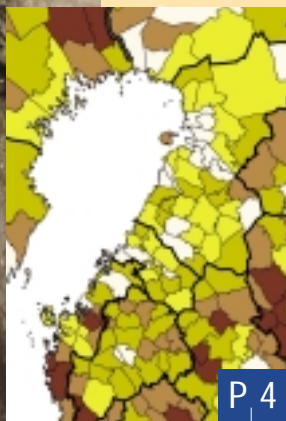


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Look to Finland

Every era is to some extent an era of change. It is however the pace of change that varies according to time, place, sector and societal impact. In terms of regional policy it is apparent for all to see that we are currently having to face up to more criticism and more challenges than ever before. This is so for a number of reasons.

First we have the general impact of globalisation challenging the traditional livelihoods of regions and communities in countries all over the world. Then we have the specific problems encountered by the Nordic welfare regimes in general and their regional policy models in particular. Lacking the ability to deal with structural imbalances in their countries in the traditional fashion, in some countries the term regional policy itself has fallen into disuse altogether.

This is especially so in Finland where an aggravated rural-urban and north-south division in both economic activity and population patterns has led the government to experiment along new lines of policy development with a view to substituting regional policy with a regionally flavoured development policy. As such, the new Finnish regional policy picks up the interesting theme of the regional effects and extents of sectorial politics.

Gone are the days of massively pro-active remedies to maintain people in the periphery. Gone too are the days of subsidies to alleviate the strains of ailing or uncompetitive firms in mature businesses. Not that such a policy was as widely used in Finland as it was in Norway or Sweden.

Nevertheless, the economic downturn of the early 1990s encouraged policy developments to more widely embrace new policy to a much greater extent than in the other Nordic countries.

As the national economic problems dragged on, the government eventually found itself forced to experiment in policy terms. Without sufficient financial resources to subsidise its failing firms, it turned to investing what little it had in the future, thus paving the way for the amazing achievements that were to come by the end of the decade, notably in the fields of ICT.

Launching various programmes for renewal, the national policy makers sought to identify the actors, milieus and institutions that had the potential to take the country forward. This implied the increased targeting of public spending, the identification of centres of excellence, and the spurring of universities, companies and public bodies to engage in novel forms of interaction.

The results are promising, though policies of experimentation must allow for failure if they are to create success stories.

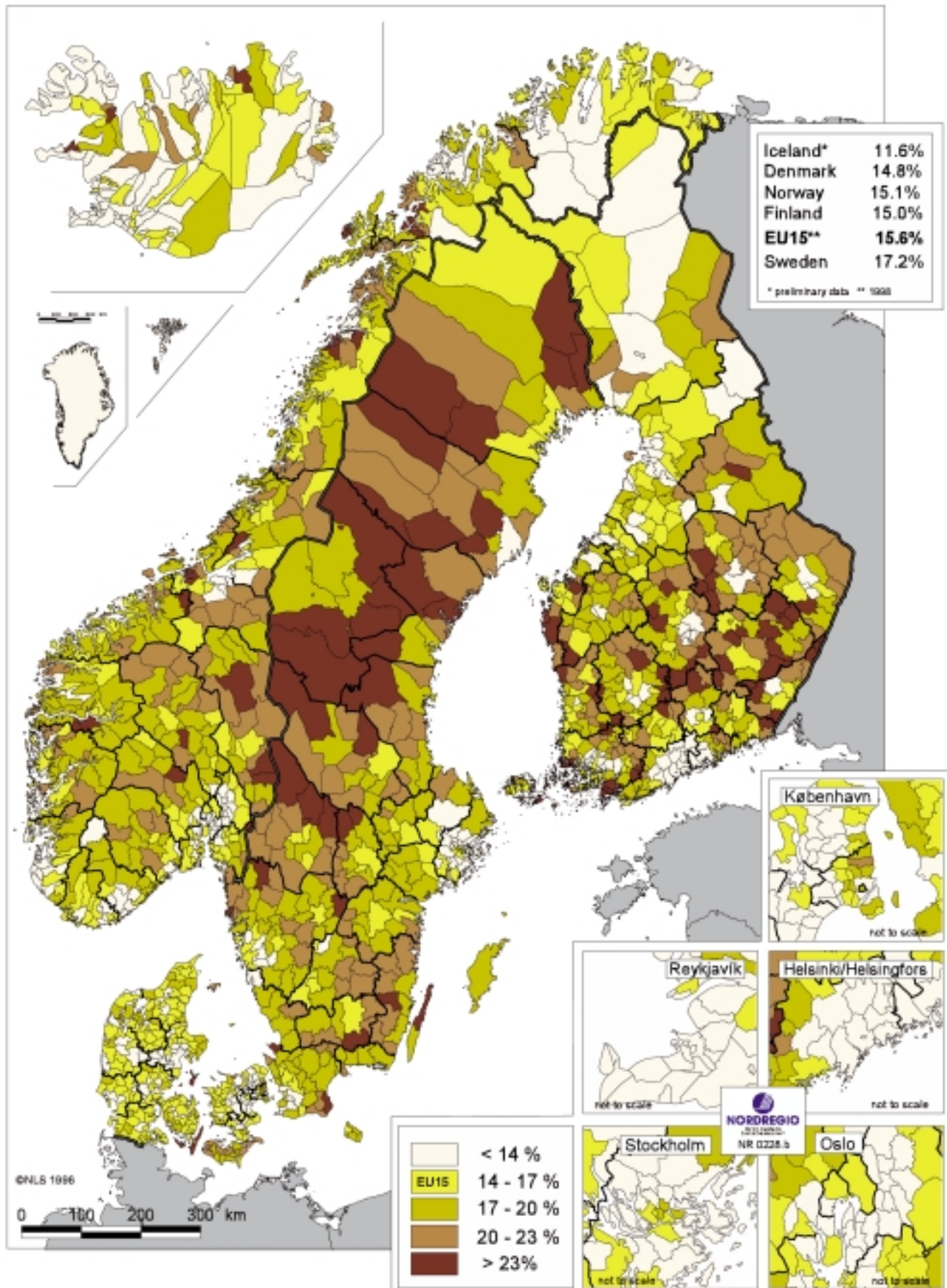
One interesting feature of the current Finnish regional policy regime is its willingness to make use of the urban system in order to generate some kind of regional positioning between centres. As it became clear that the 1990s were ushering in a period of increased population concentration, primarily to five of the largest urban regions, the government responded by inviting the medium-sized urban areas to take their share of responsibility in dealing with the task of development and settlement distribution.

The financial side of this kind of policy making is not what impresses, as Finnish policy programmes usually restrict themselves to the allocation of seed money. More interesting than this however are the many-sided attempts to create complementary policy programmes and to stimulate different kinds of networks.

To outsiders, as to many native observers, the Finnish policy regime may seem chaotic and difficult to monitor and control. Moreover, the lack of a distinct regional level of democratically accountable government makes the need for *ad hoc* or project organisations even clearer. With regard to the organisational aspects of this new policy environment, it can be argued that Finnish regional policy provided the seed ground for such developments. Every seed sown is however unlikely to produce a flower, but by letting so much happen and by stimulating a variety of actions and thoughts, the nurturing of the embryos of tomorrow's regional order into a fully-fledged societal design becomes increasingly plausible.

Bio-medical industrial development has been one of the most recent Finnish ventures in this regard. In political terms we could easily view the Finnish reformulation of regional policy a special case of policy gestation. As such it seems that the Finns are equally happy experimenting with both policy forms and content. Though they have yet to prove themselves to be the most successful of the Nordic countries, they have nevertheless already proved to be most interesting to study – and perhaps even to follow.

Share of population aged 65 years or over at end of 2000



Aging Nordic Periphery

By Jörg Neubauer

Aging is or will in the future emerge as a distinct feature of most Nordic societies. This is especially obvious when studying regional data on demographic structures.

The population of the Nordic countries is rapidly aging and spatial disparities are becoming increasingly significant. By the end of the year 2000, 15.8% of the Nordic population was aged 65 years or over. This is slightly above the EU average – mainly due to data relating specifically to Sweden, which has the most elderly population of all the Nordic countries. However, approximately two out of every three Nordic municipalities – mostly located in Finland, Norway and Sweden - register as being over the EU average in this regard. Fully 25% of the inhabitants in 54 Nordic municipalities are 65 years or over. On the other hand,

most metropolitan or other large city regions in the Nordic area have very young populations.

The highest share (31.1%) of elderly population can be found in the Finnish municipality of Luhanka in the region of Keski-Suomi. In Sweden, Bjurholm in Västerbotten County tops the list with 29.2%, with the corresponding highest in Norway being Ibestad (28.4%) in Troms County, Tranekær (27.0%) in the County of Fyn in Denmark and Broddaneshreppur (26.8%) in the Northwest of Iceland. The Faeroes and Greenland have very young populations.

An elderly population and other structural problems generally correspond on the regional level, although exceptions to this are also numerous. Most clearly these go hand in hand in several inland communities of Norway and Finland, and in the northern interior of Sweden.

The political problems associated with welfare provision in some of the communities affected have already been identified in Sweden and Finland. And what may be even more alarming is that the problem is likely to increase in the years to come. Despite substantial foreign immigration becoming a feature common in the Nordic countries in recent years, the results of these immigration flows are simply not able to make up for the significant population losses suffered, and the subsequent “aging” of many remote communities. In the case of Sweden, the situation is further complicated by the country’s position as presently the only Nordic country to undergo natural population loss. Moreover, as populations’ age, it is the periphery that is hardest hit by such fluctuations.

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New Danish Government Lifts Regional Policy

One of the most noticeable remarks emanating from the new Danish government, which took office on November 27, was its reference to the need for balanced development across the country, mentioned in its political programme. Though the policy formulations remain as yet rather general in character, nevertheless an obligation has been entered to pursue a commitment to more equal opportunities in service provision, employment and economic prerequisites across all parts of the country.

