

*Planning for shrinkage?  
Policy implications of demographic  
decline in Swedish municipalities*



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### ***Planning for shrinkage?***

#### ***Policy implications of demographic decline in Swedish municipalities***

*Abstract:* The aim of this article is to understand local government response to demographic decline. The article is based on documentary sources from five municipalities in Östergötland County, Sweden, and illustrates how local governments understand demographic change as an important prerequisite for policy and planning. It also shows that although demographic decline is conceptualized as being driven by external factors, demographic growth does stand out as an important policy goal for these local governments. The article also demonstrates that demographic decline has led to several political decisions in terms of budget cuts and new priorities. Yet these decisions do not belong to an overall strategy. Instead, they stand out as fragmented attempts to solve multidimensional problems. It is clear that local governments are not succeeding in working out explicit strategies for dealing with shrinkage. Two major implications of this shortcoming are identified: lack of transparency and lack of understanding of best practice. As a consequence, the author thus calls for the development of local adaptation policies in shrinking municipalities in Sweden.

*Keywords:* shrinkage, policy, local government, Sweden, adaptation policy.

### ***¿Planes para la contracción?***

#### ***Implicaciones políticas del declive demográfico en los municipios suecos***

*Resumen:* El objetivo de este artículo es comprender la respuesta de los gobiernos locales al declive demográfico. El artículo se basa en fuentes documentales de cinco municipios del condado de Östergötland (Suecia), e ilustra el modo en que los gobiernos locales entienden el cambio demográfico como un prerequisite importante para la elaboración de políticas y planes. También muestra que, aunque el declive demográfico es conceptualizado como consecuencia de factores externos, el crecimiento demográfico se presenta como un importante objetivo político para estos gobiernos locales. El artículo también muestra que el declive demográfico ha llevado a varias decisiones políticas en términos de recortes presupuestarios y nuevas prioridades. Sin embargo, estas decisiones no forman parte de una estrategia integral. Más bien aparecen como intentos fragmentados de resolver problemas multidimensionales. Está claro que los gobiernos locales no están teniendo éxito a la hora de diseñar estrategias explícitas para gestionar la contracción. Se identifican dos importantes implicaciones de esta insuficiencia: falta de transparencia y falta de comprensión de la mejor práctica. En consecuencia, la autora llama al desarrollo de políticas de adaptación local en los municipios en contracción en Suecia.

*Palabras clave:* contracción, política, gobierno local, Suecia, política de adaptación.

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## *Introduction*

In recent years, the question of shrinking cities and communities has received increasing scholarly interest. Research has concerned the causes of shrinkage, the consequences of shrinkage, and the policy response to shrinkage.

The aim of this article is to explore and to increase understanding of local government response to demographic decline. Taking a starting point from Bacchi's (2000) assumption that the ways in which problems are construed and represented are of utmost importance for the development of government policy, I ask first how local governments conceptualize and describe demographic decline in policy documents. Second, I clarify how the challenges resulting from demographic decline are represented in the policy documents. Third, I show how local governments seek to handle the fact that their municipalities are shrinking.

The article is based on empirical findings from five small municipalities in Östergötland County in Sweden. In Östergötland, as in the rest of Sweden, about half of the municipalities host a smaller population today than they did in the early 1970s. Notably, this demographic decline took place during a time period within which the population at large has grown with more than 1.5 million inhabitants (Syssner, 2014). The median population of a Swedish municipality is 15,500 inhabitants – ranging from approximately 2,400 inhabitants in a small municipality in northern

Sweden, to the capital of Stockholm with over 890,000 inhabitants. The majority of the shrinking municipalities are in fact below the median size. Because the international academic debate on shrinking cities revolves around cities which in comparison are fairly large, knowledge derived from the Swedish case may help to advance theoretical thinking on shrinking cities in different contexts. Moreover, Swedish municipalities enjoy municipal autonomy and the right to levy taxes, meaning that to a large degree, the political responsibility to handle consequences of demographic decline is devolved to the level of local government.

## *Previous research*

In recent years, researchers have devoted increasing interest to the issues of demographic change and shrinking cities. Research has concerned the causes and consequences of urban shrinkage as well as policy response to these developments.

### ***Causes of urban shrinkage***

When it comes to *causes* for urban shrinkage, changes at the macro level – such as economic restructuring, deindustrialization, globalization, increased mobility within the EU and political change – have been brought up as processes that may explain why some cities and regions shrink (Reckien and Martínez-Fernández, 2011: 1376; Haase *et al.*, 2012: 10; Kotilainen *et al.*, 2013; Hollander and Nemeth, 2011: 352; Wiechmann and Bontje, 2015). In particular, the development of small towns and municipalities is described as “significantly influenced by structures and processes at higher-order scales” (Leetmaa *et al.*, 2015: 148).

