Why do governments initiate territorial reforms?

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Stefan Goetze, Berthold Rittberger, Rebecca Rothkehl

University of Mannheim

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Abstract:

In this paper we ask why governments initiate territorial reforms (TR) at the sub-state level. We conceptualize reform initiation as a two-staged process. First, a problem has to be recognized as such by the government. Second, the government has to decide to resolve the problem by means of an authoritative decision. Empirically, we study the initiation of TRs in two German Länder for which diffusion effects can be excluded: Rhineland-Palatinate, which was the frontrunner of the first wave of territorial reforms in the 1960s in West Germany, and, following German unification, Saxony-Anhalt in the 1990s. Employing comparative and within-case analyses we conclude that in past reform waves, state governments have considered the sub-state territorial structure to be a ‘problem’ with a view to reduce the costs of public administration. Our case study suggests that contrary to the conventional wisdom, not absolute costs but the state’s relative position with regard to production costs motivated governmental actors to pay attention to administrative structures. Furthermore, we have also reasons to believe that TRs are considered ‘ripe’ for an authoritative legislative decision when there is an (informal) grand coalition, i.e. a broad consensus among all major parties in parliament that TRs are necessary. We also suggest the investigation of the perceived social rewards and sanctions in reform processes as a worthwhile topic for further investigation as well as the examination of the conditions under which there is cross-party cooperation for reforms that do not create any winners at all.
1. Introduction

This paper contributes to the study of territorial reforms (TR), defined as changes to the number and size of jurisdictions at different levels of government. In the context of this paper, we investigate TR at the sub-state level in Germany by explaining the initiation of territorial reforms of counties (Landkreise) (TRC).

We begin to address the question of why territorial reforms are initiated by examining the initiation of TRC in two German Länder at two different periods in the second half of the 20th century: Rhineland-Palatinate (RP) in the 1960s and Saxony-Anhalt (SA) in the 1990s. We have selected these two cases because these Länder represent the ‘frontrunners’ or ‘first movers’ of TRC in their respective period, i.e. these two states have been the first ones to have initiated TRC. In public policy as well as in other political science sub-disciplines, there is an increasing awareness of the role and impact of diffusion effects on the adoption of a policy. The potential for diffusion makes it methodologically problematic to treat cases as independent from each other (Weyland 2007). One strategy to control for diffusion effects in a causal explanation of the initiation of reforms is to focus on the ‘first movers’ within a particular reform wave. Furthermore, the comparison of the states moving first at two rather distant points in time also provides the opportunity to identify sufficient conditions that are insensitive to context.

Why do we study territorial reforms? On the one hand, territorial reforms are significant political projects that attract considerable political and public attention as well as resources. On the other hand, territorial reforms are of theoretical significance for the study of political reforms in general. For, jurisdictions are not only administrative units deciding and implementing policies but also provide individuals and officials with identity and status (Maier 2007). Identity and status, in turn, are indivisible goods for which conventional, material side-payments are of limited effectiveness in compensating ‘losers’ of changes to the status quo (Fearon 1995). As a consequence, resistance to such reforms tends to be rather pronounced, making these reforms both, particularly risky and costly for governments to pursue. The high level of contention, indicated by often-times open public discontent, legal quarrels and intra-party struggles in states pursuing TR illustrates this point well. Given these risks associated with TR, the question when and why governments initiate such reforms is of wider theoretical significance.

This paper proceeds as follows. In the ensuing section we clarify some conceptual issues important for the understanding and evaluation of our argument. We define what we mean by the ‘initiation’ of a

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1 A jurisdiction, in turn, is a portion of geographical space in which an administrative agency possesses exclusive decision-making authority (Gothmann 1975).

2 In the post-war history of the Federal Republic, there have been three waves of sub-state territorial reforms. In the first wave, which took place in the 1960s, all (West-)German states adopted reforms that would modify their territorial structure considerably. The second wave arose in the wake of German Unification when all five East German states abolished the territorial structure established under communism. Finally, a third wave is currently under way – again in East Germany. Two East German states – Saxony and Saxony-Anhalt – have already implemented a territorial reform; in a third state – Mecklenburg-Western Pomerania – the implementation of a territorial reform is pending. Furthermore, the government of Thuringia recently announced to adopt a new territorial structure by 2020. Of the East German states, only Brandenburg has not taken any steps towards reforming its territorial structure. As a matter of fact, the government of SPD and PDS ruled out such a measure in their coalition treaty. To date, only a few and timid steps have been made by West German states to reform their territorial structure (Wollmann 2010).
reform and what steps we consider necessary to explain reform initiation. In the third section, we introduce our research design discussing both methods – cross-case comparisons and within case analysis – as well as data sources. These conceptual and methodical elaborations will be followed by the empirical investigation in the fourth section. On the basis of both cross-case comparisons and within-case analyses, we argue that the two ‘first mover’ states considered reforming their territorial structure on the county level in order to reduce the costs of producing public services. However, rather than having been motivated by fiscal pressures, the evidence suggests that governments paid attention to efficiency in providing public services because of the perception of their states as being inefficient relative to other states. Our analysis further suggests that the ‘timing’ of TR is closely linked to political support of TR from the main opposition parties.

2. Concept specification

To accomplish the goal of explaining the initiation of reforms, we need to specify first what ‘initiation’ of reforms means to us. Following Kingdon (1984), we see the legislative adoption and the implementation of a policy preceded by two crucial transitions. First, a ‘subject’ (or ‘condition’) needs to be paid attention to by government, i.e. it has to become a ‘problem’. Second, having specified a solution to the problem, government needs to move it into position for an authoritative judgment, i.e. a problem has to be put on government’s decisional agenda (Kingdon 1984: 174). We understand the initiation of reforms to refer to these two turning points in the ‘career’ of a policy condition: a policy has to be perceived as problematic and it has then to be put on the decisional agenda by government.

Although these two transitions precede the actual authoritative decision to introduce a reform, the two stages prior to legislation are crucial for understanding TR and policy reforms in general. First, given the limited attention span of government, various actors in the political arena compete with each other for the recognition by government that their issue is important and that it requires a resolution. The decision to pay attention to one issue (the ‘problem’) rather than others is of crucial relevance and therefore needs to be explained.

Second, even if an issue has made it onto the government’s agenda; that new status is not sufficient for the problem to be moved onto the decisional agenda at a later point in time. It is now a common place to assume that institutions (and their reform) have redistributive consequences (Mahoney and Thelen 2010). By imposing material and or symbolic losses on particular constituents, a government might be punished for such a reform in later elections. Being able to anticipate such consequences and motivated to minimize such political costs, governments have every reason to strategically time or even abandon a policy problem. Whereas paying attention to an issue has only rarely direct consequences for a government, the reform of that issue might have. As a consequence, we should assume that the decision to alter the status quo of a policy or institution requires certain conditions and does not automatically follow from the prior decision to pay attention to a problem.

Since we cannot observe the two crucial transitions entailed in the initiation of TR directly, one way to operationalize the first transition is to identify when governments engage in the process of specifying alternative solutions to a problem. Although a statement by a member of government about the importance of an issue already indicates heightened attention to an issue, the observation that government spends resources investigating (solutions for) a problem constitutes a stronger form of
evidence that an issue has received the attention of the government. Thus, we consider the issuing of a White Paper, the constitution of an expert-commission sanctioned by government, or the development of reform proposals by ministries as indicators for government paying attention to an issue. The transition of a ‘problem’ onto the decisional agenda is indicated either by explicit statements by politicians in government (prime ministers or ministers of relevant ministries) to resolve the problem by authoritative decision or, lacking access to such privileged information, by preliminary legislative or executive acts, preparing and paving the way for the actual reform (e.g. Vorschaltgesetze).

