

**Decentralization policies: reshuffling the scene**

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**Paper:** Central-local relations in Flanders. Structural reforms, scale and decentralization

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## **Central-local relations in Flanders. Structural reforms, scale and decentralization**

### **1. Introduction**

Who watches television occasionally has undoubtedly noticed that several channels replay different programs. The same happens with coalition agreements. They often contain recipes that already emerged in former policy documents or coalition agreements. The fact that these recipes are repeated can be interpreted in two ways. Or it is a successful way to deal with certain problems which explains why it is repeated. Or the measure was never put into practice and one wants to give it another try.

The same can be said when we speak of the enlargement of the administrative scale, which is mentioned in different policy documents of the current Flemish Government. The enlargement of the administrative scale is explicitly put forward as a major priority of the current Flemish policy in the policy declaration on 'Internal Administration and Urban Affairs'. However, this was also the case during the previous legislature. In this contribution we therefore examine what happened during the previous legislature and what the plans are of the current Flemish government in this field. We focus in particular on the administrative scale of the Flemish municipalities. Finally, we broaden our focus by discussing some foreign examples of recent scale reforms and see what lessons Flanders can draw from them.

### **2. A brief history lesson... scale in Flanders during the last decades**

Although certain borders of Belgian municipalities date from the Roman period, it was mostly during the French period, many years later, that there came some uniformity in our state structure, including at the local level (De Ceuninck, 2009). At that time however, small scale of local government was the norm. The administrative boundaries of the municipalities coincided with the world of the people. A larger scale was not immediately necessary, since the tasks of the former municipalities were also much more limited than they are today. Since the creation of Belgium in 1830 (when Belgium counted 2,498 municipalities) until well into the 20th century, the scale of the local authorities and their borders was barely a topic of discussion nor it was the subject of reform.

It would take until 1937 before the scale of Belgian municipalities came under discussion. In that year the former 'Study center for the reform of the state' launched a proposal in which they called for the compulsory amalgamation of all municipalities with fewer than 500 inhabitants and an optional amalgamation of all municipalities that counted between 500 and 1,000 inhabitants. The Second World War however led to other administrative and political priorities, so it would take until the 1950's before the issue appeared again on the

political agenda. In 1959, the 'Central Council for the Economy' formulated an opinion in which it declared that the extensive local fragmentation in Belgium generated numerous drawbacks. Therefore, they called for an extensive amalgamation of all Belgian municipalities with less than 2,500 inhabitants and in addition a serious expansion of inter-municipal cooperation initiatives.

Eventually it would take until 1961 before the legislator recognized that something had to happen to reduce the large number of small municipalities. The law of February 14, 1961 'for the economic expansion, social progress and financial recovery' contained a relatively smoothly procedure to amalgamate municipalities by means of a Royal Decree. This law was an attempt of the government to deal with the structural weaknesses of the Belgian economy at that time. Municipal mergers were part of this package. Eventually, on the basis of that procedure, about 300 municipalities disappeared between 1961 and 1971, which brought the total number of Belgian municipalities down to 2,379<sup>1</sup>.

Soon afterwards the government realized that the amalgamations in the 1960's were inadequate, both in quantity and in quality. The total amount of municipalities involved in a merger was too small and the newly created municipalities remained relatively small. As a response, the Parliament voted in July 1971 two laws, namely the Law of July 23 'concerning the amalgamation of municipalities and the modification of their boundaries' and the law of July 26 'on the federation and agglomeration'. This first act made municipal amalgamations possible in Belgium according to an overall plan, while the second law wanted to create federations and agglomerations as a second tier of local government. It could be seen as an enforced way of inter municipal cooperation. Eventually, it would take until 1974 before the law on the amalgamations was put into practice. At the same time, the law on the federations and agglomerations died a quiet death.

When *Joseph Michel* became Minister for the Interior in 1974 in the *Tindemans I* government, his first job was to implement the government's decision on the municipal amalgamations based on the law from 1971. This meant that municipal amalgamations would be implemented in accordance with an overall plan in which almost all Belgian municipalities were involved. Those mergers were motivated in several ways, but the main reason was undoubtedly to make the local authorities financially healthy again. Both the small rural municipalities and the larger cities faced a difficult financial situation at that time. The first category did not have enough tax revenues to build a sound policy. The larger cities in their turn felt being locked up within their historical boundaries. That meant that their metropolitan role in delivering many services to their own citizens (but also to citizens from

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<sup>1</sup> Most of these amalgamations took place in the Walloon part of the country, where the local fragmentation was much higher than in Flanders. Two amalgamations worth mentioning were the creation of the city of Oudenaarde that amalgamated with several of its surrounding municipalities in 1964 and the creation of the city of Bruges in 1970.

surrounding municipalities) was insufficiently respected. Their main problem was that they could not raise taxes in those surrounding areas, while many of their residents used some kind of services provided by those cities. In addition to this financial motivation for the amalgamations, the government also wanted to make an end to the huge local fragmentation at that time and they wanted to open the way for additional powers and competences at the local level. A decentralization of new competences towards the local level was placed in prospect after the amalgamations. The amalgamations that were decided in 1974-'75 would effectively start in 1976.