In some cases, the fact that some cities shrink while others grow has been interpreted as a result of interdependent processes of peripheralization and centralization (Lang, 2012: 1749). This perspective suggests that “the dynamic of spatial centralization determines the peripheralization of other spaces by attracting population, economic productivity and infrastructural functions to the disadvantage of other regions” (Lang, 2012: 1750). A similar perspective is suggested by Martínez-Fernández *et al.* (2012: 213), who state that a new global economic order has benefited some localities, whereas others experience an “outflow of capital and

human resources, and are suffering from a lack of entrepreneurship and low levels of innovation and intellectual engagement".

Apart from this, researchers have highlighted changes at the meso level (urban sprawl, for example), and the micro level (including changing preferences and behaviour of the population), in their attempts to explain why some cities and regions experience demographic decline (Reckien and Martínez-Fernández, 2011: 1376).

Several voices also clarify that although outmigration is one originator of shrinkage (as indicated above), great parts of the decline can also be explained by low fertility rates in shrinking communities (see Wiechmann and Bontje, 2015: 1). Indeed, low fertility rates as such can be understood as a consequence of a selective outward migration. If the net migration is negative among young adults, this will affect the fertility rates in the longer run. As stated by Hospers and Reverda (2015: 9), this effect is strengthened in every generation; "in a society with fewer children, the number of potential mothers also recedes – children who are not born cannot produce their own children".

### ***Consequences of urban shrinkage***

The consequences of urban shrinkage and demographic decline have attracted increasing interest in urban and regional studies. The matter most carefully explored in shrinking communities may be that of physical infrastructure. This is because a significant problem in many shrinking cities is that the infrastructure tends to be oversized. Schools with inadequate numbers of pupils are shut down, but school buildings continue to generate costs if they cannot be sold or rented. Industrial and housing units stand empty; dwellings and business premises are difficult to rent out. Houses and plots become difficult to sell (Sousa and Pinho, 2015; Wiechmann and Pallagst, 2012: 274). In shrinking cities, we face a situation where local governments have "less money for over-dimensioned and underutilized infrastructure" (Sousa and Pinho, 2015).

Another well-documented problem is that in shrinking cities, a declining population also means lower labour-related tax revenues. The possibility of allocating costs for kindergartens, schools, nursing homes and elderly care thus becomes more limited (Haase *et al.*, 2012: 12; Hollander, 2011: 132). Demographic structural changes, as Sousa and Pinho (2015) state, make per-capita expenditures for social services rise. As a result, tax rates as well as fees tend to increase (Fjertorp, 2013).

Yet other studies have emphasized the higher propensity among certain groups, such as singles, young people and women, as well as highly educated, qualified and

well-paid individuals, to move to bigger cities (Nordic Council of Ministers, 2011: 38ff; Weck and Beisswenger, 2014). These circumstances – understood as processes of “selective out-migration” (Weck and Beisswenger, 2014) – are understood to pose several threats to the development of shrinking cities and regions.

One suggested consequence of this selective out-migration is that social capital structure changes in these localities. The population becomes more homogeneous in the sense that it is older and more influenced by people with lower education. This changing composition of the population is believed to lead to “a loss of social and cultural resources at local level” (Hutter and Neumann, 2008), and to make the locality perform less well in terms of diversity and social capital. Localities hit by selective out-migration, according to Martínez-Fernández *et al.* (2012: 213), suffer from “a lack of entrepreneurship and low levels of innovation and intellectual engagement”. In contrast however, some voices argue that if social capital is understood in terms of trust-based “networks of civic engagement” (Putnam 1995), small towns and municipalities characterized by “a transparent overview of local actors” (Leetmaa, 2015: 150) can be expected to perform well in this sense.

Moreover, researchers have pointed out that in shrinking cities, it is increasingly difficult to maintain the image of these areas as interesting places in which to live and invest. Among policy-makers, the notion is strong that the image of the city would be negatively affected if it becomes associated with depopulation and stagnation. The belief that it is difficult to talk about shrinking processes, without them turning out to be self-fulfilling prophecies, has long been persistent among local policy-makers (Haase *et al.*, 2012: 13).

### ***Local government response to shrinkage***

The picture outlined above indicates that the demographic decline caused by changes at macro, meso and micro levels brings with it a number of challenges that local governments must overcome. Given this situation, it is vital to elucidate whether local decision-makers are involved in developing strategies for adapting to the new conditions brought about by shrinkage.

Several studies have examined how local governments respond to processes of shrinkage. Many of these studies show that as a prerequisite for planning, shrinkage has been widely disregarded among politicians and planners. Wiechmann and Pallagst (2012: 276) state that although shrinkage is not a new phenomenon, it “hardly ever appeared on the agenda of politicians and urban planners in the past”. Instead, growth has been the

primary goal and the undisputed overarching value in urban and regional planning and policy (Bontje, 2005: 13; Martínez-Fernández, 2012: 220; Sousa and Pinho, 2015).