Based on this conceptualization of the reform process, we hold that an explanation for reform initiation requires an answer to two sets of questions. First, we need to know what made governments change the status of the state’s territorial structure: what made government pay attention to the territorial structure at the county level (instead of other issues) and what made government move the reform of the territorial structure onto the decisional agenda (given the risks associated with introducing change)? We propose that a focus on the timing of these decisions helps to identify their causes. A ‘before-and-after’ examination of the government’s environment for irregularities or changes in otherwise stable variables is a promising strategy for identifying the forces that impact on decision-making by government in this respect. Second, the investigation of the causes behind the timing of the two reform stages needs to be supplemented by an investigation into the motivation of governments to reform its sub-state territorial structure. Since we aim to explain the behavior of purposive actors, the question for government’s motives behind territorial reforms is fundamental to a causal account of TR.

3. Research Design

Before we engage in the investigation into the motivation and timing of the initiation of TR, we introduce the shared methodical toolkit and the sources of information used to answer these questions.

Methods

In order to produce a causal explanation for the initiation of territorial reforms, we utilize both cross-case comparisons and within-case analysis. By selecting RP and SA, we have two cases exhibiting a similar outcome: Not only did they begin to pay attention to the issue of territorial reform, but we also see that both governments decided to change the territorial structure for good by initiating TRC. This set-up suggests the adoption of a Most Different Systems Design (also known as the Method of Agreement). Moreover, the two cases fulfill a second criterion of the Method of Agreement, since they differ in many respects: First, the cases are ‘independent’ of each other, as it is highly unlikely that the reforms of the 1960s in West Germany had a systematic effect on plans to initiate reforms in East Germany in the 2000s. Second, these two cases also differ with regard to variables that are generally

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3 We consider methods and data before specifying theoretical propositions because the former are shared by the two empirical investigations whereas the latter differs between them.
thought of important for the explanation of policy change. Both differ in the composition of the
government that put territorial structure on the government’s agenda (in the case of RP the CDU, in
the case of SA a SPD-led minority government) and the reforms are introduced in the context of
different dominant ideas or prevailing \textit{Zeitgeists}. Whereas in the 1950-60s the idea of regional
planning and modernization guided thinking on territorial politics (‘planning euphoria’), New Public
Management was the prevailing ideology emerging in the 1990s (Bogumil and Jann 2008).

Despite the ability of the Method of Agreement to eliminate candidate sufficient conditions, the
comparative method has two great drawbacks. On the one hand, co-variation – the logical basis for
treating a variable as an explanation for the outcome – does not prove an actual causal relation. On the
other hand, for the comparative method to reveal a plausible explanatory variable, all relevant
independent variables need to be identified ex ante. However, particularly for research questions that
have not been studied extensively, the lack of a comprehensive theoretical apparatus might lead to the
failure to identify important variables. In order to respond to these challenges, we will supplement the
cross-case comparisons with both within-case comparisons and process tracing. Within-case analysis
and causal process observations are employed to demonstrate the causal impact of variables identified
by the cross-case comparison and to identify potentially relevant variables (George and Bennett 2005).

\textbf{Data sources}

We rely on different forms of information, in particular on numerical indicators of socio-economic
development and political texts. Indicators of socio-economic development are mainly taken from
reports published by the respective statistical offices. Unfortunately, the quality of the data varies for
the two periods under investigation. The information for the period of 1950 to 1960 is less readily
available than for later periods. Moreover, the structure of the data is partially different for the periods
under investigation. This lack of similar data forced upon us to accept some compromises in
measurement. We furthermore employ various forms of political texts to reconstruct both the political
process leading to the initiation of TRC and positions by actors within the process. On the one hand,
these are publicly available texts such as newspaper reports and parliamentary debates. On the other
hand, we accessed archival documents pertaining to the territorial reform to study the initiation of
reform in RP. We consulted mainly two types of archival documents. First, we refer to dossiers by the
office of the Prime Minister (\textit{Staatskanzlei}) on the administrative reforms of 1960s. Within these
collections, we mainly consulted minutes of the council of ministers and communications between the
office of the Prime Minister and ministries. In addition to these files, we also consulted the personal
files of RP’s Prime Minister Altmeier. Altmeier’s files contain mainly protocols and written
communications with actors inside and outside government.

\textbf{Strategies for Interpretation}

One important function of the analysis of political texts is the identification of actors’ motivations and
their perceptions of the significance of issues. The use of documents for this purpose requires some
reflection about their interpretation. In this respect, two issues need to be considered: possible limits to
the validity of conclusions based on political documents and the types of evidence contained in them.
Regarding the former issue, actors’ positions, as they are reflected in texts, might not correspond to
actual motives but to strategies. One way of assessing the extent to which a text might be affected by
4. Why do governments pursue a territorial reform of their county structure?

In this section, we aim to identify the motivation of state governments to engage in territorial reforms by altering the number and size of counties. We first develop some theoretical propositions regarding the motivation for territorial reforms and consider a strategy for testing these propositions. The theoretical and methodical reflections will be followed by the empirical analysis. We compare our two cases in order to examine the extent to which either of the theoretical frameworks can claim explanatory power. In a second step, we supplement the cross-case comparison with a within-case analysis of the reform process in RP.

Theoretical expectations

The territorial structure of government is reflected by the number of jurisdictions at the respective territorial level. Together with the substantive authority delegated to jurisdictions at a particular level of government (i.e. their functions), the number of jurisdictions is thus a constitutive feature of each level of government. Furthermore, the essential function of government is the provision of public

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4 A second issue with regard to the use of texts to identify motives and perceptions of significance concerns the type of evidence that is provided by texts. On the one hand, texts help us to identify motives through their content, i.e. through the identification of passages of text allowing us to deduce intentions or perceptions of significance. On the other hand, texts also provide such information through their relational properties. In particular, we have two types of relational properties in mind: relations between passages of texts within the same document and relations between documents. Within a given document, readers and authors often modify passages of a text in a way that they stand out from other passages. We consider such attempts to introduce distinctions within an otherwise undistinguishable collection of words as an indicator of the objects’ significance for the reader and author. Hence, in addition to explicit statements of intent, we pay attention to practices of foregrounding passages of texts – such as underlining, high-lightening, annotating – when examining documents. Furthermore, the relation of individual documents to other documents also provides valuable information. Although there are multiple ways in which documents can relate to each other, we focus on one kind of inter-textual relation: documents which have been preserved in an archival collection versus documents that have been destroyed. Given the wealth of communication that is processed by government, the selection of documents for inclusion in dossiers or subject-specific documentations reflects the subjectively perceived significance of these documents and the issues expressed by them.
goods and services in response to the preferences of its citizens (Ostrom and Ostrom 1971). As a consequence, we hold that a general motivation for government to engage in functional or territorial reforms to be their effect on government’s ability to provide public goods. Thus, in order to identify more specific reasons for territorial reforms, we need to specify the ways in which government’s territorial structure affects its ability to provide public goods.

The most systematic investigations into the provision of public goods by government can be found within the Public Choice research program. As a consequence, we hold that a general motivation for government to engage in functional or territorial reforms to be their effect on government’s ability to provide public goods. Thus, in order to identify more specific reasons for territorial reforms, we need to specify the ways in which government’s territorial structure affects its ability to provide public goods.

With regard to the resources required to provide public goods, Public Choice scholars identify two types of costs incurred by public goods production: material and transaction costs. On the one hand, the production of public goods requires the investment of (pecuniary) resources – mostly to procure personnel and equipment – that are transformed into goods and services benefiting citizens. With regard to resources, Public Choice scholars have focused on the (sources of) relative inefficiencies in the use of resources. Work in the tradition of Niskanen (1968), for example, has argued that budgets by government agencies rarely reflect the true costs of public good production. Rather, budgets are inflated by the actions of officials to realize their private interests (e.g. slack, the ability to provide patronage). Moreover, given the information asymmetry between levels of government, the unit receiving transfers often succeeds in securing more resources than is necessitated by the production of public goods. The costs of producing public goods are also the focus of investigations into the existence of economies of scale in public good production. Elinor Ostrom and colleagues (e.g. Ostrom et al. 1973) were among the first to ask whether the size of administrative units affects their relative efficiency in producing public goods. Here, the assumption is that larger political units can provide public goods more cheaply than smaller jurisdictions because fixed costs can be spread over more taxpayers and because provision over a larger population allows for increasing returns to scale (see also Marks and Hooghe 2000: 797f). Underlying these investigations is the concern about the consequences of inefficiencies for government’s ability to satisfy citizens’ demands for public goods. Given government’s resource limitations, inefficiencies (or foregone greater efficiencies) reduce the ability to provide a wider array of public goods (or to maintain their current levels).

