

Norway

Self-rule

INSTITUTIONAL DEPTH AND POLICY SCOPE

Norway has a single intermediate tier, the *fylkeskommuner* (counties), which came into existence with Norwegian unification in the ninth century (Rose and Tore Hansen 2013).¹ Norway also has an island dependency in the Arctic Ocean, Svalbard.

The contemporary structure of the *fylkeskommuner* was laid down in the 1837 Alderman Act which created a dual regional administration consisting of centrally appointed *fylkesmenn* (prefects) and county councils of municipal representatives (Bjørnå and Jenssen 2006; Hansen and Stigen 2007; Reichborn-Kjennerud and Vabo 2017). In 1975 these indirectly elected county councils were replaced by directly elected assemblies. *Fylkeskommuner* have limited legislative authority but, as is common in Scandinavia, they have acquired extensive responsibilities for implementing economic and cultural–educational policy. Before 1975, *fylkeskommuner* were mainly responsible for regional roads and transport, regional development, public health, and social welfare services, but executive powers rested with a centrally appointed *fylkesman* (Bjørnå and Jenssen 2006).^a From 1975, the authority of the *fylkesman* was reduced and *fylkeskommuner* took over secondary education, hospitals, and elements of cultural policy (Bjørnå and Jenssen 2006; Council of Europe: Norway 1998; Hansen and Stigen 2007). Before 1975, *fylkeskommuner* score 2 on institutional depth and 1 on policy scope and we increase the score on policy scope to 2 as of 1975.

The capital city of Oslo and Bergen (until 1972) are both a *fylkeskommune* and a *kommune* (municipality) (Council of Europe: Norway 1998, 2003, 2015; Law No. 15/1961., Art. 2; No. 55/1968; and No. 107/1992, Art. 3).² Oslo and Bergen (until 1972) exercised municipal competences in primary education, public health, social welfare, public transportation, housing, roads, fire protection, and culture (Harloff 1987; Humes and Martin 1969).³ These municipal competences are not shared with a *fylkesman*. Bergen and Oslo score 2 on policy scope.

¹ A law adopted in 1987 gave Sami people in Norway the right of linguistic and cultural self-government, broadly similar to laws enacted around the same time in Finland and Sweden (Law No. 56/1987; Falch, Selle, and Strømnes 2016; Josefsen 2010).^β From 1989 a Sami parliament has held direct elections every four years, and it has consultation rights on government decisions that may affect the Sami people (Law No. 56/1987, Arts. 1.2, 2.2, and 2.3). The Sami parliament is financially dependent on the central state (Law No. 56/1987, Art. 2.1; Falch, Selle, and Strømnes 2016; Josefsen 2010). The law specifies language rights for Sami people including the right to use Sami language in communication with local and central government (Law No. 56/1987, Arts. 3.2–3.9).

² Together the two cities govern over close to 750,000 citizens which is more than 16 percent of the total Norwegian population.

³ In addition, Oslo is divided into fifteen boroughs (*bydeler*) with directly elected councils since 2007 which enjoy some autonomy over social services, basic health care, and kindergartens (Council of Europe: Norway 2015).

The responsibility for nursing homes was moved to municipalities in 1988 which was followed by the responsibility for physically and mentally disabled persons in 1991 (Reichborn-Kjennerud and Vabo 2017: 258–259). In 2002, the ownership and operation of hospitals was returned to the central government, more than halving the financial outlays of the counties (Council of Europe: Norway 2003, 2015). But, at the same time, the *fylkeskommuner* gained new responsibilities in regional development and, since 2010, also for national roads, cultural activities, vocational schools, and environmental protection which sustains its score on policy scope (Baldersheim 2016; Baldersheim and Rose 2010; Blom-Hansen et al. 2012; Hansen and Stigen 2007; OECD 2007; Rose and Tore Hansen 2013).⁴

Svalbard falls outside the standard Norwegian county format. The Svalbard Treaty of 1920 gave Norway full sovereignty which was implemented in an act of 1925 (Law No. 11/1925). However, Norwegian sovereignty is limited by an international treaty signed by forty countries.⁵ Svalbard is a demilitarized zone, Norway can levy taxes only for financing services on Svalbard; all parties to the treaty have equal rights to economic resources; and Svalbard is not part of the European Economic Area.⁶ Its administration is headed by a centrally appointed governor (*Sysselmannen på Svalbard*). Since 2002, its main settlement, *Longyearbyen*, has had a directly elected council with powers largely similar to those of a municipality.⁷ Svalbard's population in 2012 was just over 2600.

FISCAL AUTONOMY

From 1975, *fylkeskommuner* have received a share of income tax for which they may increase or lower the rate within centrally determined limits set annually by parliament (Council of Europe: Norway 1998; Lotz 2006). For example, in 2010, the ceiling was set at 2.65 percent (Rose and Tore Hansen 2013). In practice, all *fylkeskommuner* apply the maximum rate (Baldersheim 2016; Council of Europe: Norway 2015). Before 1975, *fylkeskommuner* received local government grants financed with a county tax (Fevolden and Sørensen 1987; Law No. 15/1961, Arts. 47, 56–59).

