



Local Government Systems and Reforms in Europe

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Structure

- 
- A vertical column of five dark blue chevrons pointing downwards, serving as a visual guide for the list items.
- Local Government Systems in Europe
 - Local Government Reforms (I): NPM
 - Local Government Reforms (II): Territorial Reforms
 - Local Government Reforms (III): Decentralization
 - Conclusion

Local Government Systems in Europe

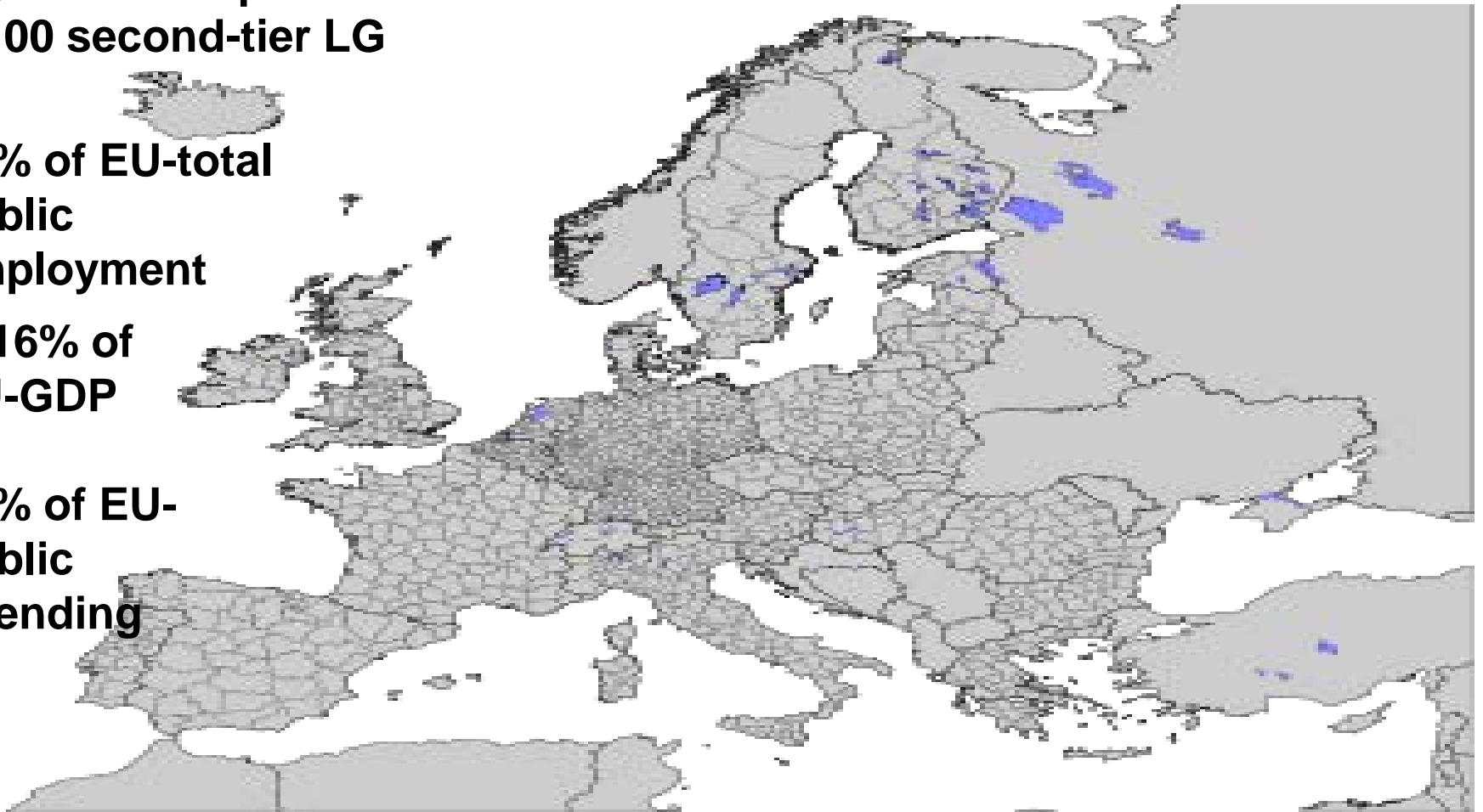
The Importance of Local Self-Government

91,200 municipalities
1,100 second-tier LG

**50% of EU-total
public
employment**

**Ø 16% of
EU-GDP**

**34% of EU-
public
spending**



Local Government Systems

Welcome to Variety



Continental European Napoleonic Type (CEN)	Continental European Federal Type (CEF)	Nordic Type (NO)	Anglo Sax. Type (AS)	Central Eastern European Type (CEE)	South Eastern Europ. Type (SEE)
Belgium	Austria	Iceland	Cyprus	Czech Rep.	Albania
France	Germany	Nether.	Engl.	Hungary	Croatia
Greece	Switzerland	Norway	Ireland	Latvia	Romania
Italy		Sweden	Israel	Lithuania	Serbia
Portugal				Poland	Slovenia
Spain				Slovakia	
Turkey	Source: Heinelt/Hlepas/Kuhlmann et al. 2018				



Variety of Local Government Systems

Functional profile	Vertical division of tasks (central/local governments)	Separationist system: UK, S Fused system: D, F, I, H
	Scope of tasks	High/multi purpose: UK, D, S, H G Low/single purpose: F, I
	Financial autonomy (own tax revenue)	High: S, F Medium: D, I Low: UK, H
Territorial profile	Size of Municipalities; voluntary principle vs. enforced amalgamation	Northern European: UK, S Southern European: F, I, H Hybrid: D
Political profile	Local leadership; council- executive-powersharing	Strong mayor systems/dualistic: D, F, I, H Committee systems/monistic: UK, S
	Citizen participation (local referenda)	Shaped by direct democracy: D, I, H Representative democr.: S, UK, F
	Central-local interweaving; “upward” access	High: F, I, H Medium: D Low: UK, S

Position of Local Governments in the intergovernmental setting

	Local Government	State/Region	Central Government	Special Sector
<i>Germany</i>	38%	43%	Federal 12%	Social Insurance 7%
<i>France</i>	35%		44%	Public Health System 21%
<i>U.K.</i>	39%		55%	National Health Service 6%
<i>Sweden</i>	83%		17%	
<i>Italy</i>	13.6%	3.8%	54.7%	Public Health System 20.3%

Local Fiscal Discretion (2011)

Country	Proportion of own taxes (without social contributions) in overall municipal revenue in % (2009)
Sweden	63.6
Switzerland	59.2
Slovak Republic	50.3
France	44.6
Spain	43.4
Norway	41.9
Czech Republic	41.2
Germany	39.6
Italy	37.4
Denmark	33.7
Portugal	33.6
Poland	30.9
Hungary	22.8
United Kingdom	12.9
Netherlands	8.3
Greece	6.6

