors who ended up supporting the reform. What we find is rather a combination of accidental events whereby eager journalists looking for a good news story made it possible for the Conservative party and some business associations to capture, but by no means control, the public agenda and generate support for a structural governance reform, despite the fact that an expert commission had just concluded that the present governance system was well-functioning and the government had endorsed the conclusions of the commission. The historical institutionalist argument about path-dependence and path-shaping is undermined by the sudden launch of large-scale governance reform that was not triggered by any dislocating events shattering the old path and making room for the shaping of a new one. Last but not least, the sociological institutionalist argument about isomorphic pressures is problematized by the fact that there was hardly any reference to either municipal or regional governance reforms in other countries. The New Regionalism debate played no role in the Danish reforms that aimed to mitigate rather than expand the role of regional governance.

Regional governance reforms in Sweden
Sweden has a two-tier system of local government, which in 1980 consisted of 279 municipalities and 24 county councils (landsting). Apart from Stockholm County Council, all county councils had the same functions. About 80 percent of the budgets concerned health care, including the responsibility for hospitals and local health centres. They were also in charge of care of rehabilitation and training for the disabled, public dental services, vocational colleges and secondary
schools, and support to regional cultural institutions and activities. In addition, county councils coordinated other actors, in particular municipalities, for the promotion of public health. Stockholm County Council had additional responsibilities for public transport and regional planning. From 1981, public transport also became a task for the other county councils, although carried out jointly with the municipalities in the area. Hence, at the beginning of the 1980s, the second tier local authorities had practically the same functions over the whole country, with the exception that Stockholm County Council provided regional planning.

Each county also has a county administrative board that handles central government functions in the area. This is headed by the county governor who – locally as well as nationally – is seen as the main representative of the county vis-à-vis central government. He/she is appointed by central government without any prior consultation with the county council. It may be seen as a paradox that this role is not carried out by an elected politician, but it reflects the belief among almost all parties that Sweden should remain a unitary state (Lidström and Eklund 2007). Also for this reason, a major function of the county administrative boards was to carry out central government regional policies in the county as well as having a number of controlling functions. There were also other specialised units of central government administration at regional level, with responsibility for mainly labour market policy, education and housing. As such, it is not surprising that the Swedish intermediate level was referred to as “the regional mess” (Olsson and Åström 2004). There is a sharp contrast between this fragmented structure at regional level and the seeming rationality that characterises both the municipal and central government levels.

From the unified county council model that existed around 1980, a number of reforms have been carried out that have made the second tier more diversified. Within health care perhaps the most significant change has been the general increase in the number of private entrepreneurs, in particular in primary care. Although data is not available about private provision of these services in 1980, it was practically non-existent at that time, whereas by 2009, a quarter of all primary care was provided by private health clinics on an entrepreneurial basis. They are still fully financed by tax money together with a user’s fee, but they are free to organise their activities differently than the county councils’ own clinics. However, the extent to which citizens have access to private care depends on the county. Half the primary care in Stockholm is provided by such clinics whereas it is less than ten percent in more peripheral counties such as Norrbotten, Dalarna, Värmland and Blekinge (Anell 2011).

The changes have been even more profound with regard to the responsibility for regional economic development policies. The national regional policies that were initiated during the 1960s and remained until the 1980s emphasised a strong position for central government with unified national policies and redistribution of resources from wealthier to weaker parts of the country. The county administrative boards and the county governor had an important role as the long
arm of central government in implementing these policies and also by coordinating other actors who were relevant for the development of the county.

With the Swedish EU membership in 1995 and with neo-liberal ideas about the competitive region, responsibility for regional policies gradually shifted from state agencies to regional and local self-governing actors (Hudson 2006, Hörnström 2013). This was a clear adjustment to the European New Regionalism agenda. Instead of redistribution, economic development was seen as a task for local and regional interests, such as the county council, municipalities and local businesses. These were expected to identify and develop the assets in the county. The county administrative boards were initially in charge of setting up and coordinating regional partnerships between these interests but responsibility was later transferred to local and regional units of self-government, but faster in some parts of the country than other.

These changes coincided with attempts to restructure the intermediate level by amalgamating county councils into larger regions. The division in counties in Sweden originates from a revision of the constitution in 1634, when Sweden was a great power, and was aimed at facilitating central control over the country’s territory. Gradually, and in particular from the 1970s, it became obvious that the existing division into counties was outdated, as functional areas of economic activity and citizen mobility followed other patterns.

