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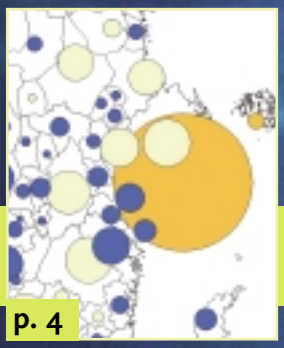

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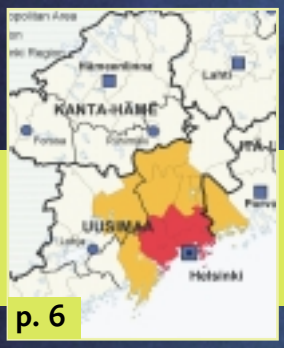

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JOURNAL OF NORDREGIO

HALLGEIR AALBU *Director*

JON P. KNUDSEN *Editor*

CHRIS SMITH *Language Editor*

MARGARETA DAHLSTRÖM *Book Reviews Editor*

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Adresses

NORDREGIO
Box 1658
SE-111 86 Stockholm
Sweden
Tel. +46 8 463 54 00
Fax +46 8 463 54 01
www.nordregio.se

Jon P. Knudsen
Espevik
NO-4780 Brekkestø
Norway
Tel. +47 37 27 56 90
E-mail jon.p.knudsen@nordregio.se

Margareta Dahlstr
Nordregio
Box 1658
SE-111 86 Stockholm
Sweden
Tel. +46 8 463 54 00
Fax +46 8 463 54 01

The Urban Side of Regional Policy

REGIONAL POLICY is almost by definition destined to be essentially policy for regions in trouble. Following the important structural changes that took place in the Nordic countries after World War II, those troubled regions were more or less to be found in the peripheral areas with week urban structures. From the late 1960s onwards, the unenviable moniker of regions in trouble came also to mean those regions hit by the emerging industrial crisis, with some of these regions being heavily urbanised, though often having an urban structure that was perhaps characterised more by a Weberian style of industrial agglomeration than by the Christaller-inspired urban landscape of the service provision type.

In some countries moreover regional policy even came to be identified with strategies for enhancing and developing rural life, culminating in the 1970s with a counter-urbanisation trend that was manifest in temporary demographic changes as well as in new cultural values being adopted across large segments of the population.

As such, the thriving, or at least still expanding cities remained of little interest to regional policy developers. The only attention given to urban areas that was comparable to the regional policy focus given to capital areas and to other major cities was in cases where social cleavages gave rise to spatial inequality of a kind that eventually threatened the social and political integration, or even more cynically interpreted, the social self-representation of the Northern European welfare state. This famous theme was ultimately to be described by David Harvey in his compelling book: Social Justice and the City.

Nowadays, these lines of thought seem to be at one and the same time both actual and obsolete. Actual because the same problems as ever still haunt us, problems such as rural deprivation, industrial crises and urban social inequality. Yet also now obsolete because the image of the city as an immediate economic stairway to a (capitalist) heaven has been challenged.

> We now recognise that the Nordic capital areas may often lose out to global competition.

We now recognise that the Nordic capital areas may often lose out to global competition. While we also understand that even strong and dynamic cities founded on many-sided service provision and creative activity of all kinds need to be catered for in order to serve as growth poles for their country or region, though we still lack the political will and the full-scale adoption of the policy instruments necessary to go forth. After all, arguing that Oslo, Stockholm or Helsinki are in need of special regional policy initiatives is not something that is easily sold to the traditional defenders of the periphery. It has been much easier, though, to argue the case of Copenhagen in this regard as the Danish capital showed obvious signs of stagnation towards the end of the 20th century.

In recent years the metamorphosis of regional policy into regional development policy has in some ways succeeded in actualising the role of the urban system in pursuing balanced national development patterns. Most explicitly this has been manifest in some of the Finnish policy programmes, notably the Urban Centre Programme. Denmark can also be said to have a policy scheme where the role of the urban system is put at the forefront. Even Norway will have a special policy as regards the role of its major cities formulated by the government by the beginning of 2003.

This policy development has to a large extent been inspired by various EU policy initiatives such as the ESDP and the successive Interreg-experiences bringing to the Nordic scene relevant examples of regional policies grown in political soils other than those traditionally found in the Nordic countries. The increased urban focus is thus but one of the lessons learned in this regard.

The Nordic countries will, with the exception of Denmark with its Continental style settlement pattern and high population density, always have special challenges in regional policy stemming from their low population densities and relatively remote location from the major European markets. Nevertheless, these are challenges that call specifically for modern and flexible urban systems in order to tie the Nordic countries – with their advanced regional economies – to the common European mosaic of spatial economies. Nothing then in this regard could thus be better assessed as the rightful task of regional policy than the strengthening of the Nordic urban system. ■

Size Matters

Big is beautiful, or so they say. The proverb seems to hold true with regard to Nordic labour markets. During the late 1990s the principal regional growth in Norden has been concentrated in the larger economic centres, while with few exceptions the smaller functional labour markets have taken a proverbial beating. Needless to say, national macroeconomic efficiency still sets the overall pace of development when regions across borders are compared on equal terms.

by **Tomas Hanell**

Economic theory is obsessed with size. Or to be more precise, not with size *per se*, but with relative size compared to one's competitors. The principal driving force is to expand and to become stronger. In the case of specialisation too, the ultimate goal is often to be one of the largest players in one's own special *niche*. In the discipline of regional sciences too, size has attracted significant focus. Spatial hierarchies are largely guided by mass. Flows of goods, services, capital or ideas are measured in volume, the larger the better. Recently, much attention in the Nordic countries has been given to the issue of peripheral location and small internal size. This is considered disadvantageous, regardless of whether the scale is adjusted to the global, continental (in our case European), national or regional level.

A comparative look at the socio-economic development of functional labour markets in Denmark, Finland, Norway and Sweden in the latter part of the 1990s reveals that there is indeed a positive correlation between the size of the commuter catchment area (henceforth CCA) and its pace of development.

Figure 1 illustrates the relationship between the total population of the CCA (size of circle), the rate of total net migration on the x-axis and the rate of natural population growth (excess of births over deaths) on the y-axis. The more the circle is situated in the uppermost right corner, the faster the overall population growth in the region, and *vice versa*. The data spans the period 1995–2000.

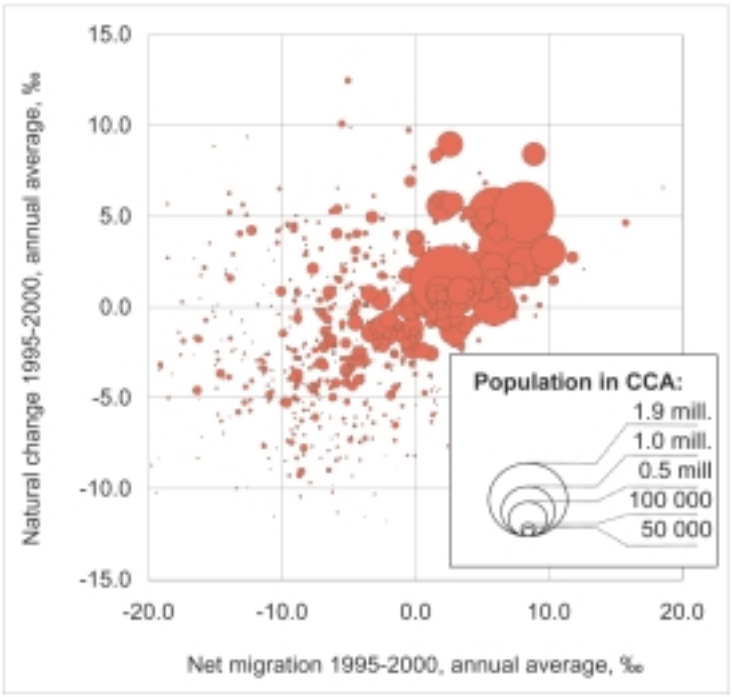
Large functional areas are generally in an advantageous position with regard to both positive migration flows and to a favourable rate of natural population growth. It is primarily the younger generations that head for the larger centres, and these are the ones that bear children. Such areas include København and Århus in Denmark; Helsinki, Tampere, Turku, Oulu and Jyväskylä in Finland; Oslo (with surrounding Tønsberg and Drammen), Bergen and Stavanger in Norway; as well as Stockholm/Uppsala, Göteborg, and Malmö/Helsingborg in Sweden.

On the other hand, most of the CCAs with the most unfavourable development are small ones, and not all of them are necessarily situated in the outermost periphery. Exceptions to the pattern can be found, of course. In many areas, especially in rural Norway as well as in e.g. Finnish Ostrobothnia, the positive development with regard to the excess of births over deaths partially balances the negative migration flows. The opposite holds true for much of rural Sweden as well the Danish island region of Storstrøm.

A similar pattern emerges when comparing the generation of new jobs and the size of the local labour market. This is depicted in Figure 2, which shows the relative change in employment *per commuter catchment area* during the five-year period 1994–99 and where the size of the circle is relative to the number of persons employed in the CCA.

Disregarding national differences, the larger and more diversified labour markets are the ones where employment has increased most, while the smaller ones have lost out to a significant extent. So it seems then that the maxim is indeed proven, bigger is better, or is it? There are exceptions, of course. Many smaller labour markets have in this respect fared well during the period in question. What such well performing regions have in common is that they have companies specialising in certain industries where they often compete on the international arena and are thus able to compensate for their relatively small size. This includes industries as far apart as furniture manufacturing, textiles, electronics, ICT, machinery, foodstuffs and food processing, the printing industry, pulp and paper, and tourism.

