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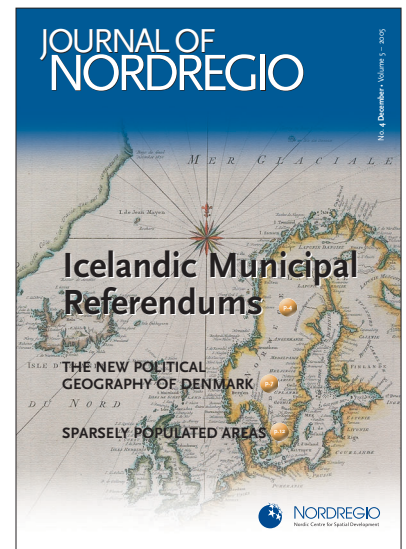
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Nordic Centre for Spatial Development

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Nordregio is a centre for research, education and documentation on spatial development, established by the Nordic Council of Ministers.

THE SCOPE OF NETWORKS IN POLITICS

In a feature article in this issue of the Journal of Nordregio, Silja Hiironiemi sets out to investigate the scope of networking as a metaphor for understanding some of Finland's political and administrative development traits, presenting a vision of what politics and administration may eventually become in the type of societies in which we now live.

It should not come as a surprise that these ideas have taken root in, of all places, Finland. Finland presents, in its recent politico-administrative history, a showcase of a country fostering the art of networking through political programmes and the jungle of criss-crossing lines of authority in horizontal and vertical networking cooperation.

In addition to this, the country holds pride of place as the Nordic champion of the information age through its achievements in the IT sector.

No wonder then that these powerful experiences merge to form a new paradigm, that of networking. If it happens in practice, it will undoubtedly be the ultimate governance experience. We should however be aware of the limits of such an approach, acknowledging in the process that they remain considerable.

Political steering through networks has the advantage of complying with today's need for constant change and swift adaptations to new insights coming from alternative centres in multi-nodal steering configurations. This encourages systems to adapt in more subtle ways, enabling a more appropriate political

response to changing societal demands than the traditional hierarchical top-down approach.

Nordic studies on political power relations in the 1970s and 1980s pointed to the fact that power and resources in the welfare states were negotiated along rather unforeseen and intricate lines of influence. The real power brokers were often not necessarily those written into the constitutions and displayed in information booklets published by ministries and parliaments.

Power assumed its own changing topography. The benefits were clear. A subtle system of negotiated power relations was able to perform and react to the multitude of interests that pressed on every system of political decision-making. The downside of this was however equally clear. The belief in political decisions as some kind of imme-

be the incarnation of political representation at its most imprecise, leaving important decisions to institutions so interwoven with unclear lines of responsibility that, in the long-run, democratic legitimacy runs the risk of being sapped. It is interesting to note that the recent Finnish Government Green Paper on the need for local reform discusses this aspect of the present local politico-administrative system.

Finally, a question mark should also be raised in respect of the power efficiency of networking. It is instructive to note the fate of one of the deans of the Norwegian tradition of studying negotiated power relation, professor of sociology Gudmund Hernes. After having analysed the field of political negotiations for decades, he became Minister of Education and eventually Minister of Health, during the 1990s. He then immediately navigated away from his

The real power brokers were often not necessarily those written into the constitutions and displayed in information booklets published by ministries and parliaments.

diate function of the open processes and power balances within representative democratic *fora* could more or less be discarded as being simply naïve.

These dilemmas continue even today. In acknowledging the advantages of networking, we should nevertheless pay attention to the fact that its arenas may be saunas or municipal councils, restaurant dinner tables or parliament chambers. As such, we often fail to recognise where decisions are taken before they are presented to us as *faits accomplis*. In fact, one of the main advantages of networking is precisely to keep the system of power relations behind decisions, or at the very least those influencing them, hidden.

Governance and networking may be the multifaceted response to complicated surroundings, but they may also

scholarly paradigms of cooperation to implement a remarkably blunt top-down style of political handicraft. The reason being that he wanted things done and important reforms passed.

But it might of course also be that the metaphor of networking better conceals the more direct lines of power in some contexts than in others. It should never be forgotten that the alternative to the warmth of the sauna is, more often than not, sitting outside in the freezing cold.

Icelandic Municipal Referendums Solve Few Problems



By Grétar Thór Eythórsson,
Professor, Bifröst
School of Business

The Municipal referendums held in Iceland on 8 October were a disappointment to those that foresaw a massive new wave of municipal amalgamations. The referendum may consequently be the last of its kind.

In the autumn of 2003, the Icelandic Ministry of Social Affairs in cooperation with the Icelandic Federation of Municipalities launched a reform project on the strengthening of local government. The main objectives were to strengthen the municipalities such that they would be better able to provide public services. Bringing about such a change would make it possible to move certain public services from the state to the local level. This required both a revision of the division of tasks between the state and local levels as well as a revision of local government finances, but the cornerstone of the project was the desire to strengthen the local level by amalgamating smaller municipalities. Since municipal amalgamations in Iceland are by law voluntary, a referendum on this was to take place in 61 municipalities, out of a total of 92, on 8 October 2005. In these 61 municipalities

people voted on a total of 16 merger proposals so a yes to all proposals would have meant a reduction of 45 in the number of municipalities.

Previous processes

Twelve years earlier, in 1993, a similar referendum took place in 185 municipalities (out of 196), on the initiative of the Minister of Social Affairs, where people voted on 32 different proposals. In only one case did all municipalities say yes, which meant that 31 proposals were turned down. However, some municipalities where the majority voted yes, decided to take the step by themselves and in the local elections in 1994 the number of units was subsequently reduced to 171. The number dropped further to 124 in the 1998 elections and further still to 104 in 2002 elections. As such then the number of municipalities had actually decreased by almost 50 percent in only 8 years!

This level of reduction basically occurred for three reasons. Firstly, the 2/3 rule from the 1993 referendums, which allowed the municipalities in favour of amalgamation to decide to amalgamate if they were 2/3 or more of the total number in each proposal. Secondly, the transfer, in 1996, of responsibility for primary schooling from the state to the local level, which caused some of the smallest municipalities extensive fiscal problems. And thirdly, the fact that in many cases the initiative came from below – i.e. from the municipalities. This seems to have been a more efficient method than that of the referendum.

The present process

In the autumn of 2003, the Ministry and the Federation, wanted eagerly to accelerate this development by starting

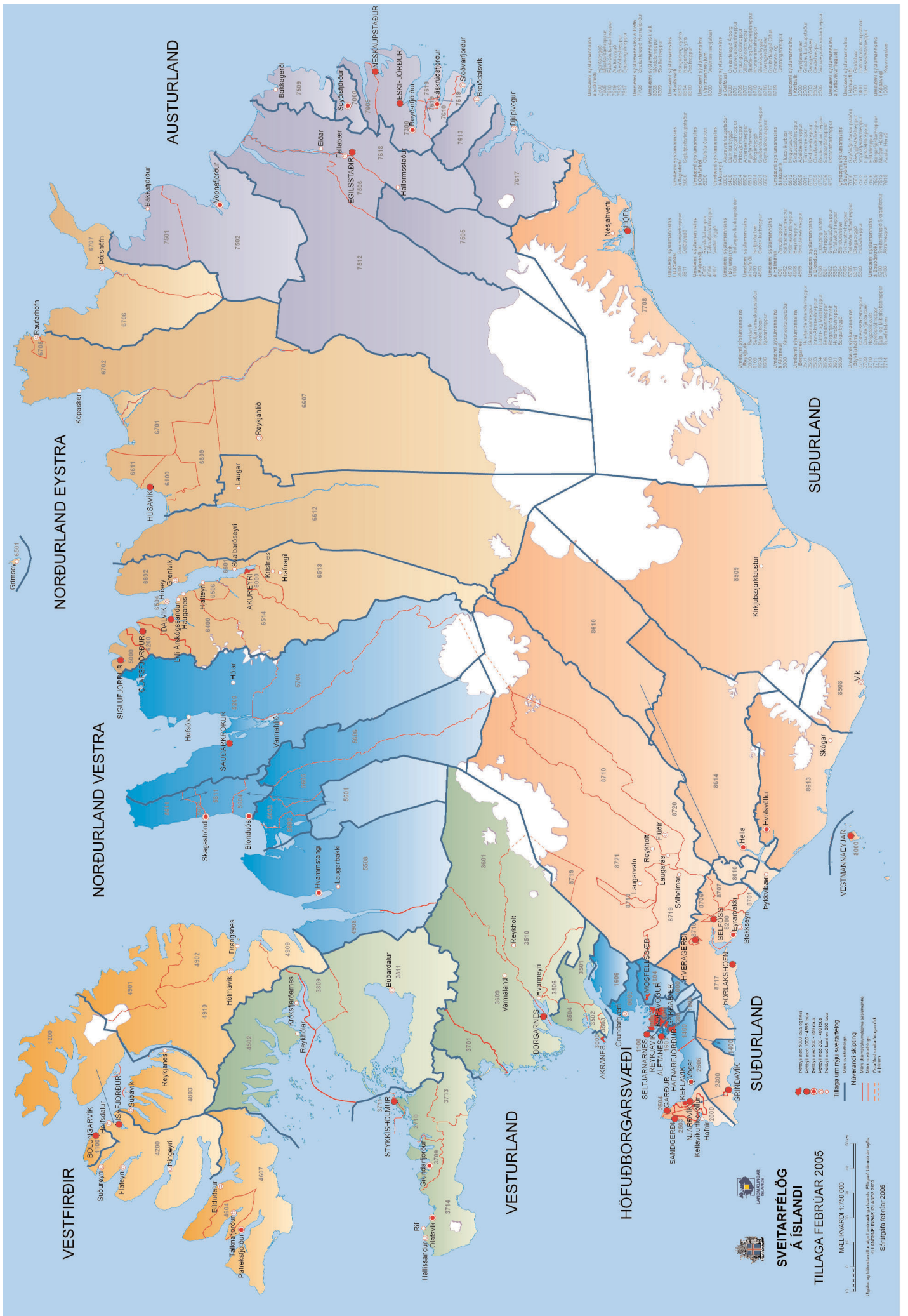
another reform process motivated by the sense that this voluntary process, even though somewhat successful, was both too slow and too expensive.

Originally, the referendum was to take place in April 2005, but since the committee on the financial matters did not agree in time and many local leaders claimed that the time for presentation was too short, the referendums were postponed until October. In one particular case however the municipalities stated that they wished to move ahead immediately, since they were ready with their preparations. This group included five municipalities in the Borgarfjörður region – and in an April referendum four of them voted yes, which meant that they decided to amalgamate. On the 8th of October, referendums on 16 different proposals took place in 61 municipalities around the country.

It was fairly well known beforehand that there would be some resistance to the amalgamations and that at least in some municipalities the majority would be reluctant to the vote for change. The outcome was however far worse than either hoped or expected. The proposals were voted down in 41 municipalities and accepted in only 20. In only one case did a majority in every municipality in question vote yes – in the Eastern fjords where Fjardabyggd, Mjóafjardarhreppur, Fáskrúdsfjardarhreppur and Austurbyggd are now to become one municipality.

