

Jörgen Johansson
Halmstad University,
jorgen.johansson@hh.se

Lars Niklasson
Linköping University
lars.niklasson@liu.se

Bo Persson
Linköping University
bo.persson@liu.se

Abstract

The sub-national level in the Nordic countries is currently undergoing a process of major transformation. A central issue concerns the role of municipalities in regionalization processes. The purpose of the article is to analyse the positions and strategies of municipalities regarding interlocal cooperation and regional governance, in relation to a failed attempt to create a new large region in southern Sweden during 2013-2014. This attempt was based on a reform strategy, initiated by the government, which gave the main role in the creation of larger regions to municipalities and regional actors in a bottom-up process. How can we understand the roles of municipalities, and what are the drivers and barriers in a bottom-up strategy of regional formation? Our study shows that the views expressed by municipal representatives in Sweden regarding regional governance are anchored in the strong institutional position of municipalities in that country. Our conclusion is that a bottom-up strategy has several shortcomings as a method for making institutional reforms in a system of regional governance. There are obvious drivers in such a process, but there are also difficulties in achieving cooperation that result from high transaction costs (which lead to a collective-action dilemma), from an uncertain national policy, and from problems of legitimacy.

Introduction: The role of municipalities in regionalization processes

The organization of the regional level of government has been a common subject of public debate and reform during recent decades (Loughlin 2007). A central issue concerns the role of local governments (municipalities) in regionalization processes. Should the creation of new regional governance structures be mainly a top-down process, ensuring opportunities for central state control and supervision, or should it be primarily a bottom-up process, focused on giving municipalities an active role in organizing and participating in regional governance arrangements? This issue is especially relevant in the case of the Nordic countries,

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***Jörgen Johansson** is an associate professor in political science at Halmstad university and guest researcher at Karlstad university. His research interests lie mainly in two fields. The first concerns research on the implementation of regional policy. The focus here is on issues relating to democratic legitimacy, politicization, and the role of municipalities in regional-development strategies. Johansson's second main field of research is evaluation research; he has participated in several evaluation projects managed by governmental committees as well as by regional authorities.

Lars Niklasson is a Deputy Professor of Political Science and Department Chair at Linköping University, Sweden. He has also taught at Uppsala University in Sweden and at the University of Pittsburgh in Pennsylvania, USA. Before joining Linköping University he was a consultant for Ramböll Management Consulting and the Technopolis Group, specializing in regional development policy and innovation policy. His current research interest is in comparative political economy, with a focus on the European Union and the World Trade Organization.

Bo Persson is Senior Lecturer in Political Science at Linköping University. He took his PhD at the Department of Technology and Social Change at Linköping University, and held a post-doc position at the Research Policy Institute/CIRCLE at Lund University from 2006-2009. His research focuses on the formulation and implementation of research and innovation policy in Sweden, on regional and local development policy, and on the role of institutions in policy-making. He is engaged in ongoing research on the relationship between municipalities and regions, and on the research policy strategies pursued by municipalities in Sweden.

which despite their unitary state structures have strong local governments, politically and functionally, and which until recently had relatively weak regions. While in many ways the Nordic countries are moving in the same direction when it comes to the organization of the regional level of government, there are also many important differences between them (see, e.g., Blom-Hansen et al. 2012; Bukve et al. 2008; Farsund & Holmen 2011). While, for example, regional reform policy in Denmark has been mainly a top-down process, regional reform policy in Sweden is best described as an incremental bottom-up strategy that has given municipalities a strategic role in regional reforms (Niklasson 2015). The construction of new regional self-government structures (enlarged counties called “regions” or municipal cooperation councils) has largely been driven by local and regional interests (Lidström 2010).

The demand for more radical regional reforms in Sweden – with the creation of larger, stronger and more independent regions – has gradually increased (Lidström 2010; Niklasson 2015). Both the state and local governments seem to agree that these reforms should continue to develop in a bottom-up process. Tensions among municipalities and regions, however, can be expected to increase. For example, the number of municipalities that would need to cooperate in each region would be much larger than in the case of earlier regional reforms, exacerbating the collective-action dilemma. Furthermore, as is pointed out in the research on regional governance, regional mobilization and interlocal cooperation are often difficult to achieve. The difficulties derive mainly from the strong incentives that municipalities have to handle core functions by themselves, or to handle some issues in smaller constellations; but they also arise from power asymmetries and a lack of trust (Feiock 2013; Kantor 2008). Overall, Swedish municipalities find themselves in an increasingly uncertain situation, with a multitude of alternative regional governance structures to relate to. As we see it, it is important to reach a fuller understanding of the positions and strategies of municipalities in bottom-up processes of regional governance, and how municipalities interact when new, independent regional institutions (so-called mega-regions) are created. What are the drivers behind a bottom-up strategy of regional formation, and what are the barriers to it?

