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## Time for Learning

Looking back into the rear view mirror, one can see that it has been a hectic spring as far as Nordic regional policy is concerned. In Sweden, Denmark and Norway important governmental reports have been submitted to the various parliaments focusing on the current functioning and future trends of this specific field of policy. In Finland, the entire direction and scope of regional policy is being dragged to the forefront of national attention, whilst in Iceland, a vivid debate over aggravated regional imbalances is taking place.

In this climate of change and reorientation the need to look into what others do and think should be obvious. For whereas the five Nordic countries naturally have to cope with the differing institutional frameworks within which they form their regional policies, the structural patterns as well as the economic, demographic and political challenges faced by all are similar in many respects.

In Finland, Sweden and Denmark the workings of the EU structural funds regime seems to be guiding the forging of this century's first period of national regional policies as this relates to the issues of scope and timing. In Norway and Iceland, on the other hand, the traditional 'club selection' from the regional policy "golf bag" of the 80s and 90s still seems to be the order of the day. One sign of this cleavage in political attitudes and fashions is that the term "regional policy" seems more or less to have fallen into deliberate disuse in Finland and Sweden, whereas in Norway and Iceland it still fosters some kind of enthusiasm in

segments of the population, and thus commands at the very least "lip service" from leading politicians.

In this light, current attempts by the Finnish government to mobilise the major urban municipalities into action in order to mould a national policy aiming at a better balanced settlement pattern nationwide could hardly be thought of as feasible in Norway. It has long since been the tradition for Sweden and Finland to be more centralised in their political approach than Norway. But with the added European dimension providing further differentiation, it now appears that the differences between Norway on the one hand and Sweden and Finland on the other are widening ever further, both rhetorically and in actual practice.

The case of Denmark is somewhat special. Having developed a more "continental-style" settlement pattern, and thus a less aggravated regional set-up, it is paradoxically Denmark that has best succeeded in letting its regions find their own future by granting them a surprising amount of institutional freedom. Consequently, Copenhagen harbours little paranoia over the possible choices faced by Danish regions in the wider waters of "a Europe of regions".

In the three "homelands" of Nordic regional policy, Norway, Sweden and Finland, on the other hand, the state is becoming increasingly reluctant to loosen its iron grip on the important bearings of regional development policy, with Sweden remaining the most typical case in this respect.

It thus remains an open question as to whether one could continue to speak of a "Nordic model" of regional policy in the light of such recent developments. However it is quiet clear that should the present tendencies be left to gestate any further, we may soon find ourselves in the situation where regional policy practitioners will need dictionaries when attempting to communicate with

each other across Nordic borders, not because of the well-known linguistic hindrances, but because of the fact that the "vocabulary" and practices of regional policy across the region is increasingly drifting apart.

As such, it is now obvious that the "institutional glue" that helped bond the Nordic countries together in the period prior to 1994 is not as strong as it used to be. That is however no excuse to simply neglect the invaluable lessons to be learned from one's neighbours. Moreover, in this respect the diagnosis given to many Nordic regions is rather similar. Demographic imbalance, inadequate infrastructure and a lack of economic growth impulses are thus as paramount to the image of regional Norden today as they have always been.

On reflection then it thus seems like a very bad idea to continue to go our separate ways without even considering the measures and paths chosen by our neighbours. However it seems like an even worse idea to let the old divisions from the struggle over EU-membership haunt the development of appropriate outlooks with which to meet these new challenges.

Arenas for learning should be in plentiful supply in this regard. Moreover, should we find the present arrangements for political and practical exchange insufficient, help is at hand. The emerging Interreg-programmes will thus it is hoped present opportunities for those wishing to reinforce such learning "impulses" in regional policy across Nordic borders.

As such, we have too much in common, and we share far too many historical experiences to neglect the often mundane, but sometimes vital lessons to be learned from each other in this regard.

# Hesitation before Regional Reforms in Norway

This spring has been ripe with Norwegian governmental reports dealing with different aspects of regional policy and administration. Their common underlying theme however has been one of hesitation in the face of large scale reform.

By Jon P. Knudsen

The debate has long since become a rather heated one, both in terms of regional policy per se and over the need for administrative reform more generally. A commission working on questions related to the tasks and numbers of counties, and what to do with the often heavily criticised county municipalities, submitted its split recommendation to the government last year. In April, of this year, the government presented its report (St.meld. nr. 31) to follow up on the commissions' work. In sum, the government, apart from undertaking to assume control of hospitals, has hesitated in proposing any radical reforms.

Rather it suggests that the county municipalities have gained a firmer grip on the regional planning system through attainment of a vetoing function as regards municipal plans. It further envisages that the county municipalities will take over responsibility for environmental issues, agriculture and some issues related to the national road network.

Reaction to these proposals from the parliament has been rather muted if not negative, the question being whether or not such changes will compensate for the loss of the secondary health care sector, namely the hospitals, to central control. It has already been decided that from 2002 onwards, hospitals will be owned and run by the state, not as has hitherto been the case, by the county municipalities.

Following an intense debate within the government between the minister of administration, Jørgen Kosmo, and the minister of local and regional affairs, Sylvia Brustad, on the competence of and need for a regional administrative level, it became clear that the present Labour government did not want to force a major set of reforms upon the counties, reducing their number from the present 19 + Oslo to five or six new regional units. Rather the counties and their respective county municipalities are urged to begin the merger process on a voluntary basis.

The conclusions emanating from these reform efforts have further influenced the compilation of governmental reports on regional policy (St.meld nr. 34) and on the development of The Norwegian Industrial and Regional Development Fund (SND) (St. meld. nr. 36) which are both merely cosmetic in their policy adjustments, though the SND is being somewhat redesigned to become more able to cope with the need for promoting innovation in the Norwegian private sector.

Nevertheless, the rhetoric of the regional policy report (St. meld nr. 34) is that of moving away from separate actions, both locally and as regards sectorial solutions, towards a more integrated policy action situation in both the measures taken, and the geographical target areas. The debate rumbles on however, particularly in relation to whether or not the government is really contributing to a renewal of the field of regional policy across the country as a whole. (See also page 11.)

## Danish Warning on Growing Regional Disparities

By Jon P. Knudsen

The Danish government has recently warned of the possibility of growing regional disparities in its annual regional policy report to parliament. Having long been a country of diminishing regional cleavages when it comes to social, demographic and economic performance, data collected by "Amternes og Kommunernes Forskningsinstitut" (AKF) on behalf of the Ministry of Interior Affairs, suggest that such harmonizing tendencies had finally come to an end.

For 1999 the indicator measuring the mean personal income across the counties (amter), portrays a wider spread of values compared to those of 1998. It would however be premature to conclude that this is a new trend pointing to an increase in economic inequalities rather than merely a temporary set back on the path towards a geographically equilibrated economic landscape.

In its conclusions to the parliament, the government praise the economic revitalization of a number of former so-called "problem" areas such as northernmost Jutland and the Nakskov-area. Current

demographic tendencies work in favour of the regions of Århus-Vejle and of Greater Copenhagen, though it should be stressed that the capital region experienced a slightly negative demographic "blip" in the period 1970-92. The renewed growth in this corner of the country is thus more welcomed than it would otherwise be in this light.

As was previously the case, the remote island county of Bornholm continues in its failure to show any significant signs of growth, leading the government to advocate a package of special measures to enhance the development of Bornholm as for a number of other smaller and less

populated islands.

At the level of principals however the government stands by its position to accord the counties as much freedom as possible in the pursuing of their own economic and social well-being. Indeed as the report itself notes; “The govern-

ment holds the view that no specific limits should be set for the way regions seek to develop in cooperation with other regions, the regional policy of industry and commerce seeking precisely to make use of local advantages.”

Contrary to regional reports presented in other Nordic countries therefore, the Danish report first and foremost evaluates the total regional impact of the various sectoral policies, which, in itself, is designated as “broad” regional policy.

## Swedish Labour Union Worried about Widening Regional Gap

The Swedish labour union (LO) worries more about the widening gap between urban and rural Sweden than about the possible threats posed by a globalised economy.

By Jon P. Knudsen

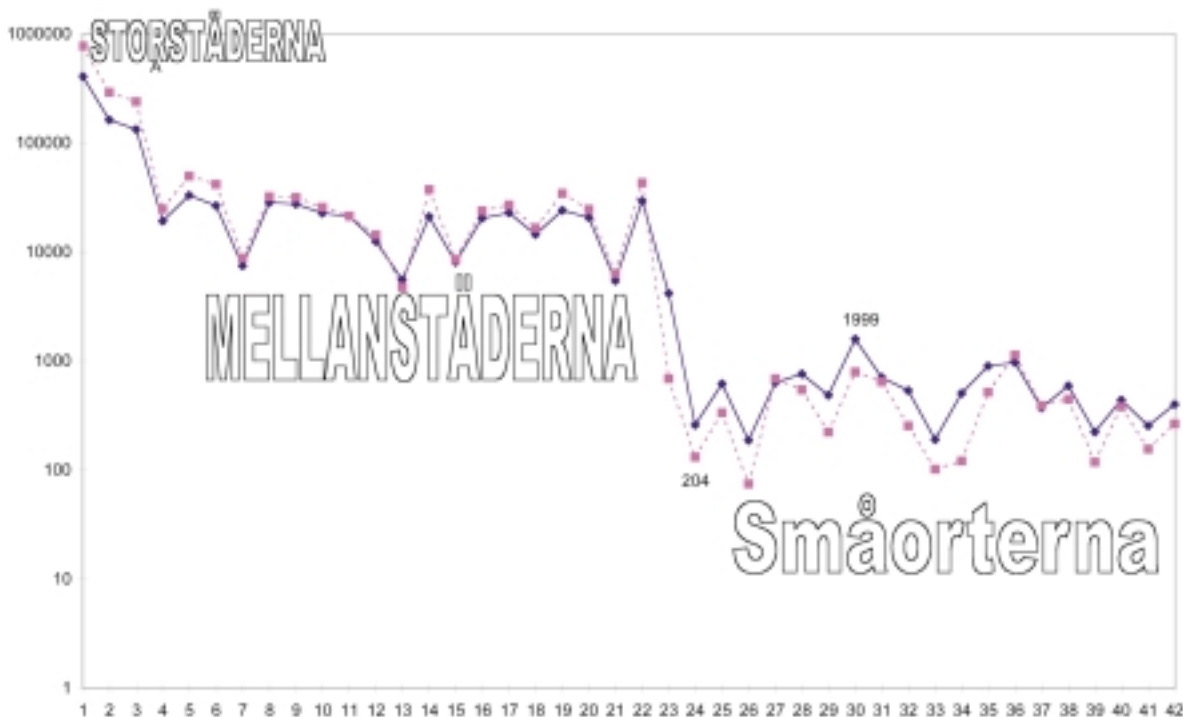
The biggest threat to the general welfare is the widening gap between urban and rural areas, between regions of growth and sparsely populated regions. This threat is far more serious than the threat of a globalised economy, which otherwise tends to be portrayed as the main obstacle to the further development of the Swedish model of social welfare.

