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What Happens to Spatial and Physical Planning in Denmark after the Local Government Reform?

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ABSTRACT *The paper explores how Danish policies and regulatory frameworks for urban, rural and regional planning have evolved and changed since the implementation of the last administrative reform of the local government structure in 1970. In doing so, the paper analyses the logic of the present reform and how it will influence future spatial planning. Thus, the aim of the paper is to evaluate to what extent the preparatory, analytical work impacts on the reform and it attempts to identify the main driving forces in the reform process and the relevance of the reform in relation to spatial planning.*

Key words: Local government reform, spatial planning, physical planning

INTRODUCTION

“The Reform Commission deliberately avoided to analyse the likely consequences of the reform, and to discuss solutions”.

“Where are we going?(...) It is not quite clear, but we are making a good speed!”

The participants in the Annual Meeting of the Danish Association of Urban Planners looked at each other in disbelief when the Director General of Spatial Planning of the Ministry of the Environment made the above statements in his key note address to the gathering of practitioners, civil servants and academics in the spring of 2004 (Ostergaard 2004). Was it true, that the most radical changes in the geography of public administration in Denmark for more than thirty years, and in the functional responsibility for spatial and physical planning, would hardly be accompanied by proper analyses? Neither with respect to an analysis of past performance nor when it comes to assessment of the impact of the reform, especially in terms of guidance and control of urban and rural development.

Denmark is now getting near to the end of a rather fast journey that really only started for good in January 2004. A journey, which will lead the country to an administrative structure with larger and more powerful municipalities, establishment of new and less powerful regional authorities, and a significantly stronger emphasis on national control of the new local government units. In the following, we shall attempt to amplify some of the likely consequences as they appear a year later, and we shall try to say more about where Danish physical planning is going.

When the size of municipalities is revised, and the powers of the respective authorities are redefined, the central arguments usually arise between the consolidationists, who wish to merge small local governments into larger units, and the defenders of fragmentation, who wish to maintain a traditional form of small-scale local government structure (Keating 1995). Likewise, it can be expected that reorganisation of governmental arrangements will involve matters of ideology and of interest as stakeholders stand to gain or lose influence and power.

The relatively short, but increasingly hectic debate on the sweeping reform of the local government authority structure in Denmark confirms these two views. The reform tempo has been characterised by a surprising ideological and operational determination on part of the liberal government and its right wing, parliamentary support, which left little room for protracted debate with the social democrats and left wing parties. From the outset, the agenda was clear. The second tier of government – the county council level – had to go or its role should be dramatically changed. One of the consequences is that the new regional authorities will no longer be responsible for producing spatial regional plans, and they will lose their power to regulate urban and other developments in the countryside.

The purpose of this paper is to explore how Danish policies and regulatory frameworks for urban, rural and regional planning have evolved and changed since the implementation of the last administrative reform of the local government structure in 1970, and the introduction of a major physical planning reform in the mid-1970's. From a context where physical planning focused on balanced development and the 'product' plan, to a situation characterised by competition between cities and regions under the influence of public choice theory and management.

The paper is structured in the following way. First, we briefly present the argument about the appropriate size for municipalities according to the analytical framework presented by political scientist Michael Keating (1995), and discussed in the context of the Danish reform by regional researcher John Jorgensen (2004). Following this, we insert a brief excursus about the change in relationship between state and market initiated by the former social democratic government and pursued by the present liberal government. A change that, Veggeland (2000) claims, gained momentum 25 years ago. After this, we present the empirical part, describing the historical context and background for the reform through sections that deal with the national rationales; the tasks according to the existing spatial planning framework; and the functional division of labour between the three tiers of government. This is followed by an analysis of the structural changes that have taken place in Denmark since the 1970-reforms in terms of socio-economic development and the concomitant dynamic changes in commuting-, population- and human settlement patterns as the results of increased mobility and shifts in employment opportunities. Once this new setting for physical and spatial planning in Denmark has been presented, we will outline the most crucial issues and challenges that may grow out of the reform. Since the structural reform will first be effective from 2007, the arguments and conclusions presented in the paper should be viewed as an ex-ante appraisal-cum-policy review. Consequently, our concluding observations may lend themselves to a fully grounded, ex-post evaluation to be carried out some years from now.

WHY ADJUST THE SIZE OF LOCAL AUTHORITIES?

A wind of change is blowing over the Nordic countries, heralding administrative reforms in Denmark, Sweden, Norway, Finland and Iceland (Nordregio 2004; Mandat 2005). It is, how-

ever, beyond the scope of this paper, to discuss in detail, why administrative reforms are introduced about the same time. A presentation of such views have, inter alia, been made by Nordic regional planners and researchers such as Naes Gjerding (2003); Jorgensen (2004); Hallin (2004); and Veggeland (2004).

In Denmark, it really began during the so-called “cucumber-period” in the summer of 2002. In the beginning of July, an opinion poll showed that the county councils did not have the full heart of many voters. An ambitious young member of Venstre, Denmark’s Liberal Party, who felt that real liberal reforms were too slow, decided to declare war on the county councils and small municipalities. Therefore, on 16 July, the heat stricken population and their politicians could read in one of the dailies: “Venstre will abolish the county councils” (Ipsen 2004; Kastrup 2005). In the article, Rikke Hvilshøj¹ claimed that three tax collecting entities (the state, county councils and municipalities) is one too many.

The Prime Minister clearly got the message, and on 1 October the same year, at the opening of Parliament, he announced that a Commission on Administrative Structure would critically examine the present local authority structure. Early in 2002, however, the Government had appointed an advisory committee that should describe, assess and make recommendations on reforms and changes of the health system with a view to increase efficiency and increased public-private partnership in the delivery of health care. The findings were presented in January 2003 (Ministry of the Interior and Health 2003), and in May, the physical contours of the new geography were sketched out in the National Planning Report (Spatial Planning Department 2003).

Already in January 2004, the Government issued two white papers suggesting wide reforms of the local government authority structure. One dealt with the question of size, i.e. a new geographical structure for the public sector (Betænkning 1434, 2004). The other addressed the issue of distribution, i.e. how can the local government equalisation scheme ensure a uniform distribution of taxes and services between rich and poor municipalities (Betænkning 1437, 2004).

The white paper on the administrative structure recommended that Denmark’s three-tier system of local government should be replaced by a two-tier system. In respect of strategic spatial planning, this will have significant impact, as the designation of service centres traditionally has been the responsibility of the regional planning agencies under the county councils.

The Argument about Size

Danish regional planning theoretician John Jorgensen describes the white paper on the administrative structure as a textbook case of the clash between consolidationists, who argue that local governments should amalgamate into larger units to obtain the most efficient scale of structure, while producing more services for the lowest cost, and the defenders of fragmentation. With reference to Canadian political scientist Michael Keating, he suggests that two of the four dimensions that Keating uses while analysing this clash play a prominent part in the white paper on the administrative structure, viz efficiency and democracy (Jorgensen 2004:8).

¹ Rikke Hvilshøj was made new Minister for Integration Affairs in February 2005 following a general election that returned the former government to power

Keating's frame of analysis identifies four great issues of principles that have stimulated the debate on amalgamation (consolidation) of small governments into larger units: First, the question of efficiency, i.e. scale of structure and cost of service delivery. Second, there is the issue of democracy, that is, what structures can best secure citizen control over government and proper accountability. Third is the question of distribution, namely, which structure can achieve the most equitable distribution of services and tax burdens. Fourth, is the issue of development, or which structures are best suited and equipped to promote economic growth (Keating 1995: 117).

In the context of spatial planning, we concur with Jorgensen that efficiency and democracy issues have been in the fore during the Danish debate, but as the County Council's spatial planning departments historically have prepared regional (land use) plans, the issue of development also applies. Indeed, this has been an issue of significant controversy, as the abolishment of the technical regional planning agencies, and the abolition of the political County Council may place the whole issue of coordinated regional economic and spatial development in jeopardy. Partly because the Planning Act's principle of framework control is significantly weakened; partly because strategic decisions will be shared between the new "Regional Development Fora" and the enlarged municipalities; and because the mandates of the Regional Development Fora are unclear, based on voluntarism and dispersal of technical competence to smaller functional units at the municipal level. The third issue, distribution, has been addressed in a separate white paper on distribution of taxes and services (Betænkning 1437, 2004). So far, the subject has filled little in the debate, and historically, it has always been an issue of great controversy in Denmark.