Economic growth and competitiveness have developed in many cases into a core value for local and regional leaders. Apart from this, recognition – for being an attractive place for settlement, visits or investment – has developed into a cornerstone for urban and regional policy and planning (Sysner, 2006: 186; 2012). In this sense, shrinkage – even if it is far from a new phenomenon – has been understood to challenge the principles “upon which urban policy has traditionally been based” (Wiechmann and Pallagst, 2012: 264).

The preoccupation with growth has implied that shrinkage and demographic decline are viewed as something tragic and deeply problematic. Shrinkage “carries the negative weight of a symptom of an undesirable disease” (Sousa and Pinho, 2015) and is associated with “a certain stigma” (Martínez Fernández *et al.*, 2012: 220). In this context, several voices have called for a change in how local, urban and regional development matters are framed in policy, planning and research (Sousa and Pinho 2015; Martínez Fernández *et al.*, 2012: 222). Thus, unrealistic and biased ideas of growth have been understood as “hindering proactive strategies in managing decline” (Lang, 2012: 1748), or even as intensifying negative consequences of shrinkage, since “planning for shrinking cities does not work if it presupposes urban growth” (Wiechmann and Pallagst, 2012: 261, 263).

In this respect, Germany is often put forward as a positive example. Here, due to the dramatic changes after the unification of East and West Germany, shrinkage has gone from being a political taboo to being a significant topic in urban and regional planning (Wiechmann and Pallagst, 2012: 263, 265). In fact, “a substantial part of the research dedicated to shrinking cities has been conducted in the past decade in Germany” (Wiechmann and Pallagst, 2012: 277).

Hospers and Reverda (2015: 39) refer to four stages of reactions to population decline among politicians, planners, citizens and others, i.e. (1) trivializing the numbers; (2) attempts to counteract the decline, (3) learning how to deal with it, and (4) utilizing shrinkage as an opportunity. Previous studies (Sysner, 2006; 2014) indicate that local governments in Sweden are as “caught up in the growth paradigm” (Hospers and Reverda, 2015: 39) as local governments in any other part of Europe. This may imply that local governments in Sweden are unlikely to leave the first two stages in the typology mentioned above. Still, population decline is a matter of fact in about half of Sweden’s 290 municipalities (Sysner, 2014). This may open up for a wider debate on these issues in the Swedish context.

## The case: Shrinking municipalities in Sweden

Studies of how planners and policy-makers at local levels relate to shrinkage have been carried out before in many different contexts (see Sousa and Pinho, 2015; Wiechmann and Bontje, 2015). However, little has been written about "shrinkage" in Swedish municipalities. Even if demographic change has taken place throughout Sweden and its Scandinavian and Nordic neighbours for decades, these countries are hardly ever mentioned in international research on shrinking cities (for an overview, see Großmann *et al.*, 2013: 221-225; for a contribution from a Nordic context, see Kotilainen *et al.*, 2013). Still, Swedish municipalities exhibit two characteristics – concerning scale and policy – that prove to be of relevance for a wider discussion about shrinkage and demographic decline.

First, Swedish municipalities are relatively small. In addition to this, the smallest of them, located in rural areas, are those that shrink the most. As a matter of fact, few of these shrinking municipalities even qualify as cities. Thus, according to Wirth (1938), a city is "a relatively large, dense, and permanent settlement of heterogeneous individuals" (quoted in Sousa and Pinho, 2015). A shrinking city, consequently, has been understood as a "densely populated urban area" (Wiechmann and Pallagst, 2012: 261). Some even suggest that a shrinking city should have "a minimum population of 10 000 residents", and be facing a population loss and economic transformations with symptoms of a structural crisis (Sousa and Pinho, 2015).

This implies that some of the characteristics of shrinkage identified in international research do not apply in the Swedish or Nordic cases. The hollowing-out of urban cores like those identified in the U.S. or the dramatic change of urban environments seen in East Germany cannot be identified in Sweden, since it is the smaller municipalities in rural areas that are shrinking.

This indicates that some theoretical thinking on shrinking cities, based on studies of large industrial cities in Europe and the US, might not be applicable in the Swedish or the more general Nordic case. With this, studies of cases of shrinkage in Sweden or in other Scandinavian countries could help us advance our theoretical thinking about shrinking communities in different contexts.

Second, Sweden has a long tradition of local self-government. Municipal responsibilities are indeed regulated partly in laws such as the Education Act, the Planning and Building Act and the Social Services Act. Nonetheless, municipal



autonomy and the right to levy taxes are stipulated in the Swedish Constitution. Swedish municipalities enjoy comprehensive budgetary autonomy (Erlingsson and Wänström, 2015) and in many respects, they can organize their activities rather autonomously. Swedish municipalities also constitute an example of "local parliamentarism" (Wollmann, 2012: 63), where representatives to the City Council (*kommunfullmäktige*) are elected in public elections every fourth year. The City Council controls the budget for the municipality, sets local tax levels and elects an executive committee (*kommunstyrelsen*). The Executive Committee has the overall responsibility for implementing, monitoring and evaluating the decisions of the City Council. It also carries the responsibility for the economy and for local development in the municipality.

