

Conflicting aims?

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Keywords: Intermunicipal collaboration, regional governance, synergy, democratic deficit, deliberative surplus

Nøkkelord: Interkommunalt samarbeid, regional styring, synergi, demokratisk underskudd, deliberativt overskudd

Offentlig förvaltning  
Scandinavian Journal of  
Public Administration  
15 (2): 25-46

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Förvaltningshögskolan, 2011  
ISSN: 2000-8058

**Abstract**

The balancing of efficiency, effectiveness and democratic control is an ever-recurring problem when designing governance structures more or less disconnected from the formal democratic institutions. As far as the relationship between these considerations is concerned, much of the theoretical as well as the practical discourse revolve around the issue of whether synergy emerges or whether there is just a matter of trade-off. By applying primarily empirical observations from local-to-local cooperation in some Norwegian regions the article attempts to investigate how the relationship turns out.

The article argues that at least three models are available, *one balanced and two imbalanced variants*. The notion of synergy highlights a model in which input-processes of democratic participation and output-processes of performance reinforce each other. The others, on the contrary, are imbalanced, implying either a *democratic deficit* or a *deliberative surplus*.

By comparing the models to experiences from local-to-local cooperation a pattern of divergent features emerges. Nevertheless, a trade-off where the regard for local democracy and autonomy seems to dominate at the sacrifice of performing efficiently and effectively, thus the article is rather pessimistic as to what may be gained by pursuing the intermunicipal cooperative strategy further.

**Hvordan balansere effektivitet og demokrati i interkommunalt samarbeid: Divergerende mål?** Å balansere effektivitet og demokratisk kontroll er et stadig tilbakevendende problem når man skal utforme styringsstrukturer som er mer eller mindre frikoplet fra politisk/demokratiske institusjoner. Når det gjelder forholdet mellom disse hensyn, så dreier mye av den teoretiske så vel som den praktiske diskursen seg om man har å gjøre med en synergi eller en konflikt (der man må velge det ene eller det andre). Artikkelen forsøker med utgangspunkt i empiriske observasjoner fra interkommunalt samarbeid i noen norske regioner å belyse hvordan dette forholdet arter seg.

Artikkelen argumenterer for at det i alle fall er tale om tre modeller, *en balansert og to ubalansert varianter*. Synergi henspiller på en modell der legitimitet knyttet til demokratisk deltakelse, og legitimitet som følge av effektiv problemløsning gjensidig forsterker hverandre. De andre derimot er ubalanserte, enten i form av et *demokratisk underskudd* eller et *deliberativt overskudd*. En utprøving av modellene i forhold til erfaringer fra interkommunalt samarbeid rommer sprikende trekk. Likevel synes hensynet til det kommunale sjølstyret og den lokale autonomien å dominere på bekostning av hensynet til en effektiv problemløsning. Følgelig er artikkelen pessimistisk i sin vurdering av hva man kan oppnå gjennom en ytterligere satsing på den interkommunale samarbeidsstrategien.

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## Introduction<sup>1</sup>

The article focuses on the challenges of balancing efficiency, effectiveness and democratic control in intermunicipal collaboration. Thus it continues the fundamental debate on the relationship between input and output legitimacy. According to Scharpf (1999), the participatory qualities of decision-making processes loom large as to input legitimacy, emphasizing ‘the will of the people’ and the rule of their elected representatives as the fundamental features of democratic governance. Output legitimacy, on the other hand, weighs heavily on performance, and the efficiency and effectiveness of governance in terms of solving collective problems are in the foreground. Certainly, and as Scharpf claims, both sources of legitimacy, at least in democratic states, “coexist side by side, reinforcing, complementing and supplementing each other” (Scharpf 1999: 12). Nevertheless, the relationship between these sources of legitimacy is more complex, even when it applies to regional governance, which serves as the empirical context of this article.

Regarding the relationship between input and output legitimacy, more scholars are concerned with the ‘democratic deficit’ that may occur in the wake of the emergent structures of regional governance more or less decoupled from the political democratic institutions (Sørensen & Torfing 2005; Aars & Fimreite 2005; Andersen & Pierre 2010; Pierre 2011). Hence, a strengthening of the participatory qualities of the decision-making process is highly valued; not least as regards different kinds of devolved structure of governance; be it on the supranational, national or the regional level.<sup>2</sup> In case the application of networks or partnerships is instrumental for the implementation of new kinds of solutions or handling problems beyond the capacity of the individual actors (for instance municipalities), according to this stance, not only publicity about the process is required, but in addition the structures should be accountable to popularly elected institutions. Further, the leverage of local politicians should not be confined to designing and sanctioning the devolved structures; they are also supposed to take part in the networks, to instil democratic attitudes and so on (Sørensen & Torfing 2005; Aars & Fimreite 2005). Arguments substantiating this view are also empirical by providing some evidence of a reinforcing effect of deliberation and output legitimacy (Lindgren & Perssons 2010: 463). Increasing the input legitimacy not only fulfils standards of democratic accountability and transparency, the condition for performing effectively is strengthened as well. Thus a synergy occurs.

According to this article, more options have to be considered as to how the input and output legitimacy relate to each other in the field of intermunicipal cooperation. Obviously, the synergetic variant serves as a normative ideal, though not easily implemented in practice. Nor is a trade-off tantamount to deemphasising the regard for democratic control for the sake of performing efficiently and effectively. A deliberative surplus may emerge as well, implying that a commitment to local democracy and autonomy limits the problem-solving capacity of intermunicipal collaboration. As argued by for instance Rothstein (2009), the output side of governance should be given more emphasis. What matters most to citizens is how they are treated and served by political instituti-

ons (Rose & Pettersen 2009: 274-276; Rothstein 2009: 325<sup>3</sup>). On this background, three models depicting the varied relationship between input and output legitimacy are unfolded and put to a critical examination. The following research questions are raised: *Which features of local-to-local collaboration suggest synergy implying that democratic control and performance are mutually reinforcing? Thus a balanced relationship emerges. And, on the contrary, which circumstances point to models of trade-offs: First, in the sense of de-emphasizing the need for democratic control and accountability, and secondly, by letting democratic deliberation hinder the achievement of effective solutions. Last, what seems to constitute the most important challenge in intermunicipal collaboration; a democratic deficit or a deliberative surplus?* The article pursues the analysis in two steps: Firstly, references are made to the formal constructions regulating local-to-local cooperation, which aim at balancing efficiency, effectiveness and democratic control. Secondly, and most important, the article draws especially on experiences from three Norwegian regions, Grenland, Glåmdal and Vesterålen, which display the tensions occurring when the formal constructions are put to use.

