Understanding large-scale institutional change

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To cite this article: Gissur Ó. Erlingsson, Jörgen Ödalen & Erik Wångmar (2015) Understanding large-scale institutional change, Scandinavian Journal of History, 40:2, 195-214, DOI: 10.1080/03468755.2015.1016551

To link to this article: https://doi.org/10.1080/03468755.2015.1016551

Published online: 04 Mar 2015.

Article views: 214

Citing articles: 1 View citing articles
A remarkable reform in modern Swedish political history was the transformation of the local government structure between 1952 and 1974. In a mere 22 years, the number of municipalities was reduced from 2,498 to 277. This study aims to answer how such large-scale reforms could come about politically, particularly since much of the literature on institutions and political reform asserts that carrying out large-scale political change should be a difficult task. Two opposing stories of institutional change are presented: evolutionary accounts, which see the amalgamations as rational adaptations to changing circumstances, are contrasted with a social conflict perspective, which explains amalgamations in terms of their distributional consequences. By investigating the processes leading up to this vast restructuring of Swedish local political geography, we demonstrate that an understanding of these reforms as rational adaptations to changing circumstances, made on the basis of consensus among leading political actors, is not accurate. The reforms were not as uncontroversial and non-conflictual as they often have been portrayed. Our results weaken the evolutionary approach to institutional change, whilst supporting the social conflict perspective.

Keywords: institutional change, political history, municipal amalgamations, evolutionary theory, social conflicts

Between 1952 and 1974, Sweden undertook a series of reforms that radically changed its structure of local government. Scholars have described the amalgamations as some of the most extensive institutional transformations in the history of advanced democracies. In just 22 years, well over 2,000 municipalities were dissolved, and their numbers were reduced from 2,498 to 277. Similar local government reforms have been carried out in several other democracies; however, the Swedish example...
stands out as the first off the mark in carrying through such a vast restructuring of its local level.

The Swedish case is, hence, well suited to address a fundamental question within social science: how should large-scale institutional change be explained? Although the general literature on ‘institutions’ is abundant, the literature has been criticized for focusing too much on the persistence and stability of institutions, and, conversely, not being sufficiently engaged in understanding what makes institutional change come about. Wolfgang Streeck and Kathleen Thelen go so far as identifying an ‘impoverished state of theorizing on issues of institutional change’. In a similar vein, Orion A. Lewis and Sven Steinmo state that ‘the theoretical and epistemological tools used by political scientists are better equipped for the study of equilibrium and stasis’. As highlighted by Jack Knight, for example, scholars who have been engaged in explaining institutional change typically adhere to different versions of evolutionary theories, and are primarily working within the fields of economics.

To put it a bit simply, evolutionary theories conceive of institutional change as rational adaptations to external circumstances. In the case of Sweden’s municipal amalgamations, an evolutionary explanation would entail highlighting the evolution of a new kind of social order in the 1930s and 1940s, epitomized by increased urbanization and a rapidly expanding welfare state. During this period, the smallest municipalities experienced dwindling numbers of inhabitants, and, consequently, drastically falling tax revenues. The development coincided with the central government’s increased demands on local government to provide welfare services. Taken together, these developments created a situation that required a more expedient local government structure. Small municipalities could no longer deliver the welfare services demanded by the state. Reforms aimed at creating larger, and hence fewer, municipalities were perceived as necessary. Taking into account the scope and pace of the amalgamation reforms, together with the alleged consensus among the major political players on implementing these reforms, this particular case of institutional change stands out as a good, ‘most likely’ candidate for an evolutionary explanation of the kind outlined above.

However, there are competing conceptions, most notably theories that emphasize social conflicts to explain how institutions undergo change. According to social conflict theories, extensive territorial reforms are not merely a matter of strategically designing optimal solutions in order to ‘adapt’ to external change by lowering transaction costs. Instead, social conflict theories stress that every conceivable institutional design unavoidably has distributive effects. For each institutional design, there will be different sets of losers or winners. Therefore, ex ante, applying these analytical lenses, social conflicts – rather than long-term, consensual strategic concerns regarding the optimal sustainability of institutions – are expected to precede processes of institutional change.

Therefore, from the social conflict perspective, it is puzzling that ever since the early 1950s Swedish governments have succeeded in carrying through continuous and extensive reforms, resulting in fewer and larger municipal units. It is puzzling from this theoretical perspective, because, ex ante, one would expect amalgamations to be ideologically charged. Pawel Swianiewicz highlights an important reason why we should expect this. Amalgamation reforms may lead to potential negative side effects, which might be feared by local populations, and which may be highlighted by
opponents of the reform. These potential negative side effects include a decreased accessibility to local administration, damage to local social life and identity, weakened representation for some local communities, and conflicts among different parts of the amalgamated municipality. Further, from the perspective of historical institutionalism, institutional stability is to be expected, and hence large-scale institutional change should be difficult to accomplish. When it comes to radical reforms of a country’s political geography, from a theoretical point of view, stability should be expected.

Not much work has been produced about the political processes that preceded the Swedish amalgamation reforms, or whether alternative views on how to organize the municipal border structure ever surfaced in the public debate preceding them. When this part of Swedish political history is told, authors usually maintain that amalgamation reforms were preceded to a large extent by a high degree of consensus among the major political players on the necessity of institutional adjustments, more or less echoing some version of an evolutionary explanation.