Another issue entirely is that of national economic performance, and indeed it is the case that national economic cycles do play a significant role in explaining development on the regional level. In this respect the nation state is still very much alive and decisions taken in the national capitals still



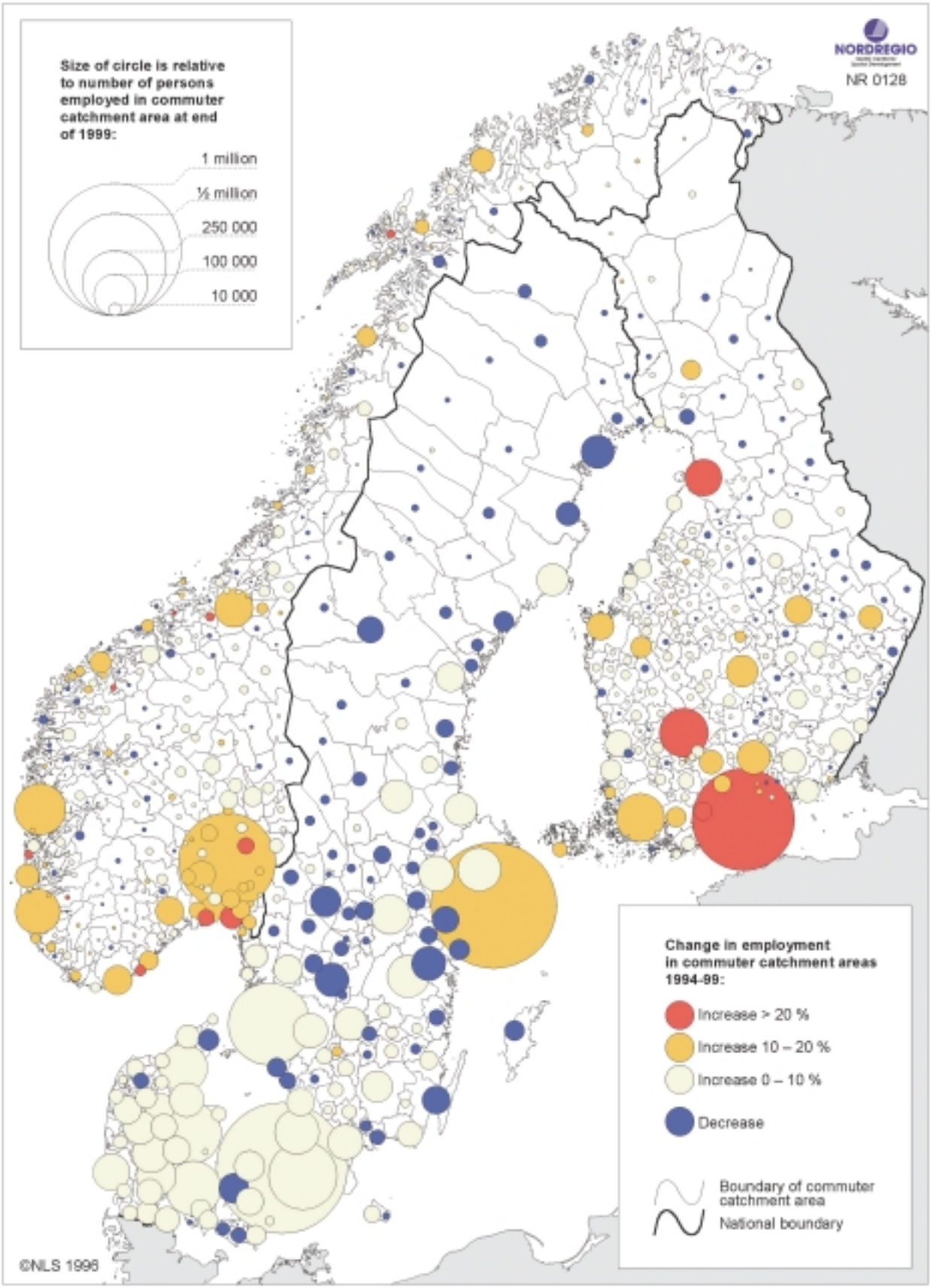


Figure 2: *Employment Change in Commuter Catchment Areas 1994-99*

do have pronounced regional consequences. Many local labour markets, including the larger ones particularly in Sweden, have fared poorly during the period. While in Norway and Finland the number of regions with declining employment levels during the period is not quite as large. Development in this regard has been most balanced in Denmark.

All in all, the maxim on size still yields a measure of explanatory power, but as the evidence shows, smaller players are now also able to tap into the benefits of global competition. What the future holds for those who currently lag behind however remains to be seen. ■

OECD Warns of Increasing Social Disparities in Helsinki

In its Territorial Review of the Greater Helsinki Region (GHR) the OECD acknowledges the strong growth that the Finnish capital area has experienced during the last decade. At the same time the organisation warns of increasing social and economic cleavages across the region.

by **Jon P. Knudsen**

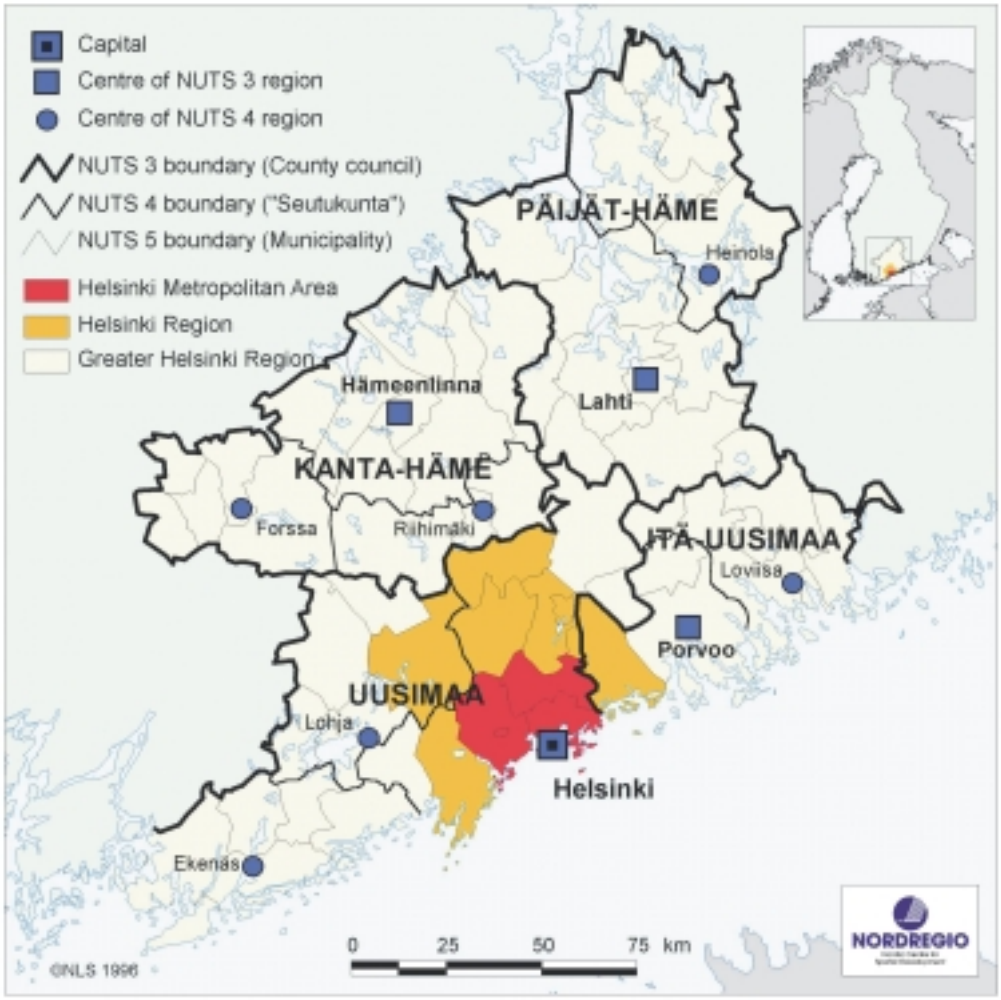
The OECD territorial review unveiled in October this year opens up discussion on a series of future challenges facing the Finnish capital region of Helsinki. Having been one of the champions of economic and demographic growth during the latter half of the 1990s, with a 1,5 percent annual population growth rate, the region now faces the task of consolidation and further policy formation.

Heavily based on its ICT success the Finnish capital is now however experiencing the backlash of an ever more reinforced social cleavage between those who have taken part in the economic up-swing and those who find themselves in more modest economic circumstances. This pattern is reproduced geographically with the western parts of the GHR becoming more affluent than the eastern and northern parts of the region. As the region consists of several municipalities with far-reaching competences with regard to public spending and service provision policies, the "[d]ynamics of the "secession of the rich" can develop quite quickly and lead to very negative unintended effects in terms of sustainable development, social integration and economic development", the OECD warns. Concerning the spatial integration of immigrants on the other hand the region is praised for its ability to avoid ethnic segregation.