As already mentioned the mergers of 1976 were carried out according to an overall plan in which the decision-making was strongly controlled by the central government. The Minister of the Interior formulated merger proposals to the concerned municipalities, but the latter could only formulate an advise to that proposal. Finally, it was the central government, partly based on the advices it received, that decided on the new municipal boundaries. This way of decision making was a major source of criticism after the reform. Many local politicians felt that their advice had little or no impact. This way of working has resulted in the fact that for many years there was a large taboo on the subject of municipal mergers in Belgium. In many municipalities it took a long time before the amalgamations were accepted by everyone.

The amalgamations of 1976 reduced the number of Belgian municipalities from 2,379 to 589<sup>2</sup>. In Flanders the number of municipalities decreased by 66%, from 906 to 308 municipalities. In Wallonia, the drop was stronger (82%). Due to many linguistic and other problems, no municipal amalgamations were implemented in the capital region of Brussels. As a result, Brussels still counts 19 municipalities.

### **3. Scale as a part of a larger debate**

The mentioned taboo has resulted in the fact that the issue of scale and amalgamations remained undiscussed for a long period in Flanders. The last two decades, however, things are changing. It is remarkable to see that the debate on scale in Flanders has become part of a wider debate, especially the one on the administrative relationship between the three directly elected levels of government in Flanders. The latter debate can indeed be seen as a permanent search between the three levels of government to optimal administrative relations. That quest was enforced after 2001, when Flanders became responsible for the organization of the local and the provincial government levels. Before this was a responsibility of the federal government.

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<sup>2</sup> Note that the amalgamation of the city of Antwerp only took place in 1982, but the amalgamation is included in this number.

That search can also be explained logically. Administrative relations are evolving over time along with the levels of government whose tasks and competences, together with the legal framework in which they function, are also permanent subject to change. Furthermore, one needs to think about the evolution of the administrative relationships in Flanders and how to deal with it. Over the years the municipalities gained much more competences and responsibilities which results in the fact that they have a different position nowadays against the Flemish government then they had many years ago.

### **3.1. From CBO-advice to the White Paper**

In the following part we take a closer look at the different initiatives developed in which the Flemish government and the local (and sometimes provincial government) discussed their relations and their mutual cooperation. This overview demonstrates that both the issues of scale and decentralization were, despite ups and downs, important elements during these debates<sup>3</sup>.

#### **3.1.1. Advice from the Committee on Government Organization**

The opinion of the Committee on Government Organization came in 1997 at the request of Minister *Peeters*, who was responsible for Home Affairs, Urban Policy and Housing. The task of the Committee was to formulate an opinion on the future organization of the Flemish local government and in particular the relationship between the municipalities and the Flemish government level. It should be noted that the advice dates from the period when the federal government was still responsible for the operation and the organization of the local and provincial governments.

The strengthening of the municipal administrative power was expressly put forward by the commission. According to the committee, there were problems in Flanders with the administrative power of all the municipalities with less than 10,000 inhabitants, at that time one third of the Flemish municipalities. Voluntary mergers were, according to the commission, necessary at a later stage possibly followed by compulsory amalgamations. In addition, the commission was in favor of a stronger differentiation in tasks between municipalities. The great diversity among the municipalities ensures that they should be able to fulfill their own responsibilities according to their specific characteristics. According to the commission, an additional way to strengthen the municipal administrative power was the stimulation of inter-municipal cooperation. Especially in rural areas this was seen as a way to strengthen the municipal administrative power. The commission also held a plea for a new decree to shape this inter-municipal cooperation. The until then existing legal framework

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<sup>3</sup> For this overview we make use of a text 'Evaluation of the internal Flemish state reform', written by the Centre for Local Politics in close cooperation with the Flemish Advisory Council for Administrative Affairs (De Ceuninck, 2014).

was indeed too rigid, leaving many municipalities to cooperate together outside the existing legal framework of inter-municipal cooperation.

Specifically for urban areas, the committee pointed out many difficulties with regard to redistribution and distribution issues. In many cases (especially in terms of spatial planning) those issues were a competence of the second tier of local government, the provinces. If those powers would be decentralized towards a city regional level, things would probably be easier to organize. According to the commission, a city regional scale should contribute to a more effective and efficient regional urban management, a better equalization of the uneven distribution of the benefits and the burdens between the municipalities, a better policy coordination and more democratic control by the residents of these urban areas. Finally, in this logic (and with the installation of such a new layer of government) the provinces would cease to exist in those urban areas.

### 3.1.2. Pact with the municipalities

One year after the advice of the Committee on Government Organization, the Flemish government started negotiations with the Flemish municipalities that culminated in the pact with the municipalities that was reached in March 1999. The central objective of this pact was to improve public services and a greater involvement of citizens by strengthening local democracy. The government hoped to achieve this by investing primarily in a larger policy coherence. The Flemish government has committed itself to strive for a better cooperation between the different Flemish administrations in order to increase the relations with the municipalities. Although the scale debate was not a part of these negotiations, the pact is still worth noting. Many things that were agreed at that time are still relevant today and even reappeared in the political discourse.

