

Regional Governance in the Nordic Capital Areas

By Roger Henning,

with contributions from Tor Dølvik, Sigurður Guðmundsson, Lars
Hedegaard and Merja Kokkonen



Nordregio 2001

Nordregio Working Paper 2001:8
ISSN 1403-2511

Nordregio - the Nordic Centre for Spatial Development
PO Box 1658
S-111 86 Stockholm, Sweden
Tel. +46 8 463 5400, fax: +46 8 463 5401
e-mail: nordregio@nordregio.se
website: www.nordregio.se

Nordic co-operation

takes place among the countries of Denmark, Finland, Iceland, Norway and Sweden, as well as the autonomous territories of the Faroe Islands, Greenland and Åland.

The Nordic Council

is a forum for co-operation between the Nordic parliaments and governments. The Council consists of 87 parliamentarians from the Nordic countries. The Nordic Council takes policy initiatives and monitors Nordic co-operation. Founded in 1952.

The Nordic Council of Ministers

is a forum for co-operation between the Nordic governments. The Nordic Council of Ministers implements Nordic co-operation. The prime ministers have the overall responsibility. Its activities are co-ordinated by the Nordic ministers for co-operation, the Nordic Committee for co-operation and portfolio ministers. Founded in 1971.

Stockholm, Sweden
2001

Preface

On 28th December 2000, journalist Lotta Samec wrote in her column in the Swedish daily *Dagens Nyheter*:

“The capital region – where people co-operate instead of constantly quarrelling – is still an utopia. The main conflicts involve both specific policy issues such as airports, motorways and privatisation, and issues of power and political coalitions. These conflicts and selfish interests have resulted in the building of insurmountable walls; to agree on common infrastructure seems to be as easy as getting angry bees to fly in a row.”

These comments addressed the political situation in Stockholm, where a proposal for a common regional body has so far been rejected. In both Copenhagen and Oslo region there have been recent co-ordination efforts by public commissions set up for this very purpose. The issue seems to be the same however: the inability of politico-administrative systems to change their ways of working as the functional capital regions grow beyond the administrative boundaries of cities and counties.

Nordregio has commissioned this report with the aim of contributing to the understanding of the apparent persistence of these conflicts. Are the situations in all of the Nordic capital regions similar, or have some of them found efficient ways of strategic co-operation in which a comprehensive view of the territory would have replaced the current sub-optimal situation?

This report provides a systematic comparison of the five Nordic capital regions, with focus on co-operation in public service production, land use planning and regional development work. Roger Henning at the Stockholm School of Economics, based on contributions by Sigurður Guðmundsson, the Icelandic Economic Institute, Lars Hedegaard, Nordregio, Merja Kokkonen, Nordregio, and Tor Dølvik, the City of Oslo, has written the report. Jörg Neubauer, Nordregio was responsible for the maps included in the report and Keneva Kunz, Scriptorium for linguistic editing.

Stockholm, April 2001

Contents

1. Introduction – Territories, Structures and Levels	7
Territories	7
Aim of the study	9
Structures and levels	9
<i>Denmark</i>	10
<i>Finland</i>	12
<i>Iceland</i>	13
<i>Norway</i>	14
<i>Sweden</i>	16
2. Five Nordic Capital Areas	20
A functional or an administrative region?	20
<i>Copenhagen</i>	21
<i>Helsinki</i>	25
<i>Oslo</i>	27
<i>Reykjavik</i>	31
<i>Stockholm</i>	33
Metropolitan areas	36
3. Co-operation between Municipalities	37
Co-operation in the technical sectors	37
<i>Copenhagen</i>	37
<i>Helsinki</i>	38
<i>Oslo</i>	39
<i>Reykjavik</i>	41
<i>Stockholm</i>	43
No co-operation in strategic issues	44
4. Regional Planning	45
Many actors	45
<i>Copenhagen</i>	45
<i>Helsinki</i>	47
<i>Oslo</i>	49
<i>Reykjavik</i>	50
<i>Stockholm</i>	50
No compulsory planning	52
5. Regional Development	53
Many actors	53
<i>Copenhagen</i>	53
<i>Helsinki</i>	55
<i>Oslo</i>	57
<i>Reykjavik</i>	58
<i>Stockholm</i>	59
Fragmentation	61
6. Regional Governance	63
A bargaining game played by a wide variety of actors at different levels	63
Co-operation in the areas of regional planning and development	65
No political actor for the whole capital region	66
State governance, regional democracy or local democracy?	69
References	71

1. Introduction – Territories, Structures and Levels

Territories

Today's big city could be described as a highly complex, finely meshed net of varied activities and organisations. There are a large number of people and organisations entrusted with the task of trying to direct the big city on the basis of certain predetermined premises.¹ Both enterprises and organisations are concentrated in large cities, including a number of public organisations operating within the area defined for them by the politicians. An examination of the Nordic capital city regions and their public actors reveals both co-operating and competing organisations.

Different public activities demand, in turn, a different territorial basis. They are at the same time too big and too small one could say of the cities of Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm. In some cases they are too big to be approachable for their citizens, while in other cases they can be too small to deal with regional matters on their own.

When it comes to education, health care and other services, the geographical unit can be quite small, often smaller than the municipality and the city.² In the case of more wide-reaching issues, the problem sector seldom coincides with municipal boundaries. Certain questions can be best resolved by dealing with larger areas. Co-operation on strategic issues, for example, often demands larger units. It has become obvious that, in the era of a globalised economy, most urban development problems have a regional dimension, which can only be tackled through better regional governance. This is often regarded as the case when political actors wish to create attractive milieu for both people and enterprises. It applies, for example, when political actors wish to create attractive milieu, which encourage regional growth in the big city regions. In such cases the municipality is almost always a much too small unit for effective action.

Many of the strategic problems besetting the Nordic large city areas are thus considered to be of a type, which can only be resolved by co-ordinated efforts involving an entire region. However, it is not always self-evident just how such a territory should be defined when the question concerns local and regional growth. Attempts have been made to form larger units around the Nordic capital areas, but the proposals have often been rejected, for instance, with reference to municipal autonomy.³

The change of regional policies regarding the metropolitan areas, and not least the capital regions, in the Nordic countries are well documented.⁴ Yet we know much less about the co-ordination requirements that are apparent in the capital areas. The expression "regional mess" has sometimes been used in the Nordic countries to

¹Czarniawska, B, *Det var en gång en stad på vatten. Berättelser om organisering och organisering av berättelser i Stockholm*. SNS 1999.

² Thus the cities of Oslo and Stockholm have their city district committees.

³Henning, R, *Framtida regionalt styre i de svenska storstadsregionerna*. Institutet för regionalforskning, Östersund (forthcoming).

⁴Se till exempel van den Berg – Braun, E – van der Meer, J, (eds), *National Urban Policies in the European Union*. Ashgate 1998. See also Schulman, M, *Stadspolitik och urban forskning i Norden*. Nordregio WP 2000:4.

describe the complex structure of local and regional actors responsible for public measures in the Nordic city regions. The situation is not so dissimilar in many western European city regions; the Nordic situation is far from unique. The decision-making systems in many metropolitan areas are characterised by competition between different actors, which often prevents the adoption of more all-embracing solutions which could serve the interests of all. Co-ordination of activities of the different parts, to the benefit of all, is a difficult task.

During the 1960s and 1970s there was one main actor in each of the Nordic capital areas. But the capital cities themselves are no longer the principal actors by virtue of their population numbers. In terms of population the surrounding municipalities have grown enormously. This has increased the uncertainty surrounding co-operation in the region.

A large number of public organisations act on the basis of their own specific interests. And the number of actors appears to have increased during the 1990s. Here a common point of view is rare. Here there are units, which derive their legitimacy from a popularly elected organ at regional level or from the municipalities, i.e. from the primary level of municipal autonomy. Regional policy, on the other hand, is not merely formulated by the regional and local political actors. The central government can exercise its influence through its organs at regional level but can also, through various initiatives, support regional development through what we often currently refer to as “wider regional policy”.⁵

Regional planning and regional development today must thus be analysed in terms of multilevel democracy. The intertwining of related decision-making levels means that the relationship between them is changed. We cannot understand how politics and democracy are actually functioning by simply studying a single political level. The way in which the democratic control mechanism functions must be analysed in terms of the negotiating relationship between different political levels. In regional development and planning policy the region can be reduced to an arena for specific municipal interests. In other questions the municipality may constitute an administrative and implementing organ for the autonomous regional body. The degree of conflict in the relationship may find expression as an intensive competition for resources and decision-making competence in different areas, but also as a division of labour by consensus, characterised by common interests. In this multilevel democracy the relationship between the levels is not strictly hierarchical; they are characterised by overlapping and informal processes. In this perspective, the central government power is transformed from a directing authority to a negotiating one.⁶

Together with the regional actors, the central government and the municipality are participants in the negotiated economy of regional policy. The relationship between the central government and regional actors are at least as important for regional development as is that between the municipalities and the regional level. An active co-operation and consensus between the central government and the regional actors can strengthen regional development.

⁵ Henning, R, *Incitament för regional tillväxt? Utjämningsutredningen, Stockholms stad 2000.*

⁶ Gidlund, J – Jerneck, M, *Local and Regional Governance in Europe. Evidence from Nordic Regions.* Edward Elgar 2000.

Aim of the study

This report deals with the process of regional governance. The various functions and roles of regional governance in the five Nordic capital regions are described and analysed and a number of questions asked: What are the main problems and issues facing regional governance in the Nordic capital regions? How are regional governance structures organised in Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm? How do the capital cities co-operate with the local governments and central government agencies in the city region? How do they co-ordinate their activities and how do they develop joint city region visions? What are the constraints of such co-operation and co-ordination in Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm regions? The emphasis is on describing the present situation of regional governance and pointing out visions for the future. In some situations it may be necessary to provide an historical background in order to be able to understand the situation today. We will start with a short description of the five Nordic political systems.

Structures and levels

The structure of the political systems and the levels of public administration in the Nordic countries are illustrated in Figure 1.⁷ The political system in Denmark, Finland, Norway and Sweden contains three structures – the state, the county council (in Finland, the regional council) and the municipality – and three administrative levels – the national, regional and local. Table 1 shows the number of municipalities and regions in the Nordic countries.⁸

Figure 1. The Nordic Political System: Levels of Public Governance and Administration.

⁷ Cf *Swedish Local Government*. Traditions and reforms. Svenska Institutet. Second edition 1996.

⁸ See Sandberg, S – Ståhlberg, K, *Nordisk regionförvaltning i förändring*. Åbo Akademi 2000; Aalbu, H, “Do We Need Regions?”, in *North* (The Journal of Nordregio) 2000:4. See also *Built Environment*, Volume 26, 2000:1.

Table 1. Municipalities and Regions in the Nordic Countries.

	Denmark	Finland	Norway	Sweden
Number of inhabitants	5.3 mill	5.2 mill	4.5 mill	8.9 mill
Municipalities				
Number	275	452	435	289
Average population	19,000	11,000	10,000	31,000
Regions	County Council	Regional Council (indirectly elected from municipalities)	County Council	County Council
Number	14	19+1	19	21
Average population	379,000	259,000	234,000	385,000
Regional state	County Governor	County Governor	County Governor	County Governor
Number	14	5	18	21
Average population	379,000	1,027,000 T&E Centres 15 342,000	250,000	385,000

(Iceland has a population of 280,000 and 124 municipalities).

Source: Aalbu, H, "Do We Need Regions?" in *North* 2000:4.

Denmark

Local self-governance is strong in the Nordic countries. The right of local self-government is laid down in the Danish constitution.⁹ This constitutional strength is matched by fiscal competence. In 1999 the combined expenditures of municipalities and county councils amounted to 75 per cent of all public expenditures, giving Denmark a unique position in Europe. The same must be said of municipal and county council expenditures compared to GDP. Their share of the Danish GDP was 31 per cent.¹⁰ At present the division of the most important tasks in Denmark is as follows:

Municipalities:

- Compulsory schools
- Care of the elderly
- Welfare payments
- Sick pay
- Labour market policies
- Early retirement pensions
- Integration of immigrants and refugees
- Environmental protection
- Municipal land-use planning
- Public libraries
- Public services (refuse collection, electricity, heat, water)
- Local industrial policies

⁹ §82: "The right of municipalities to arrange their own affairs independently, under State supervision, shall be laid down by statute."

¹⁰ Mønnesland, J, *Kommunala tekstanalyser i Norden* (forthcoming).

County councils:

- Health care
- Care of mentally ill
- Health insurance, some social tasks (care of children and the young, handicapped and drug addicts, retraining, crisis centres for women)
- Secondary education
- General adult education
- Collective traffic and roads, environmental protection and supervision of especially polluting enterprises
- Regional planning
- Regional industrial policies ¹¹

The present organisation of Denmark's local government was established by the municipal reform of 1970. The new administrative divisions were based on three principles:

- The new municipalities must have a sufficient population to support an efficient administration of such local tasks as schools, social policy and roads.
- Functional units in terms of population and industry were normally to form a single administrative unit.
- The new counties/county councils were to comprise urban as well as rural areas; they must have a population of no less than 200-250 000 and their borders should be based on functionality.

The previous 1 386 primary municipalities were reduced to 275 (including Copenhagen and Frederiksberg), 25 counties/county councils were reduced to 14 in addition to the municipalities of Copenhagen and Frederiksberg. From a Nordic perspective the average population size of the municipalities (19 000) is rather high. If Copenhagen municipality (about 500 000) is excepted, the average population is 17 200.

The fact that the Danish municipalities and county councils handle a growing number of tasks means that the national government has practically no local or regional administration. The part played by the county administrative boards, whose geographical extension corresponds approximately to that of the county councils, is so negligible that Danes would normally think in terms of only two structures at regional and local levels – the county councils and the municipalities.¹² The picture becomes very clear if one compares the number of employees in municipalities, county councils and county administrative boards. In 1998 the total employment in the municipalities in Denmark was about 380 000; in the county councils it was almost 130 000.¹³ This should be contrasted with a combined employment of the county administrative boards of 750.

¹¹ It should be borne in mind that the special position of the municipalities of Copenhagen and Frederiksberg - being both primary municipalities and counties - implies that they are responsible for both sets of tasks.

¹² *Betænkning fra Hovedstadskommissionen om hovedstadsområdets fremtidige struktur*. Betænkning nr. 1307, December 1995.

¹³ Opgavekommissionen, Betænkning I – Betænkning nr. 1366. 1998, Table 2.3.

It is also important to emphasise that the Danish county administrative boards play no political role. They are neither conduits for national influence in the municipalities nor for pursuing local political demands at the national level. It cannot even be said that the county governor (*amtmand*) plays any important representative or ceremonial role vis-à-vis parties outside the county. The politically important persons are the elected county mayors (*amtsborgmestre*) and (municipal) mayors (*borgmestre*). Municipalities and county councils (*amter*) are both ruled by directly elected governments that have the right to levy taxes.

Finland

In Finland as well there are three administrative levels. The tasks of the Finnish municipalities resemble those of the Danish municipalities. The municipalities have extensive autonomy, which also includes activities in the urban areas. As in the other Nordic countries they also have taxation powers.

The Finnish municipalities currently number 450. Thus it is not surprising that many municipal centres are relatively small in terms of population and the urban settlement structure is dispersed. A municipal reform has been discussed, which would involve combining small municipalities and towns with the aim of creating larger and more sustainable units. The national government has attempted to speed up the merger process by offering financial incentives. The results, however, have been very limited: during the 1990s the number of municipalities decreased by only three, from 455 to 450. The major obstacle to municipal co-operation is still the strong tradition of local autonomy and strong sense of local identity.