More specifically the centre-right government sets out to assess the regional impacts of all major initiatives, and each year to present an overview to parliament of the regional development of the country as a whole.

The government further intends to revise the law on planning, letting the municipalities have a greater say in local planning matters. It also sets out to create an independent institute of environmental assessment.

The relevant ministries for regional policy, planning and environmental issues will be the Ministry of the Interior, headed by Lars Løkke Rasmussen, vice president of the Liberal Party; the Ministry of Economic Affairs, headed by Bendt Bendtsen (conservative) and the Ministry of the Environment, headed by Hans Chr. Schmidt (liberal).

• By Jon P. Knudsen

Norway to Make Broad Regional Policy Assessment

The fact that regional development is heavily influenced by several policy areas not explicitly defined as regional policy is taken as the point of departure for a committee mandated by The Norwegian government. The committee has been asked to assess the impact of all relevant fields of policy for their regional consequences, and to report its findings before the end of 2003. The director of Nordregio, Hallgeir Aalbu, chairs the group. • By Jon P. Knudsen



Hallgeir Aalbu

Three Swedish Bills on Regional Policy

This autumn three bills, all of them concerning regional policy, were passed to the Swedish parliament for consideration. Thus the scene is now set for a vivid national debate on which path the country will follow in the years to come with regard to its regional policy.

By Jon P. Knudsen

The bill most explicitly focusing on regional policy is entitled "A policy for growth and vitality throughout the country" (En politik för tillväxt och livskraft i hela landet - Prop. 2001/02:4). Its main feature is to introduce the notion of regional development policy by merging the old notions of regional policy and regional economic policy. Its prime objective, clearly stated, is to create well functioning and sustainable labour market regions, offering good access to services all over the country.

The principle behind this approach is that of the desire to build upon previous experience with regional cooperation involving primarily the state and the municipalities. The institutional framework will thus be renamed regional growth programmes from the previous regional growth agreements.

Though the focus is clearly becoming increasingly targeted upon growth policy, the more traditional compensatory aspects of regional policy are not absent. Thus two delegations are proposed to deal with those regions most acutely troubled by the impetus to restructure and adapt to changing economic prerequisites, one for the Interior North and one for the old industrial areas of Bergslagen, Dalsland and Värmland. A special programme will be

designed to help communities and counties experiencing massive depopulation, and, subsequently, money will also be allocated to reverse and offset the ongoing decline of basic service provision in sparsely populated areas.

Administrative change

The bill on regional cooperation and governmental regional administration (Regional samverkan och statlig länsförvaltning - Prop. 2001/02:7) presents the government's intentions for the national geographical administrative system. The bill promises a more thorough evaluation of the distribution of tasks between state, regions and municipalities later on, while also offering some proposals for immediate implementation.

Firstly, and perhaps most importantly, the bill proposes that the future organization of regional governance should be organized with the state and the municipalities as the main partners. At the same time the special legislation that allowed for four of the country's county councils to experiment with increased authority will be allowed to expire by 2002. Likewise the bill argues that the state should take a firmer grip on regional policy development by advocating that the county administrative boards be designated by the state, and not as previously was the case, elected by the county council assemblies.

Communications

Finally, the bill on transport and communications, Infrastructure for a long-term sustainable transport system (Infrastruktur för ett långsiktigt hållbart transportsystem - Prop. 2001/02:20) gives the government's perspective on the needs of transport policy for the period 2004-2015. The key concepts here are efficiency and sustainability. Within the body of the bill the government has announced that some SEK 364 billion will be available to be spent on improving communications over this period. The obvious winner here is the rail system, which is promised a programme of substantial upgrading.

Several important projects, both rail and road, are stressed as crucial for national competitiveness, notably in Stockholm, Gothenburg and Malmö. Interestingly, the prestigious Botnia railway project designed to open up the northern coastal towns to high-speed rail traffic is also included in the government's plans for the near future.

While the long-term goal remains to eradicate road accidents, a clearly stated goal to make use of investment in infrastructure to create larger and more robust labour market regions also comes to the fore. As such, the transport sector remains one of the most important instruments in the pursuit of any regional policy.

New Norwegian Government Changes Position on Regional Policy

The Norwegian centre-right government that assumed office on October 19 has signalled important changes in the traditional regional policy of the country. In its inauguration speech the government tried to bridge the traditional division between a periphery-oriented regional policy and a non-regional urban policy by stating that there was no antagonism between the securing of economic and social conditions both in urban and in rural areas.

The minister of local and regional affairs, Erna Solberg, soon followed suit by openly subscribing to the need

for a more thorough urban policy and by promising a bill on urban policy to parliament early next year. More surprising was the government's budgetary demarche to curtail the main financial instrument for regional business operations, the SND, whereas the government's intension to increase the level of finance available for road construction was as expected.

Much interest was also taken in the future of the long disputed regional administrative bodies, the council municipalities. The senior partner in the government, the Conservative

Party, has long favoured their abolition. But as long as the prime ministers party, the Christian Democrats, has a programmatic dedication to their longevity, it is very unlikely that any bills to terminate them will be introduced. The case is nevertheless complicated by the fact that the minister of local and regional affairs, Erna Solberg, comes from the Conservative Party, as does the minister of administration and labour, professor and director of the Norwegian School of Economics, Victor D. Norman and the minister of environment, Børge Brende.

• By Jon P. Knudsen

EU Needs to Rethink Rural Development

A cross-national study project involving 16 regions in four countries highlights the important factors underlying differential regional economic performance. The project also challenges existing national and EU policies on rural development.

By Jon P. Knudsen

The DORA (Dynamics of Rural Areas) project, funded by the EU's Research and Technology Development Programme, which set out to investigate the factors underlying differential economic performances (DEP) across European regions, is about to be concluded. Led by professor John Bryden of the University of Aberdeen, a research group representing Sweden, Greece, Scotland and Germany has conducted comparative research on double pairs of rural regions – two successful, the other two lagging – in each country. With regard to the Swedish cases, senior research fellow Lars Olof Persson coordinated the project. The Swedish regional pairs being located in South-eastern Sweden and Northern Norrland respectively.

“Doing it for themselves”

The project was designed to analyse the importance of a set of tangible as well as less tangible factors, using both official statistics and semi-structured interviews in selected regional case studies. Though confronted by numerous obstacles of a methodological and/or statistical nature, the researchers were able to discern a number of factors that seemed to best characterise those rural regions that were able to perform better than expected on demographic and economic indicators. Summing this up, the research group concludes that successful rural regions seem to be “doing it for themselves”, meaning that they have confidence in their own abilities to perform and to make use of those resources that are already in place, be they tangible or human in nature.

Traditions of entrepreneurship and a cultural framework encouraging initiative and openness are stressed, but as a minor amendment to the Weberian theses on the spirit of capitalism the project's final report emphasises that such traditions can be adopted and furthermore seem to be found within different religious and non-religious creeds. What appears to be harmful to rural development is dependency,

be it on large companies or rigid state policies, transfers or initiatives.

Rural regions throughout Europe are in the midst of an important process of transformation. The agricultural sector has been for some time in northern Europe, though more recently in southern Europe, declining as the main source of employment, while historical fertility patterns which saw the countryside playing the role as a population surplus reservoir are now no longer applicable. The interplay between urban and rural is subsequently also changing, making inroads for new industries and population segments in large rural areas.



Lars Olof Persson

What is at stake is the ability of the regions to profit from these changes and not become

their victims. New investments in traditional infrastructure and money transfers to rural regions should not be discarded, but the report stresses that what makes a difference is the local and regional ability to make use of available infrastructure and funding in coordinated bottom-up action.

Policy failure

Arguing in this fashion, the report criticises national and EU policies of lagging in scope and institutional attitude. The EU's common agricultural policy (CAP) is implemented as if agriculture was still the backbone of the countryside, whereas more targeted policy schemes aiming at the encouragement of rural development in the light of current socio-economic conditions are typically lacking. Moreover, the new Rural Development Regulation has an attached annual budget of EUR 4.3 billion, compared with an average of around 38 billion for agricultural market policy.

Indeed the report maintains that there are too many vested interests in agricultural organisations and official bureaucracies, and this severely hampers the chances of a clean break from the status quo.

Policy recommendations

The report makes a list of policy recommendations for its European audience of policy makers. It emphasises the need for a general rural small business extension service to supplement the traditional agricultural extension service in order to cope with the new economic demands. It also demands a more mobile bureaucracy at all levels, making the bureaucrats experience the dual learning stemming from interacting with their clients instead of demanding more capacity building for local actors.

The report further suggests that the role of the agricultural interest groups in policy making should be revised. What will be needed in the future are organisations that are more open to the complexity of rural ways of life and also organisations that operate on a Pan-European level. This recommendation is attached to the wishes of the group for the implementation of a broadened scope of policies accepting the fact that rural development ultimately has to be tailored by those living in the given communities in response to their own demands and resources.

The need remains for public resource transfers the report argues, but then again these should be adapted to the small scale and diverse nature of the receiving parties, ensuring that such fiscal transfers reach local entrepreneurs and do not simply end up in the coffers of the big firms.

Finally the report argues for greater local decision-making on budgets, responsibility and taxation, arguing from the viewpoint that local action can only thrive in a climate of local self-determination and responsibility.

Preliminary reports from DORA's national and international comparative studies are available at www.abdn.ac.uk/arkleton/reports.htm

North Sea Programme Approved

After two years of preparation, the Interreg IIB North Sea Programme has just been approved by the Commission. The Monitoring Committee will have its first meeting on January 14–15 in Cambridge, UK. The first call for applications will be announced in the week after with a closing date on March 1. The first meeting of the Steering Committee, responsible for approving and rejecting project applications, is proposed for April 22 in Copenhagen.

The new programme for transnational spatial development projects in the North Sea Region includes all of Denmark and parts of Sweden, Germany, the Netherlands, the Flemish Region, the United Kingdom and Norway. With an enlarged budget of 133 million Euro and the possibility of minor infrastructure projects the IIB programme will build on the Interreg IIC North Sea Programme. The programme will be administered by the North Sea Programme secretariat which will have an international staff of ten people and be based in Viborg, Denmark.