A government’s territorial structure corresponds to the concerns voiced by the two models introduced above. Following Niskanen’s model, jurisdictions can be conceived of as an office headed by an

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5 Technically, public goods are ‘highly indivisible goods and services where potential consumers cannot be easily excluded from enjoying the benefits’ (Ostrom and Ostrom 1971: 205). Examples for such goods provided by government are national defense, public order, pollution control, fire protection, education, public transport, street maintenance, hospitals or leisure facilities. Of these examples, the last five refer to public goods provided by counties.

6 Public Choice, particularly during its early stages, has been a highly diverse field, comprising both formal and informal analysis. The uniting thread of studies by, among others, Gordon Tullock, Anthony Downs, William Niskanen, Elinor and Vincent Ostrom has been the use of the rational actor model as the point of departure for investigations into the workings of government. Many of their suggestions and insights have been developed further in other, more specialized research programs (e.g. Principal-Agent Theory) and have been taken up by scholars outside the Public Choice circle (see Moe 1996).
official that seeks to pursue her private interests by deceitful budgeting\(^7\). By reducing the number of jurisdictions, state government could eliminate the sources of inefficient spending. Moreover, the territorial structure affects the ability to reap economies of scale as a consequence of the assumed negative relation between the number of jurisdictions and their average size. As the number of jurisdictions is reduced, the size of the remaining units increases, thereby allowing government to benefit from economies of scale.

In addition to (material) production costs, the Public Choice perspective sees the creation of public goods at lower levels of government to involve transaction costs for government at higher levels. We follow Douglas North in defining transaction costs as the ‘costs of specifying and enforcing contracts that underlie exchanges’ (North 1984: 7)\(^8\). According to this definition, ‘transaction costs’ is a concept with two analytically distinct characteristics. On the one hand, it involves the costs of arriving at an agreement (‘specifying contracts’). In the context of relations between different levels of government, the need for such agreements arises, for example, when state government wants to homogenize the provision of public goods across lower-level jurisdictions (e.g. defining common regulatory standards or shared practices of implementation). The resources necessary to accomplish such coordination are to a great extent a function of the number of jurisdictions that need to be coordinated (Tullock 2005 [1965]: 162ff, Marks and Hooghe 2003: 239). However, since the decision to change the number of counties is the explanandum of our study, we cannot consider changes in coordination costs (as a consequence of changes in the number of counties) as a potential motivator for initiating territorial reforms.

The second characteristic of transaction costs – the costs of enforcing agreements – are held to arise as a consequence of the asymmetric distribution of information about the compliance of actors at lower levels of government with such agreements (Tullock 2005 [1965]: 197ff), a problem that is commonly referred to as moral hazard. Since actors at higher levels of government lack the ability to observe the behavior of actors at lower governmental tiers directly, they need to invest resources to verify the true performance of counties and, if need be, to sanction and correct their behavior\(^9\). More recent formulations of Principal Agent Theory suggest, however, that the (perceived) likelihood of defection by agents is mediated by shared interests or ideological outlooks between the principal and the agent.

\(^7\) The application of this theoretical logic presupposes that we can principally consider counties to behave like a bureau in Niskanen’s model. We hold that we meet this condition because, as bureaus, counties’ finances are to an overwhelming extent provided by financial transfers from other levels of government. Counties receive more than 40 percent of their budget through transfers from state and federal governments (2008: 43 percent). A similar proportion is provided by a levy that the counties impose on their municipalities in return for providing services (Kreisumlage) (2008: 44 percent). Only about ten percent of counties’ budget are provided by charges and taxes directly collected by counties (2008: 13 percent). The information on the composition of the budgets of counties is provided by Deutscher Landkreistag (2010).

\(^8\) We are aware that Douglas North is typically not considered a representative of Public Choice. We refer to his definition of transaction costs due to the lack of this concept in the early days of Public Choice. However, scholars such as Gordon Tullock (2005 [1965]) have dealt with the very issues – intra-organizational coordination and control – that later came to define Institutional Economics and other research programs.

\(^9\) To conceive of the relation between state governments and counties as a delegation relation also presupposes that state government does delegate tasks to counties. This assumption, however, also holds true. A considerable number of the functions performed by counties are tasks that are performed on behalf of the state. In particular monitoring tasks (e.g. schools, building inspection, environment) tend to be officially delegated from state government to counties and the state government monitors the behavior of counties in this respect. For a survey of tasks and functions of counties see Zimmermann (2009).
(see Bendor et al 2001). Thus, in the context of relations between state governments and counties, we see the control costs incurred at the state level as a function of whether or not a head of county (*Landräte*) is a member of the party (or one of the parties) in government. This proposition, in turn, implies that the control costs of producing public services for state governments increase when there is a change in the party affiliation of county leadership. Thus, the territorial structure indirectly affects government’s control and thus transaction costs of producing public goods: although lower-level jurisdictions provide the opportunity for defection from government preferences, the actual costs for averting defection are determined by the leadership of counties.

Finally, the territorial structure also affects the ability of governments to satisfy citizens’ demands for public goods by determining their effectiveness. For Public Choice, public goods are effective when the consequences associated with an activity (i.e. its externalities) are confined to the respective jurisdiction (Tullock 1969: 19). The precondition for the ‘internalization of externalities’ (Tullock 1969: 19), however, is that ‘the boundary conditions of a political jurisdiction include the relevant set of events to be controlled’ (Ostrom et al 1961: 835). When, however, the scope of governmental authority is not congruent with the activities that are to be regulated or facilitated, the public goods produced by government will not bring about its intended consequences (or only to a sub-optimal extent). The territorial structure, in turn, determines government’s ability to provide effective public goods by defining the scope of a government’s authority. A reform of the territorial structure, by either adjusting the form of jurisdictions (while maintaining their number) or their number (to create larger units) thus constitutes a strategy for (re-)adjusting the scope of government’s authority to the activities regulated and their effects on citizens.

Thus, this brief survey of Public Choice perspectives on the determinants of government performance identified mainly two ways how the territorial structure affects government’s ability to provide public goods. On the one hand, the territorial structure affects the resources available to government to satisfy demands for public services. The less efficient lower levels of government operate and the higher the likelihood of agency ‘slippage’ (given the incongruence in partisan affiliation between principal and agent), the less resources government possess to provide additional public goods (or to maintain the status quo). Furthermore, a mismatch between jurisdictions’ scope and the activities governed by government diminishes the ability of government to provide effective public goods. These propositions about the relation between government’s territorial structure and its ability to provide public goods, allows us to identify the conditions under which we would expect governments to consider territorial reforms.

On the one hand, in the light of the works by Niskanen and Ostrom respectively, jurisdictions emerge as units that impose costs on other levels of government. Given that governments operate under resource constraints, an increase in the costs of producing public services might induce government to reform its territorial structure in order to reduce production costs. In addition, government might contemplate changes to the number of jurisdictions when there are fewer resources available for the production of public goods. Finally, the combination of these two scenarios – a decrease in resources at governments’ disposal while production costs are rising – appears as the most likely scenario in

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10 For such expectations to derive, we have furthermore to assume that government wants to maintain the status quo of public good provision.
which government considers territorial reforms to reduce the costs of producing public goods\textsuperscript{11}. On the other hand, the transaction costs stipulate that state governments spend resources on overseeing whether counties comply with its preferences. Government might therefore consider territorial reforms when there is an increase in control costs, which we saw related to changes in the partisan affiliation of heads of counties. Finally, a growing inability of governments to provide effective public goods as a consequence of changes in the pattern of social activities, that it is supposed to take care of, might constitute a further reason for pursuing territorial reforms\textsuperscript{12}. We can thus summarize the theoretical considerations with the following hypotheses about the context in which territorial reforms are likely to emerge:

- **H\textsubscript{1}:** TR follows an increase in the costs of producing public goods that is paralleled by a decrease in resources available for public good production.
- **H\textsubscript{2}:** TR follows an increase in the costs of controlling subordinate jurisdictions.
- **H\textsubscript{3}:** TR follows a change in the spatial patterns of social activities.