This will only mean a reduction of three municipalities – from 92 to 89, perhaps 88. In one other case two out of three voted yes – the two municipalities in Dalasýsla in the west. They may now amalgamate, but no final decision has as yet been made.

Continue at page 6 . . .



Red lines: Actual municipal structure in 2005. Blue lines: Proposed municipal boundaries voted on in the October referendums.

Disappointment to many

The results were a great disappointment to the referendas' initiators. The whole effort only resulted in one amalgamation and thus in a reduction by three, perhaps four municipal units. In comparison with the referenda of 1993 however, this was not as great a disappointment as it first appeared. This time one proposal out of 16 went through, compared with one out of 32 in 1993. In 1993, the electorate in 36 percent of the municipalities said yes – in 2005 the percentage was 33. Almost no difference, but in 1993 people seem to have been more negative. In 1993, the proportion of municipalities with less than 30% yes votes was 44%, but it was only 36% in the recent referenda.

Why then did these negative results occur? There are several possible explanations. First, the initiative came from above and in some cases municipalities

were simply against participating at all. The experience from the 1990s shows us how rapid development could take place where the initiative came from below. Second, the important questions about the allocation of responsibilities between state and local level, as well as the question of financing, had not been resolved at the time of the referenda. And last but not least, experience and research has shown that people in the less central municipalities are, in general, negative towards amalgamations because they believe that the big fish always swallow their smaller brethren.

The really bad news about this year's referendums is however that the voter turnout was very much lower than that of 12 years ago. The average turnout was only 59,6% compared with 70,8% in 1993. This indicates that public interest in this matter is weaker than before – people do not seem to see the point in

participating. The widespread resistance to amalgamations does not explain this because there is a strong correlation between the percentage of no-votes and voter turnout.

What then will happen in respect of this matter in future? It seems pretty obvious that this referendum will be the last attempt to try to change the municipal map by means of extensive referenda. Two scenarios however now seem possible. Either the municipalities will be left in peace and allowed to amalgamate when or if they need it, or the government will pass a law setting a minimum size for municipalities. This does not seem to be likely however looking at the approach of the present government, but if the social democrats come to power after the 2007 elections, they are likely to try to take this issue further.

Time Out in the Amalgamation Process

The director of the Association of Local Authorities in Iceland, Vilhjálmur Vilhjálmsson, foresees the need for a period of reflection and afterthought following the October referenda.

By Jon P. Knudsen

The Association of Local Authorities will put the question of the municipal structure on the table in its next convention to be held in Akureyri in September 2006. - We will wait until then before we make any new suggestions in respect of the process. Equally the government will keep a low profile until the convention is closed, Vilhjálmsen says.

- Were you disappointed with the results?

- I would not put it that way. Many municipalities will engage in amalgamation processes irrespective of the result. After all, this question deeply engages people throughout the country.

- What about the principle of cooperation guiding future mergers, will it eventually be substituted by a principle of law?

- I do not think so. We have a good tradition of dealing with the municipal structure on a voluntary basis, and this will most certainly continue to be so, though we will not have any further referenda in the near future.

- The present ambiance of cooperation on the question of structure between the state and the municipal sector, will it be negatively affected?

- Not in principle. We agree on most areas, and will continue to do so. Where we disagree is in the cases of new laws passed without adequate funding, and in the field of environmental duties. The issue of structural challenges does not belong to these categories.

- For which type of municipalities are the structural challenges most pressing?

- I would highlight in particular here the small municipalities close to urban



The director of the Association of Local Authorities in Iceland, Vilhjálmur Vilhjálmsson.

centres such as those in the Eyjafjord-region. We have seen in the Eastern part of the country that creating larger municipal units enables the local public sector to engage in larger development projects, and this example could apply in other parts of the country.

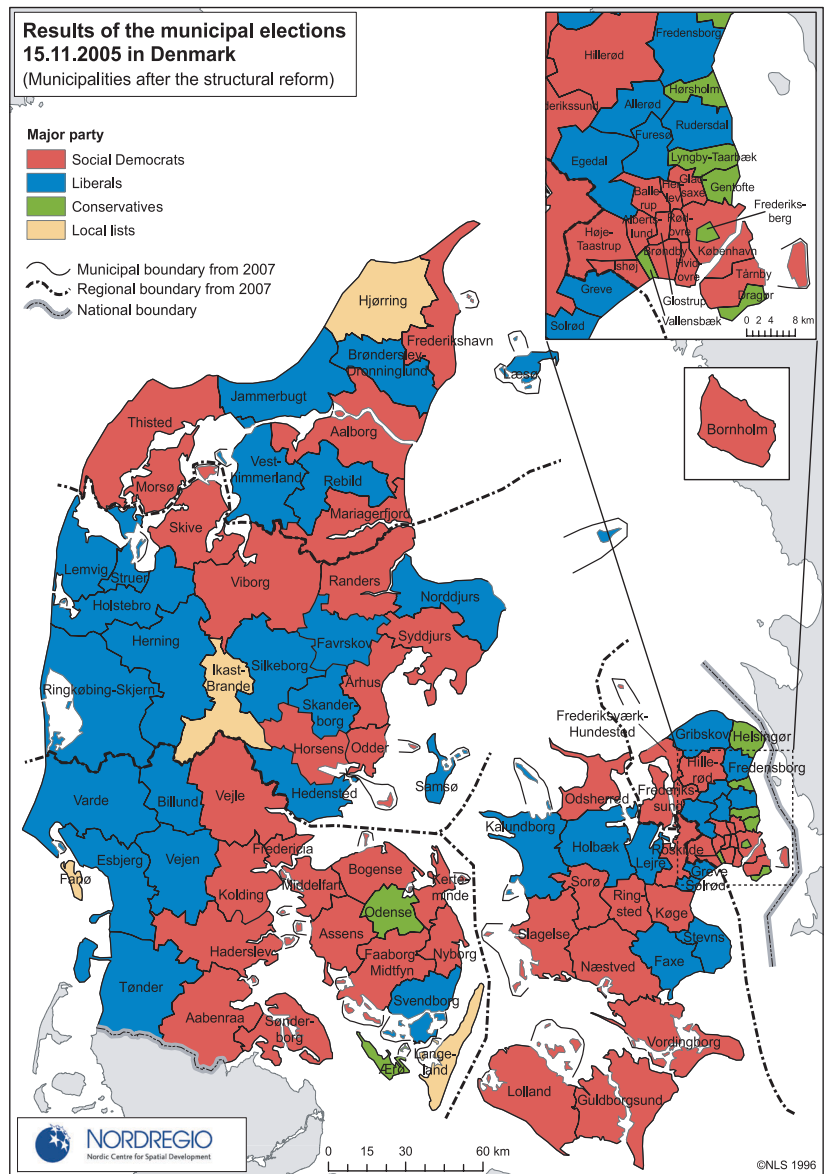
The New Political Geography OF DENMARK

On November 15th 2005, the first set of post reform local authority elections were held in Denmark with the composition of the councils for each of the 98 municipalities and 5 regions that will come into being after January 1st 2007 being determined.

By John Jørgensen
Senior Research Fellow
Nordregio


Throughout 2006, until the new (and in 65 cases, amalgamated) municipalities and regions formally assume their authority, the newly elected councillors will form preparatory committees. These preparatory committees will prepare the fusion and organisation of tasks after the reform, while the old municipal councils and county councils that were elected in 2001 have had their operational period extended for one year, running to the end of 2006. The results of the elections for the new municipal councils – measured by the largest party – are shown in the accompanying map. Some of the general features of the political geography of Denmark do however remain from the previous local elections in 2001:

The liberal party has maintained its stronghold in the Western and Central parts of Jutland, and in some of the suburban areas around Copenhagen and Århus. This reflects the transition of the liberal party from a party linked to the agricultural sector to a party that appeals to the urban middle classes.



Results of the municipal elections 15.11.2005 in Denmark.

Continue at page 8 . . .



This transformation has been an integral part of the processes that made it possible for the liberal party, along with its coalition partner, the conservatives, to take over the government from the social democratic party in 2001.

The social democratic party has maintained its grip on medium-sized cities in Eastern Jutland, Funen, and Western Zealand, as well as the central and western part of Copenhagen and Aalborg in Northern Jutland.

This illustrates then that the reform process has not radically affected the political geography of Denmark. Furthermore, even if the government had gerrymandering in mind when the process of amalgamation was originally

promoted, we can see that the balance between the parties has actually remained practically unchanged in the amalgamated municipalities. In half of the newly formed municipalities, the social democratic party is larger than the liberal party, and in the other half, the opposite is the case. Nearly half (45 in all) of the newly elected mayors are social democrats, whereas 36 are from the liberal party, while a further 10 councils will be led by conservative mayors.

The election campaigns in the larger cities did generate some interest. In Copenhagen for example the former European Commissioner, Ritt Bjerregaard, from the social democratic party was elected as Lord Mayor. Her

appointment was never really questioned, as she had a very successful election, but the appointment of deputy mayors were heavily influenced by the spectacular decisions of three newly elected councillors to defect from their parties. In Århus, the second largest city, the social democrats won back control, whereas the opposite occurred in Odense.

The members of the five regional councils were also elected on November 15th. In all five, the social democratic party will be the largest party, but in the case of both Region Syddanmark and Region Sjælland, the chairman of the regional council will be a liberal.

- Not an Election to Be Remembered

2005 will be remembered for the municipal and regional reform, but not for the election for the new local councils. Associate professor Ulrik Kjær at the University of Southern Denmark at Odense is clear in his judgement: - This is not an election to be remembered.

By Jon P. Knudsen

- The reason for this is twofold, firstly the results did not deviate that much from any normal local election, and secondly, the election campaigns avoided all the tricky questions that the new municipalities will have to face on issues such as where to locate their new administrations, and the closing down of schools etc.

- *The Social Democrats made a strong showing, should this be read as a national warning to the government?*

- I do not think so. The Social Democrats won several mayoral positions because they had good individual candidates rather than because of a particular sea change in national political sentiment. The party has otherwise struggled in the national polls.

- *Are there any traces of protest against the reform discernable in the election results?*

- Almost none. Moreover, this is in line with the parliamentary elections in February, where the reform was not seen as a very hot topic.

- *How were the political parties able, throughout the election campaign, to avoid facing up to the difficult questions over the future shape of local politics and in particular, the pressing issue of the resource base in the new municipalities?*

- I ask myself the same question, and I personally tried several times to begin the debate before the election.



Associate professor Ulrik Kjær at the University of Southern Denmark at Odense

Nevertheless, it simply did not happen. The parties seem to have tacitly agreed to avoid the issue. The most important questions were not debated, and we got instead a rather dull and, politically speaking, empty debate, which may have favoured the focus being set on the personalities of the candidates instead.