Source: OECD 2011

Country	Ø Inhabitants per municipality	Ø km²	% municipalities < 5,000 PT	% municipalities > 100,000 PT
Czech Rep.	1,640	13	96	5
France	1,720	15	95	37
Hungary	3,170	29	91	9
Spain	5,430	62	85	58
Estonia	5,930	199	80	2
Germany	6,690	29	77	81
Italy	7,270	37	71	43
Greece	10,750	128	53	8
Finland	12,660	813	52	6
Poland	15,390	126	25	39
Bulgaria	29,090	420	11	11
Sweden	31,310	1,552	4	13
Denmark	55,480	440	3	6
Lithuania	56,570	1,088	2	5
UK	139,480	562	Not relevant	68
EU27	5,410	47	82*	500

Mayoral Strength Compared

countries	index value	countries	index value	countries	index value	countries	index value
Sweden	3	Denmark	6	Netherlands	7	Italy	10
Switzerland	4	Norway	6	Romania	7	Slovenia	10
Serbia	4	Albania	7	Cyprus	7.5	Iceland	11
Czech Republic	5	Austria ^{coll.}	7	England ^{dir. el.}	8	Slovakia	11
England ^{lead.-cab.}	5	Belgium/Wall.	7	Hungary	8	Spain	11
England ^{altern.}	5	Croatia	7	Poland	8	France	12
Ireland	5	Germany ^{coll.}	7	Germany ^{dir. el.}	9	Turkey	12
Portugal	5	Latvia	7	Austria ^{dir. el.}	9	Israel	13
Belgium/Fland.	6	Lithuania	7	Greece	10		

Mayoral strength index



Source: Heinelt/Hlepas/Kuhlmann/Swianiewicz 2018

Local Government Systems: Germany, England, Sweden

Feature	Germany (CEF)	UK/England (AS)	Sweden (NOR)
State structure	federal; decentralized	unitary-centralized	unitary-decentralized
Local functional responsibilities	broad functional profile; general competence clause; fused	broad functional profile; (attenuated) ultra vires principle; separationist	broad functional profile; general competence clause; separationist
Local fiscal autonomy (% of own taxes/total local revenues, 2009)	Medium (39.6%)	Low (12.9%)	High (63.6%)
Local territorial structures (No. of local authorities/ Ø PT)	Hybrid (11,146 municipalities; Ø PT: 5,030)	Northern European (201 non-metropolitan districts; Ø PT: 102,000)	Northern European (290 municipalities, Ø PT: 31,300)
Local Democracy	Strong mayor system; elements of direct democracy	Committee system; mainly representative	Committee system; mainly representative
Administrative Culture	Rule of Law	Public Interest; managerialism	Rule of Law, culture of transparency/ evaluation

Country	Decentralization		Territorial Structures***	Exec./Mayor
	Func. Respons.*	Discret./Fin. self-reliance**		
	>25%=strong	3 = strong	>10.000=strong	1=strong
Continental European Federal Type (examples)				
Germany	16,8	2	6 690	1
Switzerland	24,3	3	2 950	1
Continental European Napoleonic Type (examples)				
France	20,9	3	1 720	1
Greece	5,6	2	33.600	1
Italy	31,3	3	7 270	1
Nordic Type (examples)				
Denmark	64,3	2	55 480	0
Norway	33,3	3	11 020	0
Sweden	48,2	3	31 310	0
Anglo-Saxon Type (examples)				
Ireland	10,3	3	37 310	
UK	27,8	1	139 480	0
Central Eastern European Type (examples)				
Czech Rep.	27	1	1 640	0
Lithuania	25,6	1	56 570	1
Poland	33	2	15 390	1
South Eastern European Type (examples)				
Bulgaria	18,1	2	29 090	1
Romania	23,9	1	6 800	1

Increased Local Government Capacities in Europe

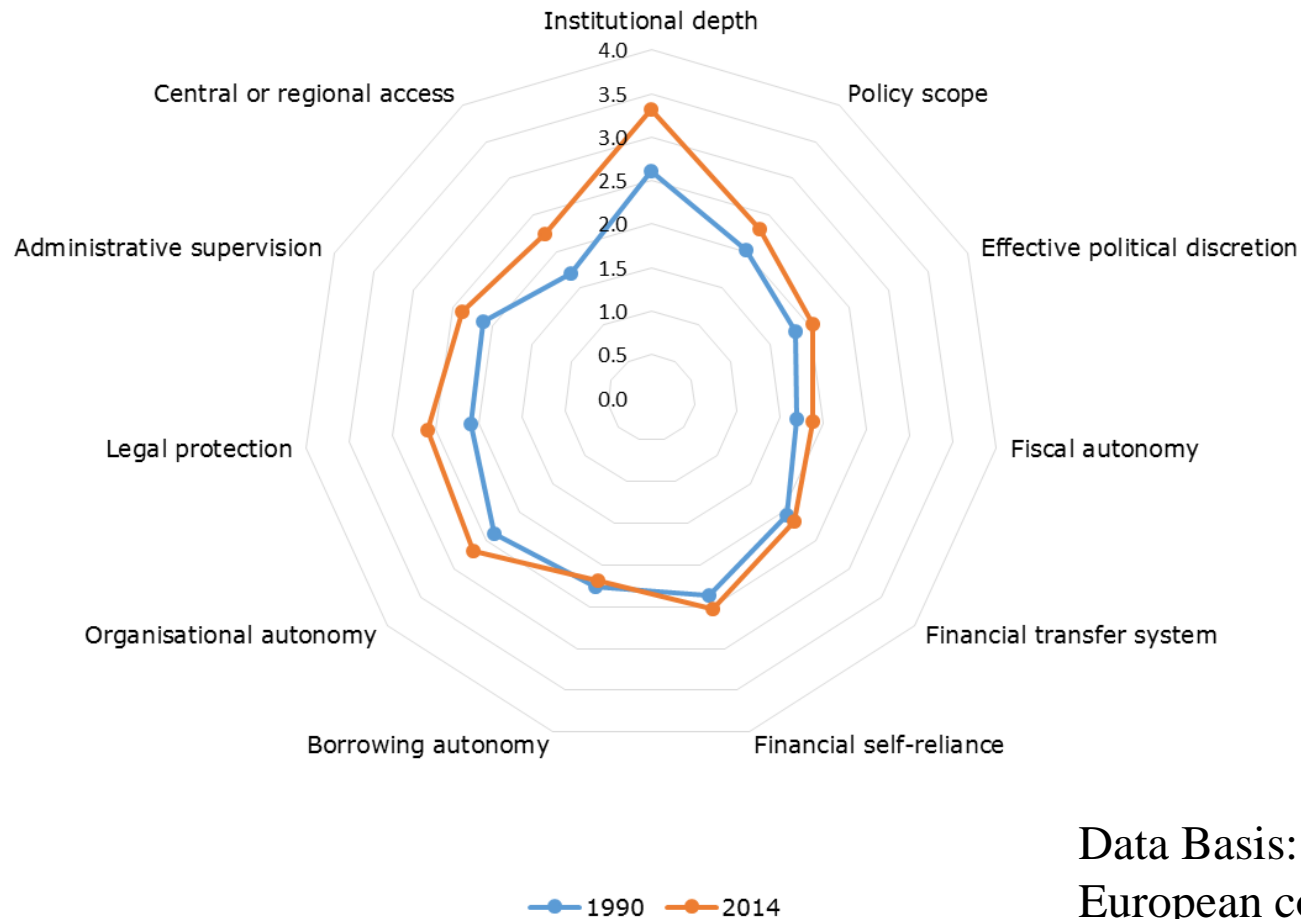
- More functional responsibilities; more autonomy
- More viable territorial structures (up-scaling)
- Better performing administrations; high (increased?) citizen satisfaction
- More opportunities for citizen participation and involvement