Our aim here is to study how these extensive territorial reforms became politically possible, and explore whether there ever were any serious political proposals suggesting alternative ways of organizing the municipal structure. To fulfil this aim, we ask the following questions: What were the main arguments in favour of the amalgamation reforms? To what extent was there a political consensus on the reforms (and, conversely, was there any outspoken opposition against them)? If there was opposition, what alternatives to the reforms did it defend? And lastly, how was it politically possible to push through these territorial reforms?

By doing this, we wish to contribute to the debate on institutional change by assessing the different causal stories underlying evolutionary theories and social conflict theories, respectively, in relation to the specific case of the Swedish amalgamation reforms. We hereby attempt an enterprise resembling that which, for example, Jack Knight and Lee Epstein, Alan Ware, and James Johnson have embarked on before us. The particular form of institutional change we investigate here is large-scale territorial reform, i.e. changes in the number and size of political communities. More specifically, we look at government-initiated territorial reforms at the local level in the form of municipal amalgamations.

Ex ante, the reforms in focus seem to fit the evolutionary story rather well. In historical accounts and textbooks, amalgamations are typically described as rather rational projects characterized by political consensus, in which technocratic considerations of functional efficiency constitute the main rationales. The evolutionary story also fits neatly with the way the ‘Swedish style of policy making’ has generally been described by scholars, for instance Thomas Anton, Nils Elvander, and Francis Castles. In comparison to other countries, policy making in Sweden has traditionally been described as particularly rational, pragmatic, and consensual.

In the following section, we will provide a presentation of the two explanatory models we pit against each other. We will also outline the values at stake when a state makes decisions about reforming its municipal structure. We then move on to our cases – The Great Amalgamation Reform in 1952 and the Municipal Block Reform of 1962–1974 – in search of answers to the questions posed above. We conclude with a discussion and conclusion about how this case of large-scale institutional change should be explained.
The method used is process-tracing through a qualitative analysis of documents. The documents in question range from reports from the committees appointed by the Swedish Government to analyse the proposed reforms to government bills, parliamentary bills, minutes from parliamentary meetings, and statements and reports from parliamentary committees. Our analysis aims to carefully uncover the arguments and opinions of the most important actors involved in the political processes – the political parties represented in the parliament, the Riksdag – that led up to the reforms, and to assess the degree and type of political consensus between different actors. The latter issue is of uttermost importance when we discuss how the amalgamation reforms were politically possible to bring about.

Amalgamations and theories of institutional change

The reforms of the Swedish local government structure resulted in the dissolution of over 2,000 municipalities. With this followed a radical reduction of the number of local politicians, from 200,000 in 1951 to approximately 50,000 in 1974. Also, throughout this period, the average number of citizens in a municipality increased from 2,800 to 29,000. Typically, the arguments legitimating the reform said that a society characterized by increased urbanization and a growing welfare state required fewer and larger municipal units, so that the citizens could get the service the welfare state promised. An evolutionary story would state that the local government structure came about because, compared to any possible alternatives, it was the most efficiently adapted solution for the changed social circumstances. Historically, this kind of explanation of institutional change has been common in social science, and can be found in the works of, for instance, Armen Alchian, Herbert Spencer, Adam Smith, and Friedrich von Hayek. Modern and more sophisticated versions of this perspective can be found in, for instance, Orion Lewi and Sven Steinmo’s works.

Jack Knight criticizes these evolutionary explanations of institutional change. Political institutions, he argues, are not designs that are consciously and rationally adjusted by pragmatic technocrats in order to create maximum efficiency and expediency. Instead, he maintains, we must recognize that institutions have distributive effects. Hence, institutional change cannot plausibly be seen merely as efficient adaptations to changed circumstances. If we wish to explain institutional change, Knight says, we need to focus on the distributive consequences of these institutions.

A similar view on institutional change has been presented, for instance, by Nobel laureate Douglas North: ‘[i]nstitutions are not necessarily or even usually created to be socially efficient; rather they […] are created to serve the interests of those with the bargaining power to create new rules’. Similarly, Daron Acemoglu, James Robinson, and Simon Johnson argue that a decision to choose a certain type of social institution is made because the institution in question is thought to produce some specific results, and since some institutions are beneficial to some groups, and other institutions to others, there will be conflicts over which institutions a society should adopt. The winners in such conflicts will be those with the greatest power, and they will design institutions that benefit their particular group.

What would a view of institutions as having distributive consequences imply in the case of reforms leading up to municipal amalgamations? If one could argue that different ways of organizing the local government structure would promote different
values and interests, this would lead one to expect, *ex ante*, that an extensive territorial reform resulting in the disappearance of more than 2,000 municipal units in less than 22 years would have been preceded by political conflicts and intense ideological debate. In the following we aim to find out how the amalgamation reforms were made politically possible, and if they were undertaken in a context of political consensus, as a traditional version of the ‘Swedish style of policy making’ story has it.