In comparison with the devolved structures of governance designed or emerging on the international level (EU) and the national level commanding huge resources, the selected empirical cases for examining the models may appear rather insignificant. Nevertheless, the loosely connected system of regional governance including strategic, collaborative bodies, devolved single-purpose organizations, contract networks, and informal policy networks (Feiock 2009; Røiseland & Vabo 2008) could be observed in more national contexts and have occupied the interest of several scholars (Andersen & Pierre 2010; Feiock 2007, 2009; Feiock & Scholz 2010; Gossas 2006; Jacobsen et al 2010; Jones 2010; Jacobs 2004; Lundqvist 1998, Pierre 2011). Norway characterized by many small municipalities, widespread scepticism towards a policy of consolidation (Baldersheim et al 2003: 25) and high regard for a sense of local belonging (Baldersheim et al 2003: 57), should stand out as an interesting case, rendering the relationship between input and output legitimacy especially demanding. It is also interesting to note that criticism levelled at local-to-local cooperation has addressed lack of efficiency in reaching solutions as well as democratic control (Prop. No. 95(2005-2006): 60). Thus, intermunicipal collaboration is facing conflicting expectations. The dilemma is that strengthening the capacity for institutional collective action in order to release synergies in terms of the provision of effective services runs the risk of jeopardizing the local democratic process of participation and decision.

Certainly, the strategic core, the so-called regional council (regionråd) and its working committee composed primarily by mayors of the participating municipalities, has been instrumental in launching and implementing collaborative projects. Although regional variations abound in terms of the volume and the content of local-to-local cooperation, the portfolio consists of mostly uncontroversial, 'low-politics' tasks such as administrative support functions (storage and retrieval of geographical information, invoicing and collecting outstanding claims, public procurement) and specialized services like refuse collection, fire fighting, pedagogical-psychological services, providing assistance to children

living in dysfunctional families, casualty clinics etc. (Econ 2006; Vinsand & Nilsen 2007). Thus, municipalities seem unwilling to join in collaborative projects which might encroach on the core jurisdiction of local government (Andersen 2008, 2010; Andersen & Pierre 2010). Not only are functions and jobs jeopardized, but local autonomy and democracy are assumed to be at stake as well. The tension with what might be instrumental in solving problems of mutual interest and the regard for democratic control is, more or less, permanently brought to the foreground.

The remainder of the article is structured as follows: The next section outlines a theoretical framework for the analysis of the relationship between input legitimacy and output legitimacy, and three models of how the relationship may turn out are accounted for as well. Then the empirical sources utilized to examine the models critically, are presented. Here some remarks are made to the case regions, Glåmdal, Grenland and Vesterålen, which provide the main basis for the analysis, which follows in the next section. The concluding discussion elaborates further on this issue of which model captures best the dynamics of local-to-local co operation.

### **Balancing efficiency, effectiveness and democratic control**

The article takes as a point of departure that the balancing of input and output legitimacy turns out to be an important challenge to be dealt with when designing institutions of local-to-local cooperation. Thus it is one-sided to let efficiency and effectiveness serve as the main focus, and to perceive the decision-making process solely as transaction costs which render mutually advantageous outcomes problematic. Proponents of for instance the institutional collective action framework have been instrumental in unfolding the dilemmas and trade-offs pertaining to whether municipalities opt for a collaborative or individual strategy in the realm of service provision (Feiock 2007, 2009; Feiock & Scholz 2010). Valuable insights have been provided as to the varied conditions for performing efficiently, which depend on the problems addressed as well as the mechanisms of governance applied (Feiock & Scholz 2010; Steinacker 2010). Nevertheless, the proponents of this framework do not make due allowance for the issue of legitimacy pertaining to the input side of decision-making, and in particular the unique features of political democratic institutions, including local governments (Andersen & Pierre 2010).

Nor is it an option to bring the issue of input legitimacy, solely, to the foreground, and thus depreciate any structure of regional governance unless the political principals occupy the driving seat. Ambitious conceptions of democratic governance as for instance proposed by Sørensen & Torfing (2005) and Aars & Fimreite (2005), imply cognitive capacity and engagement, which exceed what we might expect of politicians, not to mention local politicians. Furthermore, should the comprehensive ambitions contained in their prescriptions be feasible, it may easily develop into tight political/hierarchical steering. Devaluing the requirements of efficiency and effectiveness is hardly in tune with the problems and challenges facing local governments, and in particular municipalities in the Norwegian periphery.

## Balancing input and output legitimacy: some models

All this suggests that intermunicipal collaboration as emergent structures of regional governance should be assessed in terms of input legitimacy and output legitimacy and the relationship between the two. In figure 1 below, I outline four different models related to that relationship. Being ideal types they represent simplified and pure constructions whose unique features in terms of which emphasis are given to democratic control or input legitimacy and performance or output legitimacy. Certainly, processes in real life are complex and incoherent. As to whether the input and output legitimacy is low or high, it is hardly possible to provide a precise and mutually exclusive definition. The terms low and high as far as input legitimacy is concerned refer to a continuum, denoting the extent to which local politicians and the municipal councils are involved and having a say in strategic issues pertaining to the settling and running of the cooperative projects. Although the citizens are the real principals in democratic systems, the focus is on elected representatives and their leverage as to input legitimacy. Regarding output legitimacy the question of whether the process was instrumental in organizing projects of mutual interest provides the criteria for deciding the degree of legitimacy.