The Road to and Success of Decentralisation

The background for the modernisation of the local government structure in 1970 was based on recognition of planning as a societal necessity. The transformation to a welfare state required a coordinated effort, especially in terms of urban development and redevelopment, and careful use of land in the rural areas. At the beginning of this epoch, the main structural assumptions and challenges were constituted by (Vagnby 1984):

- A significant general population increase
- Reduction of rural population due to mechanisation of the agricultural sector
- Rapid urban development caused by the above factors
- Fall in average household size from more than 3,5 to less than 2
- General increase in real incomes leading to increased consumption
- Significant rise in car ownership
- Considerable growth in the number of summer- and weekend houses
- Rapid need for land to urban development (housing, transport, industry, service)
- Increase in time for leisure activities
- Significant growth in education, research and development activities.

The parole for the reform, which amalgamated almost 1.400 rural districts and municipalities into 275 and reduced the number of counties to 14, was "One town – One municipality". The reform was very carefully prepared and executed, and many consolidations took place on basis of initiatives authored by the planning authorities in close collaboration with the secretariat that served those days reform commission. The counties were strengthened financially, and made responsible for hospitals, regional planning – and later for upper secondary schools (high schools).

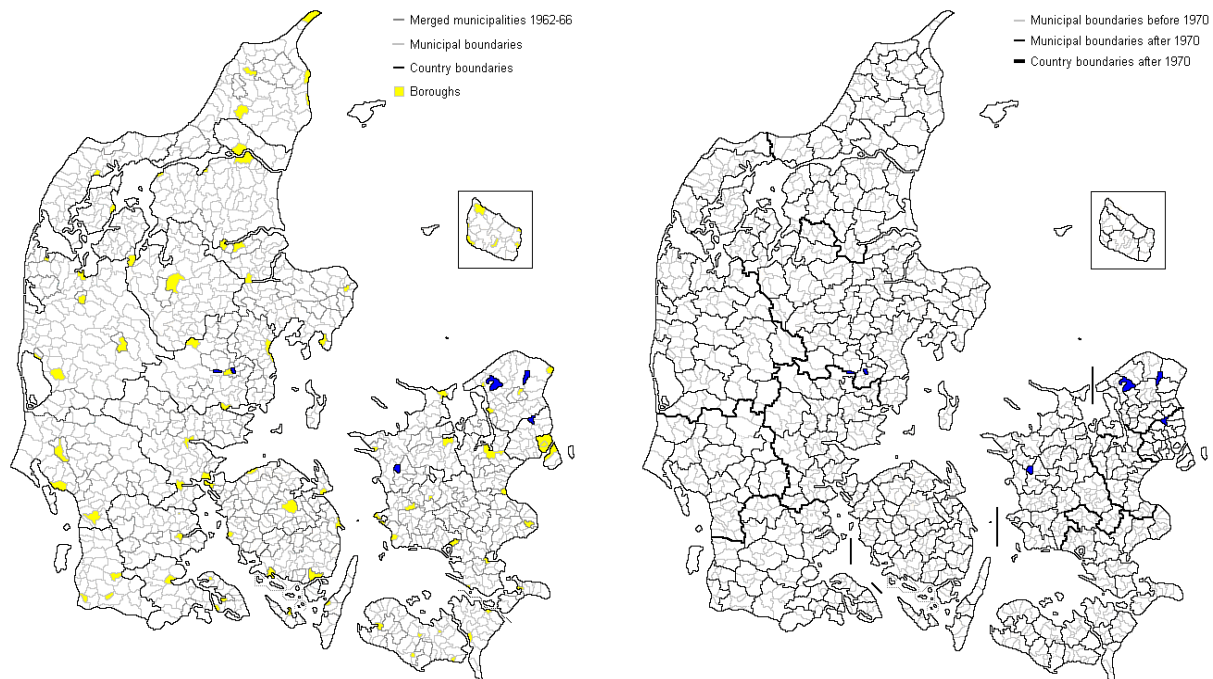


Figure 1: The Danish local government division before and after the reform in 1970.

At that time, the counties and the municipalities were considered large enough to take care of welfare provision, and the following years witnessed a continuous delegation of tasks from the state to the regional and local levels. Counties and municipalities are empowered to collect their own taxes in addition to central government grants. In fact, the sub-national level actually distributes one-third of the Danish GNP, which by far places Denmark as the most decentralised welfare state in the world (Jorgensen 2004: 8). Precisely the fact that local governments disburse and control very significant capital and recurrent public funds has resulted in a constant demand from central government vis-à-vis the local authorities, to “keep expenditures at bay”. This issue has become even more acute following the government coalition’s policy of full stop for increasing taxes. A task, which is almost impossible, as long as it is the Government’s policy, to offer more and more ‘public choices’ to a more and more demanding population, as part of the government’s free market philosophy.

The transformation of the relationship between state and market as we imply above, did not start when the Danish liberal government (‘the right’) in 2001, took power after almost ten year of social democratic rule (‘the left’). It actually gained momentum during the reign of the social democrats. Norwegian regional scientist, Noralv Veggeland, notes, with reference to Antony Giddens (1998), that overall, this transformation started in the early 1980’s, and that the three main factors behind are: (1) The ideological shift from central state involvement and intervention towards involvement of free market forces. (2) A shift from beliefs in systems and ideologies (modernisation) towards nursing individual interests and the local (postmodernism). (3) The neo-liberal attack on the state, has questioned the role of the state as a guardian of collective responsibility, and put this role in a new light (Veggeland 2000:45).

Veggeland goes on to point out that without overestimating the effect of the withdrawal of the state, there has been a shift in modes of thinking, and in priority setting. Emphasis is clearly on

budgetary discipline, and there is general political resistance against growth in public expenditures. In the context of planning, he is of the opinion that regions (the local level) must base strategic planning and development (of jobs) on their own competitiveness, and less on subsidies and transfers from the state. The abolition of the county-level in Danish local government may in fact be seen as a consequence of this trend and as an ultimate result of the transformation from “conventional” local government to “contemporary” governance.

Therefore, it may be argued that the relatively sudden introduction and implementation of a new local government reform, on the one hand is the recognition of a successful decentralisation policy, in which there should be only two actors (local and central). On the other hand, it can be regretted that the counties – and their regional development planning – appear to have become victims of a successful decentralisation policy.

THE DANISH LOCAL GOVERNMENT REFORM AND ITS MISSING GEOGRAPHY

We mention above that the transformation to the post-war welfare society required a coordinated effort, and that physical and spatial planning was deemed a prerequisite. The local authorities took the initiative to the 1970-reform, and - in contradiction to the 2002 Reform Commission – popularly elected members dominated the Local Government Commission that was established in 1959. The Reform Commission paid considerable attention to demographic issues, but questions of equality, the future of rural communities and especially the problems related to rapidly growing towns and associated spatial and urban development issues were constantly in focus during the eleven years it took for the reform to materialise.

The terms of reference for the Commission on Administrative Structure of 2002, (the Reform Commission) called for a technical and expert analysis of the advantages and disadvantages of different ways of organising the public sector. Further, the commission was requested to address issues of efficiency and economic sustainability; democratic control and citizen participation; quality in service delivery and possible choices between service providers; and coherence between technical competence and economic responsibilities (Betænkning 1437: I, pp. 12-13).

The present reform is – unlike its predecessor – largely the result of a process guided by efficiency considerations and managerial effectiveness which is demonstrated by the Commission adding on its own initiative, two additional criteria, namely ‘simplicity’ and ‘manageriability’ (Betænkning 1437: I, p. 22). It is also noteworthy that although the mandate calls for an appraisal of various geographical criteria that can form basis for future decisions, it explicitly states that the Reform Commission “shall not present any conclusive recommendations on the geographical structure as such” (Betænkning 1434: I, p.13).