The report also highlights the need up for a stronger system of regional governance aimed at enhancing sector-integration and predictability through binding decisions by means of the use of mutually binding contracts. Housing policy in particular is highlighted as an issue that should be dealt with by a new super-agency. The level of cooperation between the municipalities in the region is increasing the report claims, but nevertheless the need for further formalising such cooperation is recommended in order to counteract the many features of fragmentation. These features occur as competition between municipalities and as a mismatch between national authorities with regard to decisions on taxation and the standards and amount of local welfare provision.

Note is also taken of the future of the Finnish economic model, pointing to the notion of "conservative entrepreneurship" as a possible explanation of the fact that "few Finnish start-ups have achieved a global market position, despite highly favourable market conditions".

More worryingly perhaps in conclusion the OECD however notes that, "the success that the region has enjoyed and the absence of any imminent crisis provides little incentive for prospective thinking on the ability of the current system to sustain advantages indefinitely". ■



OECD Goes Cross-Border – Focus on the Øresund Region

by **Torben Aaberg**
Deputy Director of
Öresund Committee

"OECD Territorial Development Reviews" are studies of countries or regions. They include an analysis, assessment and discussion of the performance and development potentials of a nation or region, based upon a range of structural, economic and political parameters. The reviews are concluded with recommendations and suggestions for future policies and reported in a series of OECD international publications.

A Helsinki review was finalised this summer and since December 2001 the Øresund region has been the subject of the first cross-border study. The OECD is looking beyond the visions and strategies of the region to discover the interrelations and potentials; identify strengths and weaknesses; and evaluate policies and initiatives. Among the investigated themes are the following:

How to optimise framework conditions for economic growth, competitiveness and welfare? How to balance and take advantage of the potentials of the entire region? How can informal networks and cooperation structures deal with governance and ensure the necessary coordination in a cross-border region? What are the preconditions for the further development of a cross-border labour market? What lessons can be learned from the Øresund process of integration that can be useful to ongoing work in other cross-border regions?

The Danish and Swedish governments have entrusted the Öresund Committee to coordinate the inputs from the two countries and from the Öresund region with the OECD. The regional partners are the City of Copenhagen, the City of Malmö, Skåne Region, the Greater Copenhagen Authority, Øresund University and the Öresund Committee. The national Danish partners are the Ministry of Economic and Business Affairs, the Business Development Agency and the Ministry of Environment. The national Swedish partners are the Ministry of Foreign Affairs, the Ministry of Industry, Employment & Communications and the Business Development Agency. The partners finance the study, which is also supported by EU via INTERREG IIIA Øresund.

The analysis itself was carried out by the OECD Territorial Reviews Division in Paris, who are thus fully responsible for the recommendations. The analysis was inspired by a comprehensive "Background report" of documentation from the region – basic facts, statistics, structures, strategies etc. – further elaborated upon by the Öresund Committee. The analysis was also supported by the observations of an international expert team that visited Øresund in March 2002 and discussed development perspectives with more than 100 key representatives from various authorities, business life, the universities, organisations and the two governments. Moreover, numerous experts from other cross-border regions have contributed with comparative observations.

The analysis is now close to deadline. A draft report will be discussed in an OECD committee, the "Territorial Development Policy Committee" (TDPC) in mid January 2003. All OECD countries will take part in this discussion, including the two governments involved and the Öresund Committee. The final report will be published during the first half of 2003. ■

A Completely New URSA

The Nordregio Urban and Regional Studies Academy (URSA) has been reshaped. Shorter and more focused courses have been developed to meet new needs.

by **Jon P. Knudsen**

The well-known URSA courses are reappearing after having taken a short break this year due to too few applicants. A market survey undertaken by the programme director Susan Brockett and the course secretary Åsa Pettersson revealed that people in the target group, practitioners throughout the Nordic countries, had strong opinions concerning their knowledge requirements. Most of them had difficulties spending more than a few days away from work, meaning that lengthy stays were ruled out. Moreover the need for more targeted content was frequently mentioned, Brockett says.

– What will be your response to these answers?

– We have rebuilt URSA to meet the changing demands. A system of shorter modules has been developed to offer informative lectures and discussions as well as in depth explorations of actual problems in development and in urban and regional planning. Three thematic modules are being presented: Trends in modern Europe, Governance and coordination, and Current developments in theory and planning. The application deadline for the first course is already 1 February, so we hope that our target group will have a quick and positive response to our changes.

– Where you surprised by your findings in the survey?

– Interestingly, and a bit to my surprise, there were quiet a few of those interviewed who asked for an update on current planning theory relevant for their practice; we have therefore decided to offer a module on this theme. We know our users

need practical, immediately useful information, but some want a broader picture as well.

– *Do you have more to come?*

– Yes, there will later this year be thematic project modules consisting of two "classroom"sessions and internet interaction which have stronger emphasis on contributions by the participants and finally a synthesis module. Here the participants are given the opportunity to synthesise other modules into a personally and academically significant whole. We realise that people have different needs; thus they can opt for everything between a single module and the whole package, getting a price rebate for multiple modules. This makes the new URSA more focused and flexible. I hope that this new system will be welcomed as a meeting ground for practitioners seeking to increase personal knowledge and effectivness, Brockett says. ■

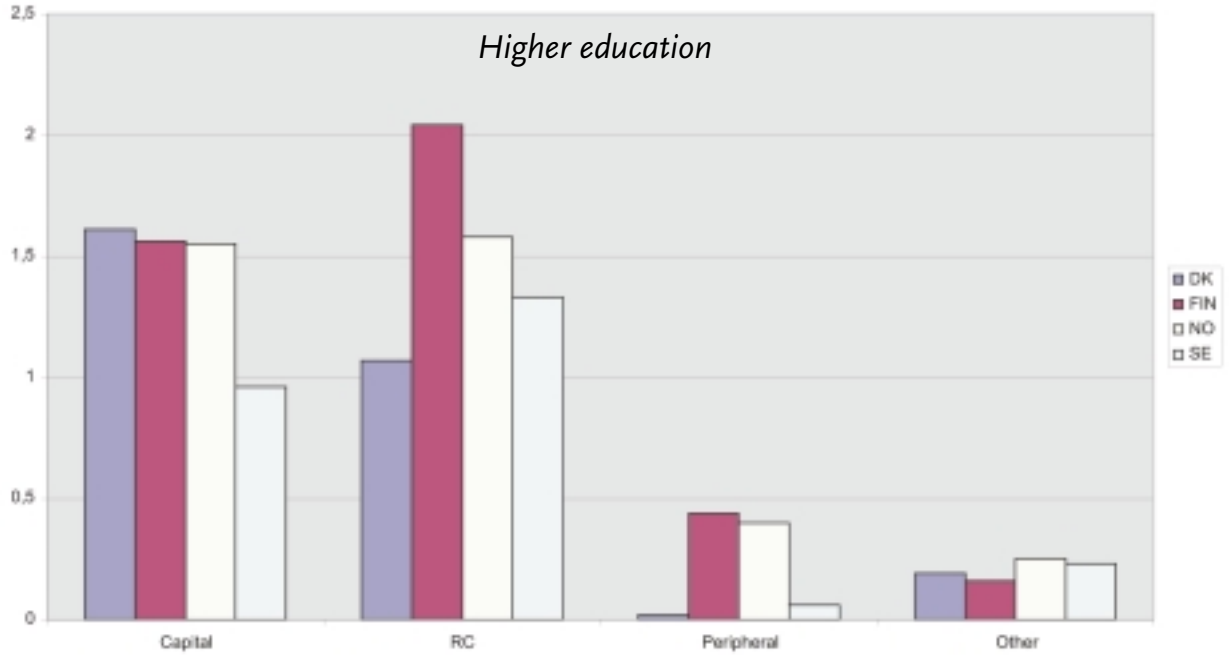
The Differential Spatial Impact of Higher Education in Norden

by **Lars Olof Persson**

Employment in higher education experienced continuous growth in all Nordic countries throughout the 1990s, pushing these countries further towards the promised land of knowledge. During the latter half of the 1990s, the national numbers ranked from a modest increase of 8-9 percent in Denmark and Norway, to 18 percent in Sweden and to almost 30 percent in Finland. Finland now counts employment in higher education as 1.25 percent of the total labour market, while the other Scandinavian countries remain close to only 1.0 percent, with Sweden being the lowest in this regard with only 0.9 percent.