*Figure 1: Relationships between performance and democratic control*

<i>Emphasis on performance</i>	<i>Emphasis on democratic control</i>	
	High	Low
High	Synergy	Democratic deficit
Low	Deliberative surplus	Pro forma

The figure should comply with the distinction between input and output legitimacy put forward by for instance Scharpf. Besides it is my own construction

Synergy denotes a model in which the relationship is balanced. The regards for performance in terms of efficiency and effectiveness as well as democratic control seem to be attended to in a proper way. Crucial in that respect is that the municipalities have agreed to organize services which they hardly would have managed on their own, but at the same time have designed a structure of governance which renders the political principals accountable. A mutually reinforcing mechanism prevails, meaning that high input legitimacy ensures effective and efficient performance, which again increases the support of the cooperative strategy (see Lindgren & Persson 2010: 453).

The matter is different as regards the categories democratic deficit and deliberative surplus, categories which require trade-offs. Indeed, the logic of trade-offs may exhibit two divergent patterns. Firstly, and this is a common concern, there is the possibility of a democratic deficit. Unfortunately, the notion not infrequently serves as a mantra applied to question any form of devolution, in which politicians 'are steering at a distance'. A democratic deficit occurs to the extent that politicians leave issues of 'high politics' or issues in the core of the public domain to devolved organizations which are run by elites not accountable

to democratic bodies. Democracy is sacrificed on the altar of performance, or to perform efficiently and effectively is more highly valued than democratic control. It is, however, premature to claim that a democratic deficit reduces acceptance locally, irrespective of how the devolved structures perform.

Secondly, the trade-off may take the shape of a deliberative surplus. In that case, the actors (politicians as well as different stakeholders) though concurring on the cooperative strategy as highly valued are still reluctant to proceed further. There are everlasting discussions and cooperative initiatives which encroach upon the core domain of for instance local government are opposed and obstructed, and hence come to nothing. Still, Habermas-inspired researchers insist on portraying deliberation as a kind of interaction in which actors give reasons, are open to other proposals, and actually yield to the force of the better argument. The deliberative democracy appears as normative standard for how to solve collective problems (see Elster 1998; Rose 2008). Again it must be repeated that the application of the deliberative principle does not necessarily result in a 'win-win' situation. Although communication may overcome transaction costs or other barriers to innovative solutions, it is as Jones shows "just as likely that communication will increase the vigor with which participants defend their preferred solutions" (Jones 2010: 87). Acting strategically, not always for the sake of one's own pay-offs, is generic when it comes to politics. The notion of a deliberative surplus means that we abstain from making "heroic assumptions of participants" (Johnson 1998: 173), do not exclude partisan and parochial interests (di Maggio 1988), or avoid conceiving of any deliberative outcome as a "reasoned agreement" (Johnson 1998: 176).

Seen from the perspective laid down in this article, the fourth category denoting a pro forma option or inaction is rather uninteresting. There are, however, cases of local-to-local cooperation which have strong features of inaction or ritualism (Halkier & Gjertsen 2004: 185). One may question whether constructions such as these should be identified as partnerships.

## Empirical sources

Different empirical sources are utilized to examine critically the theoretical models of synergy, democratic deficit and deliberative surplus. Firstly, the article takes the formal rules prescribing the different organizational instruments of local-to-local cooperation as a starting point. National authorities have designed a varied spectre of formal constructions in order to stimulate inter-municipal collaboration. § 27 of the Municipality Act, which has been the traditional legal way of regulating intermunicipal collaboration, provides rather few detailed prescriptions, and hence gives considerable room for local variations (Jacobsen et al 2010: 27).<sup>4</sup> The 'host model' incorporated in the Municipality Act in 2006 (§ 28 a, b) is more specific. That applies even more to the Intermunicipal Companies, which are regulated by separate statutes, and limited companies. The formal structures surrounding the cluster of partnerships indicate which degree of autonomy is assigned to the different organizational tools. National authorities have put emphasis on designing formal constructions which attempt to balance democratic control with performing efficiently and effectively. Thus, portraying

the regulative frame of intermunicipal collaboration serves as the first step when pursuing the analysis, and considering the synergetic model in particular.

However important formal prescriptions of what is deemed appropriate may be, they do not suffice when analysing processes. Therefore, and secondly, the article investigates how the formal constructions are put into practice. By doing so, experiences relating to the politics of intermunicipal collaboration are needed. In that respect the article utilizes empirical observations based on studies in the three, selected regions and other available research. Drawing on empirical illustrations is a rather common approach in order to substantiate or falsify theoretical assumptions. It must, however, be added that illustrations referred to in the article are not accidentally selected and fragmented pieces of information. On the contrary, the examples serve as critical cases in the sense of putting the mentioned models to a test (Yin 2009:48, 49). Thus, they should suggest how likely or unlikely it is for the models to occur.

As far as the cases are concerned, some remarks are required. The most outstanding is Vesterålen, though being the smallest measured in population. By the end of 2010 the total number of inhabitants in the six municipalities in this region amounted to only 32 200. The region is situated in the Northern part of Norway, and with the exception of the regional centre, Sortland<sup>5</sup>, it displays more of the stagnating features of the periphery (a declining population). What makes the region stand out is its long history of cooperation dating back to the late 1930s. In addition, it has developed a broad organizational umbrella, and seen in a national comparative perspective it belongs to the category of regional councils with the highest volume of activity<sup>6</sup> (Andersen 2010). Hence, the region exhibits strong institutionalization of the intermunicipal collaboration; though it is hardly excelling in the number of operative cooperative arrangements.

By comparison the formal organization of the regional umbrella in Glåmdal, located in the south-eastern part, is as is the case in general a more recent phenomenon dating back to the middle of the 1990s. Nor has Glåmdal considered as a region gained the same strong foothold. On more occasions even the issue of which is the appropriate name has caused tension among the seven municipalities comprising a total number of a little more than 53 100 inhabitants (end 2010). Underlying here is the fear that by letting the name of the region centre, Kongsvinger, with about 1/3 of the population, be the name of the region its already-strong position would be further strengthened. It is also worth mentioning that the region is strongly influenced by exogenous processes in different superregional labour markets. Hence a considerable share of employees is commuting to municipalities outside the region, mostly to Oslo/Akershus, but also to other centres in the county (Elverum, Hamar)<sup>7</sup>. Although the population has been reduced as in Vesterålen, the decline is far from as large. In a period lasting from 1997-2003 the region received resources from a national development grant implemented in order to strengthen the capacity regionally to handle restructuring problems. According to an evaluation at the turn of the millennium (in the middle of the project period), a great number of projects have been initiated, which strengthened the regional identity. Simultaneously, much remains in terms of making the performance output more visible (Jakobsen et al. 2001: 355,356, 362), nor are local politicians in the region unanimous on the question of

whether to choose a regional strategy in the field of industrial development rather than a local strategy (Jakobsen et al. 2001: 356).