The county structure was regarded to be particularly problematic in two parts of the country. The greater Göteborg commuting area along the west coast crossed three counties and in Skåne, in southern Sweden, the region had been artificially divided into two counties – Malmöhus län and Kristianstads län, after being annexed from Denmark in 1658. In both of these areas there were pressures not only from municipal and county council politicians to establish larger regions, but also from local and regional business interests. As the EU emphasised the regional level, the Swedish membership of the European Union in 1995 was an additional support for reform (Lidström 2010a). The parliament accepted the creation of the two new regions on an experimental basis, Skåne in 1997 and Västra Götaland one year later. As a way of gaining legitimacy among the municipalities in the region as a whole, the municipalities in Västra Götaland were represented in its decision-making structure. In line with New Regionalism principles mentioned previously, the regional development functions were transferred from the county administrative boards to these regions.

A more large-scale reform, following the models of Skåne and Västra Götaland, was proposed by a parliamentary committee – the Committee on Public Sector Responsibilities – in 2007. It was suggested that all county councils should be replaced by 6-9 regional authorities with responsibility for all the existing county council functions as well as for regional development (Ansvars- kommittén 2007). Each region should meet a number of criteria such as having at least one million inhabitants, having a regional hospital and not dividing up commuting areas. Again, New Regionalism can be seen as being strongly reflected in Swedish policy proposals. However, despite being supported by all political parties in the committee, the non-socialist government and in particular
the Conservative party vetoed the comprehensive reform proposal as it was afraid that the regional level would become too powerful and costly. Nevertheless, Skåne and Västra Götaland were granted permanent status as regions. In addition, two already existing county councils – Halland and Gotland -were also given responsibility for regional development, although without being amalgamated with neighbours. This came as a surprise as none of them met the criteria set up by the Committee of Public Sector Responsibilities. Hence, at this time, Sweden had four regions.

In parallel with these reforms, a new type of regional co-operation council was introduced from 2003. This was a joint body of the county council and the municipalities and required the consent of all of them to be established. Its decision-makers were appointed by its member authorities. However, once in place, significant funding and the role as the coordinator of regional development was transferred from the county administrative board. In addition, the county council moved its regional development and cultural functions to the council and the municipalities also contributed with resources. Hence, in these counties, the regional co-operation council became the main regional development and coordinating actor. Thirteen such councils were set up, up until 2011. In the four remaining counties the regional development responsibility remained with the county administrative boards (Sveriges kommuner och landsting 2013).

However, the process of gradually increasing the number of regions is continuing. From 2015, six of the counties with regional co-operation councils have been granted formal status as regions, replacing both the county councils and the cooperative councils. An additional three counties will be granted regional status from 2017. The Social Democratic-Environmental Party government, in power from 2014, has indicated that it aims to create larger regions. However, for the time being, the anomalies identified by the Committee of Public Sector Responsibilities, such as labour market areas extending across county borders, will remain. Despite the new government initiatives the intermediate level in Sweden will, by 2017, be highly diversified and consist of:

- 2 amalgamated regions with extended functions for the regional development of the area (Skåne and Västra Götaland)
- 11 regions with similar functions but with territories corresponding to existing county councils (Halland and Gotland, then an additional six from 2015 and three from 2017)
- 7 county councils where regional development functions are handled by regional co-operative councils consisting of representatives of the county council and all municipalities, and
- Stockholm County Council where no changes are made, i.e. regional coordination is a responsibility of the county administrative board although the county council is in charge of the regional plan.
The second tier in Sweden has gone from being a coherent level of government with a common set of functions in the early 1980s to being highly diverse in terms of status and functions within the field of regional development. It is also noteworthy that these regional reforms have followed very different paths than previous territorial restructuring. Two municipal amalgamation reforms, implemented between 1952 and 1974, were comprehensive, compulsory and centrally driven. Regionalisation reform, on the other hand, has been much more piecemeal, voluntary and dependent on initiatives from the local and county levels (Lidström 2010b). Indeed, the lack of a coherent government policy is striking but may largely be explained by the reluctance of the Conservative party, having a veto position, to allow a stronger intermediate level of government. It is obvious that the attempts to carry out the comprehensive restructuring of the intermediate level have failed, at least temporarily. Although clearly influenced by the New Regionalist agenda, the current outcome became a mix of different types of solutions, varying from large and powerful regions to a retained central government control over regional development at county level.

The transformation of the regional level in Sweden can hardly be understood as designed according to rational principles. Despite a clear attempt, manifested through the comprehensive analyses and suggestions of the Committee of Public Sector Responsibilities, reforms have been piecemeal and driven according to specific regional agendas and within the limits set up by what the dominant government party at the time, the Conservatives, were willing to accept. Although the continuing existence of the counties can be seen as an expression of path-dependency, this has only been possible to break in two cases, the regions of Skåne and Västra Götaland. Finally, there are no signs of learning from experience in the other Scandinavian countries, although those in favour of reform seem to see the need for the intermediate level of government to be legitimate in the eyes of the EU and regions in other European countries. However, on the whole, regional reform in Sweden and in particular the way the responsibility for regional development is implemented differently in different counties, seems more driven by impulse, and specific local and regional agendas.