Finland lacks a popularly elected council at the regional level. On the other hand, co-operation is wide-spread between the municipalities in the shape of local government federations (*Kuntainliitto*), which are led by a county council – in Finland called regional council (*maakunnan liitto*) to mark their difference from the councils in Denmark, Norway and Sweden, which are popularly elected. The Finnish regional political system is based on local democracy. The 19 regional councils are inter-municipal organisations, local government federations. The council members are therefore indirectly elected by the municipalities.

The role of regional councils was strengthened in connection with the reform of regional administration in 1994. The regional councils were formed from two previous intermunicipal organisations and were also given new tasks. Today regional councils are responsible for strategic and land-use planning at the regional level. One important task entrusted to them is to prepare regional development programmes and single programming documents for EU structural policy. For that purpose the regional councils work closely together with state regional organisations, especially Employment and Economic Development Centres and Regional Environment Centres.¹⁴ Previously responsibility for regional strategic planning rested with the state's county administrative boards.

¹⁴ Eskelinen, H – Lapintie, K – Kokkonen, M, "The Nordic Legacy and the European Connection: The Emergence of Integrated Planning in Finland", in *Built Environment* vol 26, 2000:1.

In principle the Finnish municipalities themselves can decide with whom they co-operate. The boundaries of regional councils are however a major factor in determining co-operation between the municipalities. Recent reforms of state regional authorities have attempted to follow the principle that the division of state regional branches should also correspond as closely as possible to the boundaries of the counties. In practise, however, there are a lot of exceptions.

Finnish state regional divisions vary according to political sectors, even where counties do exist. A reform of the Finnish county administrative boards was completed in 1997, reducing the number of counties from twelve to six.¹⁵ Their main responsibility is to control that tasks entrusted by legislation to municipalities (or local government federations) are fulfilled.

The rest of the state regional organisation is represented by the Regional Environment Centres (*Ympäristökeskukset*) and the Employment and Economic Development Centres (*T & E Keskukset*). Both of them have also been recently reformed. The 13 Regional Environment Centres are responsible for environment and water management at the regional level. They were reorganised in 1995 by merging several separate state branches. In 1997 15 Employment and Economic Development Centres were established by merging six separate state regional offices. Their main tasks include business development, labour market policy, development of rural areas and enhancing export. They are the state contributors for regional economic development measures. Both these organisations work closely with regional councils in the EU structural policy programming.

Iceland

There are two formal administrative levels in Iceland, the municipalities and the central level. The state level is not represented locally as an entity, but some state directorates and institutions operate a network of regional offices. The constituencies used for elections to the national parliament *Althingi* between 1959 and 1999 have gradually become service regions for state functions, although they were never planned as such and in any case are a product of a very different society and infrastructure from that which exists today. Icelandic parliamentarians have tended to establish structures that have coincided with the electoral districts. These electoral districts have now been reformed, although their precise geographical definition has not yet been formally decided. Whether this will lead to changes in the delivery of public services in the future is uncertain. In any case the new districts will cover much larger geographical areas than the old ones, with the exception of the capital region.

Although reform of the local level of administration has been a long-term objective, top-down restructuring has never been considered feasible and reforms have proceeded slowly. The most recent effort concluded with establishing local committees that made proposals for amalgamation within their region. Popular elections were held on the proposals on the same day throughout the country in 1993 and in all but one location were rejected. In spite of this, and not least because depopulation of rural areas aggravated the need for reform after this experiment, the number of municipalities has decreased from 217 to 124. Only one amalgamation has

¹⁵ In the autonomous Åland Islands there is only one regional government that takes care the tasks of both regional councils and counties.

taken place in the capital region, when the City of Reykjavik annexed Kjalarneshreppur, which is an exurban region north of the capital and not contiguous with it, at the latter's request. It must be kept in mind when discussing the administration of the public sector in a geographical perspective in Iceland that the capital has always enjoyed a very special position, albeit an informal one. It has been the location of the central administration in Iceland for as long as there has been such an administration to speak of. The city, and later its neighbouring suburban electoral district, have tolerated an increasing inequality in their representation in the Althingi, which has been justified with reference to the advantage of proximity to decisions and power. The newest change in the constitution guarantees that a voter in the capital will never be less than one-half of a voter in the most dispersed electoral district.

Norway

The Norwegian political system is also comprised of three structures – the state, the county councils (*fylkeskommuner*) and the municipalities – and three administrative levels – the national, regional and local. At the regional level there are the county administrative board (*fylkesmannsembetet*), and one elected assembly, the county council (*fylkeskommune*).

There are 435 municipalities in Norway, which gives an average population of 10 200 inhabitants per municipality, or 1/3 of the average number of the Swedish municipalities. They are, in other words, small with regard to their population size.

In Norway county councils achieved an independent political status in 1976. At this time the county councils were practically co-operation devices for the municipalities in the county. The municipalities were represented with a number of locally elected representatives – the county council was indirectly elected. The county councils did not have independent taxation powers either. Part of their income consisted of transfers from the municipalities to the county councils, together with earmarked state grants. The county governor was the leader of the administration.

During the 1960s and 1970s the county councils were delegated the direct responsibility for a growing proportion of public tasks, such as secondary education, hospitals, regional roads and public transportation. Combined with the organisational structure of the time, it was generally recognised that these developments created an unclear division of fiscal, administrative and political responsibility. Therefore, in 1976 a reform was put into effect on the basis of broad consensus. County councils were established as a directly elected, independent level of government, with the right to levy taxes and their own administration.

The intention of the reform was to develop secondary municipalities as arenas for creation of independent and distinct public policy in the regions, based on each region's unique character and supported by democratic processes at regional level. The county councils remained responsible for certain welfare services, as well as for regional development tasks. The Norwegian parliament stressed that the new county councils should not be superior to the municipalities. Both municipalities and county councils were regarded as separate branches of local self-government with an equal status within a two-tier system, as in Denmark and Sweden. The county governor should primarily handle state tasks at the regional level, in addition to providing

economic and legal supervision, control and advice to the municipalities within the county.

During the 1980s and 1990s the expansion of the county councils was more extensive than that of the municipalities. However, the legitimacy of the county councils is still under discussion. Popular identification with the county councils is low, and the tasks they are to solve have increasingly been subject of strong state control and governing measures (through earmarked grants and legal tools). An important part of the development policy instruments has been transferred from the county councils to a special state agency. Thus, on the eve of a new century, the county councils have a weakened position in the structure of public authorities.

The county council has a wider range of tasks than do the Swedish county councils, however. Hospital and health care is the most prominent budget item for both. The second largest budget item for the county council in Norway is secondary education, which is organised at regional level due to the small municipalities. The third most important field of work for the county council is social development in its wider sense, which includes public transport, cultural and regional policy. The county councils are responsible for regional planning and produce a regional plan every four years. The purpose of the plan is to co-ordinate regional and local development.

The Norwegian state regional administration is led by a county governor (*fylkesmannsembetet*). This corresponds to the county administrative board in Denmark, Finland and Sweden. The surveillance of the municipalities rests with the county governor (*fylkesmannen*) who also has the responsibility for a number of tasks concerning civil legal matters. During the past years the new tasks, which have been decentralised have mainly been allocated to the governor rather than to the county council. This has been the case for regional environmental administration and for agricultural administration. In addition there are, as in Sweden, a number of public devices, which are not subordinated the regional co-ordination via the governor.

A commission appointed by the Norwegian government presented in July 2000 a comprehensive report on the present division of tasks between levels of government.¹⁶ The assessment was prompted by the ongoing debate concerning political legitimacy, economic efficiency and difficulties arising from overlapping responsibilities between levels of government. Reform propositions focus on the number of county councils, divisions of tasks between levels of government as well as the more fundamental question of the future need for an intermediate level of government in a small country like Norway.

A central element in the commissions' mandate was to evaluate the functioning of the county councils. The commission chose to analyse the situation on the basis of three fundamental values: user interests in public services, the value of local self-government, and the concerns of national public policy objectives. In its report the commission argued strongly in favour of reform of the present structure of division of tasks between levels of government, and focused especially on the reform needs at regional level. In addition the commission recommended a substantial reduction in the detailed state governing of the municipal sector. The reform proposals in the

¹⁶ NOU 2000:22 *Om oppgavefordelingen mellom stat, region og kommunene*. Kommunal- og regionaldepartementet, Oslo.

commissions' report imply both restructuring of the number of county councils, transfer of tasks to the regional level and discussion of measures aimed at strengthening of regional self-government. The commission pointed explicitly at the capital region as an area where reforms were needed.

The report was circulated for comment during the autumn of 2000. Two questions dominated the debate: whether the state or the regional bodies should be responsible for the hospitals, and the future political organisation of the regional level, either as a directly or indirectly elected authority. The city of Oslo stated that it wanted to maintain its dual status (both municipal and county-municipal), and was one of the very few parties to argue that there was no need for an independent intermediate political level. A majority of the local and regional authorities supported the view that there should still be an independent elected regional level in Norway. The question of the hospitals seems to have been decided, since the social democrats at their party congress in November 2000 decided to support a state take-over. Hence, there is a majority in the parliament in favour of a transfer of the responsibility for hospitals from the county councils to the state.

The government will present a white paper to the parliament in spring 2001, as a follow-up to the commissions' report. This white paper is expected to prepare a concrete reform process, which implies both a reduced number of counties, a state take-over of hospitals and a redefinition of the future role of the county councils. These changes are intended to improve the conditions for regional co-ordination and development, in the capital region also.

Sweden

Local self-government also has a long tradition in Sweden, but the laws underlying the current system are only somewhat more than 140 years old. The first legislation is generally considered to be the Local Government Act of 1862, which separated the tasks of the Church of Sweden from civil tasks at the local level. During the decades immediately after the 1862 local government reform, the shape of modern Sweden began to appear. Industrialisation and other economic changes resulted in large-scale de-population of rural areas. Rural municipalities, which were small even from the start, lost more and more of their population while cities and towns expanded. Over time, the small size of most municipalities became an increasing problem; they lacked economic viability and difficulties in solving local problems were common especially in the social welfare field.¹⁷

Sweden differs from the other Nordic countries by its number of municipalities. (See table 1 above.) The municipalities have in average more inhabitants compared with the other Nordic countries. When the last boundary reform was completed in January 1974, the number of municipalities was 278. Since that time, a small number of municipalities have been divided up into two or more units. Sweden currently has 289 municipalities with extensive self-governing and taxation powers.

¹⁷ See *Swedish Local Government. Traditions and Reforms*. Svenska Institutet (Second edition 1996) for a description of the administrative reforms. See also SOU 1961:9 *Principer för en ny kommunindelning*.

The tasks of the Swedish municipalities include practically all matters where a citizen meets representatives of the authorities, for example:

- Child care
- Care of the elderly and disabled
- Special services for individuals and families
- Compulsory schools
- Secondary education

In the Nordic countries municipal self-governance as well as taxation powers are important pillars. In general the municipalities in the Nordic countries thus share the same kinds of tasks. There are some differences regarding secondary education as well as in health care. The main rule, though, is that the municipalities have responsibility for secondary education as well as adult education, but that many municipalities in this area are forced to co-operate (for economic reasons) with other municipalities. The Norwegian municipalities have certain responsibilities in providing health care, which the Swedish and Danish municipalities lack. In Sweden general health care, as well as secondary or specialised care, is the responsibility of the county councils, in Finland of the regional councils.

The Swedish counties are also administrative divisions for the popularly elected county council (*landsting*). Swedish county councils are responsible for health care and dental care. The tradition of the Swedish county councils dates back to the early medieval times. In that sense the county councils are older than the Swedish nation.

The importance of the county councils has gradually declined, and during the 17th century the influence of county governors (*landshövdingar*) – the highest civil servants in the county administrative boards, appointed by the state – increased due to the authority over the regions being delegated to them by a strong central power. When the county councils were revived again during the 1860s it was to a large extent because there was a need for an elected assembly for the first chamber in the newly established two-chambered parliament. Their main task came to be responsibility for health care.

The state regional level in Sweden is the same as in Denmark, Finland and Norway. There are 21 counties (*län*). There have also been county mergers. The county of Skåne was created 1997, when the county of Kristianstad and Malmöhus were merged. In January 1998 history was made in the county of Västra Götaland: an entirely new county was created.¹⁸ With the changes 300-year old county borders and organisations disappeared and Västra Götaland became a more coherent and clearly demarcated county. Apart from these few exceptions, the county division has remained more or less unchanged since 1634. The county of Stockholm has on the whole maintained its original boundaries.

The state administration in the county is headed by the county administrative board (*länsstyrelse*) in Sweden. The tasks of the county administrative boards have changed in many ways, some of them quite different from those in Norway. During the post-

¹⁸Henning, R – Liljenäs, I, “Regioner som begrepp och fenomen”, in SOU 1992:64 *Utsikt mot framtidens regioner*.

war period the state sector in Sweden expanded and established units at regional and local levels. With its large number of regional branches and an expanding public sector it was hardly surprising that co-operation problems soon appeared, and resulted in a variety of changes during the 1970s and 1980s.¹⁹

The tasks of the county administrative boards have been altered from an actively implementing to an actively co-ordinating and initiating role. Their main tasks have shifted to planning and co-operation. Whereas formerly they served primarily as instruments of state control in the county/region, the county administrative boards increasingly have become a unit through which regional interests could be represented at the national level. Especially for state agencies without a regional branch organisation, the implementing function of the county administrative boards became enhanced. On the other hand, it was the role of the county administrative boards to “promote the development of the county”. In the county governor instructions of 1635 there was little doubt as to which role was considered as the most important. It was clearly established that the county governor was the leader. Changes in the 1970s caused a strong shift of emphasis of the division of roles. The county governor increasingly assumed the role of spokes-person for the region before the national level.

During the 1990s we have been able to observe that the role of the county administrative boards has changed further. This time tasks have, on a trial basis, been moved from the county administrative boards to the county councils in the Västra Götaland and Skåne regions. The concept of state-directed county administration has been replaced by the idea of expanded regional self-governance. The county administrative board will be assigned a more clear-cut role, with a clearer focus on its function as a supervisory authority directly answerable to the government as, for example, is the case in Denmark.

In the following discussion, the aim is to analyse regional governance in the five Nordic capital regions. How is regional governance organised in the regions? To facilitate comparisons between the Nordic capital regions we will first concentrate on co-operation between the municipalities. The following chapter deals with regional planning for land use. Subsequently we describe measures to stimulate local and regional economic growth. Finally we present our conclusions on regional governance in the Nordic metropolitan areas. The next chapter analyses the five Nordic capital regions.

¹⁹Petersson, O – Söderlind, D, *Svensk förvaltningspolitik*. Diskurs 1985. See also *Länsstyrelsen – gårdagens eller morgondagens förvaltning?*. En studie gjord på uppdrag av den parlamentariska regionkommitten. Statskontoret 1998:19; *Gamla län blir nya regioner*. En studie gjord på uppdrag av den parlamentariska regionkommitten. Statskontoret 1998:28.