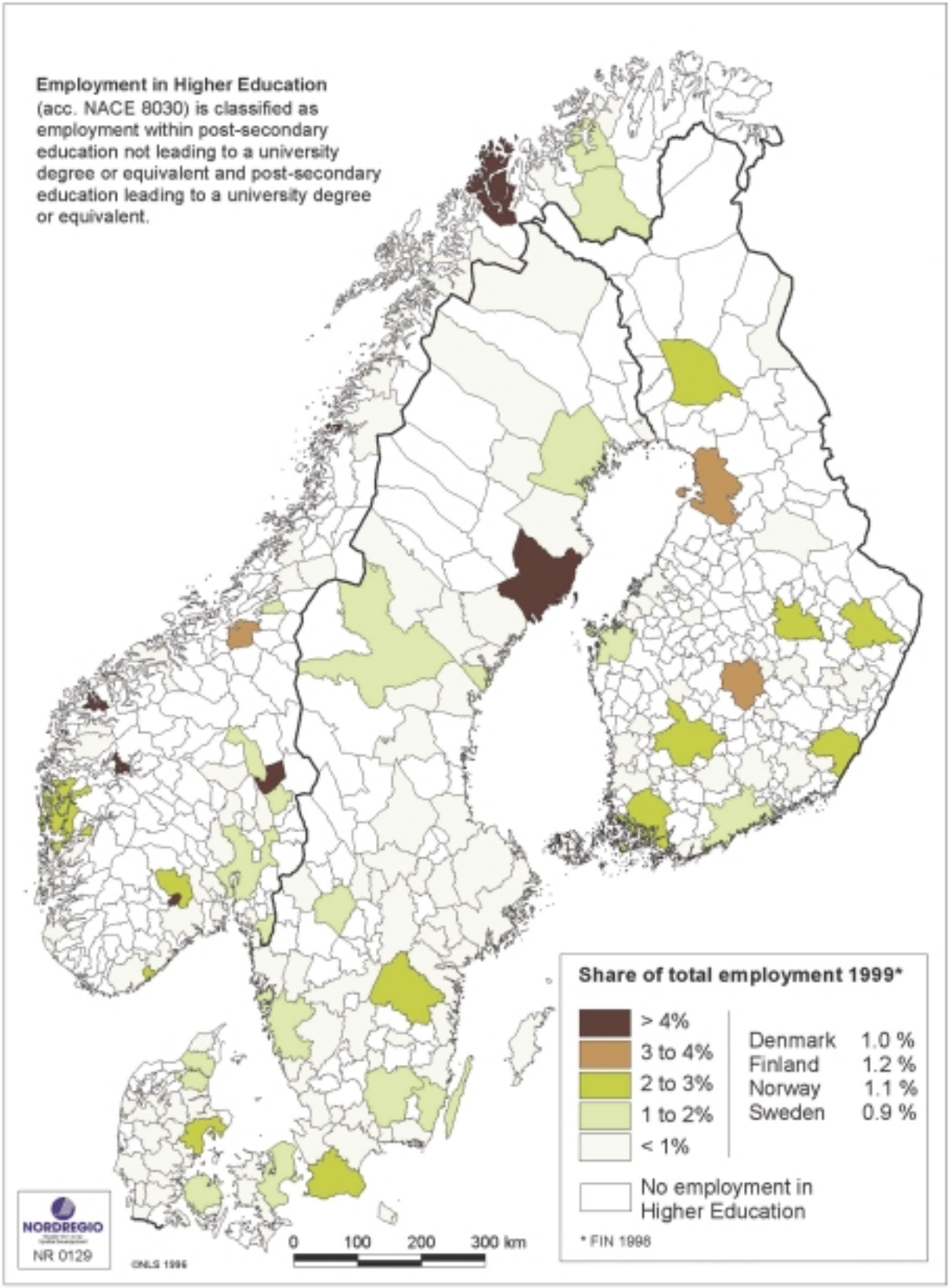
The differential spatial impact of higher education is clear across all these countries. Norway and Finland are the countries with the most considerable investments in university employment in the peripheral regions. This means some 0.4 percent of total employment in these – previously Objective 6 or corresponding - regions as compared to only 0.06 percent in Sweden. The current high number for Norway reflects a strategy of significant investment in higher education in the periphery during the 1990s. Considering the low level of increase in higher education employment in Norway as a whole, the remote regions have been the relative winners in terms of creating jobs in this area. In Finland there has been a relatively high increase in some minor labour market areas, something that can be explained by the establishment and expansion of polytechnics and of university activities more generally (e g Pori, Pieksämäki, Kokkola and Tammisaari).

Finland's share has however also increased more dramatically both in the Helsinki region (30%) and in the regional centres. It is obvious that in Sweden, higher education is concentrated in the capital region to a much lesser extent than in the neighbouring countries. Higher education in Sweden is thus we can say rather decentralized towards the regional centres. The recent appointment of new universities in the regional centres of Karlstad, Luleå, Örebro and Växjö thus reflects this rather recent Swedish policy of the "concentrated decentralization" of higher education. ■



Source: Nordregio Report 2009:9.

Employment in Higher Education in Nordic commuter catchment areas 1999*



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Visiting adress
Holmamiralens väg 10
Skeppsholmen

Telephone
+46 8 463 54 00

Fax
+46 8 463 54 01

Postal adress
P.O. Box 1658
SE-111 86 Stockholm

in short

Denmark

In a recent study entitled "Danish Rural Areas and Land Use" written by Henrik Christoffersen for AKF – The Local Government Institute – the role of the Danish primary sector as the backbone of the rural settlement pattern is shown to have diminished. With agriculture ever more industrial in scope and organisation, the rural habitat is now becoming increasingly characterized by people living in functional labour markets seeking rather different neighbourhood qualities to those now found in the cities.

Finland

According to the regional monitor published by the Finnish Ministry of Interior Affairs, municipal administrators judge the overall regional business climate to worsen slightly in the year to come, though there are important regional variations. For traditionally weak regions such as Etelä Savo, Pohjois Karelia and Kainuu, the prospects are gloomy. The major urban regions are also likely to face more modest prospects than in the 1990s. In the same monitor, the administrators foresee that intensified cooperation will take place between Finnish municipalities, in particular with regard to the operation of various functional regions.

Iceland

Aðalsteinn Thorsteinsson (36) from Akureyri has been appointed as the new director of the Regional Development Agency in Sauðarkrókur. Thorsteinsson has been acting director of the Agency since June. The Agency has been in a state of turmoil over its organisation and tasks ever since it moved from Reykjavik to its new location. It is thus hoped that this appointment will help to steady the ship.

Norway

In its budgetary proposal for the year 2003, the government has decided to reinforce the role of the county councils as coordinators of regional development policy, allocating about NOK 1 billion to this task.

Following the succession of the centre -right government in 2001 a Governmental report on urban policy with special attention being paid to the role of the major cities of Oslo, Bergen, Stavanger, Trondheim, Tromsø, Kristiansand, Drammen and Fredrikstad is being prepared. The report will concentrate on the growth and balancing potential of the major urban network of the country as opposed to earlier urban policy reports, which have mainly been devoted to social problems in urban areas.

Sweden

After the governmental reshuffle following the general election in September, the minister for regional affairs, Ulrica Messing, has become minister for transport and communications. As such, prospects for the development of enhanced or overarching policy integration as regards regional policy should now at least be institutionally favoured.

The figures for the first three quarters of 2002 confirm that Swedish population growth is picking up pace. By October the one yearly population growth rate attained a rate of 0,35 percent, resulting from the combined effects of slight rises in birth surpluses and net immigration.

New System of Governance Proposed for Norwegian Urban Regions

Following a project on the strategic reorientation of the six major urban regions of Norway, a policy document advocating a new system for the provision of Planning and Service Regions (PSR) has emerged.

by **Jon P. Knudsen**

For more than a year, the five cities of Bergen, Kristiansand, Trondheim, Stavanger and Tromsø, later joined by Oslo, have been conducting a project aimed at strengthening their overall position in the reformulation of Norwegian regional policy. Invited to present their views to the Ministry of Regional and Local Affairs, the cities produced a short policy document pointing to their role as strongholds of regional economic and settlement structures.

Moreover, the cities have also come up with a proposal to implement regional governance in their respective functional regions through so-called PSRs in which basic super- and inter-municipal concerns as regards service provision and planning will be dealt with. The first of the regions to experiment with this newly created institution is Stavanger where leading officials from all 13 municipalities in the Greater Stavanger Region, together with the county council of Rogaland, have discussed a draft for the practical arrangement of a PSR.

Other urban regions are thought to be about to follow suit in the weeks to come, as the creation of the PSR-concept has been received with interest by the ministry. Senior adviser Helge Røed from the Agder Research Institute is leading the project. ■

Helge Røed

Finland and Norway Plan Future Cross-Border Service Provision

by **Jon P. Knudsen**

Cross-border development partnerships are well known in Norden. Through a new joint Fenno-Norwegian initiative on the ministerial level the cross-border concept has now also been introduced into the realm of service provision. According to the Finnish Ministry of Interior Affairs a study is under way on the possibility of cooperation between the three northernmost Finnish municipalities and eight of their Norwegian counterparts concerning the joint provision of basic local services. These sparsely populated parts of Norden have long since experienced problems with individually maintaining the competence and budgets necessary to provide the full range of services needed in a modern local community. In addition, this corner of Norden is reputed for its network of well-established connections across national borders. It should therefore not come as a surprise that these cross-border networks will now be extended to the field of public services. Initially the services provision areas targeted are to be found within the social services, health and education sectors. In addition the medium-term ambition is also to further strengthen already established cooperation on tourism, communications and reindeer management. ■

Norwegian Government Intends to Move Eight National Authorities out of Oslo

by **Jon P. Knudsen**

More than 900 jobs will be affected by a government decision to move eight national authorities to new locations outside Oslo.

The government report on the decision will be presented to Parliament in January. The authorities affected mainly deal with the control and supervision of private and public business activities. The places picked as new locations for the various bodies are as follows: Fredrikstad, Tønsberg, Agderbyen (the main urban band of Sørlandet), Stavanger,

Haugesund, Bergen, Trondheim and Bodø.

These are all large and medium-sized cities by Norwegian standards, and the government emphasises that they have all been deliberately picked because of their sectoral and/or educational specialisation relevant to their new hosting tasks. Most of the cities are also part of a wider labour market region large enough to cater for the needs of the incoming agencies. The employees of the agencies in question have protested against the decision, as have some parliamentarians from the Oslo region. As the Government has wide support for its proposal in the Parliament however, the decision is likely to be approved by the national assembly. ■

Swedish Minister Advocates Further Domestic Use of Structural Funds

by **Jon P. Knudsen**

The Swedish minister for regional affairs, Ulrica Messing, has spoken out in the debate over the Swedish position on the future of the EU's structural funds. The government supports the position that a substantial part of the structural funding in the future will have to be allocated to new member countries. But Sweden should also profit from the funds, she

Ulrica Messing

argues in a press release from the Ministry, citing climatic conditions and a scattered settlement pattern in parts of the country as reasons for further adherence to the funding concept.