Including Health to Improve Planning

Include human health, and broaden the range of human health determinants included in project planning and decision-making. The above quote was the message from Nordregio and its team partners at the final conference of the project “Improving the implementation of Environmental impact Assessment” that took place in Vienna on the 22 November.

Av Åsa Pettersson and Arto Ruotsalainen, Research Fellows, and Tuija Hilding-Rydevik, Senior Research Fellow at Nordregio

The negative health and environmental impacts of development projects ranging from nuclear power stations and landfills to large housing estates and mobile phone base stations have generated growing public concern across the European Union (EU). Policy and decision-makers at EU, national and local levels are facing increasing pressure as protest levels rise against the location of such projects near existing communities. This pressure and level of protest has fed into three strands of work. Firstly, it has led to research and evaluation that has highlighted the weaknesses of current environmental impact assessment (EIA) legislation and practice to deal adequately with the human health impacts of projects. Secondly, it has led to the use and development of quantitative health risk assessments either within or alongside EIA. Lastly, it has led to the growth of health impact assessments (HIA) as a separate and distinct form of impact assessment theory and practice, albeit one with roots in EIA.

The European Commission’s evaluation of the application of the Directive on EIA showed various weaknesses. Therefore, the 1-year project IMProving the IMplementation of Environmental IMPact Assessment, or “(IMP)₃”, was launched at the end of 2004 as part of the EU Sixth Framework Programme, with the aim of analysing the application of EIA in the EU member states and elaborating options on how to improve EIA implementation. The project, led by the Austrian Institute for Regional Studies and Spatial Planning

(ÖIR), focused on human health, risk assessment and the project types, criteria and thresholds that make projects subject to EIA. The work package on human health was led by Nordregio and carried out in close co-operation with the Welsh Centre for Health, the Slovak Environmental Agency and health experts Ceri Breeze (Welsh Assembly Government) and John Kemm (West Midlands Public Health Observatory).

The objective of the human health work package was fourfold:

- 1) to highlight the strengths and weaknesses of the various implementation models of EIA, particularly with regard to their impact on human health, while also,
- 2) highlighting the advantages and disadvantages of the integration of health aspects in EIA with autonomous HIA.
- 3) Illustrating good practices in the context of integrating health aspects into EIA, and
- 4) presenting guidelines on how to address a project’s potential health effects within the EIA.

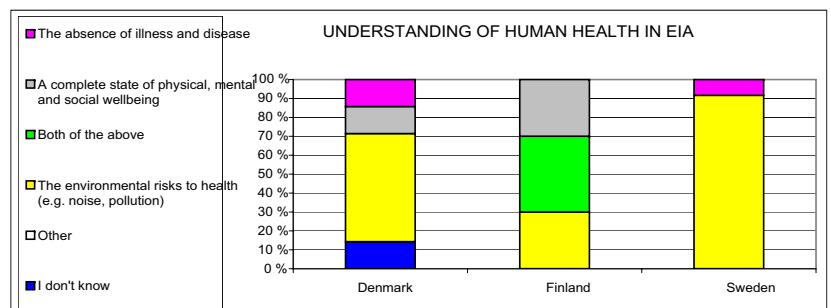
A literature review was carried out, followed by a questionnaire delivered to 970 EIA stakeholders in the 25 EU Member States, plus the United States and Canada. These stakeholders represented national governments, regional bodies, NGOs, consultants and others (e.g. scientists). The response rate was 19% and covered 24 countries. Furthermore, 53 EIA stakehol-

ders in eleven Member States, the United States, and Canada were interviewed. In addition, eleven interviews were carried out with health experts in the Czech Republic, Denmark, Finland, Slovakia, Sweden, the United Kingdom and from the World Health Organization (WHO).

It was found that human health is covered in EIAs in the Member States, though the perspective is usually limited to the environmental risks to health, e.g. air, water, soil and noise pollution. Health assessments in EIA generally involve a quantitative health risk assessment of exposure to pollutant emissions in soil, water and air. Furthermore, it was difficult to find examples of good practice where human health had been adequately assessed within EIA. The EIA legislation in the respective Member States does refer to humans or human health, though there are few explicit definitions of health or of the impacts on humans that need to be considered.

Looking more closely at the questionnaire responses from the EIA stakeholders in those Nordic countries represented in the study (7 from Denmark, 8 from Finland and 11 from Sweden), Figure 1 shows that health in EIA is commonly understood as the environmental risks to health. The holistic health perspective (identifying a complete state of physical, mental and social wellbeing) is well represented among EIA stakeholders in Finland, and to some extent in Denmark also, however this is not the case for Sweden.

Figure 1

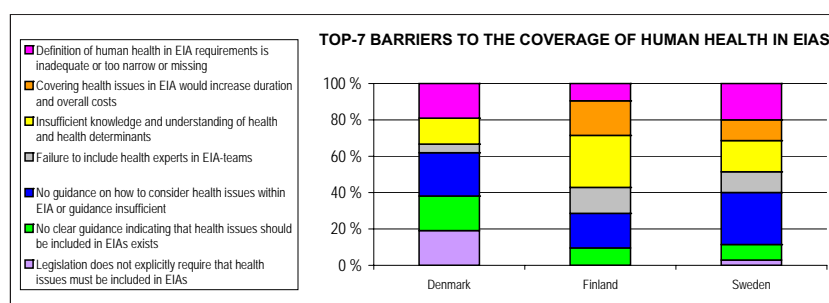


Previously identified barriers to the inclusion of human health largely remain the same, e.g. lack of guidance, lack of knowledge and understanding, inadequate or narrow definitions of human health, failure to include health experts within the EIA teams, no clear guidance on what health aspects should be considered, the assumption that covering of health issues would increase duration and cost, the legislation does not explicitly require an assessment of human health within EIA, and the public and political consequences of including health in EIA. The perception of barriers is not equally strong among EIA stakeholders in Denmark, Finland, and Sweden, though Figure 2 does illustrate the seven barriers that were most frequently ticked by Nordic respondents.

These findings tell us that small but significant shifts have occurred in the Member States with regard to human health and EIA. A significant minority of

EIA stakeholders recognise and acknowledge the importance of human health and the need to assess not only the environmental risks to health but also the wider social determinants and the mental, social and well-being impacts. This implies that there is now a low-key but sustained political and practical momentum in respect of including human health in EIA and

planning processes. Building on this, the strengths, weaknesses, opportunities and threats of six policy options—ranging from simply doing nothing to undertaking major amendments to the EIA Directive or even creating a separate HIA Directive, were presented to the Commission. The final report will be available at the beginning of 2006.



NORDREGIO ACADEMY:

Policy development and good governance

MAY 10 - 12, 2006, HELSINKI, FINLAND

Nordregio Academy is offering a seminar on policy development for good governance in May. The purpose is to explore some of the newer experiments and institutional reforms that attempt to achieve good governance parallel with development. To do this, we will examine both concepts and examples that address

- *innovation and competition*
- *social sustainability and*
- *power relationships and democracy.*

The seminar will also examine the newer reforms that are being enacted, or have recently been enacted, in the Nordic countries: all with the goal of improving the way in which urban and regional governance can occur. The seminar ends with a discussion of trade-offs among the policy goals discussed in the sessions, as well as a critical look at what might be the new policy trends in the future.

More information will be forthcoming on our website.



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IN SHORT...



Local Elections for 2007 Reform

On 15 October the elections were held for the new municipal and regional councils due to assume office on 1 January 2007. The electoral campaign was rather devoid of political issues as the new local and regional structure remains somewhat of an abstraction to many citizens. Instead the campaign took to emphasising the personal qualities of the candidates in question. As to the results, the Social Democratic party took control of the three main cities of Copenhagen, Aarhus and Aalborg, whereas the Conservatives won Odense. The Liberals secured a stronghold in the western part of the country, but failed in their ambition to hold the mayor's office in up to half of the new municipalities. It is also noteworthy that local lists won the mayors' post in some of the remote municipalities in Jutland and on the islands.

North Jutland Growth Package

The government has agreed to contribute to a DKK 500 millions investment package to spur regional growth and development in North Jutland. The growth package has been mediated through the North Jutland Growth Forum and consists of DKK 286 millions in local and private money topped up by some DKK 200 millions from central government. The sectors designated to receive a spending boost are culture and tourism, agri-business, high-tech and financial services.

DKK 1 billion in Structural Costs

Local Government Denmark estimates that the 2006 bill for the Structural reform of Danish local government amounts to DKK 1 billion for the municipal sector alone.



Municipal Threshold at 20 000 Inhabitants

Finland is on its way to reforming its municipal structure. A committee under the Ministry of the Interior has stated recently that the present municipal structure is lacking in respect of the criteria necessary to cope with future demands. The municipal situation is characterised by the existence of too many small units, too many administrative borders and a complicated system of competences. In the future, fewer administrative borders and a more consistent system of services will be required. In addition, a new municipal system must be able to respond to democratic demands as well as to the increasing need to pursue the goals of regional economic competitiveness.

Responding to these demands the committee has proposed three different models for the future municipal structure.

Primary municipalities having at least 20 000 to 30 000 inhabitants and centred on commuter catchment areas.

District municipalities having at least 100 000 inhabitants and preferably 150 000 to 200 000 inhabitants. These larger municipalities will be able to handle a wider range of social, health and educational services than the smaller primary municipalities.

Regional municipalities. The model presupposes that the country will be divided into 20 to 25 entities with the present municipalities kept as a form of primary municipality. It is foreseen that the capital region of Helsinki will be accorded special status.

These models are currently being debated on a regional basis throughout the country in a joint process between the Ministry and the Finnish Association of Local and Regional Authorities.



New Government in Place

The September elections brought a red-green coalition to power. The Social Democratic Party, the Socialist Left Party and the Centre Party constitute the participants of the new government. The government has announced that it will

substantially strengthen the role of regional policy. Concerning physical planning, the government has set out to differentiate coastal zone planning so as to make it even more difficult to build near the waterfront in regions experiencing land use pressure. Moreover, the government has also promised to install a revised three tier political system by 2010 presupposing the wide delegation of tasks from the central government to a new regionally elected political level substituting for the present county councils.



Efforts to Strengthen Work on Regional Sustainability

The Government has decided to strengthen its performance in the field of regional sustainability. The Swedish Agency for Economic and Regional Growth and the Swedish Environmental Protection Agency, has therefore been entrusted with conducting processes in selected pilot regions to achieve better sustainability performance, particularly in respect of the overall framework of the individual regional growth agreements.

Nordic Programme of Little Value

In a letter to the Government, the Swedish Institute for Growth Policy Studies (ITPS) states its dissatisfaction with the proposed Nordic Council of Minister's Programme for industry and trade for the period of 2006-2010. Containing only vague statements on strategies, the programme should be seen as more or less impossible to judge from a policy point of view, the institute writes.

Cooperative Organisation in Question

A recent study conducted by the Swedish Association of Local Authorities and Regions concludes that municipalities organising their activities in joint cooperation with other municipalities experience only minimal gains from such arrangements. In respect of school services and social and health care there seem to be no economies of scale in pursuing cooperation, whereas such economies are evident for more specialised low volume services and administrative tasks.