Kulturen och Naturen

– Bevarande förändring och förändrat bevarande

Nordisk kurs år 2002

– *Culture and Nature – Developing conservation*

Nordic Course 2002

Kursen vänder sig till tjänstemän, experter och konsulter som är involverade i eller intresserade av frågor rörande värnandet av kultur- och naturvärden. Under kursens gång behandlas bevarandefrågor i relation till den dynamiska förändring som kännetecknar det moderna samhället. Medför förändring med nödvång avkall på bevarande? Kan förändring innebära en möjlighet för avancerat bevarande?

Kursavgiften är 1500 SEK per kursvecka. Deltagarna står själva för kostnader för resor och logi. Ansökningstiden går ut den 1. Mars. För närmare information, kontakta Christer Bengs, Nordregio, tel. +46 8 4635400, christer.bengs@nordregio.se

Preliminärt Program

15/4 - 19/4 2002, Mälardalen och Stockholm

- Miljön som värde
- Regional utveckling genom bevarande
- Det lokala initiativet
- Vården av kulturarvet och miljön: Arkeologins tolkningar

10/6 - 14/6 2002, Östlandet och Oslo

- Miljön som ekonomiskt värde
- Medborgarrörelser för bevarande
- Miljön i regional planläggning
- Vården av kulturarvet och miljön: Arkitektkårens tolkningar:

26/8 - 30/8 2002, Själland och Köpenhamn

- Miljöns rekreativvärde
- Miljövägledning
- Kulturmiljørådets arbete
- Vården av kulturarvet och miljön
- Vården av kulturarvet och miljön: Konstnärernas och estetikernas tolkningar

In Search of the Northern Dimension

The Northern Dimension was greatly hyped on launch. Lately however it has almost disappeared from the headlines, and we often now hear people refer to it as a “non-issue”, or as something “neglected” within the broader context of Northern periphery affairs. Was the Northern Dimension simply a useful peg on which to hang EU policies, or was there really some substance to the concept after all? And if so, will this search for substance and content continue?

The Northern Dimension can be understood as the EU policy for the Northern Areas. It was launched by the Finnish EU presidency in 1997, and has since been taken forward by the succeeding presidencies. The area covered by the Northern Dimension is vast, including Iceland, Finland, Sweden and Norway, North West Russia, the Baltic States, and parts of Poland. Its content is also suitably broad, covering a list of ten different policy fields related to the overall goals of stability, security and economic growth. The Commission is in charge of implementation, but the Northern Dimension initiative does not have a separate budget. The action plan is supposed to work through existing instruments that carry communicative names such as Tacis, Phare, Interreg, Sapard and Ipsa. In addition, a large number of regional and international financial institutions are expected to become involved.

In the early days of the Northern Dimension its function was rather easy to identify. The initiative had an impact on the EU agenda, drawing attention to the northern regions and addressing both their prosperity and the challenges facing them. When it comes to implementation however the added value is more difficult to determine. The Northern Dimension has not been operationalised through specific organisations or funds. If the action that takes place would have occurred anyway then the whole initiative itself however becomes questionable. I tend to believe that the introduction of the Northern Dimension has however had an impact on the number of initiatives and on the allocation of funds to the northern regions. The donor conference planned on fundraising for environmental action is an example of this.

The deepening and elaboration of policies such as those connected to the Northern Dimension tend to vary in

intensity, depending primarily upon the political priorities of both the EU and national leaderships, other internal processes and various, often unforeseeable external situations that occur from time to time. Variations in progress thus do occur then, but progress itself does not vanish. Although the Northern Dimension is not at the top of the EU agenda at the moment, I believe it will regain prominence over time. The main reason being that the EU faces a growing demand for easily accessible energy. Indeed this is something that has been made all the more pressing by the events of September 11th.

The oil and gas reserves contained in the Arctic areas are not only huge and of global significance, they have now also become easy accessible. The EU's growing demand for energy is well known and has led to an agreement with Russia on closer cooperation in developing the petroleum resources of the North.



Johan-Petter Barlindhaug
President, Barlindhaug AS

The focus now is on the development of the oil and gas resources in the Barents Sea and in the Timan-Pechora area on the coast of the Pechora Sea, in the Eastern part of the Barents Sea. Shipments of crude oil have started from Russia, and the development of the “Snøhvit” gas field on the Norwegian shelf begins in April next year, and will be in production by 2006. A new oil and gas province in the North has thus well and truly been opened for business.

On the Russian shelf the huge Stockman gas field is scheduled to begin production in 2012–2015 with an estimated yield that is 50% higher than today's total exports of gas from Norway. Furthermore, the oil reserves in the area are estimated to be larger than those in the North Sea and the Norwegian Sea combined.

The development of the oil and gas fields in North West Russia will incorporate a number of the policies included in the Northern Dimension.

Development will take place off shore in extreme climatic conditions. This calls not only for the transfer of technology and basic know-how but also for ever more development in these areas. This is a challenge for the manufacturing industries of Europe.

The environment in this area is however highly vulnerable, particularly the large fish-stocks. Until now the Northern Dimension has been mostly concerned with the environmental “heritage” bequeathed by the former Soviet Union. The utilisation of oil and gas resources is however about challenges ahead of us. As such however it demands our attention as a sustainable development issue of vital importance.

The Arctic areas of the Northern Dimension represent the most reliable source of energy for the EU in the long term, and this calls for cooperation between the EU, Russia and Norway. The Norwegian contribution to this is among others based on the Northern Maritime Corridor within the framework of TEN, linking the North Sea basin to the Barents Sea, and giving easier accessibility to Norwegian ports by foreign vessels. The latter is of major importance as, not only the offshore fields, but also most of the fields on shore have to be reached by sea.

The continuing search for the Northern Dimension should thus focus on long-term trends and interests rather than on what is currently in vogue in the chancelleries of Europe at any given period of time. I agree with those who have stressed that the Northern Dimension is a concern for the whole of Europe, not only for a handful of border regions in the north. Following on from this perspective I expect the Northern Dimension to be taken forward, developed and probably more thematically focused in future.

The word is that the Danes will make the Northern Dimension one of the focal points of their Presidency, and that a top level meeting on the topic will be convened in Greenland. Though this of course will be a short-term event in itself, it is surely safe to say that it will be in the long-term interest.

Johan-Petter Barlindhaug

Regionalism in Europe Is Here to Stay

In Sweden four regional experiments are underway, in Skåne, Västra Götaland and Kalmar and on the island of Gotland. A regional experiment involves the transfer of certain tasks, which previously were the responsibility of the national government or the County Administrative Board, to the regions. It thus becomes the directly elected politicians who make decisions in certain areas of more immediate interest to citizens. The tasks concerned involve distribution of various types of national cultural funding, responsibility for public transport and regional infrastructure planning, together with representing the county externally. That last point is important. Who should, in fact, represent a region's citizens, the appointed officials of the national government, or a regionally elected politician, who can be called to answer by the electorate if they are not satisfied? A rhetorical question, perhaps, but one which is not self-evident in socialist-controlled Sweden.



Carl Sonesson, Chairman of Region Skåne

I personally represent the region of Skåne as the chairman of the regional administration. I was one of five Moderate Party members who took the initiative at one point of starting the regional experiment here. In Skåne we feel that the regionalisation process is especially favourable for us, not least because of the key geographical position we have in Europe. Before the fall of the Berlin wall and our own entry into the European Union (EU), Skåne was regarded as a blind alley in Sweden. Today we are more like the gateway to Europe. For us, it is becoming just as natural to turn south to Brussels, some 900 km from Skåne, as to turn north to

Stockholm - which is, in fact, some 600 km away. Not to mention the influence of the just over one-year-old fixed link between Skåne and the Danish island of Sjælland, the Øresund bridge. We are hard at work encouraging the integration of Sjælland and Skåne. These are factors which give regionalisation high priority here. Furthermore, those of us who live in Skåne feel that the democratic aspect is very significant. Every fourth year, when elections are held, the region's citizens can choose who are to represent them and who should decide the questions which are closest to their heart.

This naturally irritates the national authorities. When power is transferred from the national to the regional arena, the Prime Minister and his cabinet lose influence, which is never something they enjoy. The cabinet has now presented a proposition to the Swedish parliament which involves winding down the regionalisation process instead of developing it. They propose to put an end to the experimental activities at the end of 2002, introducing instead an Act which will give municipalities and county councils the possibility of forming so-called co-operative bodies. No additional regional experiments will be allowed, while the role of the County Administrative Board will be strengthened substantially. Any co-operative body in line with this model will be much weaker than the current autonomous body. It will have a weak juridical position, a weak mandate, limited decision-making powers and, in addition, it will be a forum for co-operation rather than autonomy - which makes a radical difference. Roles will immediately become unclear, which is in no way to anyone's advantage. Nor is the body to cause the Ministry unnecessary problems, but to turn primarily to the County Administrative Board, whose leaders are appointed by the national government, with regard to negotiations and similar affairs. In other words, the rug is to be pulled out from under the movement which regionalisation de facto has become in certain areas of Sweden.

The ruling party, the Social Democrats, are partially split on the question. Earlier, all of the party representatives in Skåne, regardless of their bloc or party membership, were unanimous concerning the regional experiment. All of them spoke with one voice on the importance of strengthening regional self-government. Now several, but not all, of the local Social Democrats have gone back to toeing the party line. In the Swedish parliament motions have been submitted opposing the bill from many parties and these will probably be dealt with before the end of this year. It should be highly interesting to see how the result turns out. They have greater significance for Skåne than I'm afraid the general public may realise. Not least from a democratic viewpoint.