Evidence from
the COST-Action LocRef

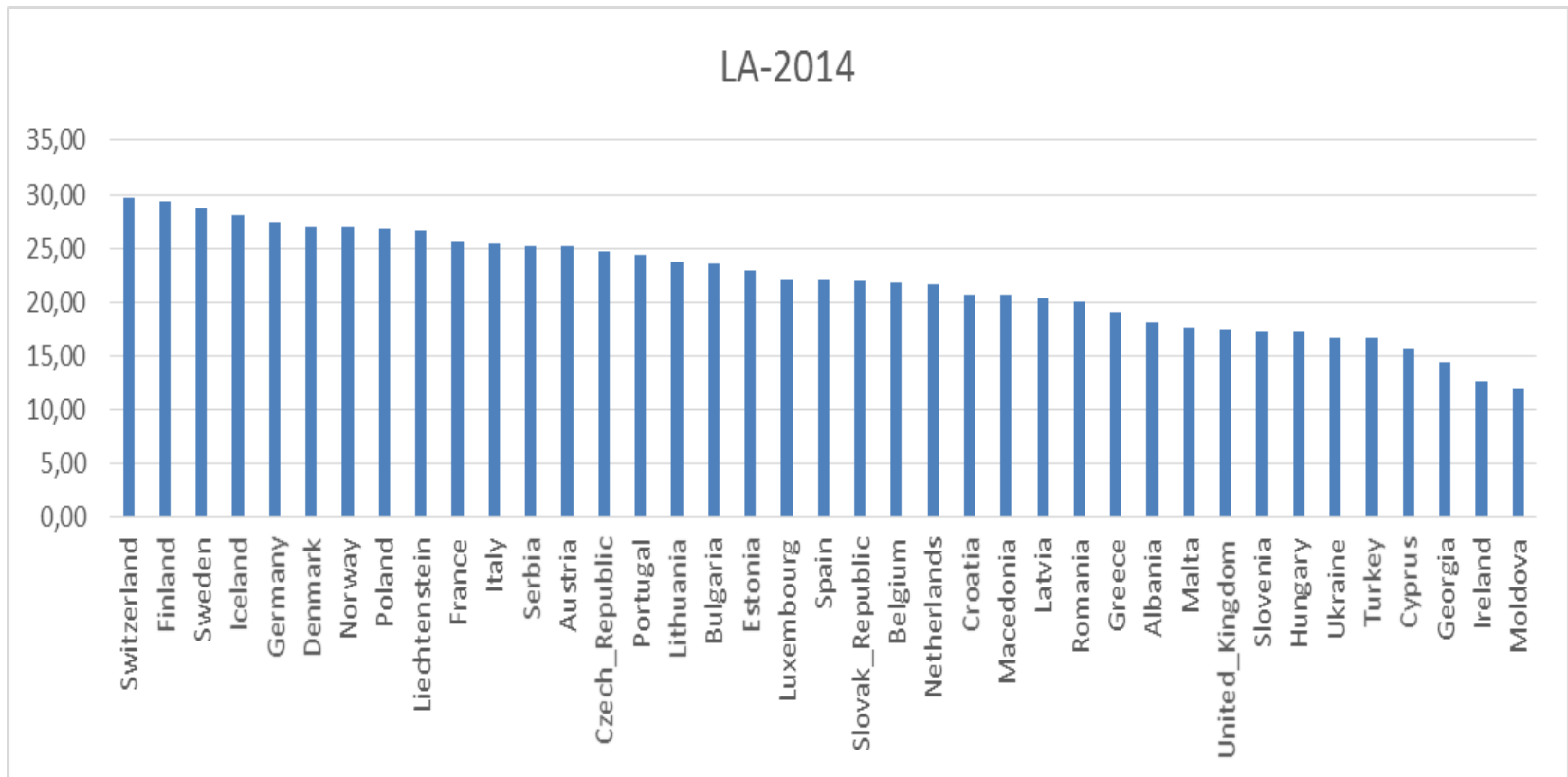


LG-Capacities: More Local Autonomy



Data Basis: 39
European countries

Varying degrees of Autonomy



Source: Baldersheim et al. 2017; in: Kuhlmann/Schwab, O. (eds.)

LG-Capacities: More Territorial Viability

Country	No. of municipalities Change 1973-2013 in%		
Northern Europe		Southern Europe	
Norway	-3.4	Slovenia	+44.2
Finland	-33.7	Portugal	+1.3
Sweden	-37.5	Spain	+0.8
Denmark	-64.4	Italy	+0.4
Iceland	-67.0	Greece	-94.6
Western Europe		Eastern Europe	
Switzerland	-22.6	Poland	+4.8
Germany	-25.4		
The Netherlands	-55.3		
Belgium	-75.0		
Total (mean)		-29.3	

Local Government Reforms

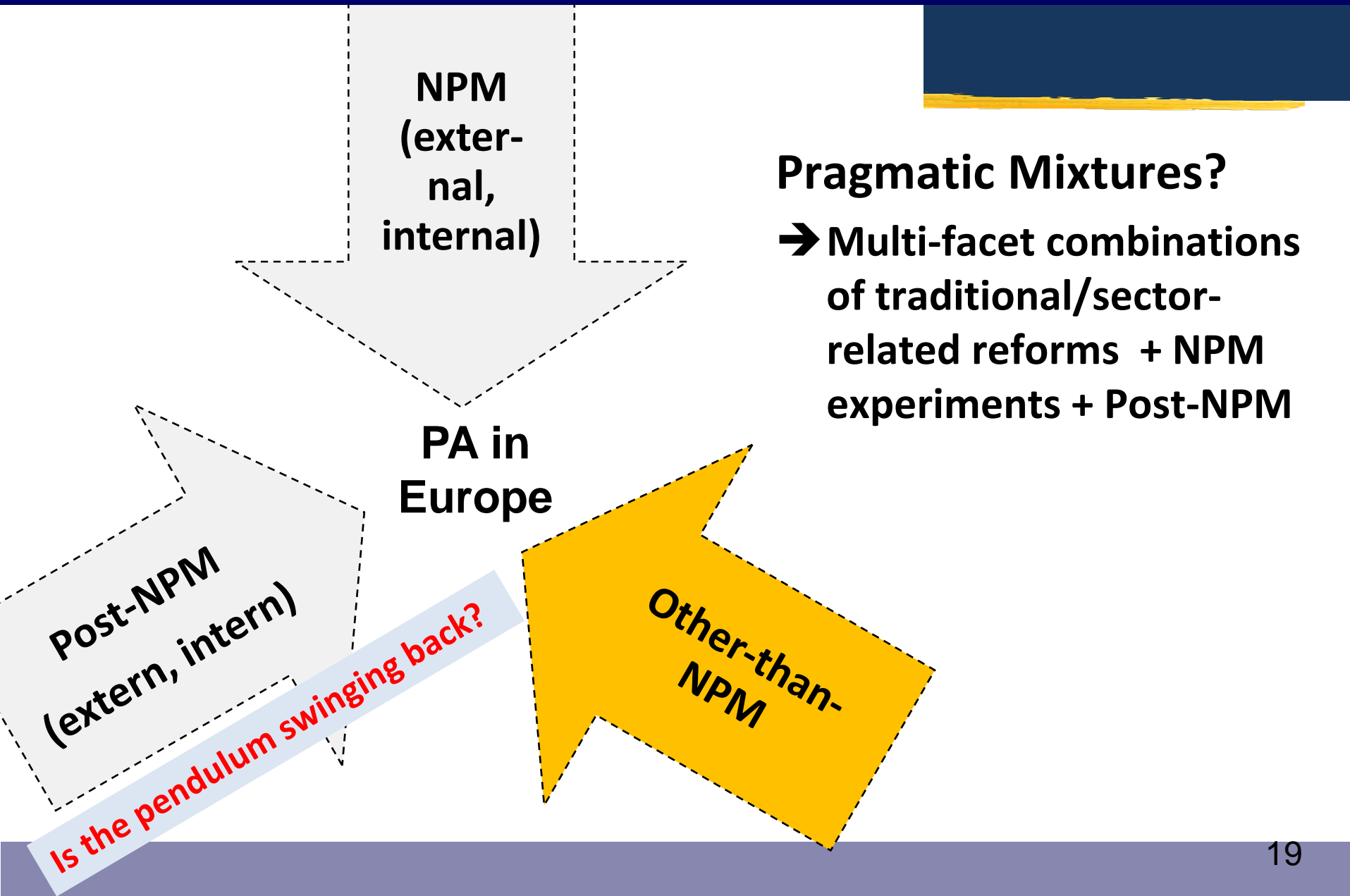
New Public Management: Convergence, Similarities, Isomorphism?