Every municipality in Sweden – no matter what size – provides and is responsible for a range of welfare services (Erlingsson and Wänström, 2015). Childcare and primary and secondary education area municipal responsibility, as well as care for elderly and for disabled. The municipality is also responsible for physical planning and infrastructure. Streets, roads, water and other technical support all belong to the municipality's spheres of responsibility. In sum, Swedish municipalities constitute an important share of the entire public sector, comprising 83% of public-sector personnel (Wollman, 2012: 48).

Given their large degree of autonomy and their wide scope of responsibilities, it is most interesting to explicate how Swedish municipalities handle the challenges brought about by shrinkage and demographic decline.

## *Theory, methods and data*

Previous studies indicate that demographic decline poses a number of challenges for shrinking communities. Given this, further knowledge is needed about how local decision-makers in politics and administration in various contexts relate to these challenges, and to the "undesirable disease" (Sousa and Pinho, 2015) of shrinkage. This article takes its primary starting point in theoretical thinking on policy response to shrinkage. My intention is to complement this theoretical thinking by exploring how local governments in five small municipalities in Sweden are responding to demographic decline.

The ambition of this article is to identify the normative frameworks that underpin local government action in relation to shrinkage. I do this first by examining

how local governments explain demographic decline; second, by clarifying how they describe the challenges resulting from demographic decline; and third, by elucidating how local governments seek to handle the fact that their municipality is shrinking.

It may be difficult, as Lang (2012: 1752) suggests, to come to conclusions about the extent to which "political and social normative imaginations" really guide the actions of local decision-makers. And it may be difficult, as Martínez-Fernández *et al.* (2012: 222) indicate, to determine what effects different planning strategies and policy initiatives have on shrinking cities. Still, I find it essential to consider how local governments conceptualize demographic decline, its challenges, and its potential political implications. In this respect, I respond to the call by Grossman *et al.* (2013: 223) for studies focusing on "the interests of actors and institutions engaged in governing shrinking cities, their values and motives". I also relate to Bontje (2005: 13), who calls for a discussion of development strategies in shrinking cities (see also Wiechmann and Pallagst, 2012: 275; Rugare, 2004: 6).

The analysis relies on the theoretical assumption that normative frameworks – i.e. "shared norms, goals values, beliefs, ideas, persuasions, discourses" (Rumpel and Slach, 2011: 282) – play a central role in local governance. Normative frameworks manifest themselves in different ways in society, and can be studied through a variety of methods. Here, focus will be on their discursive manifestations (van Dijk, 1997: 31–32) in local government documents. According to van Dijk (1998: 192; 2004: 10), text and talk allow actors to "express or formulate abstract ideological beliefs", and even if normative frameworks can be traced in material structures and in social practice, it is largely through text and talk that political ideas are "acquired, expressed, learned, propagated, and contested" (van Dijk, 2006).

With a discursive approach to politics, one ceases to see political texts as a means for transporting ideas. Instead, text and talk are understood to contribute to the production, reproduction, ordering and standardization of meaning and of political thought (Garrison and Massam, 2001: 330). Cognitive and normative frameworks, represented in text and talk, must thus be considered vital elements in political life (Bourdieu, 1991).

### ***Selection of cases***

The analysis relies on data derived from a project completed in Östergötland County, Sweden during 2013 and 2014. Östergötland is a county where 50 per cent of the municipalities are growing, and 50 per cent are shrinking. In this respect, the

situation in Östergötland mirrors the situation in Sweden as a whole. Five municipalities in the county were included in the project (table 1). The common denominators for the cases include their size (all of them are below the median size of a Swedish municipality), and a steady population decline<sup>1</sup>.

It has been suggested before that shrinking areas in Europe are found mainly in four types of regions, i.e. in industrial agglomerations in economic decline; in very sparsely populated depopulation areas; in regions of transformation and industrial regression; and in rural emigration areas with low fertility rates (Wiechmann and Bontje 2015: 3). The municipalities in this study do not fully qualify for any of these categories. According to the classification made by the Swedish Association of Local Authorities and Regions (SALAR), the municipalities in the study are classified as either "commuter municipalities", "tourism and travel industry municipalities", or "municipalities in densely populated regions". The classification is based on structural parameters such as population, commuting patterns and economic structure and is widely used in statistical accounts for Swedish municipalities (SKL 2011).

*Table 1.*  
*Five municipalities in Östergötland County*

	Population 1968	Population 2012	Population change 1968 – 2012	Classification
Ödeshög	6,170	5,200	- 970 (-15.7%)	Commuter municipality
Ydre	4,550	3,612	- 938 (- 20.6%)	Commuter municipality
Kinda	10,409	9,744	- 665 (-6.4%)	Municipality in densely populated region
Åtvidaberg	12,802	11,446	- 1,356 (-10.5%)	Commuter municipality
Valdemarsvik	9,253	7,597	- 1,656 (-17.8%)	Tourism and travel industry municipality

Source: Statistics Sweden (<http://www.statistikdatabasen.scb.se>)

- 1• One of the municipalities displayed a slight population increase the year before the study was completed. Since this municipality lost more than 6% of its population over a period of 45 years, it was included in the study anyway. Hence, it is difficult to determine whether the increase is to be interpreted as a temporary fluctuation, or a shift in a longstanding demographic trend.