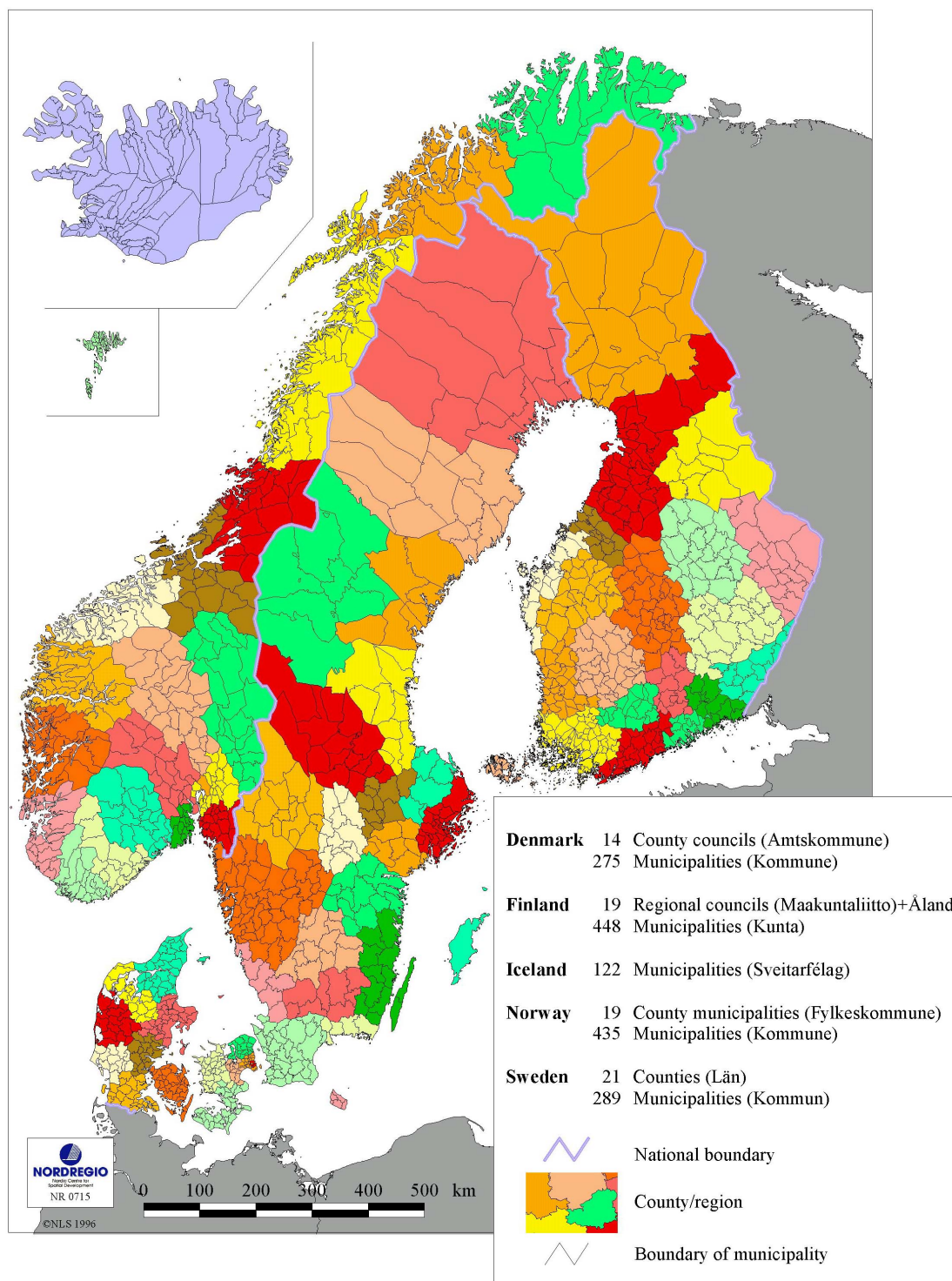


Figure 2. Municipalities in the Nordic countries

2. Five Nordic Capital Areas

A functional or an administrative region?

The Nordic capitals constitute the centres of their respective regions. These five metropolitan areas in many aspects have also experienced much more positive development than have other parts of the countries. For long periods of the 1970s, 1980s, and 1990s, only the City of Copenhagen has been an exception to this general trend.

It is, however, within these regions that the population has been increasing. The physical infrastructure is well developed. It is here the educational institutions are concentrated. Manufacturing industry has to a large extent been shut down in these city regions, or is today situated in other parts of the country, while knowledge-intensive functions are concentrated in the city regions. In these regions there is an agglomeration of high technology enterprises and private service businesses concentrate here and are expanding. Unemployment in the municipalities in the capital regions is lower than in other parts of the countries. There are, in these city regions, employment opportunities for most professional occupations, with the result that people with a good, higher education have better opportunities there than in other regions. At the same time there are increasing social problems and social cleavages.

It is not easy to define the five metropolitan areas. A functional region can be defined as a region, which reflects the individuals' everyday movements. It may concern a common labour and housing market, which is reflected in commuting movements. Maps of commuting, traffic and telephone connections, etc. show the existence and indicate the extent of these "everyday regions". The administrative borders do not necessarily coincide with the functional capital regions even though differences exist in this respect between the five capital regions.²⁰

There are few European metropolitan regions where the administrative region coincides with the functional region. In most countries, efforts are made to create regions where the functional and administrative regions coincide. In numerous countries, including the Nordic ones, the pace of change is rapid. A recent reform in Denmark has led to the creation of a potentially important development council for the capital region.²¹ In Norway a public commission has proposed measures to improve regional governance. In Sweden considerable pilot activities are currently being undertaken.²² In the Stockholm region a proposal on a local government federation for regional development and planning has been discussed. In many European countries there are on-going discussions about whether the regional state organisation or the regional self-governing councils or municipalities in collaboration should have general responsibility for co-ordination of regional planning and development.

²⁰ Paasi, A, "The institutionalization of regions: a theoretical framework for understanding the emergence of regions and the constitution of regional identity", in *Fennia* 1986, pp. 105-146.

²¹ Lov nr. 354 1999, Lov om Hovedstadens Udviklingsråd. The law entered into effect in 2000. It encompasses the two capital municipalities with county-like functions, i.e. Copenhagen and Frederiksberg Municipalities, in addition to the counties of Copenhagen, Frederiksborg and Roskilde.

²² Prop 1996/97:36, 108. See also SOU 2000:85 *Regionalt folkstyre och statlig länsförvaltning*.

Copenhagen

Historically, the notion of the Copenhagen region has undergone a number of major changes.²³ Until 1960 the statistical concept of the region covered Copenhagen and Frederiksberg Municipalities, and from 1921 it also encompassed Gentofte Municipality in Copenhagen County. The concept of the capital region was first used in connection with the census of 1960. At that time it covered ten municipalities in addition to Copenhagen and Frederiksberg.

Since 1979, Statistics Denmark has used a narrower definition of the capital region (Copenhagen, Frederiksberg, Copenhagen County and eight additional municipalities: Allerød, Birkerød, Farum, Fredensborg-Humlebæk, Hørsholm, Karlebo, Greve and Solrød) than the one now established. Normally, however, the Danish capital region is defined as an area covered by the Municipalities of Copenhagen and Frederiksberg and the Counties of Copenhagen, Frederiksborg and Roskilde. This definition corresponds to the area covered by the former Greater Copenhagen Council (*Hovedstadsrådet*), which was operational in the period 1974-89, and it is furthermore the area subjected to the special municipal fiscal equalisation system encompassing the capital region. It is particularly significant that the definition is maintained in the act establishing a Development Council for the Capital Region (*Hovedstadens Udviklingsråd*).²⁴

With 50 municipalities divided between five counties or county-like units, the Danish capital region comprises the largest contiguous urban area in the Nordic countries. See Table 2.

Table 2. The Copenhagen Region. Municipalities and Population.

	Number of municipalities	Population
Copenhagen Municipality	1	496 000
Frederiksberg Municipality	1	90 000
Copenhagen County	8	610 000
Frederiksborg County	19	360 000
Roskilde County	11	230 000
Total	50	1 786 000

To seek a definition of the Copenhagen region, one may look at the amount of job commuting and transportation time to the central municipality (Copenhagen).

Including municipalities where more than 40 per cent of the work force commutes to the central area of Copenhagen and Frederiksberg Municipalities and Copenhagen County, comes close to the definition of the functional region chosen by Statistics

²³ For the following, see *Betænkning fra Hovedstadskommissionen om hovedstadsområdet fremtidige struktur*. Betænkning nr. 1307, December 1995. (www.inm.dk).

²⁴ Lov nr. 354 1999, Lov om Hovedstadens Udviklingsråd.

Denmark.²⁵ A somewhat different emphasis was chosen by a public commission in 1997.²⁶ It points out that the amount of internal job commuting in the 50 municipalities sets the Copenhagen region apart from the rest of the country. Approximately 60 per cent of the inhabitants of Copenhagen Municipality and Copenhagen and Frederiksborg Counties also work in these same counties. The corresponding figures for Frederiksberg municipality and Roskilde County are 20 and 51 per cent, respectively. In the rest of the country job commuting between counties is a rare phenomenon: 95 per cent live in the county where they work. In the 50 municipalities of the capital region, the figure is only 56 per cent.²⁷

Equally significant is the fact that only 0.5 per cent of the inhabitants of neighbouring counties outside the capital region work in Copenhagen Municipality and that no more than 1.2 per cent of the work force of Copenhagen Municipality commutes to counties outside the region. According to a prognosis for 2010 by the Statistical Office of the capital region, job commuting inside the region may be expected to rise significantly.²⁸

The second criterion of functionality suggested above, i.e. a transportation time of one hour to the central municipality, is increasingly used in European planning. It tends to strengthen the notion of the 50-municipality capital region, as it would include the majority of the inhabitants of Frederiksborg and Roskilde Counties, including such urban municipalities as Helsingør (Elsinore), Hillerød, Roskilde, Køge and Frederikssund.²⁹

One of the most serious shortcomings of the 1970 municipal reform was its failure to change the administration of what is sometimes referred to as the “little” capital region, i.e. Copenhagen and Frederiksberg Municipalities, and the 18 municipalities in Copenhagen County – with a combined population of 1.2 million.

²⁵ *Betænkning fra Hovedstadskommissionen om hovedstadsområdets fremtidige struktur*. Betænkning nr. 1307, December 1995.

²⁶ Regeringens Hovedstadsudvalg, *Erhvervsredegørelse for Hovedstadsområdet*, 1 September 1997. See particularly Table 2.2.

²⁷ Op.cit

²⁸ Op.cit

²⁹ Op.cit.

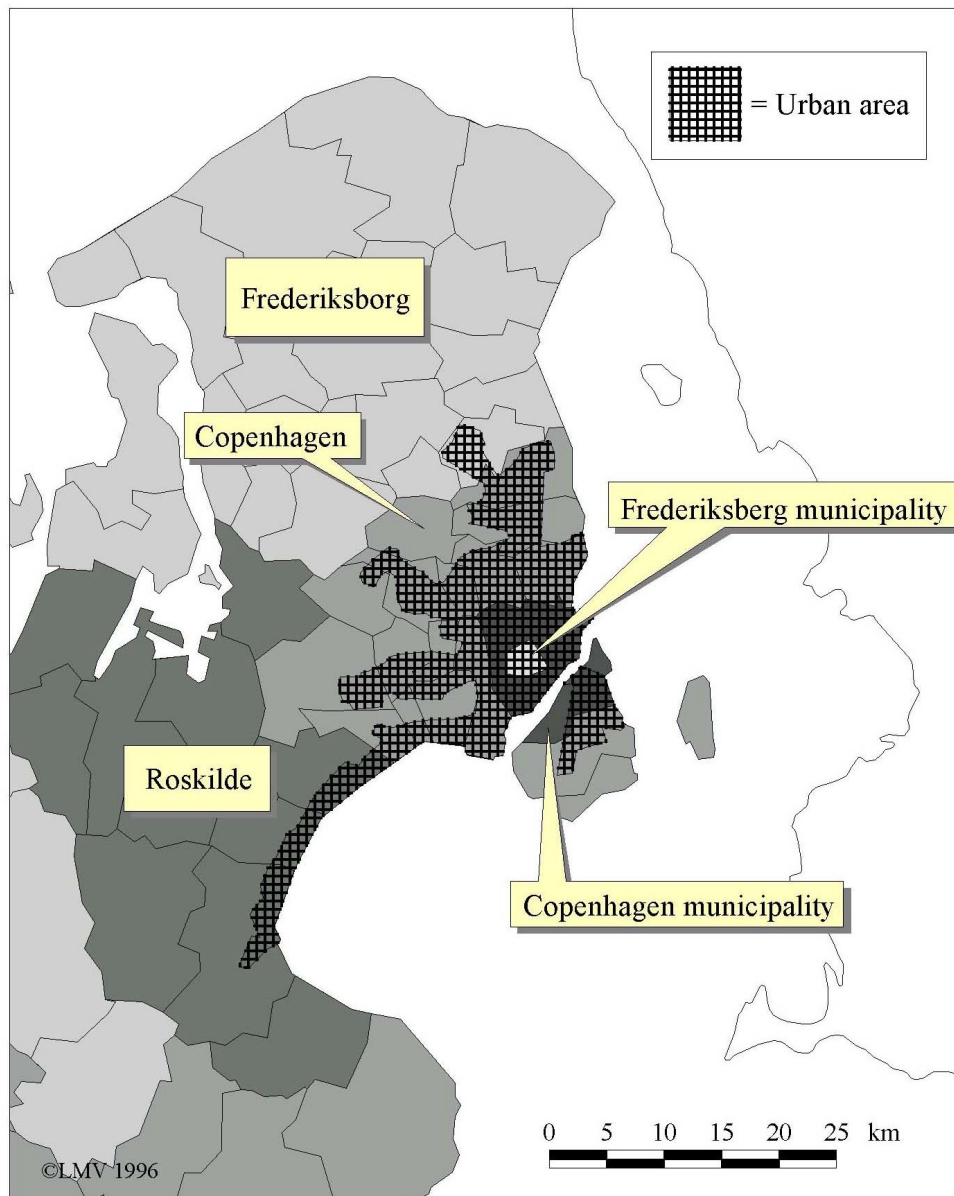


Figure 3. Copenhagen Region

As shown by the map, Municipality of Frederiksborg is totally surrounded by Copenhagen Municipality, which, in turn, is partially surrounded by Copenhagen County. Copenhagen and Frederiksborg Municipalities and the municipalities in Copenhagen County remained unaffected by the administrative reform. There were political reasons for this. Parliamentarians from other parts of the country vehemently opposed the creation of too strong a centre that might come to dominate national politics. In addition, there were old rivalries among the historical municipalities inside Greater Copenhagen with Copenhagen municipality being traditionally Social Democratic or further left-leaning and Frederiksborg and other municipalities being traditionally staunchly Conservative.

In addition, the principle of “one city – one municipality” did not point to any obvious arrangement, as was the case in the rest of the country. The capital region had no natural units that might form the basis of any delineation. In addition, the existing municipalities were large enough to be viable. Parliament, however, remained

dissatisfied with the arrangement for Greater Copenhagen and in 1974 a Greater Copenhagen Council (*Hovedstadsråd*) for regional governance was established. Its responsibilities included regional planning, public transport and traffic planning, environmental protection planning and overall hospital planning.

However, the new council did not work to everyone's satisfaction, and as of 1 January 1990 it was abolished. Before that a special commission had proposed two other alternatives: the creation of a "super-region" encompassing the entire capital region or a "mini" solution covering just the municipalities of Copenhagen and Frederiksberg and Copenhagen County. Nothing came of these or other plans. All that was left in terms of joint action in the capital city area was a new Greater Copenhagen Traffic Company (*Hovedstadsområdets Trafikselskab*), jointly owned by the five county units with the responsibility for organising and running the region's collective bus traffic. These partial solutions, however, did little to alleviate the lack of organised co-operation in a region that now consists of no less than 50 municipalities divided between five counties or county-like units.