A test of these hypotheses will, in turn, provide us with some suggestions regarding government’s motivation to pursue territorial reforms.

**Observable implications and operationalization**

Based on these theoretical considerations, we concluded that governments pursue territorial reforms in order to reduce production or transaction costs of providing public goods or to increase their ability to provide more effective public goods. Each of these reasons for territorial reform is associated with the presence of different conditions. The reduction of production costs is likely to trigger territorial reforms when production costs have previously been rising and government has fewer resources available for public good production. The reduction of transaction costs will be the motivation for TRs when control costs for higher levels of government are rising. Finally, government will want to reform its territorial structure when it lacks the ability to provide effective public goods. In the ensuing section, we develop indicators both for a comparative and a within-case analysis that allow us to judge between these different motivations.

**Indicators for cross-case comparison**

We expect government to reform its territorial structure to reduce the costs of public good production when either costs of producing public goods increase or the resources available for public good production decrease. We measure the costs of producing public services by examining changes in the expenditure for administrative personnel per 1,000 citizens. We do not differentiate between such

\textsuperscript{11} This logic provides the implicit foundation for accounts of territorial reforms as a consequence of current or future fiscal pressures. With respect to the third wave of territorial reforms in Germany, this argument is, for example, made by Wollmann (2010).

\textsuperscript{12} This logic underlies explanations of territorial reforms as a means to increase administrative capacity. This argument is the consensus view on the initiation of the first wave of German territorial reforms (e.g. Mecking and Oebbecke 2009).
expenditures at different levels of government, mainly because such detailed data is not available for the different time periods under investigation. We have to assume that changes in reported overall personnel costs also reflect changes in such expenditures at the district level.

As an indicator of the resources available for public service production, we choose changes in revenue available to state government. We do not use information on revenue available for counties because their budget depends to a large extent on the financial transfers of the state. Hence, if the state experiences a drop in the revenue, fewer resources are potentially available for public service production. We will not only consider these variables separately but also in combination. For, changes in one variable might offset or compound the consequences of changes in the other. The motive to reduce costs is particularly likely to lead government to reform its territorial structure when an increase in personnel costs is accompanied by a decrease in revenue. Under such a constellation, government does not only face higher expenditures for its administration but, at the same time, has fewer resources available to meet these obligations.

Alternatively, we have reasons to assume that territorial reforms are introduced to reduce governments’ transaction costs when county reforms occur in the context of a rise in control costs. We defined control costs to be mediated by the extent to which there is congruence in partisan affiliation between heads of counties and the government. As a consequence, control costs can vary as a consequence of elections that bring about a change in leadership at the county-level. However, since the heads of counties are directly elected only since the 1990s, we have to refer to the proportion of votes parties received in county elections when examining changes in control costs for RP. Using this proxy relies on the assumption that a party’s majority in the county council will translate into providing the head of county.

Finally, government might reform its territorial structure when it lacks the ability to provide effective public services. Within the theoretical framework, effectiveness was associated with the match between the scope of a jurisdictions’ authority and the activities to be regulated or facilitated. A change in the geographical extension of social activities thus precedes a territorial reform with the goal of increasing the effectiveness of public goods. The operationalization of this theoretical proposition is, however, a challenging task. For, counties produce a wide variety of public goods, ranging from the provision of public transport, health infrastructures (e.g. hospitals) and recreational facilities over regional planning to the management of tourism. As a consequence, there will be not one indicator that reflects possible changes in the spatial organization of citizens’ actions. We therefore rely on an additional assumption to approximate changes in the geographical scope of action. Within the field of social geography, changes in the spatial organization of action, is seen as the consequence of technological change. Werlen, for examples, summarizes the state of the art as follows: ‘Die Ausdehnung der Reichweiten menschlichen Wirkens ist eine Folge technischer Innovationen im Transport- und Kommunikationsbereich’ (Werlen 2008: 23). Technological change, in turn, is intimately connected to economic growth. Although technological change certainly drives economic growth – the invention of new technologies creating new markets and profit opportunities for economic actors – growth certainly is also a driver of technological change, by, for example, providing resources for developing new technologies. Although we recognize the imperfection of this indicator, we nevertheless accept economic growth, measured by changes in GDP per capita, as a rough proxy for technological change and thus for changes to the spatial organization of citizens’ behavior that have the potential to make public goods provided by government less effective. In particular, an increase in GDP per capita should be associated with a reform that increases the size of jurisdictions.
Process implications

In addition to the comparative examination of the conditions under which governments produce public goods, the process leading to the formulation of reform proposals also provides evidence to adjudicate between the different hypotheses on government motivations to pursue territorial reforms. In particular, we hold that statements revealing the intention of government actors and the formulation of reform proposals are important pieces of information that further help to adjudicate between different hypotheses about the motivation to pursue territorial reforms.

One type of evidence that helps to support or reject propositions about reform motivation, are statements by government actors about the intention behind the reform. As stated above, given possible strategic considerations in declarations by political actors, we attribute greater weight to statements that are made in a semi-public or private context.

We also see the process following the decision to put territorial reforms on the government’s agenda as containing relevant observations to evaluate the different theoretical claims about government motivation. To do so, it is important to recall that the formulation of policies is the consequence of intra-governmental division of labor: even if the prime minister acts as the principal advocate of a reform, he will seek input from either inside (ministries, civil servants) or outside government (e.g. experts) to formulate substantive policies. We hold that the process of input elicitation is likely to differ with the motivation for pursuing territorial reforms. In particular, it appears that the delegation of proposal development when government seeks to enhance the effectiveness of public goods or to reduce the transaction costs of public good production would suggest a prior specification of parameters for such a reform. A reform that aimed to enhance the effectiveness of public good provision seems to require a prior specification of jurisdictions, whose merger would re-establish greater congruence between the scope of their authority and of the actions they are expected to provide public goods for. Similarly, the reduction of transaction costs seems to imply the prior targeting of units held being responsible for causing an increase in control costs. In contrast, the mere reduction of production costs appears to be less dependent upon the prior specification of the design of a territorial reform. Although the consequences of diminishing administrative expenditures certainly could be better managed if they were coordinated across departments or levels of government, the goal of reducing costs could be realized even if not fitting into an overarching plan. Thus, when government pursues territorial reforms in order to increase the effectiveness of public goods or to reduce transaction costs, we would expect the autonomy of those who develop reform proposals to be constrained. If, however, government wants to reduce production costs, actors developing reform proposals are relatively autonomous. The extent of autonomy in the development of a proposal will be evaluated by examining whether the prime minister specified any parameters when commissioning the development of proposals.

Analysis

In this section, we aim to identify the motivation of governments to pursue territorial reforms. To do so, we test the three hypotheses developed above by comparing RP and SA and by conducting a within-case analysis of the reform process.
Cross-case comparisons

To identify the reason for pursuing territorial reforms through the comparison of the two cases, we examine whether we observe the presence of any of the conditions suggested by the Public Choice framework likely to precede territorial reforms in both cases. Any observation of the joint presence of a variable in both cases is a tentative indicator for a causal relationship between an independent variable and the outcome.