The negotiations between the local authorities and the Flemish government finally resulted in a ten-point action plan that was outlined in 63 concrete action points. It showed clearly that the Flemish government chose to respect the principle of subsidiarity. This was translated in the fact that choices had to be made at the most functional government level. The Flemish government saw for itself a role in the policy formulation. Thereby they stressed that they would only formulate the outlines of a policy and the intended results. The more concrete completion of the policy would be a task for the local level. In addition, the pact also explicitly recognized the need for prior and timely consultation on important matters that would affect the joint central and local partners and initiatives that would benefit their mutual communication and information exchange.

### 3.1.3. The debate on core competences

The debate on core competences was initiated by the government Dewael (1999-2003) who announced in its policy declaration a reorganization of the Flemish governmental organization. As a result of the Lambermont Agreement of 2001, the regions had indeed

acquired the responsibility over the operation and organization of local and provincial governments<sup>4</sup>. This was an excellent opportunity to keep their operation against the light. The debate focused clearly on the vertical dimension of the management organization, namely the division of powers between the three levels of government in Flanders.

The debate was eventually materialized on the basis of two questions: what competences have a public interest and should therefore be taken up by the government? Once that question was answered, one could answer the second question: namely what level of government should take up which public function? However, this needs some nuance. The first question as such was never really answered. The second question was often narrowed down to a discussion of financial resources between the partners involved in the debate.

The debate was conducted from the perspective of the citizen. Departing from a government perspective would have been wrong because each level of government strives for the defense of its own interests. The debate was conducted between December 2001 and April 2003 by politicians of the three levels of government in Flanders, namely the municipalities, the provinces and the Flemish government. Apart from the citizens' perspective was also the subsidiarity principle pushed ahead as a guiding principle during the discussions. This referred to the fact that tasks that could be performed by a lower level of government, should not be taken up by a higher level of government. If they would decide it otherwise, then this should be adequately justified.

The debate ultimately resulted in an agreement between the three levels of government elected in Flanders where a clear profile was arranged for each of those levels. The municipalities were thereby recognized as the basic level closest to the citizens. Based on the principle of subsidiarity, the local level could take up any competence without any limitation. Municipalities can perform all tasks related to their territorial importance except in cases where this is legally prohibited or in cases where tasks are legally (or by decree) reserved for another level of government. Note of course that the principle of subsidiarity and the further development of local authorities means that the other tiers of government should exercise a restraint position towards the local government level.

Remarkably, some issues remained absent in the discussions during the debate on the core competences (Reynaert & Devos, 2002). Reynaert and Devos pointed out that the core problem of the administrative organization in Flanders, namely the scale of municipalities, was held out of the debate. 'The majority of the Flemish municipalities does not have sufficient policy capacity to take on many complex tasks. But nobody dares to speak the

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<sup>4</sup> The Lambertmont Agreement was a step in a succession of steps of the state reform in Belgium. It was reached in 2000-2001 and was actually the fifth step in the process of state reform. The agreement decentralized several competences concerning the local authorities to the regions and meant a considerable increase of federal transfers to the communities.

words “amalgamations of municipalities”. Notice that the taboo on new municipal mergers was at the beginning of this century still alive. The latter would however change during the previous Flemish legislature (2009-2014) in which the scale of the municipalities was explicitly questioned.

#### 3.1.4. The internal Flemish state reform

In the Flemish coalition agreement of July 9, 2009, the political parties made it clear that they wanted to work towards a simplification of the administrative landscape in Flanders. Indeed, the analysis was that over the years too many intermediate policy structures have emerged. The government wanted to tackle this so-called ‘administrative overload’ by means of an internal state reform. This process would lead to a simplification of the administrative landscape in which all forms of governance would be held against the light and, where necessary, should be reformed or even abolished. From now on, the focus should lie on the municipalities on the one hand and the Flemish government on the other. The government announced the intention to limit the list of competences of the Flemish provinces drastically to only ground-tied competences such as economy, agriculture, environment, spatial planning,... Most competences that are person-tied (such as culture, education and sports) will be transferred to the regional or the local level. Only in exceptional cases some of these competences will still be attributed to the provinces (Valcke, 2010; Bourgeois, 2011).

These general principles were further refined in the policy declaration of Minister Bourgeois, who was responsible for Internal Affairs during the previous Flemish legislature. In an analysis he outlines the particularly complex administrative landscape in Flanders. He indicated that he would place the focus on a drastic simplification of the many structures within the Flemish administrative landscape. The key elements he included were:

- The focus of the policy will lie with the municipalities and the Flemish government. All forms of intermediate governance will be questioned.
- A decentralization towards the local level. The Flemish government will invest in their administrative power.
- There will be a comprehensive list of provincial powers with a territorial character.
- The creation of homogeneous key tasks for each level of government. Per policy sector, only two administrative levels should play a role.
- We dramatically simplify the many intermediate structures and organs between the existing government levels.