The Great Municipal Reform of 1952

*Background*

The idea to carry out an extensive municipal amalgamation reform was initially presented in a parliamentary bill from the Social Democratic Party in 1939. A government inquiry was subsequently appointed in 1943, and it concluded its work in 1945. In June 1946, the parliament decided that a thorough reform of the municipal structure was necessary. The idea was primarily that rural municipalities were to be amalgamated into municipal units of at least 2,000 citizens. At the time of the decision, as many as 78 per cent of the 2,323 rural municipalities had fewer than 2,000 inhabitants.

*What were the main arguments for the reform?*

The government inquiry that preceded the reform pointed out four main problems with the existing municipal structure and the subsequent government bill did not add any major arguments to those put forward in the inquiry’s official report. First, the municipalities had become far too dependent on financial support from the government, which had increased central government control. Second, because of differences in the size of their tax base, the rural municipalities varied greatly in their capacity to carry out their obligations. Third, the government inquiry worried that expanded inter-municipal cooperation (which was the main alternative to amalgamations) would threaten local self-government. Fourth, if municipal duties would have to be transferred to the level of county councils or the central government, this would undermine local self-government.

A major weakness of the small rural municipalities was their financial vulnerability. Even small expenditures could lead to enormous problems. This had led to a situation in which the small, rural municipalities performed no duties other than the absolute minimum required of them. In addition, some services, such as elderly care, had become impossible for these municipalities to provide on their own. The government inquiry argued that larger municipalities would be able to hire more bureaucrats in order to create a more efficient administration of their social services. An additional problem was the lack of people prepared to hold political office. The problem with rather few local politicians occupying several posts or commissions was ever increasing in the smaller rural municipalities. In short, the current municipal structure was seen as poorly equipped to handle a modern welfare state and the growing number of municipal obligations. At the time the opposition against the reform was based on notions perceived as outdated and traditional, such as the fear that the old parish traditions would disappear, worries that local self-government would be weakened,
that bureaucratic power would increase, that municipal finances would be badly affected, and that there would be problems cooperating within the new, larger local units.

Conflict or consensus?

Resistance to the reform came from two types of actors: first, not surprisingly, from representatives of small rural municipalities of less than 2,000 citizens, and, second, from a few Centre-Right parliamentarians, who agreed that reform was needed but questioned whether it had to be so radical. Genuine opposition thus came from the small, rural municipalities. This became apparent during the consultation round that followed the presentation of the official report in the autumn of 1945. During the consultation round, the following arguments were levelled against the reform:

- The problem of increased geographical distances to public services.
- Administrative expenditures might increase and taxes might have to be raised.
- The current municipal structure had not caused any problems.
- Bureaucratic power might increase at the expense of local politicians.
- The unit which, prior to amalgamation, made up the larger municipality might receive a dominant position in the new municipality.
- Amalgamations might lead to a decline in political participation.
- The geographically isolated position of some municipalities made them unsuitable candidates for amalgamations.

During the reading of the government bill, nine parliamentary bills were delivered. The opposition was meek: none of the parliamentary bills called for a dismissal of the reform, but instead argued that reform ought to be less radical. The bills were signed mainly by representatives from Centre-Right parties (the Farmers’ Union and the Conservative Party). The most important amendments expressed in the bills focused on the requirement that municipalities must have at least 2,000 inhabitants. The critics argued either that this requirement was too demanding or asked that it should be implemented with some leniency.

When the government bill was read in the Parliamentary Committee on the Constitution, however, a majority of the members did not support any changes to the principle requiring a minimum of 2,000 citizens. In fact, 17 of the 20 representatives in the Committee supported the report submitted to the parliament (11 social democrats, three conservatives, and three members of the Farmers’ Union). Two important minority opinions, written and supported by some representatives from the conservative and liberal parties, were appended to the Committee’s report. One argued that the required minimum number of citizens should be lowered from 2,000 to 1,500. The other opinion argued that forced amalgamations should not take place unless they could be motivated by a significant public interest and were in line with the current law on changes to the municipal structure.

In a parliamentary debate in June 1946, some members of parliament pointed out that if the minority opinions were accepted, the reform would become rather modest. Nevertheless, both minority opinions had supporters among representatives from all three of the Centre-Right parties. It is worth noting, however, that not a single member in the first chamber argued for a rejection of the reform. The first chamber
ended up accepting the proposal presented by the majority of Committee on the Constitution.  

The issue was read simultaneously in the first and the second chamber. In the second chamber, some Centre-Right representatives supported the minority opinions expressed in the report by the Committee on the Constitution. A single representative of the Farmers’ Union stated that he had considered advocating a rejection of the reform proposal, which he believed was premature, but in the end had decided to abstain. A number of MPs expressed worries about the fact that many of the smaller municipalities in the southern and central parts of Sweden were opposed to amalgamations. In the second chamber, votes were taken on both of the minority opinions. The first of the minority opinions was supported by almost all representatives of the Farmers’ Union and the Liberal Party, a few conservatives, and one single social democrat. In the end, however, the majority opinion of the Committee on the Constitution won the vote because of the overwhelming support it enjoyed from representatives of the Social Democratic and Communist Parties, as well as from most representatives of the Conservative Party. 