This region's inability to act in a unified manner became increasingly apparent when the time came to open the Øresund Bridge in July 2000. Part of the reason for this huge infrastructure investment was to create a new dynamic trans-border region encompassing some 2.9 million inhabitants – of which 1.8 million live in the Danish Greater Copenhagen Area and 1.1 in the Skåne region on the Swedish side. The decision to develop cross-border regional co-operation was taken at the highest political level, in the shape of joint plans presented by the Danish and Swedish Prime Ministers in 1996-97. The central organisation and driving force behind Øresund integration is the Øresund Committee, established by the administrative units on both sides of the Sound. In 1997, the two counties of Malmöhus and Kristianstad were, as mentioned above, emerged into one region to enable Skåne to take maximum advantage of the new co-operation.

Against this background, and as a result of the fact that in economic terms, Copenhagen appeared to be falling behind the rest of Denmark – which was not least ascribed to the political and administrative impotence of the Greater Copenhagen Area – a new commission in 1995 yet again proposed that the five county units be merged under a unified elected body with the right of taxation. And as on previous occasions, the proposal was defeated by provincial politicians in parliament and by political parties committed to a philosophy of decentralisation and "small is beautiful."

As a substitute for the creation of a unified region, an act establishing a development council for the capital region (*Hovedstadens Udviklingsråd*) was passed by the parliament in June 1999. It entered into effect in 2000. The council is made up of representatives from all five county units in the region. Its tasks will be to 1) co-ordinate Danish participation in the Øresund co-operation; 2) regional planning; 3) general traffic planning and organisation of collective traffic; 4) co-ordination and implementation of the region's industrial policies and tourism initiatives; 5) development and implementation of regional cultural initiatives. With the permission of the Ministry of the Interior, the Council may decide to assume further responsibilities that are not assigned to the municipalities, the counties councils, the state and others by law. The development council is further empowered to collaborate

with public authorities outside the Greater Copenhagen Area. No distinction is made between national and foreign authorities in this respect.

Helsinki

During the 1990s Finland launched explicit urban policy measures intended to improve economic and social development in cities and urban areas. Functional urban regions have, in fact, been incorporated into urban policy as the basic objectives for policy measures. As an urban region is considered to be the actual functional area of daily activities for its inhabitants it has been also considered as the most relevant level for measuring and monitoring regional development. Thus in the national Finnish urban statistical systems (so called urban indicators system), used for national, regional and local development efforts, data is gathered and shown both from the administrative units and functional regions. It is emphasised that because municipalities have a broad responsibility in organising public services it is necessary that the geographical area of service production – or planning and development measures – should follow the daily functional area, the “every-day regions” also in the capital region.

A functional region can, as mentioned, be defined in several ways and this is also the case at Statistics Finland. The most common practice is to use labour market region as a basis of definition. According to this method a municipality is “a travel-to-work-area centre” if, firstly, no more than 20 per cent of its labour force are out-commuters and, secondly, no more than 7.5 per cent is commuting to a single municipality. If a municipality is not defined as a travel-to-work-area centre, it is attached to the municipality to which the largest portion of its residents’ commuting is directed. In a public commission, the criteria used to define the urban region were basically the labour and market area, plus other co-operation activities. In many towns the labour market region is often the same as the set of municipalities that co-operate in many ways. However, in the Helsinki metropolitan area the labour market region is geographically much wider than the region of intensive municipal co-operation.³⁰

The map illustrates that the core unit for inter-municipal co-operation around Helsinki, the so called Metropolitan Area (the YTV-region in the Table 3 below), consists of Helsinki and its three neighbouring cities Vantaa, Espoo and Kauniainen. The population of this metropolitan region is about one million. These cities have institutionalised their co-operation and work together in the Helsinki Metropolitan Area Council (*Pääkaupunkiseudun Yhteistyövaltuuskunta*, YTV). The main responsibilities of the federation are public transport, waste management, air protection and co-operation in land-use planning.

There is also some functional co-operation between municipalities in a larger area. Helsinki and the other municipalities and towns around it have also made another definition that is nowadays used for, for instance, urban indicator system mentioned above. According to this, the Helsinki region includes the towns mentioned above plus eight neighbouring municipalities (see table 3).

³⁰ Vartiainen, P – Antikainen, J, “Framing the Urban Network in Finland – the Urban Network 1998”, in *A Portrait of Finnish Cities, Towns and Functional Urban Regions*.

A third way of defining the Helsinki region is based on an official regional division of the whole country. These regions, in Finnish referred as districts, are the basic units for regional strategic planning. In the Helsinki region this area covers twelve municipalities and the division is a little bit different than that of the Helsinki region defined by the municipalities.

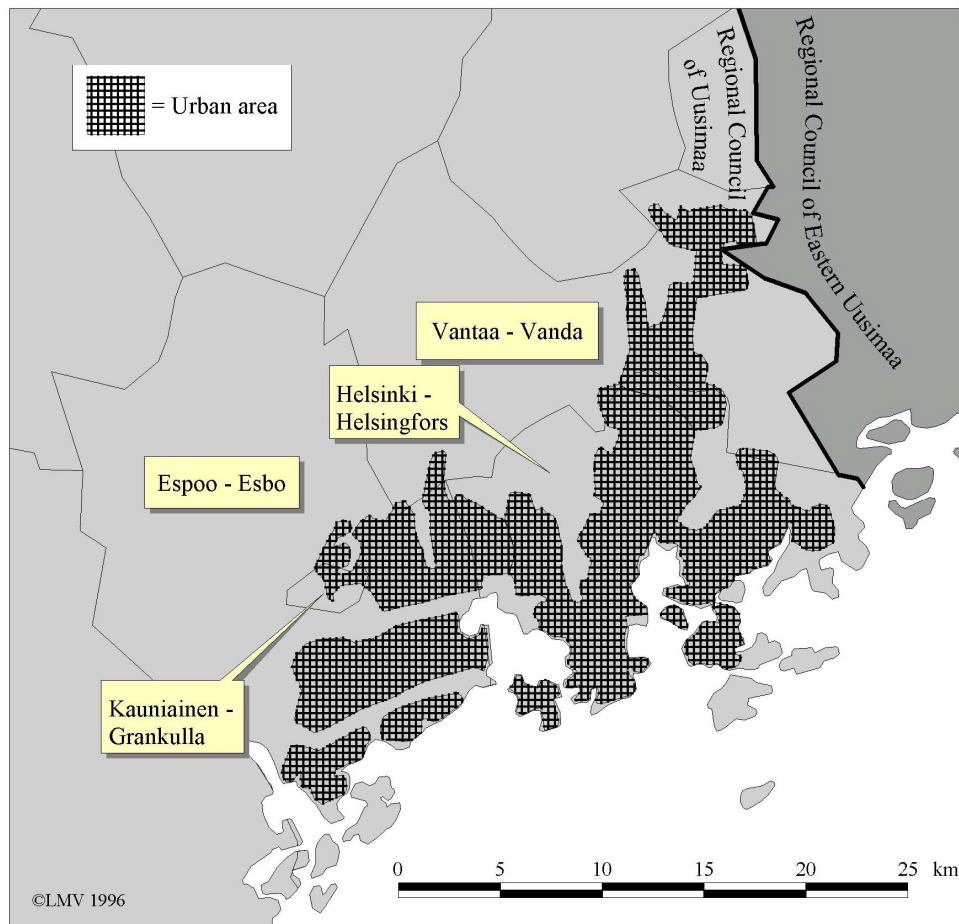


Figure 4. Helsinki region

The real labour market region around Helsinki, is however, larger than any of these regions mentioned above. According to recent studies the labour market region consists of 19 municipalities. The labour market region is expected to expand still further in the near future due to the improvement of the motorway system in the area.

The Regional Council area of Uusimaa consists of 24 municipalities. The County of Southern Finland is large, consisting of 89 municipalities. It covers six Regional Council areas. In the following text, however, the main focus is the organisation of the co-operation on YTV-region, if not otherwise mentioned.

Like the Copenhagen region the population varies depending of the administrative division. The table 3 shows the Helsinki regions basic facts.

Table 3. The Helsinki Region, Municipalities and Population.

Region	Municipalities	Population 31.12.1999
Helsinki Metropolitan Area (YTV)	Helsinki, Espoo, Vantaa, Kauniainen	945 725
Helsinki region	Helsinki, Espoo, Vantaa, Kerava, Järvenpää, Nurmijärvi, Tuusula, Kirkkonummi, Hyvinkää, Sipoo, Vihti	1 178 646
Helsinki district	Helsinki, Vantaa, Kauniainen, Espoo, Kerava, Järvenpää, Nurmijärvi, Tuusula, Kirkkonummi, Pornainen, Hyvinkää, Mäntsälä, Siuntio	1 171 542
Labour market region of Helsinki	Helsinki, Vantaa, Kauniainen, Espoo, Kerava, Järvenpää, Nurmijärvi, Tuusula, Kirkkonummi, Pornainen, Hyvinkää, Mäntsälä, Sipoo, Siuntio, Vihti, Inkoo, Karkkila, Riihimäki, Lohja	1 286 790
Regional Council of Uusimaa	Helsinki, Vantaa, Kauniainen, Espoo, Kerava, Järvenpää, Nurmijärvi, Tuusula, Kirkkonummi, Hanko, Inkoo, Karjaa, Karjalohja, Karkkila, Pornainen, Hyvinkää, Mäntsälä, Siuntio, Lohja, Nummi-Pusula, Nurmijärvi, Pohja, Sammatti, Tammisaari	1 267 007
County of Southern Finland	89 municipalities	2 068 259

Source: *The Finnish Urban Indicators System*. Committee for Urban Policy 1999.

As a capital region, the Helsinki region has a different role than any other city region of Finland. Though it has a dominant role in urban structure, within the region itself the feeling is often that the Helsinki region has not gained the importance in national politics that it deserves. The Helsinki region produces about 30 per cent of Finnish GDP. There has been ongoing discussion that the region loses income to the other parts of the country because the allocation of the state financing is still dominated by the regional policy thinking that emphasises equal opportunities all over the country. The 52 parliament members that represent Helsinki region and Uusimaa have established a working group that aims to improve the policy decisions concerning the Helsinki region. However, the working group has not yet achieved significant results.

Oslo

Like the other Nordic capitals, the city of Oslo constitutes the national centre of politics, economy and culture in the country. The headquarters of the major business

corporations are located in Oslo, the national cultural institutions are centrally located in Oslo, the leading mass media operate from Oslo, the University of Oslo is the largest in the country and the national government institutions (except for a few directorates) are all placed in Oslo. Logistically, Oslo is the national centre of transportation, forming the main crossroads of the national road system and the junction point of the railway system. The Harbour of Oslo is the largest and most important harbour for foreign trade in the seafaring nation Norway. In 1998 the new international airport Gardermoen opened outside Oslo, at a travelling distance of 19 minutes by train from the city centre of Oslo.

All these factors together seem to have strengthened the domestic location and settlement patterns and the internal migration trends in Norway. During the post-war period the Oslo region has had the strongest population growth rate in the country, with a total increase of 66 per cent from 1946 to 2000. In the same period the total population growth in the rest of the country was 36 per cent, indicating a long-term centralisation trend in Norway during the last half-century.

The growth rate in Oslo slowed down after 1960, followed by a period of decreasing total population from 1970 to 1984. Whereas the Oslo region as a whole was growing the growth rate in the City of Oslo dropped. During this period the neighbouring municipalities in Akershus experienced rapid growth rates. Whereas the total population in Akershus increased by 100 per cent in the period 1960-2000, the total growth in Oslo was 6.6 per cent over these four decades, including the 14 year period of population decrease. The location pattern of houses and estates followed three distinct corridors to the south, west and north of Oslo, along the main transportation system. The municipalities in the Oslo region were affected differently by this centralisation development, illustrated by the rather unbalanced distribution of the regional growth in the post-war period. The growth in Akershus started in the central municipalities (neighbours of Oslo), gradually spreading out to the periphery of the region.

At the end of the century, the Oslo region is made up of the City of Oslo with 507 000 inhabitants, surrounded by Akershus county with 467 000. In many respects the Oslo region also includes municipalities in neighbouring counties as integrated parts of the conurbation. Daily migration across municipal borders makes it into an integrated region with short travel distances, common labour and housing markets. However, it is most common to define the Oslo region as the City of Oslo and the surrounding county of Akershus, whose residents comprise nearly 22 per cent of the total population of Norway. The population in the functional region is approximately 750 000 people, which does not cover the whole territory of Akershus, but does include some parts of other counties. Hence, the map illustrates two important observations concerning the region: 1) The functional region is divided by municipal and county borders, and 2) The region is integrated through a large degree of internal migration to the regional centre.

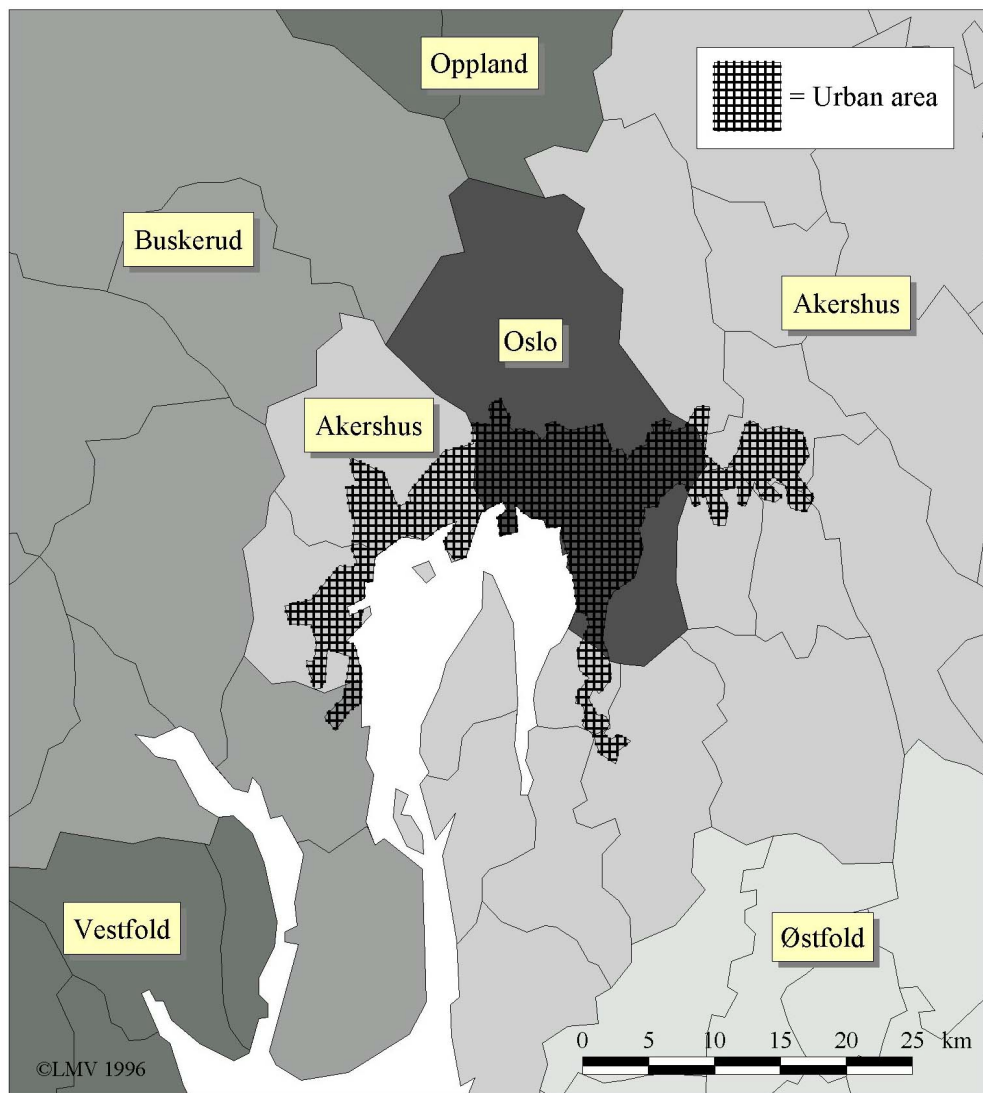


Figure 5. Oslo region

The strong population growth and the other fundamental economic and social changes, which have taken place during the post-war period, have developed within an unchanged public administration structure in the region, as far as boundary delimitation is concerned. In spite of the structural economic changes the traditional political institutions with their administrative borders still exist. The City of Oslo was merged with the neighbouring Aker municipality in 1948. The urban area had then expanded beyond the former city borders, complicating the conditions for public policy making within the integrated town and city area. The 1948 amalgamation extended the territory of Oslo, adding mainly green-field and forest areas, but also important urbanised areas. Most of the population growth in the City of Oslo after 1948 took place in the previous Aker municipality. Sub-urbanisation combined with population decrease in the inner city was significant development patterns. Substantial modernisation of the transport infrastructure connected the new parts of Oslo together with the old city.