The purpose of this article is to analyse the positions and strategies of municipalities in connection with a recent attempt to establish interlocal cooperation and regional governance: namely, the failed process of creating a new large region in southern Sweden that took place during 2013 and 2014. The initiative was aimed at forming a new mega-region in southern Sweden in 2018 through a merger of four counties (Skåne, Blekinge, Kronoberg and Kalmar). The region of “South Sweden” would have been one of the largest in Sweden, with 1.8 million inhabitants (almost 20% of the total population) and 58 municipalities (out of 290 in all) within its boundaries. Because the new regional arrangement was never put in place – despite a long process of discussion and consensus-building – it provides an interesting case for studying the drivers behind, as well as the barriers to, bottom-up processes of regional governance.

We have focused on the positions and strategies of municipalities in two regards: (1) *What* did municipalities want to cooperate about within the framework of a new and larger region of South Sweden? And (2) *how* did they want to cooperate within the new structure? Which issues could best be handled by a regional government within a new mega-region? Which issues would be better addressed by municipalities collaborating in smaller constellations? What problems would need to be confronted when organizing the political, administrative and democratic relationship between the municipal and the regional level? What factors can explain the positions and strategies of the municipalities? Our analysis will take its starting point in theories of institutional collective action and regional governance that stress the importance of transaction costs as a potential barrier to cooperation. We also highlight how different institutional conditions influence the strategies of municipalities.

This article is based primarily on data from interviews, carried out in May and June 2014, with chairpersons of the municipal executive board in thirteen municipalities in the four regions that had been scheduled to merge. These persons are the local “top brass” – i.e., the Swedish equivalent of mayors. For each of the four regions, the chairperson from the smallest municipality and the chairperson from the largest were interviewed; we also conducted interviews with representatives from an additional five municipalities in the three largest regions. Our interviews were semi-structured and based on an interview guide; we sought to allow the chairpersons to reveal their perceptions/views on issues concerning municipal-regional relations in general, their expectations on the role of a new large region, and their views on different institutional solutions for municipal-regional collaboration. We have also taken a comparative approach to these issues, using data from other studies (carried out by the authors of this article) of reform processes in other Swedish regions over the last decade (see Johansson & Niklasson 2013 and Persson 2010). We focus in this article on the positions and strategies of municipalities. For reasons of space and delimitation, we exclude the views of county councils.

This article is structured as follows. In Section 2, we outline the theoretical starting points for our analysis. Our focus, we explain, is on understanding the role of municipalities in regional governance. This section ends with a summary of the analytical tool – concerning drivers and barriers in a bottom-up strategy – which guides our subsequent analysis. In Section 3, we present the main empirical results of our study. We focus first on *what* municipalities want to collaborate on, and second on their forms of interaction: i.e., on *how* they wish to interact and how they could interact within a new region. In Section 4, finally, we present a theoretically informed analysis of what the study tells us about drivers and barriers in the changing relationship between local and regional levels in bottom-up processes whereby larger and more powerful regions are created.

Interlocal cooperation and regional governance

How then can we understand drivers and barriers in connection with cooperation among municipalities, and between municipalities and the regional level? In rational choice-inspired theory, the strategies of municipalities in relation to the regional level are often explained in terms of economic motives, such as the need to reduce costs for the production of collective goods. If the establishment of a regional body is largely a bottom-up process – which is the case in our study – the very establishment of a new region can be analysed as a collective-action dilemma, in which the driving force is a desire to reduce costs among the different entities (both municipalities and counties). Richard Feiock has presented such a model of institutional collective action as a way to understand voluntary regional governance. His model emphasizes the importance of transaction costs as a barrier to cooperation among local governments. It also stresses that contextual factors – such as political institutions and the structure of policy networks – can account for differences in the emergence and character of regional governance arrangements (Feiock 2007; 2009). Feiock's model was originally applied to an American context, but efforts have been made recently to use it to analyse regional governance in Europe (see, for example, Andersen & Pierre 2010 and Feiock 2013).

Why do local governments (municipalities as well as counties) choose to cooperate with each other? Feiock (2007) argues that cooperation can yield collective as well as individual benefits. Cooperation among municipalities is generally expected to furnish a solution to efficiency problems in municipalities, offering a way to benefit from economies of scale or to solve collective problems of spill-over. There are also individual benefits from interlocal cooperation, especially for local political leaders and managers, who can be expected to capture some of the gains from collaboration. However, cooperation can also lead to political costs. To achieve cooperation, for example, local governments often need to give up authority, and that can be politically risky. On the other hand, interlocal cooperation may seem to offer a more promising strategy for political leaders interested in a future career at the regional level of government. It is transaction costs, according to Feiock, that present the main obstacle to achieving interlocal cooperation. He identifies four types of transaction cost: information/coordination costs, negotiation/division costs, enforcement/monitoring costs and agency costs. Information costs concern problems of information in regard to the preferences of participants; negotiation/division costs concern problems of how to distribute benefits and costs; enforcement/monitoring costs concern difficulties in calculating these costs for various actors; and, finally, agency costs concern (principal-agent) problems of representation of the actors directly involved in the cooperation (Feiock 2007: 49-51).