This is the view of Sture Nordh, the powerful leader of the Swedish union of service workers (TCO), whilst the nature of his concern is amply illustrated by the emergence of a new report by Nordregio staff member Lars Olof Persson, and Ola Nygren of the Swedish Central Bureau of Statistics, entitled “The one-way directed Sweden” (Det enkelriktade Sverige), which deals with the future of settlement and employment in the regions.

In their report Persson and Nygren cast their gaze some 30–40 years into the future. Using various data on employment structures and population dynamics, they portray a society in which some 90 percent of the population either make their living from the service provision sector of the economy, or are directly dependent on the provision of such services themselves. Though, by this time, regional labour markets will have undergone a rather drastic alteration, in that the provision of more efficient communication links may have reduced the number of functional labour markets in Sweden down to around 40, from today's total of 109.



*Conceivable regional labour markets by 2040.*



Labour market profiles for 42 regional labour markets in 1999 and 2040. Number of persons holding a university or university college degree. Log-scale.

The differences between these remaining labour markets will however be rather more pronounced than compared to the present state. The authors describe a three-layered structure consisting of the three city regions of the Mälars valley, the Gothenburg-region and Scania as the most favoured region type. In these regions population dynamics will continue to be favourable as will the

Left behind however will be a number of minor, rather sparsely populated regions in various parts of the country. The common denominator among this region-type seems to be that of having an outdated occupational structure in addition to suffering from significant levels of out-migration. Some of these regions, such as the mining areas of the far north, may experience such a precipitous population decline that by 2040 the region will retain only one third of its present population.

It is obvious that the emergence of such a polarised situation inevitably puts the Swedish welfare model under pressure. And, it should be added, a more favourable demographic situation with more births and a substantial rise in the number of immigrants will only alleviate the problem to a small degree, the basic problem being the regional disparity in economic outlook and social and physical infrastructures.

Little wonder then that the TCO-boss is keen to draw our attention to this issue. For it is his future members who will form the core of the work force in these peripheral areas. Moreover, it should be noted that we do not speak here of militant miners, or of traditional working class pioneers, rather we encounter here a heterogeneous spread of service suppliers not known for their militancy, these are the people who will man the front lines of the new service society in the geographical backwaters of the future.

Economic activity in these regions will increasingly hinge upon the production and consumption of the various social services demanded by an aging population. The problem will then be how to attract sufficient labour

to staff the service apparatus needed to maintain a decent standard of service provision across the regions. The encouragement of domestic commuting may however provide one way of solving this problem.



Sture Nordh



Lars Olof Persson

labour market. A medium type of region will also fare rather well offering a wide range of services and job opportunities. Such regions are mostly to be found in southern Sweden, and in the southern part of the northern coastal band.

# The Immigration “Threat” that Never Materialised

By Jon P. Knudsen

With the “fall of the wall” and with it the Soviet empire, many people foresaw a major influx of immigrants from Russia, Poland and the Baltic States into the Nordic countries. Though Sweden and Finland in particular suffered from a period of high unemployment in the early 1990s, the situation at the end of the decade was more one of the constraints imposed by emerging bottlenecks in the labour market than one characterised by structural adjustment. However, democratisation notwithstanding, wage levels and the level of professional opportunities remain strikingly different across the eastern shores of the Baltic Sea.

A recent analysis of labour market data and registers of immigration undertaken by Nordregio’s Lars Olof Persson and Jörg Neubauer however establishes a rather different picture.

Though there was a rise in immigration levels from the eastern Baltic Sea countries to the Nordic countries at the beginning of the decade, the pace of immigration has slowed significantly towards the turn of the century. For the time being, the level of immigration for example to Sweden from Russia, Poland and the Baltic States is comparable to that of immigration inflows from other Nordic and Northern European countries, with the positive exchange balance figure for Sweden being below 1000 persons net per year, and per country.

There is a tendency for young people from the Baltic States who have relatives in Sweden to emigrate, and there remains a small though noteworthy stream of highly educated young people from Poland and Russia who continue to come to Sweden in order to seek a better future. Thus one can speak of two distinct patterns of, and motives for,

migration. There is however no sign of the labour force “avalanche” that some feared in the aftermath of the breakdown of the Comecon economies after the fall of the wall. In this respect, the experience of the massive Finnish emigration to Sweden in the late 1960s and the early 1970s is a phenomenon that does not appear to be repeated – where the former Comecon countries play the role once held by Finland as the main supplier of labour.

Future patterns are of course notoriously difficult to predict. A growing demographic imbalance within the Nordic populations themselves may however demand substantial levels of immigration, in order to provide for the necessary labour and tax base needed to maintain the traditional welfare model. But whether this immigration inflow will come from across the eastern shores of the Baltic Sea however remains to be seen.

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# The High Temperature Planning Debate in Iceland

The question of physical planning is rising to the forefront of public debate in Iceland. The nature of the question is however twofold, that is to say, both urban and rural.

By Jon P. Knudsen

“Icelanders are, by historical circumstance, rarely willing to subscribe to the logic of planning.” That is why in ancient times we left Norway and the political claims of its kings, says Sigurður Guðmundsson, head of division at the National Economic Institute of Iceland, and a Nordic veteran of regional policy and physical planning, when he approaches the question of how to describe the present planning debate in Iceland.



Sigurður Guðmundsson

This debate has two foci, one urban, the other rural. The urban question has much to do with how to handle the growth of the Reykjavik metropolitan

area. Holding approximately one half of the country’s 280.000 inhabitants, the metropolitan area of Reykjavik is growing at such a fast speed, much to the detriment of the rest of the country. Apart from the discussions on regional policy that this development sparks, it has also created a vivid debate over land use, municipal borders and the increased need for comprehensive planning in the area.

## The Domestic airport

Given its present borders, the municipality of Reykjavik is searching for new land to expand its building activities in order to accommodate its growing population, and its gaze has fallen squarely on the domestic airport area situated within the city boundaries. In what was ultimately a very close referendum it was recently decided that this airport should be closed by 2016, with the subsequent removal of all domestic air traffic to the present international airport at Keflavik.

In so doing, a vast area of building ground close to the city center would

fall to the disposal of the local authorities for the purposes of urban development. Opponents to the scheme are however numerous. The state authorities, together with regional interests throughout the country, fear that re-locating the domestic air node from Reykjavik to a rather distant Keflavik will harm the accessibility of the periphery and bring many domestic air links below the threshold of economic profitability, current similar experiences from Norway relating to the removal of the Oslo’s main airport from Fornebu to Gardermoen is often cited by opponents as an example *not* to be copied.

The future of the domestic airport is therefore bound to be at the heart of the planning debate for the years to come.

## Greater Reykjavik planning

Whereas the airport debate has been one of tension and frozen positions, organizational efforts to make the various municipalities in the Greater Reykjavik Area co-operate have been more rewarding. Whilst in the 1960s the municipality of Reykjavik attempted to plan for the whole region without even consulting its neighbouring communities, such practices have now ceased. Indeed, planning activity has been shifted to the highest political level thus engaging the municipal directors of the communities within the Reykjavik area. Meeting once a month, they have managed to create joint services and establish common authorities within such sectors as the provision of public bus services and fire brigades.

– This rather informal and personal attitude to regional planning has proved to be highly dynamic and successful, concludes Guðmundsson, foreseeing that new proof of its continuing success will be available for all to see in the forthcoming months.

## Rural Iceland

The planning concerns of the countryside are however quite different to those of the capital. In brief they can be summed up in posing the questions “who really owns the

Icelandic countryside?”, and which strategy should be followed as regards land-use? There is no national planning level in Iceland, and only limited parts of the country are covered by municipal plans. Beginning in the south of the country and working its way all across the country as a whole, the state, following a legal bill dating from 1998, sets out to claim jurisdiction over land that is not clearly and intensely used for other activities. Much of this land is located in the uninhabited interior of the country.

This political move has hit a particularly “raw nerve” among farmers, who claim that they have historical rights to land use in the interior; indeed many of them maintain that they have old legal documents that substantiate their case. Numerous and lengthy trials are foreseen, as the state initiates efforts to formalize ownership, especially in areas where the traditions and interests of an extensive agricultural land-use community remain strong.

In addition to this concern is that of the increasing interest in developing the interior for both touristic and industrial purposes. Perhaps most notorious in this regard are perhaps the plans drawn up for a gigantic hydroelectric power plant in the east of the island, designed to support a planned coastal aluminum smelter complex to be set up by Norsk Hydro. This is a case that has every constituent of a classical “planning thriller”.

But whereas the power plant case is reported upon even by the foreign media – and dubbed the big planning “battle” in rural Iceland – the more fundamental, though tacit battles, over the status of these parts of the country will in reality be fought out in court.