Regardless of the definition (either strictly as the city of Oslo, both Akershus county and the city of Oslo, or delimited by the functional region) the administrative structure of the region is not adequate to deal with the area-wide issues with which the

authorities in the region have to cope. This question was analysed in more detail by a commission appointed by the Norwegian government in 1995, which delivered its report in 1997.³¹ The commission concluded that public policy-making in the Oslo region suffered from the present division of tasks (both horizontally and vertically) between different local and regional authorities in the region. The overall development of the urban area of Oslo is dependent on decisions made by one county council and 22 municipalities in Akershus, the City of Oslo and central government authorities at regional level (see Table 4) and these bodies do not work in a sufficient co-ordinated way.

Table 4. The Oslo Region. Municipalities and Counties

	Akershus	Oslo
Municipal authorities	22 municipalities in Akershus	City of Oslo with dual status and 25 district authorities at sub-city level
County council authorities	County council of Akershus	City of Oslo with dual status
Central government authorities	County Governor of Oslo and Akershus Several central government agencies at regional and local levels	

There is a growing inter-dependence between the inner city and the surrounding municipalities/county councils. This implies that area-wide problems (common for the whole capital region) are in fact met through policy measures developed individually by all the parties involved, with none of them taking into account the collective outcome of the aggregated individual decision-making processes. The integrating institutions seem to be too weak compared to the competing forces deriving from conflict of interests between different authorities or each entity's specific, narrow interests.

The 1997 commission underlined that the present public administrative structure and division of responsibilities between public authorities in the region seriously affected the following public tasks:

- The possibilities to develop an overall land-use policy for the whole region, as a basis for balanced spatial development, which also takes into account the need for sustainable urban development.
- The ability to integrate physical planning for both transport and land-use policies, and especially the need to balance investments between roads, train-lines and underground transport in order to form a properly integrated system of transport infrastructure in the region, as well as the need to improve the governance of the public transport system of buses, trains and subways.
- Overall planning and provision of hospital health care.

³¹ NOU 1987:12 *Lokaldemokrati og forvaltning i hovedstadsområdet*. Kommunal- og arbeidsdepartementet, Oslo.

Some other public tasks were also considered to be affected in a negative way, but not as seriously as these mentioned above. On the basis of a general description, the commission concluded that the democratic governing of regional issues was not ensured within the present framework of public administration, due to the fact that people are affected by public policies, which they cannot influence by means of ordinary democratic participation. Decisions are made by politicians in neighbouring authorities where they do not have the right to vote.

The members of the commission agreed on the need to revise the public administrative structure of the region, however, they failed to reach any agreement on what kind of reform they would recommend. Principally, three reform strategies were considered: Amalgamation of the City of Oslo and the County Council of Akershus, combined with the transfer of regional tasks from Oslo to a new county council of Oslo and Akershus, thus ending the dual status of the City of Oslo. The second principal solution was the establishment of a new authority for the City of Oslo and nine neighbouring municipalities, with a directly elected assembly intended to be responsible for all municipal and county council tasks within its jurisdiction. However, this new authority should be based on large-scale decentralisation of public tasks to local level (based on the existing municipalities in Akershus and district authorities within Oslo). The third strategy was based on the idea of boosting the capacity of inter-municipal bodies to carry out regional policies more effectively.

The commission's report was circulated for public comments in the region in 1997. The description of the current situation was widely supported but there were strong disagreements on the need to carry out the proposed administrative reforms. Against this background, the Norwegian government in 1999 came to the conclusion that future regional development in the metropolitan area of Oslo would best be carried out through means of intra-regional co-operation.

Reykjavik

The capital area of Iceland comprises the City of Reykjavik as well as seven surrounding municipalities of varying size. All of these municipalities have the same legal status although they vary greatly in population, from Kjósarhreppur, which is a rural community, with no urban settlements and only 139 inhabitants, to Reykjavik itself, the capital, which is by far the largest municipality in Iceland, with 108 000 inhabitants.

The municipalities in the capital area currently belong to two different electoral constituencies, as far as elections to the Althingi are concerned. Reykjavik is a separate constituency, whereas all the others belong to the same constituency of Reykjanes, along with the settlements of the Reykjanes peninsula south of the capital area.

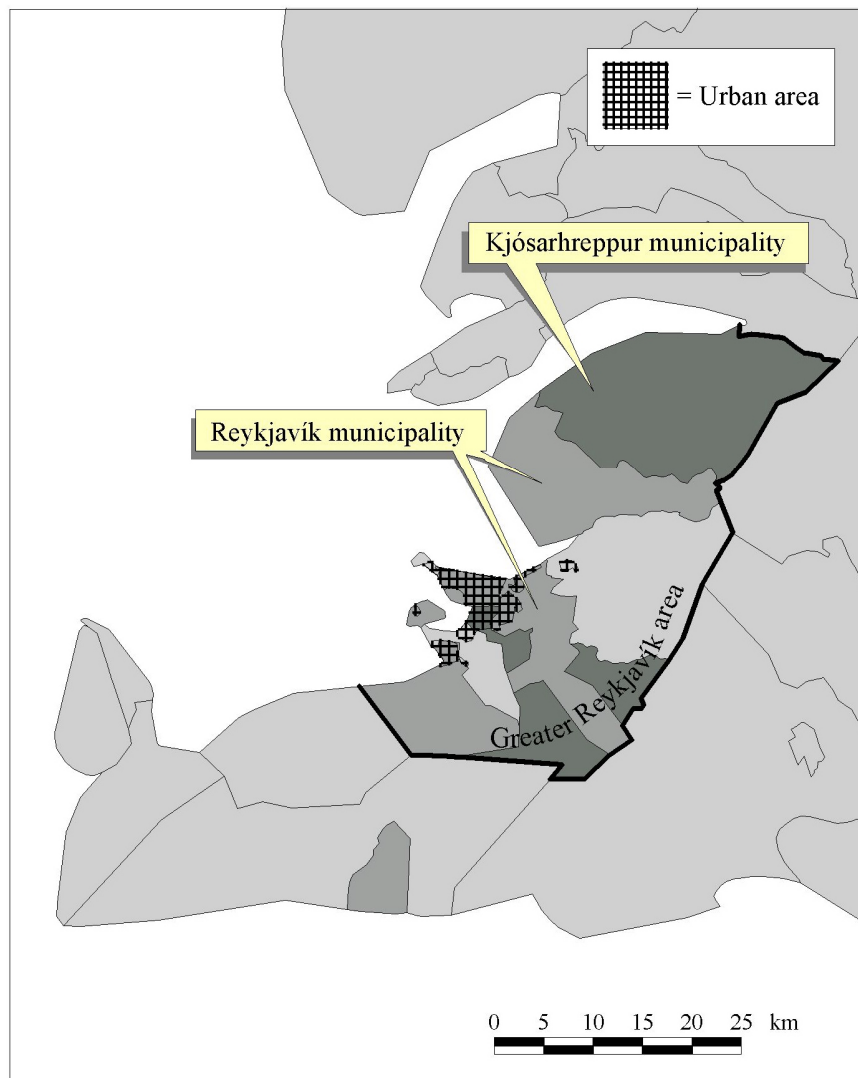


Figure 6. Reykjavik region.

The entire central administration of the Icelandic state is located in the capital area, together with a large number of central service and cultural functions. There have been some attempts made at relocating government offices and functions outside this region. Some official functions have been delegated to the local level, but these of course are most strongly represented in the capital region.

There is no democratically elected entity on a regional level in the capital area. The organisation that is nearest to one is the Federation of Municipalities, an organisation whose main function is to act as a meeting point for the co-operative efforts in the region on a political level. Among other things the Federation plans meetings for the chairmen of municipal committees in the region. Some of these co-operation groups

are effective. There is a standing committee for economic development and an organisation for the promotion of tourism in the capital area. A tourism promotion organisation is only indirectly connected with the municipal co-operation and includes participants from the tourism trade. The Federation has been assigned some tasks that are common to the area such as the construction and maintenance of a fence around the urbanised area to keep out the sheep that graze in the highlands surrounding it. Another task is bussing for handicapped pupils. Most other co-operative efforts between the municipalities have been handled multilaterally.

In very many respects Iceland as a whole is one functional region, as is the case for most small nation states. This is the case for many public services and functions. One can name specialised hospital services, most departments of the University of Iceland and many aspects of cultural activities run by the state as examples of public sector activities, but there are many activities in the private sector as well. The extent to which Iceland as a whole functions as one region is probably larger proportionally than in other Nordic countries because of the small absolute size of the population and economy.

Coming down to a smaller geographic and functional scale, the capital region, as defined above, has for a number of years by and large constituted a functional region. The natural barriers separating the capital area from the surrounding regions are formidable. Towards the Reykjanes peninsula there is a stretch of 30-40 km of rough postglacial lava fields between the capital and settlements to the southwest. There is almost no settlement in the intervening area. Between the capital and the southern lowlands there is the Hellshei mountain range. To the north there is the fjord Hvalfjörur.

Stockholm

In Sweden the City of Stockholm, with a population of approximately 700 000 inhabitants and suburbs with over one million inhabitants, has a key role amongst the city regions. The county of Stockholm has 1,7 million inhabitants. Furthermore, the county of Stockholm is economically the strongest region in the country. The county and the City of Stockholm, in particular, have a high rate of economic growth. In 1996 GDP for Stockholm County comprised 24.1 per cent of the national GDP.³²

What's more, GDP has increased more rapidly in Stockholm County than in the rest of Sweden. Between 1985 and 1996 the economy of the Stockholm region grew by over 25 per cent, while the growth of the economy in the rest of the country during the same period amounted to 13 per cent.³³

The trade and industry structure in the Stockholm region has changed and manufacturing industry today has a subordinate role. Private and public services are important. There are a number of large universities and the supply of cultural activities is extensive. Communications for products, persons and information are

³² *Småföretag och regioner i Sverige 1998. Regionala tabeller.* R 1998:36. See also *Småföretag och regioner i Sverige 1998 – med ett tillväxtperspektiv för hela landet.* NUTEK B 1998:10; *Regionala EU-räkenskaper för Stockholms län 1985-1994. Introduktion.* Regionplane- och trafikkontoret, Stockholms läns landsting 1996.

³³ Op.cit.

well developed. The largest Swedish airport is situated here. Stockholm is at the same time the country's financial centre, and many head offices of the Swedish enterprises as well as knowledge-intensive functions are gathered here. As the capital of Sweden, there are in Stockholm large concentrations of public administration and interest organisations.

In Stockholm as in Helsinki, the political actors consider themselves disadvantaged in the national politics. In Sweden a system of tax equalisation exists which, from the viewpoint of those in Stockholm, is seen upon as something, which discourages the powerful economic growth engine. To their mind, the whole Stockholm region is considered to be disadvantaged, and as a result the whole of Sweden too, some argue, both within and outside the Stockholm region. The politicians in the municipality of Stockholm do not hesitate to emphasise this. But what then is the Stockholm region?

The city region of Stockholm is a functional region with Stockholm as the centre. The County of Stockholm equals to the Stockholm city region. Patterns of commuting are aimed towards the City of Stockholm.³⁴ Like the regions of Copenhagen, Helsinki and Oslo, the Stockholm region has only one nucleus.³⁵ They constitute obvious core positions in their respective regions.

However, the functional region is growing over the county borders, and the City of Uppsala is a part of the Stockholm region.³⁶ According to the development agency for the Mälardalen (*Mälardalsrådet*), in which several municipalities and county councils around the Lake Mälaren are partners, the Stockholm region as a functional region is much larger than the county of Stockholm.³⁷ If we widen the perspective to include Uppsala or parts of the Mälardalen in the functional region of Stockholm, the result is a functional region whose borders cut across the borders of a number of counties. The map illustrates that the region thus strongly resembles the other Nordic capital regions. In addition, the region has a number of nucleuses. In the county of Stockholm there are 26 municipalities and if we include Mälardalen in the functional region there are almost 40 municipalities encompassed by this region.

³⁴Cf Andersson, Å E – Andersson, D, *Sveriges regionala organisation*. Stockholms Handelskammare, Östsvenska Handelskammaren m fl 1993; Andersson, Å E – Strömquist, U, *K-Samhällets Framtid*. Prisma 1988; Linzie, J – Boman, D, *Mälarregionen i ett gränslöst Europa*. Regionplane- och Trafikkontoret, Stockholms läns landsting 1991.

³⁵See Moding, Ph, *Utan spaning ingen aning. Västra Götaland och Skåne. Två nya storstadsområden i en politisk enandeprocess*. 1998. See also Henning, R – Liljenäs, I, "Regioner som begrepp och fenomen", i SOU 1992:64 *Utsikt mot framtidens regioner*.

³⁶Persson, L O – Aalbu, H – Böhme, K – Hallin, G, *C-FRAMÅT. Att välja regionala framtider för Uppsala län*. Nordregio WP 1999:4.

³⁷www.malardalsradet.se.