The Argument about Efficiency² and Economic Sustainability

Concurrently with the transfer of more (and more complicated) tasks to the local authorities, several minor municipalities have had to establish inter-municipal co-operations in order to fulfil their public service obligations, and to reap some benefits from economies of scale. Re-

² Financial efficiency can be defined as the relation between results (outcomes) and costs. The size of the administrative unit can affect financial efficiency by the so-called benefits and/or disadvantages of economies of scale. Financial efficiency in task performance could also be affected by the distribution of tasks between different level of administration. (Benefits of economies of scale are mainly related to administrative functions)

gional planning analyst, John Jorgensen notes that in times of budgetary constraints [enforced by the Government's tax moratorium, authors' comment], examinations of the relationship between the size and expenditure level of local authorities drew significant attention in the public debate. He further notes, that though studies show that the benefits of merging the smaller municipalities would amount to less than 2 % of the overall local authority expenditure, the idea of merging authorities was considered the way forward, and had attracted an inevitable momentum (Jorgensen 2004:9).

An analysis undertaken by the Ministry of the Interior (2002) indicates that the size of municipality, where the average operational costs per inhabitant are lowest (adjusted for differences in expenditure levels and financial capability of the different municipalities) has increased from 28.000 to 34.000 inhabitants from 1993 to 2002. Another study estimated that the lowest-cost authorities ranged between 30.000 and 50.000 inhabitants (Houlberg 2000).

Though the two studies illustrate that disadvantages of scale can also take place, and the fact that expenditures have a U-formed relation to size, did not influence the terms of reference for the reform commission, and the Commission did not debate if the larger municipalities should be subdivided.

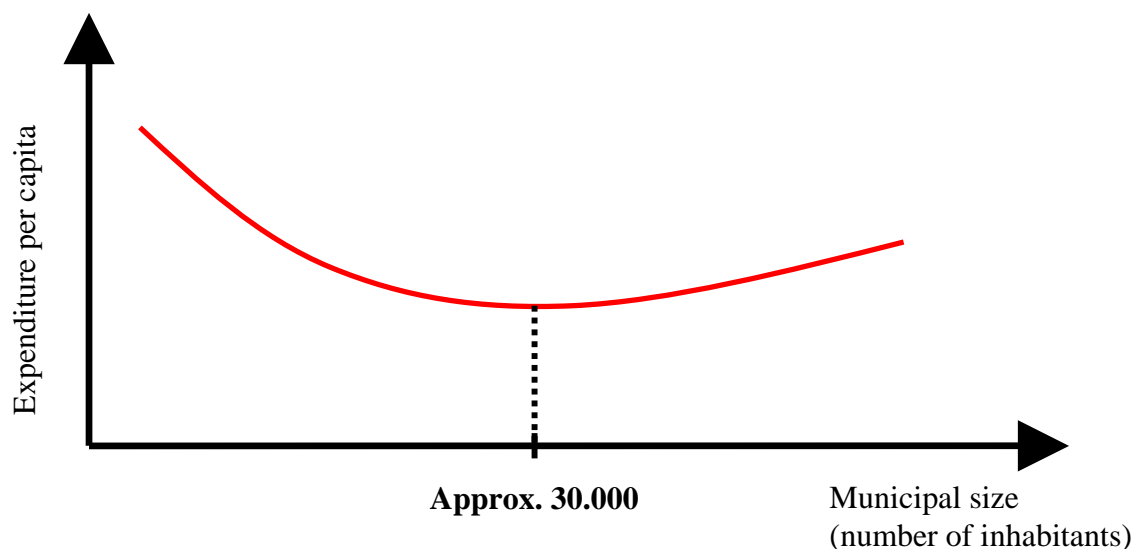


Figure 2: Relationship between municipal size and public expenditure

Therefore, with the formation of quite large municipalities (at present the number amounts to 99), it can be foreseen that diseconomies of scale will occur. However, the question remains – as Tiebout (1956: 34) assumed – whether an economically optimal municipal size exists at all?

Main Features of the Reform

When the Reform Commission published their findings in January 2004, it recommended a number of criteria that should be taken into consideration when forming the new local government units. Firstly, it emphasised the need for supporting and asserting common local identities to create and safeguard local affiliations and solidarity in communities, meaning that conditions regarding catchment areas, hinterlands and commuting patterns as well as municipal partnerships and infrastructure conditions should be considered. Secondly, when es-

tablishing new units it should be borne in mind that they should include both rural and urban areas; ensure the existence of one natural centre; and be economically as well as professionally sustainable and ensure economic efficiency in the execution of statutory tasks.

The Reform Commission concluded that today's problems and future requirements and challenges would require a reform that includes boundary changes as well as redistribution of tasks, and that these should be closely correlated. To meet the criteria listed above, it was suggested that in future, the country should be divided into seven or eight regions at most, and not less than three.

Regarding the size of municipalities, the Reform Commission found that a minimum size of 20.000 inhabitants would enable a satisfactory technical sustainability level in the handling of the most important tasks. However, it goes on to state that this size will not provide the same opportunities for concentration of, for example, social services and district psychiatry, as if the municipalities had 30.000 inhabitants (Betænkning 1434: I. pp. 36-37). It would be tantamount to a very radical change if the 30.000 criterion was applied, as it would mean that only around 40 municipalities of the existing 271 local governments would survive.

Nevertheless, when announcing the conciliation agreement between the Government and its parliamentary support party, the Danish People's Party, in January 2005³, the above was streamlined into one overall objective: *a simplified and efficient public sector close to the citizens and more coherence within the municipalities as the sole entrance to the public sector*. With regard to sustainability, the agreement stipulated that the minimum *population target* should be 30.000 inhabitants. It was also announced that the amalgamation must be based on a merger of 'whole' municipalities, and that the formation of new municipalities shall be done on a voluntary basis. Contrary to this, the central government demarcated the boundaries of new regions and decided unilaterally that five regions will replace the existing 14 counties.

Municipalities, amalgamated or not, which could not comply with the requirement of 30.000 inhabitants and wanted to avoid an excessive merger, were advised to enter into binding co-operation partnerships with neighbouring municipalities. Only island-municipalities were guaranteed in advance that they could avoid a merger by entering into a partnership. Other municipalities could only avoid a merger by entering into a voluntary partnership agreement with a larger municipality. Only two of the ten mainland-municipalities that negotiated for a partnership-agreement have succeeded in this, the remaining eight municipalities were 'forced' into amalgamation.

The question of demographic size became a major issue in the political debate due to the emphasis on economic sustainability and the wish for cost effectiveness. Unfortunately, neither the political nor the public debate has addressed adequately, the issues of functionality and territoriality. However, some writers have criticised the way the Reform Commission has addressed the issue of geographic size. Regional researcher John Jorgensen claims that 'territorial' considerations of Danish municipalities acting in a European and cross-border context are almost non-existent in the conclusions of the commission. He also argues that the commission's analyses of mobility, commuting patterns and the appraisal of geographical criteria

³ The two government parties, Venstre and the Conservatives, and the Danish People's Party hold an absolute majority in Parliament

have not been utilised, and that the conclusions are unaffected by considerations of territorial specificities and variance (Jorgensen 2004: 11).

The local government reform in 1970 was followed by a comprehensive reform of the physical planning system. There is no doubt that these two reforms promoted decentralised industrial development, and resulted in a strengthening of the administrative infrastructure in the new administrative units, and – importantly – the concomitant equalisation reform safeguarded a balanced socio-economic development. In fact, the dominating planning paradigm – that lasted until 1992 – was an ‘equal and balanced development’ benefiting all regions and parts of the country.

Hanne Tanvig, director of the Danish Centre for Rural Research and Development, argues that the current polarisation between the larger cities and areas dominated by rural districts might be accentuated, if proper measures are not taken to prevent it. She further claims that there is a risk that Denmark will re-experience an intensification of the adverse centre-periphery situation that we a few years ago would have sworn would never happen again (Tanvig 2004). In order to avoid the creation of an A and a B Denmark, Tanvig finds it necessary to incorporate discussions on the development in rural districts and city-regions before the local government reform is finally decided.