– “Remember that Iceland has a lot of space. Some of the biggest farms equal areas on a par with the state of Israel,” Guðmundsson points out to illustrate the values that are at stake.



# Sovereignty Means Local Democracy

By Sjurður Skaale  
*Editor of Fregnir*

The Faroe Islands – currently a home-rule area within the Danish Kingdom – are heading for independence from Denmark, and thus towards the establishment of a sovereign Faroese state.

For three years, the Faroese Government – backed by 60% of the Faroese Parliament – have



Sjurður Skaale

tried to encourage a serious dialogue with the Danish government over the setting of the necessary conditions for such a step to occur.

The Danish Government has however continued to drag its feet over the issue, and as a result, proper negotiation structures have never really been put in place. Indeed, not only have the Danes been reluctant to enter into serious discussions on the matter, but they have also reneged on many of deals and promises that have been brokered over the years. The Danish Government has also seen fit to deny the request on the part of the Faroese for the deployment of international observers to follow what is happening on the ground, thus confirming that everything takes place in accordance with international law, and that the rights of the Faroese nation are not violated.

Such policy choices on the part of the Danish Government have thus caused deep political rifts between Denmark and the Faroes.

The Danish position is of course, understandable. No Prime Minister wants to see the size of their country reduced whilst in office.

Should of course the Faroese get their independence, similar claims may however be forthcoming from that other Danish “colony” – Greenland. Indeed, it is this particular scenario that Danish political elites find most worrying, for without the Faroes and Greenland territories, Denmark would suffer from a considerable diminution of its international importance, and would simply revert to being an insubstantial, semi-peripheral continental European country.

Thus in this light, if the Danish Government can successfully contrive to stymie moves towards Faroese independence without incurring the wrath of the international community, they will naturally continue to do so.

What, on the other hand, is rather more difficult to understand, is why the 45.000 people of the Faroe Islands want to secede from Denmark in the first place.

In this article I will try to explain the reasoning behind such aspirations.

## Globalisation and the ordinary Citizen

The current or trendy buzzword of our day is globalisation.

This is a process which allegedly sees national and other boundaries losing significance, opening up the world to the pursuit of new opportunities at every turn.

Fundamental to this discourse is the belief that technology alone can lead us towards a brighter future, and thus that a new “promised land” can be attained simply by “going with the flow”. The mentality of the early twentieth century seems to be taking hold again – an almost blind faith in progress shaped by technology, science and market forces – with people apparently driven along by the “tide of history” encompassed in such forces.

The past century and all its mishaps however should have taught us the salutary lesson that reliance on technology alone can-

not provide sustainable and peaceful societies.

As such, it is likely that nothing positive will be achieved simply by slavishly following trends.

The challenge is to make sure that human values - the values of ordinary people - are the values that shape the trends and determine the course of technological development.

If however we do not ensure this, then the pursuit of a “progress” un-grounded in human values and dignity can become as much a disaster as a blessing.

The question is – how do we ensure that we are not left behind as individuals, and as nations?

How do we ensure that the voice of the ordinary citizen continues to be heard?

How do we use the opportunities that globalisation throws up to safeguard real democracy?

As such, the desire to establish a sovereign Faroese state is the Faroese way of trying to meet these challenges.

## Weaknesses in the home rule system

We cannot meet these challenges within the existing Home Rule construction, because it does not ensure us control over our own affairs, and causes many fundamental problems. Examples of this are as follows:

– In the area of defence policy, for example, the Faroe Islands have been used for various strategic defence purposes without the knowledge or consent of the Faroese people. Denmark has continually used the Faroes as a bargaining chip in NATO without consulting the Faroese people.

– In the area of foreign policy, the Danish Minister of Foreign Affairs represents Faroese interests internationally, albeit with very limited Faroese influence. A government we have not elected speaks and votes for us – often without regard to our views.

– As a Danish Home Rule territory, under the Danish state, we are not considered to be the equal of other countries, and as such we are denied direct access to cooperation with other countries, and to membership of various international organisations.

– Denmark is becoming steadily more integrated into the EU. Matters controlled by Denmark on behalf of the Faroe Islands are continually being transferred to Brussels, where Faroe Islanders have even less influence than in Copenhagen.

– In cultural terms, we see ourselves as Faroe Islanders. Not as Danes. We consider ourselves to be a nation, not a national minority in Denmark. But in international affairs, we have to change our Faroese hat for a Danish one, because in the international context we do not exist as an independent entity. This is not consistent with our national and cultural reality.

– In economic terms we have lived off support from the Danish state for many years. This will however no longer be the case when we become a sovereign nation. It is of course an enormous and difficult step for a people to take - to say “no thanks” to external financial support. But it is not healthy to live on charity. It does not inspire a sense of responsibility. It does not promote progress and initiative. It prevents us from developing our own potential to the full. It creates a culture of subsidy which cannot be the basis for a healthy and vital economy.

### **The future in our own hands**

Except from the constant political disputes over independence, relations between the Faroe Islands and Denmark remain generally cordial. Indeed have good reason to maintain good relations with Denmark – not least because of the 15.000 Faroe Islanders living in Denmark.

For too many years now the

relationship has been tainted by disputes over power, responsibility and money – all of which are the inevitable result of the particular model of home-rule used in the Faroese case.

When the Faroes become fully independent, our relationship with Denmark will be on an equal footing and we can bury the battle-axes, so to say. Only then can we cooperate with Denmark on issues that unite us, instead of arguing about issues that divide us.

The purpose of Faroese sovereignty, then, is to take the future into our own hands, and in doing so, to assume a responsible role in the world.

As a small nation we will have to learn to negotiate our own course in the new international environment .

We cannot do this by letting Denmark take the lead for us whilst we simply follow along in step behind them.

We have to open the doors to our own future. But we must also take the wheel ourselves and set our own course.

We must make sure that our people have as much influence over their own affairs as possible. This is the best way to maintain our identity in the international community.

### **Small is strong**

Small societies are more often as not characterised by their limitations as much as by their closeness and intimacy, with the attendant disadvantages that these can have. “Closeness” in this sense can create barriers – political, social, economic and cultural.

But such “closeness” is also the strength of small nations.

We can see the whole and we can see and feel the consequences of our actions.

We can see the economic connections. Business life is not something distant and foreign – we can follow the movement of capital and the use of our natural resources on a personal level, every day.

In social terms, the intimacy of our communities provides a secu-

rity net, which ensures that no one is ever completely left out.

Culturally our closeness gives us a strong sense of identity and provides the inspiration that bears fruit of such a rich variety.

Politically our “closeness” is the basis of real democracy, where individual citizens feel that their voices count, and that they can make themselves heard.

Small nations have available to them all of the prerequisites for creating real democracy, and for inspiring engaged and active individuals to work together to create societies that are not opposed to, but in harmony with, human values.

But in order to make the most of the opportunities that a small society has available to it, real political power must be in the hands of the people.

This is precisely the goal of the radical process of democratisation we are working on in the Faroe Islands.

The ability to provide ordinary people with the most power possible, is the ideological fundament of the plan for full Faroese self-determination.

Globalisation is the current organisational logic of international relations.

As such, local democracy is the framework within which the Faroe Islands can best confront the challenges of globalisation. Is is simply the best way in which we can try to maintain control over our everyday circumstances rather than being controlled by them.



# The Minister and Her Critics – This Issue: Norway

Regional policy is a well-established political tradition in the Nordic countries. At the same time, though, it is in its making or, rather, remaking. *Journal of Nordregio* sets out to catch Nordic regional policy at its cross-roads. Starting with Sweden in our first issue, we this time go on to investigate the dynamics of this political field in Norway. Under the label “The minister and her critics” we present interviews with Sylvia Brustad, Guri Størvold and Åge Mariussen, all holding differing views on which course to follow in the years ahead.



Sylvia Brustad

Sylvia Brustad:

## – “We Must Dare to Loosen the Grip of the State”

She was described as a politician highly dedicated to the Norwegian Labour party, to the issues of housing and municipal finance, but her first big political battle after entering the Labour cabinet as minister for local and regional affairs was to be over regional policy.

By Jon P. Knudsen

Two months ago her government presented two reports to parliament, one on the functioning of the regional level of administration, the other on regional policy. They will both be vigorously debated over the summer. Moreover, though both reports have been being heavily criticised by many for being too modest in their recommendations, the minister herself is satisfied:

– For the first time we must dare to loosen the grip of the state. The state has thus far been too active in controlling and regulating, we now offer the county municipalities the opportunity to form their own future. That means more freedom, but also more responsibility. We need strong regions and better services, but we should also see to the welfare of the small communities in the peripheries. We should trust local and regional politicians in these matters. They are capable of knowing what suits their constituents best.

– *But you are not prepared to go as far as the Danes, and let the regions have more or less complete political freedom?*

– If we get regional mergers on a voluntary basis, I am prepared to offer more, first and foremost in the communications sector. But I stress the point of voluntary procedures.

– *Even when it comes to the delicate situation of Oslo and Akershus?*

– Yes I have no intention of forcing people. I suppose that those living in the metropolitan area of Oslo and Akershus are the people that feel most disadvantaged by the present situation.

– *Initially you wanted the number of counties reduced to around 5 – 8 regions, do you still cling to that ambition?*

– That was in the context of the old structure, with the hospitals in the hands of the county municipalities. With a new model of hospital management in place, this is no longer a prerequisite for the future regional structure. It is now up to the counties themselves. But clearly, fewer regional units means more power concentrated in each. There are some juicy “carrots” available here for those who want to start

the process of fusion rolling.

– *You have stressed that the county municipalities will get more responsibility for regional development, are you willing to give them control over such strategic sectors as research and higher education, sectors which play a crucial role in shaping the societies of the future?*

– This is perhaps too big a step to take at this stage. I have thus not considered doing so at this time.