However, Feiock's main point is that transaction costs are “reduced by formal and informal institutional arrangements that increase the availability of information, reduce obstacles to bargaining, and reinforce social capital” (Feiock 2007: 59). More specifically, he argues, four broad conditions influence the

emergence and development of voluntary regional governance. Firstly, the type of policy that is the object of cooperation has significance. Asset-specific services are assumed to be negatively correlated with cooperation, as are services that are difficult to measure and monitor. Secondly, certain characteristics of the communities involved – primarily the degree of homogeneity both within and among units – tend to increase the likelihood of cooperation. Thirdly, political institutions give different incentives for cooperation. For example, Feiock points out, state legislation may make cooperation among local units either easier or more difficult. Moreover, the tenure in office of elected and appointed officials is positively correlated with cooperation. Finally, Feiock argues, the existing structure of the policy networks in which local actors are embedded is important. Through strong existing ties between actors and a history of cooperation among them, social capital is created, leading to the development of norms of reciprocity and thus to greater opportunities for cooperation (Feiock 2007: 52-58).

Feiock's model effectively captures central mechanisms in processes of governance, but it tends to focus too narrowly on self-interest and utility maximization, and to underestimate the complexity of national institutional systems. According to Paul Kantor (2006), for example, local governments in political structures which allow a high degree of local autonomy (as in Sweden) tend to prefer to negotiate directly with the national government, rather than to collaborate within regional institutional arrangements. In general, Kantor argues, local governments in such political structures are reluctant to invest in new, formal regional arrangements, because the incentives for so doing appear to be few and the risks (both political and economic) seem to be quite large (Kantor 2008:115). In an elaboration of Feiock's model of institutional collective action, Andersen & Pierre (2010) point to the importance of considering the interplay between national, regional and local levels of government in matters of regional governance. These authors emphasize the importance of national state policy in supporting interlocal governance, as well as in creating independent arrangements which influence the development of interlocal cooperation. As they point out, "the contested nature of regional and administrative space creates 'turf battles' among central, regional and groups of local institutions" (Andersen & Pierre 2010: 222).

More specifically, Andersen & Pierre point to four issues they find to be underdeveloped in Feiock's model. They base their argument mainly on empirical material from a study of strategic regions in Norway. Firstly, they argue, Feiock's model gives a simplified picture of the nature of the tasks chosen for interlocal cooperation. While Feiock focuses primarily on cost efficiency and economies of scale, Andersen & Pierre point to other factors that also can yield incentives for cooperation. Studies appear to show that interlocal cooperation around resource utilization yields more positive incentives than does resource mobilization around industrial development. While the former is more of a win-win game, the latter concerns more exclusive resources for each municipality, creating a zero-sum game (cf. Gossas 2006). Based on a survey of Norwegian regions, Andersen & Pierre conclude that local politicians have had several rea-

sons for engaging in interlocal cooperation. A desire for cost reduction was one reason for many local politicians, but an even larger number saw the need to provide professional services as a major incentive to cooperate. This probably reflects the problems faced by many smaller municipalities in recruiting personnel (Andersen & Pierre 2010: 226).

Secondly, Andersen & Pierre elaborate on the importance of various configurations in interlocal cooperation. While Feiock points to the importance of homogeneity among partners in such cooperative efforts, Andersen & Pierre argue that heterogeneity may not always pose a problem. What matters instead is how the strongest party in a relationship defines its role vis-à-vis the other parties. A larger municipality sometimes finds that its long-term interests are best served by functioning as a “host” to smaller municipalities. (Just how this position is handled, however, is always critical.) Cooperation between homogenous communities, on the other hand, can lead to tension and rivalry if there is considerable mistrust between the parties. In the same way, a previous history of cooperation can be problematic for building trust, primarily because the “strategic core” in such cooperative arrangements is often labile and subject to alteration, and interpersonal networks are constantly changing. The way in which cooperation is “institutionalized” accordingly matters. Prospects for success are greater if the collaborative arrangement does not rely too heavily on interpersonal networks (Andersen & Pierre 2010: 228-231).

Thirdly, Andersen & Pierre stress the importance of the institutional context in which local governments operate: the legitimacy of local governments is largely based on their satisfactory delivery of certain core services to citizens; thus it may be difficult to justify giving up autonomy or transferring tasks to regions or to other local units. Fourthly, the authors cite the problem of the democratic deficit: since interlocal arrangements are based on indirectly elected representatives, all such arrangements mean that the distance between citizens and government increases (Andersen & Pierre 2010: 231-232). Where the creation of independent new regional institutions is concerned, as it is in our case, a further aspect may be relevant as well: those establishing such arrangements must take care to avoid an overlap of responsibilities (for example in policies on regional development). The main question for the municipalities is then to keep the levels separate from each other (i.e., to achieve negative coordination) (Scharpf 1997).