Physical planning consultant and sociologist, Niels Helberg notes that the political debate on the reform has its point-of-departure in two different views:

“Future municipalities shall have a certain demographic weight. This shall facilitate that more tasks are devolved to the local authorities as service providers, and it shall ensure that the quality of public services is better and more uniform – more quality for the same money.

Future municipalities shall possess internal coherence and identity that shall ensure popular backing to the elected communal government, and provide a real opportunity for influencing the local administration in order to base development on local assumptions and interests” (Helberg 2004: 73, authors’ translation).

Helberg claims that it is a question of *quality* and *effectiveness* on one side, and of *proximity* and *local variations* on the other. He goes on to state that if the municipalities are to be independent, dynamic entities more is at stake than just the number of inhabitants. Like the Commission itself, he notes that important factors are urban pattern, presence of a ‘natural’ centre, population density, infrastructure, location in relation to larger cities and growth areas, physical limitations (islands), historical factors and relations, established associations, community organisations and networks, the dynamics of local commerce and culture and similar factors (Helberg 2004: 75).

Therefore, it is rather unfortunate that the speed and approach chosen for the reform process – and as the Director General of Spatial Planning succinctly put it (see quote on p.1) – has not allowed for a deeper and better treatment of “soft” and “irrational” aspects as those discussed above. Indeed, it may be concluded here, that if a new local government structure does not give space to local differences and local identity, popularly elected local government does not have any meaning.

The Physical Planning Mindset and Planning Reforms

Danish municipal physical planning dates back to 1925 when urban planning as a specialised activity was introduced. Until then, it was a private matter how property owners located their houses. It was, however, the Town Planning Act of 1938 that made it compulsory for provincial towns and municipalities with more than 1000 inhabitants to prepare a town plan, which should be subjected to public scrutiny. In 1959, the Ministry of Housing's Commissioner of Town Planning issued a guideline for the preparation of Land Use Plans that specified functional and physical aspects coupled with an assessment of anticipated population and commercial development. The guideline remained valid until the Planning Reform in 1974.

In the early years, there were only very few physical planners and they were greatly influenced by British, French and Central European planning thought with its emphasis on form and functionality. This approach and philosophy dominated the following generations of teachers and students, and physical planning studies per se did only start after the Second World War.

The second characteristics of Danish spatial and physical planning, citizen involvement and participation, has its roots in the 1938 Town Planning Act which emphasised the importance of local involvement in problem identification in line with the policies of active planning associations and societies like the Society for Better Buildings and the Danish Town Planning Institute. Participation became an important feature of the physical planning reform of 1974. The reform's main features were synthesis and simplicity; modernisation; decentralisation; and public participation. Participation meant that spatial and physical plans – from the national level and to the legally binding local plans – should pass through a process of public debate and compulsory hearings.

The third legacy of Danish physical planning is the principle of framework control, which means that a plan at one level shall comply with plans at higher levels, i.e. a municipal plan must conform to the regional plan, and a local plan must not contradict the municipal plan.

SPATIAL AND PHYSICAL PLANNING IN DENMARK

In the following, the main features and characteristics of physical planning are presented in order to provide a background and the context for the changes in the planning system as they appear at this juncture.

Present Spatial Planning and its Division of Labour

In close connection with the reform of municipal division in 1970, there was a thorough modernization of the Danish planning legislation. This reform of the planning acts included; the Urban and Rural Zones Act (1969) with a revision of regulation and zoning that divided the national territory into urban zones, summer cottage areas and rural zones; the National and Regional Planning Act (1973), which introduced comprehensive national planning and made regional plans statutory; as well as the Municipal Planning Act (1974).

These acts, and a number of other issues dealt with in separate legislation, were assembled in a single Planning Act adopted in 1992, which introduced a number of innovations without

changing the basic principles of Danish planning. Some elements from the acts from the 1970es are, however, still of interest and relevance. For example, the national and regional planning act (1973) states that the regional plans shall, in combination, provide the basis for a 'national plan' though such a plan does not exist per se. In addition, national planning interests shall be taken care of through the approval of regional plans by the Ministry of Environment. The national planning policy shall be presented in annual national planning reports. The planning system builds on the idea of framework control. A main feature of the 1992 planning act was the introduction of further decentralisation, combined with a change of the dominating planning and policy paradigm from *equal and balanced development* to *diversity and pluralistic development*. The sequence for publication of national planning reports was changed to four years (after new elections to parliament).

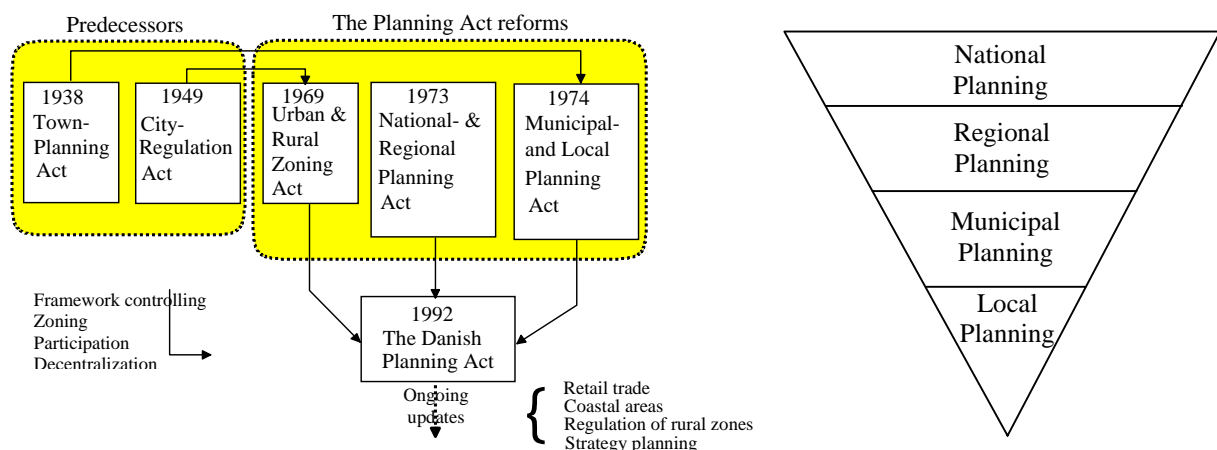


Figure 3: Overview of Danish planning act reforms and the principle of framework control.

Despite these changes, the principal objectives of the Planning Act (1992) remained to ensure that (physical) planning synthesizes the interests of society regarding future spatial structure and land use, and contributes to the protection of the country's nature and environment, so that a sustainable development of society with respect to people's living conditions is secured.

The planning system has evolved over a number of years, and changing with changing conditions, but it is rooted in the tradition of understanding the necessity for functional cities and the regulation of land use. The Act has been amended several times and the most important amendments in ascending order are related to the following:

- Planning in coastal areas (1994)
- Planning for retail trade (1997 and 2002)
- Environmental impact assessment (1999)
- Local Agenda 21 (2000)
- Strategy for municipal planning and new opportunities for revision of plans (2000)
- Allotment gardens (2001)
- Regulation of rural zones (2002)
- Urban regeneration (2002)

Spatial planning in Denmark is still based on four fundamental principles: (i) Framework control and management; (ii) Decentralization of authority; (iii) Public participation; and (iv)

Zoning. An additional characteristic of the Danish planning system is the close link with the political electoral processes that aims to give it both legitimacy and flexibility.

The Planning Act delegates responsibility for spatial planning in Denmark to the Minister for the Environment, 12 regional planning authorities and 271 municipal councils. The Planning Act decentralizes decision-making authority and promotes public participation in the planning process based on the reformed planning legislation of the 1970es. The trend over the past decades has been that municipalities and counties have been allocated more and more tasks, and that the municipalities have taken over several tasks from the counties.