First formalized in 2003 as a cooperative project between six municipalities the regional umbrella has a short history in Grenland, located in the central part of Norway.<sup>8</sup> Considering that an intermunicipal power plant was organized in the early 1900s it far from tells the whole history of intermunicipal cooperation in the region. Seen from this perspective the establishment of the regional development agency, 'Vekst i Grenland', in 1992 appears even more important. Originally implemented to cope with problems in the stagnating industrial sector, which is, as far as some branches are concerned, an important cluster nationally, the agency has gradually targeted community development. The municipal owners, 'Grenlandstinget', function as a board of representatives; but according to an evaluation (PricewaterhouseCoopers 2008) this renders unanimous steering problematic. Otherwise, the evaluation appears positive in terms of achieving important goals.<sup>9</sup> Contrary to the other regions Grenland is experiencing population growth, and since the turn of millennium an increase of nearly 4 per cent to 117 589 inhabitants. That especially applies to the central municipalities, the Porsgrunn-Skien area with a 73 per cent share of the total population.

Regarding the empirical material referring to the selected regions, the article mainly utilizes the interviews conducted among a selection of key-actors as sources of information. This category includes mayors, leaders of the secretary serving the regional councils, leaders of specific collaborative projects and organizations, comprising a total of nearly 30. It must also be added that a special 'steering group' including mostly persons from the secretary of the regional councils has been a constructive forum for discussing issues relating to the implementation of the project. In addition, the article makes use of some pieces of information from a survey targeting municipal council members in all the selected regions (267 members of local councils). The survey generated a 51.5 per cent response rate. This source is meant to provide a more general picture of the local politicians' perceptions of which tasks are suitable for cooperation and which are more controversial, what is gained by pulling together and what are the shortcomings regarding the leverage of local councils as well as the problem solving capacity of the intermunicipal arrangements. Lastly, available reports (evaluations and so on) serve as important supplements.

## Examining the different models

The analysis of the three models is pursued as follows. Firstly, and regarding the synergetic relationship, the emphasis is on the different formal constructions of intermunicipal cooperation. Important here is primarily how the designing of the different tools tries to balance input and output legitimacy in a way which should be mutually reinforcing. References are also made to how the organizational arrangements are coupled to the local democratic institutions. The tensions inherent in the structures of governance and not least expressed by the ambivalence of local politicians as to what is gained by pulling together prepare the ground for discussing whether trade-offs prevail. Secondly, and as regards the two models of trade-offs, pieces of information from the survey provide a background



for elaborating further on how likely or unlikely a democratic deficit or a deliberative surplus may be. In order to substantiate or falsify the models quotations from key informants, critical cases and so on are utilized.

#### When do performance and democratic control reinforce each other?

The formal structure of governance including the strategic core as well as the operative organizations puts emphasis on balancing the democratic control with efficient performance.

Firstly, the strategic umbrella - the regional council and its executive committee - is tightly coupled to local governments. Mayors form the members of the strategic core and in 2/5 of the 69 councils in Norway the leaders of the opposition are included (Vinsand & Nilsen 2007). Thus, the governing elites in the participating municipalities occupy 'the driving seat', which should ensure that those in charge are committed to the decisions reached as to which cooperative projects are selected. The emphasis on the consensual principle, based on a 'negotiated agreement' (Scharpf 1997) prevents everybody from 'getting run over'.

Actually, the settling of priorities as to the volume and content of inter-municipal collaborations hinges on gaining legitimacy in the individual municipal councils. Furthermore, the formal constructions regulated by § 27 are not ascribed any legal authority. A resolution in any of the participating local councils is required for a task can be delegated. The statutes place, in addition, restrictions on which tasks are eligible for delegation, and the exercise of public authority in the sense of administrative decisions in individual cases (providing a service), unilateral directives, issuing prohibitions and so on is excluded. Thus, the formal rules regulating the strategic core, and also some of the operative cooperative arrangements, ensure that the local, democratic institutions 'have the last word'.

Experiences accumulated so far suggest that a restrictive practice prevails as to delegating decision-making authority to the strategic core of intermunicipal collaboration (Jacobsen et al 2010:59, 63). Indeed, mayors are inclined to refrain from initiating collaborative projects which run the risk of jeopardizing the local autonomy or, in even worse cases, are perceived to open up for "zero-sum game" resulting in costs without any profits, and the loss of functions and jobs locally (Andersen 2008 b, 2010). The consensual logic is explicitly expressed when an informant in the region where inter-municipal collaboration should have the best prospects due to a long history of cooperation (Feiock 2007: 57), reports that it is of no use:

to be creative as a member of the regional council or its working committee if one has not gained approval in the local councils.

The absence of a majority rule implies that the limit is reached when the negotiations fail to bring forth an agreement locally. And when the executive committee in the same region convened at the end of 2007 to discuss priorities for the next year, it asserted among other things that:

important issues are approved according to the consensual principle. One must be willing to recognize that when reaching agreement is

not possible, one has to abstain from launching large and resource-intensive elucidations.