It is also interesting to see how, through this action, Sweden is taking a position contrary to the major European trend which regionalisation represents. Apart from Sweden it is only France, among all EU Member States, which has an equally centralised government and which wields power from a top-down perspective. The other Member States have realised, to a varying extent, how regionalism is becoming ever more important in the political decision-making process. Romano Prodi, president of the European Commission, has on many occasions expressed his interest in transferring more power to the regional level. Many voices speak for the steadily declining importance of the nation state. Sweden's Social Democratic government does not wish to recognise this. They fight against it tooth and nail. Many of us, however, believe that they will gradually come to realise their defeat. Regionalism in Europe is here to stay.

Carl Sonesson

The Minister and Her Critics – This Issue: Iceland

Her responsibility, in light of future trends, is to redesign Icelandic regional policy. The Journal of Nordregio met with Progress Party minister of commerce and industry, Valgerður Sverrisdóttir, to hear her views on her own field of politics prior to publication of the new four year scheme for regional policy development and planning.



Valgerður Sverrisdóttir

Valgerður Sverrisdóttir: – It Is My Intention to Take Iceland into the Northern Periphery Interreg Programme

By Jon P. Knudsen

– *What are the current guidelines for Icelandic regional policy, and how will they change in the years to come?*

– We are currently working in accordance with the regional plan adopted in 1999. The plan however expires this year. This means that the launch of a new plan, to function for four years, will occur this month. Thematically I would like to stress four themes of importance as regards our regional policy: economic innovation, education, regional equalisation across living standards, and environmental challenges. Concerning the institutional aspects of how to work this through, I cannot emphasise enough the need to put greater emphasis on local initiatives both with regard to policy efforts, and on investment.

– *Your country's population size and its regional distribution both offer special challenges, how to you intend to deal with them. Is it at all possible to create regional centres beyond Reykjavik?*

– We have not been very successful in this respect, though I think we have already achieved something in the northern and southern parts of the country. The big challenge in the future is to create regional growth

centres in the northwest fiord area, and also in the east. I would also like to point out that our government has introduced measures to deal with regional inequalities in living conditions that compensate for some of the expenses attached to living outside Reykjavik and the other urban areas, notably a compensation package designed for those in the countryside who need to use electricity for the heating of dwellings. Furthermore we also run a programme allocating support to people from the periphery that are seeking better access to higher education.

– *I believe you intend to deal with the creation of regional strongholds in the new period of regional planning?*

– Certainly. The Institute of Regional Development in Iceland conducted a SWOT analysis mapping the strengths and weaknesses of the various centres in question, the result being that Akureyri is seen as having the best potential for growth and development, whereas the obvious strengths are fewer in other parts of the country's periphery. The Association of Local Authorities in Iceland has further proposed that Akureyri, Ísafjörður and Egilsstaðir should be given the status of regional growth centers, a proposition that I am going to agree to.

– *What about the idea of including Selfoss and the south?*

– We feel that the influences of the metropolitan region of Reykjavik are so strong in this area that we find no reason to initiate specific growth centers in this part of the country. The same argument also holds true for Akranes and other centers surrounding the capital.

– *Are you worried about the fact that the Reykjavik region is the fastest growing urban region in the Nordic countries, relatively speaking, or do you see that only as an asset?*

– Well, of course this is a matter of some domestic concern. I am however convinced that most people simply regard us as being fortunate to have a strong capital region. We have to accept that the benchmark in a global economy is the performance of other capital regions. But let me add that my personal hope is that in the future we are going to see a more balanced picture, this is of the utmost importance if the rest of the country is also to thrive and prosper.

– *Can you elaborate on current state of the art thinking when it comes to planning for rapid growth within the capital region itself?*

– It has meant that the municipalities in the region have had to undertake to stringently meet their plan-

ning challenges, whilst also making them see that this process of rapid urbanization has both advantages and disadvantages. This in itself is perhaps a new insight only discovered during their recent planning efforts.

– A more balanced settlement picture actualises the question of economic structure and future livelihoods beyond the capital area, what are your policy recommendations in this respect?

– Traditional industries and businesses will see a subsequent downturn in their need for labour, though fishing and related industries will of course continue to be the backbone of many local communities. Nevertheless there is a need for more innovators and entrepreneurs in order to bring about a general rejuvenation of the country's economic structures. In particular it will be important to broaden the range and scope of business activities if we are to maintain a sound economic basis. Additionally, let me also comment upon the debate pertaining to the current fishing regime. This is an issue of crucial importance, though it is of course overly simplistic to lay the blame of Iceland's current economic ills at the door of the fishing regime. Most fishing companies and factories are after all to be found in local communities outside the capital area, even if they are currently undergoing a process that will see them become bigger though fewer in number.

– Are you against the restructuring process currently taking place within the fisheries industry?

– No, such changes are badly needed. Though as regards the current debate, particularly as it pertains to the northwest fiord area, I will say this; the future structure of the fleet will have to be diversified. Though there is still a role to be played by the smaller units.

– Let us now turn to the eastern part of the country and to the current debate over the power plant project in Kárahnjúkar, and the planned aluminium smelter in Reyðarfjörður. What are your reasons for so strongly advocating these projects?

– These projects are going to bring about huge changes, not only in Eastern Iceland, but also in the rest of the country as well. When realised, they will bring a strong development impetus to the region; we can for instance foresee that linked to the construction of the power plant and the establishment of the aluminium smelter, will be the upgrading of the road connecting Eastern Iceland to North Iceland. This is all about turning around negative trends in a region that does not have too many alternatives.

– How do you feel with regard to criticism that this has become a deeply divisive question within Icelandic society as a whole?

– I do not have any difficulties in seeing this as anything other than as a difficult issue, after all, the region in question is going to change substantially. But I think those criticising the projects are exaggerating the problems faced, we have to accept that we have always lived off the land and thus have gladly utilised what it has to offer. Thus it will also be so with the hydroelectric power resources that we have in plentiful supply in this country. We must make the best of our own resources. Indeed I am bullish enough on this issue to foresee a positive turn in popular attitudes. We should not forget that even from a global perspective, using hydroelectric power for smelting aluminium makes economic and environmental sense. And, after all, what are the alternatives for Eastern Iceland?

– Are you preparing similar projects in order to develop other parts of the country?

– Not any that are about to materialise in the near future. But this is a question that will need constant monitoring in relation to regional needs and prospects. Whenever plans are brought forward, we are ready to examine them. But let me state once again for the record, the policy of the government is that any new smelters or possible plants should be located as close to their prospective power resources as possible.

– What about bringing new state institutions into the periphery, or new universities or university-like institutions copying the undoubted success enjoyed by the university in Akureyri?

– I do not rule such decisions out, they are also nurtured by wishes written into many of the political parties' programmes. But we should not forget that establishing such institutions can only be done after serious considerations and judgments have been made.

– Another hotly debated issue is that of Iceland's municipal structure. Many see the present municipalities as being too small and too weak to play a significant role in policy implementation.

– That is true. The municipalities are, in most parts of the country far too small to assume the role one would expect from modern local authorities. The challenges posed by this situation have however partly been solved by encouraging greater inter-municipal cooperation covering whole regions. A rough estimate would suggest that some 80 percent of all national policy implementation demands regional cooperation in order to succeed. Again, I would like to mention here an initiative taken by The Association of Local Authorities to bring the number of municipalities down from a high of 200 to some 40 or 50. At present we have reached 120 entities by virtue of voluntary procedures. But the process of reducing the number of municipalities has to speed up, and if it does not, I do not rule out the use of legislation, though it will necessarily impinge upon local feeling. One of the reasons why the process should accelerate is that experience shows that it takes time before amalgamation procedures produce their desired results.

– What will be the role of the Institute of Regional Development in your efforts to enhance national regional policy, particularly as the institute has recently been through a period of turbulence related to its relocation to Sauðárkrúkur?

– Its role will continue to be of paramount importance, and I would like to add that we have succeeded in manning it in its new location to our full satisfaction. This was the most important relocation decision concerning an existing state institution in recent history, and I admit that it will take some time to adapt to the new circumstances, but I do not hesitate to defend the decision as such. It was the correct decision to make.

- *The institute's budget for the year to come is to be reduced, why is that?*

- This can be simply explained by the fact that all state expenses have to be re-examined in the wake of the new global economic circumstances. There is no greater mystery to it than that. But I should mention that the planned privatisation of banking and telephone services could raise extra money that, in due course, could be devoted to regional investment, and as such could be added to the budget of the institute.

- *When working out acceptable models of regional development for Iceland, do you rely on your own analyses or do you also seek inspiration from abroad?*

- We try to gain from others' experiences, and thus to draw upon these. In this regard Norway in particular should be mentioned. We also see that most countries support their firms and industries by means of specially designed and geographically zoned regimes of taxation, though we have not come that far yet. All together, we are trying to construct something that mixes the best of learning from others with our own particular experiences.

- *One thing that amazed the rest of the Nordic periphery was your decision not to join the Interreg Northern Periphery Programme. Why was this so?*

- This was ultimately a board decision taken by the Institute of Regional Development. It is my intention to take Iceland into the Northern Periphery Interreg Programme. I will see to it that we are able to join. We are welcomed by our neighboring countries, and by Brussels. This is a project framework that is well suited to meet our needs.

Águst Einarsson:

- We Could Have Had Between 3 to 30 Million Inhabitants Here

He is a professor of economics at the University of Iceland, a former parliamentarian and the present leader of the executive committee of The Social Democratic Party. Águst Einarsson plays several roles in the national discussion on politics and the future development of his country, a country that, according to Einarsson, harbours more possibilities than problems.

By Jon P. Knudsen

- We are in a unique position compared to the rest of Europe. Half of the population lives in the capital area. We are only three inhabitants per square kilometre. These two facts do not dominate the debate on regional policy and on regional development; they are the prerequisites of this debate.

- *Would it not be wise, though, to attempt to counteract the further concentration of people and capital in the Reykjavik area?*

- Well, we have not had any success combating this process so far, so why not let people live where they want to live? Many migrants leave settlements with less than 200 inhabitants. We have to understand their reasons for leaving such places.