When the vote was taken on the second of the minority opinions, the result was similar. All representatives from the Social Democratic and Communist Parties supported the majority opinion. Representatives from the Conservative and the Liberal Parties were divided, with half giving their support for each of the two different opinions. The minority opinion was mainly supported by representatives from the Farmers’ Union and some from the Conservative and the Liberal Parties. On the whole, the second-chamber representatives from the Farmers’ Union were most inclined to vote in favour of the minority opinions. Almost all of these representatives came from the countryside, mainly from the counties of Götaland and Svealand, where the proposed reform would have the most far-reaching effects. But the opposition was to no avail: the government bill had been presented by a social democratic government and an exceptionally high level of party discipline among the social democratic MPs made sure that the reform advanced through both chambers. 

How was the reform made politically possible?

Whilst the Great Municipal Amalgamation Reform was initiated by a parliamentary bill from social democratic MPs, there was a broadly held consensus, encompassing all political parties, that the current Swedish municipal structure was unsustainable. Not a single MP presented any principled objection against amalgamations when the parliament initially requested the government to appoint an inquiry of the issue. 

The Social Democratic Party’s rationale for instigating the reform was that by the end of World War II the party had a very clear vision of how it wanted the burgeoning welfare state to continue its expansion. In this vision, the purpose of the municipalities was mainly to implement the welfare policies decided upon by the central government. For this purpose, larger municipalities were believed to be more efficient than smaller ones.

The minor objections raised against the reform focused on its pervasiveness. Some representatives of the Centre-Right parties, mainly of the Farmers’ Union, argued that the reform was too far-reaching. These reservations were based on the knowledge that many rural municipalities were critical of the suggested reform. Citizens of rural
municipalities were used to a system in which the parish constituted a municipality, and it was a commonly held view in these areas that this was a well-functioning institutional structure. The inhabitants in the smallest rural municipalities did not seem to consider the underdevelopment of municipal welfare services to be a major problem. This public opinion notwithstanding, only a single MP declared that he had considered advocating a rejection of the reform.28

The parliament, with the social democratic representatives at the forefront, had thus taken a stand on a significant issue regarding the future of the Swedish municipal structure. The basic, generally accepted idea was to create a new municipal structure which would be better equipped in the long term to deliver municipal welfare services. This would give the municipalities an important role to play in the expansion of the Swedish welfare state. If individual municipalities had been given rights to veto amalgamation decisions, this would have created a situation in which important municipal duties would have to be transferred to other administrative bodies, i.e. the county councils or the central government. By enlarging the municipalities, important welfare duties could be kept at the local level, and it also made it easier to expand these duties as the welfare state continued to grow.

The Municipal Block Reform, 1962–1974

Background

Throughout the 1950s, the urbanization process in Sweden continued unabated, and population numbers in many rural municipalities declined rapidly. In 1959, 101 out of 1,031 Swedish municipalities had less than 2,000 citizens, and 79% of them had fewer than 6,000 inhabitants.29 This development drove the social democratic government to appoint another inquiry in 1959, with the purpose of once again assessing the existing municipal structure. This time the initiative came from the government rather than the parliament, and initially all the members of the inquiry committee were either experts or civil servants. During the final phase of the process, which lasted from September 1959 to January 1961, politicians were also included in the inquiry.30

The parliamentary decision on the principles for reform, taken in February 1962, stated that so-called ‘municipal blocks’, consisting of several municipalities, would be created. At this time, the parliament decided that, although it was mandatory for a municipality to be part of a block, the issue of whether and when the municipalities constituting a block would eventually be amalgamated into a single municipality was entirely a matter for the concerned municipalities to decide. Amalgamations would thus take place on a strictly voluntary basis. The goal was that by 1975 the municipal blocks would have populations of about 8,000 citizens.31

This arrangement continued until 1969, when the parliament decided to abolish the principle of voluntary amalgamation and instead demanded that they had to be completed by 1974. The decision also stated that, if necessary, this could be achieved through imposed amalgamations. An important reason for this change in policy was that the number of voluntary amalgamations was fewer than had been anticipated in 1962 when the first parliamentary decision was taken. By the end of 1968, 73% of the municipal blocks had still not undergone amalgamations.32
What were the main arguments for the reform?

The main arguments for another overhaul of the municipal structure were put forward in the government inquiry and in the bill, both presented in 1961.33

- Population decline in rural municipalities had created municipalities that were too small to fulfil their obligations.
- The demands on municipalities to carry out responsibilities within, in particular, the areas of education and social services had increased. To be able to fulfil these demands the municipalities needed a higher level of economic sustainability. Municipal enlargements were considered to be the general solution to this problem.
- The current need of some municipalities for inter-municipal cooperation had to be reduced. It was argued that municipalities must be able to carry out their functions on their own.
- The municipalities must become functional (and independent) units when it came to urban and regional planning, and industrial and labour market policy. This, it was argued, required municipal enlargements.

The 1969 decision to make amalgamations compulsory was supported by two main arguments. First, it was argued that large differences in welfare services between the already amalgamated municipality blocks and the remaining smaller municipalities could not be accepted for any longer periods. Second, it was argued that the general expansion of municipal activities, and the fulfilment of the requirement that municipalities should take a more active role in urban and regional planning and economic policy, had progressed rapidly during the seven years that had passed since the 1962 decision.34

Conflict or consensus?