Secondly, the formal constructions regulating the implementation of specific collaborative arrangements are designed, too, to ensure balance between performing effectively and democratic control. As to 'the host model' (§ 28 a,b) the intention of the Ministry has been to provide a legal frame entitling the municipalities to initiate collaborative arrangements in the realm of service deliveries, involving the exercise of public authority. Not least, the regard for more effective and professionalized services was emphasized as this was especially a problem in small and peripheral municipalities (see (Ot.prop. no. 95 (2005-2006):7, 58-62). According to the Ministry, re-evaluating efficiency and effectiveness boosts commitment among the partners. On the other hand, the model entails more formal mechanisms ensuring democratic control. It is a matter of course that the local assemblies have to sanction the agreement underlying the application of the host model. Moreover, leaving tasks which involve principal issues and 'local judgements' to a host, requires the establishment of a governing board, including members from the participating municipalities. In addition, it must be emphasized that the delegating municipality carries the responsibility for the services even when left to a host (Ot. Prop. 95 (2005-2006): 58). Therefore, they are entitled to give directives defining standards as well as change the decisions and supervise implementation. However, should the local authorities resort to a frequent policy of instructing and reversing decisions of the host, the efficiency of the collaboration would suffer. It is interesting to observe that in a discussion document proposing the Samkommune, the Ministry applies the notion of transferring, not delegating, tasks to the governing board or Samkommunestyret. The participating municipalities are not, according to the proposal, entitled neither to give instructions nor to change decisions made by the governing board.<sup>10</sup>

In cases where formal constructions like inter-municipal companies and limited companies are utilized, the ties to local governments are even weaker. In their capacity as separate legal persons these devolved agencies are responsible for their finances and legal obligations. Organizing collaborative schemes as devolved agencies, does not mean that local governments abdicate. Firstly, the participating municipalities enact the role as a meta-governor by designing the statutes and approving any prospective change in the regulative frame. Secondly, the municipalities in their capacity as owners may instruct the operative management. Compared to what usually is held as the mandate of the general assembly in a limited company, the board of representatives is entitled to debate on and approve budgets and accounts. However, according to Høivik (2005), the differences between these formal constructions should not be exaggerated. The company legislation is flexible, rendering it possible to design the articles of association in a way which gives the general assembly a rather broad mandate.

The picture so far seems rather harmonious; at least the formal constructions regulating intermunicipal municipal collaboration appear balanced. Still, and as mentioned above, more scholars are pointing to the option of 'a democratic defi-

cit'. The survey conducted among local politicians in the three regions may substantiate the view of a trade-off, in the sense that 73 per cent consider weakened democratic, popular influence as a disadvantageous feature of this kind of regional governance. Considering that a corresponding majority, 72 per cent reports a lacking capacity for making effective decisions as well, ambivalence over high transaction costs seems to prevail in this issue. On this background, the two models of trade-off must be examined critically.

#### **When is a democratic deficit haunting?**

How, based on 'my' survey, do local politicians conceive of the input aspects of intermunicipal collaboration? Does the survey substantiate the view that local democracy is 'on the retreat'? Not surprisingly, as many as 73 per cent of the local politicians perceive the mayors to have large/and very large influence on the local-to-local cooperation. However, the share, 48 per cent that reports the same to be true for the local councils, is still high. On the other hand, the survey indicates concern for the local democracy. As many as 57 per cent of the local politicians in Vesterålen agree fully/or partly with the assertion that 'intermunicipal collaboration weakens the control of the local assembly', though the number agreeing with this view is lower in the other regions (45 per cent and 54 per cent). Apparently, this result may be at odds with another investigation (Jacobsen et al 2010: 85), which shows that few local politicians consider that the local councils have been 'put to the sideline'. But as to 'my' survey the share agreeing fully with the view of a weakening of the local council as a consequence of intermunicipal cooperation comprises only 14 per cent in Grenland and Vesterålen, and as few as 8 per cent in Glåmdal. Nevertheless, it is worth mentioning that 70 per cent when asked to consider important/most important disadvantages of local-to-local cooperation, point to a weakened local council. Obviously, local politicians are displaying ambivalence in this issue, not least taking into account that the same share wants to extend the collaboration.

So what with the devolved organizations like 'Glåmdalsvekst' and 'Vekst i Grenland': do experiences from these cases point to a rather restricted variant of meta-governance, implying that local politicians' role is confined to sanctioning the start up and to approve the articles of association? Otherwise, the companies are left to themselves without any say from local politicians? It is important to add that since the 1990s national authorities have pursued a policy of devolution and, as far as local industrial development is concerned, have put emphasis on decoupling this policy field from local government. As to 'the development grant' made available for restructuring in both Glåmdal and Grenland, the new instructions, which were enforced in 1993, required the establishment of a development agency, and the governing board should include members recruited from the business community. By that time most of the pioneers among the municipalities and regions which had received the grant, had devolved this policy field through processes of 'trial and error', though in some cases change in the political governmental constellations had been an important impetus behind adopting a policy of devolution (Andersen & Brattvoll 2000).

Later on, in 2010, a sharpening of the rules of legal competence regulated by the Public Administration Act is passed. The change in the statutory provisions does not forbid popularly elected representatives as well as civil servants from being selected as board members of publically owned companies. However, civil servants and politicians who serve as board members have to abstain from participating in the municipal assembly's proceedings where the devolved company is directly involved. That applies to signing of contracts, changes in statutes, the exercise of the legal competence to instruct the board of representatives etc (Proposal no. 50 (2008-09), Recommendation from the Parliamentary Committee of Local and Regional Affairs no. 92 (2008-2009)). According to investigations conducted by Ringkjøb, Aars & Vabo (2008), a majority of local politicians express a preference for including politicians in the boards of the devolved agencies, emphasizing especially their function as guardians of public interests. Although variations abound, instances where municipalities have made use of their formal mandate to instruct the management of the companies do occur (Ringkjøb, Aars & Vabo 2008: 62,63).

Experiences from 'Glåmdalsvekst' illustrate how interference from the regional council and its executive committee may cause a lot of turbulence. What actually released a conflict at the end of 2001 was the resignation of the chairman of the board, due to what he conceived of as a political overruling of the agency. To his surprise he learned that the executive committee of the regional council had decided to summon an extraordinary general assembly. Undoubtedly, several other issues seemed to have triggered the conflict. In an interview in the regional newspaper the chairman is critical of how a lot of actors including the regional council, local executive committees and so on will have a say in the matter, suggesting that 'too many are queuing up to voice their opinion', and hence jeopardizing the efficiency and effectiveness of the restructuring process (Glomdalen, 14.12.2001, 3.01.2002). Later on, the manager of the agency follows up this critique of the politicians (Glomdalen 6. 02.2002). Thus, this case illustrates the often delicate balance between political-hierarchical steering and operational autonomy, and that the model of a 'democratic deficit' far from tells the whole story.