Regional governance reform in Norway
By 1980 Norway had a two-tier system of local government similar to the models in Denmark and Sweden. At the time Norway had 19 county councils, which still remain, and 454 municipalities, a number that since then has been slightly reduced to 428. Even though the county councils are very old political and administrative units in Norway, they were substantially reformed in 1976, from regional coordination bodies governed by a council of indirectly elected representatives to full-scale regional governments with directly elected councilors and with their own resources based on a fixed income tax (Flo 2000). By 1980 there was also, and still is, a regional governor in each county, a central government regional office responsible for control, regulation and inspection of county coun-

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1 Norwegian counties and municipalities are smaller than their Swedish and Danish counterparts.
cils and municipalities. The governor is appointed by central government, and
following a long-standing tradition he/she is generally a retired member of the
parliament.

From 1980 and onwards the Norwegian county councils ran the hospitals,
while local medical services, in contrast to Sweden, were operated by the munic-
ipalities. The county councils were also, and still are, responsible for public
dental care and secondary education. They were also important bodies in the
sector of transportation with a responsibility for regional roads and public
transport in their area, for regional development and special instruments for rural
development, and they were responsible for regional planning. Many of these
functions are still carried out by the county councils, but some of them in a re-
vised form, as we will get back to below.

The first reform that fundamentally changed the Norwegian regional level
after 1976 took place in 2001, when the hospitals were taken over by the state.
The county councils had for several years been criticised for a lack of regional
priorities and weak budget control in the health sector. The new reform was
aiming to improve these conditions (Byrkjeflot and Neby 2008).

The hospital reform removed almost two-thirds of the county councils’ ac-
tivities (Bukve 2012: 27). Shortly afterwards the county councils themselves
became an issue in the public debate. The two main right-wing parties both
committed themselves to abolishing the county councils, and to develop a single-
tier system of local government. On the other side, the left-wing parties and in
particular parts of the Labour party, argued for larger and more empowered
regions — resembling some of the arguments associated with the New Regional-
ism Agenda (Baldersheim 2011; Hörnström 2013). Among the parties there were
also voices, especially from the political centre, in favour of regions smaller than
the existing counties. Still, in most, if not all, parties there was discussion, oppo-
sition and resistance expressed from below, from regional political leaders, fear-
ing loss of power and redistribution of influence in their disfavour. Since few
parties and no government coalition were able to agree on such a complex issue,
the debate on the regional structure soon ran into a state of deadlock, and the
status quo was seen as the only possible common denominator (Vebostad 2013).

During the years of discussion over the county structure, important changes
also took place in various parts of central government administration. Most min-
istries have some kind of regional structure, but this is not necessarily coor-
dinated with the division in counties nor with the regional governors. This applies
for example to the national road authorities, police authorities and the Norwegian
Tax Administration. These authorities, and many more, were explicitly or im-
plicitly allowed to choose a regional structure of their own, which resulted in a
very complex regional division of the Norwegian political system as a whole.
Many of the administrative regions developed in this period stretch over several
counties, some coincide with the existing counties, and some cover smaller areas
(Hansen and Stigen 2012: 78). Future efforts to construct new regions with new
tasks will face a challenge, since the transfer of tasks between levels of govern-
ments will involve the restructuring of existing administrative regions for the tasks in question.

Despite a lack of reform in the geographical structure, the government and parliament managed to agree on a regional reform in 2007 that was effectuated by 2010. This “administration reform” (forvaltningsreformen) ascribes new roles to the county councils, strengthening their functions as agents for regional development, and their coordination role in various policy fields (NOU 2000:22, St.meld. nr. 12 2006-2007). Many observers would probably argue that there is a substantial distance between the rhetoric by which the reform was introduced and the changes that actually took place (Hansen and Stigen 2012; St. meld. Nr. 25, 2008-2009). With regard to service delivery, the county councils retained responsibility for secondary education and public dental care. They were given new tasks in the field of transportation, where 80 percent of the national road network (smaller roads) and ferries were transferred to the regional level (Leiren and Krogstad 2014). However, the most important change in the 2010 reform was the effort to develop county councils into “network nodes”.

The network functions were most visible in three areas. First, in the area of regional development, in which county councils traditionally have had a coordinating role, the reform in 2010 transferred additional responsibilities to the local and regional levels to strengthen growth, employment and coordination by building on qualities of places, regional and local possibilities and preferences. New and vitalized planning tools were assigned to the county councils with the revision of the Planning and Building Act in 2008. Second, the counties were assigned an important coordination role as River Basin District Authorities in the implementation of the EU Water Framework Directive (Klausen 2012). Third, county councils were given the new task of promoting public health through their own policies and activities, and in collaboration with local governments in the region (Helgesen 2012).