Within the government inquiry on the Municipal Block Reform, the members achieved political consensus. During the reading in the parliament, however, representatives from the Conservative Party and the Centre Party issued bills demanding a rejection of the entire reform proposal. A few members of the Liberal Party also presented bills which signalled opposition to the reform. The Conservative Party wanted, above all, to see an assessment of how different responsibilities were to be divided within the public sector before any decision was taken on the reform. The Centre Party also wanted a review of the division of responsibilities between the different levels within the public sector, and the party stated that it was prepared to support a transfer of responsibilities from the municipal level to the central government or county councils. The Centre Party also demanded that local self-government ought to be strengthened and that amalgamations should be voluntary.35

During the consultation round that followed the presentation of the inquiry’s report, some municipalities voiced fears that local democracy would be negatively affected due to large reductions in the number of municipal positions of trust. As alternatives to amalgamations, these municipalities suggested increased inter-municipal cooperation, transfer of responsibilities for education from the municipal level, and improved municipal tax equalization. They also called for regional planning measures
to prevent rural depopulation. The opposition to creating municipal blocks came mostly from small rural municipalities with fewer than 4,000 citizens, which were unable to form municipality blocks on their own.\(^\text{36}\)

When the issue was read in the parliament’s Constitutional Committee, three reservations were submitted: one from the Conservative Party, one from the Centre Party, and one from a single representative of the Liberal Party. The reservations submitted by the conservatives and the Centre Party basically repeated the points made in their previous parliamentary bills. The reservation from the conservatives, however, did include a statement that if a review of the division of responsibilities within the public sector was first undertaken, a subsequent reform of the municipal structure could be a possibility. The reservation from the Centre Party acknowledged that in some cases amalgamations would be necessary to improve municipal services. The reservation from the Liberal Party representative also addressed the need for a review of the division of responsibilities within the public sector. It further stated the need for a more detailed analysis of what implications creating fewer and larger municipalities would have for local democracy. In this context it is interesting to note that the social democrats and the three other liberals in the Constitutional Committee agreed upon a statement in which they underlined that the principle of voluntariness would prevail, even if this caused a slight delay in the implementation of the reform.\(^\text{37}\)

Given the divergence of opinions in the Constitutional Committee, it was no surprise that the issue went to a vote in both chambers of parliament in 1962. In the first chamber, the representatives of the Conservative Party and the Centre Party voted against the proposal to create municipal blocks. But the proposal was nevertheless voted through by the social democrats, the communists and the liberals. Party discipline was a bit weaker in the second chamber, where some liberal MPs voted against and one conservative MP voted in favour of the reform. All social democrats and communists voted in favour of the reform proposal, however, which was more than enough to create a majority supporting reform.\(^\text{38}\)

When the parliamentary decision to make amalgamations mandatory was taken in 1969, the Centre Party, the Liberal Party, and the Conservative Party jointly voted against the reform and also produced a joint reservation in the Constitutional Committee. In the reservation, two main arguments against the reform were stated.\(^\text{39}\)

1. The parliamentary decision in 1962 had clearly emphasized that the principle of voluntariness would prevail, even if it prolonged the reform process. Further, in a parliamentary debate in 1967, the responsible cabinet minister had declared that the government had no plans to forsake the principle of voluntariness. The opposition did not see the slow amalgamation process as a sufficient reason for abandoning voluntariness.
2. There were several pending inquiries dealing with issues of relevance for the Swedish municipal structure (the Inquiry on County Council Democracy, the planned Inquiry on Municipal Democracy, and the results from the Municipal Research Project). These inquiries would need to be taken into account before any decision was taken on a time plan for the completion of the reform.

The fact that the voluntary approach had been so salient in the 1962 decision was the most important reason why, during the 1968–1969 consultation process, many municipalities rejected the proposal to make the reform compulsory. All 848
municipalities were asked to comment on the reform proposal; 835 responded. Of these, 46% opposed coerced amalgamations. There were two proposals designed to repeal the full principle of voluntary amalgamations. The first stated that coerced amalgamations were to be allowed if the majority of municipalities in a block agreed upon a merger, but one municipality refused. In such circumstances, the government would be able to coerce the recalcitrant municipality, so that the whole municipality block could form a single large municipality. This option was supported by 22% of the municipalities that delivered comments during the consultation process. The second option stated that basically all amalgamations would be completed by the end of 1973. If necessary this could be achieved through coercive amalgamations. Two hundred and five municipalities (25%) endorsed this option. As can be seen, the government proposal, which was subsequently accepted by the parliament, was supported by only a quarter of the municipalities that took part in the consultation process. It is fair to say that a rather extensive opposition existed at the local level against the coercive element of the second phase of the reform.

Since there was an apparent political divide within the Constitutional Committee, it was not surprising that this issue also had to be settled through votes in both chambers of parliament in May 1969. The votes revealed a clear political conflict. The social democrats and the communists generally supported the proposal to complete the reform by 1974, and representatives from the three Centre-Right parties generally voted against the government proposal. In both chambers, a few representatives on both sides voted against the party line. Because the Social Democratic Party had won a convincing victory in the 1968 election to the second chamber, and now held a majority of the seats, the social democrats could smoothly push through an abrogation of the principle of voluntariness. The communists also supported the decision, but since they held only four seats in the parliament after the 1968 election, they did not play any significant role when the reform was passed.