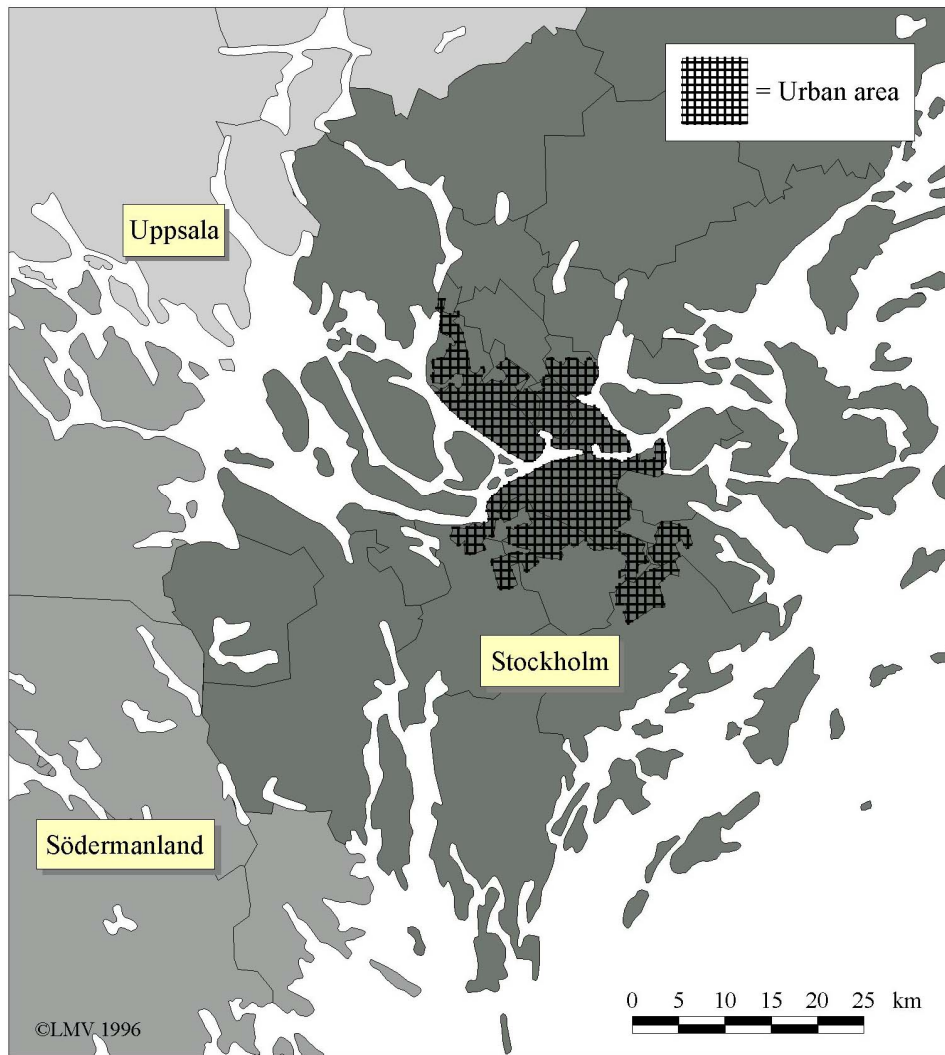


Figure 7. Stockholm region

Despite the obvious need of co-operation across county borders it is unlikely that we will see a development in Stockholm equivalent to those in other parts of Sweden. It is proposed, however, that a new body (*Regionförbund*) will take over tasks of the county council, the City of Stockholm and the regional division of the Swedish Association of Local Authorities (*Kommunförbundet Stockholms län*, KSL) concerning regional planning and actions for regional development. This is, at least, the intention of a new proposal.³⁸ The situation is however obscure, and the creation of the organisation is questioned by influential actors in the region.

No proposals for changes to the administrative borders have been put forward, however. The main reasons appear to be that the administrative divisions – the county/regional division within the Stockholm region – have not been perceived as barriers to the regional co-operation and development work as has been the case in the other Nordic capital regions or in other parts of Sweden.

³⁸Kommunförbundet Stockholms län, *Bakgrund och förslag till ett kommunalförbund för utvecklings- och planeringsfrågor i Stockholms län*. 24 februari 2000.

Metropolitan areas

The Nordic capital regions are characterised by strong economic development and high economic growth. The strong population growth and the other fundamental economic and social changes, which have taken place during the post-war period have, however, developed within an unchanged public administration structure in the region.

There is today a contradiction between the demands of economic development and the existing administrative structures and borders in the Nordic metropolitan areas. Economic development is dynamic, the political structure is stable. In this sense politics represent security and stability in societal development, while the economy represents change. Economic life, the economic “laws” and basic economic theory recognise no territorial boundaries, while the political system, the laws and political science are rooted in territoriality. Nations, municipalities and county councils are constructions, which are both political and territorial. But the economic structure plays a major role in creating the political units. Transport costs, the efficiency of administrative units, the supply of raw material, methods of supply, economic power units, advantages of scale, markets, etc. can all have implications for the way political units evolve. However, the problem is that the economic structure is always changing, largely due to technological development. What was once an insuperable transport problem probably does not exist at all today. Modern information systems make control and dissemination of information possible in larger units. Markets are bigger, larger organisations can be kept together.

The five Nordic capitals have been supportive with regard to intra-regional co-operation to create larger regions. The five large cities constitute the centre in each of their respective regions, which in turn represent a sort of a functional region, reflecting the everyday movements of the citizens. The functional regions of Copenhagen, Oslo and Helsinki consist of several administrative units. In Stockholm, the administrative borders encompass the functional region fairly well, if we exclude Uppsala and Mälardalen. If not, we have the same regional mess in all Nordic capital areas. In the Copenhagen and Helsinki the main municipality has been encouraging the co-ordination. This also applies to the City of Stockholm, which has on different occasions proposed co-ordinated activities.

It is not only the politicians of the city regions who are responsible for the conditions in the capital regions. There are strong contradictions between the capital region, and the rest of the country. It appears as though the capital regions encourage intra-regional co-operation in all five countries. The resistance does not seem to come only from municipalities in the city regions themselves but also from forces outside the metropolitan areas. This is most obvious in Denmark where political representatives from Jutland oppose political and administrative integration in the Copenhagen region.

All five Nordic capital regions consist of a large number of municipalities defending local democracy and local autonomy, often to the disadvantage of the region as a whole. As a result, regional planning and development is dependent on co-operation between a varieties of public actors. This takes place in many different ways depending on the policy area. We shall begin a closer examination of such by looking at inter-municipal co-operation – an area where the actors have generally been successful in some policy sectors.

3. Co-operation between Municipalities

Co-operation in the technical sectors

This chapter deals with co-operation between municipalities in the Nordic capital areas. One motive for such co-operation is that it leads to lower costs for the public sector, e.g. in terms of measures for regional development. It is easier to pinpoint and calculate such savings in some municipal sectors rather than in others. As a result, it is only to be expected that co-operation will vary in various municipal activities. We will focus on co-operation between municipalities in the five capital areas.

Copenhagen

Municipal co-operation in Denmark may assume several forms – from co-operation that is permitted or facilitated by law to informal collaboration.³⁹ If the co-operation leads to the establishment of a specific legal person, it is customary to use the term “local government federation” (*fælleskommunalt selskab*). A special category within local government federation is “municipal co-operations” (*kommunale fællesskaber*), which are regulated according to Article 60 of the Law on Municipal Governance.⁴⁰

The legal basis of intermunicipal collaborations may be an act of Parliament, an agreement or on some combination. In some cases a special legal entity has been established by law but with municipal representation. One example of such is the Greater Copenhagen Traffic Company (*Hovedstadsområdets Trafikselskab, HT*). More often than not, however, the legal basis of intermunicipal co-operation is a voluntary agreement among the participants. Danish administrative practice assumes that,

even in the absence of an explicit legal provision, municipalities have the right to enter into agreements on co-operation for handling tasks prescribed by law, unless the legislation explicitly or implicitly forbids it.

When municipalities assume tasks not prescribed by law but permitted by the general Municipal Authorisation Act (*Kommunalfuldmagten*), there are no restrictions on the right of municipalities to solve tasks in collaboration with others.

The criterion used to determine whether a specific collaboration falls under the category of “municipal co-operation” (*kommunalt fællesskab*) is whether or not it leads to the establishment of a common steering body with its own authority, which may curtail the powers of the participating local councils. If that is the case, the construction is labelled a “special municipality”, which is to be understood as an independent municipal unit with authority over some defined area of competence. Intermunicipal collaboration is subject to supervision by higher authorities. In the case of collaboration between municipalities, the supervisory authority is a council made up of a number of elected county politicians and the governor of the county (*amtmand*). If a county – or Copenhagen and Frederiksberg municipality – is involved, the supervisory authority is the Ministry of the Interior.

There are a lot of examples of intermunicipal co-operation. Some public organisations are established by law. The Greater Copenhagen Traffic Company

³⁹ The following is based on the survey referred to in *Delrapport om visse EU-retlige spørgsmål vedrørende danske kommuners samarbejde om affaldsbortskaffelse*. Afgivet af Justitsministeriets tværministerielle embedsmandsudvalg om fælleskommunale selskaber, December 1997, (www.jm.dk).

⁴⁰ Kommunestyrelsesloven, lovbekendtgørelse nr. 615 af 18 juli 1995.

(*Hovedstadsområdet Trafikselskab*), the Greater Copenhagen Hospital Co-operation (*Hovedstadens Sygehusfællesskab*), the Greater Copenhagen Theatre Co-operation (*Det Storkøbenhavnske Teaterfællesskab*) are examples.⁴¹ Collaborative agreements between municipalities that entail delegation of municipal powers require acceptance by supervisory authorities. Examples of such are regional natural gas companies. Private corporations (limited liability companies, co-operative societies, self-governing institutions, etc.) that do not require authorisation by supervisors are Wonderful Copenhagen A/S⁴², Copenhagen Capacity⁴³ and the Copenhagen and Frederiksberg refuse collection (*Renholdningsselskabet af 1898*)⁴⁴.

There is no figure available on the total number of intermunicipal co-operations in Denmark. Nor are there such statistics for the 50 municipalities in the Greater Copenhagen area. Recently, however, the Ministry of the Interior made a survey of 225 intermunicipal co-operations, which showed that such collaborations take place within a great variety of activities – schools, industrial development, traffic, waste water, health, energy, rescue services, environment, refuse collection and others.⁴⁵ The survey also shows that most of the 225 co-operation enterprises involve more than two municipalities.

A survey by the Union of Danish Municipalities (*Kommunernes Landsforening*) in 1991 indicated that about half of the intermunicipal co-operations were within so-called technical administration, i.e. civil defence, fire protection, refuse collection, pollution control, traffic, and supply of water, energy, electricity and gas. Other important areas of co-operation are schools and culture (18 per cent) and social services (17 per cent). Another investigation carried out by the magazine *Danske Kommuner* and published in spring of 1999 showed that three-fourths of the municipalities had entered into practical/technical co-operation with one or more neighbouring municipalities within the last year and that more than 40 per cent of them collaborated across county borders.

Helsinki

In Finland as well the motivation for co-operation between municipalities is prompted by practicality, to reduce costs and provide more effective services. The development in the Helsinki region has thus been the same as we saw in the Copenhagen region. Finnish municipalities are responsible for most public services and it has become increasingly more common for municipalities to co-operate with their neighbours to

⁴¹ The Copenhagen Theatre Co-operation is established by law. Its governing body consists of representatives from the five county units in the Greater Copenhagen area (Copenhagen and Frederiksberg Municipalities and Copenhagen, Frederiksborg and Roskilde counties), in addition to representatives of the Ministry of Culture. All these institutions participate in the financing.

⁴² Wonderful Copenhagen was founded on 1 July 1992 by the municipalities of Copenhagen and Frederiksberg, Copenhagen County, the Ministry of Business and Industry, the Danish Tourist Board, the Copenhagen Tourist Association and the City Centre of Copenhagen (www.woco.dk). It is thus an example of municipal-county-state-private co-operation in the shape of a foundation with its own board.

⁴³ Copenhagen Capacity is a foundation established in 1994 by the municipalities of Copenhagen and Frederiksberg and the counties of Copenhagen, Frederiksborg and Roskilde. Its purpose is to promote business development (www.copcap.dk).

⁴⁴ *Renholdningsselskabet af 1898* is a self-governing institution with both municipal and private participation. It has an agreement with Copenhagen and Frederiksberg Municipalities to undertake refuse collection until 2020 (www.r98.dk).

⁴⁵ Opgavekommissionen, Betænkning I – Betænkning nr. 1366, December 1998, Chapter 6.3.

provide better and cheaper services. An important reason is, naturally, that many of them have relatively small populations.

A few specific examples of municipal co-operation should be mentioned. Several of them are based on specific legislation for the Helsinki region. One organisation at the regional level is Helsinki Metropolitan Area Council (YTV), which is a joint municipal organisation of Helsinki, Espoo, Vantaa and Kauniainen.⁴⁶ The organisation and functions of the council is based on a special law from 1996 (1296/96). The Council is thus not a intermunicipal organisation similar to those, which are typical in other parts of country and that handle, for instance, health care and secondary education at the regional level.

The tasks of the organisation are regional waste management, regional public transport, air pollution control and land-use planning. As defined by the law, the Helsinki Metropolitan Area Council is to:

- Waste management in the capital region.
- Public transportation in the region and co-ordinate co-operation between municipalities in the field of transport.
- Transportation planning in the capital region.
- Approve the paying the costs of public transport.
- Planning, control and improvement of air quality.
- Research, planning and finding solutions for any common issues that concern the whole area.

The decisions of Helsinki Metropolitan Area Council are made by trustees nominated by the member municipalities. The political representation is based on municipal elections. Helsinki Metropolitan Area Council has approximately 230 employees, half of them working in the waste management sector.

Compulsory and secondary education is the responsibility of municipalities. In Helsinki there are also several private schools and specialised schools that attract students from all over the country. Secondary education is organised mainly by local government federations. There is a large number of these federations in the Helsinki region with a varied number of member municipalities.

Basic health care is also organised by municipalities while larger hospitals and specialised nursing are usually organised by municipal federations. In the Uusimaa region there are three so-called nursing regions that have several hospitals. One of these is the University Hospital of Helsinki that has many specialised clinics, which also serve patients from other parts of the country. It is owned and managed by the member municipalities.

Oslo

Throughout the post-war period there have been a number of co-ordinating bodies operating in the Oslo region. The experiences and results of co-operation between the municipalities seem to vary between different kinds of public tasks and issues. Generally, the voluntary co-operative bodies formed for single purposes, such as

⁴⁶ The following is mainly based on www.ytv.fi.

water supply, waste disposal and sewage, have functioned well and contributed to more efficient provision of these services across municipal borders. Today publicly owned joint stock companies are responsible for a substantial part of the service provision within transportation, sewage, waste disposal, water supply and energy in the region. The form of organisation and number of participatory authorities may vary across the region and between services. For instance, 85 percent of all sewage from the Oslo region is handled in three large, inter-municipal, sewage purification plants.

Various general-purpose bodies have been established, both on a voluntary and mandatory basis. At present the “council of co-operation in Oslo and Akershus” is the most prominent. It was established in 1976 at the direction of the Norwegian Ministry of Environment. Originally, the aim was to develop general guidelines for location of business and housing in the region, in addition to planning tasks within technical services. Elected councillors from the City of Oslo and the County Council of Akershus are members of the council. The County Governor of Oslo and Akershus represents the state authorities in the council as an observer. After more than 20 years of functioning, the substantial governing role of the council is not considered to be strong. The council discusses regional questions of common interest, and plays a role as an arena for mutual exchange of views and advice. It initiates common projects to be implemented by the two administrations and it takes political initiatives in order to influence state policies for the region. The council is principally a consensus-oriented body, which restricts its possibility to develop wide-range policy measures for the whole region. Nevertheless, the council has initiated the establishment of important co-operating bodies and institutions, which will subsequently be described.

Municipal co-operating bodies have been established in the west, south and north sub-regions of Akershus, organised by the county council. These regional bodies function mainly as fora for mutual exchange of information, views and opinions on regional development. The City of Oslo and the County Governor participate in the inter-municipal bodies as observers. The municipalities of Akershus have occasionally criticised the City of Oslo for unfamiliarity with issues in its contact with these regional bodies.

Public authorities in the region have signed agreements on the joint production or mutual exchange of public services. The City of Oslo and County Council of Akershus have recently renewed an agreement on co-operation in secondary school services. In the agreement, questions like common dimensioning of different studies, the number of study places to be made available for students from the other county, etc. are regulated.