With regard to the conditions favoring reforms to reduce production costs, we observe that both states display an increase in revenue (see Table 1 below for the presentation of the indicators). This indicator therefore does not suggest that the reduction of administrative costs was a pressing issue. The developments in personnel costs, however, do not point in similar directions: whereas the costs of producing public services declined in SA, they did rise in RP. Thus, taking these two indicators together, SA does not display the conditions that we consider to be conducive to territorial reform, i.e. to reduce the costs of public good production. Although we can, at this level of measurement, only speculate whether the increase in revenue in RP was balanced by a parallel increase in personnel costs, the fact that revenue did increase does not make RP a ‘most likely’ case for a reform to reduce production costs of public goods.

Changes in transaction costs do also not appear as a motivation for the pursuit of territorial reforms. In the case of RP, we observe that throughout the 1950s the CDU maintained the absolute majority in 24 out of 39 counties (see Table 1 in Appendix). For SA, we also observe continuity in the leadership of counties prior to the initiation of reform: there was no election at the county level between 1994 and 2001. We do see, however, that in both states, there is an increase in GDP per capita, indicating that both states underwent a period of socio-economic change. However, the relatively small increase in GDP per capita in SA demands a cautious interpretation of the effect of economic growth on the ability of counties to provide effective public goods.

In summary, the comparative examination of the presence of the conditions specified by Public Choice to precede territorial reforms suggests that the two governments might have pursued territorial reforms in order to increase the effectiveness of their public goods. However, since the co-variation of variables is merely suggestive of causation and since the validity of the measure is not beyond doubt, we supplement the cross-case comparison with a within-case analysis in order to base our judgment regarding government's motives on firmer grounds.

Table 1: Indicators for conditions conducive to territorial reforms

<table>
<thead>
<tr>
<th></th>
<th>Δ Revenue</th>
<th>Δ Personnel expenditure</th>
<th>Δ GDP/ capita</th>
<th>Δ party affiliation of heads of counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>RP</td>
<td>+ 7,6 % (1955-60)</td>
<td>+ 28 % (1955-1959)</td>
<td>+ 28,4 % (1957-61)</td>
<td>No change</td>
</tr>
</tbody>
</table>

Within-case analysis

The cross-case comparison suggested that the state governments of RP and SA pursued territorial reforms in order to increase the effectiveness of the public goods provided by the respective state. However, the isolation of a potentially explanatory variable through a comparative analysis is merely suggestive of causal influences. In this section, we will therefore examine the process of proposal development to verify the results of the comparison. Due to the limited opportunities to access documents that report internal government communication for SA, we primarily focus on process observations in RP.

With regard to revelations of intentions, we observe statements by RP’s Prime Minister Peter Altmeier that suggest that he wanted to introduce administrative reforms, including a reform of county structure, to reduce the costs of producing public goods. For example, when requesting proposals by ministers for such a reform, he explicitly asked them to consider changes in the state’s administrative set-up, including its territorial structure that could potentially realize savings.\textsuperscript{14}

With regard to the autonomy of government members in developing a reform proposal, we do not observe Altmeier defining any parameter for the development of reform proposals. Rather, Altmeier left it completely to the ministries to identify administrative agencies and counties suitable for a merger.\textsuperscript{15} The absence of any prior parameter for the administrative reform is also visible at later stages. Some of the ministries proposed different reform options within their domain. When it came to decide between them, neither Altmeier nor his staff selected a proposal but the ministers themselves were asked to make the final call.\textsuperscript{16} These observations suggest that members of Altmeiers’ cabinet possessed considerable autonomy in formulating the draft for an administrative reform. The lack of parameters corroborate the suggestion about government’s motivation derived from the statements by Altmeier: territorial reforms were a means to reducing production costs of public goods.

Unfortunately, we do not have a similarly intimate access to internal government communication for SA. What we currently possess, are publicly revealed preferences. In this respect, we observe, for example, members of government to justify administrative reforms with the need to reduce administrative, i.e. production costs.\textsuperscript{17}

Summary

Process-tracing provides some evidence supporting the hypotheses that reforms were put on the agenda in order to increase efficiency (i.e. $H_1$). The head of government Altmeier highlights the reduction of administrative costs as a goal of the reform and does not specify any parameters for the development of proposals. These observations together suggest that government pursued TRC in order to reduce production costs. Taking the cross-case and within-case analysis together, it emerges that we

\textsuperscript{14} See protocol of the meeting of the Council of Ministers, 11.04.1960, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7907.
\textsuperscript{15} See protocol of the meeting of the Council of Ministers, 22.06.1960, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7907.
\textsuperscript{16} See protocol of the meeting of the Council of Ministers, 12.05.1960, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7907 and letter by Minister of the Interior to Prime Minister Altmeier, 18.4.1961, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7907.
\textsuperscript{17} ‘Innenminister will Reform vorantreiben’, in: Mitteldeutsche Zeitung, Halle/Saale, 02.10.1999.
do not have a conclusive result about the motivation for pursuing territorial reforms: whereas the comparison between RP and SA suggests that TRC were the consequence of a decrease in the ability to provide public goods effectively, the within-case analysis implies that reforms had been introduced to reduce the costs of producing public services. We suggest that the investigation into the timing of initiation will also help us to decide between the conflicting accounts for the motivation of reforms.

5. Explaining the Timing of Territorial Reforms

In this section we will investigate the timing of the decisions by governments to move territorial reforms onto their decisional agenda. Exploring the temporal context of government’s decision to finally change its territorial structure has the potential to reveal the conditions under which governments are willing to accept the considerable risks associated with TRs. This section proceeds as follows. We first develop a theoretical framework for investigating the timing of decisions affecting the status of issues with regard to the government agenda. We then investigate the timing of the two decisions.

Theoretical expectations

For analyzing the evolution of policy agendas, the concept of ‘policy window’ (or ‘window of opportunity’) (Kingdon 1984) is frequently employed. This concept is part of a broader theoretical framework for explaining policy change – the Multiple Streams framework – whose basic notions need to be introduced prior to specifying the properties of policy windows (Zahariadis 2007). According to the Multiple Streams framework, both the decision to place an item on the agenda and to move it onto government’s decisional agenda are the consequence of lobbying activities by advocates of policies (‘political entrepreneurs’) (Zahariadis 1996: 403). In order to attach their preferred solutions (i.e. policies) to existing problems, political entrepreneurs try to ‘manipulate’ how decision-makers come to think of an issue (‘framing’) or attempt to direct their attention to particular issues (‘agenda control’). Although policy advocates constantly try to place their preferred policy solutions onto the government’s agenda, their chances to affect policy change is particularly high when a ‘policy window’ opens (Zahariadis 1996: 405). A policy window is a ‘temporal stimulus for choice’ (Zahariadis 1996: 405), a situation in which decision-makers are particularly likely or under relatively high pressure to make a decision. Given the imperative of making a decision, decision-makers are particularly receptive to influences by political entrepreneurs. When explaining the timing of a decision, we are thus primarily interested in explaining the emergence of a policy window.