By comparison, 'Vekst i Grenland' appears far more successful. At least the agency has survived for nearly twenty years. Originally established to trigger industrial restructuring and with an emphasis on the mission of creating new jobs, it was convenient for the participating municipalities to ensure that actors within the business community were in charge. Their expertise was considered indispensable, not only for the purpose of managing the grant offered by Norwegian state authorities and other available financial resources in an efficient and effective way, but also in order to gain legitimacy regionally. Though a mayor in the largest municipality concedes that he would co-opt critics within the business segment:

I was quite tired of listening to the business sector always emphasizing how badly the political-representative institutions performed in matters of economic development. Hence, we let them take the driving seat.

Over the years, the agenda of the organization has been extended giving higher priority to projects of community development, a pattern which the trajectory of other Norwegian local/regional development partnerships exhibits, too (Ander- sen 2004; Karlsen & Lindeløv 2003). Prominence has increasingly been given to creating an image of a modern region offering jobs beyond the previously domi- nating manufacturing companies. Thus, the development partnership has address- ed infra-structural projects and even issues related to education and kindergar- ten. Performing this extended role, the agency has gone beyond its original main mission of being a tool for industrial development. But as one CEO pertinently asks: should a devolved agency be so strongly involved in community develop- ment and identity creation? According to him, it was quite appropriate to devolve the organization in a situation where

the agency was preoccupied with conducting negotiations with com- panies on the brink of bankruptcy. But there is no reason to let a limi- ted company take care of the marketing of the region.

Another key informant even calls into question whether the agency has fulfilled its mission, but adds that a decision to terminate the organization would be re- sisted because

the business sector appreciates much to participate in an organization which has large resources at its disposal.

Certainly, the formal construction of the agency is special as the manager also admits: while the municipalities finance most of the running of the organization, a majority of the board is recruited from the non-public sector. Some politicians find it annoying as well when the agency being mandated to organize and design the strategic industrial development plan, points to that

such-and such decision is hardly in accordance with intentions for- mulated in the plan. On the other hand, they have allowed us to per- form a role in this matter, and then we take the liberty to supervise the implementation.

It must be repeated that the aforementioned evaluation recommends an even stronger professionalization of the agency, proposing besides winding up ‘Gren- landstinget’ as a formal body to replace the politician in the board with CIOs, and to specify more clearly what should be the focused targets (Pricewater- houseCoopers 2008). There is an underlying concern for the output legitimacy here. Simultaneously, this case as well illustrates the ambivalence prevailing among politicians: by settling on devolved solutions which are even given a broad mandate, they commit themselves to refraining from interfering in the operation of organizations. At the same time, they easily object against being or letting themselves ‘be pushed to the sidelines’.

#### **When do efficiency and effectiveness suffer?**

As already noted, 72 per cent of local politicians refer to a lacking capacity for decision-making, high transactions costs as shortcomings of intermunicipal col- laboration. The share which considers the efficiency to be a draw-back displays

some variation; it is lower in Glåmdal (66 per cent) than in the other two regions (75 per cent and 76 per cent). Although a majority in all regions is satisfied with the delivery of services included in the collaboration, only 1/3 report that their own municipality benefits much/or very much from the cooperation. Again, the survey material calls for caution as to drawing unambiguous conclusion and inferring that local-to-local cooperation runs short as far as output legitimacy is concerned. Nevertheless, there are features which indicate that a trade-off in the sense of jeopardizing efficiency and effectiveness under certain circumstances appears rather likely.

Firstly, by relying on a negotiated agreement as the main principle for settling issues procedural standards pertaining to input-legitimacy loom large. The institutionalization of the consensual practice, however, easily traps the actors in never-ending deliberations, rendering non-decisions as well as deadlocks possible. This shortcoming is clearly expressed by a mayor in one of the largest municipalities in Grenland. While praising the importance of a regional meeting arena, he simultaneously questions its capability for settling issues.

However important it may be to have arenas for discussing issues, the authority does not hinge on the dialogue as such. What really matters in democracy is the ability to make authoritative decisions, and in that respect the collaborative strategy falls short.

Experiences from more projects suggest that the deliberative qualities of the process are not tantamount to producing effective outcomes. In Glåmdal and Vesterålen two rather similar and comprehensive collaborative projects were launched around the change of millennium. A lot of measures should lend high input legitimacy to the projects: the local councils had a say as to the mandate, the regional councils decided on the project plan, a selection of mayors and CIOs were included in the governing board of the project, a lot of stakeholders participated in elucidating the different issues. In Glåmdal the different cooperative arrangements resulting from the process were dealt with separately in the local councils, whereas the local councils in Vesterålen had a common proposal put before them. It is a part of this story, that the collaborative project included "low-policy" issues like different administrative support functions (invoicing and collecting outstanding claims, public procuring), fire protection. Still, the projects came to almost nothing; at least the outcome was rather modest. The resolutions reached in the several local councils in Vesterålen appeared so divergent that "it was impossible to proceed further" (Andersen 2010: 20). Nor did all of the few positive results of the process in Glåmdal survive for a long time (Andersen 2008b)

To add a further illustration of the obstacles facing cooperative efforts the story of organizing an intermunicipal service targeting children living in dysfunctional families in Vesterålen should be especially clarifying. Although synergies are evident not least as the size and the professional quality of service-providing organization are concerned, a time-consuming and thrilling process preceded the final agreement to get started from 1 January 2012. Since the process was formally launched in 2008, the issue has passed through the regional council, the local councils several times, working groups or project teams with

professionals have been involved, hence the input legitimacy of the process is well attended to. Still, unaccommodating 'grass-root' bureaucrats preferring the maintenance of operative local tiers have opposed the process (see Isaksen 2011: 66-76). Even the local council in a municipality close to the 'regional centre' and next to it measured in number of inhabitants, reached a decision with a narrow majority. Even though the municipalities concur on organizing the service according to the principle laid down in § 28 b, 'the host model', assigning Sortland the host function in the capacity of having a well-equipped professional staff at its disposal, the maintenance of 'local satellites' is required. On this background one may ask whether the reorganization actually means a significant change (Isaksen 2011: 77).