NORWAY:

Can the *Red-Green* Government deliver?

*Oddbjørn Bukve, Professor and Dean
Sogn og Fjordane University College*

The election in September led to the formation of a new red-green government in Norway, with Mr. Jens Stoltenberg from the Labour Party as prime minister. The Labour Party, the Socialist Left Party and the Centre Party could form a majority government with 87 of the 169 members of the Storting. The rise of a new majority has created expectations of change in many policy areas. All three of the red-green parties are in favour of new regions with an elected assembly, while two of the three former government parties wanted to abolish a regional government level altogether. The red-green coalition has also announced a more ambitious regional policy, particularly targeted at smaller communities in the periphery.

Thus far, the new government has presented a joint policy statement and its first budget. The budget truly signals a change towards what the government labels "a big effort for the periphery." This is an important issue for the smallest government party, the Centre party. The party's chairman, Mrs. Åslaug Haga, also became the new minister of local government and regional affairs. In the 2006 budget, the grant allocations to local government were increased by more than 5 billion NOK. This increase is particularly important for many of the small municipalities in rural areas. Local economic development funds, a measure which was increasingly left to wither on the vine in the 1990's, is moreover being re-launched with a government grant of NOK 100 millions next year. The government has also announced a special programme for small peripheral communities.

It seems that the new government wants to emphasize new policy measures directed towards the local level. The focus of the former centre-right government was on creating "robust regions" and on the development of regional centres, but these concerns seem to have been moderated by the red-greens. The big question is whether this also entails the adoption of what is essentially a more defensive regional policy, where the task of defending existing structures receives more attention than innovation and entrepreneurship. We will probably get a first hint of the answer when the White Paper on regional policy is

announced. The former Regional Minister, Erna Solberg from the Conservative Party, advanced a White Paper on this policy field to the Storting last spring, but the new government wants to replace it with a new one in 2006.

It is explicitly mentioned in the policy statement of the new government that new regions with an elected assembly will be established. But the statement gives no answer to the much-discussed questions relating to the number and borders of these new regions. In addition, it is also remarkably vague about the

The policy statement of the red-greens was vague regarding the tasks and responsibilities of the new regions.

tasks and responsibilities that will be allocated to the regions. It is said in the government statement that the new regions will be established no later than 2010. This is in accordance with the schedule for decisions on the regional question proposed by the former government and accepted by the former Storting. But the regional Minister has already been met by a unequivocal demand from The Norwegian Association of Local and Regional Authorities and all the chairmen of the Norwegian county councils to speed up the changeover. The county councils' chairmen do not want a new election of county councils in 2007, but instead prefer a prolonged mandate for the sitting councils if necessary.

The policy statement of the red-greens was vague regarding the tasks and responsibilities of the new regions. The only task that is explicitly mentioned is the responsibility for regional development. But this has also been the prime responsibility of the county governments, and does not as such entail any transfer of power from the state. The Centre Party's programme says that the national body for innovation and business development (INVANOR) should be transferred to the regional level. But it is still unclear as to whether their coalition partners support this view.

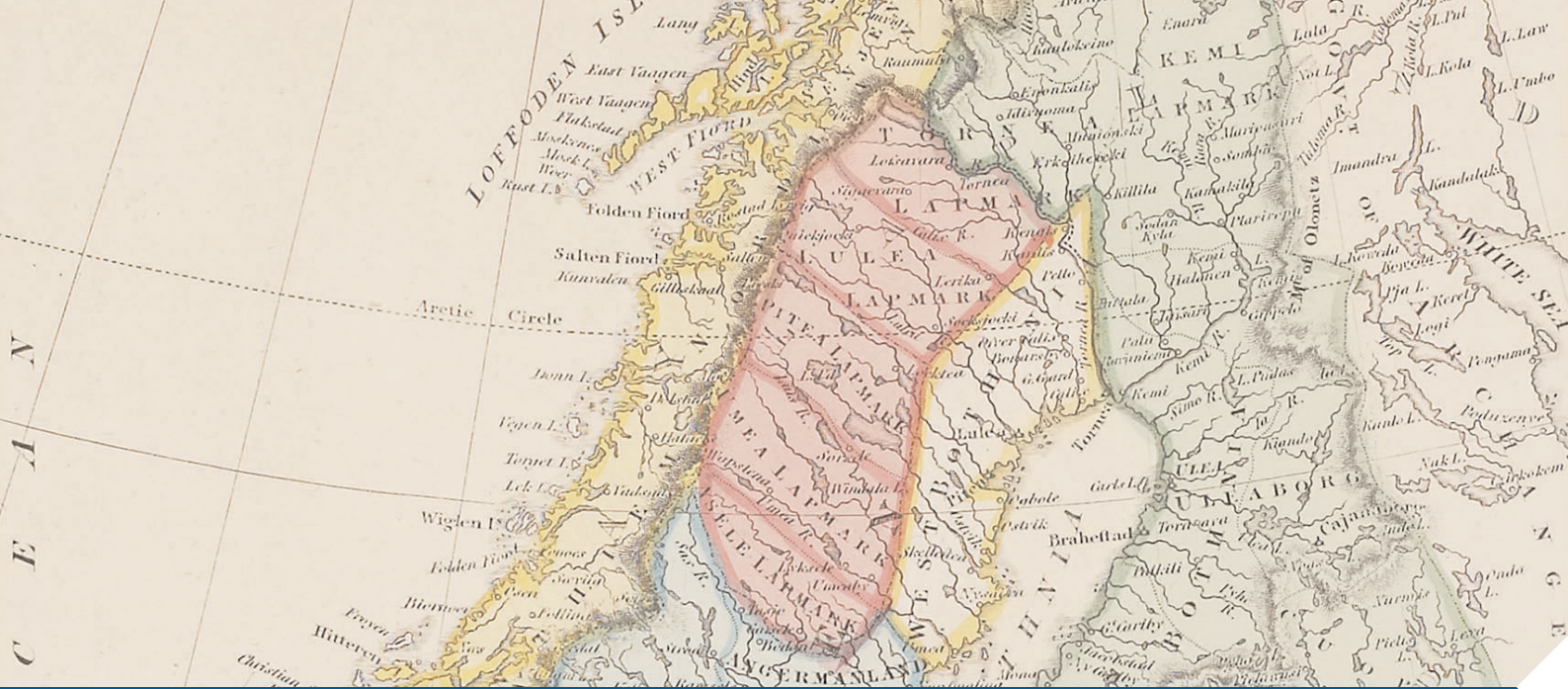
Transport is one policy area where it is probable that the new regions will be given greater responsibility. What will happen with education and research, however, is rather less clear. The Regional Commission, which delivered a White Paper in 2004, suggested that colleges, universities and certain research institutes should be



governed by the regions. The newly appointed Minister of Knowledge, Øystein Djupedal from the Left Socialists, has however gone on record as saying that this is not acceptable. The coalition partners also disagree over the organisation of health care. The programmes of the Centre and Left Socialist parties say that new regions should have responsibility for hospitals, while the Labour Party supports the current organisation model, where hospitals are owned by independent regional health enterprises. Since the government's policy statement does not mention a change in this field, changes are unlikely. The government must also face claims in respect of the desire to regionalise responsibility for environment and resource administration, fisheries and agriculture, labour market administration and so on.

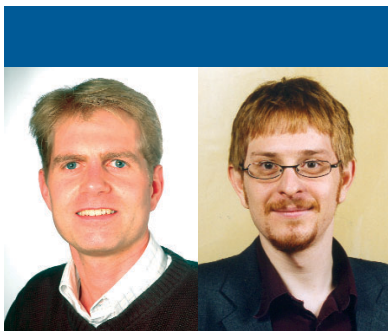
At the national level, the coalition partners are likely to find an acceptable compromise. The question is whether this compromise will satisfy their party officials at the regional level. Many of the champions of regional reform consider a regionalisation of the national government's powers and tasks as the prerequisite for regionalisation. As such, there may be grumbling and even open resistance to a reform proposal if there are no signs of a power shift from the capital to the regions in the government's coming proposals. The big question, then, is whether the national politicians are ready to reduce their own power.

The last major issue concerns the number of new regions. The Norwegian Association of Local and Regional Authorities point to seven as the most desirable number. But a change from 19 counties to seven regions could prove difficult if it is not coupled with local government reform. Some of the regions will have a huge control span, with as much as 124 local governments in the proposed Western Norway Region. The government's dilemma is that it wants mergers of local governments to be achieved voluntarily. But it is not realistic that small wealthy local governments and wealthy suburbs – of which we have many in Norway due to the taxation system – will join with their poorer neighbours. And in order to create strong regions, it is also desirable to change the local government structure. This creates a significant political challenge for the red-greens. Thus far, the new government has not however stated its preferred solution to these matters very clearly.



Sparsely Populated Areas:

Just Another Name for Nordic Rural Regions?*



By Erik Gløersen and Alexandre Dubois
Researchers Nordregio

In a changing policy context, the peripheral and sparsely populated regions of Norway, Sweden, and Finland need to reassert their identity and role.

On the one hand, they are no longer, as they once may have been, the depositaries of national identity whose ways of life it is national policy to preserve. On the other, while some regions remain important providers of energy and raw materials, this contribution to the national GDP is not as important as it once was, as the economic focus shifts from extrac-

tion and manufacturing activities to high-technology and service provision. Nordic peripheral regions increasingly need to justify why both Europe and their national authorities should continue to support, often at significant cost, economic and social development in these areas.

The shift in Nordic national regional policies has been amply described. While the “fair geographical distribution of growth” was a primary objective until the 1980s, the focus of national policy shifted in the decades thereafter. The predominant regional policy rhetoric is now that all regions should make the highest possible contribution to national competitiveness and growth. This leads some to conclude that regional incentives should be concentrated in regions where the immediate effect on economic growth is the highest. Regional policy has in effect then adopted the Kennedyesque slogan, “ask not what the country can do for your regions, ask what your regions can do for the country”.

At the same time as national policymakers are less prone to financing measures to reduce inter-regional disparities, the enlarged Europe is focusing on reducing the gap between the EU15 the ten new member states. While the specificity

of Swedish and Finnish sparsely populated regions was recognised in the Accession treaties through the definition of a specific Structural Funds Objective (‘Objective 6’), it will be increasingly difficult for these regions to obtain continued support in the next Structural Funds period (2007-2013). The main eligibility criterion for the European Structural Funds is indeed Gross Regional Product (GRP), which in the Nordic regions is high compared to other peripheral European regions. An example can be found in Sweden, where the region of Västernorrland has the third highest score for GDP per capita after Stockholm and Västra Götaland. The fact that these high levels of income stem from the exploitation of natural resources and therefore have a considerably smaller impact on the local economy than equivalent incomes from labour intensive manufacturing or service activities is however not taken into account. The Structural Funds also disregard the vulnerability of these export-oriented activities, which are highly dependent on world market demand.