Unfortunately, the concept of policy window is more a descriptive than an analytical concept: it does not precisely specify the conditions that give rise to policy windows. Kingdon, for example, holds that change in either the nature of an issue (the ‘problem stream’) or in the political realm (i.e. the ‘politics stream’) (Kingdon 1984) precede policy windows. Typical changes in the problem stream are, for example, events that focus the public’s attention or changes in indicators describing the state of an issue. Relevant changes in the politics stream are changes in public opinion (‘national mood’) or changes in the distribution of power among political actors. However, the synchronicity of different ‘streams’ may result in policy change, yet it may also fail to generate change. Moreover, Kingdon
does not specify the mechanisms that connect changes in either of these streams to heightened pressure for decision-making by government. Keeler’s (1993) specification of the concept represents a first step towards greater analytical precision by identifying some of these mechanisms. With regard to changes in the problem stream, Keeler sees particularly crises – ‘situations of large-scale public dissatisfaction or even fear’ stemming from wide-ranging economic problems or threats to national security’ (Keeler 1993: 440) – as creating policy windows. Crises lead to greater pressure for decisions because they create a ‘sense of urgency’ (Keeler 1993: 441) among decision-makers. In order to prevent already serious problems from further escalation, decision-makers will seek immediate action. The desire to prevent further losses thereby overcomes the usual risk-aversion of decision-makers in ‘normal times’18. Keeler also identifies a mechanism responsible for greater decision-making pressure in the wake of changes in the politics stream. ‘Dramatic’ changes in the distribution of power reflect a shift in national mood, create within (the new) government the perception of authorization and empower it to implement its program.19 In short, ‘landslide’ victories in elections provide government with a ‘mandate’ to initiate policy change (Keeler 1993: 437). Although the specification by Keeler still leaves many issues unresolved, the provision of some of the mechanisms that are conducive to changes in either of the streams to build-up greater pressure for decision-making nevertheless provides us with some expectations regarding the occurrence of policy windows. On the one hand, we can expect a window to form when the status of an issue is perceived as ‘crisis-like’. On the other hand, the provision of government with a ‘mandate’ for pursuing a reform is another condition that can be expected to bring about policy windows.20

**Observable implications and operationalisation**

The refined policy windows model interprets the occurrence of territorial reforms as a consequence of dramatic events, either in the wake of a crisis-like situation or a ‘landslide’ electoral victory. The identification of ‘extreme’ events preceding the opening of a policy window comes, however, with a particular challenge for measurement: there is no commonly accepted yardstick for classifying an event as an outlier. Keeler is aware of these challenges and suggests that the evaluation of changes in the problem stream should pay attention to the interpretation of the actors under investigation. He therefore suggests that the extent to which actors perceive a problem to constitute a crisis is an indicator for the presence of a crisis (Keeler 1993: 440). We follow Keeler in making the judgment regarding the presence of extreme situations – both with regard to changes in the problem and the politics stream – dependent upon such judgments among decision-makers. Thus, we hold that an event or change in indicators pertaining to the territorial structure constitutes a ‘crisis’ or an electoral result constitutes a ‘landslide’ victory when government perceives the situation as such. Moreover, when considering ‘government’, we primarily refer to the Prime Minister.

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18 Although not made explicit, the mechanism identified by Keeler rests on psychological mechanisms specified by Prospect Theory. According to Prospect Theory, actors evaluate the risks associated with actions differently when they perceive actions as contributing to the improvement of a status quo (i.e. risk aversion) compared to its protection (i.e. risk-seeking) (see also Vis and van Kersbergen 2007).

19 In addition to ‘authorization’ and ‘legislative empowerment’, Keeler identifies pressure from party activists as a third mechanism that creates pressures for decision-making in the wake of landslide victories.

20 We acknowledge that Keeler formulated these mechanisms in the context of specific policy changes – ‘ambitious’ (Keeler 1993: 434) socio-economic reforms such as the new Deal – in mind. Lacking any general criteria what defines ‘ambitious’ policies, the application of his concepts to the study of TRCs reflect our judgment of TRs as sharing this quality.
Analysis

In this section, we explain the timing of the decisions by the respective governments to change the agenda status of their state’s territorial structure. We first explain the timing of the decision to include territorial reforms on the government’s agenda (i.e. the recognition of the territorial structure as a problem). In a second step, we explain the decision by government to put territorial reforms on its decisional agenda. In each step, we will examine the two cases for the presence of either of the conditions held to precede windows of opportunity: changes in the politics stream (‘mandates’) and changes in the problem stream (‘crises’).

Before we enter the analysis, however, we will briefly narrate the timeline of territorial reforms in RP and SA. This account will the reader enable to better follow the ensuing argument. In RP, the government recognized the territorial structure of administrative counties as a ‘problem’ in 1960 when the Prime Minister commissioned members of his cabinet with preparing proposals for a general administrative reform\(^\text{21}\). At first, the resulting plan also included the merger of counties. This measure was, however, soon removed by Peter Altmeier. Yet, even without a territorial reform of the county structure, the proposal for administrative reforms was not moved onto the government’s decisional agenda until early summer of 1963\(^\text{22}\). This decision, however, did, at first, not include territorial reforms. However, Altmeier changed his mind some weeks later and decided to include the reforms of the county structure as well. In SA, the government commissioned the development of a White Paper (Leitbild) on the state’s administrative structure in 1999 that also paid attention to the state’s territorial structure. Since we lack a similarly privileged access to internal government communication, we currently cannot identify the moment at which the government decided to move TRC to its decisional agenda as precisely as in the case of RP. For the time being, we have to rely on indicators from the political process. In this regard, we see that the government introduced the first of a set of laws that preparing a more comprehensive administrative reform, including of the states’ territorial structure (Vorschaltgesetze) in fall 2000. The temporal contiguity of the White Paper and the interim laws suggests that government had put territorial reforms on its decisional agenda soon after it considered it to be a ‘problem’. After the reversal of some legislation in the wake of a change in government in 2002, territorial reforms, including reforms of administrative counties were ultimately legislated in 2007.

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\(^{21}\) This plan for an administrative reform is usually not considered in the German historiography on administrative reforms in the 1960s. This might be due to the fact that this reform plan, including the intention to merge counties was not immediately moved to government’s decisional agenda. However, as the available evidence suggests, the reform activities of the mid-1960s that are usually in the focus of scholars of administrative reforms, have their origin in the 1960 reform plan. Moreover, we hold that the delay in transferring county reforms to the decisional agenda is of considerable analytical value. For, it allows conducting an inter-temporal comparison within RP which permits to identify clearer the factors that determine this transition of an issue.

\(^{22}\) The location of this decision in the summer of 1963 rests on information obtained from protocols of meetings of the ministerial council. In such a meeting on June 26, 1963, Altmeier declares that he now wants the reform to ‘realise’, to ‘be put into action’. That this statement reflects the firm decision by Altmeier to put administrative reforms onto the government’s decisional agenda is further supported by his expressed indifference to the position of the opposition parties to such a reform (see protocol of the meeting of the Council of Ministers, 26.06.1963, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7704).
The governments of RP and SA put territorial reforms on their agenda in 1960 and 1998/9 respectively (please see section 2 for more detailed information). Focusing on the ‘politics stream’ first, we have to ask whether this decision was preceded by a ‘mandate’ for territorial reforms. Although we observe that in both cases government’s decision to pay greater attention to its territorial structure occurred in the context of state elections, the outcome of neither of these elections permits the classification of ‘landslide’ victories providing government with a mandate to initiate territorial reforms. Although in both RP and SA the incumbent parties could continue to govern after the elections, their share of seats either remained stable or was reduced\(^23\). We have also no reason to assume that public opinion provided government with a mandate to pursue territorial reforms. As a matter of fact, the available evidence points to the contrary. In the case of RP, the Prime Minister and members of his cabinet evaluated the public as rather skeptical if not hostile towards territorial reforms\(^24\). Although we lack such privileged insight regarding the perceptions of the members of the government of SA, it nevertheless appears plausible to assume that it was also wary of public resistance to reforms. We ground this assumption in the experience of a prior territorial reform in SA, which was accompanied by protest from both the public and local officials\(^25\). Given that the previous reform had been implemented only four years ago, actors in government were probably aware of the contention associated with territorial reforms.