The physical planning legislation is based on the principle of framework management, in which plans must not contradict the planning decisions made at higher levels. If these higher-level decisions are changed, planning at lower levels must be adapted accordingly. The principle of framework management decentralizes the delegation of responsibility as follows:

- The municipal councils are responsible for comprehensive municipal planning, detailed local planning and issue of permits for construction and changes in land use in rural zones.
- The 12 regional planning authorities are responsible for regional planning.
- The Minister for the Environment may influence decentralised planning through national planning initiatives, or he may veto the planning of municipalities and regional planning authorities to safeguard national interests.

All three levels are obliged to revise their planning documents every four years; and regional and municipal authorities have a right to change their plans when deemed necessary. However, the act is very clear concerning the composition or structure of the plans and with respect to the statutory content of the different plans.

National spatial planning

There is no national master plan. Instead, national planning intentions are expressed through reports, binding instructions, guidelines and intervention in local planning. The main planning documents are planning reports and planning directives. After each election to parliament, the Minister for the Environment submits a report on national planning. These reports include visions and perspectives for topical planning themes. In addition, The Minister may establish binding rules on the content of planning through planning directives and in this way promote both specific projects and a certain direction of development.

Regional and municipal planning is required to consider this framework in their spatial planning.

Regional planning

Regional planning concretises the national objectives for development and establishes the overall objectives for development. The regional plan contains guidelines on land use in the region and a report on the premises of the plan where the Planning Act stipulates mandatory themes for the regional planning guidelines. The key themes are urban development and the location of regional functions, the overall transport structure and infrastructure, protection of nature and the environment and leisure facilities and tourism.

In addition, regional planning has included environmental impact assessment (EIA) of large projects that are likely to have significant effects on the environment.

The regional planning guidelines establish a framework for municipal planning and a basis for the regulation of land use in the countryside.

Municipal planning

Spatial planning in the municipalities includes both the preparation of a municipal plan and local planning. Before revising the municipal plan, the municipal council prepares a strategy for municipal planning during the first half of each election period.

The strategy includes the municipal council's evaluation of and political strategy for development, information on the planning occurring since the last time the municipal plan was revised, and a decision on the extent to which the municipal plan will be revised.

The municipal plan contains the general structure with overall objectives for planning and land use in the municipality with respect to the location of housing, workplaces, shops and public institutions, transport, as well as green spaces and a framework for local planning that concretises the objectives of the general structure.

The municipal plan constitutes the necessary link between the regional plan and the provisions of local plans on land use and settlement in individual districts.

Local plans concretise the political strategy and objectives of the municipal plan, and they are legally binding for property owners, by stipulating how land covered by the plan may be developed and used. Consequently, local plans map out both what is permitted and what is prohibited. However, a local plan is a rather flexible instrument as it may regulate numerous factors related to use, the size and location of buildings, roads and paths and the architectural features of an area.

The legally binding provisions governing the limitations on land use can only cover those themes stipulated in the Planning Act.

A local plan can be adopted at any time if the plan complies with the municipal planning framework for local plans.

A DENMARK UNDER CHANGE

In a previous section, (see p. 4) we presented some structural factors and challenges the society faced when the country was preparing for the local government reform of 1970. Most of the assumptions were right, though population growth has been less than anticipated while depopulation and agricultural changes of the rural areas have been more profound than foreseen.

What the planners did not foresee in the 1960es and '70es, was a dramatic change in the mobility of the labour force; the concomitant expectation on part of the employers that 'if you want a job, you must be prepared to travel for it'; and a much higher urbanisation of a few regions around Copenhagen and along the international motorway passing through Jutland.

The last factor, resulting in a far more concentrated settlement pattern with excessive housing costs in the attractive regions, and a slow, but significant, segregation of people with lower incomes in poorer or more remote parts of the country. Within just ten years, people's travel behaviour has changed markedly, and new and more extensive commuting-regions are being created.

This trend is expected to continue, and is likely to be reinforced by the local government reform's emphasis on considerably larger municipalities, where the parole from the 1970 reform, "One town – One municipality" may be replaced by a new expression, "A Competitive City in a Strong Municipality". Overall, it can be foreseen that in future the country will be divided in three types of regions: (i) City regions that will accommodate 55 % of the population, with significant growth in population, employment and incomes. (ii) Regions around medium-sized towns, which will accommodate 35 % of the population with average growth. (iii) Peripheral areas around smaller towns and villages comprising around 10 % of the population, and characterised by economic stagnation or decline.

Structural Changes

Largely, the structure of and the criteria for the performance of the public sector were defined with the local government reform in 1970. Since then, there have been significant changes in the conditions that constitute the foundation for the organisation of the local government sector. Along with the consolidation of the welfare society, people's demands regarding public services have changed from a concern for covering basic needs to a maximisation of the quality of life. Likewise, the concern of working people has moved from securing working conditions (providing the material basis for the basic needs) to securing a proper use of leisure time – sports, cultural affairs, entertainment, and a second home. A trend which Danish public government specialist, Peter Bogason calls the post-modern reasoning where consumption is at the centre of human thinking (Bogason 2000:24).

The change in people's attitudes regarding public service, simultaneous with significant changes in the preconditions for performing public tasks, has forced the public sector to change its public service delivery strategies. A change, which has accelerated in line with the centre-liberal Government's 'contract policy'.

| | 1970 | 2004 | Percentage difference |
|-----------------------------------|-----------|-----------|-----------------------|
| Population | 4,9 mill. | 5,4 mill. | +10 |
| Households | 1,7 mill. | 2,5 mill. | +45 |
| Housing Stock | 1,8 mill. | 2,5 mill. | +40 |
| GNP per Capita | 20.000 \$ | 38.000 \$ | +90 |
| Private Cars | 1,1 mill. | 1,9 mill. | +75 |
| Civil Servants | 380.000 | 860.000 | +125 |
| Industry and Manufacturing | 570.000 | 430.000 | ÷25 |
| Commerce and Service | 630.000 | 1.020.000 | +60 |
| Agriculture | 250.000 | 90.000 | ÷65 |

Table 1: Changing Structural Preconditions in Denmark between 1970 and Today

The number of inhabitants differs a great deal from one municipality to the other, with variations from 2,266 to 502,129 inhabitants in January 2004. The counties had between 44,126

and 640,637 inhabitants. The average was 19,452 and 339,928 inhabitants, respectively, for municipalities and counties.

At the outset of the new millennium – before a local government reform came on the public agenda⁴ – the issue of amalgamating small local governments resurfaced. So far, however, only the five municipalities on the island of Bornholm did voluntarily complete a merger into one municipality as of January 2003.

As an alternative to amalgamation, other local authorities have chosen to co-operate on various tasks on more or less formalised terms.

The main tasks of the municipalities traditionally falls within social service (children, the elderly), primary education, and the environment, while the duties of the counties focus on health, secondary education and other tasks requiring larger populations.

Where Are We Right Now?

Following the narrow agreement on the reform⁵, the Government moved extremely quickly. First, the Interior Minister informed the liberal party, Venstre's own mayors of the impending changes. Shortly after, all mayors and representatives for the local government associations were instructed to move with extreme speed in finding amalgamation partners. The single most important factors in these negotiations have been the 30.000 population target, and good personal relations between local politicians.

On twenty occasions only, have decisions been based on a local referendum. In all other cases, cultural and historical affiliations, geographic factors, infrastructure, commuting patterns and service centre structure were neglected in favour of political relations. In any case, it can be safely concluded that with a few exceptions, there has been no room for impartial objectives and professional planning considerations in the process.

In some way, the process got out of hands compared with the Government's original intentions prior to the process. The ruling government party, Venstre, has traditionally had its backing among farmers and rural land proprietors. Therefore, Venstre wanted a two-pronged strategy. Creation of stronger units of a size that could honour the requirement of sustainability and effectiveness, and maintenance of the party's vision of a 'near society' where the people affected takes decisions at grass-roots level. Instead, the process has resulted in an increased number of very large municipalities with more than 50.000 inhabitants. By May 2005, it seems that the new municipalities will get an average population of 54.500, and almost 58.000 if adjusting for partnership arrangements. In comparison, today's average municipality has around 19.500 inhabitants.

As of now, the process has resulted in the voluntary formation of 99 new municipalities as shown below.

⁴ A reform of Denmark's local government structure did not appear in the Government Platform Programme when a new government took over from the Social Democrats in November 2001.