„The movement has been striking because of the number of nations that have taken up the reform agenda in such a short time and because of how similar their basic strategies have been“ (Kettl 2000:1)

Talk/ Decisions vs. Practice/Action vs. Results/ Impacts

„Welcome to variety!“ (Pollitt 2014)

Nothing but NPM?



Variety of Local Reform Approaches

Similar discourses - Different paths

(Post) NPM-Reforms

External Re-Organization/ (Post-) NPM

Corporatization;
Asset/Functional
Privatization

One Stop Agencies;
Customer-Oriented
Service Delivery

Re-Municipalization;
Insourcing

Internal Re-Organization/ (Post-) NPM

Internal Re-Organization,
Relation Council -
Administration

Performance
Management,
Output-Steering

HRM-Instruments;
Performance Related
Pay

Other-than-NPM-Reforms

Territorial/ Functional Re-Scaling

Territorial Up-Scaling
(amalgamation),
municipal mergers,
Regionalization

Trans-Scaling
(inter-local
cooperation)

Political/
administrative
decentralization; de-
concentration

Democratic Renewal

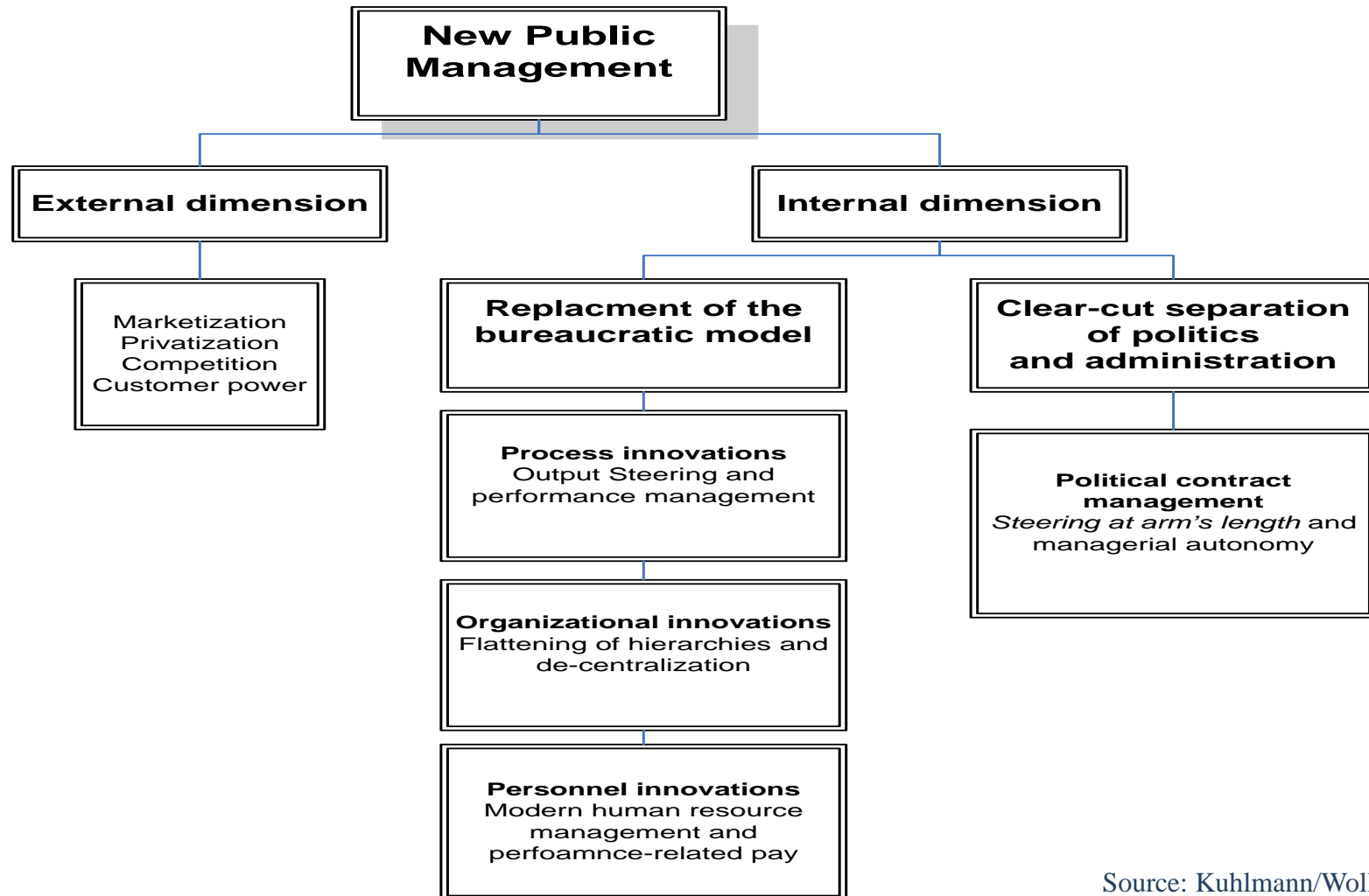
Direct election/
Recall of local
executives

Local referenda

Citizen forums,
consultations,
neighbourhood etc.
councils

Example I: New Public Management

New Public Management



Source: Kuhlmann/Wollmann 2014

NPM: an International Reform Policy?