Several reports have been written based on the project presented above (see Syssner, 2014; Erlingsson *et al.*, 2015). In this particular article, however, I base the analysis on a sample of written sources published by the five municipalities. None of the municipalities in the sample could present documents focusing on demographic decline or shrinkage, so two other types of documents have been included in the study: Municipal Budgets and Annual Reports. These types of documents are both obligatory for all municipalities, and approved by the highest governing body in the municipalities. This implies that these documents reflect the official standpoint of the local government, and that the data from all five municipalities has the same, official status.

The documents analysed here are examples of what Hoggart *et al.* (2002) call documentary sources – documents that were not seen as “data” when they were produced. Using documentary sources means that there is no opportunity – as in an interview situation – to influence the statements made in the material. Nevertheless, my reading of the documents has been shaped by an interest in how demographic change is represented, and what consequences and political implications the change entails.

## Results

While reading the documents, I have enquired whether demographic change is at all mentioned and, if so, how this change is described. In line with Bacchi's (2000) idea that every (political) problem is based on some common-sense assumptions or pre-understandings, I have sought to find out how demographic change is conceptualized and represented in the documents studied. Is demographic change at all understood as a problem? Is it seen as a result of local decisions and processes, or as an effect of national, international and global processes that may be difficult for individual municipalities to influence? Do the documents indicate, as Wiechmann and Pallagst (2012: 262, 264) suggest, that demographic decline is a stigmatized subject, difficult to cope with in a constructive way? I have identified a few trends in the documents studied.

In the documents, (a) demographic change is understood as something driven by external – primarily global – factors. Nonetheless, (b) demographic growth is put forward as an important policy goal. Demographic change is described as being of utmost importance for policy and planning in Swedish municipalities, and as having

significant impact on the municipal economy. Moreover, (c) a changing age structure, with a population that is increasing in age and declining in numbers, is understood to have implications for political action. A changing demography is understood to cause shortages in skills and competence, to force municipalities to improve efficiency in welfare services, and to merge or shut down existing services (such as schools). In addition, inter-municipal cooperation becomes increasingly important for municipalities that cannot provide service to their citizens to the same extent as before. In general, however, (d) local governments do not work out explicit strategies for how to deal with shrinkage. The absence of such strategies will be discussed in the concluding sections of this article.

### ***Demographic change as driven by external factors***

Every municipality in the study mentions demographic change, but they do so in different ways and to different degrees. Some municipalities choose to report their demographics briefly in a table or graph, while others choose to describe the demographic change in lengthier texts. Rather generally, demographic change is recognized as an important prerequisite for planning, but as something difficult to influence. Young people's desire to move to metropolitan areas –with the result that the population is ageing– is one such example of this, as are employment rates and general economic development.

Population development is one of the factors that affect a municipality's planning the most. The Municipality Budget is largely determined by how the composition of the population develops, by how many children there are in the different age groups, by the number of elderly in need of care, etc. (Valdemarsvik Municipality, 2012: 7).

Population numbers are significant for municipal tax revenues and for the size of state subsidies (Ödeshög Municipality, 2012: 14).

The municipality is greatly affected by changes that cannot be altered. These changes are often due to the economic development of the country but also to decisions by the state on how (local) welfare should be developed and funded. Employment trends and population numbers also have a very large impact on the municipality's economy (Ydre Municipality, 2012: 4).

Structural changes at international levels are highlighted as key external circumstances. Internationalization and global changes are understood to have increasing effects on local communities, making municipalities more dependent on the outside world. Several documents also emphasize that it is difficult for small municipalities to live up to the high standards that the state imposes on municipal welfare services:

The whole [municipal organization] is undergoing great change, due to government decisions. Several national government reforms might affect [the municipal] economy (Ödeshög Municipality, 2012: 36).

### ***Demographic growth as a policy goal***

Although demographic change is described in most cases as highly dependent on changes in the outside world, the documents communicate a strong desire to reverse the negative demographic trend. Every municipality in the study does set goals for the future, and in several cases, these are clearly connected to population numbers. In some cases, it is stated that the municipality should have a specific number of inhabitants by a specific year:

One goal of the municipality is to increase the number of residents from 9 744 to 10 500 by 2020. Like many other municipalities, our population is decreasing. [We need to] work with growth issues and with the marketing of the municipality. What should our municipality look like in the future? What attracts new residents, and what do current residents want? (Kinda Municipality, 2013: 9).