Bergen and Oslo, in their capacity as municipalities, are able to set the rate on an income tax (within centrally determined limits) and a property tax (Council of Europe: Norway 1998, 2003, 2015; Fevolden and Sørensen 1987; Hansen 1993; 230–236; Harloff 1987).

Svalbard has no fiscal autonomy. The Norwegian parliament (*Storting*) decides financial matters.

⁴ A reform effective per January 1, 2020 reduced the number of *fylkeskommuner* from 19 to 11 and the number of municipalities from 428 to 356. The *fylkeskommuner* may receive in the future additional competences in culture, regional roads, and regional development which are currently the responsibility of central state agencies. However, further reform was still under discussion in 2019 (Kommunal- og moderniseringsdepartementet 2016; Torging, Lidström, and Røiseland 2015).

⁵ Treaty of 9 February, 1920, relating to Spitsbergen (Svalbard).

⁶ Treaty of 9 February, 1920, relating to Spitsbergen (Svalbard), Arts. 3 and 8.

⁷ Ministry of Justice and Public Security. Report No. 9 to the Storting (1999–2000). “Svalbard.” <<http://www.regjeringen.no/en/dep/jd/documents-and-publications/reports-to-the-storting-white-papers/reports-to-the-storting/19992000/report-no-9-to-the-storting-.html?id=456868>>

BORROWING AUTONOMY

Fylkeskommuner may borrow domestically, but a balanced budget rule precludes *fylkeskommuner* from financing current expenditure, including debt-servicing payments, with loans. If a deficit is recorded at the end of a fiscal year, regional governments are allowed to carry it over to the next fiscal year. However, debts must be repaid within a period of two years (Borge and Rattsø 2002; Joumard and Kongsrud 2003). The balanced budget rule is flanked by a golden rule provision, which states that borrowing is allowed only for investment purposes (Borge and Rattsø 2002).

Until 2001, regional governments were required to have their borrowing and final budget proposals approved by the central government (Law No. 1/1954, Art. 74; Law No. 15/1961, Arts. 48–50 and 60; Council of Europe 1997; Council of Europe: Norway 1998; Ter-Minassian and Craig 1997). A reform in effect since 2001 requires *fylkeskommuner* to seek prior approval by the central government only when they transgress the balanced budget rule (Council of Europe: Norway 2015; Law No. 107/1992, Arts. 50–51 and 60; No. 16/2000; Lotz 2006). A list of *fylkeskommuner* currently subject to the approval process is published online and the reform also extended the period for repaying operating deficits from two to four years (Borge and Rattsø 2002; Joumard and Kongsrud 2003).

The borrowing regime for Bergen and Oslo is the same as for *fylker* and borrowing decisions were, until the reform 2001, subject to approval by the central government (Humes and Martin 1969; Law No. 1/1954, Art. 59) Svalbard has no borrowing autonomy.

REPRESENTATION

Until 1975, *fylkeskommuner* councils (*fylkesting*) were composed of municipal representatives and the executive led by the *fylkesmann* (governor) was appointed by the center (Law No 1/1954, Art. 63 and No. 15/1961, Art. 5). The *fylkeskommuner* councils elected standing committees and a county mayor (*fylkesordfører*), but all executive power rested with the *fylkesmann* (Bjørnå and Jenssen 2006; Law No. 15/1961, Arts. 36–38). From 1975, *fylkeskommuner* councils became directly elected on a four-year cycle, and they select their executives (Law No. 107/1992, Art. 8; No. 57/2002). However, the government appointed position of *fylkesmann* was strengthened in the 1990s and the *fylkeskommuner* executive remains dual (Bjørnå and Jenssen 2006; OECD: Norway 2007). Before 1975, *fylkeskommuner* score 1 on assembly and 0 on executive, and 2 and 1 respectively since.

Bergen and Oslo have directly elected assemblies (*kommunestyre*) which elect their own executive board (*formannskapet*) and chair (*ordfører*) (Harloff 1987; Humes and Martin 1969; Law No. 1/1954, Arts. 3–4).

The administration of Svalbard is headed by a centrally appointed governor (*Sysselmannen på Svalbard*).

Shared rule

There is no shared rule for Svalbard and *fylkeskommuner* in Norway, except for some input of

fylkeskommuner on fiscal control. Since 2000, the Norwegian association of local and regional authorities (*Kommunesektorens interesse-og arbeidsgiverorganisasjon*) meets four times per year with the national parliament to discuss the distribution of revenues in relation to the tasks carried out by the local governments and the financial situation of local government (Blom-Hansen 1999).^β The Norwegian parliament reserves the right to take unilateral action. The *fylkeskommuner* do not reach the threshold for exercising shared rule.

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Self-rule in Norway

			Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self-rule
							Assembly	Executive	
Fylker	I	1950-1974	2	1	0	1	0	5	
	I	1975-2000	2	2	3	1	1	11	
	I	2001-2018	2	2	3	2	1	12	
Bergen	I	1950-1971	2	2	3	1	2	12	
Oslo	I	1950-2000	2	2	3	1	2	12	
	I	2001-2018	2	2	3	2	2	13	
Svalbard	I	1950-2018	1	0	0	0	0	1	

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