How was the reform made politically possible?

The Municipal Block Reform can hardly be described as anything but a creation by the governing Social Democratic Party. The party ruled on its own during the entire period, 1959–1974, in which the reform took place. The social democrats could also count on the loyal support of the Communist Party, which further strengthened their ability to advance the development of the municipal structure in the desired direction.

In the 1962 decision, the Social Democratic Party was also supported by the majority of the Liberal Party representatives. This created a solid majority in both chambers of parliament. The support from the Liberal Party was quite possibly facilitated by the social democrats’ unequivocal endorsement of the principle of voluntariness.

The 1969 parliamentary decision concerning the 1974 deadline for the reform was pushed through by the social democrats and the communists. This decision also entailed that the completion of the reform could be achieved through coercive amalgamations. Here, it is evident that the social democrats seized the opportunity created by their possession of the majority of the seats in both chambers. The social democrats could now easily ensure that the local level would be organized in a way they believed was optimal for realising the welfare state.
Another prerequisite for the completion of the Municipal Block Reform was that the social democratic government managed to stay in power after the 1970 election. This was necessary so that the remaining decisions on individual amalgamations could be made before 1974. A Centre-Right coalition government, which hypothetically could have won office in 1970, could have revoked the 1969 legislation concerning the reform deadline, or it could have been more flexible regarding changes in the block division to cater to the wishes of individual municipalities. A third option could have been to provide temporary exemptions, so that municipalities would be relieved from amalgamations in 1974, and then later the block divisions could be changed so that some municipalities could permanently avoid amalgamation. It is important to be aware, however, that after 1970 only 464 municipalities, divided into 272 municipal blocks, remained. The majority of the amalgamations had already taken place before 1971, and the number of municipalities had been reduced from 848 to 464.\textsuperscript{42}

The 1970 general election was a close call for the Social Democratic Party. It experienced substantial electoral losses and fell by 4.8 percentage points relative to the second-chamber elections in 1968. The social democrats received 45.3% of the votes, while the three Centre-Right parties received 47.6%. The election went the social democrats’ way only because the Communist Party, by receiving 4.8% of the vote, managed to clear the 4% threshold necessary for parliamentary representation.\textsuperscript{43}

The story of how the restructuring of the municipal level during 1962–1974 became possible seems fairly straightforward. Two factors contributed to making the Municipal Block Reform politically possible to complete: the first was a convincing social democratic victory in the elections to the second chamber in 1968, and the second was that the Communist Party managed to stay in parliament after the 1970 election and thereby ensured another three years of social democratic rule. This gave the Social Democratic Party full control over all the individual amalgamation decisions, and made it possible for the party to craft the municipal structure in the way they wanted.

Discussion

Our aim has been to analyse the processes preceding the amalgamation reforms. A main conclusion is that the overarching reform project was driven by the Social Democratic Party. However, at the outset, all major players agreed that amalgamations were necessary in order to increase the financial sustainability of the municipalities. One should also note that the initiatives did not come from the small municipalities themselves, but from the central government. General arguments for amalgamations were initially ideologically neutral.

Nevertheless, the main players’ agreement on the need for reform does not mean that the institutional solution ultimately chosen was the only plausible one. Indeed, in a long-term perspective, the overarching amalgamation project was no doubt structured in accordance with the interests of the social democratic government. The new municipal structure was strategically designed to enable the municipalities to serve as instruments in the hands of the central government, and to be functional administrative units designed to implement an ambitious, social democratic (and centrally directed) welfare policy.\textsuperscript{44} This becomes apparent when one looks closely at additional arguments for the amalgamations presented at the time; these arguments were more
The first argument was that if the number of municipalities was reduced, it would simplify the tasks of government agencies, the line of authority would be streamlined, and it would increase the central power’s capacity to control the local units, because the central authorities would not have to maintain contact with as many municipalities. Such an order was clearly favoured by social democrats, and it favoured them politically. Since the party completely dominated national elections during this period, they could comfortably control national, regional, and local politics. Secondly, ambitious expansions of national welfare policies, mainly within social services and education, would expand municipal duties and this would require larger municipal units. Thirdly, and lastly, larger municipalities would also constitute more functional units from the perspectives of urban planning, industrial policy, and labour market policy.

Against this background, the notion of self-ruling local units, in which self-government is understood in a strong sense, is largely ignored. Issues concerning democracy and citizen influence were carefully avoided by the proponents of the reforms and by the government inquiries that preceded them. When we consider the social democratic approach to the reforms, it is not surprising that the level of conflict increased from minor disagreements before 1952 to a straight-out, open conflict throughout 1962–1974, leading up to the Municipal Block Reform.

A high degree of consensus surrounded the decision taken in 1946 for the Great Municipal Amalgamation Reform. The proposal advocating radical reform principles won an overwhelming victory when the parliamentary vote was taken. The 1962 decision on the guiding principles for the Municipal Block Reform was more controversial. The Centre Party (formerly the Farmers’ Union) and the Conservative Party, together with a few representatives of the Liberal Party, rejected the proposed principles. The proposal still won the vote in both parliamentary chambers as it was supported by the Social Democratic Party and the Communist Party, as well as most representatives of the Liberal Party.