With the announcement of these policy priorities a major taboo in Flemish policy disappeared, namely new municipal amalgamations. The minister was very clear about this, investing in the capacity of municipalities could also be done by way of new municipal amalgamations (Bourgeois, 2010). In his Green Paper (July 2010), the minister made this very clear: ‘Scaling up of local governments through mergers is one of the possible solutions



to enhance the administrative capacity of many municipalities. A large-scale top-down approach, where the number of inhabitants of the municipalities is taken as a guiding criterion, is currently not on the agenda. The need to scale up will have to be examined case by case and will have to offer a solution to the specific problems of the municipalities involved. Here we can think of a redistribution problem (eg. between a city and its surroundings), an imperfect amalgamation of the past, increasing administrative efficiency and capacity, the professionalization of the administration, ... It is important that an amalgamation is seen in the long term, this must be a structural solution with sufficient support among local politicians and the local population’.

A further development of these principles came with the so called White Paper of April 2011 (Bourgeois, 2011). Again this text was clearly in favor of new municipal amalgamations. They were explicitly promoted as a way of strengthening the professionalization of local government. Several foreign experiences were used to underpin this. Moreover, it demonstrated that local democracy does not necessarily suffer under a larger scale. Furthermore, the example of Denmark was specifically highlighted as a successful example of an amalgamation operation that went hand in hand with a decentralization toward the local level.

A concrete implementation of this policy came with the framework for voluntary mergers which was published by Minister Bourgeois (Decoster, 2010). It contained a concrete path that was developed to allow voluntary mergers with a deadline before the local elections of October 2012. It was up to the councils themselves to take a principle decision on this that afterwards could be confirmed by a decree. The minister worked out two stimulating measures to make the offer slightly more attractive:

- First, there was a financial bonus for those municipalities that took the step towards an amalgamation. A grant was calculated so that during the first local legislature (which is six years in Belgium) after the merger, the new municipality would annually receive an extra financial support.
- Secondly, the framework provided also in a non-financial guidance and support. The minister suggested the installation of a technical working group which had to assist the municipalities during the merger process. This coaching team would consist of representatives of the municipalities involved, officials of the (Flemish) Agency for Internal Administration, employees of the VVSG<sup>5</sup> and the governor. The task of this team would be to support the municipalities legally and organizational.

With both measures, the Flemish government showed that they did not wish to make the same mistakes as those made during the amalgamations in the 1970s. At that time, the municipalities were indeed forced to merge and there was hardly any public participation. Moreover, the municipalities had the impression that they were left alone and received very

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<sup>5</sup> The VVSG is the ‘Vereniging van Vlaamse steden en gemeenten’, the ‘Association of Flemish Cities and Municipalities’.

little administrative support. Finally, it was also a common complaint that the municipalities had to pay itself for the majority of the merger costs. With this framework for voluntary mergers, there came an answer to all of those complaints. From now on, voluntary mergers received both a financial and a technical support from the Flemish government.

In reality however nothing really happened. There have indeed been some exploratory talks in some municipalities, but ultimately no one has taken the step towards an actual merger. There are several reasons for this (Decoster, 2014). The main reason is undoubtedly the lack of support for voluntary mergers. Especially local politicians are reluctant to new mergers. In part this is due to the unfortunate experiences of the 1970s, but equally by the fear of losing mandates. Secondly, the timing was extremely tight and moreover politically very unhappy. The framework for voluntary mergers was issued in 2010 and already in 2011 the councils had to decide on a merger. Moreover, this framework came into the full run-up to the local elections of October 2012, a particularly unfortunate moment to advocate for municipal mergers. Moreover, the subject was not an element of debate during the election campaign in 2012. Thirdly, there is locally insufficient knowledge about the benefits of a merger or the potential of any economies of scale. Note that if local politicians do not know these advantages, it will be very difficult to convince the population. Finally, there are also several organizational aspects that partly explain the lack of new mergers. Until now, many questions remain unanswered. For example, what with the official degrees<sup>6</sup> in the new municipalities? How to tackle distribution issues? Etc.

#### **4. Towards a multiple approach of scale and decentralization?**

The fact that there were no municipal amalgamations during the previous Flemish legislature period does not mean that the policy has failed in this regard. At least the debate is conducted again, and this means something in Flanders where there has always been a large taboo in this respect. Moreover, it will take time to convince everyone of the benefits associated with a merger. In this respect it is important to know the plans of the new Flemish government that came into power in 2014.

The Flemish coalition agreement of 2014 was achieved under special circumstances. There was the effect of the sixth state reform which transferred a number of new competences to the Flemish government and there was the tight budgetary framework which made it necessary to make some important choices. This tight budgetary framework has also affected the local level. Local finances are under severe pressure in recent years. This has multiple causes: personnel and pension expenses, loss of dividends and rising costs for police and firefighters. The question has to be asked to what extent the local governments have adequate resources and the administrative capacity to meet the many tasks they have to

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<sup>6</sup> Official degrees are the municipal secretary (the highest local officer) and the local financial manager.

fulfill. The precarious financial situation of several local governments has made that question only more pertinent.

The Flemish coalition agreement 2014-2019 clearly shows continuity in the approach towards the local level compared with the previous legislative term (Vlaamse regering, 2014). The focus lies on strong cities and municipalities on the one hand and a general role for the Flemish government itself on the other hand. The provinces will be further downsized and they will lose all personal-tied competences and even their ground-tied competences in cities with more than 200,000 inhabitants.