The statement should be viewed in light of the fact that five of the political parties in the Swedish Parliament have agreed on the position that Sweden should reject structural funding in the future. The wider setting of this position is the attempt to reduce Swedish spending with regard to the EU budget, judged by some to take too large a toll on the country's economic capabilities. ■

Danish Process on Spatial Planning to Conclude

by **Jon P. Knudsen**

The liberal-conservative Danish government has affirmed Denmark's Nordic leadership in terms of spatial planning by launching a broad process for the re-examination of the basic guidelines of spatial and physical planning. On December 12 the Government presented its proposal for a National Planning Report. The report entitled "Balanced Development - How?" will be subject to public discussion until February 14, 2003. The Minister of Environment, Hans Chr. Schmidt, will conduct five regional debate meetings over the proposal in Esbjerg, Aalborg, Odense, Århus and Copenhagen respectively.

The report starts by registering that the growth impetuses are stronger in the cities than in the smaller towns and rural areas. Thus the challenges faced in the creation of a balanced settlement pattern are demanding, but the government does not speak for a harmonizing attitude to these challenges. Instead it advocates a greater variety of coping strategies, all in accordance with local and regional prerequisites. This is to be achieved by enhancing spatial and functional integration through local labour markets and by strengthening cooperation across the county and municipal levels and between the state, the counties and the municipalities. ■

Hans Chr. Schmidt

PAUL OLAV BERG

The Social Aspects of Publicly – Owned Companies

The issue of public ownership is once again claiming attention in current policy debates. In the White Paper, "A smaller and improved public ownership", presented to the Norwegian Parliament in the spring of 2002, a list of the companies and institutions owned by the state was provided. The remit of the White Paper was to precipitate a discussion on which of these publicly owned enterprises could be either totally or partially privatised. As such then the major question precipitated by the debate has been, why should the state own companies that could be run by private sector actors, an arrangement that in addition to improving competition is also supposed to result in more efficient operations? The claims put forward in favour of continued public ownership assume that certain societal or sectoral considerations need to be ensured. This, for example, has been the major argument deployed as the reason why the Norwegian Broadcasting Corporation (NRK) should continue to be publicly owned.

professor
PAUL OLAV BERG

Bodø Graduate School of Business / Nordland Research Institute

The White Paper, and in particular the way in which it was handled by Parliament, focused to a great extent on the wider benefits of public ownership in trade and industry, particularly as they relate to further economic development. These are important questions. The public ownership portfolio is however also comprised of institutions and companies that play important roles in value formation whilst also being responsible for important parts of the country's infrastructure, particularly within the transport sector. Indeed, in many cases, companies have been established for that very end.

It is, therefore, problematic when the White Paper gives guidelines for the direction of public companies that do not adequately secure such social considerations. The White Paper clearly states that the State will no longer address these social considerations in its capacity as owner. As owner, the State will instead now only ensure that a company or institution operates as efficiently and profitably as possible. The task of ensuring that the various social considerations noted above are met should however continue to be taken care of by the State in its capacity as the sovereign political authority.

This solution may initially sound plausible. Indeed such considerations are currently addressed in terms of concessions (within the mail and telecom sectors), through the purchase of services (from railways and regional airways) and by imposing price ceilings (postage on letters below 350 grams). There are indications, however, that the present system does not work satisfactorily.

In recent years a number of the public service providers set up to look after important social considerations have been reorganised into independent public companies. The State, as owner, thus faces a multitude of new challenges. Among other things, such challenges include ensuring that the stated terms of the concession are adhered to. A number of supervisory boards have been established for this purpose. The question is, however, whether this new "control industry" is equipped with sufficient legal authority, and whether in reality it can act as an effective sanctioning body in the final instance. Indeed, in this regard, the Norwegian Post and Telecommunications Authority in particular has faced significant challenges to its authority. When it recently became public that the mobile telephone division of Telenor AS had made a profit of 71% in 2001, notwithstanding the fact that the Telecom Act stipulates a maximum profit rate of 13%, (presumably to prevent misuses of market power), the company boldly stated that "Telenor does not accept a law that regulates how large a profit a company may earn" (Dagens Næringsliv 12/6-02).

In several recent reports, Statskonsult has pointed out that the State is a "very reluctant, careful and partly passive owner". In contrast to this, Swedish ministries attach much greater importance to being the active owners of such concerns, being directly represented on the boards of subordinate companies and giving written instructions at annual general meetings. This practice and these possible loyalty conflicts are not thought of as likely to cause problems. In Norway, the principle adopted at the beginning of the 1960's was, that a ministry should not be represented on the board of a subordinate company given the problems that arose after a fatal accident in the state-owned mining company at Kings Bay, Spitsbergen. This necessarily implies therefore that, in cases when social considerations are not sufficiently taken care of, the State – as owner – has to communicate direction or correction through a general meeting. This further implies that such signals have to be delivered in full publicity, which from previous experience may result in significant media turbulence, something that may in itself influence the outcome. This was probably the case with regard to the attempted merger between Norway's Telenor AS and Sweden's Telia AB a couple a years ago.

It should thus be asked whether political direction could be better ensured through owner representation on the board of directors in the state owned companies responsible for infrastructure, as is the case in other Nordic countries. This will be particularly important in ensuring that the companies responsible for societal infrastructure observe social considerations that they are indeed legally obliged to live up to. Where 40 years ago the issue was one of combating the problems of prejudice and ensuring security in a state-owned mining company, the challenge today is one of finding efficient ways to ensure that social considerations are attended to by public companies responsible for important sections of the national infrastructure.

No joint-stock companies in the private sector would allow special restraints to be imposed on the owners' attempting to run their companies. Ordinarily, such direction by the owners takes place both through – and between – general meetings. In the state sector too, the owner (i.e. the State) is also required to attend to its own interests. The comprehensive reorganisation of the state sector into independent companies has nevertheless given rise to a number of new challenges concerning the issue of how to run such companies where the State is also the owner. It should be noted in particular that significant restrictions are currently imposed on the owner's ability to run such companies, as is stated in the present White Paper. How the political direction of public infrastructure companies in practice could be carried through to ensure important social considerations is a question that thus needs to be rather more firmly placed on the political agenda. ■

Oslo's French Connection

Trying to implement regional policy strategies in a country dominated by periphery-based paradigms on regional policy, is not easy. Oslo Teknopol has thus chosen to develop their own style of policy design: a French top- down model converted into a Norwegian bottom – up approach.

by **Jon P. Knudsen**

Director of Oslo Teknopol IKS, an nnovation and policy oriented organisation set up to further the interests of Oslo and its surrounding region, Knut Halvorsen, has a difficult task. In a country often cited as the cornerstone of periphery-based regional policy, his ambition is to make "the Oslo region (...) in ten years become one of the most innovative regions in Europe" to cite the strategic conclusions of the RITTS Oslo plan delivered n 20011. Moreover, in order to achieve this goal, the Oslo strategists have chosen to adopt the French technopoe concept. But Halvorsen, who has himself visited the French model city of Montepellier and professor Michel Lacave to seek inspiration, does not ear the ideological connotation of the well-known French top -down policy model:

– My fascination with the French, or initially Japanese, technopole concept is its ability to be transformed nto results. Let me mention three key features in this respect: First of all he model creates networks, which are of paramount importance to any regional strategy destined to succeed hese days. Secondly it is spatial in its conceptualisation, meaning that it orces you to transform any ideas of clusters into spatial representation, which is an obvious advantage for all hose occupied with planning and politics. Thirdly it adheres to an international setting of related cities, making the marketing job easier on a global scale.

– So what about the top-down egacy?

– In Oslo we have deliberately chosen to make a bottom -up model of he technopole adaptation, thus adhering to local and national political and cultural requirements. This is so for several reasons. First of all the amount of attention paid to our work by leading Oslo politicians is minimal, which makes a top -down strategy difficult to make legitimate in the irst place. Then we try to generate processes of innovative action around ocal arenas, such as Kjeller, Gaustadbekkdalen, and Skøyen to cite only a few of the places in this region where the general conditions for innovative action are favourable. Thus we have managed to root the strategies in some kind of micro-ESDP, which eventually may add up to something stronger.

– So your work is not on the main political agenda in the Oslo area?

– I would rather say that those paying attention to the need for regional "value added" creation in the capital region consist of a rather small group of bureaucrats and politicians. As I see it, we will have to build from there, establish our visions and expand gradually. We have established a good working relationship with the major business and with the labour market organisations, but we have not yet approached the various firms within the different trades and industries of the region. What concerns me most at the moment is to get the important research institutions onside. This objective is perhaps even more important at present than the need to increase attention from the municipality.

– Could you tell us something about the practical devices that you employ in implementing your strategies?