The deepest conflict concerned the extent to which the reform should be coerced upon unwilling municipalities. All three Centre-Right parties opposed the 1969 proposal to abandon the principle of voluntariness. However, since the social democrats were in the majority in both chambers in 1969–1970, they could easily push through the decision despite fierce Centre-Right opposition. The controversy over the coerciveness was thus formed along the Left–Right divide. The three Centre-Right parties stressed that the social democrats broke the promise made in 1962, when they unequivocally agreed that all municipal amalgamations would be voluntary.

Were there any alternatives?

The story that is usually told about the Swedish amalgamation reforms is, first, that there was an inevitable need for reform created by increased urbanization and an expanding welfare state and, second, that the reform path chosen was the rational alternative for solving the problems facing the old municipal structure. From a social conflict perspective, however, institutional change is not merely a matter of rational adaptation to changed social environments. Institutional changes inevitably have distributive consequences. This implies that there would have been alternative paths
which were ignored in the processes leading to the municipal amalgamation reforms. In the following we will briefly present some of the alternative solutions that were advocated by those opposing the amalgamation reforms.

As mentioned earlier, there was no organized political opposition in the 1940s against the fundamental idea that the Swedish municipal border structure had to be extensively reformed. Nevertheless, vehement disapproval existed at the local level, especially among the municipalities facing the risk of being dissolved. This became apparent during the consultation process when the municipalities potentially affected by the reform voiced their dissatisfaction with the proposal. Their protests concerned disadvantages with increased geographical distances, and highlighted the potential risk of increased administrative expenditures and higher taxes. They expressed worries that bureaucrats would gain more power at the expense of local politicians; that amalgamated municipalities would be dominated by the unit which made up the larger municipality before the amalgamation; and that amalgamations would have negative effects on citizens’ political interest.

During the 1960s, the political conflicts surrounding suggestions to reform the municipal structure again became more serious. Several arguments against the Municipal Block Reform were presented in the parliament and in the public debate. Those opposed to the reform argued that an inquiry should be launched to assess alternative ways of dividing responsibilities within the public sector. Some believed that the old municipal structure could be saved if the workload of the municipalities was reduced by transferring some of their responsibilities to county councils or the central government.

The opposition also worried that a significant reduction in the number of assignments of positions of trust at the local level would lead to a weaker democracy. This could be avoided, it was argued, if the current municipal border structure was preserved. It was suggested that the current municipal structure could be saved through an increase in the number of inter-municipal collaborations, political efforts to counteract rural depopulation, and an improved system of distributive equalization between municipalities. As we can see, suggestions of alternative paths did exist, in particular at the time at which the decision was taken to proceed with the Municipal Block Reform.

*How can we understand the Swedish municipal reforms?*

It is a commonly held view among those who have studied the issue that institutional change is rather difficult to achieve. The case we have studied seems to be an example to the contrary. Theoretically, one would expect to discover ideological conflicts when studying far-reaching reforms such as the Swedish municipal amalgamations. But even though more than half of the affected municipalities were opposed to amalgamations, the parliament managed to dissolve more than 2,000 municipalities in only 22 years.

At first sight, the lack of significant ideological conflicts, together with the comprehensiveness and quick implementation of the reforms, seem to speak in favour of evolutionary explanations of institutional change. From the perspective of an evolutionary explanation, the reforms were simply rational adjustments undertaken by the central government to cope with external changes. The municipal structure
resulting from the reforms would be the one most fit to manage increased urbanization and an expanding welfare state.

Our analysis brings out weaknesses in such explanations. Whilst the old municipal structure was, indeed, no longer viable and had to be reformed, it is by no means necessarily the case that the institutional structure resulting from the reforms came about because it was the most rational alternative. From a social conflict perspective, a municipal structure – much like any other institution – will have distributive consequences. It will promote some values at the expense of others, and it will further the interests of some groups while disregarding the interests of others. Barbara Geddes neatly summarizes the issue: ‘Institutions reflect the interests of those who devise them’. 47

The rather limited level of political conflict surrounding the Great Municipal Amalgamation Reform can be partly explained by the fact that there was a high level of consensus in the parliament concerning the role of the central government. As Emil Uddhammar shows, in the 1940s, all major political players advocated a view in which the government ought to have a significant degree of influence in the national economy and in the society at large. 48 Further, in connection with the Municipal Block Reform in particular, we can see that the Social Democratic Party had developed a high level of tactical skill and decisiveness on issues concerning municipal structural reform. This formed the political basis for the extensive amalgamations. The social democrats constantly managed to gather parliamentary majorities supporting their line of action, and succeeded in downplaying local opinion when it came to individual amalgamation decisions.

Most Swedish voters saw the Social Democratic Party as the driving force behind the expansion of the welfare state. In this project, municipalities were crucial tools for implementing national welfare policies. Even if some citizens were dissatisfied because their own municipality would be dissolved, this issue was not of such public concern that the Social Democratic Party would run the risk of losing upcoming elections. For the typical Swedish voter, an improved social welfare system seems to have been a more important concern than the potential negative effects of amalgamations.