– *How many county municipality mayors have come begging to the get the “fusion” process, as you put it, started?*

– Not many, but there have been some initial contacts made.

– *During the spring there has been what some label as a “riot of the periphery” taking place in Northern Norway, how do respond to that?*

– I do not see it as a riot, more as a sign of commitment. But at the same time I do ask those forwarding this agenda, what are the alternatives to our measures? We have taken several steps to alleviate the situation in the periphery. First

we have made it clear that new state bureaucracies will be located outwith Oslo. Then we have gone through all of our political measures to see how each could be better matched to local needs. And finally we have focused specifically on the towns of Vardø and Vadsø to see if there are any special arrangements that need to be made in order to help them through a difficult transition phase.

– *Do people in some parts of the country demand too much?*

– We have to see to it that the various municipalities offer what people want and need when it comes to jobs, culture and services. But, clearly, it is not possible for a municipality of say 1500 – 2000 inhabitants to offer everything.

– *Are you tempted by the Swedish solution of subsuming the most peripheral and most sparsely populated parts of the country under a special authority such as the “Gläsbygdseverket”?*

– On the contrary, I intend to make use of the instruments of the broader regional policy in order to safeguard the livelihood of small communities across the country.

– *Speaking of which, do you continue to see yourself as minister of regional affairs when it comes to dealing with those policy sectors headed by other ministers?*

– Certainly.

– *And what about when local mayors complain over cuts in state employment opportunities in their communities?*

– It is rather similar situation to that of the structural cut backs in the Swedish armed forces a few years ago, which aroused the anger of a lot of local politicians. Many were eager to paint a gloomy picture of the future, while others simply got on with the task in hand, recognising possibilities where they presented themselves. It is important to undertake a period of positive reflection in such challenging times. Continually voicing concerns over impending crises – either real or imagined – often simply means

“bad marketing” for the communities concerned.

– *It is no secret that you disagreed with your fellow minister Jørgen Kosmo over the future of the county municipalities, he wanted them to disappear, whereas you wanted them to have more responsibility. Do you fear the resumption of this question?*

– I don't think so, it would not be very wise to return to this question again. In fact, what were the alternatives? To let the state take a firmer grip on the local production of services and decisions? I don't see that as a fruitful solution. I believe that there is a majority favouring our model, and that we will, in the fullness of time, have settled the question. As soon as parliament backs the report, bills will be written and proposed.

– *Before Christmas?*

– I don't rule that out.

– *And then you shall set out your stall for a major municipal reform reducing their number substantially?*

– No, that is not what I intend to do. I believe in voluntary procedures here as in the question of the number of counties. But that does not prevent me from anticipating different structural arrangements in, say, ten years from now. There are also however alternatives to mergers. Municipalities can cooperate and share service production. We really have to think in new categories and terms now. We have changed the income system so as to favour those municipalities who seek to merge. They will be economically rewarded.

– *Concerning municipalities and counties, are you looking to set up any particular experiments or models?*

– No, I want solutions on a permanent basis. We already have enough knowledge to form our decisions.

– *When you became minister for local and regional affairs, your predecessor was the leader of the*

*Centre party, Odd Roger Enoksen. Regional policy is the main focus of his party, did you ever feel pressured into feeling the need to live up to this heritage?*

– No, there are some differences between us, and I do not mind emphasising them. The Centre party concentrates more on the narrower aspects of regional policy, whereas I like to stress the necessity of a strong local economy and a policy favouring the living conditions of young people. I'm as concerned about the regions and the periphery as Enoksen, but my angle of approach is slightly different. My view is broader, so to speak.

– *After the passage of the reports you delivered to parliament this year, can we take it that there will be no further reforms for some years to come?*

– Not necessarily, but what comes next is a sequence of deepening and more detailed political action, says Brustad.



Guri Størvold

Guri Størvold:

## The Belief in Success Is Gone

When the three-party government of Kjell Magne Bondevik ascended to power in 1997, Guri Størvold was part of the Centre party task force that entered the ministry of local affairs, added “regional” to its name, and set out to make regional policy its prime preoccupation.

The ministry was manned by the party leader, Odd Roger Enoksen, its ideological guru, Per Olaf Lundteigen, and several other important figures from the inner circles of the Centre Party. Among them, the then barely 20 year old political adviser Guri Størvold, who was noted as a name for the future. Today she still works as a political adviser to Enoksen, this time in the parliament. Speaking of the present debate on regional policy and the regional debate more generally in Norway, Størvold finds it difficult to come to terms with the intentions of the new government:

– I am having problems with reading the latest reports from the government in this political field. I cannot readily ascertain their true intentions, if indeed there are really any clear intentions behind them at all.

– *You do not then envy the work of the new minister?*

– I appreciate her invention of the word “småsamfunn” (small(-scale) society). It sounds good and has a positive value attached to it. It is much better than terms like “district” or “periphery”. But, then, it is what hides behind such words that really matters. And in that respect I am disappointed.

– *What is your biggest disappointment?*

– That there is no longer any enthusiasm or optimism to be seen. When we entered the corridors of the ministry, it was as if we were carried in on a wave of hope and fresh thinking, none of which is left. There was a feeling that anything was possible, of everything being within reach. Such a feeling no longer persists. Little ambition remains to reverse the paths of migration. The belief in success is gone.

– *Where would we have been today had you still been in office?*

– Trends are not easily reversed, though I firmly believe that we would have seen more migration to the periphery. If only two of our projects had been prolonged, it would have affected the situation significantly, I am speaking of locating state jobs away from Oslo and of reinforcing the county municipalities. Sylvia Brustad is not specific when she speaks of moving jobs to other parts of the country. We were prepared to move 17 000 of the 35 000 government and other state jobs in Oslo to other locations over a set period of time.

– *Contrary to the wishes of those occupying these jobs?*

– There are few problems associated with finding a new job in Oslo. Besides many of those working in the capital area have their roots in other parts of the country and seek opportunities to be able to return. Concerning the county municipalities, they should have been reinforced rather than being weakened as has occurred. Our intention was to strengthen their position in the geographical administrative system. I have followed the debate on the number of counties, and on their status, and one thing I cannot understand is why someone who does not believe in a system of 19 units should believe in a system of five.

– *The municipalities and small-scale politics seem to be of greater importance to your party, though, than the battle over the county structure?*

– Yes, this is so because of the potential impact that the municipalities can have to the issues that matter in people’s everyday lives. That does not mean to say however that the battle over the counties is unimportant.

– *Prior to the 1997-election your party propounded a societal vision entitled “annerledeslandet”, basically that countries were totally different from each other in many respects. There is no word of this now. Why is that?*

– Many curious interpretations of our ideological stance existed. Most of them were wrong. We still point towards a different direction when it comes to regional policy together with the Socialist Left Party and perhaps also the Christian Democrats, but this is obviously insufficient in order to mobilize the majority of voters. In times like these when leading politicians compete to lift economic burdens away from the electorate, I get frustrated. I understand the message about environment and regional policy no longer being “in vogue”, but frankly I am disgusted by people who continually complain about taxes and costs. The only legitimate complaint that I will subscribe to is the increase in the price of electricity.

– *But don’t you see that your own policy of decentralisation generates a lot of communication and traffic, and that a more centralized settlement pattern would be better for the environment?*

– There is more to the environmental question than levels of CO2 emissions. Environmental organisations such as “Natur og Ungdom” support a decentralised society stressing values such as safe food and a healthy landscape.

– *When will we see the rivers running upstream? That is to say, when will we see a reversal of the migrant flow to the cities?*

– This is obviously a difficult question to answer. There are of course municipalities that will never be able to increase their number of

inhabitants. But their demographic situation can never be less be stabilised. And one thing is for sure, regional centralisation is no solution, regional centralisation weakens the outskirts of any given region. We also have to consider defending the sub-municipal level in this respect. We have already witnessed a deterioration of living conditions and service provision when post offices and shops disappear from local communities. Combining both may appear to be fine in principle, but in reality such a scheme has significant drawbacks. Such “Post Offices” cannot send parcels to foreign countries, they do not sell tickets to concerts and other events, and they refuse to act as agents for the state liquor shops. To give but one example, from the most remotely inhabited corners of Fyresdal in Telemark, there is now three hours driving time to the nearest “manned” post office. This I judge to be simply unacceptable.

– Is the reversal of this process simply “wishful thinking” on your part?

– No it is not. We inhabit this earth not the skies above, and we have proven that we are able to change society through what we can achieve in government. Centralisation is not the law of nature, it is man-made, or more precisely, it is politically constructed. We have just received an analysis from the firm Asplan/VIAK outlining the disproportionate amount of money invested in Oslo and its surrounding environs. No wonder the capital area is a region of growth!

– *How do you view the emerging coastal “discontent” in Finnmark?*

– I admire those women heading it, They work hard and I really hope their struggle will lead to some success. We need something big and promising to guide us, such as, for instance, a programme designed to move thousands of jobs out of Oslo.

– *What about the central areas, what do you have to offer them?*

– They need an investment programme targeted at the primary schooling system, and in that respect the centrally located municipalities, in common with all other municipalities in the country, are in need of a better financial framework. I do not agree with those who say that we should change the municipal income system so as to favour the centrally located municipalities which would be to the detriment of those located in the periphery. All municipalities need to be able to attain a better economic situation, regardless of geographical location.

– *At the end of the day however, you must be somewhat happy to see Sylvia Brustad and not Jørgen Kosmo head the ministry of local and regional affairs.*

– You bet!



Åge Mariussen

## Åge Mariussen: We Are in Desperate Need of Learning!

He has witnessed the “ups and downs” and the “ins and outs” of Norwegian regional policy for years. Formerly working in Bodø and now based at Nordregio in Stockholm, senior research fellow Åge Mariussen has the rare opportunity of looking at this particular field of politics from two angles, he thus combines the insights of the insider with the knowledge of the outsider.