This article does not seek to determine the extent of the economic and social challenges facing Nordic peripheral regions. Rather, we seek to illustrate the

*«The authors would like to thank Andrew Copus (Nordregio) and Carsten Schürmann (RRG) for their useful comments and contribution to the maps and figures of this article».

difficulties in attempting to make the voice of these regions heard, as their situation is often not reflected by statistical categories defined in accordance with the geographical norms of "Continental Europe": These regions do not have the traditional attributes of most 'continental' rural areas, as they have very little agriculture. Their municipalities, moreover, can however hardly be qualified as urban, exhibiting extremely low population densities - down to below 1 inh/km² in the case of around 30 Nordic municipalities. In that respect, the tentative typology presented here seeks to identify and map the specific characteristics of Nordic sparsely populated areas in terms of settlement patterns.

Sparse settlement patterns

Sparsity and low population density are often seen as equivalent notions. Although these notions are indeed linked, they are not however equivalent. Low population density corresponds to the average distribution of the population in a particular territory, but does not reflect the actual settlement pattern, i.e. the way in which the population is distributed within its boundaries.

Settlement patterns within the sparsely populated parts of Norway, Sweden, and Finland in fact provide quite a contrast. The differences between the sparsely populated parts of the three countries can be observed by analysing the population figures by 1x1 km grid cell (figure this page). Whereas the settlements of Norwegian and Swedish sparsely populated areas are quite concentrated, they are widely spread in Central and Eastern Finland. Inversely, the extent of the uninhabited areas is much greater in the case of Sweden and, especially, Norway than in the Finnish case. While topographic constraints have limited the extent of inhabitable land in Norway, Finnish lakes have facilitated communication between small and dispersed settlements. The differences are however also due to historical factors such as for example the relatively 'late', in historical terms, urbanisation process in the Finnish case.

In order to illustrate the differences in the settlement patterns, we have chosen to highlight three areas around towns in sparsely populated parts of the Nordic countries: Tromsø in Norway, Östersund in Sweden and Mikkeli in Finland. What makes this comparison interesting is that these three circular areas have the same diameter (50 km) and practically the same population, between 79 000 and 80 000 persons.

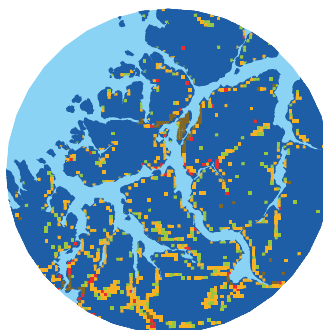
The Norwegian case of Tromsø illustrates a typical situation along the Norwegian coast. The settlements are few, and often quite dense, and can be found along the coastline. In the Swedish case of Östersund, settlements are somewhat less concentrated and the inhabited cells mostly have a population comprised of between 5 and 100 inhabitants (orange and red categories). In the Finnish case of Mikkeli, the settlements are widely spread around the lake areas and the cells often have a small population, as illustrated by the high number of green cells (between 1 and 4 inhabitants). These green areas mostly correspond to

single households situated 1 km or more from each other.

These three areas with the same size and the same aggregated population consequently have highly contrasting settlement patterns: low population density means something different in each case, and therefore raises different policy issues. Generally speaking, the more diffuse the settlement structure, as for example that found in Eastern Finland, the more this can be considered as an additional handicap, as it makes it diffi-

Continue at page 16 . . .

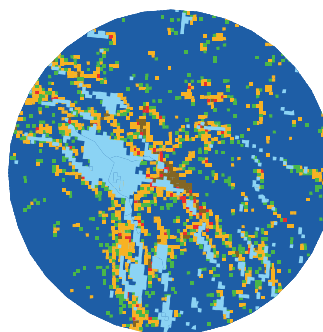
These three areas all have an average population density of just over 10 inh/km², but they have very different settlement patterns



Settlement structure around Tromsø (Norway)

Total population of the area: 79,000 - 80,000 people
1x1 km grid cells

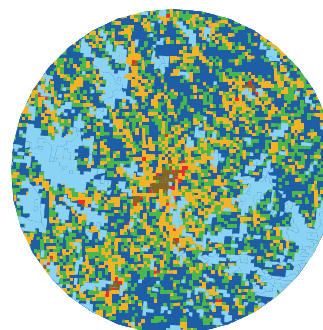
50 km



Settlement structure around Östersund (Sweden)

Total population of the area: 79,000 - 80,000 people
1x1 km grid cells

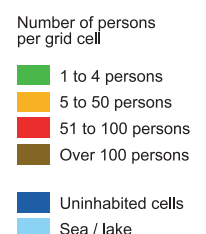
50 km



Settlement structure around Mikkeli (Finland)

Total population of the area: 79,000 - 80,000 people
1x1 km grid cells

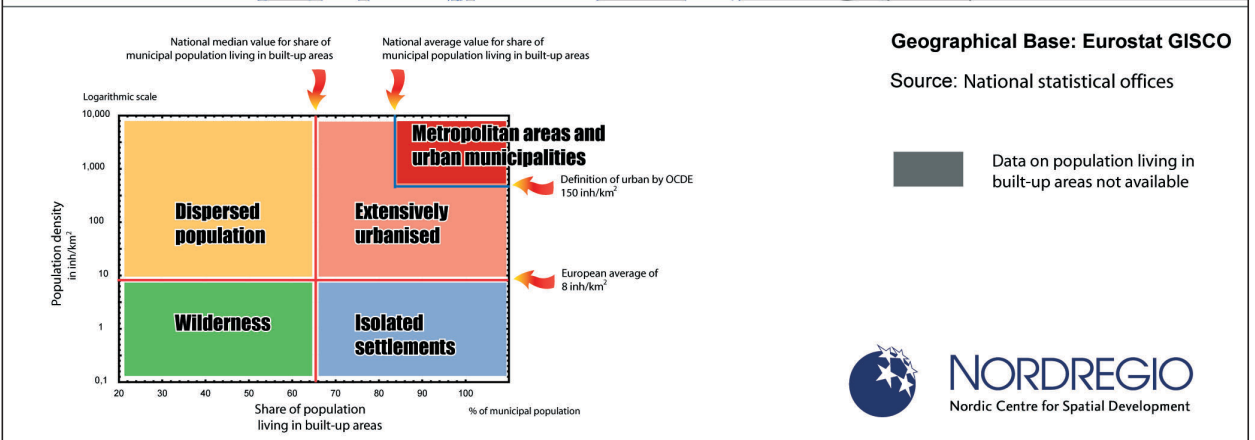
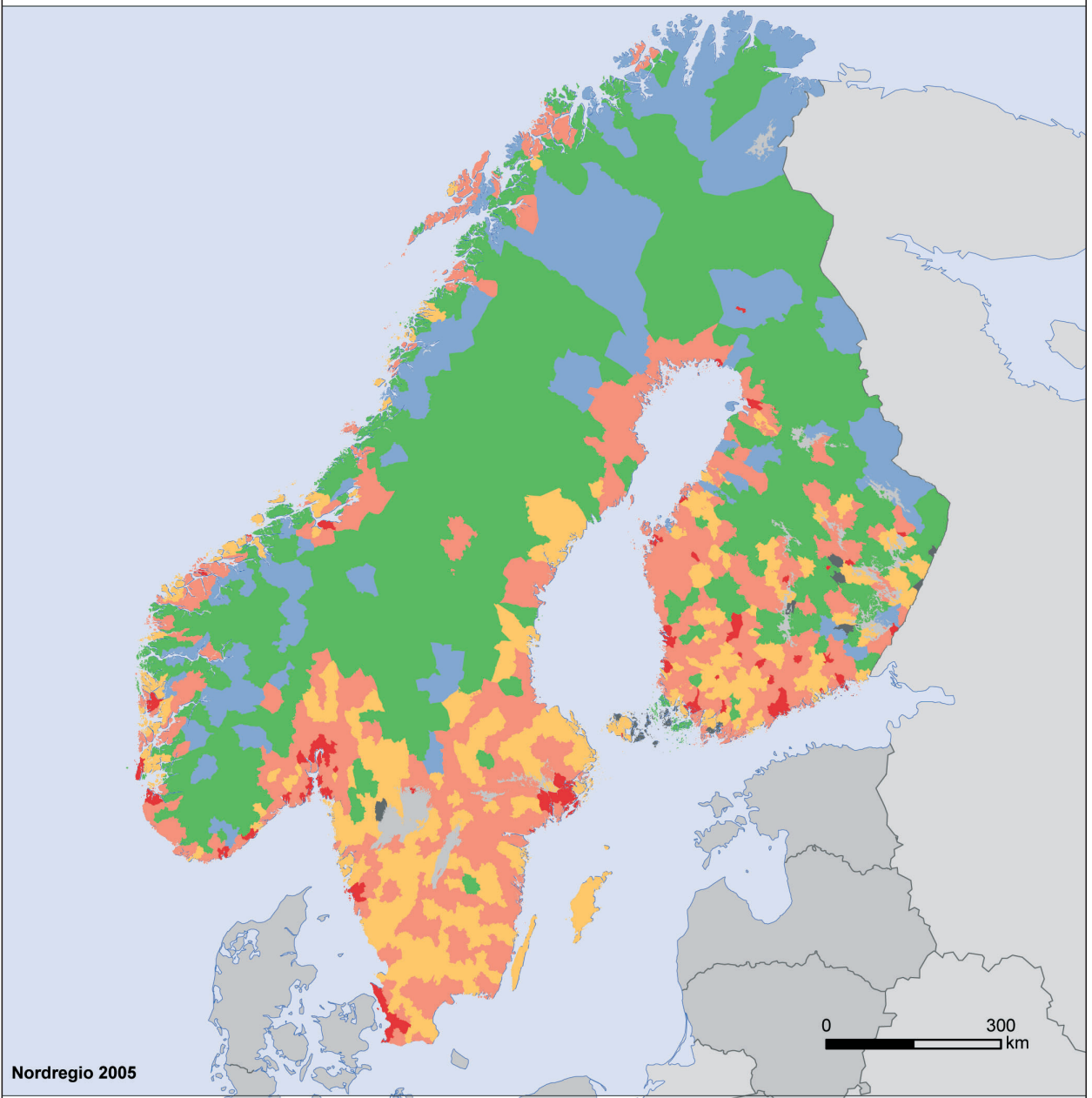
50 km



Nordregio (2005)

We can conclude from this that municipal and regional average population density figures do not reflect different types of settlement patterns found in Norway, Sweden and Finland.

A typology of urban and rural municipalities in the Nordic countries



The cross-analysis of population densities and proportions of populations situated within settlements of more than 200 inhabitants illustrates the diversity of sparsely populated areas.

cult to maintain infrastructure and to deliver basic services in an economically efficient way, whether public or private.