- *Do you see any thresholds stating what should be considered a viable community in the Icelandic context?*

- This is a difficult question. Even

Akureyri is difficult to develop in accordance with modern needs. We have to accept that it is going to be very costly to let people live everywhere. The fight for the maintenance of the periphery is a battle that we simply cannot win. We have almost no unemployment; people can work as much as they want to. I think the main driving force for a change in the settlement structure is the need for education, which cannot be met in every small community.

Many politicians are concerned with infrastructure, roads, tunnels, new factories in the periphery etc. to encourage people to remain in their own localities, but these politicians are wrong, such remedies will not hold people back. Parents seek education and a brighter future for their children,



Águst Einarsson

those who do not educate their children do not prepare them for the years ahead.

- *But the traditional industries remain in place, requiring a labour force even in the smaller settlements?*

- Even this is changing. Our fisheries account for 15 percent of our GDP and some 12 percent of total employment, which means that our dependency on fisheries is not as great as it used to be. Besides, without immigrant labour, the sector would have collapsed many years ago. The same is true for health care, people from Poland and several Asian countries keep the wheels running in these sectors across the country.

- *The influx of such people provides you with significant social and cultural challenges however?*

- Yes, and I like the idea of ongoing immigration. We are very few in this country. We could have had between 3 and 30 million inhabitants here. That would, at least with 3 millions, not have posed too

many problems, and in addition, we would have absorbed some of the global population growth. We have to get used to the idea of becoming more numerous in Iceland given the amount of space at our disposal.

– Globally speaking this may be sound, but do you really consider it possible from a political point of view?

– It is not easy to overturn the engrained patterns of our politics. Our election system is also designed to favour the periphery. As such however I readily admit that ideals and reality are still far apart on this issue.

– Returning to the regional aspects of the debate, you are pessimistic about the prospects for the periphery?

– I consider some of the current political measures taken to develop centres out with Reykjavik to be inappropriate. Take east Iceland for example, rather than this aluminium smelter project in Reyðarfjörður which is being so hotly debated, I think the area should have received support to enhance the educational opportunities of the region. The establishment of a university in Akureyri has vitalised that region. I foresee that similar things could happen elsewhere. I am not necessarily lobbying for a third university per se, but there is a lot to be done in joining forces with existing institutions, as well as in improving standards in secondary education.

– What about such measures as the movement of the regional institute to Sauðárkrúkur?

– That was a mistake. None of the employees wanted to relocate. Thus it was a very bad solution. The establishment of new institutions is something different, but then again, few such projects can be detected. The problem is in fact, that there are not very many opportunities in the countryside. Many more than those actually moving harbour the wish to leave the periphery, were it not for the financial penalties “imposed” by the housing market. A great num-

ber of households find that their family home in the countryside simply cannot command anything like the price needed to buy a comparable dwelling in Reykjavik. As such, I resent the fact that people are being chained to their old houses, this is not my idea of “equal opportunities” for everybody.

– What about the structural changes taking place in the economy?

– They too are important. There is not much dependency on agriculture any longer, and even the fisheries will lose out in the long run. And much of the new economy is located in the Reykjavik area. We have a population of about 150 000 in the metropolitan area, which is in itself meagre even on a Nordic scale. I use to ask my students where they would like to live. Most of them answer “abroad”. When I was a student, this was not so. We wanted to go abroad as well, but we all returned after a while. I am not sure whether this will be the case for the present generation. We have to get used to this notion essentially becoming part of our future. Young people today can communicate with their home country on the inter-net.

– If we look into the everyday life of the municipalities, what are your greatest concerns with regard to their future?

– They need to be fewer in number. There is a certain merger process currently ongoing, but its pace is too slow. We cannot have more than about 50 municipalities, and their minimum size should be around 5 000 inhabitants, at the very least paying respect to their ability to cater for a future oriented schooling system.

– Do you fear a future in which we will see an essentially divided Iceland, a country showing two economic standards, two cultures and two paces, creating antagonisms and tension between centre and periphery?

– Not really, we are rather homogeneous as a nation both culturally and economically speaking.

– What about the pressure on Reykjavik?

– We will seek to solve it as we go along. The housing situation is not easy in the capital, but I cannot see that we can justify taking measures to discourage people from moving there. We experienced something curious after the avalanches in the northwest some years ago. People were compensated after the catastrophe, but those who wanted to move to Reykjavik got a smaller amount than those preferring to stay in the region. This overt discrimination was badly received by people in general.

– Are you implying that regional policy does not have a great following among most Icelanders?

– At least the political parties have become more realistic. There is however still too much talking being done, but little of this can ever be distilled into explicit measures.

– How do you evaluate the performance of The National Regional Institute?

– I do not think that it currently functions in accordance with our demands. It has been misplaced, and its message is too loaded with complaints and worries. It takes on a pessimistic outlook and makes people lose confidence in the future, which is not a good thing.

– Regional development and environmental concerns are often mentioned alongside one another. How do you view this interrelationship?

– We should be able to live on our own resources, and we should also be able to make use of our rivers for hydroelectric power production. But I am sceptical about the one-sided quest for aluminium production. We should not bind ourselves so unilaterally to one product. That means repeating the mistake of our dependency on fishing. When we happen to have such a high standard of living as we actually have, we should conclude that there are several alternative uses for the electricity; some of it for example might even be exported.

Jón Bjarnason:

- The Entire National Budget Should Be Seen as a Budget for Regional Policy

He is one of the six MPs of The Left-Green Movement, a party that in its manifesto sets out to combat the centralization of capital and to «enable the conventional industries of Iceland to develop themselves, and to make use of Iceland's special status to create jobs of all kinds for all of its inhabitants». To Jón Bjarnason this means taking a critical position on the government's regional policy.

By Jon P. Knudsen

Making his concerns clear, Bjarnason refers to the expectations with which the present government was met:

When the government ascended to power it made a point about its intentions for better regional planning. But I think what we have seen so far makes it easy to conclude that their planning documents are not even worth the price of the paper they are written on. Regional planning has thus far not therefore achieved any significant results. On the contrary, we see that the political and planning authority is declining in influence while other stronger forces command the development of society.

- *What are these forces?*

- We have a big country in terms of territory. If all communities are to thrive and prosper equally, and not lose their ability to compete, we have to base the economy on local resources. If we fail in this respect, we simply cannot be helped by any regional policy efforts. Being more specific, access to fishing resources is of paramount importance for most coastal communities. We must also rethink the logic of demanding profitability from every local gas station or post office, and of course we must rethink the present tendency towards geographical concentration of our local schools.

- *Why is this so important?*

- Without access to local schooling, the ability of the countryside to procure good living conditions is erased immediately.

People want access to services wherever they live. If local schools are closed down, it is no wonder that people move away. Take gas stations for example; previously the national policy was to guarantee access to gas stations and fuel supply on a general level across the country. By changing this policy we ignored the fact that people need certain basic services to be in place in order for them to enjoy decent living conditions.



Jón Bjarnason

- *It seems as though you are arguing in favour of a stronger regional policy in this respect?*

- I hold the view that if we intend to keep most of the country populated, evidence of this should be demonstrated in our fisheries policy and in decisions on the locational patterns of vital industries and services. I admit that this has to be done within the context of the normal rules of economy, but I would like to stress that the emphasis must not be put on whether each and every local service unit is profitable or not, but rather on whether the economy as a whole is in good shape or not.

- *The emerging regional plan is set out to highlight the importance of a number of growth centres in the periphery, what is your opinion of such a strategy?*

- It is of course important to stimulate centres outside the capital area, but I reject the idea of picking regional winners, as this inevitably comes at the price and the stigma of tacitly picking losers. Furthermore, it does not help the rest of the country to see a handful of centres grow. Take the North West fiords for example; it brings the area no consolation that Ísafjörður was selected as a regional centre if national policy still favours the dismantling of the region which it is supposedly to serve.

- *But should not Iceland, as do other countries, accept the necessity of structural changes and their geographical consequences?*

- There seems to be a general lack of economic reasoning in the present regional policy debate. The Reykjavik case is a good example, the argument always being made is based on the strengths of the capital region, but the other side of this is of course the enormous costs related to all relocation to Reykjavik and the subsequent building activity in the capital and its surroundings. In fact, a substantial amount of our trade deficit should be ascribed to the massive investments currently being undertaken in the Reykjavik area. Wages and costs rise to a very high level thus subsequently creating national problems.

- *This year has seen a heated debate on the possible establishment of a hydro electric power plant and a aluminium smelter in Eastern Iceland, both intended to spur the economic and demographic growth of this part of the country, how do you judge these plans?*

– There is much worry in our party about these projects. We have to consider that fish and fish products historically have accounted for about 65 percent of our total exports. This has always been a problem as it has put us in a vulnerable position on the world market. With the projected aluminium smelter in place, Iceland will experience a similar unilateral dependence on aluminium. In addition, some 80 – 90 percent of our production of electricity will be taken by smelting alone. We will also need vast foreign credits to develop the projects. The risks associated with this industrial endeavour are substantial. I would also consider such a big plant as the aluminium smelter to be inappropriate in a small community such as Reyðarfjörður. It simply will not fit in. And what is going to happen if it eventually becomes outdated and then closed down? The industrial town of Rjukan in Norway is illustrative of such gloomy prospects in this respect.

– *What then is the alternative if one wants to enhance development in this corner of the country?*

– Fisheries are of course important, and they certainly need further development. Tourism is now also a contender, soon to become our second or third industry measured in foreign earnings. Both of these rely upon natural resources and domestic comparative advantages. Then, there are a variety of services and specialised industries that could be developed if public services were maintained at a decentralised level. I think that banks also need to reconsider their attitude towards rural and small-scale enterprises. Banks usually consider firms in the countryside as having more risks attached to them than centrally located firms.