One also needs to recognize that, as stated above, the Social Democratic Party displayed a high degree of tactical skill. The party managed to create stable parliamentary majorities supporting both the 1946 and the 1962 decisions. The strategy was initially to assume a flexible and pragmatic stance regarding the comprehensiveness of the reforms. In 1946 this stance was expressed, for instance, in a readiness to allow exceptions to the rule of a 2,000-citizen minimum. In connection with the 1962 decision on the Municipal Block Reform, the stance was expressed in the party’s endorsement of the principle of voluntariness.

The third decision, taken in 1969, was preceded by a surprisingly good election result for the social democrats in 1968. The party took advantage of a situation in which it had a majority of the seats in both chambers to drive through a decision which superannuated the principle of voluntariness. The 1969 decision thus clearly broke the agreement that the social democrats had had with the Liberal Party since 1962, and it generally constituted an abandonment of social democratic pragmatism on municipal reform issues.
Conclusion

A common view of institutions is that they are designed to coordinate the behaviour of community members by lowering transaction costs. In social science, this view has historically dominated the literature on institutions, and has led several scholars to endorse evolutionary explanations of institutional change. Mechanisms such as ‘the invisible hand’, ‘the spontaneous order’, or ‘natural selection’ have been used to explain how institutions emerge and undergo change. The basic idea is that some institutions survive because they are better than any alternative institutions at coordinating exchanges between people. The theory states that inefficient institutions are outrivalled and replaced by institutions that are better at facilitating interaction between different actors in a society.

Against this approach, we posited a social conflict perspective. Here, the fundamental property of institutions is assumed to be their distributional effects. Institutions favour some values over others, and, hence, they favour certain groups and interests over others. We maintain that our study of the Swedish amalgamation reforms provides support for the social conflict perspective. Initially we argued that, on the surface, this case seemed favourable for evolutionary explanations. Despite this, we demonstrated that the social conflict perspective offers a better depiction of what was actually going on. Our results, therefore, support arguments made by social conflict theorists such as Jack Knight, Daron Acemoglu and colleagues, and Terry Moe. If one examines institutional change through a social-conflict lens, a different picture of historical development and institutional change emerges: institutional change no longer appears as rational, smooth, and deterministic, but rather as outcomes of social struggles and unequal power relations.

Our results also have implications for the contemporary European political debate on the future of the local government structure. As late as the mid-1990s, the consensus view was that the era of large administrative structural reforms was over. At that time the trend was rather the reverse. In Sweden, the Centre-Right government that won the election in 1991 declared a favourable stance towards municipal secessions, i.e. a wish to move back to smaller (and greater numbers of) geographical units. But the winds are changing rapidly in the area of structural reforms. Most of the Nordic countries have either had major reforms (Denmark, Iceland, and Finland) or are engaged in discussions about major amalgamation reforms (Norway). Comprehensive, and criticized, reforms are underway in the United Kingdom. The issue of amalgamations is also back as a high priority on the political agenda in Sweden.

What can our results say about this renewed interest in creating larger, and thus fewer municipalities? If something is to be highlighted, it is the link between ideologies, on the one hand, and how one chooses to resolve the issue of local administrative division, on the other. Here we find a clear link between the notion of an ambitious, redistributive welfare state of a social democratic kind, and a local structure with relatively few, large municipalities enjoying only limited self-government. If a system with many, self-governing small municipalities can be said to favour more liberal-oriented values, a system with relatively few and large municipalities enjoying limited self-government arguably favours social democratic values. At the very least we can say that the latter system favours opinions resting more on technocratic rather than ideological foundations.
Acknowledgements

This paper was presented at the annual meeting of the Midwest Political Science Association on 12 April 2012 in Chicago, Illinois. We wish to thank the participants for their comments. We are especially thankful to Professor Richard Hula. We also wish to thank Professor James Johnson for his insightful comments on an earlier draft, and to the two anonymous reviewers whose constructive remarks improved the quality of the manuscript. The paper is a translated and significantly developed version of Erlingsson, Wångmar and Ödalen, ‘Kommunsammanläggningarna’.

Notes

1. Kjellberg, ‘Local Government’; Committee on local and regional authorities; Nielsen, Kommunindelning och demokrati.
4. Lewis and Steinmo, ‘How Institutions Evolve’.
5. Knight, Institutions and Social Conflict; see also Johnson, ‘Politics of Enfranchisement’.
8. These are also the same negative side effects of amalgamations underscored by Nielsen, Kommunindelning och demokrati.
15. Knight, Institutions and Social Conflict.
20. Ibid.
24. The Committee stressed, however, that the principle requiring a minimum of 2,000 citizens ought not to be completely without exceptions. It argued, for instance, that island municipalities and some isolated rural municipalities could be exempted from the requirement.
28 Wångmar, Från sockenkommun till storkommun, 115.
29 SOU 1961: 9, 8–42.
43 Hadenius, Svensk politik under 1900-talet, 273–6.
45 Nielsen, Kommunindelning och demokrati, 190.
47 Geddes, ‘Comparative Perspective’, 239.
48 Uddhammar, Parterna och den stora staten.
50 Marcou, ‘New Tendencies’.
51 For further discussion, see Erlingsson and Ödalen, ‘Local Government’.

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