Some of these powers will be decentralized towards the local authorities. In that sense, a serious decentralization movement is part of the current Flemish coalition agreement. This is based on the fact that the local authorities are the first point of contact for citizens and moreover are accountable to their own local democracy. There will also be a differentiation according to the scale of the local authorities. The largest cities (100,000+) will get the opportunity to deviate from Flemish legislation, if they can motivate this from an efficiency standpoint or from the metropolitan context in which they operate and in so far that this is consistent with applicable European directives and regulations. However, even the medium-sized municipalities (25,000+) will be able to obtain additional competences if they ask for it.

The increased policy autonomy which is mentioned in the coalition agreement becomes clear in the reform of the financing of the local governments. Many sectoral subsidies (in the fields of culture, youth, sport, education, community development and child poverty) will disappear and be integrated into the municipal fund. This is a general fund managed by the Flemish government that provides the municipalities with financial means which they can spend fully autonomous. This means that the policy autonomy of the local authorities increases because from now on they have a larger autonomy in deciding how to spend these funds.

The policy declaration of Minister *Homans*, who is responsible for the local and the provincial authorities, shows that the government wants to invest in a further enforcement of the capacities of the local authorities (Homans, 2014). The aspects of scale and decentralization both play an important role in this respect. Two important measures illustrate this, more specifically the encouragement of voluntary amalgamations and the stimulation of regional cooperation. We discuss them both in detail below.

#### **4.1. Stimulation of voluntary amalgamations of municipalities**

One of the operational objectives in the policy declaration of Minister *Homans* says: 'the encouragement of voluntary amalgamations of municipalities'. In this respect, the Minister clearly works further on the work that already started during the previous Flemish legislature. The minister acknowledges that the policy during the last legislature has not led to concrete results, but at least the debate about amalgamations is again on the political

agenda. Moreover, a number of municipalities is faced with a lack of administrative capacity and this in a context of increasing demands from the population, increasing tasks and a rising complexity and technicality of tasks.

To stimulate the municipalities to merge, the Minister created some instruments. We briefly take a closer look at them:

- A 'power monitor' will be created in 2015. The result of such a monitor (an instrument that already exists for many years in the Netherlands) provides municipalities with an objective view of their own abilities and capabilities. Although they are not intended to oblige the municipalities to merge, they do give an indication of where a local authority stands and what can possibly be done better. They stimulate local authorities to question themselves and make adjustments where necessary.
- The detailed framework to stimulate voluntary mergers developed during the previous Flemish legislature will be maintained and even slightly extended. During 2015, the minister will develop a financial bonus and a decree that regulates the modalities of a possible amalgamation. The financial support will also be interpreted more broadly than only a financial bonus. The Minister will investigate if the Flemish government can take over financial debts from the municipalities. Moreover, the legal and administrative support developed during the previous Flemish legislature remains preserved.
- A final incentive consists in granting additional powers to the amalgamated municipalities. The Flemish policy the coming years has the intention to decentralize tasks to the local authorities, but as already mentioned, this is related to the aspect of scale. Only the medium-sized (25,000+) and large municipalities (100,000+) will be able to count on these additional responsibilities.

#### **4.2. Stimulation of regional cooperation**

That fact that the Flemish municipalities work together is not a new phenomenon. In recent decades however, there was an exponential growth in this cooperation which led to the fact that the question can be asked whether all this leads to more efficiency or not or even a loss of control for the local councils. Many local councillors indicate that it has become difficult for them to follow up all these initiatives. Indeed, the danger exists that too much inter-municipal cooperation will ultimately lead to what can be called an 'appearance of independence'. Many decisions are indeed taken in other forums and as a result the city council with its directly elected representatives is placed out of the game.

Those findings are not new and were already formulated during the previous Flemish policy period in which the instrument of 'regional screenings' was introduced. Those screenings are a way to explore the many regional structures per region and to formulate possible solutions for this extreme complexity. The approach per region enabled a customized exploration of the problem, as each region has different characteristics. The regional screenings were rolled out in several phases. In a first phase, an inventory was drawn of the many structures per region. This inventory was completed in 2012 and served as a "starter" for the debate at local and regional level.

The second phase of those screenings consisted of an audit and evaluation of the data collected in the first phase. In this phases the problems were actually identified and the search for a possible solution started. The governors were appointed as commissioner of the Flemish government to organize and support this process. The governors finally made up a report for each province in which concrete measures were addressed to weaken the administrative burden. In a final phase, concrete actions and measures had to be implemented. Multiple elements can be part of this phase, such as the abolition of certain forms of cooperation, the clustering of cooperation, mergers of municipalities, the modification of Flemish legislation, etc.

The minister proposes in her policy declaration a follow-up of those regional screenings. The objectives remain the same as those during the previous legislature, namely reducing the complexity of the regional cooperation is its current form. However, municipalities should do as much as possible to work together on a regional scale. All forms of inter-municipal cooperation should as much as possible be concentrated in one region. How that region is defined, is up to the municipalities involved.

To achieve this, the minister wants to encourage municipalities to cluster their cooperation at the regional level, in the belief that defining clusters in which the municipalities and other partners work together will enhance transparency. The minister will develop a framework for this by decree in order to determine the guidelines for optimal regional cooperation.