International typologies of urban and rural applied to the Nordic context

Population density is often thought to be the main criterion for distinguishing urban and rural areas. The OECD for example considers 150 inh/km² to be an adequate threshold, which is used in a two-stage approach, at municipal and NUTS 2/3 levels. However, this threshold is mainly targeted at defining urban regions, with rural areas thus being considered a 'residual' category. In an attempt to address the heterogeneity of those 'rural' areas, the OECD, in a second step tries to assess the 'degree of rurality' of the regions, by looking at the share of the population living in urban localities. In the most recent versions of the OECD definition of rurality, all Nordic NUTS 3

regions were considered as "predominantly rural". Even the large metropolitan regions such as Helsinki and Stockholm were classified as "significantly rural", thus significantly questioning the validity of applying the same definition to different territorial contexts.

Another urban-rural typology produced in the framework of the ESPON' project on urban-rural relations (ESPON 1.1.2) set out to classify European NUTS 3 regions² in terms of both rurality and density. The result for the northern regions of the Nordic countries displays a homogenous situation with all regions being classified as "High rurality – Low density". By using such large territorial entities, especially in the case of the Nordic countries, the dichotomy between urban and rural areas is thus smoothed away.

In terms of EU policies for rural areas, it is important to note that Nordic regions tend to loose out in terms of Rural

Development Regulations (EU Common Agricultural Policies Pillar 2), as agriculture plays only a minor role. These policies are therefore not successful in capturing the specific problems of the Nordic sparsely populated areas. This fact, again, highlights the specific role of the Nordic rural areas compared to other rural areas in Europe.

A typology of Nordic municipalities taking settlement structures into account

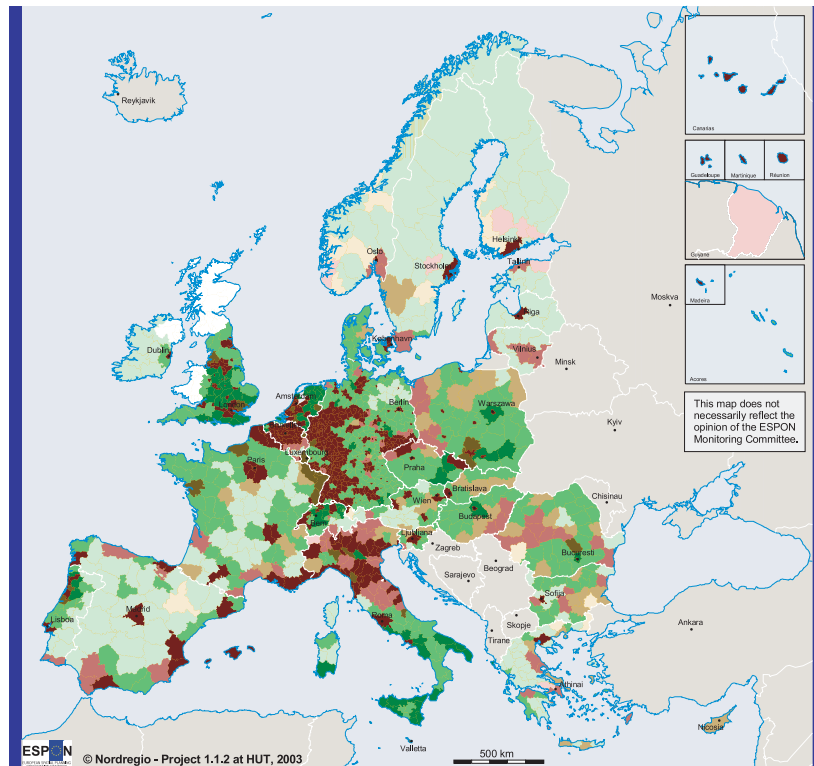
Both the OECD and ESPON 1.1.2 typologies illustrate the fact that the 'continental' perception of rural areas does not allow for a differentiation of Nordic peripheral regions. They therefore do not account for the contrasted Nordic settlement structures shown above.

The figure on pages 15 displays an alternative typology, based on both population density and the share of population living in continuous built-up areas. These built-up areas do not all correspond to urban areas. Indeed, the Nordic definition of 'urban' is a very extensive one, as it includes all continuous built-up areas with at least 200 inhabitants, as long as the maximum distance between households is below 200m in Finland and Sweden, and 50m in Norway. «The built-up areas are in stead used to identify households that are not isolated».

In order to categorise the municipalities following those two indicators however, the use of specific thresholds was needed. Concerning population density, a threshold of 8 inh/km² was applied. This value was originally used to identify Objective 6 areas at the time of Sweden and Finland's accession to the EU. As regards the share of the population living in the localities, the median value for each country has been used in order to classify the municipalities along this axis. This analysis resulted in a categorisation of municipalities in 4 initial classes: 'Isolated settlements', 'Wilderness', 'Dispersed population' and 'Extensively urbanised'.

The highest variation is to be observed within the latter category, mainly because of the exceptionally high population densities in and around metropolitan areas such as Helsinki, Oslo, Stockholm, Göteborg, Malmö, Tampere, Oulu, Stavanger and Trondheim. Consequently, a further category of the 'Extended urban' class was defined. This fifth category entitled 'Metropolitan areas and urban municipalities' comprises municipalities that have a population density of more

Urban - rural population in Europe based on national classifications



Geographical Base: Eurostat GISCO
Origin of data: National Statistical Offices
Source: Nordregio

Density		Rurality		
High	Low	High	Medium	Low
Dark Green	Light Green	Dark Red	Medium Red	Light Red
Medium Green	Light Green	Dark Red	Medium Red	Light Red
Light Green	Light Green	Dark Red	Medium Red	Light Red

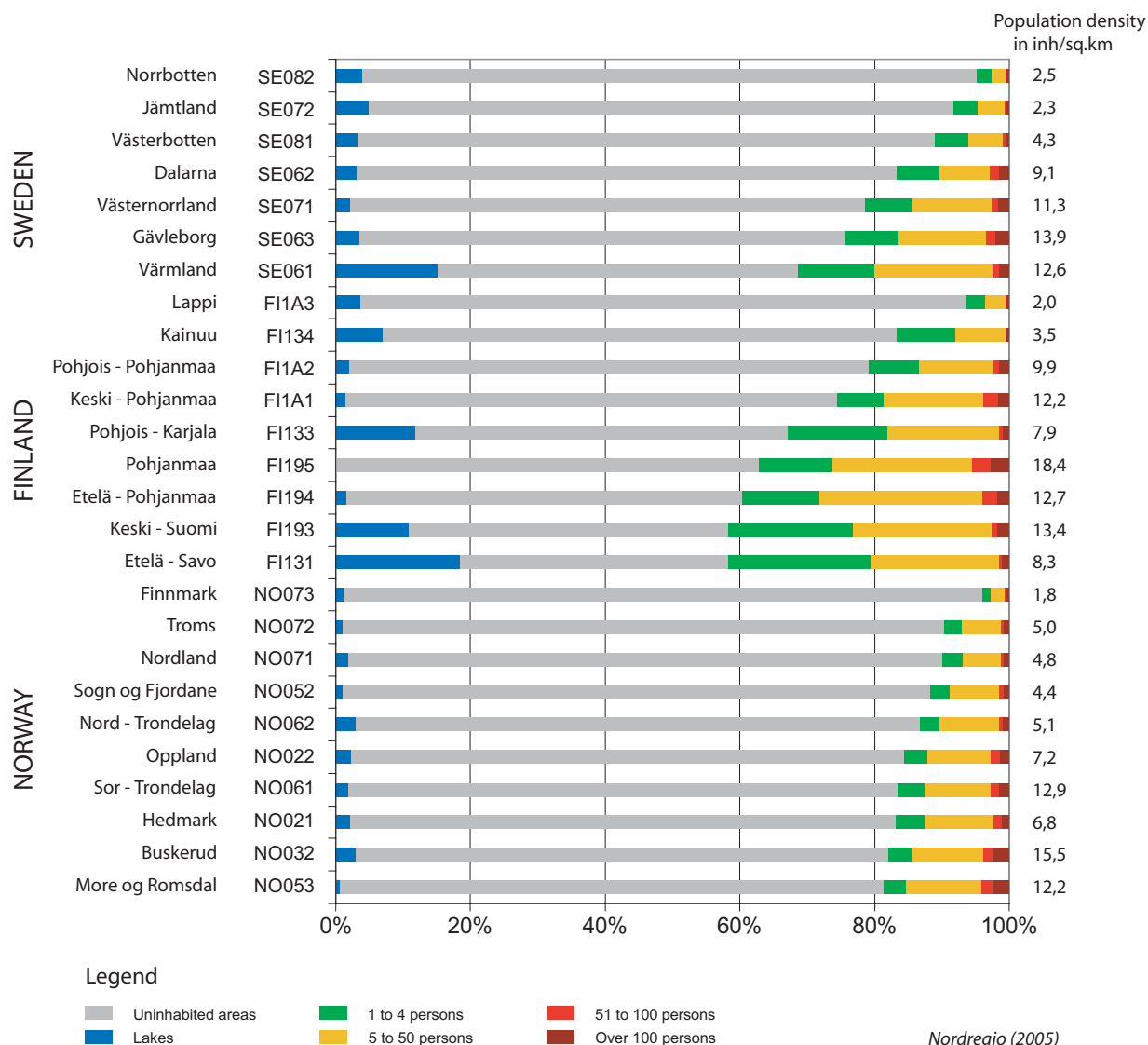
NUTS 3 regions:

Predominantly urban	Intermediate	Predominantly rural
Densely populated	Densely populated	Densely populated
Medium density	Medium density	Medium density
Sparsely populated	Sparsely populated	Sparsely populated

Rurality: Share of rural population, index country average = 100
High: > 110, medium: 90 - 110, low: < 90

Density: Population density (inhabitants/km²)
High: > 150, medium: 50 - 150, low: < 50

Classification of European NUTS 3 regions according to "density" and "rurality", produced by the ESPON project on urban-rural relations.



Proportion of grid cells per NUTS 3 region, classified according to their population.

than 150 inh./km² (the threshold used by the OECD for defining urban areas), and a share of population living in localities higher than the respective national average (which in the present cases is systematically higher than the median value). This fifth category comprises the three capital regions, as well as the main demographic centre of the other most populated areas.

The most striking aspect of this typology is that all categories except for the fifth one are well represented across the peripheral parts of all three countries. The homogenous picture of these areas suggested by the European typologies mentioned above can therefore be considered misleading. The major territorial contrast in the northern areas is to be found bet-

ween coastal and inland municipalities. Coastal municipalities, whether they are in Norway, Sweden or Finland, generally have a population density above the threshold level, and therefore are either characterised as areas with 'dispersed population' or as being 'extensively urbanised'.

The main message of this typology however concerns the inland municipalities. These should not be treated as a homogenous category, as some have a population concentrated to a few settlements and wide empty areas (qualified as 'isolated settlements'), while others have a widely dispersed population (qualified as 'wilderness'). This pattern of inland areas can be found across Norway,

Northern Sweden and in Northern Finland.

Central Sweden however comprises a remarkably homogenous 'Wilderness' areas, within which Östersund is the only municipality classified as 'extensively urbanised'. This effectively illustrates the rather unique regional context of this city.