- Different NPM-responsiveness
- Classical-Continental European Administrative Tradition:
 - Later/more cautious grasp of NPM-ideas
 - Maintenance of legalist orientation (“maintaining“)
 - Combination of managerial and “Weberian“ principles (Neo-Weberianism)
 - Party withdrawal of NPM-instruments (e.g. re-municipalization; whole of government approaches; horizontal steering)
- Anglo-Saxon Managerial Administrative Tradition:
 - Radical NPM-reforms (marketization/“minimizing“)
 - Cultural accessibility for managerial ideas
 - Comprehensive transfer of concepts and personnel from private sector
 - “Revolution in Whitehall“; “War against local government“ etc.

NPM and Local Service Delivery

- Substantial NPM-driven changes in the organization of local service delivery; varying forms/patterns
- Pluralization of service providers; corporatization, outsourcing, asset privatization
- Local agencification: disaggregation of service provision into autonomous operative units
- Growing involvement of third sector actors in service provision



Result: from government to governance; from direct municipal service provision to multiple-actor networks with centrifugal dynamics, accountability problems, transaction costs

Wollmann 2016, in: Wollmann/Kopric/Marcou (eds.); Henriksen et al. 2016, in: Kuhlmann/Bouckaert (eds.)

NPM and Local Service Delivery

Is the pendulum swinging back?

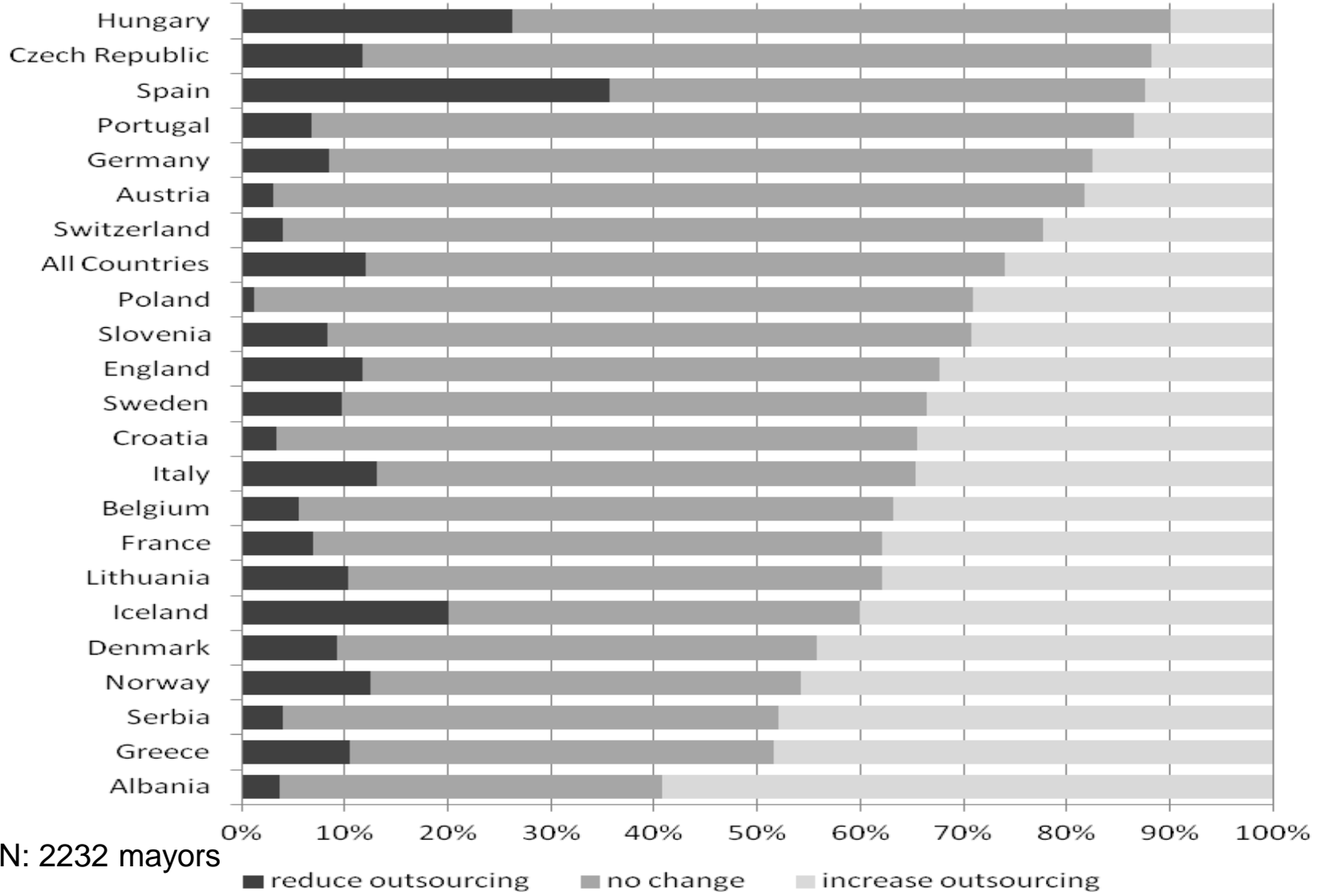
- Differences between countries/sectors
- Public Utilities: lively trend of re-municipalisation in G (energy), modest in FIN, no trend in CH, S
- Waste management: moderate trend of re-municipal. in G, no trend in NO, NL
- Hospitals: clear trend of privatization in G, no full privatization in F
- Most European mayors don't want more outsourcing; yet insourcing is not a preferred option neither



**No return to status quo ante
(before neoliberal age)**

→ „The pendulum might have swung back, but the pendulum has halted far from its original position.“
(Bönker et al. 2016, S. 82).

Source: Grossi/Reichard; Klenk/Reiter; Bönker et al. 2016, in: Wollmann/Kopric/Marcou (eds.) Torsteinsen/Genugten 2016 in Kuhlmann/Bouckaert (eds.)



Source: Kuhlmann et al. 2018

Example II: Territorial Reform Policies

Territorial Reforms

Contrasting Cases:

France:

„Mergers giving rise to enlarged jurisdictions are considered to be the ultimate threat – indeed, considered to be a way of committing political suicide” (Thoenig 2005: 691).



United Kingdom:



“.....in the UK is the almost obsessive predominance that is always given to production efficiency in any discussion of designing sub-national structures” (Sharpe 1993: 252)

“...Instead, the argument is about the best way to create even larger units in order to achieve greater efficiency of public services...” (John 2010: 101).