The consensual practice takes place, so to speak, 'in the shadow of the majority vote' or 'in the shadow of hierarchy' to quote Scharpf (1997: 47); however with the local councils in 'the driving seat'. A lot of the key-informants are reporting rather frankly and clearly that after all the local democracy has 'the final word', which the accompanying quotations should illustrate:

Only municipalities are entitled to make decisions. If two municipalities disagree, the issue must be returned. The process proceeds slowly, and, in terms of efficiency, rather badly.

Resources have been invested in elucidating a lot of projects. But when it comes to settling the projects politically many are brought down.

Cooperative projects addressing for instance administrative functions would be advantageous, and we have tried to get started earlier. But the local councils gave them thumbs down, not least because the union officials are protesting.

Underlying these selected quotations there is frustration about the efficiency and effectiveness of local-to-local cooperation. As Agranoff remarks in his study of public networks (2007), risk aversion easily leads to the consensual kind of governance. A strategy of "keeping issues off the decision agenda that are threatening or contrary to consensus building" (Agranoff 2007: 180) prevails. Even though a cooperative solution should be preferred measured against economy of scale and user preferences, the regard for democratic control has the last word. The lowest common multiple is the best to be expected.

## Conclusion

In summing up the analysis of local-to-local cooperation, which implications may be drawn? Firstly, the model of a deliberative surplus seems to be the most approximate portrayal of how the balancing of efficiency, effectiveness and democratic control actually turns out. At least, trading off the output legitimacy appears to be a likely option to occur when efforts to embark on a new course is initiated. Innovative projects are feasible provided that they do not trespass on

the jurisdictional domain of local government. Uncertainty as to what is gained combined with a fear of losing control nourishes risk aversion (Agranoff 2007), which renders it expedient to draw a veil over issues which could challenge the consensual practice (see Gibson & Goodin 1999). In case one tries to lift the veil, and attempt to proceed further by deliberation, remarkable transaction costs are easily incurred in the decision-making process, and sometimes the negotiations reach a deadlock. Certainly, one may assert that democracy is time-consuming, and that inefficiency in settling an issue “might be explained by the multiplicity of roles and objectives that these organizations are set in place to pursue” (Pierre 2011: 20). It is, however, doubtful whether this principal argument applies to local-to-local cooperation, which primarily targets rather specialized services. And on a principal basis more scholars have observed that more deliberation is not always to the better, and by being time-consuming deliberations “perpetuate existing practice” (Sunstein 1998: 256)<sup>11</sup>, that non-deliberative elements like passions, self-interests, not infrequently tend to inform political discussion (Johnson 1998: 165-167), and that pathologies of deliberation sometimes occur (Stokes 1998).

It needs to be said that the critical remarks regarding the deliberative principle is not tantamount to turning down the principle as such, and not to mention the regard for democratic control. When it comes to allocating public resources and settling on issues belonging to the jurisdiction of local democratic institutions, local politicians are the obvious principals. In addition, involving different stakeholders not only lends legitimacy to the process, but in addition may provide effectiveness in terms of output (Lindgren & Persson 2010). Two reservations, nevertheless, apply: To proceed further by deliberation does not always succeed due to conflicting preferences or an unwillingness to bear the costs of what might be beneficial to a broader collective. Thus, the majority vote is indispensable to settling conflicts; but at present this mechanism functions primarily as a formal barrier against jeopardizing local democracy, which may serve as a pretext for what may be parochial interests (DiMaggio 1988). In addition, as far as the role of politicians is concerned, one should not depreciate the appropriateness of ‘steering at a distance’ irrespective of which tasks are being addressed. It is not improper to question why politicians should insist on being directly involved in the governance of tasks, when these tasks are so specialized that they are hardly able to provide any substantial contribution to the problem-solving activity. Performing efficiently and effectively is crucial for any organizational arrangement to survive in the long run.

Secondly, the pattern of intermunicipal collaboration being portrayed in the article is far from unambiguous. Thus, there are features of synergy by designing formal constructions which attempt to find a proper balance between input and output legitimacy. In addition, there are instances which substantiate how organizing deliberative processes involving local politicians as well as stakeholders have rendered effective outcome possible. Moreover, as Aars and Fimreite (2005) remind us, one runs the risk of a democratic deficit when leaving huge public resources to a devolved and selected network of elites and in an important policy field as for instance culture (Aars & Fimreite 2005). Nor is it unproblematic when a devolved company originally established to finance and assist entre-



preneurial firms, extends its agenda giving high priority to community development as well. Still, if a majority in the local assembly opts for transferring decisions on which projects should be funded or not to a devolved unit, one cannot claim that democratic rules are violated. Other options than political-hierarchical steering would probably be more suitable in order to comply with a policy of community development, and especially mobilizing actors within the business community (Andersen 2008a: 73). Even though the option of ending up with a rather fragmented structure of devolved single-purpose organizations is not promising seen from a local democratic perspective, it is like 'crying wolf' to claim that a 'democratic deficit' at present prevails in the field of intermunicipal collaboration.

Thirdly, experiences so far give a rather pessimistic view of what may be gained by pulling together. The view that local-to-local cooperation should serve as an alternative to a policy of consolidation is hardly fulfilled. Certainly, some fruits have been reaped. But much remains unsettled. Obviously, it is demanding to gain acceptance for a collaborative strategy within core domains like primary education and elderly care. Less than 1/3 of the local politicians perceive these as well suited for partnering. That is puzzling considering that more municipalities, especially in peripheral districts, are hardly sufficiently robust, economically as well as professionally, to meet the increasing requirements of service provision. The 'Samhandlingsreform', targeting improvements in how the special branches (somatic and psychiatric hospitals) and the primary health care communicate and transact with each other, would in particular have implications for how the care for elderly and other vulnerable clients (diabetics) is organized locally (see Report no. 47; Recommendation from the Parliamentary Committee of Health and Care Services 212, 2009-2010). An implementation of this reform<sup>12</sup> leaves no other option than cooperation if a comprehensive amalgamation is to be avoided.