⁵ The opposition parties did not want to underwrite the reform proposal.

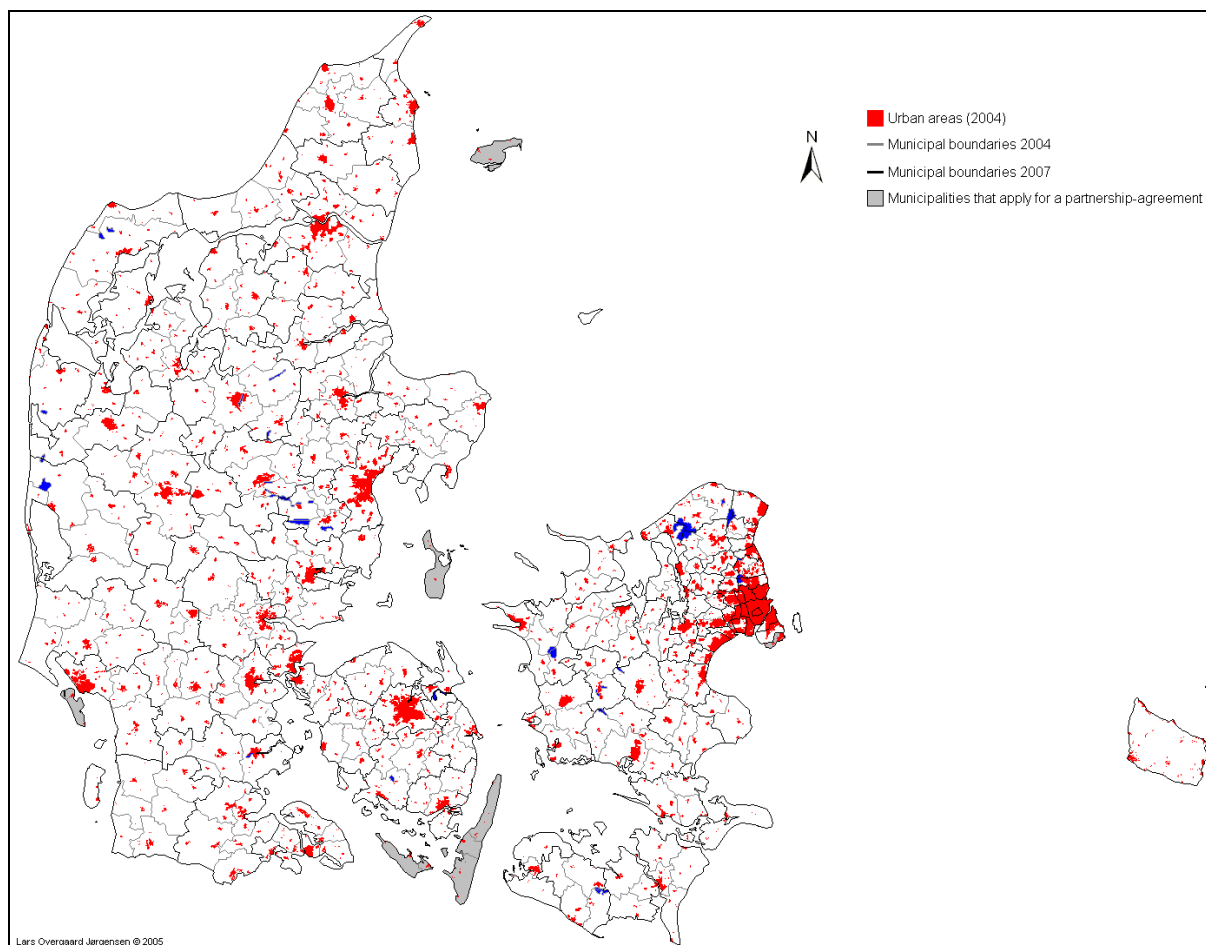


Figure 4: The Danish local government division prior to and after the on-going reform that will be effective from 2007.

The New Setting and the Changes in Spatial Planning

In general, it has been the aim of the structural reform conciliation parties to simplify and create a more effective public administration. More specifically, it has been the intention to do away with what they consider to be a bureaucratised spatial and physical planning system, and to involve citizens, companies and stakeholder organisations in the planning process.

In this way, the scene is set for a thorough reform of the planning act, and the current division of responsibility will be changed radically. The present regional level will disappear, and the 14 counties will be replaced by five new regions. Consequently, the national and municipal levels will be given extended authority, and they will get new planning objectives. The most significant and controversial change is the transfer of spatial regional planning to the new municipalities. In future, the county council's spatial planning departments will be abolished; and the new regions will have to develop a new type of plan: the regional development plan. The aim of this plan is to secure the overall strategic development of the region in accordance with substantial areas of interest, i.e. nature and environment; trade and industry; employment and education, as well as development in outlying areas of the region and in the rural districts. In addition, these plans "may include" general spatial and sustainable development considerations (Ministry of the Interior 2004: 92).

A scheme of transition will be established, where the current regional plans will be maintained, and their legal status will be ensured by giving them status of a national planning directive. During the transition period, they will thus continue to constitute the overall guidelines for the planning activities of the municipalities, until these have updated their municipal plans in accordance with new legislation.

The well functioning decentralisation principle of framework control will be restructured and dramatically restricted. The future role of the national planning authority will be to ensure that overall interests are considered in the planning process, and the state will now supervise regional as well as municipal planning through a number of new branches of central government offices. The new regional development plans shall include an overall vision and maps that will depict a general picture, but not a precise indication of the location of urban development.

While the municipalities are obliged to follow these general indications in their planning process, the concrete planning and the determination of guidelines for the development of urban and rural areas will in future exclusively be managed and attended to by the municipalities.

In this way, the principle of framework control is partly preserved, but the power and autonomy of regional planning appears rather limited. The transfer of spatial and physical planning tasks to the municipalities, but the transfer of overall responsibility in respect of nature and environment consideration of overall planning interests to agents of the state, implies that in the post reform era, it might be more correct to speak of national control instead of framework control.

The new and larger municipalities will have to cope with new tasks and planning responsibilities, they have to co-ordinate a new and larger spatial geography, and they have to manage and assess a new urban pattern. Therefore, it will not be sufficient to make up a congregated document of existing plans. Rather, it might be necessary to start from scratch and prepare completely new municipal plans.

The local plan will still be the legally binding document where citizens and investors can obtain information about specific regulations and limitations on land use.

ISSUES AND CHALLENGES

The rationales for Denmark's new local government reform or 'structural reform' are mainly found in the continuous transfer of national tasks to the local level since the last adjustment of the administrative structure took place in 1970, and in the citizens' demand for and increasing expectations to the quality and efficiency of local public services. Furthermore, central government found it necessary to reduce the need for municipal partnerships because of the lack of transparency and democratic control. Finally, the aim was to create a basis for a clearer distribution of responsibilities between the various public authorities. The outcome should result in a more transparent administrative structure for the civil society.

The process will give the country an administrative structure with larger and more powerful municipalities, new and less powerful regional authorities will replace the county councils,

and there will be a strong emphasis on national control of the new local government units. The local government reform is part of a wider exercise that attempts to construct a more efficient and simplified public sector especially because the municipalities defray 70 percent of all public expenditures. The intrinsic and implicit reasons really being that macroeconomic policy legitimised increased national control of an already widely de-concentrated public sector, and an ambition to reduce the public sectors three administrative levels to a two-tier system.

Unfortunately, the new structure as it appears now; the process that has led to it; the constant pressure there has been for cost efficiency; the emphasis that have been placed on minimum population limits; and the almost exclusive focus there has been on municipal service delivery, gives rise to fears that to-day's local communities, in future will develop into bureaucratic service producers as the main consequence of the reform.

The Logic of the Reform

Fundamentally, it is the motto, *a simplified and efficient public sector* that has determined that the municipalities, through a concentration of public tasks, will become the citizens' primary entry point to the public sector. The prerequisites for this has been the dissolution of the counties, the creation of five new (mainly health service) regions and the formation of new and larger municipalities through amalgamation. However, in connection with the abolishment of the counties it has been necessary to transfer some of their tasks to the national level.