– *Attached to this debate on scale and centralisation is also the debate on the geographical aspects of the administrative system, how do you view the need for structural reforms in the municipal sector?*

– Iceland can more or less be looked upon as an entire municipi-

ality. I am not in favour of too many administrative divisions. We should not however squander resources on forcing municipalities to merge. After all, the distances between people will not diminish with fewer municipalities. If fewer and stronger municipalities are accorded more responsibility, they will probably seek to rationalise service provision by closing local services in the name of an ill-advised regional centralisation.

– *Do you find much popular support for your view on these matters?*

– I would say so. Most people subscribe to the view that all of Iceland should be populated, but those commanding and allocating financial resources tend to hold more centralising views. That is why we deliberately need to outline a policy that counteracts the logic of finance. If the state does not guarantee basic public services, no one else will. The planned privatisation of telecommunications offers a good example of this. No company is willing to compete on telecommunications in say Ísafjörður and Þórshöfn. The present wave of privatisation is going to harm the preconditions for settlement and habitation in many parts of the country. Another example is the deregulation of air services. At first we had a competing situation where several companies operated on most destinations. Then followed a period of massive closures. By now, only the route between Akureyri and Reykjavik is operated without subsidies.

– *Do you want stronger ministerial authority in regional matters?*

– On the contrary, charging one ministry and one minister with total responsibility for regional affairs would not lead to significant improvement. As the remaining ministries and sectors would be left to behave as they pleased with rather grim results. Instead, the entire national budget should be seen as a budget for regional policy and the whole gamut of national policy should be used for

regional maintenance and development. Some of the most important issues are dealt with in the sectorial ministries, and only when these are brought to work in accordance with the sound principle of balanced development, can we hope to have a real regional policy regime. At present, we are stuck with a national regional institute authorised to give some ISK 50-100 million to any firm that would otherwise not have survived without subsidy.

– *Do you see any hope for change?*

– In this regard hope resides with the electorate. When the government has such a considerable majority as it presently has, things are likely to stay as they are. Iceland is increasingly run along the lines of a private company, with the influence of the parliament being devaluated. The most obvious victim in this process is clearly regional policy.

– *In recent years Iceland has seen a substantial rise in immigration, some of which has come to alleviate the shortage of labour in fishing communities. What are the implications of this new feature of Icelandic social and economic life?*

– Many of these people, for numerous different reasons, find it difficult to become integrated into Icelandic society. Many also intend to return to their home countries as the Icelandic post-war immigrants to Sweden did a decade or two ago. I find much of the immigration to be a consequence of uneven or hasty economic development. Relating to this, the power plant and aluminium smelter plans in Eastern Iceland will generate even more immigration. In a small society like Iceland, such a pattern of immigration simply does not work. It will only bring about more instability. We are thus better served by encouraging the slower, more even paced, development of our society.

Danish Regional Policy in the Early 21st Century

Key Issues and Challenges

By Henrik Halkier

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Danish Regional Development and Regional Policy in the Late 1990s

Compared with that of the 1960s and 1970s, the socio-economic background to Danish regional policy making in the 1990s has changed dramatically. Rather than a clear-cut division between less-industrialised peripheral regions and the prosperous central areas around Copenhagen and Eastern Jutland, a much more complex mosaic of strengths and weaknesses could be seen to have emerged, especially in the wake of the deindustrialisation of the metropolitan areas and other traditional industrial centres, and the rise of new industrial clusters in the previously predominantly agrarian western parts of the country. Add to this, the redistribution achieved via the national welfare system, and it is hardly surprising that regional inequality was less prominent as a political issue in Denmark than in other Nordic countries.

Despite the sudden demise of all central government regional incentive schemes in 1991, regional policy has continued to operate on various levels:

– *Central government* has reinterpreted regional policy from being primarily concerned with inter-regional differences to being about enabling every region to contribute to the overriding national goal of strengthening international competitiveness. Regional policy must therefore make sure that even peripheral regions have access to e.g. first-rate public advisory services relating to technology, innovation and management.

– *EU regional programmes* have become a major factor in regions traditionally supported by national policy programmes, and although support for infrastructure, advisory services and training accounts for most of the expenditure, grant support for

productive investment has been maintained in these programmes despite – or perhaps because – having been given up as a policy instrument

by central government in the early 1990s. It is undoubtedly the case that issues of competitiveness and innovation have been important in this context, and that programmes have been administered in a fairly decentralised manner, at least by European standards, with both planning and project appraisal being undertaken primarily by actors on the regional level.

– *Regional and local initiatives* in regional development have proliferated since the late 1980s, with the provision of advice and infrastructure being the dominant features. These initiatives have been subject to central government regulation, primarily with regard to policy instruments (direct grant aid to individual firms is prohibited) but also in the form of various attempts to encourage cooperation between actors to help foster economic development at the sub-national level.

All in all, the Danish approach to regional policy in the 1990s could be characterised as a “regulated bottom-up” regime, with the roles of strategic initiative and implementation largely vested in sub-national actors, the Structural Funds programmes being the only nation-wide policies that deliberately discriminate between regions, and central government predominantly regulating the activities of other actors.

Danish Regional Policy in the Early 21st Century: Inherited Challenges

The current state of affairs appears to have been the result of the strategies of a large number of



Henrik Halkier

actors operating on different spatial levels – sub-national, national and European – rather than an outcome that was planned by any one actor, and this is, perhaps, one of the explanations for the rather limited extent to which these regional policy activities have thus far been evaluated. The Structural Funds programmes do of course have a built-in schedule of evaluation, but given the sub-optimal conditions under which these exercises often take place, the new knowledge generated has often been surprisingly limited, thus the European programmes would in fact seem to be less of an exception to the general picture of limited evaluation than one would perhaps assume.

Two areas are likely to emerge as central in the coming years. On the one hand the questions over the *economic impact* of individual initiatives are likely to emerge. Many projects and programmes in individual regions often owe much to tacit knowledge (hunches) amongst development professionals, or to political symbolism (the importance of being seen to be doing something to promote economic development in the locality), and in a situation where extra-regional funding may become scarcer, questions over “value for money” are bound to surface. However legitimate such concerns may be, addressing them will be both difficult and costly for several reasons. Individual development initiatives on the sub-national level tend to rely on information and infrastructure as key policy resources in order to influence the strategies of managers in individual firms, and such impacts would appear to be much less straight-forward to measure than for example the additional investments associated with financial subsidies, which were traditionally at the core of central government regional policy implementation. Moreover over a period of time, any number of policy initiatives may have influenced strategic decision-making in individual firms, thus pin-pointing the aggregate impact of such policies is likely to be complicated and time consuming, if not simply impossible.

On the other hand questions over the *organisation* of regional policy are also likely to surface, particularly when resource levels are declining. This is partly a question of how to coordinate activities between a large number of actors in order to achieve synergy rather than competition and duplication, something which is in itself further complicated by a situation in which different tiers of government provide democratic legitimacy to individual initiatives within a complex system of multi-level governance. At the same time it is also noticeable that there already exists a strong tendency to include key actors within the locality in the set-up process surrounding individual development bodies and initiatives in order to achieve wider levels of legitimacy, e.g. within the business community or amongst trade unions. It remains to be seen however whether this partnership-based organisational pattern - somewhat resembling the rather archaic "governance by notables", or on occasion that of traditional "sub-national corporatism" - is in itself capable of supporting innovative measures, or whether it will instead simply instill a deep-seated conservatism into the policy process.

Danish Regional Policy in the Early 21st Century: New Challenges

At the beginning of the 21st century two new challenges to the existing regional policy paradigm in Denmark have emerged, one of them perfectly predictable, the other perhaps less so.

It is generally agreed that the impending *enlargement of the EU* towards the east will have momentous consequences for the role of the Structural Funds across Europe, particularly so in the relatively prosperous member states. In Denmark, where the standard of living is generally high, and socio-economic disparities low by European standards, predictions range from the complete disappearance of spatially targeted Structural Funds programmes to a considerable reduction in their area coverage. In either case this will precipitate problems for policy succession in this area which must be addressed by national and regional actors.

Given the long-standing and broad cross-party consensus over the undesirability of direct grant aid to individual firms, an *unlikely scenario* would be a return to the pre-1991 system of central government grant aid to individual firms in designated areas: any replacement measures would have to be based on information or infrastructure as the central policy resources. Perhaps one *possible scenario* could also be that central government concludes that nearly 20 years of regional policy funded by the Structural Funds has merely been a windfall gain which could not be refused for political reasons - Danish support for European integration has tended to focus on pragmatic considerations of maximising the financial benefits of membership - and that policy replacement should therefore be left to regional and local actors. A course of action which would recreate a level playing field in the sense that every region had the option of attempting to promote economic development, but something which would also give an advantage to regions with a relatively good resource endowment in terms of e.g. innovative firms, public knowledge institutions and taxable income. A further *alternative scenario* to this would see central government abandoning its mainly regulatory role by directly replacing European programmes for designated 'lagging' regions with similar levels of grant aid funded from national coffers. This would maintain some degree of targeted transfer of resources to the least well-off regions, and thus would essentially mean more of the same, although the precise role of the various tiers of government may perhaps be subject to change.

Other options do of course exist, and here the perhaps the less predictable "new challenge" emerges, namely that of *increasing political interest* in issues of regional development and the relationship between the various parts of Denmark. A good indication of the general topicality of all things regional is the institutionalisation in 2000 of an annual Regional Policy white paper, which includes estimates of the spatial implication of legislation, and which has given Indenrigsministeriet a role in this area of public policy alongside Erhvervsministeriet (business-related matters) and Miljø- og Energiministeriet (planning issues).