On the other hand, the delivery of services like for instance elderly care is not only a matter of organizing solutions of high quality. Important as well is the local accessibility of the services (Gossas 2006). Taking into account the decentralized pattern of settlement, the long geographical distances and so on in Norway it remains uncertain what might be gained by voluntary cooperation or a policy of imposed consolidation as to the service deliveries unless the requirements of accessibility are weakened. This dilemma is, probably, best handled within the frame of local democratic institutions rather than leaving them to more or less decoupled cooperative bodies. On this background one may ask whether the challenges first and foremost revolve round the issue of designing more robust municipalities than to pursue further the experimental, time-consuming and unsure track of voluntary cooperation.

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<sup>1</sup> The article forms part of the publications from the project "Strategic regions between efficiency and democratic governance", organized under the umbrella of the programme: *Democratic Governance in Regional Contexts*. The project has been financed by the Norwegian Research Council, and it was implemented during the period 2007-2009. The project team included Arild Gjertsen, Bjarne Lindeløv, Jon Pierre and the author of this article. The notion of strategic regions is elaborated in another article (Andersen & Pierre 2010), referring just to the cluster of partnerships which has emerged between the municipal and county level of the political/administrative system of governance. In this article, the terms *local-to-local cooperation* or *intermunicipal collaboration* are applied to denote this system of regional governance (in Norwegian 'interkommunalt samarbeid' and in Swedish 'mellankommunalt samarbete'). Regarding the terms *efficiency* and *effectiveness* the usual meanings are applied: Efficiency is defined as productivity, which indicates whether a service "is delivered with the minimum of waste" (Flynn 2002: 222). Effectiveness, on the other hand, has a broader meaning, including the quality of a service, and its contribution to over-arching goals (Flynn 2002: 222). It must be added that the article draws on previous publications from the project; especially Andersen 2008, Andersen 2010 and Andersen & Pierre 2010.

A previous draft of this article has been presented at a seminar, May 2010, organized by the section of Political Science and Organization; Faculty of Social Sciences/University of Nordland. I have received comments from colleagues and others. I will especially thank Anders Lidström, Jon Pierre, and two anonymous reviewers for their constructive remarks. In addition, Kjetil Enstad has contributed much to improving the manuscript linguistically. In that respect thanks to Knut Olav as well for his advices.

<sup>2</sup> As to the term *devolution* the article applies the meaning put forward by Grønlie & Selle (1998), which refers to processes of autonomization of the operative agent. According to them, the autonomization can take part within the public umbrella ('internal devolution'), leaving more space for the agent to make independent decisions. 'The host model' may serve as an example in the sense of delegating to one municipality (the host) the operational responsibility for the providing of a service. However, the delegating municipalities nevertheless bear the main responsibility, and they are entitled to instruct the host etc. Devolution may go beyond that and assign the operational unit a separate legal status ('external devolution'). In that case the service-providing organization stands on its own feet, being responsible for its income, expenses and so on. Intermunicipal companies and the special district model (Samkommune) are examples of an external devolution.

<sup>3</sup> Rothstein's discussion of what constitutes the quality of government, with an emphasis on how it performs has been inspiring. His focus is especially on the significance of fairness and impartiality in serving the citizens (see also Rothstein & Teorell 2008), and the empirical references are national political systems. Rose and Pettersen, on the contrary, are preoccupied with the legitimacy of local democratic institutions. What matters most seem to be how well the service provision matches the preferences of citizens. This does not mean, according to them, that provided citizens are satisfied with the provision of services, they do not care for local democracy as such.

<sup>4</sup> § 27 of the Municipality Act has, according to Jacobsen et al., been given a broad application, regulating both the strategic core (the regional councils) as well as some operative arrangements of cooperation (administrative support functions, service providing units). Although this legal con-

struction is frequently in use, the cognitive understanding of the statutory provision is rather unclear (Jacobsen et al 2010: 40).

<sup>5</sup> Sortland's development is exceptional, and for instances since the millennium the increase in population amounts to 7.4 % (to 9819). This means that about 1/3 of the inhabitants in the region lives in this municipality.

<sup>6</sup> In 2008 10-12 man-labour years were attached to the regional umbrella, the regional council and the different committees (targeting recreation, culture, tourism and the development of qualification). The average income since 2003 amounts to about 11 million Norwegian kr. (Andersen 2010). According to a registration by Vinsand & Nilsen only 9 % of the 69 regional councils had income amounting to over 10 million Norwegian kr. Most of the regional councils have a rather modest activity, and as many as 61 % report in 2006 to have an income of two million Norwegian kr. or less to pay for the secretary, projects and so on (Vinsand & Nilsen 2007).

<sup>7</sup> In 2007 22 % of the employees (or 5608) commuted to another municipality outside the region.

<sup>8</sup> As late as in 2006 the project organization was made permanent, regulated by § 27. The strategic core of the 'Grenlandssamarbeidet' is not confined to the political and administrative leadership of the municipalities. A separate assembly, 'regionting', comprising the executive committees of the participating municipalities, enact the role as a board of representatives.

<sup>9</sup> The agency can be classified as an operative development partnership. Today the running of the agency is financed by contributions from the owner municipalities. The projects initiated by the organization are supported financially by the return of funds at the agency's disposal. During the period 2003-2008 the expenses of the owners amounted to 50 million Norwegian kr.

<sup>10</sup> In connection with the revision of the Municipal Act in 2006 national authorities considered to give the model of *Samkommune* a legal status. On this occasion, however, one settled on incorporating statutory provisions regulating the *host* model. A project targeting the 'Samkommune' has been implemented during the period 2004-2007. An evaluation is available, systematizing the experiences from the project (Sand, Aasetre & Lysø 2007). The implementation of the 'Samhandlingsreform' undoubtedly requires more obligatory kinds of intermunicipal cooperation. The reintroduction of the proposal must be seen in this reform context.

<sup>11</sup> It must be added that Sunstein is sympathetic to deliberative democracy. He has faith in institutional solutions to avoid regulation of health risks, which is addressed in his chapter (Elster 1998), resulting in trade-offs making us worse off.

<sup>12</sup> The reform was debated in Parliament in April 2010. Some members of the National Assembly claimed that larger and more robust municipalities were required in order to implement the reform. The Cabinet has decided to implement the reform from 1 January 2012.