In our forthcoming analysis of drivers and barriers in the bottom-up process of creating a new region in South Sweden, we focus on three central sets of factors. Firstly, in line with our emphasis on institutional collective action, we focus on factors that directly influence the *transaction costs* entailed in interlocal cooperation, such as the type of policy problem and the configuration of local actors. Secondly, we analyse the role played by the structures of *institutional embeddedness* on which such processes are dependent. These include networks of cooperation, national state policy, and the existing regional structure. Thirdly, we stress the importance of *legitimacy* in these processes. We argue that the actions of municipal leaders are based largely on the importance of political

legitimacy: they need to act within the boundaries of what is politically legitimate (i.e., what is considered possible, functional and appropriate).

Drivers and barriers in a bottom-up process of regionalization: The case of Region South Sweden

Regionalization in Sweden has been tried along several different lines, and the government has yet to make a final decision about it. The first regional reform initiatives in Sweden dealt, as in many other countries, with questions of regional development. The focus was on issues like growth policy, infrastructure policy and regional planning. Until the 1990s, issues of regional development were primarily handled by the county administrative boards (*länsstyrelser*), which are the instruments of the central state at the regional level. The self-governing county councils (*landsting*) mainly handled health-care issues. As a consequence of Sweden's accession to the EU in 1995, the government introduced a reform of the regional structure in 1997. Two significant changes were introduced. To begin with a geographical merger was implemented, with the creation of the regions of Skåne (through a merger of two former counties) and Västra Götaland (through a merger of three former counties). The Swedish parliament then introduced an experimental programme in which four regions/counties (Skåne, Västra Götaland, Kalmar and Gotland) were given responsibility for policies of regional development that were previously managed by the state and the county administrative boards.

In this experimental programme, the now larger regions of Skåne and Västra Götaland tried out an organizational model wherein regional-development policies were integrated with the traditional responsibility for health-care policies, and organized under a directly elected assembly. In the county of Kalmar, meanwhile, regional-development policies were organized in accordance with a different kind of model. This model was designed as a municipal cooperation council (*kommunalförbund*), consisting of representatives of the county council and of the municipalities within the county. When the experimental programme was subsequently evaluated, this model in the county of Kalmar was given a favourable assessment, and a parliamentary decision in 2002 gave all counties in Sweden the option of organizing regional-development policies according to the model. Almost immediately, in 2003/2004, six counties established such municipal cooperation councils; several more counties followed thereafter. In 2010, this model was operating in 13 counties.

In 2010, a new parliamentary decision enabled counties all over Sweden to apply to become "regions" like Skåne and Västra Götaland, with a directly elected assembly. At the time of writing, in 2015, 10 counties have become regions of this kind. It is also worth noting that a few counties (among them the large county of Stockholm and the far-northern county of Norrbotten) retain the older model, with the county administrative board taking responsibility for regional-development policies. The regional governance system in Sweden has thus become exceptionally complex. The table below illustrates this complexity.

Table 1. Political-administrative models for regional-development policies in Sweden in 2015 (in parentheses: year that model was changed)

“Regions” with Directly Elected Assemblies	Municipal Cooperation Councils	County Administrative Board
Skåne (1997)	Kalmar län (1997)	Stockholms län
Västra Götaland (1999)	Blekinge (2003)	Västmanland
Halland (2011)	Uppsala län (2003)	Västernorrland
Gotland (2011)	Dalarna (2003)	Norrbottnen
Östergötland (2015)	Södermanland (2004)	
Jönköpings län (2015)	Värmland (2007)	
Kronoberg (2015)	Västerbotten (2008)	
Örebro län (2015)		
Gävleborg (2015)		
Jämtland (2015)		

Thus, the reform processes described above have brought significant and complex changes to the organizational structure of the regions, although they actually have not – save in the case of the new regions of Skåne and Västra Götaland – changed the territorial structure of the regions in Sweden. In 2007, however, a public inquiry (*Ansvarskommittén*) proposed a general merger of counties or regions in Sweden, whereby the 21 existing regions would be reduced to 6-9 (three different alternatives were proposed). In further elaborations on this territorial issue, the Swedish government proposed a bottom-up strategy that opened up the possibility of such mergers to form larger regions (Niklasson 2015).

Several regionalization processes in various areas of Sweden were launched, among them the creation of “Region South Sweden”. None of these merger processes produced a result, however, and only “Region South Sweden” remained on the drawing board. “Region South Sweden” was envisioned as the amalgamation of four former regions/counties: Region Skåne (see above: 1,288,000 inhabitants and 33 municipalities), the county of Blekinge (154,000, five municipalities), the county of Kalmar (236,000, 12 municipalities) and the county of Kronoberg (189,000, eight municipalities). “Region South Sweden” would not only have represented a geographical merger; it would also have taken advantage of the kind of organizational model that has been applied in for example Skåne and Västra Götaland. At the time (in 2013), this meant a new model of influence in regional-development issues for Blekinge, Kalmar and Kronoberg (see Table 1). Now let us proceed to analyse the strategies and positions of the municipalities regarding collaboration within this regional experiment.