Eastern Finland is also quite specific due to a remarkable mix of the five categories, without the gradients from urban municipalities to wilderness that can be found in Sweden and Norway. The presence of the category 'Metropolitan areas and urban municipalities' is admittedly mainly due to municipal boundaries which, contrary to Norway and Sweden, often separate an urban area from its

rural hinterland. However, the intricate combination of the four other categories reveals the widely dispersed settlement structure shown in the figures on page 14 and 17.

The numerous municipalities of the northern areas of the Nordic countries classified as 'Isolated settlements' are quite different from those perhaps similarly labelled in other European rural areas. The exploitation of natural resources has attracted population to a few dense settlements (such as Kiruna and Jokkmokk), in the middle of large areas that are not inhabited. In Northern Norway, municipalities in this category are those where fishing activity has led to a concentration of the population around seaports. Such municipalities are therefore often constituted by a few settlements that concentrate to themselves almost the entire municipal population, but which are surrounded by unused land.

Consequently, in order to characterise the northern regions of the Nordic countries, and more precisely their prevailing challenges and potentials for development, it is essential to analyse much more than perhaps has hitherto been the case their specific settlement pattern.

Policy implications

The fact that peripheral Nordic regions face extremely low population densities is well known. The analysis of settlement patterns however shows that these sparsely populated areas are not homogeneous. Three main categories have been identified: The first is composed of areas with a few, dense settlements. These are typically characterised by economies based on mining or energy. The second type of area has a population that is both very limited and widely dispersed. In these areas, forestry and herding is often

the basis of economic activity. Finally, some regions exhibit a widely dispersed population over a much larger area than in type two, which was often inherited from a period of rural development that occurred without the formation of villages and was combined with late urbanisation. These are typically to be found in Eastern Finland.

All of these sparsely populated areas face the same fundamental challenge in terms of economic and social development: basically, they do not have a sufficient critical mass to develop a diversified competitive economy. They are therefore forced to specialise in order to maintain an economic viability, which in turn makes them vulnerable to external factors such as fluctuating world market prices within their sector of activity or product cycles. If however they seek to compensate for this lack of critical mass, for example by enlarging their functional area, the strategies that can be envisaged by sparsely populated regions belonging to each of the three categories mentioned above are very different. While isolated settlements can compensate for their "pseudo-insularity" through improved and wide ranging transport connections (e.g. air transport), areas with a widely dispersed population over a large area will either need to make massive investments in the secondary road network, or encourage a concentration of their population to some nodes. Those regions with a very limited and widely dispersed population can however only hope to stem the tide of out-migration.

In all three categories of regions, the trends in relation to demographic decline observed in recent last decades could have dramatic consequences, as the cost of public service provision increases exponentially when the population level

falls below the critical threshold for efficient delivery. Strategies to maintain population levels in the peripheries have often focused on improving accessibility levels through infrastructure investments, especially through connecting them to external markets. Policies focusing on building and maintaining human capital, social capital, "institutional thickness" and tacit competencies are however more complex to design and implement, and are therefore often neglected. It is commonly accepted that the efficiency of such policies depends upon the degree to which local actors drive them. But as these local actors are organised in different ways in the three types of settlement structures, measures intended to mobilise them will have to be designed differently in each case.

We can therefore observe that, not only are Nordic sparsely populated areas different from the rural areas of continental Europe. They are also quite diversified in terms of settlement structures. In consequence, a policy for sparsely populated regions requires tailor-made solutions for each type of sparse settlement structure.

1. *ESPON is the European Spatial Planning Observatory Network, an INTERREG programme aiming at improving the understanding of the diversity of the European territory and territorial development through a number of transnational research projects.*

2. *NUTS is a French acronym, which stands for Unified Nomenclature of Statistical Units. NUTS 3 regions correspond to Fylke in Norway, Län in Sweden and Maakunta in Finland. NUTS 2 regions correspond to aggregates of NUTS 3 with no particular administrative status.*

Journal of Nordregio

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Networks and Governance in Finland



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Department for
Development of
Regions and Public
Administration
The Finnish Ministry
of Interior

There is so much talk about globalisation and the information society today that I am reluctant to begin an article by referring to those two terms. However, since networks seem to have developed into a new model of public administration, they are connected to those two particular themes through several channels.

Manuel Castells, for example, considers organised networks to be the dominating process of the information era in which we live. According to him, networks even form a new social morphology of society. The permeation and decentralisation of networking will logically and essentially change the functioning and results of production, experience, power and cultural processes. Being present in or absent from networks and the dynamics of each network are the critical sources of rule and changes in society. Because of this, our society can, according to Castells, be called a network society (Castells 2000).

The same development applies to public administration. Circumstances have become favourable for networks of public administration to develop. At the same time, traditional administration gradually transforms into the control of external and internal networks. This development has taken place gradually and partly unconsciously or at least without

clear strategic control. It is difficult to recognise and outline administrative networks and the state of administration that has been formed in this way. It is even more difficult to clearly estimate the success and/or results of these networks.

Moreover, the concept of 'network' is quite vague. To be able to discuss the spread of networking, or the advantages, disadvantages and desirability of it, the network must first be defined in some way. What the administration looks like from the point of view of networking must also be pieced together once again. Traditionally, and even today, we routinely outline administration as a puzzle, a system that consists of closed units and their hierarchically defined relations.

Discussions of networks and governance have been lively, particularly in Britain and the Netherlands, as well as in many EU contexts also. Based on the discussions of several researchers, we can sum up a list of the properties and characteristics of such networks (see e.g. Rhodes 1997 and 2000; Peters 1998; Kickert and others 1999).

The criteria for network existence and the operational principles of networks are, for example:

1. *Strategies and goals.* Members of a network have at least some strategies and goals in common, which justify networking and which, in time, become the goals for networking. In the beginning, the most important task of the network may be finding and developing mutual goals for its members.
2. *Independence of the members.* Network operators cannot decide on each other's strategies, although they can influence them. Members of the network do not have any authority over each other, but they operate independently in the network using their own right of decision, when necessary.
3. *Mutual interdependence of the members.* Network operators are dependent on each other in such a way that they cannot reach their goals (at least as successfully) without the participation of the other participants. Dependence on the network is often dependence on the resources of other participants.
4. *Self-government of the network.* The network has a relatively extensive degree of self-government in relation to the state, the government or upper organisational levels inside the internal networks of the organisation.
5. *Interaction.* Interaction between members of the network is continuous.
6. *Trust.* Members of the network trust each other.
7. *Problem-solving in the network.* Reaching mutual understanding in the interaction of the members acts as an internal problem-solving mechanism within the network. The network is operated by means of mutually agreed rules, which are based on mutual trust. Thus the operation is flexible and only a few rules are needed.
8. *Organisation.* The organisation of the network may vary from random cooperation to a more fixed organisational structure. If the network is organised to become a new, legally competent organisation with a separate decision-making structure, the power of decision of its single members concerning the purpose and actions of the network is decreased and becomes dependent on the working methods of the new organisation. This may result in the operation's network characteristics disappearing.
9. *Network management.* Network management means coordination of the operations. All members of the network take part in the coordination.

10. *Role of the administration.* Based on its network activities the government administration has a unique, but not higher, position compared to other operators. The role of the government and municipality may be that of the main coordinator, network builder, or network manager, if and when they are members of the network (Hiironniemi 2005: 51–52).

Some of the aforementioned criteria refer to network characteristics, some to the degree of organisation and some to the nature of its activities. There are considerable possibilities for variation. The network may be operational and loosely organised. On the other hand it may be very tightly organised, in which case it has become, or is about to become, a new unit. It may be open as far as membership is concerned, or closed. However, an essential part of networks is steering relations, which are not based on authority but instead on trust and mutual agreements. Flexible rules of formation also have an important role to play in networking.

The development of the Finnish administrative structure has followed similar phases to that of general administrative development in other European countries, though, in addition, it naturally has its own characteristics. In the 1980s, the traditional bureaucratic administrative approach was influenced by the doctrines of New Public Management. Gradually, during the 1990s, and particularly as we moved into the 21st century, managerial approaches have taken on a more communal and versatile style in line with the network administration and steering-type approaches. Network governance has now, to some extent at least, been implemented in Finland, alongside the traditional bureaucratic model at each level of administration.

Central administration includes several cross-governmental policy programmes defined for the first time in the current government's programme in 2002. There are four policy programmes: employment policy, entrepreneurship policy, information society policy, and civil participation policy. The goal of information society policy, for example, is to increase compe-

tiveness and productivity as well as social and regional equality, and to improve the wellbeing and quality of life of citizens by taking advantage of information and communications technology in society as a whole. The programme is controlled and coordinated by the Prime Minister and a group of ministers under his command with the help of a programme manager posted in the Prime Minister's Office. The persons responsible for the preparation and control of the information society programme have been appointed in the Ministries, while they also constitute the management and follow-up group of the programme.

In a manner of speaking, the traditional administrative sector has been covered by a cross-governmental net, which handles defined themes and implements most of the aforementioned network characteristics. This inter-administrative network aims to achieve horizontal coordination and mutual goals.

The Prime Minister's Office ordered a report in 2005 concerning the steering through policy programmes. The report recommended that the model also be applied in the next government programme, noting however that this should be achieved through the expansion and further development of current methods. Suggested developments include, for example, analysing the role of groups of ministers in the policy programmes in relation to the government's ministerial committees and groups of ministers. In addition, it would be justifiable to define the role of the coordinating minister such that it is different from the main responsibility of the minister. The report also recommends that future policy programmes not be expanded into organisations or 'agencies', particularly where the substantial increase of authority or funds might lead to the institutionalisation of individual policy programmes. However, it would be justifiable to reserve a funding budget for policy programmes that is sufficient to

carry out reports etc that are in accordance with the programme. According to the report, more attention should be paid to administration in general and especially to the ministry management of networked and cross-governmental methods of action and to the strengthening skills in that area (Eerola 2005: 9–11).

Is a light network efficient and powerful enough to run important matters?

Typical questions concerning network development include: How much should the networks be allowed to organise and acquire formal jurisdiction as far as their members are concerned? Is a light network efficient and powerful enough to run important matters? Are there any other ways of encouraging cross-governmental cooperation inside the administration besides establishing networks and institutionalising them to a certain extent?

Regional administration. According to the Finnish regional development legislation, the responsibility for regional development lies with the state and municipalities. At the national level, the Ministry of the Interior is responsible for its coordination: it is responsible for preparing national goals for the development of regions together with other ministries and Regional Councils. In addition, the Ministry of the Interior is responsible for consolidating the preparation and implementation of regional strategic programmes and other programmes that are in accordance with the law. The Ministry of the Interior will also take care of the follow-up and evaluation of the programmes in cooperation with other ministries and Regional Councils.

The Regional Council is the regional development authority and it is responsible for carrying out tasks that are connected with the regional development of each region. The Regional Councils have been organized as joint municipal authorities. A regional strategic programme is designed to develop the region. The goals for developing the region are presented in the programme. Regional management committees have the task of combining the implementation and financing of regional strategic programmes and national regional development programmes. Representatives of the Regional Councils and the municipalities are members of the regional management committees. Other members include representatives of different minis-

Network governance has now, to some extent at least, been implemented in Finland, alongside the traditional bureaucratic model at each level of administration.

tries that work with the Employment and Economic Development Centres (TE centres), universities and social partners.