With regard to changes in the ‘problem stream’, however, the comparative examination of the two cases suggests the presence of what can be interpreted as a perceived ‘crisis’, triggered by the new information on government efficiency. Again, access to internal communications of the government in RP, in particular to documents of the Prime Minister’s office, provide the foundation for this claim. The archival dossiers of the Prime Minister’s office on administrative reforms contain only few correspondences with actors outside governments prior to reform initiation. The majority of them are communications between Prime Minister Altmeier and the German Taxpayers Association (GTA) (Bund der Steuerzahler). In these letters, the GTA repeatedly demanded a reform of RP’s administrative structure, including changes to its territorial structure. For the GTA, RP’s administration incurred inappropriately high costs. Particularly when compared with states of a similar size to RP – the GTA often referred to Schleswig Holstein – RP’s administration was considered to be excessively inefficient. Two observations lead us to believe that the GTA’s campaign for greater administrative efficiency had some impact on Altmeier. On the one hand, the significance of this correspondence is indicated by the fact that they are included in the reform dossiers. On the other hand, Altmeier’s forceful, at times even infuriated rejection of the GTA’s claims provides further evidence that he paid attention to the issue of administrative costs\(^26\). Although we lack such a privileged view into perceptions of SA’s Prime Minister, we also observe the presence of similar

\(^{23}\) In RP, the CDU gained one seat in parliament but its coalition partner, the Liberal Democrats, lost two. In SA, the former coalition partner of the Social Democrats, the Greens, did not cross the electoral threshold. As a consequence, the Social Democrats formed a minority government dependent on the support of the far-left party (PDS) (See Table 2 and Table 3 in the Appendix).

\(^{24}\) See protocol of the meeting of the Council of Ministers, 22.06.1960, State Archive RP, Koblenz, Files 700, 169, Personal Files of Head of the State Government Altmeier, Nr. 100.


\(^{26}\) See letter by the Head of State Government Altmeier to the German Taxpayers Association, 26.08.1960, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7685.
information prior to the decision by SA’s government to put the issue of reforming the territorial structure of counties on its agenda. In 1998, the Audit Office of SA (Landesrechnungshof) used its annual report to criticize the government for the high costs of its administration. The report also based its judgment on SA’s relative performance: the comparison between SA and the other German states revealed that SA maintained the largest administrative apparatus in the Federal Republic (i.e. 27.8 civil servants per 1,000 citizens) (Landesrechnungshof Sachsen Anhalt 1998: 14). This report by the Audit Office is subsequently cited by the Interior Minister as a justification for administrative and territorial reforms.

The comparison between RP and SA provides thus two interesting observations. First, we do observe what can be interpreted as a change in the ‘problem stream’, which is reflected in the publication of indicators highlighting the costs of administration. Moreover, we observe that governments paid ample attention to these indicators. Based on the Multiple-Streams framework, we have reasons to believe that the publication of indicators on the relative performance of the two states opened a ‘window’ for reforming the territorial structure. Moreover, the suggestion that the debate on administrative costs led governments to move territorial reforms on government’s agenda also helps us to resolve the ambiguous result of the investigation into government’s motivation behind territorial reforms. The response by governments to the publication of indicators on administrative costs confirms the result of the within-case analysis that the reduction of the costs of producing public goods (and not the increase in the effectiveness of public goods) was the goal of territorial reforms.

Account for the transition to agenda placement

What explains the timing of the decision to move territorial reform onto the decisional agenda? When considering the ‘politics stream’, we observe that in RP, the decision to consider TRC for legislative approval was made in the context of an election. Yet, we do not consider the outcome of the 1963 state elections to have provided the government with a ‘mandate’ for territorial reforms. On the one hand, although the incumbent Christian Democrats could continue to govern together with the Liberal Democrats, they lost a number of seats in the State Parliament (see Table 2 in the Appendix). This outcome was experienced by the incumbent government not as a victory but rather as a symbolic defeat. On the other hand, although Altmeier declared soon after the elections his intention to put into effect the administrative reforms that had been developed by members of his cabinet in 1960, he explicitly ruled out the inclusion of TRCs at the same time. Thus, even if the election had an effect on the decision to pursue other types of administrative reforms, it did not affect the decision to pursue territorial reforms. We also can exclude election-induced changes in the distribution of power as the source of change in SA: there was no further election between the decision to put territorial reforms on the government’s agenda and to move territorial reforms onto the decisional agenda. With regard to changes in the ‘problem stream’, we do not observe that the perception of administrative costs as constituting a crisis was exacerbated.

Thus, based on the predictors of policy windows suggested by the Multiple Streams framework, we failed to identify an explanation for government’s decision to put TRCs on their decisional agenda: we did neither find indicators for the presence of (a perceived) mandates for TRCs within the respective governments nor for a change in the perception of administrative costs. We will therefore supplement

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the cross-case comparison with a within-case analysis of decision-making in RP. In particular, we will focus on the variation in the trajectories of TRCs in 1960 and 1963. In a second step, we will examine whether the results of the analysis of RP can also be observed in SA.

The examination of government decision-making in RP suggests that the decision to put TRs on the governments’ decisional agenda is directly related to the presence of a supermajority for territorial reforms in the state legislature. This argument rests on both statements and decisions by Prime Minister Altmeier to that effect made throughout the reform process. From the moment the government began to pay attention to the administrative structure, Altmeier made clear that any legislative initiative on administrative reform would depend on a general consensus within parliament:

‘[O]nly when the parliamentary party groups are united behind the government’s proposal will these measures make sense. If these talks [between government and parliamentary party groups, SG et al] reveal, however, that these plans cannot be realized, government had done what could be expected from it’.

In this respect, cross-party support appears to have been of particular importance for the proposed TRC. This claim finds support from two additional observations. First, TRC is dropped from the reform plan after representatives of all party groups in parliament signal their support for the reform of courts and tax offices but their opposition to territorial reforms. Second, when Altmeier declares his intention to put administrative reforms into effect in June 1963, he, at first, excludes the reform of counties. Moreover, for an administrative reform that would have omitted changes to the territorial structure, Altmeier does not consider cross-party support as necessary: he was willing to legislate such an administrative reform even without a supermajority. However, only a few weeks later, Altmeier revokes his position and decides to add TRC to the package of administrative reforms. Between these two statements by Altmeier lies the distinct positioning of the oppositional SPD and the Liberal Democrats expressing its support for territorial reforms. The most visible indicator for the SPD’s support can be seen in a major interpellation (Große Anfrage) regarding the government’s plan for administrative reforms on July 8th 1963. In particular, the Social Democrats saw a nexus between administrative reforms and the restructuring of the state’s territorial structure, including counties.

The Liberal Democrats petitioned government to draft a law that would change the number of administrative regions. We thus observe a temporal contiguity between the absence and presence of a supermajority for TRCs and the government’s willingness to move them to the decisional agenda: the

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29 See protocol of the meeting of the Council of Ministers, 22.06.1960, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7907 and Memorandum, 06.12.1962, State Archive RP, Koblenz, Files 700, 169, Personal Files of Head of the State Government Altmeier, Nr. 100.
30 See protocol of informal meeting between Head of the State Government Altmeier and leaders of party groups in parliament, 28.11.1961, State Archive RP, Koblenz, Files 700, 169, Personal Files of Head of the State Government Altmeier, Nr. 100.
31 At that point, he sees county reforms as riddled by ‘complex problems’ and therefore in ‘need of a very careful examination’. (See protocol of the meeting of the Council of Ministers, 26.06.1963, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7704.
32 See protocol of the meeting of the Council of Ministers, 26.06.1963, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7704.
33 See protocol of the meeting of the Council of Ministers, 27.08.1963, State Archive RP, Koblenz, Files 860 State Chancellery, Nr. 7704.
government does stall territorial reforms when they are not endorsed by all of the parties in parliament; when such a super-majority emerges, government changes its strategy.

Turning to SA we also observe the presence of an ‘informal grand coalition’ in support of a territorial reform. Both opposition parties, the CDU and the PDS (the latter tolerating the minority government of the SPD) supported the government’s plan (SPD) to reform SA’s territorial structure. Although the two parties disputed the order of reforms suggested by the SPD – they preferred the territorial reform to be preceded by a functional reform – they nevertheless did not dispute the need for changes to the state’s territorial structure, including counties.