As noted above, Kinda Municipality describes both the problem –a reduced number of inhabitants– and what officials perceive as strategic initiatives to reverse this trend. In June 2012, the board of the municipal Executive Committee gave the administration a specific task to highlight efforts in the budget which are thought to encourage a positive population trend. Ödeshög Municipality has a goal similar to the one in Kinda Municipality:

We aim to have 5 500 inhabitants as Ödeshög in 2012. [We want to be] a growing community with a sustainable, positive, economic, entrepreneurial, environmental, social development (Ödeshög Municipality, 2012: 6).

According to the documents, shrinkage is understood as being dependent on changes in the outside world. Still, two out of the five municipalities set a certain population level, which local governments should strive to achieve. In the other three municipalities, one can detect an ambition to reverse the negative population trend and increase the number of residents, even if these ambitions are more implicit and not connected to specific population numbers.

While reading the documents, I searched specifically for accounts of the future demographic development in the municipality, and for accounts of how authors believe that the conjectured demographic trend will affect policy and planning in the municipality. In Kinda Municipality, as already mentioned, population growth emerged as an important policy objective. However, the municipal budget for 2013-2015 forecasted a declining population, based on data from Statistics Sweden.

Taxes and subsidies are based on what can be simulated today. The calculation is based on 9 750 inhabitants (2013), 9 730 (2014), and 9 698 (2015) (Kinda Municipality, 2012: 46).

In Ydre, data from Statistics Sweden is used to describe a situation of continuous population decline, and a situation in which 27 per cent of the inhabitants in 2040 are projected to be over 65 years of age. In Valdemarsvik, data from Statistics Sweden is used to describe a trend of continued decline until 2016, and then a situation where population numbers stabilize at just over 7 200 between the years of 2016 and 2020 (Valdemarsvik Municipality 2012).

The municipality's tax base (...) has decreased compared to the previous year. (...). Another reason for the very low increase of tax revenues in Valdemarsvik is the declining population. In comparison with the 2012 budget, taxes are expected to increase by only SEK 1.0 million, or 0.3%. That does not cover the increases in prices and wages (Valdemarsvik Municipality, 2012: 6).

For the next few years, we have budgeted for some very large investments (...), mainly in the school premises. This will mean increased costs for the (...) declining population in our municipality (Valdemarsvik Municipality, 2012: 7).

Ödeshög Municipality does not refer to external population forecasts in its budget, but makes the independent assessment that the municipality's population will remain constant during 2013, 2014 and 2015 (Ödeshög Municipality, 2012: 14). Atvidaberg Municipality's budget for 2012 was also established with the assumption

that the population would remain unchanged during 2012, 2013 and 2014 (Åtvidaberg Municipality, 2011: 3).

### ***Consequences of demographic decline***

In most of the reviewed documents, demographic decline is described as a challenge for the municipality. Several municipalities make clear links between demographic and economic conditions. A shrinking tax base is understood to lead to a weak local economy, with the risk of cuts in the public sector (Valdemarsvik Municipality, 2012: 6). It is also stated that in shrinking communities, public and private services provided by other actors than the municipality – medical centres, chemists, and banks – are threatened.

A changed age distribution is reported to cause changes in resource needs (Ödeshög Municipality, 2013: 13). The increased number of elder citizens is recurrently mentioned as a challenge for the municipalities (Kinda Municipality, 2012: 8). This development is described as follows in Åtvidaberg's annual report:

As regards elder care, the need for resources will increase at an accelerating rate. A critical success factor for the municipality is the ability to quickly adapt the provision of municipal services to the abovementioned changes (Åtvidaberg Municipality, 2013: 18).

Demographic prognoses (...) [indicate] a long-term increasing proportion of older people aged over 80. People in that age category are in particular need of more support from the municipality (Åtvidaberg Municipality, 2013: 53).

The quotes above indicate that a changing demography does indeed call for a change in how resources are allocated in the municipality. This, together with increasing demands from the state level, is reported to guide municipal welfare planning (Kinda Municipality, 2013: 8).

In several documents, the aging population is also mentioned as a problem in terms of skills and competence. The need for recruitment in the public and private sectors is reported to be high in the coming years:

In Valdemarsvik, every second employee in the public and private sectors is 55 years old or older. Every third employee is 60 years or older. During the next



five years we will need to replace every third employee (Valdemarsvik Municipality, 2012).

During the year, 27 people retired and 18 persons left for other reasons. During the next five years, approximately 128 employees are expected to retire. Together with people leaving for other reasons, about 45 individuals are expected to leave their jobs each year (Kinda Municipality, 2013: 25).

In many of the documents, we meet with the idea that small municipalities must "work on being an attractive place of employment", to be able to recruit and to retain staff in key positions in a situation where not only the population, but also the workforce is getting older (Ydre Municipality, 2013: 11; see also Ödeshög Municipality, 2013: 13). Opportunities for continued professional training and development are promoted as being of outmost importance – for meeting new challenges, maintaining high quality in services, and for making the area an attractive workplace (Ödeshög Municipality, 2013: 39; Valdemarsvik Municipality, 2012: s. 13f; Kinda Municipality, 2013: 39).