By Jon P. Knudsen

It is therefore more than appropriate to ask him whether the regional reform package brought forward by the government this spring has on it the imprint of success.

– The discussion, Mariussen answers, goes to the question of responsibility for the national and the regional political levels in Norway. This is a dilemma, which is rather clearly illustrated by the extensive developments in neighbouring Danish administration where the regional level, the “amtskommuner” have received more and more autonomy over the years. In order to understand the Danish experience, we have to go

back to the late 1980s. At that time, state finances were in a miserable condition, and the regional imbalance almost zero, the metropolitan area of Copenhagen exercised almost no “pull-effect” on the domestic migration scene. Little wonder then, that the regions were left to their own devices, as the freedom of political conduct went hand in hand with the responsibility for services and budgets.

– *Why is this model so hard to copy in Norway, or, for that matter, in Sweden?*

– Firstly the geography is different, as is the regional balance of migration and interests. Besides, we can talk of a tendency in northern or

eastern Norden to identify the state as a legitimate addressee of any social or economic problem. It thus may be that we can speak of an ideological cleavage of a historic nature in this regard, and moreover, one that is not easily done away with.

– *How should this dilemma be dealt with, then?*

– It would have been wise to define more closely the boundaries of responsibility, such as letting the state guarantee a certain standard of welfare and giving what remained – the realm of regional development – to the regions, i.e. the county municipalities. It remains a problem even to this day to establish such a distinction. The Norwegian experi-

ments of the 1980s and 1990s where they let the county municipalities have more responsibility, and where they attempted to construct regional development schemes (RUPs) both point in the right direction, but remain seriously lacking in both scope and amplitude. The impression left is that this whole political field is open to the vagaries of “ad hoc”-practice.

– *Why is it so difficult for it to gain momentum?*

– It seems that there is too little effort and too few interests invested in the processes. It takes more than the “cherry-picking” of a few themes and budgets to construct fully-fledged regional programmes. More energy has to be infused within such processes to make them become more than empty formulas and share rituals.

– *How can this be done?*

– By allocating more resources to the programmes. Look at the EU, if we had copied their ability to couple substantial resources, programme work and sector budgets, the results may have been rather different than the realities of today.

– *Add to this the national debate on geography and boundaries. Do we need fewer regional units, or is the number of counties in itself irrelevant?*

– That is a difficult question to answer. It depends on one's intentions. Some theories on endogenous regional development underpin this way of thinking. In any case however regions will always need some kind of functionality. Some problems can be solved at a lower “regional” level, some however benefit from being addressed at a higher level, whereas others should be dealt with at an even higher, but still sub-national, level. The Finnish regional schemes do it this way, they are very flexible when it comes to geography. Each Programme may itself be a part of a more extensive programme and so on.

– *What prevents the Norwegian government from acting in this way?*

– One overwhelming problem is that each and every ministry has its own regional policy, as do some of the national agencies and even the national research council. This pro-

blem pertaining to the organisational structures of the state however fundamentally impacts on the county level. Perhaps the state could start by stating its own overall regional policy? The national transport plan, to mention but one example, has important regional consequences, but it has been conceived without due consultation with the regional planning processes taking place across the various county municipalities. This perfectly illustrates the problem of implementing a nationally fragmented regional policy.

– *Isn't this how it more or less operates in every country?*

– If Norway had been part of the EU, it would have been forced to act otherwise in order to make use of European funding for regional development. Better integrated policy regimes would thus have been a necessity. What is at stake now, is the whole regional administrative system, the prognosis of its rapid weathering being plausible. We should decide what we want, either to remove the system in its present form or to let it flourish.

– *Why did Norway come this far, or rather, how did we manage to get into such a remarkable state of regional sclerosis?*

– When it comes to such questions, much that passes for reflection on such matters in Norway, academic as well as practical, has failed miserably to transcend the parochial. As such, such “debates” are often far removed from those which take place in other countries, and particularly those that take place within the context of the EU. We therefore find ourselves trapped within an essentially closed, self-referential system. We are thus in desperate need of a healthy dose of “learning”. Especially when it comes to the paradigms of the so-called learning regions.

– *You now enter the dangerous waters of the EU discussion, don't you?*

– Not at all. We should not be prevented from learning, regardless of our personal political stand in the EU debate. I do not favour the complete duplication of the European structural funding-system, but there are important parts of it that could clearly have been adopted by the Norwegian policy makers.

– *What then of “demography”, a sacred question in the Norwegian context?*

– The Norwegian demographic situation has always been one of significant fluctuations. Contrary to popular belief, it has never exhibited a stable and settled nature. Norwegian demographic trends have thus been in a constant state of flux. As such, I would thus prefer to utilise more subtle analyses which acknowledge that it is possible to have successful economic development even in a situation of local and regional net out-migration. The northern town of Kirkenes is a good example in this regard. Many people left when mining was abandoned, but at the same time, the community flourished anew, making use of other economic resources. It is thus rather unhealthy for a society always to be measured against some standard or other of population growth.

– *So then, ultimately what do you wish for?*

– A climate of debate on regional issues where the whole debate is anchored in the context of some form of agreed national preconditions. Moreover, such preconditions should be clearly demarcated across the divide between the national and regional political domains. Many countries manage to have policies that deal with their future spatial patterns and spatial developments. Why can't we?

# The Nordic Interreg III Programmes

The EU Interreg-programmes are the main community instruments for enhanced cross-border and transnational cooperation in Europe. In what follows we present an overview of the the Interreg IIIA and IIIB programmes for the Nordic countries covering the programme period 2000-2006.

By Merja Kokkonen

## Interreg III Strand A

The purpose of the A strand programme is to enhance cross-border co-operation between neighbouring authorities, which is intended to develop cross-border economic and social centres through joint strategies for sustainable economic development. The Priority topics under this aim include:

- promoting urban, rural and coastal development
- encouraging entrepreneurship and the development of small firms and local employment initiatives
- promoting the integration of the labour market and social inclusion
- sharing human resources and facilities for research, technological development, education, culture, communications and health to increase productivity and to encourage employment sustainability
- encouraging the protection of the environment, increased energy efficiency and the promotion of renewable sources of energy
- improving transport, information and communication networks and services and the water and energy systems
- increasing human and institutional potential for cross-border cooperation to promote economic development and social cohesion

The first Interreg III programmes accepted by the Commission in March-April 2001 were the Nordic Kvarken-MittScandia and Skärgården Islands programmes.

## Kvarken-Mittskandia

This programme area consists of Ostrobothnia and Central Ostrobothnia and the adjacent area of Southern Ostrobothnia from Finland, the county of Västerbotten and the municipality of Örnsköldsvik from Sweden and Helgeland region of Norway.

The vision behind the programme is to develop the Kvarken-MittSkandia region into an area of good traffic connections, active co-operation and a great sense of community. To this end, the programme maintains a strong emphasis on ferry traffic connections between Sweden and Finland and improved connections to Norway.

The programmes two priorities are:

- Common functions – infrastructure, communications, qualification
- Common values – environment, culture, tourism

The total budget for the programme is around 57 million euros. The secretariat is hosted by

Kvarken Council, whilst Västerbotten County Government has administrative and financial responsibility for the programme.

## Skärgården Islands

The programme area consists of: the islands areas of Åland, Varsinais-Suomi and Länsi-Uusimaa in Finland and the island areas of Stockholm, Uppsala and Södermanland in Sweden

The basic vision behind the programme is to make the region “as well known as the Alps”. The aim is to develop the region into a balanced, active area that has good traffic connections, whilst cherishing its traditional values, undertaking sustainable development and offering quality services and memorable cultural experiences to people living in or visiting the region.





The programme will fund projects under two strategic priorities:

- Economic development – developing the potential of local tourism and the economy by concentrating on marketing and expanding the local manufacturing base, both of which are essential to the stimulation of business activity and employment across the area
- Environment and society – seeking to provide appropriate solutions to the problems faced by a vulnerable environment and the challenges posed by social change

The total amount of programme financing is around 19 million euros. The management authority is Åland Regional Council.

#### Southern Finland Coastal Zone

The programme area consist of the regions of Varsinais-Suomi, Uusimaa, Itä-Uusimaa and Kymenlaakso with the adjoining regions of Kanta-Häme and Päijät-Häme from Finland, and Estonia (as a whole unit). It is undertaken on the

basis of being a joint programme for the Southern Finland Coastal Zone Interreg IIIA Programme, and the Estonian Phare CBC Programme.

The strategy is based on three basic priorities (a further identifiable priority being technical assistance):

- Networks of local and regional administration, aiming at the sharing of experience in particular in relation to Estonia's process of accession to the EU.
- Improving the preconditions for employment and competitiveness, aiming at the strengthening of the programme area as a market area, and the improvement of the preconditions for employment and competitiveness through the support of development in the fields of expertise and knowledge, the operational environment for local enterprises, tourism, transport and communications
- Protecting and improving the common environment by co-operating in the protection, monitoring and improvement of the local environment.

The estimated expenditure for the programme is 31,40 million euros.

#### South-Eastern Finland

The programme area consist of the Southern Karelia, Southern Savolax and Kymenlaakso regions, the partner regions in this case being St. Petersburg and Leningrad Oblast from Russia. The principal traffic connections between Finland and Russia go through this region.

The strategy is based on three priorities (plus technical support):

- Development of traffic connections and the natural environment
- Development of enterprises and the business environment
- Development of "know-how", human interaction and culture

The total expected expenditure of the programme is around 82,94 million euros.

The management authority is the Regional Council of Southern Karelia.

#### Interreg Karelia

The programme area covers the regions of Kainuu, Northern Karelia and Northern Ostrobothnia in Finland. The partner region is the Karelian Republic in Russia. These regions have already established a cooperation area called "Euregio Karelia", the objective of which is to facilitate interaction across the border, to increase welfare on both sides of the border and to promote the realisation of democracy.