Whereas the Government unilaterally demarcated the boundaries of the five new regions, the formation and merger of the new, larger municipalities had a voluntary basis where the almost sole concern has been to meet the population target of 30.000 inhabitants. This may secure economic efficiency and sustainability in the future undertaking of tasks, but many of the Reform Commission's declared amalgamation criteria were disregarded in the process.

The commission argued that catchment areas, hinterlands, commuting patterns and infrastructure, among others, should be taken into account in order to support identity relations and create solidarity between the merged communities. Further, it was recommended that the new municipalities should include both rural and urban areas and the existence of one natural centre in each municipality.

These criteria were widely neglected and new municipalities were formed without considering geographical factors, and it was only the demographic factor that provided the background for the new division of municipalities.

In some way, the reform got out of hand in the sense that the size of the new municipalities became considerably larger than intended when the Government announced the reform. In the past decade, more and more tasks have been indiscriminately transferred to the municipalities. Therefore, when announcing the reform, Prime Minister Fogh Rasmussen started a discourse propagating omnipotent municipalities.

Overall, it is our view that in spite of the intentions stated in the terms of reference for the Reform Commission, there have only been two dictums guiding the reform: obtain technical and professional sustainability and counteract economic vulnerability.

A Reform of Deconcentration and Recentralisation

The reform will accumulate executive powers at the national level to a degree hardly seen since the days of enlightened absolutism. So far, legislation has been presented comprising more than 500 ministerial authorizations that will enable a strong central control of the new local government units.

It is quite ironic that on one side, municipalities are given increased and extended authority, but on the other side, there is a steep rise in central government's possibilities to set and reset the framework conditions for a genuine local government.

It is therefore tempting to characterise the reform as an example of territorial and functional de-concentration where the state delegates full responsibility for the discharge of public service responsibilities while it maintains almost full authority to control that this is done in a manner commensurate with the intentions of a strong central state.

It is also surprising that what many locally elected representatives thought would be a further step in the devolution of powers from the top of the hierarchy to local government units lying outside the command structure of central government, apparently has ended up as an example of recentralisation and not an example of a further decentralised type of government.

.... and its New Division of Labour

The state gains a more pro-active and controlling role in a number of areas. Not only will it get enhanced opportunity to control local service delivery, but it will actually be responsible for providing and operating public services, such as tax collection, higher secondary schools, adult education, a minor part of the regional road network, regional public transport, administration of EU's structural funds and a number of the tasks related to the environment, planning and culture. To ensure central control, an evaluation institute will be established in order to undertake systematic assessments of decentralised, public service delivery and to evaluate local efforts to enhance efficiency.

The regions will have their responsibilities and accountability severely diminished, in terms of both executive authority and operational tasks. The plan is that the five regions, in addition to hospital services and health insurance, merely will be responsible for the preparation of the new Regional Development Plans, operation of institutions for groups with special needs and operation of regional transport companies. The regions shall coordinate activities in relation to regional development and function as secretariats for the new Regional Growth Fora.

The increased size of the municipalities will enable them to undertake additional and more complex tasks. Notably, welfare tasks such as a strengthened role in post curative health care activities; operation of job centres; financing and operation of social services such as special education, institutions for children and juveniles with social or behavioural problems; business service; public transport and operation of the former regional high class roads; and most of the current county council tasks related to nature and the environment. Finally, the municipalities will have increased authority with regard to physical planning.

The substantial transfer of tasks and responsibilities for nearly all citizen related services is likely to strengthen coherence within and between different citizen-oriented service provisions. However, as mentioned above, it can be feared that the municipalities in this way will

develop into bureaucratic service producers due to the increased separation between control functions and operational functions and because of a market-led production of public services.

The establishment of regional growth fora can be a dynamic contribution to the development of local business and commerce, and thus be the spark to a more conscious approach to the effort of facilitating growth in general and improve the growth environment of the outlying areas in particular. However, the anchoring of regional business development strategies and local business services in the municipalities may jeopardise the initiative.

The 'growth fora' will comprise up to 20 representatives from the region, the municipalities, local trade and industry, knowledge institutions and labour market representatives who necessarily will have to compromise when preparing the regional business development strategy. The strategy, which shall be based on the strengths and weaknesses of the region in relation to the business structure and the growth environment, shall form basis for the Regional Council's Development Plan, about which it has been said: "*It will only gain impact and become of practical importance if treated fairly by the municipalities*" (Ostergaard 2005). In other words, the growth fora will only gain influence, and the regional business development strategies will only be realistic if the municipal councils can agree on and adopt them. It may take a long time to change the municipalities' tradition for considering local interests only, and to learn to take strategic decisions, which do not spread investments thinly all over.

It is quite likely that the reform will lead to increased competition between municipalities in terms of the provision of public welfare services, human settlement development and commercial and economic development when the County Councils are no longer there to mediate between conflicting local interests.

There is little doubt that the above issues and changes will call for new thinking and possibly a change of mindsets among physical and spatial planners.

Consequences for Spatial Planning

The local government reform and the accessory reform of the planning act involves a rearrangement of the Danish planning system: A massive transfer of tasks and powers to the municipal - and to some degree to the national level - and the liquidation of what most planners have found to be a real success, *regional physical and spatial planning*. Although stated otherwise by the Reform Commission⁶, several assessments and studies show, that the Danish planning system is working fine and that most stakeholders and actors are pleased with the interaction between the three levels (Jorgensen 2002; Moller, Jorgensen & Sorensen 2004; Moller, Jorgensen & Sorensen 2005 among others).

The Director General of Spatial Planning apparently agrees since he stated at the Annual Planning Act Meeting that "the phasing out of regional planning as we know it – despite of its success – calls for an increased need for national planning directives, a transfer of planning objectives and a general strengthening of the municipal planning" (Ostergaard 2005). He con-

⁶ "... it is difficult to give a more thorough assessment of strengths and weaknesses of the present organisation within the planning area, since there are no studies that document the strengths and weaknesses of the Danish planning system" (Betænkning 1434, III p.294)

tinued that the new Regional Development Plan⁷ should mainly be considered as a tool to join regional strategies, and the associated maps are only thought as illustrations of these strategies. Therefore, there will be no possibility for the regional level to interpose a veto on a municipal plan, and in future, this will be the prerogative of the national authorities.

A special problem, which can be subscribed to neglect of geographical aspects, is related to the fact that during the transition period, different guidelines for development will apply in those municipalities that spatially embraces several of the former counties.

The municipalities will be charged with additional responsibilities, and they will have to learn to work with regional planning and its associated objectives. This situation is likely to cause severe problems, as the experienced county level regional planners will be dispersed over all the new municipalities in the new regions. Experience shows that (new) strong municipalities tend to prioritise local development due to local political pressure. This is likely to detract adequate attention from regional spatial issues.

The new municipal planning offices will include planners from the merged municipalities, and some from the abolished county planning offices. A positive impact of the reform will be the creation of more professional and better skilled physical and spatial planning offices, due to better opportunities for specialisation as well as for teamwork. Future municipal planning is likely to benefit from these professional environments where new approaches and methodical development can contribute to meet the planning challenges of the new municipalities.

However, one issue might constitute a threat to the professional sustainability. The impending dissolution of the regional planning offices has already resulted in officers resigning, and the dispersal of the remainder over several units, will mean that they will no longer represent the critical mass they have constituted hitherto. Especially when it comes to negotiation, facilitation and mediation of complex issues related to abuse of land, retail planning, regional disparities and building and development in the countryside.

Organisationally, spatial planning has lost some of its importance since Denmark got a liberal government. Consequently, the Spatial Planning Department lost its status as a separate directorate within the Ministry of the Environment, and it is now a department in the Forest and Nature Agency. The local government reform, and the subsequent changes of the planning legislation, might restore a little of the former glory. In any case, the Department will get new planning objectives, but in order not to create an impression of centralisation, it is the plan to establish local branches of the Spatial Planning Department in various parts of the country. It is ironic that Denmark again will have what informed critics have called a 'revival of the State Commissioner of Town Planning', and whose functions were abolished when the planning reform took place in the 1970es. The new branch offices will be empowered to express national interests in municipal planning, and they can veto local municipal plans. During a transition period of two years, they shall also approve municipal EIA-decisions.