We still have to see in what way those plans we be realized in reality. The clustering of inter-municipal cooperation in regional associations may sound tempting, but it will take a lot of political and legal thinking to get it organized. The many intermediate structures differ totally in terms of composition, scope, funding, etc. Furthermore, this requires not only at the local level, but also at the Flemish level a change in thinking. It will require a considerable restraint attitude of the Flemish administration in imposing new partnerships onto the local level, something that was recognized in the coalition agreement.

## 5. Some foreign experiences...

It is remarkable that many of the debates that took place in Flanders the last years were also on the political agenda in several other European countries. The issues of scale, decentralization and the relationships between the different layers of government dominated the debate in many countries. Both the Netherlands, Germany and Denmark have a lot of experience with municipal mergers, decentralization and reforms at the local level. The same debate was also on the agenda in France, however with a fundamentally different result. We briefly discuss those countries, before we draw some lessons for Flanders<sup>7</sup>.

### 5.1. Denmark

In the literature there is agreement that the reform operation that Denmark carried through in recent years can be seen as a successful scale reform. That became clear recently in the Netherlands, where a report 'Modernisation of the administrative structure' of the Ministry of the Interior and Kingdom Relations (MBZK) referred to Denmark as an example of a successful reform. Dr. Klaartje Peeters lists several reasons for this. Most interesting was the decision on the administrative reform itself. Certainly the control of that decision by the national government can be seen as a success. Firstly, the government has made good use of the conditions. Although there was no amalgamation of the municipalities to come, the government has yet made use of a policy window that came up in the summer of 2002. Furthermore, the opponents of the reform were eliminated and allies were enabled. Moreover, the operation was also accompanied by strong policy entrepreneurship. Here, a large role was played by Interior Minister Lars Løkke Rasmussen, who has traveled around the country to convince people of the inevitability of the reforms.

Only seven municipalities (including five small island municipalities) ultimately did not meet the conditions imposed by the government. All other Danish municipalities had found one or more amalgamation partners. According to Peeters, several lessons can be drawn from this:

- The 'robbery technique' worked. The municipalities had insufficient time to respond or prevent the process. They received only six months from the government to find a partner, something in which the vast majority of municipalities was successful.
- In addition to this there was also a very tight time pressure. The result of this tight schedule was that the municipalities immediately searched for amalgamation partners, in fear of being left behind or end up in a forced amalgamation.

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<sup>7</sup> For this part we refer to a report published in the context of a research project of the Policy Research Centre - Governmental organization - Decisive Governance; De Ceuninck, K. & Steyvers, K. (2012). Size matters? A comparative research on the factors for success or failure of local government scale reforms. Final Report.

- Reform is easier in prosperous times. The municipalities in Denmark received no financial incentives to merge. But in that particular period it went well with the Danish economy and as a result with public finances in general.
- Citizens were involved in the amalgamation process. This was done through public consultations that were enforced by citizens in 63 municipalities. Striking fact was that most people were not against the amalgamations as such, but opted for another amalgamation partner than those the local politicians chose initially. In the majority of the municipalities, the decision of the municipal councils was followed, thereby no citizen consultation was necessary.

Peeters concludes by saying that it is good to have a vision on reforms, but at a certain moment, while implementing scale reforms, one has to decide something. Moreover, according to her there is nothing against the implementation of scale reforms from above, as long as they are designed bottom up. The Danish case is a good example of this. The decision to merge was taken by central government at the central level, but the municipalities could choose with who they merged. The Danish case also shows that reform is easier in financially favorable times and that local politicians attach more importance to small communities than the population.

At the same time Peeters points out that a reduction in the number of municipalities through municipal amalgamations does not necessarily lead to less administrative pressure. As long as responsibilities and powers remain divided over several layers of government, there remain coordination and harmonization problems. The latter, however, can be reduced in a context of regions with a closed list of tasks that goes hand in hand with a decentralization operation in favor of the municipalities, as is the case in Denmark.

## **5.2. The Netherlands**

Netherlands, a country that traditionally often serves as a reference point for Flanders, has a long history when it comes down to municipal amalgamations and decentralization. There are practically annually amalgamations that reduced the number of Dutch municipalities over the years from 1,121 in 1900 to 393 on 1 January 2015. For many years, the number of inhabitants of a municipality served as a guideline to justify an amalgamation. It was assumed that small municipalities would be naturally stronger by merging them. From the 1980's questions were raised about the policy. The scale criterion faded into the background to make way for what was called 'the problem approach'. This approach referred to certain administrative problems for which amalgamations could be a solution. From then on, a merger was only accepted if it was proven that it would provide a solution to these problems.

From 2002, with the arrival of the Balkenende Cabinet, the focus of the amalgamation policy changed again. The top-down approach that was almost the norm until then was replaced by a bottom-up approach. Henceforth mergers had to come from the municipalities themselves. In that respect, amalgamations were left to the municipal and provincial governments. From now on there had to be at least a form of local support for the reform and the provincial governments often played a facilitating role. The arrival of the Rutte II Cabinet in 2012 resulted in an enforcement of the amalgamation and decentralization policy of the local level. In the coalition agreement the political partners mentioned that from now on, all new municipalities should have at least 100,000 inhabitants. In this way, the population criterion reappeared on the political agenda. According to the government, those larger municipalities are necessary to arm the municipalities to take on additional tasks that the government wants to decentralize in their direction.