The Eastern Norway Region is the last co-operating organisation to be mentioned, comprising eight counties in the eastern part of southern Norway: Akershus, Buskerud, Hedmark, Oppland, Oslo, Telemark, Vestfold and Østfold. The total population of this region is 2.2 million people, half of the total Norwegian population. The aim of this organisation is to enhance international representation and marketing of the whole region, improve public task-solving through co-operation, facilitate division of tasks and specialisation within public health care, and co-ordinate main transport infrastructure investments, joint economic development efforts and improvement of the environment.

Compulsory education is a municipal responsibility in Norway. The city of Oslo and the municipalities of Akershus provide such education with very little need for inter-municipal co-ordination. Generally there is no need for people to cross municipal borders in order to obtain proper education services in the urban area.

Secondary education is a county council responsibility, meaning that the city of Oslo and the County council of Akershus provide the services, and are, to a certain extent, regulated by an agreement on exchange of services between the two bodies. In 1994 a reform guaranteed three year of secondary education to all citizens aged 16-19 years. The reform strengthened the need for inter-county co-operation. However there are few co-ordinating problems and little tension in this field.

Technical services are mainly a municipal responsibility. There is a high degree of inter-municipal co-operation in public service provision in the technical sector of the Oslo region. There is now a majority in favour of state ownership of the hospitals. A reform will probably be proposed in 2001.

Primary health-care is a municipal responsibility. It is regarded as an advantage for the City of Oslo to cover both primary and secondary levels of the health services (in order to implement vertically integrated chains of treatment) but it is still questioned whether they manage to exploit the potential gains. Some sectors within primary health-care are organised through inter-municipal co-operation (child welfare, nursing homes).

Reykjavik

There are several inter-municipal enterprises in the Reykjavik region that have taken over tasks and responsibilities from two or more municipalities. Several municipalities in the region have a joint municipally owned bus company that operates bus services within the municipalities and between them and the capital. The City of Reykjavik operates its own public bus service, although a few years ago there was an attempt to make it into a limited-liability company. When the present centre-left coalition came into power in 1994 this process was reversed. All of the capital municipalities except the smallest one run a refuse collection and recycling company, *Sorpa bs*. As of May 2000, the fire services in the capital area, including the one for the Reykjavik city airport, have merged into one.

Most co-operation in the Reykjavik region is on an ad hoc basis, with bilateral or multilateral contracts between the municipalities. One arrangement between Reykjavik and the neighbouring municipalities of Gardabær, Kópavogur and Seltjarnarnes deals with a very large investment in sewage treatment and disposal.

Some public service functions operated by the City of Reykjavik serve the neighbouring municipalities, without them having a direct influence on how they are run. This applies to the distribution of geothermal water, cold water and electricity. By far the largest of these operators were Rafmagnsveita Reykjavíkur, which distributes electricity and Hitaveita Reykjavíkur, which, has harnessed the geothermal resources to be found within the boundaries of Reykjavik and beyond. These two have now been amalgamated into Orkuveita Reykjavíkur, Reykjavik Energy. One current, very sensitive political issue involved demands by the City of Reykjavik that

Reykjavík Energy pay back into the city budget the accumulated profits of this monopoly activity. This has raised considerable objections from two different directions: on the one hand, the opposition maintains that by doing this the users are paying more for their energy than they should. The other objection comes from the municipalities that have only been consumers in this respect: they maintain that the profit from selling energy to them will be used to pay for municipal public sector activities in Reykjavík. To complicate this picture further, Reykjavík is a major owner of Landsvirkjun, the National Power Company, along with the state and the municipality of Akureyri. This company has had a near monopoly on the production of electricity in Iceland. Therefore, municipalities that own a distribution network for electricity are indirectly paying the city of Reykjavík when they purchase their electricity wholesale from Landsvirkjun. The proposed de-regulation of the market for energy is expected to focus even more attention on the issue of equality in competition.

There are a number of co-operative ventures between smaller municipalities in the capital region, and between these municipalities and the City of Reykjavík, with the aim of achieving economies of scale and providing better service.

Since 1996 providing compulsory education has been the responsibility of the municipalities in Iceland. Previously, compulsory education had been a shared responsibility, with the municipalities owning and maintaining school premises but the state paying the teaching staff. For each constituency there was a regional office, responsible for administration and specialised assistance to the schools. When the municipalities took over it meant a substantial change for the smaller municipalities that had relied upon the regional offices to a larger extent than the more populous ones. In the case of the capital area this simply meant that each municipality took over tasks that in the case of the smaller ones had been handled on a constituency basis

Secondary education is the task of the national government. Municipalities formerly paid the construction and operating costs (excluding teachers and administrators' salaries) for the comprehensive schools, but traditional, academically oriented grammar schools were built and run by the central government. There is no longer any difference in the share of the state in financing the different types.

Health care and hospital services are run by the state in Iceland. Primary health care used to be a task for the municipalities but was assumed by the state a number of years ago. In spite of this the City of Reykjavík has run a large hospital although the running costs were covered by the state. Several attempts have been made to rationalise and co-ordinate the running of what used to be three different hospitals, run by three different organisations. These have now been amalgamated into one institution. The primary health care centres are a blend of state-run centres and private companies. The centre in the nearby municipality of Seltjarnarnes covers a part of Reykjavík, but generally the primary health care stations conform to the boundaries of the municipalities. There has been a lot of discussion about the possibility of the municipalities taking over primary health care again. The fragmented structure of local authorities outside the capital area has been a serious hindrance in this respect (as well as in a number of other cases).

Stockholm

One concept underpinning the Swedish political system, just as it does the governance of other European Union states, is the principle of subsidiarity even if this is nowhere explicitly stated in Swedish legislation. According to this principle, all public tasks should be handled at the lowest level consistent with effective action – which is often the municipal level, then at the next level between a numbers of municipalities. Swedish municipalities thus co-operate in many ways. Only when such a co-operation is not deemed to be efficient should the functions be performed at the regional level, by the county administrative boards or county councils. Legislation neither forces nor encourages the municipalities to co-operate, even though the legislation concerning local government federations (*kommunalförbund*) facilitates co-operation between municipalities.⁴⁷

Even in the Stockholm region there is a need for intra-regional co-operation in the county/region. In the county of Stockholm there are, in addition to the City of Stockholm, 25 municipalities. The Stockholm region is not, as is the case with the Göteborg or Skåne regions, naturally divided into subregions, even if the bordering municipalities often co-operate with each other, for example at Södertörn and in the north-east sector of the county.⁴⁸ The City of Stockholm has taken initiatives for intra-regional co-operation. The capital city is thus one of the initiators of a planned regional association with responsibility for regional planning and development.

There is, however, less co-operation between the municipalities in the Stockholm region than in other parts of Sweden. This can be explained by the fact that the economic viability of the municipalities in County of Stockholm are greater than those of municipalities in other parts of the country. In the other regions the municipalities have tasks, which cannot be contracted out at reasonable costs without co-operation with the neighbouring municipalities. Most of the municipalities in the Stockholm region have a large population and a rather good economic base and consequently lesser need for co-operation.

Efforts are made to co-ordinate activities in several fields. Co-operation between the municipalities in the Stockholm region is mainly within the technical fields (water supply, waste disposal, emergency service and the fire brigade, etc). Co-operation in regional planning and development occurs intermittently. In the Stockholm vicinity the Business Arena Ltd for marketing of the Stockholm region operates. The Stockholm Information Service (SIS), a limited company whose task is to promote tourism, is owned jointly by several municipalities.

Co-operation can take many forms. The form of co-operation, which should be used is chosen separately for each case. The co-operation is rarely institutionalised, but generally takes place *ad hoc*, when specific needs appear. This sometimes results in the creation of the above-mentioned local government federations (*kommunalförbund*), jointly owned limited companies or co-operation committees, or through contracts between municipalities. In the technical fields there are many local

⁴⁷ Another local government federation (Stockholms förortskommuners kommunalförbund) negotiated with the city of Stockholm. The federation was established in the beginning of the 1990s. In the Göteborg region a similar federation emerged with Göteborgsregionens kommunalförbund.

⁴⁸ Henning, R, *Framtida regionalt styre i de svenska storstadsregionerna* (Institutet för regionforskning, Östersund (forthcoming).

government federations or contract-regulated activities, dealing with issues such as water supply and waste disposal.

There is, however, one important forum for co-operation between municipalities within the framework of the Swedish Association of Local Authorities (Kommunförbundet Stockholms län, KSL) in Stockholm. The common interests of the municipalities in the County of Stockholm are promoted by the regional unit. A reorganisation in the mid 1980s involved a strengthening of the regional units within the Swedish Associations of the Local Authorities, which thereafter developed into an important unit for intra-regional co-operation.

No co-operation in strategic issues

One may conclude that there is a considerable co-operation between the municipalities in the five capital regions and in many different forms. This co-operation is naturally encouraged by the fact that many municipalities have small populations and a weak economic base. Thanks to their larger populations, the municipalities in the Stockholm region have the ability to manage many tasks without any interference from other municipalities.

The co-operation between municipalities in the Nordic countries is rarely institutionalised but is generally established on an ad hoc basis, when specific needs appear. Co-operation between municipalities takes, as we have seen, several different forms, through the creation of local government federations, commonly owned limited companies or co-operation committees, or through contracts between municipalities. The form of co-operation varies from case to case. There are also examples of legislation, which encourage co-operation between the municipalities.

Co-operation between municipalities to perform their core functions, those assigned to them by the state, takes place primarily in the technical fields. The difficulties are more apparent when it comes to education and health care. There are examples of successful co-operation mainly in the Copenhagen, Oslo and Reykjavik regions. However, in the remaining sectors, co-operation is still rather insignificant.

Inter-municipal co-operation on local and economic growth within the Nordic capital regions is still almost non-existent. Despite some joint efforts in the Copenhagen region, each municipality has pursued its own development policy.

It thus seems that co-operation between the municipalities in the five capital regions is most easily achieved where the economies resulting from co-ordination of activities can be. This applies where the municipalities' technical sectors are concerned; here the politicians see the economies of scale. But the difficulties appear to be almost insurmountable where it is a question of actions, which are more intangible or of a future-oriented, strategic nature. Here the local autonomy takes over and the desire to achieve objectives, strategies and actions favouring a larger whole is conspicuous by its absence. There are, certainly, a number of co-operative initiatives in the areas of regional planning and development. The meaning of this co-operation, however, appears to scarcely be of significance and consists primarily of discussion groups.

If municipalities fail to co-operate on questions of regional planning and development, we might expect there to be one or more regional actors with political competence working towards the long-term development and growth of the capital regions. We shall now investigate whether this is in fact the case. Planning and development is discussed in the two following chapters.

4. Regional Planning

Many actors

They are at the same time too big and too small, one could say of the cities of Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm. In some cases they are too big to be approachable for their citizens, while in other cases they can be too small to deal with regional matters on their own, as we said in the introduction of this report. Determining the use of land is a main task for the municipalities in the Nordic countries. There is therefore a need to co-ordinate regional planning as well as regional development efforts. There are several actors at all three levels involved in the regional planning processes.⁴⁹

In this chapter we will look into the regional planning efforts of the political actors in the Nordic capital regions. The question is whether there is any co-ordination with the neighbouring municipalities. Is there regional planning and if so, what kind of planning and who are the actors involved? Does the responsibility for planning rest with the regional state organisation or the county councils, or are there other forms of co-operation?

Copenhagen

Planning in Denmark is regulated in accordance with a comprehensive Planning Law.⁵⁰ A basic premise of all physical planning is that the entire country is divided into three zones: urban zones, summer cottage areas and rural zones. Urban zones are areas that are currently urban or are intended for urban use in the future. Houses in summer cottage areas may normally not be occupied on a permanent, year-round basis. In rural zones, defined as zones that are neither urban nor intended for summer cottages, the construction of new buildings or any change in the use of existing buildings or areas may not take place without specific permission from the rural zoning authority - in most cases the county. Normally these provisions are strictly enforced.

The planning authorities are the state, acting through the Minister of Environment and Planning; the Development Council, i.e. the county counties plus Copenhagen and Frederiksberg municipalities; and the other municipalities. The establishment of the Greater Copenhagen Development Council created a new planning authority, which will take over parts of the planning previously handled by the Counties of Copenhagen, Frederiksberg and Roskilde and Copenhagen and Frederiksberg Municipalities.

Apart from the planning tasks intended for the Development Council, which started its work in July 2000, the regular types of physical planning are national planning, regional planning, municipal planning and local planning.

⁴⁹ Sandberg, S – Ståhlberg, K, *Nordisk regionförvaltning i förändring*. Åbo Akademi 2000; Aalbu, H, "Do We Need Regions?", in *North* (The Journal of Nordregio) 2000:4. See also *Built Environment*, Volume 26, 2000:1.

⁵⁰ Bekendtgørelse af lov om planlægning, LBK nr. 551 af 28/06/1999 (www.jm.dk).

Every County Council (plus Copenhagen and Frederiksberg Municipalities) is required to present a regional plan with a time horizon of 12 years. The regional plan may not contravene national planning objectives. If that is deemed to be the case, the Minister of Environment and Energy is empowered to demand changes. In special cases the minister may decide to assume the power of the regional and municipal planning authority, e.g. in matters of particular national importance.

Among the important items that must be covered by the regional plans are a delimitation of urban zones and summer cottage areas, localisation of major public institutions, traffic infrastructure, collective traffic and major "technical" installations, localisation of polluting industrial activities, determination of the general structure of retail trade (this item is especially emphasised in the Planning Law as it is viewed as one of the most important tools in bringing about a desirable development), protection and conservation of monuments and landscapes, and protection of water resources. In the Copenhagen region the county council are required to take the development of the entire region into consideration when formulating their plans.

Every municipality is required to draw up a municipal plan in addition to detail plans covering smaller areas or individual projects. The municipal plan outlines the overall objectives regarding land use and in particular the provision of housing, work sites, traffic, public services and areas of recreation. Even in municipal planning, the importance of the retail trade structure is emphasised. In cases where land is developed or subdivided for building, where major building activities are to take place, where land is transferred from one kind of zone to another etc., local plans must be drawn up. Such local plans are often very specific and may deal with the details, such as lighting, planting, joining of flats into one dwelling, aesthetic aspects of buildings and their surroundings etc. These municipal and local plans must not be at variance with regional plans.

Despite the sweeping planning powers assigned to county councils and municipalities, the perennial problem besetting the Greater Copenhagen Area for practically the entire twentieth century remains unsolved. Particularly since the dissolution of the Greater Copenhagen Council in 1989 there has been no correspondence between the geographical city, whose contiguous built-up area covers practically all of Copenhagen and Frederiksberg Municipalities and Copenhagen County and important stretches of Frederiksborg and Roskilde Counties, and the political and planning entities.

The biggest regional problem is not one of co-ordinating actions in such planning areas as land use, collective traffic, service provision, hospitals, schools and the like. The problem is agreeing on common goals and actions in even more vital areas that are not specifically mentioned in the Planning Law⁵¹ but may be legitimate regional planning concerns: industrial promotion, labour market policy, tourism, international positioning and visibility, cross-border regional co-operation, and the like. In other words, all the decisive, future-oriented endeavours without which a modern metropolis cannot hope to prosper.

⁵¹ LBK nr. 551 op.cit., Art. 6, Point. 5 specifically mentions that regional plans may cover areas other than the ones already mentioned.