### ***Policy response to shrinkage***

In my reading of the documents, I have examined how local governments describe the actions they have taken to deal with negative population growth. According to a classical definition, politics is about the "authoritative allocation of values in society" (Easton, 1953), and about determining who gets what, when, how and why (Lasswell, 1936). From this perspective, it is relevant to ask how local governments claim to allocate shrinking resources within and between different parts of their organizations. Some actions taken were described more frequently in the documents. First, resource transfer, cutbacks and focus on optimal resource utilization and increased efficiency are among the most commonly mentioned measures. Second, school closure stands out as an action taken in many municipalities. Third, pooling of resources, mainly through inter-municipal cooperation, is another example of how local governments try to meet the challenges of a shrinking municipality.

Previous studies indicate that local governments in shrinking communities have mainly paid attention to problems relating to infrastructure and housing (see Martínez Fernández *et al.*, 2012: 221; Bontje, 2005: 19). However, these issues do not seem to be at the top of the agenda for Swedish municipalities. Instead, welfare

services such as education, health, social care and health services comprise almost three-quarters of an average municipal budget. Substantial parts of these services are regulated through national legislation, which means that it can be difficult for local governments to make severe reductions – even if the tax base is shrinking. A crucial issue, therefore, is how local governments deal with national legislation on welfare services in combination with both a shrinking economy and greater demands from an aging population.

Kinda Municipality describes the financial situation faced in 2013, and what might happen if it does not improve.

As the financial situation looks now (...) it will be important with priorities and a continued tightening of our economy. We have non-statutory activities in our organization that could be removed, but that are also very important for maintaining high quality. Still, it will be necessary to cut down on those if the financial situation remains unchanged. We do NOT want to do so! (Kinda Municipality, 2012: 34).

In a few cases, the documents describe quality reduction as a way to deal with the economic consequences of a shrinking population. In the 2013 Valdemarsvik budget, it is declared that the Technical Services Section must deal with the loss of resources by lowering the standards of their services:

Lower levels of ambition for the maintenance of streets, parks and facilities; sales and demolitions of buildings (initially costly, but they provide savings over time) (...); the sanitation tariff will be increased by 5% (Valdemarsvik Municipality, 2012: 20).

The documents also point to resource allocation as a way to handle the economic consequences of demographic decline. The documents provide examples of how resources have been moved from one field of action within the municipality to another. In Valdemarsvik, the local government contends that the allocation of municipal resources must change in step with a changing demography:

An important prerequisite for planning for the municipality is that resources must be transferred from schools with declining numbers of children to elder care (Valdemarsvik Municipality, 2012: 9).

From 2013, a new resource allocation model for schools will be implemented. This means that the Childcare & Education section must

continually adapt its activities and organization based on the declining numbers of children (Valdemarsvik Municipality, 2012: 11).

Some of the documents that were reviewed described school closures as an approach – and a consequence. In the annual report from Atvidaberg, the municipality's decision to close *Långbrottskolan* – a school with classes from pre-school to fifth grade – is described as follows:

After more than a year of investigation and deliberation, a decision was taken in early 2013 to close Långbrottskolan. We are convinced that a concentration of pupils to two schools in central Åtvidaberg will be advantageous in the long run (Åtvidaberg Municipality 2013: 7).

Kinda Municipality also describes changes in its school organization. The budget for 2013 brings out several examples of how childcare, after-school care and primary education are being adapted to fit a changing demography (Kinda Municipality, 2012: 34ff). Two older kindergartens will be replaced by a new one. One school was closed as of autumn 2012, and is now home to childcare and after-school care. One school has been restored, and another will be closed during the coming year (Kinda Municipality, 2012: 35).

In Valdemarsvik and Ydre Municipalities, the local governments have decided not to operate their own secondary schools. The base of students is considered too small to maintain breadth and quality of school choice and tuition in the municipalities. As of autumn 2012, Valdemarsvik Municipality no longer operates its own secondary school. Instead, the neighbouring municipality of Söderköping has the primary responsibility for the secondary school in Valdemarsvik. Secondary apprenticeship training is still physically hosted in Valdemarsvik, but is part of the neighbouring municipality's school organization (Valdemarsvik Municipality, 2013: 24). In Valdemarsvik as well as in Ydre, secondary-school students travel to neighbouring municipalities to attend school.

In their study of processes of peripheralization in smaller German cities, Weck and Beisswenger (2014) ask "whether, and in what forms" the cities in their study "position themselves actively within the multi-level governance system". According to Weck and Beisswenger (2014), access to external resources is of crucial importance for local authorities in peripheral regions. External resources, state Weck and Beisswenger (2014), may be "material or non-material, [and] can be made accessible through

horizontal partnership (such as city networks) or by tapping into vertically integrated resources (such as funding opportunities at higher policy levels)".