When comparing the type of county council Norway had in 1980 with that of today, the differences are striking. Most importantly, the former role as service provider has partly been replaced by that of a coordination function or a network node. However, the political and administrative structure of the Norwegian county councils has only been changed to a lesser extent during this period. Direct political elections and the separate tax income, both celebrated as main pillars of regional self-governance in the 1976 reform have been retained. So has the geographical division into 19 counties. However, it is hard to predict for how long this model will last. In June 2014 the Norwegian Parliament agreed to initiate a regional reform in tandem with an ongoing municipal reform. By the end of 2015, it is still an open question how the regional level will be reformed.

Summing up, there seems no obvious and single factor explaining the overall change in Norwegian regional governance from 1980 up to today. Referring to the theoretical perspectives discussed initially, it seems unlikely that the fragmented and chaotic reform process is grounded in rational choice institutionalism, departing from a national government’s master plan. On the other hand, the fact that the number of county councils and the county borders have stayed intact
since 1976 could very well indicate some kind of institutional inertia and path dependency in line with historical institutionalism. However, this suggestion is clearly contradicted by the 2001 reform, when the important hospital sector was taken over by the state. The hospital reform seems more like a typical neo-liberal reform, and - in the theoretical context of historical institutionalism - a critical juncture more than a continuation. Referring to sociological institutionalism one would expect that the Norwegian development followed contemporary trends and presumptions, such as New Regionalism. In some respects, sociological institutionalism can explain the neo-liberal hospital reform, but there is no obvious factor accounting for the reform process as a whole. For example, few if any countries outside Norway have assigned coordination as the main task for regional elected governments. All-in-all it seems that macro theories fail to explain the overall development from 1980 onwards.

Turning to meso- and micro-explanations, we may be able to explain separate parts of the process, such as reform initiatives vetoed by particular political parties, certain party organisations that were not able to agree on a regional structure, and specific neo-liberal reform initiatives. We therefore suggest that the present Norwegian system for regional governance is more an aggregate of numerous separate events, rather than a product of conscious institutional design.

Conclusions

Forty years ago, a fairly common intermediate level of government existed in the three Scandinavian countries. The amtskommuner, fylkeskommuner and landsting had several functions in common, a similar position vis-à-vis central government and were, on average, of the same size. After a number of reforms, this level of governance has been transformed, but in very different directions in the three countries. In Sweden, within-county differences have also increased. This paper has addressed the question of how this transformation from uniformity to diversity can be understood.

Three theories of institutional changes – rational choice institutionalism, historical institutionalism and sociological institutionalism – all provide important insights, but neither of them seems to offer a suitable framework for explaining Scandinavian county reforms. Each of them seems to be contradicted by empirical events and they all suffer from an overly rationalistic view of policy making that is difficult to sustain in the light of the empirical developments that tend to result from a complex interaction between political and institutional contingencies.

Contrary to the stipulations of rational choice institutionalism, the county governance structures have not been subject to continuous adjustments to new and changing preferences and political and socioeconomic conditions. Even when taking into consideration that we are talking about reforms of constitutional rules, which are more difficult to change than collective or operational rules, there seems to be no ‘efficiency of history’ ensuring a near-perfect match between the governance structures and the external environment. In all three coun-
tries there have been several aborted reform initiatives indicating that structural, institutional and political constraints play an important role in preventing intentional reforms.

The clear constraints on intentional reform resonate somewhat better with the path-dependency argument advanced by historical institutionalism. However, the new and emerging governance models represent significant breaks with the past and thus defy the idea of a stable path with only small and incremental changes. Amalgamations of county councils in Sweden, the construction of five new regions without taxing power in Denmark, and the stripping of key functions from the Norwegian county councils are deviations from the existing paths and cannot be explained by the presence of cataclysmic crises that have led to the creation of critical junctures and the shaping of new paths.

Last but not least, although there has been some piecemeal learning from the New Regionalism in Sweden and Norway, there seem to be practically no signs of inspiration or learning between the Scandinavian countries, or from other countries, with regard to the governance models that have been adopted. The Scandinavian countries have not attempted to copy or mimic and apparently there has been no need to legitimise the Scandinavian county governance reforms in the wider European context.

Despite the fact that decision-making rationality has previously been identified as a defining characteristic of the Scandinavian countries (Anton, 1969; Gustafson and Richardson, 1979; Christensen et al. 2002), there seems to be an apparent lack of rationality in the Scandinavian reform processes. County reforms have either been a result of a combination of contingent events and political whim or been vetoed by a single political party. Hence, we find strong support for non-rational explanations emphasising contingent articulations of policy problems, governance solutions, emerging conditions and opportunities for decision making. Rather than being rational, political actors seem to have been driven by impulse, tactical games and idiosyncratic beliefs. County reforms must also be understood as effects of spillovers from decisions about changes at other levels of government. This includes strengthening the position of Danish municipalities and centralising responsibility for hospitals in Norway.

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