Collaboration within the framework of a large region: Positions and strategies

The first question concerns *what* local governments want to collaborate on, i.e., what potential they see in developing their operations through further collaboration in a merged mega-region with other local governments and/or with the regional government. Collaboration with other local governments can be an alter-

native to forming a new region, but it can also take place within the framework of a new region. This thinking is based on experiences from the indirectly elected municipal cooperation councils, where the creation of a regional organization of local governments made it easier for local governments to collaborate with each other. The questions we asked in the interviews were based on the idea of merging the four counties and removing administrative barriers. Let us look first, then, at the main results from our interviews regarding what local governments want to collaborate on.

Interviewees in typical welfare-service areas expressed an ambivalent attitude to cooperation with and within a new regional level. Many of the examples of increased collaboration provided by local politicians were related to health care, where activities performed by local and regional governments are closely linked. The local and regional governments are components in a complex system of health care, where the national agency for social security (*Försäkringskassan*) is an important element. Local politicians seek more collaboration, but it does not necessarily have to be within a new mega-region. There are also politicians who are sceptical of the usefulness of such a merger for health care. Such a merger, in their view, may be appropriate for highly specialized and expensive services, but other services could be dealt with through collaboration rather than a merger. One interview subject argued that the national government should play a larger role in health care. Others emphasized the importance of ensuring that collaboration does not lead to lower levels of service for the public.

Similarly, few local politicians mention employment policy or other public efforts to deal with the problem of exclusion, which is an area of collaboration much discussed by the national government. Some mention the new regions of the employment service (*Arbetsförmedlingen*), where county boundaries make collaboration with other local governments in the same employment region difficult. This is particularly true around the border between Skåne and Blekinge. Some politicians mention secondary schools as an area where further collaboration would be of value. This is a sensitive issue among local governments, because they compete with each other and collaborate to fund specialized programmes at the same time. It may be important for a local government to maintain and protect an existing secondary school, which implies a question about what makes local governments appreciate the value of collaborating with other local governments rather than simply seeing them as a source of competition in this field. A closer relationship among local governments within a new mega-region could open up for such a change in perspective, but most municipalities do not see this as a necessity. Earlier studies indicate that municipal leaders appreciate the importance of collaboration within the indirectly elected regional assemblies. In one case, the local government sees an opportunity to set up small campuses of (national) universities in smaller towns.

The drive to strengthen the regional level of government in Sweden has often been associated with policies of growth and competitiveness – that is, policies to improve infrastructure, promote technological development, encourage industrial transformation, and attract new businesses. Earlier studies from other

regions have shown that regional-development policies have been important as an arena for dialogue between municipalities and regions; and that the regional level has been a resource, especially for smaller municipalities (Persson 2010; Pierre & Schütt 2003). The overall picture is that the regional level functions as a complement to activities on the local level, but that tensions are also found between the levels. Most of the politicians interviewed in our study claim that a new mega-region would be important mainly for issues having to do with infrastructure and public transport. Within those areas, they see many advantages with a larger region. In particular, representatives of municipalities outside Region Skåne consider it highly advantageous to establish stronger connections with it (many regard it as the gateway to the Continent).

What role, then, should a mega-region have in questions bearing more directly on industrial and business development? The Swedish state has sought to strengthen the regions in this regard, but so far the results have been limited. Our study shows that expectations on the part of municipal representatives are mixed. Most local politicians argue that local business policy is primarily a responsibility for local governments; it is on this level that most companies are active, so their problems are best handled at that level of government. A few municipal representatives also point out that businesses themselves often prefer to have contacts and dialogue with the local level of government, rather than with the regional level. According to these interviewees, companies that have to choose which project, conference or public-private network in which to involve themselves tend to favour those situated on the local level. Some municipal leaders point out that they collaborate with neighbouring municipalities on issues having to do with business development, often on the basis of a common, geographically based identity.

The new regions established during recent decades have been expected to function as mobilizing and coordinating actors within the area of growth policy in general. In some cases this role has been associated with explicit demands from the state – in the form of growth-policy agreements, development plans, etc. – but at times it has also been sought by municipalities. This is a complicated issue, partly because local governments compete with each other to attract new businesses (to be able to grow and to get more income from taxes), and to that extent they tend to be negative towards too much collaboration (especially with municipalities located quite far away); and partly because municipalities tend to be sceptical of anything that might be interpreted as involving a subordinate relationship vis-à-vis the regional level. However, previous studies have shown that municipalities which maintain strong horizontal relations with other municipalities can develop strong connections with the regional level; moreover, the regional level can have positive effects on the development of inter-municipal cooperation (Pierre 1992; Pierre & Schütt 2003).