The programme strategy is based on three priority lines (plus technical support):

- Modern cross-border trade, aiming at the development of new forms of co-operation between local firms
  - Mental bridges, aiming to enhance co-operation between peoples, based on the common cultural characteristics of the local people, and on enhancing IT-based co-operation
  - Crossing the border everyday, aiming to improve border crossing conditions making them safer and more flexible
- The total estimated expenditure for the programme is around 10.485 million euros.

The management authority is the Regional Council of Northern Ostrobothnia.

#### Interreg IIIA Kolartik and North Calotte

In this programme dealing with the fiscal years 2000–2006, two previously separate Interreg programmes



– and older co-operation initiatives – were merged, namely Barents and North Calotte co-operation. The eligible areas were partly overlapping and thus it is quite reasonable to have a joint programme for these two areas. The programme has, however, two subprogrammes, for Kolartic (covering the same area as the Interreg IIA Barents programme in the previous period) and for the North Calotte area.

The Kolartic region covers two external EU borders: a western one in Norway and an eastern one in Russia. The regions consist of Finnish Lapland, Norrbotten county from Sweden, Finnmark, Troms and Nordland regions from Norway, plus Murmansk region, Archangel region and the Nenetsian autonomous democracy from Russia. The North Calotte region consists of the Nordic regions.

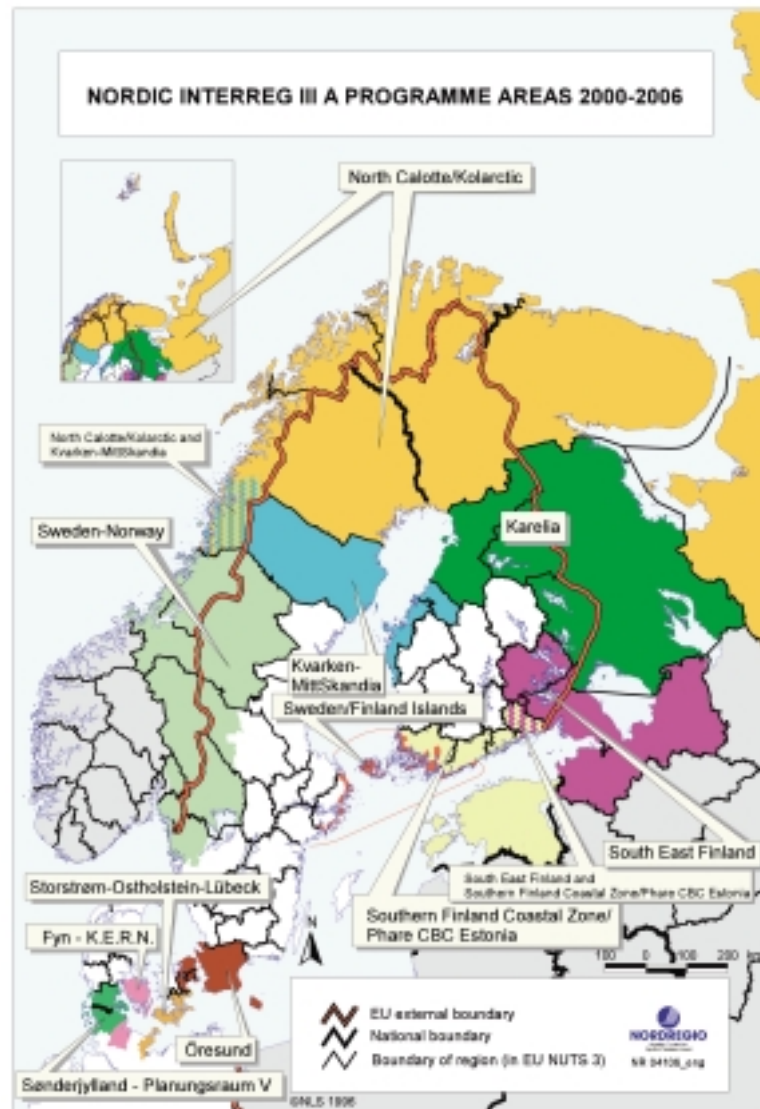
The overall goal of the Kolartic sub-programme is to strive for a reduction of the peripheral position of the border areas and their attendant problems and the promotion of cross-border cooperation. The priorities are:

- To increase business cooperation
- To improve “know-how” and welfare
- To develop infrastructure
- The North Calotte programme aims to improve the region’s functionality by developing business life, infrastructure and “know-how”, and to enhance regional identity. The priorities are:
- Business development
- Development of “know-how” in the region
- Improving co-operation in the Sami-areas and the development of their regions

The management authority for the whole programme is the Regional Council of Lapland. The total budget of this programme is around 10,340 million euros

### Interreg III Strand B

Strand B has the following primary objective: Trans-national co-operation between national, regional and local authorities aiming to promote a higher degree of territorial integration across large groupings of European regions, with a view to achieving sustainable, harmonious and balanced development in the European Union and better territorial integration with candida-



The map showing the North Sea programme area was not official at the time of printing.

te and other neighbouring countries.

Under this general objective, there are five priority topics:

- Elaboration of operational spatial development strategies on a trans-national scale, including co-operation among cities and between urban and rural areas, with a view to promoting polycentric and sustainable development
- Promotion of efficient and sustainable transport systems and access to the information society (investment in infrastructure is excluded, except where such investment deals with water management)
- Promotion of the environment, good management of the cultural heritage and natural resources of the area, in particular as this relates to water.

- Promotion of integration between marine regions
- Promotion of integrated co-operation of the outermost regions

### Interreg III B Northern Periphery

The programme area is comprised of the following:

- UK: The Highlands and Islands Special transitional Programme areas, Sweden: The Objective 1 regions and adjacent coastal areas in Norrbotten, Västerbotten, Västernorrland and Gävleborg;
  - Finland: the Objective 1 regions and adjacent regions in Northern Ostrobothnia, Central Finland and Central Ostrobothnia.;
  - The Faroe Islands;
  - Greenland; and
  - Norway: the four northern-most counties of Nord-Trøndelag, Nordland, Troms and Finnmark.
- In addition, Iceland and

Northwestern Russia can participate on a "project by project" basis.

The Programme has three priorities, each being divided into two measures:

*Priority 1: Transport and access to the information society;* aiming at the improvement of access to these vitally important areas in the vast and sparsely populated areas of Northern Europe

Measure 1.1 Transportation, logistics and transport infrastructure

Measure 1.2 Access to the information society

*Priority 2: Sustainable exploitation of resources and business development;*

aiming at the economic development through sustainable utilisation, of the regions' natural and human resources

Measure 2.1 Sustainable use of nature and natural resources

Measure 2.2 Business innovation and the development of human resources

*Priority 3: Community development;* aiming at the improvement of service provision and the support of mainly rural community development

Measure 3.1 Household related service provision

Measure 3.2 Public management and spatial planning

The common secretariat is located in Copenhagen, the Faroe Islands Representation acts as the host organisation.

Total expenditure for the programme is estimated to be 13,33 million euros.

### **Interreg IIIB North Sea**

The individual regions co-operating in the wider North Sea region within the context of Interreg IIIB are:

Denmark: the whole country

Flemish Regions: Antwerp, East-Flanders, West-Flanders

Germany: Braunschweig, Hannover, Lüneburg, Weser-Ems, Schleswig-Holstein, Hamburg, Bremen

Netherlands: Friesland, Groningen, Drenthe, Overijssel, Flevoland, Noord-Holland, Zuid-Holland, Zeeland

Norway: Akershus, Østfold, Oslo, Hedmark, Oppland, Buskerud, Vestfold, Telemark, Aust-Agder, Vest-Agder, Rogaland, Hordaland, Sogn og Fjordane, Møre og Romsdal, Sør-Trøndelag

Sweden: Hallands Län, Kronoberg Län, Skåne Län, Värmlands Län, Västra Götalands Län

UK: North-Eastern Scotland, Eastern Scotland, Highlands & Islands (except Comhairle Nan Eilean and Lochaber, Skye & Lochalsh and Argyll), Tees Valley &

Durham, Northumberland and Tyne & Wear, East Riding, Hull, North and North East Lincolnshire, York City, North Yorkshire, South Yorkshire, West Yorkshire, Derbyshire & Nottinghamshire, Lincolnshire, Leicestershire, Rutland & Northamptonshire, East Anglia, Essex.

The programme strategy is based around five priorities:

1. Transnational spatial development strategies and actions for urban, rural and maritime systems in NSR.

The measures are:

1.1 Elaboration and implementation of transnational polycentric spatial strategies and polycentrism

1.2 Development and implementation of urban complementarity, co-operation and networking

1.3 Development and implementation of networking in urban-rural and inter-rural relationships, including maritime areas

1.4 Development and implementation of strategies using water as a spatial element in rural, urban and maritime design

1.5 Co-operation in research and development matters and access to innovation support

2. Efficient and sustainable transport and communications and improved access to the information society. The measures are:

2.1 Effective and sustainable transport in rural and urban areas, including maritime areas, and in new rural-urban connections

2.2 Improvement in the integration of rural and maritime areas into national and transnational networks

2.3 Development of spatial, integrated strategies on transportation networks and the promotion of inter-modal transport systems

2.4 Improving the access of SMEs, and society in general to information and communication technologies

2.5 Improving the application of information and communication technologies, with particular reference to public services

The total budget for the programme is 278.079 million euros.

The joint secretariat of the programme is located in Viborg, Denmark

### **Baltic Sea Region Interreg IIIB Programme**

Baltic Sea Interreg is operating in 11 countries: Denmark, Finland, Sweden: the whole country.

Germany: the Federal States (Länder) of Berlin, Brandenburg, Hamburg, Bremen, Mecklenburg-Vorpommern, Schleswig-Holstein

and Niedersachsen (only NUTS II area Regierungsbezirk Lüneburg).