Summary

In this section, we aimed to explain the timing of the government’s decision to put territorial reforms on its decisional agenda. For this change in the status of territorial reforms, we neither observed changes in the politics nor in the problem stream to have preceded changes in the status of territorial reforms. However, the case study of the reform process in RP suggests that the decision to put territorial reforms on government’s decisional agenda depended on the support of the opposition for such a reform. The comparison with SA – where we also observe a principle agreement between government and opposition on the need for a territorial reform – confirmed the importance of an ‘informal grand coalition’ for a placement of TRs on government’s decisional agenda. Overall, we were able to show through our comparative analysis of RP and SA that governments paid attention to the state’s territorial structure when information about government’s relative performance with regard to administrative efficiency was present. Territorial reforms were then placed on its decisional agenda when the opposition signaled their support for a territorial reform.

6. Discussion and Conclusion

The results of our study suggest some important implications for the study of the initiation of territorial reforms. In this section we briefly discuss the role of information about a government’s relative performance in initiating reforms and the need for cross-party support for the initiation of risky reforms.

Why are governments interested in efficient administration?

We identified the motivation to reduce administrative costs as the main driver behind the respective government’s acknowledgement that TRC are a potential solution to this ‘problem’. However, as the

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35 The positions by the CDU and PDS to territorial reforms can be identified, for example, in the parliamentary debate on the White Paper on Administrative Structures and Local Government Reform in Saxony-Anhalt, 20.01.2000, State Parliament of Saxony-Anhalt, Parliamentary Protocol 3/33, pp. 2221-2247)
analysis of the timing of the decision to pay greater attention to a state’s territorial structure suggests, the costs of producing public goods were seen as a problem not because of current resource constraints but because of the state's poor performance in comparison with others. This observation implies that the ultimate goal of territorial reforms might not have been the consolidation of the budget but the improvement of the state’s relative position with regard to administrative efficiency.

We admit that the connection between the decision to pay greater attention to the territorial structure and information about the state’s relative efficiency currently rests on rather weak foundations. To begin with, such a claim would have to be supplemented by some theoretical (micro-)foundations and a more rigorous empirical examination. Both tasks are beyond our capacity here. However, we want to point out that social rewards (e.g. esteem) and sanctions (e.g. shaming and shunning) are increasingly recognized by social scientists as an important determinant of behavior. The investigation into the role of ‘esteem’ (Brennan and Petit 2004) or ‘respect’ (Wolf 2011) into decision-making by political actors might provide a starting point to substantiate the argument about the impact of relative positions with more robust theoretical micro-foundations. Moreover, the motivating force of avoiding social sanctions (e.g. shame) associated with the status of being the least efficient performer might contain the seeds of an alternative explanation for government initiatives to reduce costs. There is a tendency to attribute governments’ attempts to reduce its spending to some ‘objective’ resource constraint (e.g. debt). However, most of the time, the public purse does not seem to know a ‘hard budget constraint’; anecdotes of thrift under conditions of resource constraints are legion. Thus, the assumption of a functional link between the need to reduce costs and the initiation of cost-saving measures rests on weak foundations. What then could motivate actors who are seldom individually affected by the management of public resources to spend them more efficiently? Social sanctions – the shame (and ridicule) associated with the position at the bottom – might provide alternative incentives for political actors to pay attention to cutting costs. If the relative status of a state would have some motivating effect on reform initiatives to increase efficiency, the relative position of governments should not only trigger efficiency-enhancing reforms but also reforms in other domains as well.

Why do TRs require (informal) grand coalitions and why do they form?

The examination of the conditions under which government decided to move TRs on its decisional agenda suggested an ‘informal grand coalition’ as a necessary condition: the Prime Minister pursued TRCs only once the major opposition party in parliament supported such a measure. Why did Altmeier insist on a super-majority for initiating and carrying out a TRC? We suggest that the answer to this question can be found in the distinct characteristics of TRs. In the beginning, we defined TRs (i.e. the merging of jurisdictions to larger territorial units) as a type of reform in which the losers of changes to the status quo cannot easily be compensated by side-payments (due to the indivisible nature of identity and status associated with membership in a specific jurisdiction). As a consequence, TRs carry considerable political risks for the incumbent party, thereby providing their political opponents with an enormous opportunity to improve its position. Government might therefore insist on the (publicly stated) support by other parties in order to ‘tie the hands’ of the opposition to prevent them from blaming the government for the reform and thereby capitalizing on public resistance of reforms. An informal grand coalition can thus be seen as an insurance mechanism of government for introducing risky reforms.
This mechanism also invites further research. First, if the emergence of an (informal) grand coalition is a necessary condition for the decision to put indivisible goods on government’s decisional agenda, we should observe governments behaving similarly in other policy domains as well. Second, the observation of ‘informal grand coalitions’ particularly puts the role of the opposition party in the spotlight: Why do opposition parties come to support government in the initiation of risky reforms? For, given the likely negative consequences for governments of reforms in the domain of indivisible goods, it also appears puzzling that opposition parties would forsake such an opportunity for their political gain. Understanding the conditions under which opposition parties cooperate with governments would therefore provide crucial insights into the ability of governments to initiate reforms for non-divisible goods beyond territorial structures.
Appendix

Table 1: Number of counties in which parties have absolute majority, Rhineland-Palatine

<table>
<thead>
<tr>
<th>Party</th>
<th>1952</th>
<th>1956</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDU</td>
<td>24</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>SPD</td>
<td>12</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>FDP</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>39</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>


Table 2: Results of the elections to the State Parliament in Rhineland-Palatine
(Percentage and number of Seats)

<table>
<thead>
<tr>
<th>Party</th>
<th>1955</th>
<th>Seats</th>
<th>1959</th>
<th>Seats</th>
<th>1963</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>%</td>
<td></td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>CDU</td>
<td>46,8</td>
<td>51</td>
<td>48,4</td>
<td>52</td>
<td>44,4</td>
<td>46</td>
</tr>
<tr>
<td>SPD</td>
<td>31,7</td>
<td>36</td>
<td>34,9</td>
<td>37</td>
<td>40,7</td>
<td>43</td>
</tr>
<tr>
<td>FDP</td>
<td>12,7</td>
<td>13</td>
<td>9,7</td>
<td>10</td>
<td>10,1</td>
<td>11</td>
</tr>
<tr>
<td>NPD/DRP</td>
<td>-</td>
<td>-</td>
<td>5,1</td>
<td>-</td>
<td>3,2</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>5,9</td>
<td>-</td>
<td>1,9</td>
<td>1</td>
<td>1,6</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100 %</td>
<td>100</td>
<td>100 %</td>
<td>100</td>
<td>100 %</td>
<td>100</td>
</tr>
</tbody>
</table>

Bold types indicate the parties that formed the government.

Table 3: Results of the elections to the State Parliament in Saxony-Anhalt
(Percentage and number of Seats)

<table>
<thead>
<tr>
<th>Party</th>
<th>1994</th>
<th>Seats</th>
<th>1998</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>CDU</td>
<td>34,4</td>
<td>37</td>
<td>22,0</td>
<td>28</td>
</tr>
<tr>
<td>SPD</td>
<td>34,0</td>
<td>36</td>
<td>35,9</td>
<td>47</td>
</tr>
<tr>
<td>FDP</td>
<td>3,6</td>
<td>-</td>
<td>4,2</td>
<td>-</td>
</tr>
<tr>
<td>PDS</td>
<td>19,9</td>
<td>21</td>
<td>19,6</td>
<td>25</td>
</tr>
<tr>
<td>B90/Grüne</td>
<td>5,1</td>
<td>5</td>
<td>3,2</td>
<td>-</td>
</tr>
<tr>
<td>DVU</td>
<td>-</td>
<td>-</td>
<td>12,9</td>
<td>16</td>
</tr>
<tr>
<td>Other</td>
<td>3,1</td>
<td>-</td>
<td>2,1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100 %</td>
<td>99</td>
<td>100 %</td>
<td>116</td>
</tr>
</tbody>
</table>

Bold types indicate the parties that formed the government.
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Files 860 State Chancellery: no. 7685, 7704, 7907
Files 700, 169, Personal Files of Prime Minister Altmeier: no. 100

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