In our study, therefore, we asked respondents about their views on the role of a future mega-region in the area of growth policy, and how it would affect inter-municipal cooperation. Many interviewees expressed some uncertainty about efforts towards regional coordination. Larger municipalities in particular

tended to be sceptical, often because they themselves are important nodes on the regional or sub-regional level. One interviewee claimed that regional-development plans seldom lead to concrete activities. Many argued that municipalities handle these issues on their own and that they do not need regional support structures. Smaller municipalities are somewhat more positive towards regional coordination, but the general impression we get is that they feel some uncertainty about the role of a mega-region in this respect. Few municipalities have yet experienced any competition between the local and regional levels in regard to growth policy, primarily because regional ambitions so far have been very limited. Some of the smaller municipalities would prefer a more active regional level in this respect, while the larger municipalities are more sceptical. Several municipal representatives in Skåne are positive towards the more active growth policy promoted by that region, for example on such matters as land-use planning and the development of a regional innovation and technology policy.

Some politicians speak of risks with a mega-region in connection with issues of size and democratic legitimacy. Big could mean *too* big, resulting in synergies that provide less benefit at a higher cost, with more but less efficient collaboration among the former four counties. They also mention a risk for democracy, inasmuch as fewer elected politicians mean a greater distance between voters and politicians. The politicians we interviewed have several ideas about the alternative to a mega-region. One argues that collaboration is not dependent upon a formal merger. Others see a choice between a larger region and a merger of municipalities. One municipal leader argues that local governments should be merged with each other to form larger local units. Another points by contrast to a change in perception among local governments, to the effect that these governments are now more interested in taking a regional view, rather than a purely local perspective on themselves. In other words, this person claims, they now prioritize common interests over their separate interests.

In general, our respondents' positions on collaboration among municipalities tend to be focused on the "traditional way" of collaborating – i.e., with nearby local governments of roughly the same size (cf. Lundqvist 1998). In line with this, some politicians would like to see more collaboration across county lines. This mainly concerns practical issues related to administration and the need to uphold certain levels of competence; however, our interview subjects also mention collaboration as a way to balance the influence of large local governments over the region. The largest local governments mention the need to collaborate with local governments of the same size. Some mention partners outside the four regions in our study: Malmö refers to Copenhagen, Gothenburg and Stockholm; Ystad mentions the Danish island of Bornholm to the south; Vimmerby points out Linköping. Many politicians emphasize the need to establish a sub-regional "level" within the new mega-region, like the one local governments have already organized in the four "corners" of Skåne. They see an opportunity to create new "corners"; and, of course, enthusiasm for this is greatest among local governments which will end up geographically in the middle of something, rather than in their present position at the periphery of a county. The view is also ventured

that such constellations should not be allowed to proceed at all, as citizens expect to be treated in a similar fashion throughout the region.

Interestingly, local governments in Skåne mention more numerous examples of collaboration than their counterparts elsewhere, as well as more challenging and controversial ones. We interpret this as an indication that collaboration has proceeded further in Skåne than in the other counties. One politician mentions the area of land-use planning, where local governments have a legal monopoly – a monopoly from which they derive much of their bargaining power vis-à-vis other levels of government. There is a joint forum on this issue in Skåne, and thus a joint basis for informal plans by different local governments. This has encouraged municipalities to talk about some of these issues with each other. In other words, space has been opened up for collaboration instead of competition. Joint overall priorities have been set for harbours, which has an impact on other infrastructure and on the prospects for development more generally. Joint priorities have also been established for the building of major shopping centres, which attract customers from other locales. Finally, small local governments in Skåne may benefit from collaborating with the big city of Malmö when bargaining with the national government.

The institutionalization of cooperation: Learning and problems of legitimacy

A second question in the empirical study concerned *how* municipalities want to develop the institutional structure in the intended South Sweden region. In the political process that took place in planning the mega-region, a number of institutional considerations were addressed. Foremost among these was the cognitive map of the societal situation that was found in different parts of the new region, as well as issues linked to the existence of different identities and traditions in these different areas. Our empirical material shows that an important part of the preparation process involved taking into account the new region's need to deal with societal problems linked to the significant variations found throughout the region. For example, the regional-development strategy had to deal with various socio-structural patterns involving special urban problems, distinctive rural questions, conditions specific to the region's island areas, problems associated with areas of traditional industry, and so forth.

It also bears noting that the process of regional formation was contained within a highly prioritized ambition to combine different organizational cultures, such as those of the former county councils, as well as divergent municipal political traditions in different parts of the new region. For example, political parties were organized on the basis of a geographic structure reflecting the old county borders. Another significant problem is that different organizational cultures exist in the old county councils. This problem is particularly relevant in that the new region has to assume responsibility for the conduct of regional-development policy. Some interviewees point out a need to address the fact that the new region of South Sweden would involve the fusion of an established major region on the one hand – Region Skåne – with a number of smaller counties which have

not previously carried out regional-development policies on a directly elected basis. Thus, forming a new and larger region means coping with a number of (often intractable) institutional differences stemming from current social problems, prevailing business structures, and divergent organizational cultures and traditions. From our interviews, we can conclude that a majority of respondents emphasize the importance of attitudes for creating trust among the actors involved in building a new mega-region. The interview results indicate there are several challenges in this respect: to build confidence between large and small municipalities, to cope with old identities, and to handle traditional structures of cooperation still existing in various parts of the region.