In my reading of the documents, I have scrutinized not only how the municipalities position themselves in a wider, multi-level governance context, but also how they relate to their neighbouring municipalities, and to the context of the surrounding region. One observation made is that several municipalities describe inter-municipal cooperation as being strategically important (Valdemarsvik Municipality, 2013: 27). According to the documents, inter-municipal cooperation takes place through both bilateral agreements and larger networks and formalized local federations (*kommunalförbund*), where several municipalities collaborate on some specific issues, such as IT systems and some administrative functions. The documents indicate that although these local federations were founded to solve specific, shared problems among the municipalities, their activities in some cases have expanded to cover more issues than initially intended.

In the documents, inter-municipal collaboration is presented as an opportunity for joint funding, as well as a means to meet the need for competence and quality in welfare services (Valdemarsvik Municipality, 2013: 35). In some cases, collaboration is referred to as a means to maintain or improve quality, even under the demands for cost savings. Inter-municipal collaboration, then, is understood as a way to find common solutions that provide cost effectiveness (Kinda Municipality, 2012: 22; Valdemarsvik Municipality, 2012: 14).

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## Conclusion

In this article, I have analysed how local governments conceptualize demographic decline, how they describe the challenges resulting from demographic decline, and how they seek to handle the fact that their municipality is shrinking. The data used consisted of Municipal Budgets and Annual Reports from five municipalities in Sweden, where demographic decline has been an on-going trend for several decades.

The current study found that demographic change is understood as an important prerequisite for policy and planning. Another important finding was that in general, demographic decline is understood as driven by external factors – factors that

are difficult for local governments to influence. Given this view of demographic decline, it is somewhat surprising that demographic growth still stands out as an important policy goal. Thus, several documents describe actions taken to enhance population growth, and to make the municipality more attractive to business and investments. The question of how the municipality can grow sets the tone in many of the documents. The question of how the municipality can adapt to a situation where the population is shrinking is rarely explicitly raised.

Hospers and Reverda (2015) identify four types of reactions to population decline: trivializing; counteraction; learning to deal with shrinkage; and using shrinkage as an opportunity. Sousa and Pinho (2015) differentiate in a similar way between reaction and adaptation in planning. Reaction, as they see it, is when the policy response involves only strategies "to reverse shrinkage and resume growth", whereas adaptation is understood as actions sought to "adapt/optimize to consequences of shrinkage, rather than to end it". These distinctions relate to Grossman *et al.*'s (2013: 223) argument that one can make a distinction "between growth-oriented and accepting/mitigating policy responses".

The five municipalities studied here certainly lean towards reactive, growth-oriented policy responses. As such, they resemble many cities and municipalities in similar situations. The norm in local and regional development policy, as indicated initially, is growth – even in shrinking localities. This may make it difficult for individual politicians, officials or organizations to talk about the future of the municipality as one characterized by population decline. The documents, however, do not trivialize population numbers; most of the documents tell us that these numbers are of utmost importance for policy and planning.

What remains most interesting when it comes to policy response to shrinkage, however, is the fact that local governments do not work out explicit strategies for how to deal with shrinkage. In this sense, too, these municipalities follow the example of many other shrinking cities, municipalities and regions. Even in a place like Leipzig, where local government received a lot of attention and praise for the way in which it handled "the reality of the shrinking or stagnating city" (Bontje, 2005: 20), it took time before a coherent strategy emerged for dealing with shrinkage. In the documents included in this study, we come across statements regarding efficiency, resource transfer and savings. School closures are topical issues in every municipality. In all cases, inter-municipal collaboration is understood to be of utmost importance. Yet these decisions do not stand out as parts of an overall strategy, but as fragmented attempts to solve multidimensional problems.

The lack of coherent strategies for how to deal with shrinkage is connected to two major factors: lack of transparency and lack of understanding of best practice. If local governments could present systematic descriptions of how they seek to handle the challenges resulting from demographic decline, transparency could be improved; citizens, researchers and other analysts would have better opportunities to grasp the conflicts of interest in suggested policies. It would also be easier to distinguish between policies supported by different political actors. Another advantage of systematic descriptions is that they can serve as tools for learning. Perhaps there are local governments that could become role models in the efforts to define strategies for dealing with demographic decline. As long as these strategies are scattered and poorly communicated, they will not qualify as best practice.

To all appearances, local governments need to enhance their strategic knowledge about how to deal with demographic decline. Here, however, it should be emphasized that in general, the capacity of small and shrinking municipalities to develop strategies of any kind is limited. A small municipality has limited resources to undertake investigations. Officials here are often broad generalists rather than specialists in one area.

This brings us to a contradictory situation. The municipalities that have the greatest need to develop strategies for how to cope with demographic decline are the ones with the least favourable conditions for developing these strategies – in terms of resources and capacity.

Given the limited capacity of many municipalities to develop long-term and consistent strategies on complex issues, additional resources must be allocated for this purpose. In this respect, regional and national actors may have an important role to play – not in terms of policy development, but in terms of supporting local knowledge and policy development.

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