⁷ The Regional Development Plans are intended to include a general vision and strategy for the development of the region within the areas of nature and environment, trade and industry, tourism, employment, education, and culture as well as development in outlying areas of the region and in the rural districts

It appears that the municipalities have good reasons to worry about an increased degree of central control, with new – *but decentralised* – state agencies provided with executive powers in relation to local planning.

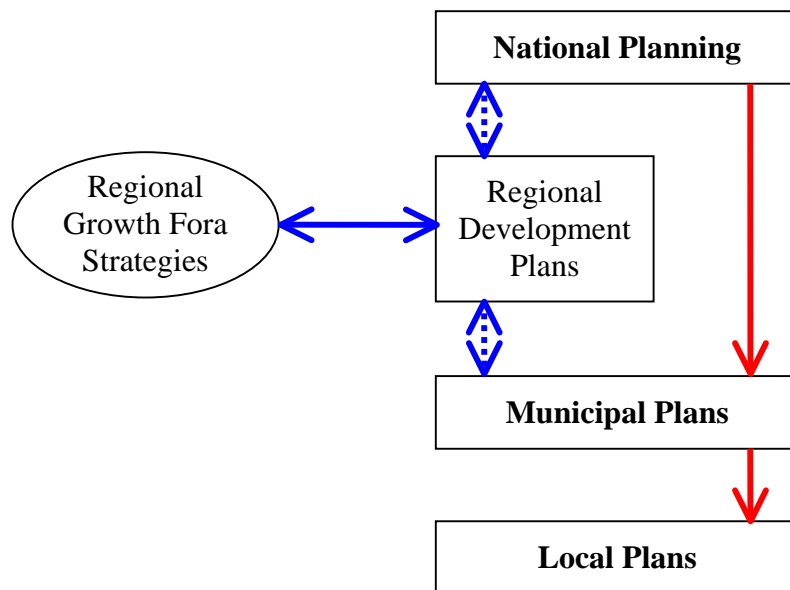


Figure 5: The Danish spatial planning system 2007 (Ostergaard 2005).

In general, it can be argued that it is a strengthening of the local authorities that executive power is shifted from the county councils to the municipal councils. However, as it has been the case with many important aspects of the reform, the discussion of how and at which level the individual planning tasks are best managed, has not been part of the reform process due to the haste around the reform. It is quite likely that the re-organisation will mean that the overall planning perspective of the counties disappears, and that their overall balancing of pro's and con's, will be replaced by municipal single-case management and national politicisation of sectoral issues.

An overall assessment of Danish physical and spatial planning paradigm shows some remarkable changes since the Planning Reform of the 1970es. From a situation where national spatial planning should ensure equal and balanced development in the entire country; via a shift in 1992 that encouraged diversity and competition between regions and cities; to a situation that pretends to favour local development, but where the state plays a strong, ambiguous and maybe distrustful controlling hand at the local branch office. On the other hand, it is probably only logical that a liberal and market-oriented government, who in 1992 advocated that Danish municipalities should fend for themselves, now lays the foundation stone for real urban competition between unequal partners.

OVERALL CONCLUSIONS AND FINAL REMARKS

The Minister of the Interior, Lars Løkke Rasmussen, used more or less the old saying “*If it ain't broke, don't fix it*”, when he was asked about the Government's intentions in regard of the municipal structure on 20 June 2002, and he added that the government did not have any

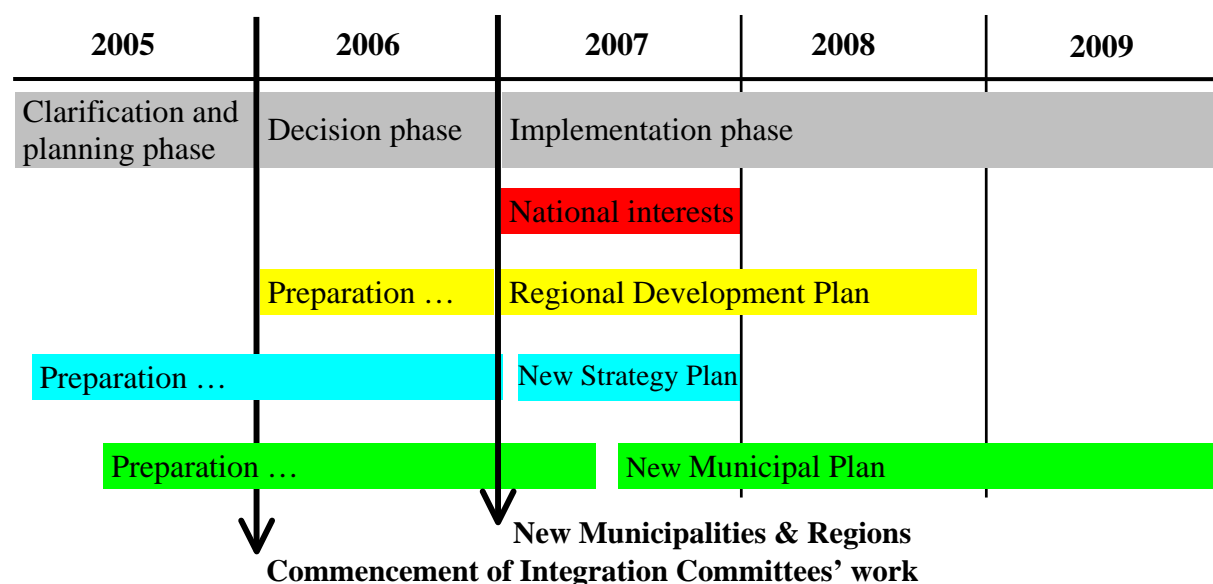
plans for changing the local government structure⁸. Previously, during the election campaign in November 2001, and in the following Government Policy Programme, there were also no indications of this nature.

Therefore, it has been argued that the reform came unexpectedly (“Out of the Blue”), and it has been claimed that the decision to implement the reform has not been based on rational arguments and considerations. On the contrary, one of the independent members of the Reform Commission, Professor Poul Erik Mouritzen argues that the garbage can model is best suited to explain how certain – though chaotic – logic led to the decision about the reform in June 2004. Indeed, Mouritzen argues that the Reform Commission was appointed to identify those societal problems that could legitimise and justify the reform (Mouritzen 2004).

In a search for a decision-logic, there are no limits to which problems that can be connected to which solutions. In the case of the Danish reform, Mouritzen (2004) states that the majority of the problems associated with the reform, have been seen from the point-of-view of certain interest groups, and that only a minor part can be described as essential societal problems.

He identifies an alliance between political stakeholders⁹ among whom the reform was established, and he points out that the Reform Commission mainly consisted of civil servants who were subjugated political leadership and direction representing the principal stakeholders.

It is therefore pertinent to argue that ideology and stakeholder interests have driven the reform. Furthermore, in the subsequent process, there has been little or no room for facts and conventional objective arguments in the closed and unreceptive debate on the local government reform.



⁸ This was just one month before a member of Venstre declared that the party would abolish the county councils (please refer to p. 3).

⁹ The Conservative Party, The Liberal Party (Venstre), The Danish Peoples Party, the Confederation of Danish Industries (DI), City-mayors, Local Government Denmark (KL), the Ministry of Finance and the Ministry of the Interior

Figure 6: The planning process for the coming years.

The reform will reconstruct local government and the division of labour and responsibility. In spatial planning, all three tiers will have new tasks and objectives; in fact, the Danish planning system will be reconstructed as well. It may take years before it falls into place and the process towards the first generation of the plans may turn out to be quite chaotic since there will be no chronological order in the preparation of plans at the three levels. Some municipalities have already started their planning process, though legislation is not yet passed and in place. National interests regarding municipal planning will not be declared before the middle or end of 2007. Meanwhile, the regions and municipalities will have started a parallel planning process leading to their respective plans for a new future.

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