Territorial Reform Policies

North-European Reform Type	South-European Reform Type
<ul style="list-style-type: none"> – UK, S, DK, German states (NRW, HE) – “Up-Scaling”; Mergers – UK: ø 170,000 PT per district; ø 720,000 PT per county – Objective: performance improvements; efficiency, effectiveness, productivity – Background: functionally strong LG-systems; rationalistic “Zeitgeist”/planning euphoria – Enforcement of mergers through binding legislation – Subordination of municipality under parliamentary decision-making authority – New: Greece (reduction of municipalities by 80%; Ø 10.750 PT); Portugal, Bulgaria, Lithuania, Denmark, Eastern Germany 	<ul style="list-style-type: none"> – F, I, many CEE countries; Ger. states (RhP, SH) – Small-scale municipal structures preserved; further fragmentation – F: 37,000 communes; Ø 1,700 PT – Background: local tasks discharged by state administration (Napoleonic countries) – Principle of Voluntariness: mergers only with consent of municipalities – Massive local resistance to territorial reform – F: 90% of municipalities in inter-municipal bodies = “pragmatic way to territorial reform” (Marcou) – RhP: small (local) municipalities (2.258) untouched

- Lilliput-theory has lost in influence
- Significant changes in recent decades → no clear regional pattern (North/South) any more
- Greece: no. of LGs -80% (since 1997), Ø PT of municipalities from 1.600 to 34.000
- Yet, still countries with low average municip. populations (less than 5.000: ICE, A, CH, H, SK, F, CZ)



<http://www.kalterersee.com/images/cms/D-3916-Kalterer-dorf.jpg>

Source: Ladner 2017 in: Schwab/Bouckaert/Kuhlmann (eds.); Denters et al. 2014

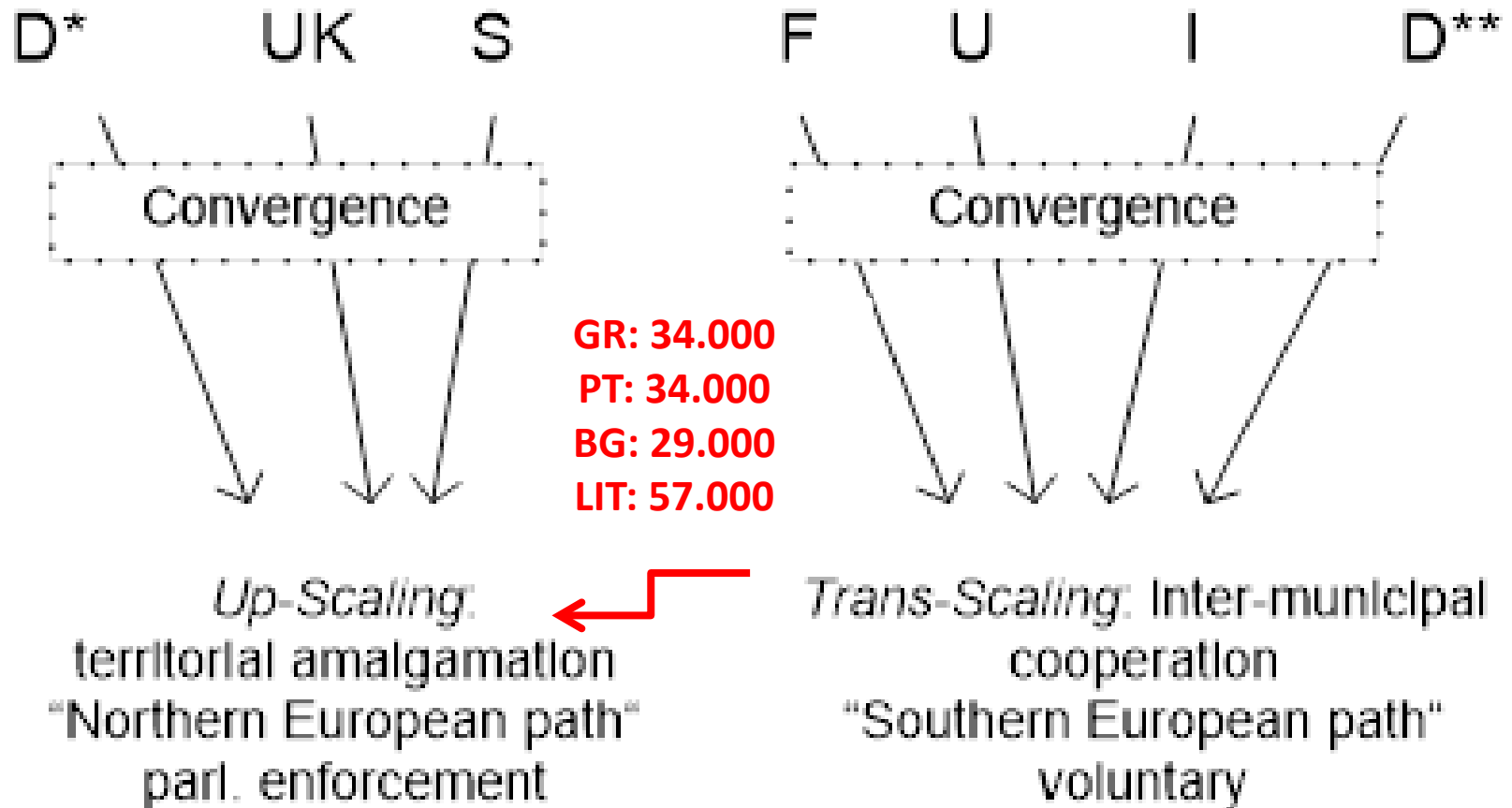
“Big is better”-theory (Broddingnag)

- Growing average municipal populations
- Decreasing no. of municipalities
- Nordic countries with bigger municip.; rest of Europe variance
- Further up-scaling not only in the North:
 - East German counties; GR, BE
 - DK: from 272 to 98 municipalities
 - FIN: proposals 339 → 70
 - NO: proposals 428 → 100
- 50% of OECD countries have planned/completed mergers over last 15 years