– The Interreg-financed concept of CONNECT is one example. In a liberalistic setting such as Oslo, we have to move in time with market forces. The inspiration for the CONNECT project originated in San Diego where a deep recession in the mid-1990s made business consultants devote limited free consultancy to entrepreneurs with an academic background in a very structured manner. These sessions had the effect of drastically improving the potential for subsequently financing their business ideas, which in turn ensured a positive pay-off for the consultants initially involved, as the demand for their services improved. Thus a scheme for organising the nurturing of innovative businesses was born. Now this concept has been adopted within the Interreg setting, making the CONNECT concept a part of regional business development strategies in Scandinavia and in the Baltic countries. Our ambition for 2003 is to perform 100 CONNECT cases in our region, and in the longer term our ambition for 2004 is 200 cases.

– It is not then actually a domestically breed tool for regional development?

– Increasingly we have to make use of the EU as an instrument both for inspiration and for financial support. The various Norwegian ministries have a rather disinterested eye on the Oslo region. The Ministry for Regional and Local Affairs has always been periphery-oriented. The Ministry of Commerce sticks to the traditional neo-classical paradigm of neutrality as opposed to cluster-oriented policies. And the Ministry of Labour and Administration has recently contributed negatively to the development of the capital region by proposing to relocate several national institutions to other parts of the country. In the EU support for cluster policies is more vocal be it theoretically, politically or financially.

– Are there no gains to be made at all from the Norwegian policy regime of neo-classical economics ?

– The tax exemption regulations for research- intensive innovative projects can be cited as one important such example. Being well endowed in research terms, the Oslo region will be favoured in a proportional manner from such a measure.

– What expectations do you hold regarding the Governmental Report on Urban Policy, due to appear at the beginning of 2003?

– I expect the rhetorical positions at least to change. There must be some discussion on value creation in urban areas and not only the same old discussions on social policy. Then I hope that the cluster theories are introduced in some way or another, preferably linked to some sort of recipe for stimulating urban creativity.

1 RITTS: Regional Innovation and Technology Transfer and Strategies and Infrastructure. ■

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Europe and Sweden – The Spatial Development Perspective

by **Christer Bengs**

Introduction

As an EU Member State, it is naturally in Sweden's interest to initiate discussion on currently relevant EU themes and their significance for the country. Such a discussion should preferably concentrate on two concerns: in the first place, the unique aspects of Sweden's situation in comparison with the bellwether EU states and, secondly, the advantage of reflecting in an unprejudiced manner on themes originating elsewhere. The national self-sufficiency could do with an increased receptiveness.

Christer Bengs

It is scarcely possible to understand many of the current discussion themes without at least an elementary understanding of history. "Spatial development" (or in Sweden: "regional development") is one such theme. It is integrally connected with conceptions of the possibilities of co-operation between city and country. The thesis which is pursued in this article is that "spatial development" must be accorded a new, concrete substance, concrete in the sense that development, to an increasing extent, is a question of looking after existing environmental resources. The "environment", in terms of quotas, percentages, chemical formulae and milligrams may be relevant for the welfare of the human race and its continuing flourishing, but is less relevant for the spatial development perspective. What is primarily included in a developmental perspective is the environment as a concrete framework encompassing our lives – something we wish, or do not wish, to live in, visit and utilise.

From a developmental perspective, the environment is a resource, not a set of restrictions. Seen from this point of view, the relations between urban and rural can contribute complementary values, a development potential which should be pointed out in order to be taken advantage of if necessary.

On "Space"

In Swedish, the word *"rumslig"* has in recent years come to be used in compounds such as *"rumslig utveckling"* and "rumslig planering". These concepts are direct translations of the English concepts "spatial development" and "spatial planning". Note that the expressions are not British English, but rather international English, or to be more precise, a sort of Brussels English. They are conceptually foreign to the British tradition, which coined the concept of "town and country planning", rather than spatial planning.

"Space (spatial)" is a high-level abstraction which in principle expresses a conception of three-dimensional emptiness (space), which can be filled by a variety of objects, whose locations or geographical positions can be indicated by co-ordinates in relation to the spatial context, or by describing their positions relative to one another within the framework of a non-defined, abstract space. The concept indicates an "objective" representation of "reality", in the sense that this representation can be reproduced in an identical manner, given that the co-ordinates are known. The concepts of spatial development and spatial planning thus indicate certain activities (development,

planning) but say nothing about the object itself or the context, since a three-dimensional expanse (space) is an abstraction which can be filled with absolutely anything. In this respect "spatial planning" differs radically from "town and country planning", since the latter concept, in contrast to the former, has clearly specified objects, "town and country".

When we speak of spatial development or spatial planning, we assume that the activity, i.e. development and planning, is the central aspect, which can then be applied to practically any physical reality. This is in fact the definition given in standard works: "Spatial planning is ... defined as a method or procedure to influence future allocations of activities to space or space to activities". [1] The concept of "spatial policy" is given a similarly abstract meaning: "Spatial policy includes any policy designed to influence locational and land-use decisions, or the distribution of activities, at any spatial scale from that of local land-use planning to the regional, national and supranational scales." [2]

The author, R. H. Williams, also underlines that the concepts of spatial policy and spatial planning are not equivalent to regional policy or regional planning. [3] In Sweden this does not appear to be generally realised, since the most important European

policy document concerning spatial development, i.e. the European Spatial Development Perspective (ESDP) has been translated as *Det regionala utvecklingsperspektivet inom Europeiska unionen* (literally, The Regional Development Perspective within the European Union). The Swedish interpretation may reflect an old schism between two professions, social planners (architects, etc.) and regional experts (economists, etc.); the latter category has been held in higher esteem in the past decade and has thus been able to lay claim to a new market.

The core of the concepts of spatial development and spatial planning is clearly the activities of development and planning respectively. At the same time, this implies that the physical context is wiped out, which is remarkable in consideration of all the discussion of "sustainability" and "bearing capacity" during the past 15 years, a discussion which often alludes to our concrete living conditions. Or is that perhaps not the case? Perhaps the idea of "sustainable development" has *de facto* contributed to an abstraction of the environmental concept – parallel to the introduction of spatial – by defining sustainability and bearing capacity in abstract, natural scientific terms? Once more we have a new professional group, the natural scientists, who have taken over a not insignificant part of the planning market. The pressure to integrate the cultural heritage and cultural landscape into the concept of environment brings new professional groups (antiquarians, archaeologists, landscape planners) into the spatial development market – possibly to the annoyance of the natural scientists, jealous of their newly won positions.

Thus we can observe an interesting phenomenon: The central concepts we use to structure our relations to our physical environment are changing and this coincides temporally with new professional groups marching onto the stage and staking out new professional markets for themselves.

"Development"

The abstraction of our physical context in the concept of space has a parallel in the advent of an abstract perception of time, the linear, steadily advancing, clock time, which is perceived as a container, a fixed quantity independent of the activities taking place in time. Time is objective, unconnected with concrete reality; it advances independently of place and space. This perception of time is historically quite recent and has replaced previous perceptions of time which were referred to, for instance, as "discontinuous" or "circular"; in other words, perspectives from which time is not viewed as an independent parameter, but rather as a function of physical parameters (events, change of seasons, etc.). [4] In the modern world, on the other hand, our operations and activities take place in time, cf. the King's motto: *För Sverige i Tiden* (For Sweden – With the Times). Time has acquired a superordinate function in respect to space.

A linear perception of time must be based on continuous changes. A society which does not change with the passage of time but instead continues with the same routines and ways of living from one generation to the next will naturally have difficulty in giving concrete content to a linear time perspective. It is natural therefore to see time as a continual repetition, e.g. such as the changing of the seasons or as anything else which recurs periodically. Classical antiquity was actually characterised by a time perspective quite the reverse of our own, i.e. the assumption of a lost golden age, the time of their great ancestors, a perspective which was widespread even during the Middle Ages. Societies which follow a linear time perspective can be ones which are situated in constant transition by leading a nomadic existence – their view and external circumstances are changing. The eschatological ideas of the Jews, which were later adopted by Christianity, can be understood against the background of their continual wandering. A continually real and symbolic journey, which has as its ultimate destination the final dissolution.

Another reason for a linear time perspective can be found in societies which are internally changing, are situated in "development". With the advent of the Modern Age in Europe, the presumption that technological capabilities could be developed, and could even surpass the achievements of the ancients was already manifest. [5] But the idea that society could be developed was first formulated in the 17th century, during a period when the capitalist system of credit had created an economic accumulation which would have major social consequences. A sort of summarising discussion of development questions took place in the French Academy towards the end of the 17th century between two factions, the "ancients" and the "moderns". One conclusion of the discussion, which we can accept as reasonable even today, was that knowledge which could be accumulated included technology and thus also the economy. Aesthetics and morals were not, on the other hand, regarded as something which could be accumulated but rather as personal qualities and abilities which each and every individual must acquire and cultivate during the

course of his/her life.[6] Only a century or so later was the idea formulated that technological and economic accumulation could lead to higher moral and aesthetic forms, an idea which perhaps originates both in a (mis)interpretation of Darwinism and in Christian eschatology. Darwin himself never suggested that the origin and development of species meant an irreversible development from lower to higher forms of living. [7]

The pace of change increased dramatically as a result of the Industrial Revolution and rise of mass communication. Railway transport gave birth to the need for a universal, abstract time by which traffic could be co-ordinated throughout extensive geographical areas. It was only in 1884 that the so-called Greenwich meridian was introduced as the earth's geographical zero meridian for defining longitude and calculating time. Prior to this localities had lived exclusively according to locally determined time calculation, based on the actual movement of the sun, which resulted in differences between locations situated at different longitudes. The modern, abstract clock time, or "real time" (sic!) as we now call it, makes co-ordinated action possible all over the world, which of course also implies an increased abstraction of space since local variations of day and night are reduced in importance. It has been claimed that the locating of the earth's leading financial centres (in New York, London and Tokyo) can be explained by their longitudinal distribution. Transactions are carried out in one of these global centres around the clock! [8]

Seen from a historical perspective, thinking in terms of development is thus relatively new, especially the idea that everything can (and therefore should) be developed. The idea of development is based on the assumption that there is always an unexploited potential, regardless of the activity or object. But wherein does this potential lie, which can be abstracted both from individual activities and from concrete objects?