Our respondents do not show much awareness of the need for organized interaction between municipalities and the regional government. The idea of a new mega-region is still in its infancy, and not many local politicians are particularly well-informed about ideas regarding how the organizational structure should look. Nevertheless, one can deduce from the interviews that most politicians emphasize the importance of strong political leadership for establishing an organizational structure of this kind. Local leaders also voice concern about the need to strengthen the democratic legitimacy of networks built on this kind of negotiation and exchange between municipalities and the regional government. Two fears along these lines are expressed in the interviews:

Firstly, our interviewees call attention to a clear dilemma: many areas within the region tend to pursue their own narrow interests, rather than the broader welfare of the region as a whole. This finds expression in phrases like “we in Kronoberg” or “those of us in north-eastern Skåne”, as used by spokespersons for these areas when seeking to advance the interests of their own area vis-à-vis the expansive Öresund region. Sub-regional networks thereby run the risk of reducing their own lobbying power in relation to various regional policies. Our interview material indicates that such identities exist to some extent; in addition, it seems the media situation does not primarily reflect conditions in the entire region, but rather those found in specific zones or traditional areas within the region. There are thus some “safeguarding” interests, linked to old county structures or sub-regional areas, which work against the creation of a common South Swedish region.

Secondly, there is reason to problematize the functioning of party politics. The experience of Region Skåne and Västra Götaland shows that these regions were created with the political parties and individual politicians as pioneers. As the new regions evolved, however, the influence of the political parties came to shift in character, especially vis-à-vis the municipalities. Party politics became more and more institutionalized, both at the regional level with its boards, committees, secretariats and preparing systems, and at the sub-regional level, through federations of municipalities (as in Västra Götaland) or sub-national networks and dialogues (as in Skåne). The political management exercised by the parties is thus multifaceted, and can best be characterized by notions such as networking, partnership, multi-level orientation, dependency on experts and so on. Interviewees describe some issues in terms of a need to balance positions taken by the

political parties with positions taken by interests formulated within the municipal system.

Finally, where the institutional preconditions for a new mega-region are concerned, we must stress how crucial it is *to make democracy work* on the basis of general elections to the regional council. In conjunction with the emergence of regional reforms on to the political agenda in Sweden towards the end of the 1990s, it was emphasized that regional-development issues should be based on a strong democratic foundation. In several counties, regional-development policy also came to include a variety of ambitions relating to democratic involvement by citizens. This included educational efforts, information campaigns, participation by social movements, the use of information technologies, and specific activities aimed at encouraging the involvement of young people. According to our respondents, however, ambitions of this kind have cooled considerably. Hence, issues related to democratic participation by citizens in the conduct of regional-development policy are not emphasized as a key element in organizing a new region of South Sweden.

There is little doubt – and this is confirmed by local politicians in our interviews – that regional-development policies gain greater democratic legitimacy through direct elections to regional bodies than through policies enacted by indirectly chosen municipal cooperation councils. One can also argue, with regard to democratic issues, that regional-development policies involve a significant articulation of interests by partners and project organizations, including a broad range of regionally and locally based organizations. Nevertheless, regional-development policies seldom engage citizens or the political parties. The claim that Swedish regionalization is something of an “elite project” (cf. Johansson 1999) still applies. The major strategic question in this regard is how to strengthen democratic influence in the development of new regions in Sweden.

Conclusions

In this article, we have analysed the positions and strategies of municipalities in relation to the failed attempt to create a new large region in southern Sweden. The overall manner in which this attempt was framed suggested the government hoped to redraw the map of Sweden in such a way as to leave considerably fewer regions than before. The state has pursued this policy on the basis of a bottom-up strategy. It is thus incumbent on municipalities and regions/counties to take the initiative themselves to start collaborative processes aimed at the formation of larger regions. A number of such processes were initiated from 2007 onwards. Yet all of these processes failed, and the formation of a region of South Sweden was the last one to be abandoned (in 2014). The purpose of this article has been to analyse, in relation to this failed process, the positions and strategies of municipalities with respect to interlocal cooperation and regional governance. Our overarching research question has been: what are the drivers and barriers in a bottom-up strategy of regional formation?

Our empirical material, mainly derived from interviews with leading representatives from selected municipalities, demonstrates that we are dealing in this case with an obvious collective-action dilemma. The actors involved in the process express a rather strong preference to collaborate in addressing urgent political problems in health care, education, public transport, industrial policy, infrastructure issues, etc. The politicians interviewed also point out that the mergers carried out previously in Skåne and Västra Götaland have strengthened regional-development policies in those regions in various ways. Yet, notwithstanding these points in favour of a merger, the process to create a new larger region failed. There are probably several reasons for this. In our concluding section here, based on our empirical study of the municipalities in question, we emphasize some aspects that may contribute to an understanding of this failed process. We do this by reference to the analytical aspects set out in section 2.