It is of course uncertain whether this interest can be sustained, particularly in the wake of a change of government, where other matters may come to dominate the political agenda, but it is interesting to note that the new prominence of territorial politics would already appear to have become gradually institutionalised in regional policy through a string of what can now be termed *regional initiatives*, each involving an in-depth study of the strengths and weaknesses of particular localities, which then forms the basis for concrete development projects brought forward by local and regional actors in partnership with central government, primarily focusing on the improvement of framework conditions for business development within the region concerned. The first such rounds covered the metropolitan area of Copenhagen and the trans-border Øresund region, subsequently inspiring similar initiatives elsewhere, whilst also reflecting worries about a perceived concentration of new investment in infrastructure in the metropolitan Copenhagen/Øresund area. Worries concerning "over-capitalisation" were however certainly the driving force behind by far the largest initiative, namely that covering Jutland-Funen (55% of the total Danish population), and in the wake of this ongoing exercise the rest of the country, including the isolated Baltic island of Bornholm and Storstrøm/West Zealand, which are all now under way. The quasi-programmatic approach exhibited by central government to these regional initiatives to some extent resembles the Danish approach to the administration of the European Structural Funds, though it remains to be seen whether what started on a *ad-hoc basis will provide a blueprint for a new general approach to regional policy in Denmark in the years leading up to 2006. Nonetheless the question of securing development opportunities throughout the country - and indeed the role of public sector investment and institutions in this - has been forcefully put on the agenda by sub-national actors and is unlikely to go away for the foreseeable future.*

In Conclusion

Danish regional policy today can be characterised as a decentralised form of industrial policy, managed

within a framework regulated by central government and focusing in particular on stimulating competitiveness and innovation, with the European programmes being the only ones entailing preferential transfer of resources to designated "lagging" regions.

The mosaic nature of spatial economic disparities would seem to suggest that localised employment crises will not constitute the main challenges to Danish regional policy in the years to come. Instead key issues are likely to concern the political management of this mosaic through regional policy measures:

– how well is the existing paradigm functioning in terms of supporting economic development and innovation, and

– how will this paradigm react to "external shocks" such as the withdrawal of Structural Funds support

and the reappearance of territorial issues as a major concern within the Danish political system.

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Mix of Driving Forces behind Counter-Urbanisation

Reviewed by
Ulf Wiberg

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geography
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An eternal question is why do people live where they do. What are the driving forces behind such decisions, and what is the relationship between contemporary tendencies in society and the basic time-independent elements of human behaviour.

In terms of aggregated levels, Sweden experienced a strong urbanisation trend in conjuncture with the move from being a static natural resource based society to that of a highly dynamic society centred on product cycles related to industrial production and welfare services. A distinct feature of this urbanisation trend are the multitudes of emergent cultural expressions, and life style and consumption patterns among individuals and households that develop as a part of this process. However, it is important to note that the scale of one's analysis matters. In socio-economic patterns and processes there is always a great variety among individual persons and households. Thus even within a regional context characterised by a significant trend towards urbanisation, one can also discern counter-trends, i.e. towards counter urbanisation.

In his doctoral thesis Jan Amcoff sheds light on this starting with a general national overview. Special attention is devoted to an analysis of the eastern parts of mid Sweden where rural areas are influenced by their closeness to Stockholm and to several other medium-sized cities. The approach has a broad theoretical perspective covering both objective and subjective realities among people in these rural areas.

A major part of the thesis deals with the explanation of migration to rural areas. Four types of explanation are presented and discussed based on findings in national and international research, and which are then compared with empirical material from the study area. These explanations thus form a set of possible driving forces behind the perceived increased attractiveness of rural areas as milieus for settling down.

The analytical approach is inductive but with an eye to contributions to the

literature which back up important lines of thought. This gives the thesis a unique character. A traditional demographic and socio-economic analysis of patterns and processes is mixed with various theoretical viewpoints on social behaviour. The outcome is a picture of explanations regarded as complementary, which means that no explanation is suggested to completely replace another. However, in relationship to the empirical findings the author finds a great difference in explanatory ability among the chosen types of explanations.

From my own disciplinary perspective – that of economic geography – I appreciate that the author gives special attention to discussion of strengths and weaknesses, with the role of geographers as the builders of bridges between the rather different ways of understanding place related social behaviour, itself rooted in disciplines such as socio-biology, economy and sociology.

What then are the four explanatory factors? The first factor deals with the rural as a social representation. The line of thought is mainly based on British studies showing that at least a fraction of mainly well educated middle class people migrate to rural areas in search of a psychologically, culturally and economically secure milieu – the rural idyll. Positive prototypes of rural lifestyles are influencing people to take the decision to migrate to the countryside. When the author compares this explanation with his empirical findings on migrants to rural areas in Sweden however he finds rather weak patterns of the suggested type.

The second factor focuses on the role of inter-personal relations, particularly with family and friends, something that is often related to very distinct ideas about where to migrate. As such, a certain place often “matters” as it is part of a family tradition. Both social capital and built assets may play an attracting role. The author finds a stronger explanatory ability in this hypothesis. This particularly so in the case of farms and dwellings in peripheral parts of the study area, where the share of returning in-migrants is significant.

The third factor is termed the “low cost hypothesis”. Here it is claimed that, in particular the low cost of

building plots and dwellings in rural areas work as driving forces behind out-migration from city cores. The belief then is that households characterised by low income and low activity rate are pushed out of city cores due to high and rising costs. However, in the study area reviewed this type of explanation scored very poorly. It is also noted that low living costs are not the only cost factor that has to be considered in this context. In many cases the other side of the coin is seen in higher transport costs, which also entails increased accessibility issues as regards the various activities of household members.

The final explanation relates both to the theory of evolution and to the deep rootedness of the nature-oriented culture in Sweden. A small population combined with a low density in settlement maintain a lifestyle among Swedes strongly influenced by qualities and options in the physical landscape. According to the hypothesis such an attractive landscape is open and easy to oversee, has a variation in height and in types of greenery, and has a rich quota of water surfaces. In examining the physical locations of new rural dwellings in the study area, the author finds much support for this particular hypothesis. Often the micro location of the dwelling is sheltered by trees, either on the edge of a forest, or in a copse, though still with views over a wider landscape.

As is demonstrated in this presentation of the main findings in the thesis the author ends up with the following conclusion: The basic driving forces behind the perceived increased attractiveness of rural areas and of notions of counter-urbanisation have a biological and cultural point of departure. Contemporary socio-economic conditions and policy-making have a much weaker impact on individual decision-making in this regard.

The thesis thus provides valuable insight on discussions over the meaning of sustainable development in rural areas. However, the whole range of issues encompassed by that meta-problem are not dealt with. As such, the attractiveness of some types of households remains a necessary though a far from sufficient condition for sustainability. Patterns of change and in-migration are highlighted. Discussion

of the fact that a major part of the rural population chooses to stay in the timeframe discussed in the thesis would thus be a valuable complementary approach to that used in the drive to understand the issue of sustainability in rural areas.

Even if the national context is Sweden, and the specific study area is highly influenced by the most

urbanised part of Sweden, the author has chosen an approach that delivers a relevant and useful way of understanding many other region types throughout the Nordic countries.

I would therefore strongly recommend the book to all who are interested in moving beyond the statistics of population change in rural areas, and who thus wish to consider the underlying factors explaining the attractiveness

or otherwise of such social constructions as place. It is obvious that place matters. Every place of settlement should therefore be seen to have, at least to some extent, a unique character of sensitivity, vulnerability and adaptability to contemporary tendencies at the macro level rooted in qualities that strongly influence peoples' sense of place and peace of mind.

Invoking a Transnational Metropolis – The Making of the Øresund Region

Per Olof Berg, Anders Linde-Laursen, Orvar Löfgren (eds.)
Studentlitteratur, Lund 2000

Reviewed by
Jan Mønnesland
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This book is not about the logic of regional co-operation across the Øresund. With few exceptions, the book does not comment on the rationale behind such attempts at transnational co-operation, such as its potential gains and losses of such a process. Neither does it address the need for, or the effects of, the new bridge connection across the Øresund waterway.

Furthermore, the book does not undertake a structured discussion of the rationale behind the concept of a specific Øresund region, (i.e. a transnational region consisting of the areas on both sides of the Øresund waterway). Such discussions as do occur on this issue are however rather fragmentary in nature, interspersed throughout the chapters, providing only the most preemptory academic backdrop to the book as a whole.

The focus of the book is, as is clearly stated in the title, to comment on the invoking of not only an Øresund region, but also of a transnational metropolis.

The problem with the book lies in the underlying, and un-voiced premises of its theme. Describing the “invoking of a new region”, not to say that of a new “transnational metropolis”, the editors assume that the region/metropolis has been (or will be) generated primarily (or at least to a substantial degree) by simple invocation. As such, the concepts, ideas, and discursive practices of this

approach are elevated in importance to such an extent that they themselves become “privileged” in the face of other more material factors, which are essentially sidelined by the adoption of such an epistemological stance.

Alternatively, one may regard the practice of “invoking” as merely a part of the total game, and discuss the role of the invoking aspects relative to the more material factors operating throughout the process. To do so one needs to maintain a certain distance, or academic detachment, from the subject matter, and to deploy a critical attitude towards adopted assumptions. It is also important that one tries to give some consideration to what it is that is specific about this case, and what parallels can be drawn with other cases where transnational communications are expanding.

For the authors however the maintenance of such a detached stance appears to be impossible. An explanation for this may be found either by reviewing the acknowledgements section, or the section on the authors themselves. The work has been carried out by a research team who have, for many years, benefited from research grants distributed directly from agents involved in the region building project. Indeed, Löfgren “heads the Swedish part of the Øresund project,” whilst Berg is “leader of the Danish part of the project”. Interestingly it is therefore, to a certain degree, the invokers themselves who focus on the crucial role of “invoking” as it pertains to the generation of a new region and a new metropolis. When however one lets the priests themselves discourse on the important role of the religion,

one should not be surprised to discover that their answer is somewhat confessional.

Per Olof Berg and Orvar Löfgren are themselves the major authors of the book. From a total of 278 text pages, 98 pages are written by those two editors, whilst the 8 other authors share the remaining 180 pages between them (including the third editor, Linde-Laursen). Thus the ideas presented by Berg and Löfgren constitute the main impression of the book as a totality. These two authors describe how concepts, ideas, collective and un-controlled Øre-speak etc. etc. come together to seemingly constitute a new region and a new transnational metropolis “out of thin air”. They really believe in it!