In this model, numerous bodies and activities encouraging regional competitiveness have been harnessed to achieve mutual goals. A regional strategic programme provides the operators with a mutual strategy while identifying appropriate targets, though each operator maintains its own position and tasks. The members of the network are usually in continuous contact, which helps in the implementation of its targets. Each network operator takes its own decisions in relation to the goals set, while all operators coordinate

network operations to the extent of their own authority. The network also has a regionally, responsible leader, i.e. the Regional Council. This actor is not necessarily superior to the other operators in the organisation and does not have authority over them. As such

then, a genuinely networked administrative model for the development of regional competitiveness and the regional economy is practiced in Finland. The participation of all of the operators in the regional development process has been found to be both appropriate and effective in the context of achieving good results.

There are however problems in the operation of the network. In this context, Esko Rieppula noted that conflicts arise from work distribution: for example, who is implementing whose strategy. The complexity and incoherence of the administrative structure has also been criticised. The existence and development of mutual aims and goals is critical here. In the context of network theory it seems that, on the national level, strategies are often over-managed and reduced to detailed goals far too early in the management process. This results in difficulties in arbitration terms or in reaching mutual agreement at the regional level. Such difficulties do not only concern administrative goals and external operators, but also arbitration between the goals of different ministries on a regional level in relation to available resources.

There are however problems in the operation of the network. In this context, Esko Rieppula noted that conflicts arise from work distribution: for example, who is implementing whose strategy.

Autonomy, one of the most important characteristics of networking, cannot be sufficiently implemented. Thus, networks should be allowed to have more opportunity to work in the area where they can provide the best results.

Another network that has been acknowledged as being successful in regional development terms consists of the so-called Centres of Expertise, which have been established across Finland with the help of programmes designed for that purpose. The Centres of Expertise established a distribution network that is designed to implement regional development tasks in specific areas. Central

cities often operate as the main network coordinators and the operators come from universities and polytechnics, as well as from representatives of the business community in the region concerned. These Centres of Expertise have combined the spiritual and material resources of the region and thus

created new opportunities for company development through the promotion of specific expertise. Naturally, Centres of Expertise have been linked to statutory regional development networks in many ways.

At the local level, networking is demonstrated in particular through the versatile regional cooperation of municipalities (political-administrative networks), traditional joint municipal authorities and more recently by buyer-supplier networks (service production networks). The direct influence of citizens and communities may result in the promotion and development of networking in different influential networks.

The municipality works as the forum for local political decision-making and implementation. Nowadays the municipality is no longer a tightly hierarchical and bureaucratically managed organisation. Indeed, it is increasingly taking on the

mantle of a concern, a group where some of the implementing and providing units have been taken out of the core municipality to form independent companies or indeed even independent enterprises. The peripheral parts of municipal business-oriented operations are controlled by business unit instructions, not detailed management regulations. Moreover, delegation has given a significant amount of power to the lowest levels of the organisation. This model makes network-like operations possible inside the organisation. Nevertheless, the institutions of municipal decision-making and offices working under them continue however to form the core of the municipal organization.

Since the turn of the century, regional cooperation between municipalities has been significantly expanded and deepened. In the year 2000, the Finnish Ministry of the Interior began a support project for sub-regional cooperation. The purpose of this project was to develop the organisation of sub-regional cooperation, making cooperation easier both in terms of new regulations and by breaking down the existing barriers to sub-regional cooperation. Additionally, it seems that other ministries also prefer sub-regional cooperation. For example, the Ministry of Social Affairs and Health prioritises sub-regional projects when they grant support for municipalities within the limits of the national health programme.

The cooperation of municipalities was, and still is, purely like networking in many sub-regions. In some places however, such cooperative measures have already been organised to form a type of a joint municipal authority. The slowness and ineffectiveness of cooperation has however been criticised, when each municipality has been allowed to

decide for itself how such cooperation is advanced. Furthermore, conflicts may occur where network members become more concerned with relative than absolute gains.

That is to say, they fear that their neighbours are gaining more than they are out of any particular cooperative endeavour.

Because municipal economies continue to be weak, while migration, aging, and the general downward political pressure

The cooperation of municipalities was, and still is, purely like networking in many sub-regions.

to decrease taxation cast a shadow over the future, it has become clear, in the context of fulfilling future service responsibilities, that results cannot be achieved through sub-regional cooperation alone. For these reasons the government began a project to restructure the municipalities, and thus also service provision, in the spring of 2005. The project is currently developing three different alternatives as regards how local administration should be developed in the future.

In the basic municipality model the goal is to form municipalities with at least 20,000-30,000 inhabitants for different employment regions. If no opportunity currently exists to create a new municipality, the municipalities must transfer responsibility for organising basic services to a basic service area of the aforementioned size. In the district model, social services, basic healthcare, and special health care are integrated into the same organisation. The purpose of this new organisation is to rationalise activities and increase productivity. The district is given responsibility for organising services while the population should preferably be at the level of 150,000-200,000 inhabitants. In the regional municipality model, 20-25 regional municipalities are formed in Finland. In addition, current municipalities will become local municipalities. Regional municipalities are responsible for arranging services. Services are produced in regional municipalities according to local needs and conditions.

These models seem to use different ways of gathering the existing units of the local administration and its service providers into larger entities. In a way, they can be seen as counter-reactions to the versatile networking of municipalities. There is probably a good argument to be made for such a counter-reaction when the administration is fragmented into a disorganised and uncontrolled tangle of networks. On the other hand, it may be useful to ask whether the reasons for the problems have been the networks as such, or rather relate to insufficient knowledge of the functioning of networks and the skills to organise and steer it.

If the municipal organisations are to be combined into larger units, this will not

however remove the need for networking as such. It may though remove the need for organisational interfaces where goals are achieved by networking. New interfaces and links between organisations will however be formed elsewhere, and, in themselves, they will probably call for a new kind of networking.

Summary

The Finnish administrative structure exhibits various network-type organisational and operational models both within the administration itself, and between the various units of public administration and its partners/service providers. The administration has not however been systematically and strategically developed as a network.

Considering the operational environment of public administration, it may be questioned whether it would be useful to study the possibility of a more organised network administration. My own view is that I would gladly allow networking theory to be used as a tool in developing administrative capacity. In such a case, the administration would be inspected more systematically from the point of view of networks and the implementers would be more conscious of the pros and cons of such networks. Due to the issues of equality and legal protection, the public administration will always need to avail itself of a certain bureaucratic framework, but otherwise we are perhaps too easily attached to traditional structures.

There are many aspects connected to networking that should be analyzed more carefully. One particularly important issue here is that of democracy and participation within net-

works. The efficiency of networked administration is essential, too. It is not however possible to concentrate on these issues in this article. I would however like to say in brief that if the basic pattern of networking exists and the mutual goals of network operators are addressed by combining inadequate financial and personnel resources, the networked administration may be exceedingly successful in the context of the global information society in comparison with the old bureaucratic model. Unfortunately, the interaction between network members, understanding mutual goals, or the potential ways of reaching them, and ensuring

mutual trust between members to achieve success all require special attention in addition to a lot of work and effort. Moreover, even this amount of effort may be inadequate in itself, as human factors are critical for the success of such networks. Nevertheless, development in these areas is always possible.

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NEW BOOK

Västgötaclimax*

van den Berg, Leo, Pol, Peter M.J., van Winden, Willem and Woets, Paulus (2005) *European Cities in the Knowledge Economy. The Cases of Amsterdam, Dortmund, Eindhoven, Helsinki, Manchester, Munich, Münster, Rotterdam and Zaragoza, Aldershot: Ashgate.*

Reviewed by Tomas Ekberg, analyst at the regional development office, the Västra Götaland Region, Sweden.

The book takes on a huge task. And it starts off well. The first part condenses theories that deal with regional economic development into one model defining the foundations for a city knowledge economy. The model used is almost self-explanatory. Stating that without a strong (e.g. diversified) economic base and a strong knowledge base your city will not be a part of the knowledge economy. But the list does not end here. From literature in this field the authors conclude that there is also a need for a "true" knowledge city to have a good quality of life, high accessibility, balanced social equity, a portion of urban diversity and, last but not least, some urban scale. Here already then we can see that a large proportion of cities in Europe do not really compete.

The exercise is simple but should perhaps be compulsory reading for everyone dealing with regional development. The authors cover the work of Castells, Florida, Jacobs, Reich, Stiglitz, etc. They deliver a balanced picture that puts the current focus on technology, talent and tolerance into its proper context.

With the foundations laid out, the organising capacity of the responsible players in the regions comes into focus. The challenge here is to get everyone to work together to attract knowledge workers, to create and apply new knowledge and to develop growth clusters. These four basic activities are linked to the seven foundations presented above. For instance: attracting knowledge workers is supposed to have strong links to a diversified economic base, quality of life in the city and to the levels of social equity.

With the help of case studies an attempt is then made to understand what the local government can do to upgrade its economy and guide it towards greater knowledge intensity. This is however where the happy news ends. There is no clear attempt to link the activities in the cities with the actual development of the knowledge economy. The case studies used in this context were undertaken by different researchers and even if the basic model is there to support them, the resulting studies differ in scope, focus and content. In addition, the limited space available for each chapter renders it difficult to come to any real understanding of what has been going on, or to whether it has been a success.

After more than 250 pages of case studies covering the cities of Amsterdam, Dortmund, Eindhoven, Helsinki, Manchester, Munich, Münster, Rotterdam and Zaragoza we are in fact no more enlightened as to whether there is actually a link between the organising capacity and the development of these cities than we were before we started. This is reflected in the synthesis chapter that principally repeats the messages

given in the first chapter. Now confirming them by actions taken in the cities without any evaluation of whether the actions were worthwhile or not. This chapter also says trivial things like: accessibility is dependent on an international airport; capital cities are attractive; partnership makes you achieve more, etc. The one thing that we can however conclude is that there are a lot of activities going on. If it is then these kinds of activities that will make Europe prosper, we need not fear for the future.

Two notable exceptions exist. One is that the cities with the strongest knowledge foundation undertake less active urban management, while seeming to do well anyway. The other is, as we might have guessed, that technological knowledge workers really do not see a vibrant city quality of life as being very important.

In conclusion, *European Cities in the Knowledge Economy*, from a practitioner's point of view, could be recommended as a manual for a discussion on the regional foundations of the knowledge economy. In addition, it may also be useful for a discussion on how well one uses one's organising capacity to support the attraction of knowledge workers, creating knowledge, applying knowledge and developing growth clusters. We might in fact consider doing this in Västra Götaland Region. In this context, the first 30 pages of this book will be valuable reading.

**Västgötaclimax is an expression used in Sweden to describe a story that builds up great expectations but ends in disappointment.*

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