This shift of responsibilities and tasks to the local authorities is not a recent phenomenon in the Netherlands. Since the 1980s, decentralization movements go hand in hand with the amalgamation policy. This is something we also saw more recently in Denmark. As a result the Dutch local authorities have become a major partner for the implementation of (national) government policy. Even if it often involves co-administration tasks, the (sometimes supposed) inability to take up new government tasks forms an important incentive to new mergers. These decentralizations mainly play in the field of social legislation and welfare. Also during the present Cabinet Rutte a lot of new tasks are decentralized from the central government to the municipalities. In that respect we refer to a lot of care responsibilities in the context of the Social Support Act (WMO).

### **5.3. Germany**

The federal structure of Germany and the reunification in 1990 have ensured that the scale debate was conducted differently in the various Länder and led to different results. The former West Germany was already confronted with amalgamations in the 1960s and 1970s, while East Germany had to wait until after German unification before a similar process started.

The amalgamations in West Germany emerged largely because of the classic argument, namely a lack of scale for local authorities. It was the meanwhile familiar 'carrot and stick' approach that was implemented. First there was a period of voluntary mergers giving local governments the time to amalgamate. This went hand in hand with efforts for public participation, but nothing more than hearings or the installation of an advising commission. In most Länder this approach did not lead to a satisfactory outcome. The result was almost always that they switched to compulsory amalgamations imposed by the parliaments of the different Länder.



East Germany followed an identical path from 1990 onwards. Several Länder adopted legislation in order to reduce the number of municipalities. It should be noted that also the second layer of government (the German districts or *Kreise*) were involved in those reforms. In several states they were merged exactly like the municipalities.

For several years, Germany is confronted with a third wave of scale reforms in both the former East and West German states. That has partly to do with the declining number of inhabitants of rural communities, a problem that is manifested primarily in the former East German states. Yet, also in the former West German Länder initiatives were launched recently to rethink the scale of local government. Since 2010, there has been an ongoing reform in the state of Rhineland-Palatinate (located in the west of Germany) in order to reform the districts on a larger scale. It is remarkable to see that the authorities are making efforts to create support among the population for those reforms. These efforts go far beyond the obligatory debate in the city council or a possible referendum. Regional conferences with politicians, experts and citizens were organized and in addition, also appointed juries made up of citizens were invited to announce their expectations of the reforms. Moreover, online surveys were organized. This shows that it is possible to work actively towards a platform (and support) for scale reforms. Indeed, the latter often lacks support which makes it difficult to find support for scale reforms among local politicians and the public.

#### **5.4. France**

Since the 1970s until today efforts are made to implement reforms at the local government level in France. In the 1970s there were even attempts to amalgamate the French municipalities. However, these attempts never succeeded and as a result the situation remained unchanged. This had to do with the fierce resistance that was offered by local politicians at higher levels of government. Both nationally and in the departments and in the regions, local representatives always have been opposed to scale reforms to local government. The accumulation of political mandates in France is, after all, a widespread phenomenon. As a result, an objective alliance emerged on the party boundaries of cumulards forming a conservative lobby against meaningful changes to the subnational government structure.

The lack of mergers has ensured that in order to shape policy in France, the instrument of inter-municipal cooperation became very popular. This has led to a proliferation of partnerships that have only increased the administrative and political fragmentation. It took until the 90s of the last century before it was recognized that there was a certain need to bring some order into this complex local landscape. The creation of the 'communautés' in 1999 was a first step into the simplification of the administrative landscape because all

existing forms of inter-municipal cooperation that raised their own taxes were being forced to transform itself into one of the three types *communautés*<sup>8</sup>.

A committee headed by former Prime Minister Edouard Balladur formulated in 2009 several proposals to further reform the French administrative landscape. Many of these proposals (including the stimulation of municipal amalgamations and a reform of the '*communautés*' to full municipalities) ultimately did not make it into legislation or specific policy initiatives. Both in 2010 and 2013, several legislative initiatives have been approved however to reform at least parts of the governmental organisation. The legislation from 2010 ensured that municipal amalgamations were encouraged but without any incentives. The legislation from 2013 introduced several reforms to the local electoral system and provided a new statute for metropolitan areas. From now on, the French people can elect a part of their municipal representatives in inter-communal bodies directly. The second major reform, the creation of a metropolitan government in the biggest French cities (those cities with more than 450,000 inhabitants) was subject of a whole debate. A special status was created for those metropolitan areas that received all the powers they need to play their role. Remarkably, the new administrations take over the role of the former departments where they are created, whose responsibilities they assume fully.

## **5.5. Lessons for Flanders**

Several lessons can be drawn from these foreign experiences for the Flemish situation. Those lessons may inspire the scale and merger debate in Flanders.