In essence, due to *transaction costs and a lack of strong incentives*, municipalities are not always very eager to cooperate, at least not in a highly institutionalized form (as in new political-administrative institutions). The views of municipalities on regional governance appear to be anchored in the strong institutional position of these bodies in Sweden. This is illustrated by the pragmatic view of collaboration taken by the politicians we interviewed, and by their somewhat sceptical attitude towards the creation of a new regional institution. For example, many local politicians are sceptical of assigning issues of regional development – traditionally the most important object of regional governance – to the proposed mega-region; and they contend that collaboration is possible without a formal merger. The literature on interlocal cooperation can help us make sense of these sceptical attitudes, by tracing them to problems of size, the type of policy question and a lack of institutional incentives. For one thing there are a fair number of municipalities, of varying size, that were slated to cooperate across a wide geographical area; this threatened to create power asymmetries between municipalities (and regions). Most obviously, municipalities in the minor counties (and especially their peripheral parts) are afraid of ending up in the shadow of the largest region (and of the municipalities within it). Municipalities also have (especially larger ones) little in the way of institutional incentives to allow a large region to gain power within core areas of municipal self-government, such as education, urban planning, or industrial policy. This is mainly due to the fact that, in such areas, the municipalities to a large extent compete with each other (which in turn is partly due to the national institutional structure, as for example in the case of educational policy). For many municipalities, in sum, these factors mean that cooperation and coordination entail considerable costs, whereas the gains they make possible are not always very obvious (at least not over the short run).

Turning now to the issue of *institutional embeddedness*, we find it is quite obvious that the strategies of municipalities are influenced by the larger institutional framework in which they find themselves. In a unitary state, according to many observers, municipalities tend to focus more on the central government than on regional authorities. We can see examples of this in our empirical data. It

also bears noting that the attitude of the state towards the planned mega-region has been quite ambivalent, and this may have encouraged a somewhat sceptical attitude on the part of the municipalities (which have been the main barrier in the process). This may also be a consequence to some extent of party loyalty: some of the mayors interviewed are members of the (national) conservative party, which has been particularly sceptical of regional reforms. In game-theoretic terms, the municipalities are uncertain as to the focal point of the game. There is, so to speak, no dominant vision held out by the national government to which they can relate. Too many options and risks are involved. Furthermore, the importance of networks has been emphasized in many theories of political cooperation, including those about regional governance. Strong existing ties among actors and a history of cooperation between them serve to build social capital, leading to the development of norms of reciprocity and enhancing the prospects for cooperation. When discussing networks, the respondents in our study often cite the merits of collaborating with neighbouring municipalities in a smaller constellation than the proposed mega-region. For example, local politicians emphasize the need for a sub-regional constellation like that seen in the existing Skåne region, where the four “corners” play an important informal role. These factors were not, however, taken into account to any great extent in the recent efforts to create a mega-region in South Sweden.

Finally, our case shows there are problems relating to the *legitimacy* of the process. One of these is the risk run by local politicians when they participate in regional decision-making systems – of becoming distanced from their local democratic base. These leaders derive their legitimacy from elections held at the local level. When they take part in regional arrangements, however, they participate in decision-making that involves a much more extensive regional demos. Another kind of democratic challenge consists in the somewhat unmanageable task of eliciting democratic participation by individual citizens or social movements in the formulation and implementation of regional-development policies. Hence, based on our interview data and previous analyses, we conclude that the creation of larger regions is associated with a number of democratic challenges, and that these challenges have not received sufficient attention in recent efforts at regional reform in Sweden

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Interviews with Chairmen of Municipality Boards

- Municipality of Bromölla: Åke Hammarstedt, 19th of May, 2014
- Municipality of Högsby: Ingemar Svanström (S), 4th of June, 2014
- Municipality of Kalmar: Johan Persson, 28th May, 2014
- Municipality of Karlskrona: Camilla Brunsberg, 25th of June, 2014
- Municipality of Kristianstad: Pierre Månsson, 17th of June, 2014
- Municipality of Lessebo: Monica Widnemark, 9th of June, 2014
- Municipality of Malmö: Andreas Schönström (vice chairman), 3rd of July, 2014
- Municipality of Olofström: Sara Rudolfsson, 27th of May, 2014
- Municipality of Perstorp: Arnold Andréasson, 26th of May, 2014
- Municipality of Vimmerby: Micael Glennfalk, 4th of July, 2014
- Municipality of Växjö: Bo Frank, 20th of May, 2014
- Municipality of Ystad: Kristina Bendz, 16th of June, 2014
- Municipality of Älmhult: Elizabeth Peltola, 12th of June, 2014