Belarus: Minsk, Grodno, Brest and Vitebsk provinces.

Estonia, Latvia, Lithuania and Poland: the whole country.

Russia: Kaliningrad, St Petersburg surrounded by Leningrad Oblast; the Karelian Republic, Pskov Oblast, Novgorod Oblast and Murmansk Oblast.

Norway: the whole country.

The basic vision of the CIP is based on VASAB 2010 and has been further developed to take into consideration VASAB 2010+, as well as other INTERREG IIC projects and the ESDP document.

The main objectives of the programme include:

- Expanding the BSR economy and strengthening its position in the global economy
- Increasing the level of BSR integration
- Promoting a territorial balance by supporting weak points and building on strong points
- Forming a sustainable part of Europe
- Efficient utilisation of limited resources

The four priorities and six measures are:

- Promotion of transnational spatial development strategies
- Promotion of territorial structures supporting sustainable BSR development
- Promoting institution building, strengthening transnational spatial development
- Technical Assistance to support transnational co-operation

The joint secretariat is located in Rostock, Germany, with a branch office in Karlskrona, Sweden.

# Regional Governance in the Nordic Capital Areas

Today's regional governance in big cities could be described as a highly complex, finely meshed net of varied activities and organisations. There are a large number of people and organisations entrusted with the task of trying to direct the big city on the basis of certain predetermined premises. Moreover, the capacity for regional governance is significant in a perspective where European regions compete for resources. How are regional planning and measures for regional development organised in Copenhagen, Helsinki, Oslo and Stockholm? How do the actors co-ordinate their activities and develop city-region visions? In what follows, the comparative examination of the Nordic capital regions reveals several similarities.

By **Roger Henning**  
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## A bargaining game

The regional development of the Nordic capital areas is currently formulated within a structure of multi-level democracy, where the different decision-making units are becoming increasingly intertwined. The way in which regional development measures actually work cannot however be understood merely by investigation of only one political level. Rather, their implementation is formulated within an ongoing deliberative process taking place between actors representing different levels.

Central government does however have a number of different roles to play here. One of its responsibilities is to set the general framework for local and regional actors. The state also controls a variety of organisational units at the county or regional level. For instance, at the state regional level we have county administrative boards with a governor.

The variety of actors also includes the county councils or, in the case of Finland, the regional councils. There are also a large number of municipalities involved in this regional development negotiation structure. In all of the Nordic countries the capital area itself is composed of a large number of municipalities.

The degree of negotiation in the relations between such actors can be taken as a manifestation of the intensive competition within various areas. It can, however, also be seen as a sign of a more consensual division of labour, characterised by shared interests. In this multi-level democracy, relationships between different levels are not necessarily hierarchical, rather they are characterised by networks of overlapping and informal processes. Viewed from this perspective, the role of the state authorities has been transformed from that of a steering function to a negotiating one.

## Functional region and administrative division

It is not easy to define the Nordic capital regions. A functional region can be defined as a region which reflects the individuals' everyday movements. It may also encompass a common labour and housing market, which is reflected in commuter patterns. Mapping of commuter, traffic and telephone connections, etc. helps to illustrate the existence and to indicate the extent of these "everyday regions".

Moreover, it should be noted that administrative borders do not necessarily coincide with such "functional" capital regions, even though differences exist in this respect between



Roger Henning

the Nordic capital regions themselves. There are few European metropolitan regions where there is a snug fit between administrative and functional regions. Efforts are thus being made across the Nordic countries, to create regions where the functional and administrative regions coincide.

Political actors and public administrative structures are connected to a certain necessarily limited territory. For some public sector activities (for example child care, care of the elderly and disabled, compulsory schools), the individual geographical units can be fairly small. Where more general or all-embracing strategic issues are concerned however, the geographical problem area rarely coincides with the municipality or the county. For the purposes of regional problem solving, a sufficiently large region is therefore required. This also applies to the situation concerning regional planning and development in the Nordic capital regions.

In these regions the number of municipalities varies between 23 (Oslo) and

50 (Copenhagen), in the Finnish case the number is 89, if a broad definition of the Helsinki region is used. In the County of Stockholm there are 26 municipalities. Use of a broader definition however draws many more municipalities into the ambit of Stockholm region.

## Co-operation between the municipalities

Some suburban municipalities are fairly small, with fewer than 10 000 inhabitants. Due to their small size there is a co-ordination of some municipal tasks. On the other hand, there are many tasks and responsibilities where no co-ordination exists. Not surprisingly, it is primarily the small municipalities that are prompted to organise co-ordination amongst themselves.

The political actors' ambition to co-operate and co-ordinate public activities is often clearly expressed. Generally there are several ways in which to co-operate, though the systems of co-operation are often complicated and hard to grasp. This is one of the explanations why in many EU countries, central government authorities have been able to maintain a powerful position despite strong regional efforts.

Co-operation between municipalities is rarely institutionalised but generally takes place on an ad hoc basis, in response to specific needs. Co-operation may take a number of different forms, ranging from the creation of local government federations and jointly owned limited companies, to co-operation committees or contracts between municipalities. The appropriate form of co-operation is thus chosen on a case-to-case basis.

Generally speaking, tasks undertaken in a cross-municipal fashion are generally the same in all four regions. Co-operation often exists within the field of secondary education. Extensive co-operation also takes place between the municipalities within the technical sectors (water supply, waste disposal, fire and rescue services, etc.). In other words, co-operation is possible when prompted by financial incentives. Collaboration is easiest to achieve when

it is possible to show the benefits from the co-ordination of activities in monetary terms. Here small municipalities can work together despite their strong traditions of municipal autonomy.

Difficulties appear to be almost insurmountable, however, when co-operation concerns measures that are less tangible and more visionary in character. This is particularly so when co-operation necessarily entails the creation of a common regional vision. In such cases the municipalities and county/regional councils defend municipal autonomy as a principle of primary importance. Many actors have their own vision, though this does not in itself act as a barrier to co-operation per se, as efforts at co-operation continue. The County Council of Akershus and the City of Oslo have formed such a regional vision.

Signs of co-operation are however equally rare when it comes to the issues of local development and growth. The municipalities tend to concentrate predominantly on their own development strategies. As the municipalities do not co-operate in the areas of regional planning and regional development, one might be led to believe that the responsibility to initiate co-operative measures rests with the regional actors. This is, however, not the case.

#### **A political actor for the whole capital region**

There is no regional planning actor in the capital regions, as the main responsibility lies with municipal authorities and co-ordination as yet barely exists. Planning as a whole is not binding in nature. The Copenhagen and Stockholm regions are exceptions here, as nascent regional planning systems do already exist. Planning is accomplished with the support of legislation. Central government input is however fundamental to planning in the Copenhagen region. Planning in Denmark is regulated in accordance with a comprehensive law and the entire country is divided into three zones: urban zones, summer cottage areas and rural zones. The Danish capital region has adopted a unique position towards regional planning in the form of the newly (2000) established development agency, Greater Copenhagen Authority (Hovedstadens Udviklingsråd). The plan is exclusively advisory, and thus no compulsory measures can be taken to achieve its goals. Similarly, Stockholm County Council of has the responsibility for comprehensive planning, though it cannot force the municipalities to simply act in accordance with its plans.

The prevailing situation is rather different when analysed from a regional development perspective. In this area the degree of fragmentation is even greater. There are many actors, though none of them bears the main responsibility for the territory of the capital region.

Questions regarding future developments have had to take a back seat in the face of short-term problems or problems that only effect the more limited territorial area of the municipality itself.

Obviously this is a rather untidy administrative situation. Indeed one could say that a certain "regional mess" existed. Both the Copenhagen and Oslo regions are composed of more than one county, whilst the Helsinki region does not necessarily coincide with the area of the Regional Council of Uusimaa. The administrative and the functional regions coincide to a larger extent in the County of Stockholm than in the other capital regions. But if a wider definition is applied to include, for example, Uppsala or parts of the Mälaren region, the situation here is exactly the same as in the other capital regions.

The capital regions all share in the lack of an overall regional vision. The absence of just such a perspective is most evident when we look at regional development. The role of the central government varies greatly from one region to the next. Viewed from an overall perspective however, central government is more active in stimulating regional development than it is in working on regional planning.

The presence of the central authority in moves to stimulate regional development appears to be strongest in the Helsinki region and in the County of Stockholm. In the Helsinki region the state agencies are more active in stimulating regional growth than in either the Oslo or Copenhagen areas. In the Stockholm region the main responsibility rests with the county administrative board, despite the fact that the County Council of Stockholm has decided to work on a regional development strategy. The economic resources are however at the disposal of the county administrative board. The Danish capital region has a newly established development agency at its disposal. As of yet, however, we know little of its capacity to shape and implement a regional vision. The county councils in Norway have the initiative regarding regional development on which to base their strategies. In all four large capital regions there are many public organisations tasked with undertaking measures directed towards regional economic growth. In addition to the municipalities and the county councils the presence of several other actors makes for an extremely complex picture.

The same units are not however active in promoting regional planning and regional development; responsibility for each issue is divided between different actors. Just how strong this fragmentation is depends upon the perspective of the observer, i.e. how we define the functional capital city region. Generally speaking however, the larger it is, the greater the number of actors involved in

contributing to planning and development.

Currently, in all capital areas there are ongoing discussions, on the initiative of the capital municipalities themselves, concerning the co-ordination of efforts towards regional planning and development. It would therefore seem that the cities themselves have become the strongest advocates of the need for a greater measure of common effort over such questions.

#### **New solutions**

In the Copenhagen region as mentioned, there already exists a development agency. Such a solution has also been suggested for the Oslo region. In the Swedish capital area there is a process underway to establish a public organisation based on the capital region. The new body (proposed) would take over the tasks of the county council, the county administrative board, the municipalities and the regional division of the Swedish Association of Local Authorities.