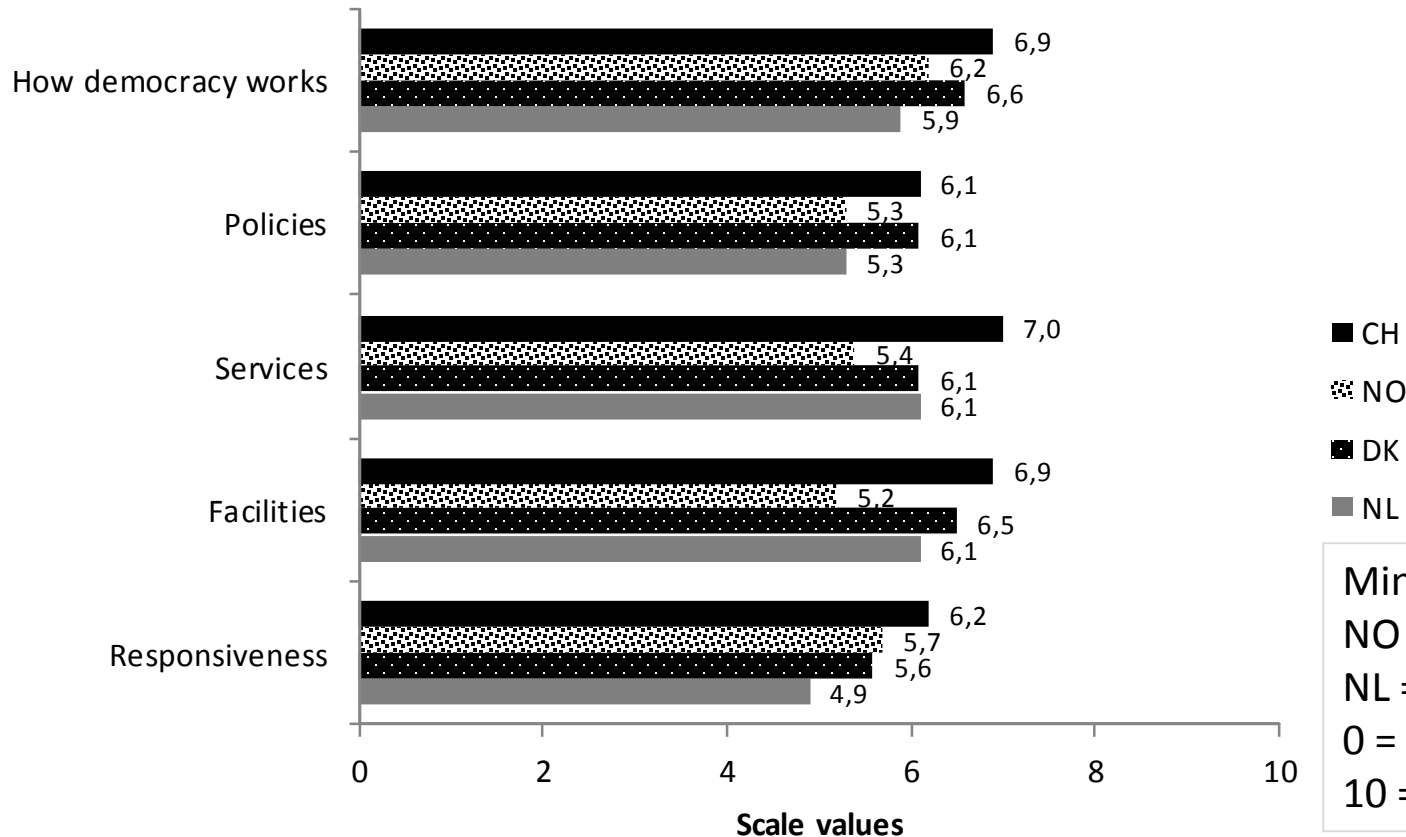
Source: Ladner 2017 in: Schwab/Bouckaert/Kuhlmann (eds.); Denters et al. 2014

Example: Territorial Reforms



Better Performance?

(Mean satisfaction with municipal government performance)



Minimum N: CH = 1637,
NO = 1570, DK = 1776,
NL = 921.
0 = very dissatisfied,
10 = very satisfied.

Source: Denters et al. 2016: 336; in: Kuhlmann/Bouckaert (eds.)

Better Performance?

- Functional responsibilities shape citizens perceptions: more functions → higher expectations → more critical views on LG performance
- Local performance (perceptions) influenced by additional factors (various reforms, starting conditions, type of LG)
- Some evidence on performance effects of amalgamation reforms:
 - Increased local capacities to resolve problems and deliver services
 - Increased service levels, scope of services, professionalization/ specialization, autonomy vis-à-vis upper levels (CH, ICE, NL etc.)



Outcome	Countries		
	No Importance	Medium Importance	High Importance
Improving Input			
Cost savings		FIN, I, S, CH	BE, G, GR, ICE
Improved Output			
Improved professional quality	I		BE, FIN, G, GR, ICE, S, CH
Improved legal correctness	FIN, G, I, CH	ICE, S	BE, GR
Improved citizen orientation	FIN, G, S	BE, GR, ICE, I, CH	
More equal treatment of citizens	S	FIN, G, GR, I, CH	BE, ICE
Room for Maneuvering			
Strengthened local autonomy		BE, FIN, G, ICE	GR, I, NL, S, CH
Increased influence of the superordinate tier of government	ICE, I, S, CH	BE, FIN, G, GR, NL	
Strengthened local mayors		FIN, ICE, I, CH	BE, G, GR, NL, S
Strengthened local citizenship	FIN, G, ICE, NL, S	GR, I, CH	BE

Source: Steiner et al. 2016: 37; in: Kuhlmann/Bouckaert (eds.)

Example III: Decentralization

Decentralization Policies

- **Political Decentralization:**
Transfer of state tasks including political decision-making competencies for the local council (French case)
- **Administrative Decentralization:**
Transfer of state tasks without political decision-making competencies for the local council (German case)
- **De-Concentration:**
Creation of locally operating single purpose state agencies substituting local governments (British case)

Decentralization Policies

Decentralization Policy	Germany	France	UK/England
Institutional Changes in the Intergovernmental Setting	Withdrawal of de-concentrated state administration; dissolution of state authorities	Weakening of de-concentrated state administration; however, institutional persistence	Inflation of de-concentrated state administration; agencies/quangos
Territoriality/ Functionality	Strengthening of territorial organization; multi-purpose, but financial crisis	Strengthening of the territorial organization; multi-purpose, but units are too small	Weakening of the territorial organization; single-purpose
Local Democracy/ Political Accountability	Formal non-political (administrative) decentralization, but in fact politicization of transferred tasks	Political decentralization, in fact strengthening of local executives (mayors)	Administrative de-concentration; weakening of local councils

Does it make a difference? Evaluating Reform Effects

Dimensions of Performance	Performance indicators
Democratic control	<ul style="list-style-type: none"> • Formal decision-making competencies of local council • Actual increase in political discretion • Participation of interests groups/ citizens in decision-making
Horizontal and vertical coordination	<ul style="list-style-type: none"> • Conflict intensity of interactions between sectors/across levels • Capacity of problem solving • Creation of coordination units/institutions
Efficiency	<ul style="list-style-type: none"> • Achieved savings (costs, personal) • Changes in output (number of cases) • Ratio input-output
Effectiveness	<ul style="list-style-type: none"> • Legal quality, formal correctness of service delivery • Professional quality of service delivery • Proximity to citizens/ Customer orientation
Equity	<ul style="list-style-type: none"> • Equal treatment of citizens in different communes

Performance Dimension	Political Decentralization				Admin. Decentralization	Administrative Deconcentration	
	France		Germany	England	Germany	England	
	Technical Planning Task	Community-Related Task	Community-Related Task	Technical Planning Task	Technical Planning Task	Technical Planning Task	Community-Related Task
Effectiveness	+	0	+	+	-	-	-
Efficiency	-	-	-	-	+	+/-	+/-
Horizontal Coordination	+	+	+	+	+/-	-	-
Vertical Coordination	-	-	-	0	-	+	+
Democratic Control	0	0	-	+	-	-	-
Equity	-	-	-	-	-	-	-

Conclusion

Results: Convergence/Divergence/Persistence

- **Convergence** between countries/country groups:
 - Discourses (NPM) and instruments (performance measurement)
 - Reform Trajectories (Northern territorial model, decentralisation)
 - Perceivable only if level of abstraction is high
 - Sociological Institutionalism/ New Institutional economy
- **Divergence** between countries/country groups:
 - Implementation/modes of steering (top-down/bottom up; minimizing/marketization/Re-Weberianisation)
 - Effects (multi purpose vs. single purpose model; gains vs. losses in democratic participation)
 - Better perceivable if analytical focus is „sharp“; level of abstraction lower
 - Historical and Actor-Centred Institutionalism
- **Persistence:** Typological differences between adm. cultures/-traditions

Future Challenges and Possible Risks

Dystopian Scenarios

- Functional overburdening of the local level;
- Too many complex (supra-local) tasks
- Lacking resources, pol. decision-making rights
- Too many institutions/levels, institutional thickness, over-institutionalization of the territories; decreasing effectiveness
- “Bigger and bigger” → institutional failures?
- From local government to governance → institutional fragmentation; transaction costs, lack of accountability
- Too much powers to the local executives; problems with checks and balances; corruption?