For those readers yet to “see the light”, these sections contains little in the way of direct argumentation challenging more materialistic viewpoints. In essence they contain pure proselytisation, simply preaching to the converted. Indeed to all intents and purposes, critical argumentation has been replaced by bouquets of linguistic platitudes more suitable as irony than as serious debate. For instance, it is claimed that the Øresund bridge, simply because it is a bridge, will be a symbol of connection which will generate a mental impact far beyond the material concerns of rationalised communication. Moreover, the authors continue by asserting that this would not have been the case with a tunnel, as a tunnel is not visible across the skyline.

Perhaps such criticism appears overly harsh to the casual reader, yet in the 98 pages written by Löfgren and Berg, one is really given cause to

blanch at the surfeit of idealistic evangelium that one is forced to consume.

The book does however also contain work by other authors, some of whom are in line with the two above-mentioned editors, though others really contribute some worthwhile and rather readable articles. I will start by mentioning the third editor Anders Linde-Laursen. He is excluded from the introductory as well as the concluding article of the book, but in his own contribution he presents an interesting presentation of the history of the region, especially that of Scania. This article comments on cultural and political developments from the time of the Swedish conquest in 1657 up to the present day, whilst identity creating actions and effects relating to both Scania itself, and other similar land seizures, for example in South Jutland/Schleswig, are alluded to throughout. This article is to be recommended, not only because it gives insight in itself, but also because it is clearly related to the question of the invocation of identities: what are the conditions, what is the link to the material base, the political structures, the actions taken on the ground etc. I really hope that the other editors read this contribution and refocus their own efforts as a result.

Similarly, the contribution by Per-Markku Ristilampi is also worth reading. He is also studying the nature of the invocation process, though he does so with due care and attention to the need for academic detachment. The result is a really interesting article showing how certain events (in casu seminars) may mobilise the participants, the conditions pertaining to success, the man-made aspects, and also how a weaker concert of such elements may lead to disaster. Wisely his article does not preach on the salvatory effects for the region per se, as such he confines himself to the success or otherwise, of the events, in their explicit aim to mobilise the participants.

Other contributions may be of interest for people engaged in social development as such (see for example the contribution by Ole Fogh Kirkeby), though this is, in itself of more marginal interest for people primarily interested in regional development.

A common theme throughout the book is the idea that the Øresund region is being born through a

process of simple invocation - it exists because it is said to exist -, and that this project is not designed by specialised authorities or core group agents, but rather it is an "open house" project in which all interested parties are welcome to take part. The book makes much of this "bottom-up" approach, discussing in some depth, the special features such a process necessarily contains as compared to either state-bureaucratic or private-business organised strategic development projects (see for example the contribution by Petter Boye). Parts of this discussion would have been relevant, had the contrast been set in a more distinct way. One really does have to pose the question however, do such developments really represent something new? Are they really that different from what is going on in other processes where new communication links generate closer links between regions, encouraging spillover effects which then help push integration forward? And is it really true to suggest that, as is explicitly claimed in this work, that such integration between metropolises is historically unique?

Throughout the last century, communication linkages have been increasingly developed for a number of well documented reasons, and as a consequence, integration between regions has accelerated. In several cases, such integration has been so strong that new regional identities have emerged. In other cases, the original regional identities have prevailed despite, and/or in parallel with, such new contacts. With this perspective in mind, the Øresund link manifests itself not as a historical novelty, but merely as a new case of a much older historical, and decidedly materialistic process.

This type of development has also stimulated a debate over region making. Will the new communications, and in particular the new transnational links, generate new cross-border regions? If so, what type of regions (identity regions, formal regions with administrative and juridical frameworks, or merely informal trade and commuting regions)? To what extent will such new regional networks weaken the existing administrative regions as sub-units under the national states? The debate here has been broad (and sometimes confusing), covering political opinions as well as scientific contributions from several disciplines. Nevertheless, on encountering this book, the casual reader may get the rather false impression

that the Øresund example is something of an historical novelty.

Perhaps the major reason for attaching the epithet of historical novelty to this case relates to the process of invocation so described by the principal authors and editors of this volume, where it is said, a multitude of parts are engaged, parts which are stimulated but not controlled by formal organisations etc. The novelty of such language however should not be confused with the historical novelty of the idea itself. Indeed, bringing us back to the material realm, one would do well to remember that history does not start with Øresund. The Nordic Council of Ministers has organised cross-border committees ever since the late 1960s to stimulate initiatives, investment, common projects etc, but also to help invoke notions of the cross-border region across the respective areas. Within the context of the EU Interreg programme (now in its third period), such initiatives have flourished and thus have been targeted with an increasing level of financial resources. And (as was also mentioned in the contribution of Petter Boye), such cross-border region making is well known to other parts of the world. The oft stated thesis in the book that such a transnational metropolitan as the Øresund is something totally new, is thus obviously false.

That said, my own experience in working with such cross border initiatives is that the Øresund Committee has been particularly successful in its task. It has recruited a multitude of actors in a rather flexible way, and this "open house" method of work should be distilled and presented as a good benchmark for other initiatives and other regions. As such, this book could have been a useful way of spreading knowledge of this good example to other actors. Instead, the book insists on claims of uniqueness, not only in the way in which the Committee works, but, more radically, and much less plausibly, for the uniqueness of the case as a whole. Sadly however it must be said that the authors have rather "missed the boat" (perhaps they took the bridge instead!) as the work singularly lacks the ability to engage a readership beyond its own tightly knit "denominational" borders, lacking the basic academic aspects that could have made it meaningful for those who do not think that 'invocation' constitutes the whole story of transnational region making.

Jan Mønnesland: Kommunale inntektssystemer i Norden

NIBRs Pluss-Serie 2-2001

Reviewed by
Anders Wiberg

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This book deals with the subject of income systems in the Nordic countries. The purpose and the effect of the systems are the two major aspects treated in the work. The first chapters of the book deal with the size of the municipality sector and the financing and government income systems in the sector. After that we find a very elaborate examination of the different income systems in the Nordic countries. Each country is allotted its own individual chapter, and the self-governed areas, the Åland Islands, the Faeroe Islands and Greenland, are described in a common chapter. The book has 167 pages of which 114 pages deal directly with income systems. In the last chapter the author compares income systems thematically.

It is hoped that the supply of certain services (i.e. health, school and care) should be evenly distributed across all of the regions of a country. A need for income systems arises when municipalities with different conditions are to execute these welfare tasks. There are several reasons why the municipalities themselves have taken on board these tasks, one of which is that being able to contribute to the organisation and delivery of such services entails a number of comparative advantages as compared to dealing with the dictates laid down by a regional governmental authority. The income system has, over the last ten-year period, developed from a system with earmarked sectorial contributions into a system with an emphasis on contributory limits and on varying models of equalization.

The disparity in both the size and the capabilities of municipalities is significant in all countries. At 124, Iceland has the smallest number of municipalities, while Finland has the largest number with 436 municipalities. The population in the smallest municipality covered here is 31, this being in a hamlet on Iceland. The largest municipality has slightly more than 743 00 inhabitants and is situated in Sweden. The figures are from 1st January 2000. If we include the self-

governed areas, the smallest municipality has 16 inhabitants and belongs to the Faeroe Islands.

Each income system consists of a number of different parts, most of which can be found in all countries, including the self-governing areas. One exception to this is however that of the Faeroe Islands, which does not have an income system in the ordinary sense, as all transfers are earmarked at the level of activity. A general contribution based on "crowns per inhabitant" or by source of revenue exists everywhere - with the exception of Iceland and Greenland. Distribution or equalization of revenues occurs in every country/area, with the same also holding true for the distribution or equalization of expenditures. On the other hand, there are no regional policy contributions or other geographically delimited contributions in Sweden, Iceland or Greenland.

From the country exposition it is clear that we are dealing with very complex income systems. Use of a pertinent example can illustrate this rather well. The purpose of equalizing expenditure across Sweden is to redistribute revenues from municipalities with a favourable expenditure structure to municipalities with unfavourable expenditure structures. There are 16 areas of expenditure at the municipality level, and four areas at the county council level. The areas of expenditure are specified using separate models to calculate expenditures. Ultimately, figures based on the standard cost per inhabitant are calculated. The municipality/county council receives a contribution, if the calculated cost per inhabitant is higher than that of the average level across the country. If the cost is lower however the municipality pays a fee.

The models vary from very ingenious to being rather more stereotyped in nature. It is natural therefore that the systems are often difficult for those on the outside to comprehend. The models used are also related to demographic variables (for example population in different age groups) as well as to particular items of expenditure (for example building costs). It thus often becomes difficult to compare the meaning of different models.

Similar indicators are included in many of the models. Population changes are important in several models though it can often be rather more difficult to get a view of the "total effect" of such changes in one particular variable.

It is thus often the case that greater efficiency is reached with fewer, better developed, models. In this way, the logical structure improves, and unnecessary complexity is therefore reduced.

Each country maintains an income system that has its own peculiar national quirks, which are themselves often related to varying historical or administrative traditions, or to the differing degrees of independence exercised at the municipalities level, or even simply to the differing state of dependence or otherwise, of local to national government. The actual distribution of tasks between the state and the municipality can also influence how the income systems are worked out.

The book gives a very detailed description of municipality sector income systems and it is thus an excellent source for economists, politicians and others interested in the field. It can also be used as a textbook for courses on the municipal economy. The book, it should be noted however, does contain more of a bias toward description than analysis, though this descriptive approach is rich in detail. One connected shortcoming of the work however in this sense is that no evaluation of the income systems has been undertaken. Is it possible to show that one income system is better than another? Is it possible to have the same income system in all areas of the respective countries? Are there fully worked out alternatives to the existing systems of today? How do other EU countries address the questions raised in this work? Ultimately of course every work must have its limits, and in its defence it should be pointed out that such an evaluation was not advertised as being included in this particular book.

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