By rationalising production enterprises through technological and organisational innovation, labour productivity (assessable work output per unit of time) has increased enormously over the past 500 years. This successful model, borrowed from the production sector, has subsequently been generalised, becoming general psychology to such a great extent that most human activity today is judged in productivity terms (what you manage to achieve on your vacation, "high-quality time" with the children, etc.) [9] Increased productivity leads to increased material accumulation, which naturally finds global expression. Countries with high labour productivity are relatively rich, but their inhabitants are chronically short of time. Countries with low productivity are relatively poor, but their people appear to have all the time in the world. Increased productivity has led to higher wages, which has raised the value of labour and thereby the value of time in general. The more valuable time is, naturally, the more cause there is to improve productivity; productivity which is too low in a highly productive society leads unavoidably to failure. "Development" in this context implies improving labour productivity, which leads to improved competitiveness and more rapid economic growth. In such a world, we can ask ourselves if there really are possibilities of equalising differences between different regions, countries and parts of the world? The entire regional economic school expends the major share of its resources on studying the concept of success, while at the same time the differences between the various regions is *de facto* increasing in a global perspective. [10]

The output can also grow without labour productivity increasing, through extensive growth. New land is taken into use, women become available in the labour market (and the wage level for men drops), new natural resources are exploited. Furthermore, the increased labour productivity (technological development) makes new, previously unexploitable resources now lucrative. But this is not all. At the same time a type of implosion occurs. Previously non-commercialised areas (pristine nature, the culture heritage, attractive environment, adventures, spiritual experiences, social relations, family relations, even the "ego") begin to be transformed into products on the market, they are given a price, bought and sold, and registered as economic growth in our national product. In this connection "development" means realising the "potential", the proficiency to create markets for products never before envisaged. In this respect modern visual art is an example of an activity which perhaps more clearly than anything else expresses the predicament of modern society on a symbolic level. Visual art symbolises the modern human dilemma. To create value from nothing – be creative, surpass limits! Which makes the enormous pretensions of visual art in today's world hardly surprising.

An uncritical survey of the current mass media discourse ("spiritual growth", etc.) might lead one to believe that we live in the most spiritual and immaterial of worlds history has ever seen. On the other hand, if we reflect on the culture pages of the broadsheets, it is clear that "culture" here is equivalent to a

product traded on the market. The only thing, which distinguishes these pages from these same papers' economic section is their underdeveloped numerical drills (which may, perhaps, imply that the culture sector is the victim of massive fraud activity and corruption, since it lacks important supervision functions). The commercialisation of the spiritual is the great trend of our times and "culture" the industry which is growing ("developing") most rapidly.

Each individual is free to decide on his or her own personal conception of time: Is time linear or circular? Do I believe in development, and what meaning do I wish to place in that concept? On the other hand, what we cannot do is to maintain indifference to these things, at least if we wish to take part in working life in a qualified manner. Similarly, we are unavoidably confronted with the productivity increase and commercialisation of the world today. To simply "preserve" instead of "developing" can mean that we may be eliminated as individuals or as a profession from the job market. To simply "develop" without taking notice of the potential value of the existing environment can lead to the same result.

Spatial development and planning

As previously mentioned, "development" means that the concepts of space and time are given an ever more abstract content in step with the increased productivity and increased commercialisation of society. This ever more abstract mind-set has required (and in turn generated) a number of concepts and capabilities which have been expressed in how the physical surroundings have been consciously reproduced and manipulated. Specific ways of shaping the physical environment go hand in hand with special ways of describing the environment and our own relation to it. It can therefore be worth casting a glance at history to create a certain distance to modern undertakings. Our modern experiences and capabilities naturally have a long history behind them.

Geometry

The prime device for both structuring spatial observations and transforming them into plans has been geometry. Even the earliest known, 5000-year-old, monumental structures in Egypt and Mesopotamia are based on qualified geometrical knowledge, a harmony which was attributed to God and communicated by the highest priests/princes. [11]

The idea of the divine origin of geometry was also dominant during classical antiquity (e.g. the Pythagoreans) and in the Middle Ages (e.g. sacred architecture), as well as in the Far East (e.g. the Indian mandala). Geometry is often assumed to have developed in connection with the advent of large-scale irrigation systems and in connection with the development of astronomy. It is obvious that the rise of geodetics is inconceivable without geometry. Geometrically based, regular plans have the advantage that they are easier to mark off on the landscape and easier to administer than irregular plans. The division of land is naturally easiest to carry out with the help of an orthogonal pattern, if the intent is to make the borders indisputable and carry out the land division itself quickly. Which is why regular city plans are often an identifying characteristic of founded cities, while irregular plans indicate cities which have grown organically. Regular city plans, in turn, are produced by a developed and centralised administration which can apply sophisticated technical instruments and guarantee the permanency of established border lines.

City planning is probably as old as the building of cities itself. The oldest known representation of a city shape is that of Catal Huyuk, one of the oldest known cities. The representation is thought to date from about 6150 BC. [12] A classical example of regular city planning are the Greek colonies in Magna Grecia (now Southern Italy) from the 8th century BC. The Romans systematised land surveying; their *centuriatio* included in principle all of their expanding territory. Standardised land surveying was well suited to their expanding imperialism. The land was surveyed into standardised units, with cities comprising a sort of more detailed special case within the framework of parcelling out the wider landscape. This land division can even now be traced in today-'s Italy. [13] Land surveying became one of the prime instruments of imperialism and Romanisation of the conquered peoples. An even more ambitious system was introduced in the US near the end of the 18th century, with credit for its invention given to Benjamin Franklin. The entire country became the object of a diversified surveying and land division system, encompassing everything from whole states to individual cities. [14]

If the Romans led the way in insensitive regard for local geographical and culture particulars, then this approach reached its apex in the USA. The divisions into states generally have little or nothing to do with the geographical basis, never mind the living spaces and conceptions of the native peoples. The situation is the same in most areas of the world, e.g. in Australia and Africa, where European colonialism drew the

borders. Here countries, cultures and people have been reduced to "space". Land surveying in the form of regular, abstract patterns has been put into the service of development. It seems almost as if the regular pattern served as the image of what was good in terms of the expanding, modern society situated in continual development. The geometricising imperialism has not only looked outwards but also inwards. New, regular patters were superimposed on existing, organically developed property structures, both in Europe and to a growing degree (with the help of European and American consultants) in other parts of the world as well.

The application of abstract principles of space stands in direct relation to the interest in or disregard for existing arrangements. This expresses a simple conception linking "development" with the new, while the old is viewed as restricting development. This interpretation of "development" can be described as modernistic, in the sense that modernism as an ideology and aesthetic presented the inducement, by making a virtue out of necessity, i.e. the claimed necessity of tearing down the old. Within modernist architectural theory the idea was formulated of contrast as a criterion of quality. At the beginning of the modernist era there was, of course, only design based on historical associations. When the new, modernist language of form in the beginning could not – as had been done previously – advocate adaptation as a given principle, the opposite path was chosen, to advocate contrast as a virtue. Only when the old wholeness has been totally lost, do we wonder, paradoxically enough, as to how we can create anything comprehensively new – on the principle of contrast. Within architectural theory elitist ideas on chaos and the like are launched to deal with the problem.

The Perspective

Geometrical knowledge was probably three-dimensional from the beginning, although land surveying naturally was principally two-dimensional. Having a command of spatial geometry did not necessarily guarantee that one would achieve the desired optical result, since the eye "deceives". The classical Grecian temple is an example of sophisticated application of optical knowledge: By bending lines they are made to appear straight. The ancients, however, are not known to have had a command of central perspective. The so-called value perspective was often applied, which portrayed objects (position, size) in relation to their value, not "truthfully", as a factual demarcation in an abstract space. [15]

The invention (or discovery) of the so-called central perspective has been attributed to Brunelleschi, who in the 1420s developed this instrument in connection with building work on the cathedral in Florence and the nearby baptistry. Central perspective became a means of technically and "objectively" describing spatial reality. Under Mannerism and especially under the Baroque of the 17th century, the long perspective was developed *in absurdum*. While the longest urban perspective in antiquity is claimed to have been a maximum of 300 metres, under the Baroque period the unending perspective was developed, the outer limits of which were not even set by the limited capacity of vision, due to the curvature of the earth's surface, but by the limits of fantasy. The longest, designed perspective from this period is over twenty km in length and requires that the fixed point be situated on a raised place which from the point of view of the observer is not hidden by the earth's curvature. [16]

Hundreds of landscape parks around Europe from this time clearly demonstrate how the landscape in large scale was taken into visual possession. This visual conquest is larger in its scope than that actually managed by industrialisation during its first century of existence. Already existing cities have, since the 16th century, been reconstructed with a view to favouring the long perspective. Paris and its environs is a striking example of this. The taking possession of the physical environment, both the supposedly virgin environment as well as the older cultural environment, has thus not only taken advantage of orthogonal grid patterns as its basis, but also utilised central perspective and optical effects to achieve spectacular results.

