

## **Norms and reforms - The history of budget and accounting of Cities and Rural Municipalities 1862-1968**

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### **Abstract**

At the center of this study is the development of norms for the Swedish municipal budget and accounting in its historic context. By historic context, we refer here to the aspects of the course of history, which concern municipal expansion and institutional change.

The study aims at describing and explaining how and why reforms were made in the norms for budget and accounting within the municipal sector of cities and rural municipalities during the period 1862-1968. Why and how budget and accounting reforms were made or, more precisely, which factors were behind the development of the norms for municipal budget and accounting and whether regulations were put in place voluntarily or through state mandates, are the two questions that are posed in the study.

The reforms of the norms for budget and accounting, which are studied more closely, are the proposals, which were developed by the predecessors of the Swedish Association of Local Authorities, as well as the proposals for municipal financial statistics forms, which Statistics Sweden developed until the 1960s.

Based on previous research in the area, three hypotheses were formulated concerning how and why norms for the municipal budget and accounting change. The first one contained an assumption that the regulations around municipal finances and the norms for municipal budget and accounting follow the municipal expansion. The second one contained an assumption that the development of the design of the municipal budget and accounting system, occurs in an interaction between the state and the municipal levels. The third one contained an assumption that there was a difference in budget and accounting between the cities and the rural municipalities, but that these differences have been erased as the differences between town and country disappeared.

The study reveals that municipal expansion and institutional change have an impact on the development of norms for budget and accounting. The breakthrough of municipal business operations at the turn of century in 1900 and the periods of increased financing through borrowing and the accompanying attempts by the state to regulate the loan management were particularly important. The study also shows that the state and the municipalities through direct or indirect interaction have furthered the reforms of the norms of municipal budget and accounting. Finally it is shown that the difference between norms of the budget and accounting of cities and rural municipalities was reinforced until the 1940s only to be completely erased in a short period of time.

### **Key words**

Accounting, accounts, bookkeeping, budget, norms, municipalities, institutions, expansion reforms.