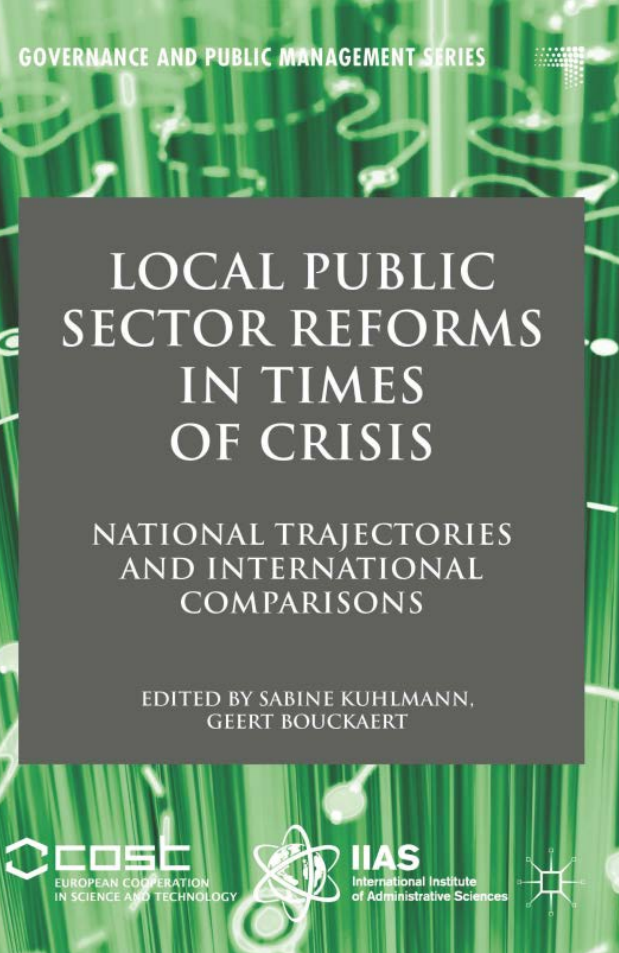


Future Challenges Utopian Scenarios

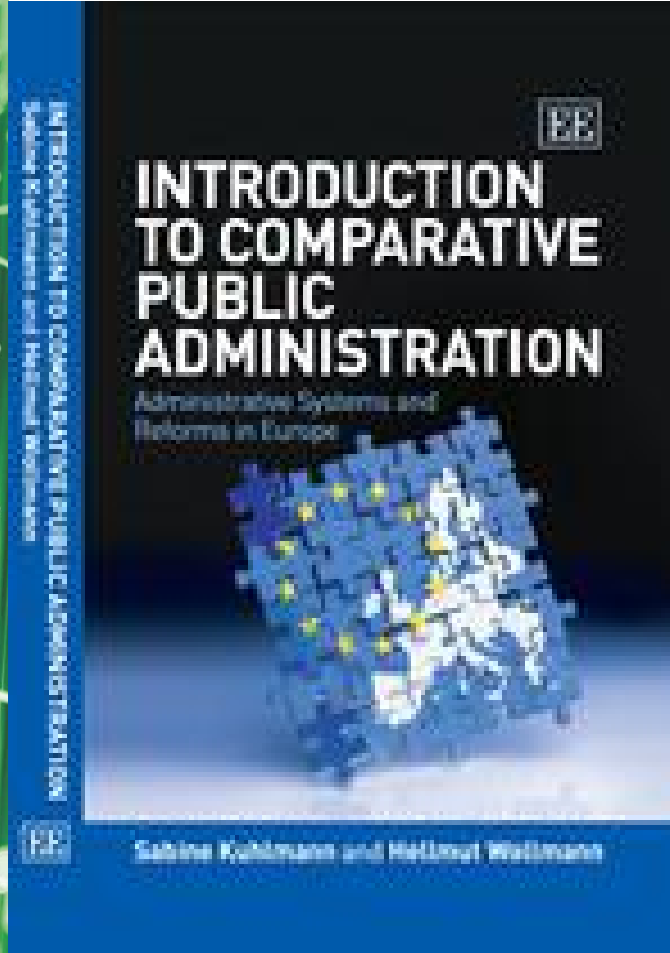
- Local governments fit for resolving wicked problems/meeting future challenges
- Powerful, well-performing and innovating local governments with high degrees of discretion (e.g. CEN, CEE, SEE)
- Eliminate the urban-rural divide
- Engage citizens in local politics; activate local citizenship
- Enhance people's trust in (local) politics and increase the legitimacy of public institutions at all levels of government



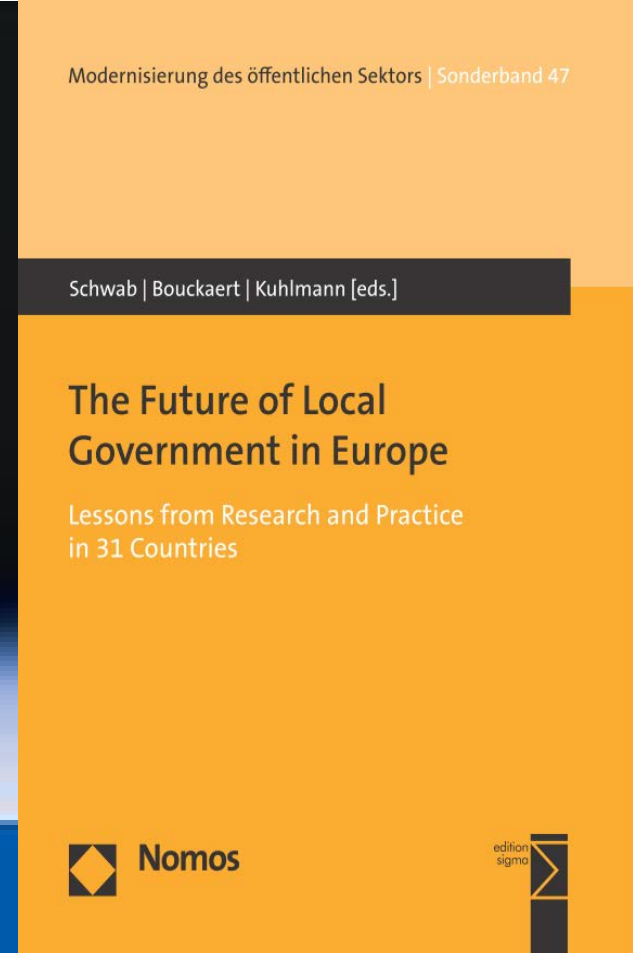
Thank you for your attention!



Sabine Kuhlmann and Geert Bouckaert, Palgrave, 2016



**Sabine Kuhlmann and Hellmut Wollmann
Edward Elgar, 2014
2d (revised and updated)
edition forthcoming in 2019**



Christian Schwab, Geert Bouckaert and Sabine Kuhlmann, Nomos, 2017

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