Land ownership

The perspectivist means of relating to the environment appears to have developed concurrently to the known world itself expanding, in the form of newly discovered countries and continents. The parallel may seem a bit trivial, but there is, however, another parallel which can be drawn which is more interesting. In the 16th century building land in the European cities began to be placed on the market as a product on a large scale. Land ownership is naturally an age-old phenomenon; in the cities it was linked to free citizens' rights. Transfer of land was traditionally strictly controlled and, in principle, a question for the collective and not the individual to decide. The 16th century appears to have brought an economic liberalisation in this respect, which had, among other things, the result that social segregation began to take on spatial expression. [17]

An important consequence of this was that various lots of land were given a common value equivalent. A market price which is set by the market implies that each individual case can be compared to all the others, or to the general price level for a certain type of land. The specific characteristics of the individual lot or piece of land, or its ascribed value (e.g. its sentimental value for the person who possesses the piece of land) are not of deciding importance. The price level is set on the basis of its prospective yield. In other words, its price stands for its capitalised future yield. Thus the value of the land becomes abstract, since it is separated from at least a part of its physical qualities, and objective, since it is no longer linked to various ascribed values.

The physical environment, the price of which is defined on a market, may have a potential value, an expectation value which far overreaches the capitalised value of its current yield. Land can lie completely unused and still have a rising market value if the expectation is that it can be exploited in a more profitable manner within the foreseeable future. A typical situation in urban agglomerations is for agricultural land to lie fallow or to have new owners who do not pursue agriculture. They are waiting to be able to realise the price increase and to be able to sell for prices which are usually far higher than the price for agricultural land. When former agricultural land is sold as building lots the price of the land per surface unit may be hundredfold.

One obstacle, or vehicle, for land speculation and realisation of the speculation profits, is planning, which controls land use and thereby the price of land and increases in land prices. As a result, planning is of major significance in determining economic value in the form of building rights, i.e. the right to exploit building land to a fixed maximum quantity which is often expressed as an exploitation quota (the maximum quantity of total floor space per lot surface). Often the type of land use is also specified by indicating in the detailed zoning plan the type of building (residence, office, etc.).

Since the profit outlook varies from time to time with respect to land use and degree of exploitation, detailed zoning plans are continually being revised, partly on the basis of presumed social "needs", partly on the basis of pressure from major actors (real estate owners, developers, the construction industry, etc.). Often the interests of major actors are cloaked as social needs. [18] The idea that cities have changed in the direction of ever greater exploitation of building land has been summarised in the theory on the relationship between existing yield and potential yield (the rent gap theory). As the gap grows, it leads to increased exploitation pressure in the form of changed or more intensive land use, which in most cases means increased building. [19]

The first major city planning and urban renewal projects were introduced in the 16th century in Europe's major cities. During the 18th century large-scale demolition of the old encircling walls was begun and public parks established. Large-scale city planning really got underway in the 19th century, with Baron Haussman's Paris planning setting the tone. Besides the political and sanitary concerns, it was economic factors which were of decisive importance in Paris. For instance, the form of the new, triangular blocks was apparently an attempt to maximise the number of valuable corner lots. In Sweden most of the historical city core areas, including that of Stockholm, have been the object of extensive regulation and renewal since the 1950s. This transformation has recently been described as a "cultural murder". [20] The explanation can be sought in the "rent gap theory" and the modernistic ideology which was practically institutionalised in late-urbanised countries such as Sweden and Finland. The economic rationalism in this version of "development" is based on the private economic interests of individual actors (real estate owners, the building industry) and on an economic mind-set which saw industrial investments as the core of development.

City planning has become an instrument for the distribution of economic value at the same time as planning is expected to obstruct investments as little as possible.

The Swedish Planning and Construction Act (PBL, Plan- och bygglagen) can be characterised as an extremely liberal regulatory instrument. The older, local building ordinances, which were intended to lead to a representative and unified whole, have had to give way in favour of project-linked ordinances. The objective of the representation is thus no longer a unified whole, as an expression of the public interest, but the project, as an expression of the interests of investors. The Act's lack of concrete content has resulted in a number of more or less concrete complements through the years.

The practice of environmental impact assessment (EIA) has sometimes been described as a response to the shortfalls in planning, although another interpretation is perhaps more credible. The frame of reference for EIA is global and this instru-

ment can be regarded as the expression of an ever-more abstract means of relating to the physical environment.

Differing perspectives on development

In an historical perspective, the traditional relationship to the physical environment as a set of concrete utility values is replaced by a relationship under which the environment becomes an object for investment, which acquires its value based on its prospects for future yield. This change has been followed by a total abstraction of the environment: places have become space. At the same time the development idea has been generalised to encompass all (good) things. Goodness is regarded as a function of economic growth. Economic growth, in its turn, has been regarded as a function of investments in industrial production and technical infrastructure, which presumes a suitable labour force and residential construction in expanding regions and cities. The shaping of the environment for consumption (residence, recreation and commerce) is reflected in the dictates of production logic: They are produced effectively and must function optimally. In other words, they shall fulfil the demand for a general endeavour towards increased productivity.

Today industrial production is no longer the deciding sector with regard to economic growth. The role of the service sector is central and various economic activities linked to the sphere of consumption (residential living, tourism, culture, communication, leisure, experiences, etc.) are the most rapidly growing sectors of the economy. The educational system is regarded as development's driving force. What's more, all of this is occurring within the framework of increasing global competition. This development has clashed with the older, production-oriented relationship to the physical environment. In an economy focused on consumption, the physical environment once more acquires an economic role as a concrete utility value. *Space becomes places*.

Places which will take part in development emphasise primarily education, preferably higher education, and consumption-related sectors. In this connection on the environmental qualities have a decisive significance. Here it is not a question of being "the world's leader in sustainable development", as the Swedish phrasing goes, but to offer environments with the qualities only handwork can produce. What is sought-after are environments with historical depth, environments which offer high-quality recreational use, environments which function socially and are secure, at the same time as they enable people to live untroubled, well-functioning everyday lives. A clear indication of this are growing preferences for life in the country, something which can be observed throughout Europe. [21]

The differing perspectives on development can perhaps be roughly reduced to two. The older one maintains that the physical environment should be viewed as an abstraction. From this perspective, the best environment is the one which offers the fewest possible restrictions on investments. The new perspective views the environment as an asset, a resource which, if properly maintained, can offer comparative advantages in the global struggle for money, power and influence. Ironically enough, the most apathetic parts of the country and the most "undeveloped" locations may be those which possess the greatest comparative advantages in the future competition.

Consciousness of locationally related, comparative advantages is naturally as old as the European urban phenomenon itself. What is new today is that environmental qualities have become a decisive factor. This can be summed up in the English concept of "spatial positioning", where "space" has once more acquired a concrete content. Locations no longer market themselves with promises of cheap building lots, quite the opposite: with promises of a high-class (expensive) environment. There is little attempt to attract by offering cheap labour, but rather qualified (expensive) labour. The number of tourists is less interesting than is their purchasing power; cheap service is uninteresting in comparison with qualified (expensive) service. In this game there are, of course, both winners and losers. The winners are often those who, through their own active input, manage to create functioning symbols for local qualities of life. The winners are also those who understand how to utilise the potential for development which is found in the existing physical environment. What is important is not building for development, but just as much refraining from building - for development. In Katrineholm the present Prime Minister won his political spurs, in part by building away the historical cultural heritage. Katrineholm is the Swedish historical city which was most ruined during the great, Swedish structural transformation. [22] Now it is hard hit by the current structural transformation of industry. Its prospects are not bright.

In the intricate game of spatial positioning not all the actors, naturally, have the same possibilities. Major actors can often, during the course of the game, define its rules to their own advantage. In this game the spatial metaphors have acquired an

ever growing significance. They create positive associations, by giving names to presumed qualities and at the same time they give the appearance of comprising the basis for sophisticated spatial strategies. [23] The classic example is the Netherlands' "Green Heart", surrounded by Amsterdam, Haarlem, Leiden, Den Haag, Rotterdam and Utrecht.

In the European discussion the "urban-rural partnership" (together with "polycentricity") has come forth as one of these magnificent metaphors, which places a label on an entire part of the world. This metaphor is perhaps not especially apt in terms of reflecting the existing reality. On the other hand, it does have a positive connotation and can be rather powerful in directing interest in a new direction. It may perhaps be able to expand the older conception of location and its circumscribed environmental qualities. Now it is no longer to be called city or country, but rather city and country. Now we can get everything in a single package.

1 Williams 1996, p. 7
2 Ibid.
3 Ibid.
4 Lundinark 1989
5 Heller 1981
6 Liedlnan 1997, pp. 385-386; Loewenthal 1995, p. 74-124
7 Dennett 1995
8 Short 1996, p. 84-88
9 Bengs 1991
10 Rist 1997
11 Kostof 1977; Geleffiter 1995, p. 41
12 Soja 2000, pp. 40-41
13 Benevolo 1980, p. 135-252
14 Benevolo 1980
15 Bengs 1992, p. 98; Asplund 1983, p. 173; Nayttelyluettelo 19880
16 Benevolo 1993
17 Kostof 1991; 1992
18 Bengs 1993
19 Clark 1987
20 Johansson 1997
21 Dam 2000
22 Johansson 1997, p. 159
23 Williams 1996, p. 97

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