### **5.5.1. Amalgamations are a way to increase the local administrative power, not an end in itself**

The first lesson we draw from these different cases and the literature is probably one of the most important aspects in the amalgamation debate, more precisely the 'why' question. Who advocates new amalgamations must make clear why these are necessary and for which administrative problems they can be a solution. In other words, the added value must be clearly demonstrated. In the Netherlands the policy is very consistent in that. The amalgamation policy is linked to a strong decentralization policy. A decentralization of competences to the local level goes hand in hand with a larger scale. In that sense, amalgamations are seen as a means, they are not an end in itself. Also in Denmark the strengthening of the local level and the expansion of their competences were arguments in favor of amalgamations. Mergers should therefore be seen as a way to increase local government capacity and as a way to open the path towards a wider range of tasks for local governments. The question that should be central is the one about what kind of

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<sup>8</sup> We distinguish '*communautés de communes*' in rural areas, '*communautés d'agglomération*' around small urban areas and '*communautés urbaine*' in a metropolitan context.

municipalities we want? When there is chosen for strong local governments with an extended list of competences, then amalgamations can be a way to achieve that goal.

#### 5.5.2. Create strong policy entrepreneurship

It has become clear that the implementation of reforms and amalgamations in particular is not easy. Whoever takes the decision to implement such kind of reforms will face a lot of resistance and will therefore have to be prepared to sail against the tide. Therefore strong policy entrepreneurship will be necessary. If the amalgamations in Belgium in the 1970s were smoothly implemented, then to a large extent, that had to do with the determination of former Minister *Michel* who was responsible for that operation. A similar finding was done in Denmark, where Minister *Rasmussen* received praise for the way he has handled this reform.

#### 5.5.3. Create political and public support

One of the main causes for the failure of the voluntary mergers in Flanders is the limited support from local politicians and by extension the population. There is need to create a strong support for such kind of reforms especially if one wants to achieve amalgamations bottom up.

Again the Netherlands and Denmark can work inspiring. In both countries the local authorities gained additional powers after an amalgamation. Also for local politicians a decentralization after an amalgamation can serve as an argument in favor of scale reforms. Strengthen local governments financially may also be a way to increase support among local decision makers.

Nevertheless, also the foreign examples teach us that voluntary mergers alone are very rarely. Some form of compulsory amalgamations will always be necessary. Again, Denmark delivers relevant experience here. The decision to merge was taken centrally but local municipalities were given the freedom to choose their partner. This process can also be called 'steered voluntariness'. Leaving some room for local decision makers can help to strengthen the support among them.

#### 5.5.4. Measure the strenght of municipalities

Netherlands has been working for several years with instruments that measure how strong a municipality really is. This means trying to determine the extent and manner in which a municipality can realize its tasks. These instruments clearly explain the strengths and the weaknesses exposed in the municipal organization. In this way they help the municipalities

to compare themselves with other municipalities. Moreover, these instruments should be seen as a learning process. The results of such an exercise help to objectify the scale debate.

So far, Flanders has only limited experience with such instruments. The instrument of the 'city monitor' perhaps comes closest nearby. A large-scale measurement of the strength of the municipalities in Flanders has not yet been implemented. That last aspect will probably change, since Minister *Homans* announced the creation such a monitor in the coming months.

#### 5.5.5. Create a clear procedure for municipal amalgamations

Once the decision to amalgamate has been taken, it is necessary to have a clear procedure to merge municipalities. In reality those procedures tend to vary quite strong. It can go from a purely legal method on methods with a large participation of the local authorities to methods where especially central government has a big say. In some procedures there is also room for the opinion of the people through plebiscites or other participation methods. Each method has advantages and disadvantages. Yet Paddison stressed that redrawing the local administrative landscape is no matter of local politicians alone (2004). 'Political bias will tend to dominate how the reform process is conducted'. The danger of political interference and the redrawing of municipal boundaries in function of their own (political) interest soon comes into play. According to him, municipal mergers are therefore best performed by a healthy combination of both local and national politicians.

Paddison formulates three conditions that contribute to the successful implementation of scale reforms:

1. Amalgamations must be an answer to local problems and needs. Moreover, the new municipalities need a scale that is still connected to the local community. Excessive local governments are best avoided.
2. Mergers should be implemented in a transparent, fair and open way. The decision must thereby provide adequate opportunities for public participation of local and central decision-makers and the population concerned.
3. The final outcome must always be a compromise between local and central politicians. The decision on new municipal boundaries may never exclusively be decided by local or central decision-makers.

## 6. Conclusion

It is good that the debate on scale and decentralization is back on the political agenda in Flanders. It is also positive to see that the Flemish government wants to learn from past experiences with scale reforms. The policy that was initiated during the previous Flemish

legislature is continued in the current legislature and even reinforced. In that respect we see that the policy on amalgamations is now linked to a decentralization towards the local authorities. This can only help to enforce the support for scale reforms.

However, this has to be said, amalgamations are not the only way to enhance the local administrative power. Administrative power is determined by more than scale. The legal framework in which local governments operate, their funding, their (political) composition, their geographical location... All these aspects determine in one way or another the local administrative power. Strengthening the administrative power can therefore only through a multiple approach whereby several of these factors are tackled simultaneously. Therefore, amalgamations should be framed by a series of other measures if one wants to fundamentally strengthen local administrative power.

Some foreign examples teach us finally that scale reforms certainly have their usefulness and that it is possible to create a platform for them both among the local politicians and among the population.

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