Such efforts to create a single large administrative region for the whole capital area have been opposed on the grounds that they threaten local democracy and the independence of the municipalities concerned. On occasion, such efforts have been discouraged by actors from other parts of the country. Other political actors have also criticised the proposals for eroding local and regional democracy.

Many indications can be highlighted of the existence of a trend, across the Nordic capital regions, which seeks to give a more prominent role in this area to public organisations, which are administratively more powerful and better resourced than the municipalities. There is little doubt that in the future we will see more regional governance. Indeed this is an unavoidable development if the interests of the capital regions as a whole are to be properly served. Problems relating to the lack of co-ordination are perceived in all capital regions to be of such an amplitude that they can only be solved through co-ordinated efforts in which the whole region participates. In conclusion, it should be noted that effective regional governance is one way in which to stimulate growth in the regions, and the solution chosen will be decisive for the ability of such regions to compete within the wider framework of the "Europe of the Regions". It is this fact that makes current developments both timely and important.

1 This article is based on Henning, R (with contributions from Dolvik, T., Guðmundsson, S., Hedegaard, L. and Kokkonen, M.): Regional Governance in the Nordic Capital Areas. Nordregio WP 2001:8. 8

# Industrial Perspective on Regional Development

By **Steinar Johansen**

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Bernt Berglund och Ivar Holmberg:

## Den regionala utvecklingen och politiken.

Rapport 118/2000, SIR, Østersund

Berglund and Holmberg (BoH) have recently completed a book on Regional Development and Policy. It is an extensive work in which they try to isolate and analyse the important driving forces behind regional economic development. They focus predominantly on industrial development and the labour market, without however defining the concept of "regional development" more explicitly. This focus may, of course, be coloured by the focus these factors have had in developing regional economic theories, and by the weight industrial development and labour markets have had within Swedish regional policy strategies and priorities, especially in recent years. Other factors are however also touched upon. It remains this author's view however that the book could have benefited significantly from a fuller discussion of the term "regional development" in which an explanation could have been attempted as to why the focus of the work became industrial development and labour markets rather than for instance demographics, social relations, social welfare or other "soft" variables. The choice and number of indicators on regional development is naturally very important for the way in which a book on regional development is received. Given the stated focus of the work, a discussion on how industrial development and labour markets influence, or are influenced by, other variables would also thus have been welcome. BoH touch on this discussion in chapter 4 (on regional policy), but fail to do so in a satisfactory fashion. Some examples of the interrelationships that could have been discussed in the book are:

- The interrelationship between industrial economics and employment in enterprises and in regions.

- The interrelationship between the labour market and demographics: Does increased demand for labour always lead to increased population in a region?
- What are the prevalent demographic tendencies, are there regional variations, and how are such variations, where they exist, influenced by labour market changes?
- The relationship between industrial, labour market and demographic changes on the one hand, and social and welfare variables on the other.

Discussing these, and other connected, interrelations rather more thoroughly, especially in the light of the "Scandinavian Welfare State Model", would have given a broader basis for understanding the term "regional development" and perhaps also for discussing regional policy *per se*. Throughout the work, a number of these interrelations are simply taken for granted, whilst others are discussed all too briefly. Priority is given throughout to the discussion of industrial development. Suffice to say that if other indicators of regional development are of interest, then so are the interrelations between industrial development and these indicators, and thus that these interrelations need to be discussed in a book on regional development.

The foundation of BoH's work is, as I see it, regional industrial development. This focus is evident from the merest perusal of its theoretical parts, where more than 100 pages (fully one third of the book) are dedicated to presenting a discussion on economic (growth) theories, and to what extent space (regions) are given room within different economic theories. The different theories are presented in a short, though relatively clear, manner. As a reader, one is presented with a menu of tastes from the theoretical research ongoing in each of the areas, and with terms used in different theories, with relevant (theoretical and applied) references and so on. In this sense, the two chapters on different theories provide the reader with a very good starting point from which to get to know regional economic theo-

ries, thus providing a useful point of departure for further study.

The theoretical overview presented in the book does however give the impression that there are major qualitative differences between each of the theories presented, even if the distinctions between them really only relate to the number of variables analysed, to the assumptions the theories rely on (market situation, equilibrium, disequilibrium, economics of scale, externalities and so on) and to the extent to which the theories have been (mathematically) formalised. Throughout the work, focus is laid on how theories have changed, and on the new situations dealt with by new theories. Theoretical development, or "new theories", are described as revolutionary, rather than evolutionary, even where the changes, when compared to the older theories, only imply a re-adjustment of focus. Thus the question emerges, if such qualitative leaps really have happened, how can we gauge which are "paradigmatic"? Are, for instance, theories of endogenous economic growth, which focus on explaining what was formerly known as "the measurement of our ignorance" (referred to as "Technological Progress" in the old theories) something qualitatively different, and indeed better, than the old exogenous theories of economic growth? Did not the classic economists understand that "the measurement of our ignorance" really was a question of technological progress, which could be explained by endogenous factors such as learning (by doing, or by education), innovation and networking? Or is it that theories of endogenous growth are not really qualitatively different from exogenous theories? Thus it is the current authors view that a more comprehensive discussion of theoretical evolution would have given the book an added dimension.

One way of so doing would be to distinguish between theoretical developments *per se* (innovations) and the time when such theories made their breakthroughs. An interesting point in connection to this is Krugman's article "*Was it all in*

Ohlin?" from 1999, where Krugman points out that Ohlin as early as 1933 (Ohlin: "*Interregional and International Trade*") explicitly discussed the interrelations between trade and the economics of trade. The basics were there, while Krugman and the others contributed by formalising the theories mathematically. The question remains: Is the *New Economic Geography* really something "new" emerging over the last twenty years, or is the less mathematically formalised Ohlin theory from 1933 enough to claim that these "new" approaches are really rather old news?

The theories presented by BoH have something in common. They are partial in the sense that none of them claim to be universal. If no theories in fact are universal, the choice of policies cannot be universal either. Exogenous (top-down) policies are something rather different from trying to provide bases for endogenous regional growth (more bottom-up). The fact that endogenous theories today seem more popular than exogenous ones should not be reason alone to choose endogenous policies. Neither endogenous theories nor exogenous ones claim to be universal, and therefore policies should be adapted to specific situations.

An important contribution made by BoH is that they do focus on the lack of attention that questions of regional politics are given. National issues, and the relationship to other countries (internationalisation and globalisation) have become increasingly important, whilst regional policies have remained more symbolic. This applies not only to Sweden. Norwegian policies, where the aim has been to "preserve the settlement pattern" or to "develop robust regions in all parts of the country" are also symbolic, in the sense that the contents of such aims can be almost anything, which naturally makes them very difficult to assess.

Regional policies can be divided into narrow and broad categories. Broad sector policies are quantitatively much more extensive and more central to the concerns of regional development than their "narrow" equivalents. BoH point to the generally low quality of Government "white papers" on regional policy, and to the missing regional dimension in "white papers" presented in particular, by the Ministry of Finance. No industrial development is one-dimensional. It does have a spatial dimen-

on. The authors would like more focus on the regional dimension of all such policies, and also an understanding that this dimension be treated in a comparable fashion with the priority status afforded to resource use, efficiency and distribution in the "white papers".

BoH are correct in claiming that regional development, regional interrelations and regional policies are complex issues. This implies that few if any simple answers can be found to the challenges presented by regional policies. This has been the case in the past, and it is likely to remain so in the future. Regional issues will moreover only increase in complexity as the aims for such policies become more explicitly formulated in future. BoH's empirical chapter shows this relatively clearly, and the chapter is thus very interesting to read for a Norwegian. The empirical evidence really underlines the fact that regional development is much more complex than industrial development, and that regional policy probably has to be about giving priority to aims other than those specifically related to pure efficiency issues.

Towards the end of the book, BoH present some interesting scenarios for regional development. One may however lament the fact that a little more discussion of the chosen models, their qualities and drawbacks for instance in relation to other models, was not however included. The scenarios could also be compared to the theories that were discussed previously in the book. BoH themselves underline that the point of constructing scenarios is to give a view of how indicators will develop in future, to highlight uncertainty and to underpin a discussion of regional development more generally. The last part of this sentence is important as it is here that regional policies can play a role. It is however certainly the case that a more comprehensive discussion of the interrelationships between variables, and a fuller discussion of what assumptions are important and how they can be influenced through the policy process could and should have been included.

In general, the book provides the reader with a broad introduction to how regional economic theories have developed, with a focus on how economic and geographical theories have become increasingly inter-linked. The work also discusses the lack of attention given to the regional

policy debate in Sweden. In this sense, it provides a solid contribution to the debate, with its relevancy enhanced by the increasing level of international attention now being given to "regions" – for instance in the EU. The book would however have benefited from an introductory discussion outlining why industrial development is focused on so strongly. Industrial development remains important, as the regions cannot thrive without production and income. At the same time however it is evident that many peripheries are dominated by publicly controlled activities; welfare provision, Government establishments and private activities, perhaps indirectly under public control. The main arguments for redistributing resources to the peripheries will therefore often not be based on industrial policy at all, but rather on other political goals.

It should also be noted that within the work there are a number of small errors, in the main connected to figure numbers and the discussion in chapter two. Some of the theoretical discussions are also repeated in several places (across different chapters). Moreover, a fraction of 1, between night and day populations (net commuting = 0) does not necessarily mean that gross commuting out and in of the region is zero, and that a region is "perfectly functional". In Norway, and probably also in Sweden, commuting is done in chains. This can be analysed by looking at the gross figures.

In conclusion, one can have few hesitations in recommending this book to interested readers. It is very interesting, although it is at best "patchy" in places. As such, the book provides readers, be they researchers or practitioners, with a solid basis for understanding the debates on regional development, with many of the considerations that BoH raise on regional policy being highly relevant to users in the general realm of regional research, and particularly for those interested in related questions impacting upon the central, regional and local authorities.

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