The consequences of the Copenhagen region's administrative and political fragmentation have been described on many occasions, most recently in the October 1998 report by the Government's Commission on the Greater Copenhagen area.⁵² A comparison between 118 European big-city regions over the period 1979-90 indicated that the Danish capital region was lagging behind in terms of economic development. Another specific problem is that whereas the Copenhagen region constitutes one labour market, it is heterogeneous in terms of housing, which accounts for the fact that labour commuting in the area does not lead to income convergence but the opposite. In the commission's opinion, a continuation of the present political system with 50 municipalities will necessitate further state intervention if income discrepancies in the region are to be kept down. As an alternative it recommends the creation of one unit covering the whole capital region.

The outcome was the creation, in June 1999, of the mentioned development council for the capital region, made up of elected representatives from all five county units in the region. Without abolishing the planning powers of the existing county units, the development council is intended to take over region-wide planning tasks in the following areas: 1) co-ordination of the Danish participation in the Øresund co-operation; 2) regional planning; 3) general traffic planning and collective traffic; 4) co-ordination and implementation of the region's industrial policies and tourism initiatives; 5) development and implementation of regional cultural initiatives.⁵³

As far as can be determined at present, municipal planning is not to be touched by the new body. It remains to be seen exactly how the rather loosely defined powers of the development council will fit in with those of the county units, who are probably far from enthusiastic at the prospect of handing over authority to a new body. In this context it should be remembered that the Greater Copenhagen Council abolished in 1989 never fully utilised its planning authority.

There appears to be a distinct danger that the new development council may turn out to become nothing more than a weak fourth planning level in the Copenhagen region in addition to the state, the county councils and the municipalities. If that were to be the case, the result would not be greater political unity but simply greater confusion.

Helsinki

The Finnish regional councils are responsible for strategic and land-use planning at the regional level. One of their important tasks is to prepare regional development programmes and single programming documents for EU structural policy. Previously the responsibility for regional strategic planning belonged to the state regional organisations, the county administrative boards (*Lääninhallitukset*). Today these bodies have no role in planning. However, the regional councils do work closely together with two other state regional organisations, Regional Environment Centres (*Ympäristökeskukset*) and Employment and Economic Development Centres (*T&E Keskukset*) on regional planning issues, especially on regional development plans and EU programmes. Regional land use plans are not binding. They give guidelines to

⁵² Ekspertudvalget nedsat af Regeringens Hovedstadsudvalg. *Markedskræfter og politisk styring: Den regionaløkonomiske udvikling i Hovedstadsområdet og det øvrige land*. Oktober 1998.

⁵³ Lov nr. 354 1999, Lov om Hovedstadens Udviklingsråd.

municipalities, which have the main responsibility for planning in Finland as in the other Nordic countries.

The municipalities' role is traditionally strong, which makes co-operation in land-use issues with neighbouring municipalities often difficult. In Helsinki region the municipalities have decided to try to find common lines to follow in this field. The task has been given the development-planning unit in Helsinki Metropolitan Area Council.⁵⁴

The development-planning unit aims to promote co-operation in the general planning of land use in the Helsinki metropolitan area. Its task is to influence the location of housing, jobs, commercial structures and other important private services. The office also takes care of joint housing matters in the Helsinki region and is responsible for joint surveys, research, planning and preparation tasks related to land use. The unit prepares plans, programmes and other reports in co-operation with the municipalities and other parties. Co-operation takes place in negotiating bodies, committees and working groups. Matters in the field are then presented to the Helsinki Metropolitan Area Council. The development planning unit is however a quite small organisation with only six permanent employees.

Co-operation plans in the field of planning have been drawn up at roughly five-year intervals. The most recent co-operation plan was approved in 1990 and its long-term period extends up to the year 2010. The plan analyses problems, sets development goals and evaluates the need for new housing and business facilities. As a building-policy programme the plan strives to ensure an urban structure, which is economical and in accordance with the principle of sustainable development, based on the rail-transport network.

A yearly report regarding housing in the Helsinki metropolitan area is prepared to provide a framework for the municipalities' housing programmes. It includes an evaluation of housing conditions together with targets for the development of housing conditions and housing production. The report and the measures proposed in it are also considered an important tool in protecting the Helsinki metropolitan area's interests in state housing policy. The development unit also prepares annually a recommendation to the State Housing Fund regarding maximum lot prices to be applied in state-subsidised housing construction.

Furthermore, the office maintains and develops a system for monitoring land available for construction. A yearly report is prepared on available land. The register of available land is used to produce analyses for different purposes. Information is also supplied to companies and individuals.

In practise, co-operation in land-use planning is difficult. Because of the increased migration to the Helsinki region, pressures for integrated land-use planning are substantial. The City of Helsinki has a relatively limited amount of available land and the price of land is higher than in the surrounding municipalities. Competition between the municipalities is apparent, as they have different views on how to develop the area and where to construct new housing areas. This has also been the

⁵⁴ www.ytv.fi.

main point of several disagreements on the traffic route development. Another problem in land-use planning has been the high private ownership of land, which means that municipalities have difficulty buying land for public purposes.

Transport planning and, especially, organising public transport is one of the most important fields of co-operation in Helsinki region. The running of public transport is the joint responsibility of Helsinki, Espoo, Vantaa and the Helsinki Metropolitan Area Council. The cities look after their internal routes themselves, while Helsinki Metropolitan Area Council manages the routes, which cross the city councils' mutual borders e.g. the so-called "regional travel". The actual operation and financing of the common public transport system, also taking into account its environmental impact, is taken care by transportation department of the Helsinki Metropolitan Area Council.

Helsinki has had slightly different opinions than national government on how to develop traffic connections in the metropolitan area. The state has not taken all the proposals of the infrastructure improvements on its priority list and expects that the city region should itself pay for some of the proposed investments. For instance, the state is not going to support the train route construction from Helsinki to the airport, which the traffic planners of the cities have considered as an important investment because the traffic in this part of the region is increasing all the time. There has also been disagreement between Helsinki and its neighbouring municipalities on investment priorities, but they have managed to reach an agreement on their plans. Political co-operation can thus be difficult even with the traffic issues.

Oslo

In the Oslo area as well there are many actors involved in the planning processes, but no measures available to compel the implementation of plans.

The main challenge in regional planning in the Oslo region is to balance environmental objectives against the need for housing, transport and business estates. In a situation of rapid population growth such balancing problems cause severe tensions between interest groups within single authorities, as well as between different units. In theory the regional planning carried out at county-municipal level should ensure that regional consequences are taken into account through individual planning processes in the municipalities. At the top of the planning system, national guidelines are intended to give the county councils information about important issues to focus on at regional and local level.

However, it seems that the competing forces are so strong that the municipalities compete rather than co-operate in order to keep the benefits (e.g. tax base) and reduce the costs. This has been demonstrated in connection with different location decisions in the region. One example is that the previous airport of Fornebu is now considered as the most interesting area for investments in industry and housing in the Oslo region. The area lies within the jurisdiction of the municipality of Bærum, which holds the planning authority. However, the City of Oslo, and the Norwegian state own most of the area, and are keenly interested in the planning solutions. This situation has caused several problems.

In 1999 the City of Oslo and county council of Akershus both compiled a new strategic plan for spatial development. They both underlined the need for improved

co-operation. However, the process behind the two plans illustrated different perspectives towards the potential for real regional co-operation. The City of Oslo gave priority to the need to build alliances and contacts with the neighbouring municipalities, since they by law have the authority to decide the future land use. Akershus county council focused more on co-operation with Oslo.

In the Oslo region strong tensions between the regional and local levels are clearly expressed in lack of co-ordination in drawing up a county council plan in Akershus and municipal plan in Oslo. The parties involved in the co-ordinating processes, are hardly equal in status, since Oslo has a dual status, whereas Akershus has delimited authority. The national government agencies at regional level and the county governor try to build regional arenas. The Ministry of the Environment has decided to approve the county council plan in Akershus and the municipal plan in Oslo by a co-ordinated process, in order to promote stronger integrated planning activities across the borders of the two parties.

Reykjavik

Regional land-use planning is an option in the Icelandic planning law. Land-use conflicts have occurred occasionally in the planning processes of the municipalities in the capital area. These have been solved bilaterally, if at all. There has been very little in the way of generalised regional planning with the exception of some work done by the Federation of Local Authorities in the capital area a number of years ago. This work never acquired a binding status. Recently the local authorities in the capital area have launched a new regional physical plan. This plan has a much clearer political foundation than the earlier attempt.

There are provisions for regional economic plans in the Act for the Regional Development Institute but these have always been looked upon as a part of the regional policy instruments for less advantaged regions and the question of making such a plan for the capital region has never been raised.

The directors of the municipalities have an informal network where they meet and discuss practical co-operation issues. This can lead to more formal activities. One such example is the regional land use plan.

Stockholm

Regional co-ordination has in Sweden for a long time been the responsibility of the state. Spatial planning is a much further restricted concept. In Sweden spatial planning is understood as an integrated physical economic plan concerning primarily the use of land at municipal level and has never been the responsibility of the Swedish state. But the state has developed a special form of spatial planning by creating a sort of negative spatial planning (*fysisk riksplanering*) originally from the state's county administrative boards. These boards produced maps showing large zones, which should be protected from exploitation.⁵⁵

Planning in the Stockholm region has a lengthy tradition. Spatial planning was first developed in the United States and Great Britain in the beginning of the 20th century.

⁵⁵ *Det regionala arvet. Förpliktelser och möjligheter för planeringen i Stockholmsregionen.* Regionplane- och trafikkontoret, Stockholms läns landsting 1996.

The problems, which then faced the large cities on the east coast of America and the London area resulted in certain forms of land-use plans. For a long time the ideas of such plan making in Swedish city regions were dominated by the same attempts. This involved a concentration of physical planning, especially when it comes to land for housing, industries and the co-ordinated traffic system.

Overarching state planning was introduced in Sweden just after the Second World War, and then as long-term investigations. Mainly with the use of economic instruments (labour power, capital, investments), efforts were made to decide an optimal distribution of scarce resources, between different sectors within the economy. The problem primarily concerned the housekeeping of resources to be able to meet the demands arising from the fast rise in living standards, with for example increasing demands for more and better housing as well as roads due to the growth in private car ownership and usage, without the economy overheating.

In the beginning of the 1960s the regional level started to receive attention in macroeconomic state planning. It was no longer only a question of distributing investments between the sectors but also between the regions and municipalities. Mainly it was labour market policy considerations as well as the scales of housing construction and localisation, which prompted the introduction of coherent regional planning.

In the beginning of the 1970s the picture had changed. It was no longer a question of the distribution of scarce resources between the regions anymore, but about the creation of new resources. This naturally established a totally new basis for the regional planning and created different demands on the democratic legitimacy of the planning and the methods.

In the 1960s organisations were established especially for spatial planning in the county of Stockholm. A collaboration committee (*Storstockholms planeringskommitté*) included the surrounding municipalities as well as the City of Stockholm. Another organisation (*Förortskommunernas planeringskommitté*) contained several municipalities in the county of Stockholm, which discussed questions of common interests and acted together in dealing with the City of Stockholm. These organisations were part of the co-ordination of the regional development work in the county of Stockholm until the beginning of the 1970s. At this time the co-ordination tasks were taken over by the county council (*Regionplane- och trafiknämnden*) from another local government federation (*Kommunalförbundet för Stockholms stads och läns regionala frågor*). The perspective has changed since then; social and economic variables and goals have been increasingly emphasised. The planning is regarded as a continuing process instead of a plan as an end result on a map.

In the county of Stockholm regional planning and public transport have been based since 1971 on the popularly elected regional organisation, the county council. As mentioned earlier the County Council of Stockholm (*Regionplane- och trafiknämnden*) did take over the responsibility for spatial planning from a local

government federation.⁵⁶ At the same time the responsibility for regional development has remained with the state through the county administrative board.

The transfer of responsibility and decision-making, which took place, was in many aspects an insightful decision. Already in the beginning of the 1970s a number of leading politicians in the City of Stockholm had realised the need for a co-ordinated infrastructure for train, bus and subway transport within the Stockholm Region.

Even though the Regional Plan 2000 is soon to be considered by the politicians in the County of Stockholm, no binding measures to enforce the plan can be taken; in the end, the power of municipalities gives them the right to take the final decisions regarding the plan. The difficulties in finding general solutions concerning public transports were clearly visualised when a major programme (“Dennis agreement”) failed in the late 1990s.

No compulsory planning

In each of the Nordic capital areas several actors are involved in planning issues. The planning processes are characterised by a number of actors at varying levels. Fragmentation is predominant. The main planning actors in the five Nordic capital areas can be summarised in the following way:

Copenhagen: Municipalities
Development council
County councils
The national government

Helsinki: Municipalities
Regional council

Reykjavik: Municipalities

Oslo: Municipalities in co-operation with
county councils

Stockholm: Municipalities
County council

Some actors have a planning responsibility derived from the national government. In Copenhagen and Stockholm, for instance, there is a legislative basis for planning. It means that some form of planning per se is compulsory in the Copenhagen and Stockholm regions. But apart from this the national government is conspicuous in its absence.

The implementation of planning by virtue of this legislation lacks, however, the force of compulsion. No compulsory action can be taken to force implementation. The municipalities are free to act independently – and in all five Nordic capital regions, they defend this right. As a result almost no common planning of the utilisation of land can be found. The national government has thus created the possibility for co-

⁵⁶ 1987:147.

ordination, but cannot compel municipal planning which complies with nationally overarching objectives.

The conclusion is that regional planning of land utilisation crossing the Nordic municipality borders does not exist, except in the form of some non-compulsory guidelines. Regional planning is characterised by the lack of a collective, regional perspective. Actions, undertaken by a number of different actors, are strongly fragmented. This is true to a greater or lesser degree for all of the Nordic capital regions. Just how strong this fragmentation is depends upon the perspective of the observer, i.e. how we define the functional capital city regions. The larger these are, the greater is the number of actors with some sort of planning responsibility.

5. Regional Development

Many actors

Every country needs city regions as engines for local and regional development, which in turn stimulates national growth, the politicians in the capital regions argue. In the Nordic countries the Helsinki, Oslo, Reykjavik and Stockholm regions all act today as engines for growth. Today Copenhagen could be described as an engine for growth but the situation was, as mentioned previously, quite different ten years ago. A well-developed infrastructure characterises the five city regions. Communications for goods, persons and information (airports, trains, buses, highways, telecommunications, etc.) are well developed in the capitals. The capital areas also have the knowledge-intensive infrastructure (universities, research resources, schools, re-training possibilities, cultural investments, museums, entertainment investments, congress and conference centres, centres for small and medium-sized enterprises, etc). Markets for products, services, finance and labour lacking in the rest of the country are present here. The capitals must be allowed to develop even in the future as the powerful engine for the development of country. These are messages issuing from the capital regions in general and the capital municipalities especially. The units working for economic growth in the capital regions are both numerous and sometimes have partly counteracting interests.⁵⁷

Earlier, the Nordic capitals were often seen as problematic in the regional policy sense. They attracted people and employment opportunities at the expense of the more peripheral regions. Today there are voices within the academic, professional and political debate that argue that the expansion of the big cities benefits the country as a whole. Regional politics has turned into a regional policy for economic growth. This is why we can see that measures are now being taken in the Nordic capital areas to stimulate economic development. The question is however who the actors are. Does the responsibility rest with the democratically elected assembly or on the regional state organisation? What role does the national level play?

Nordic counties and municipalities are not required by law to work for economic growth. They are, however, free to do so, and in an environment characterised by fierce national and increasingly transnational competition among territorial units for investments, high-class enterprises and cutting-edge research institutions, cultural amenities capable of attracting a discriminating labour force, etc., few regions and municipalities can afford to neglect economic growth as the very basis of their

⁵⁷Henning, R, *Framtida regionalt styre i de svenska storstadsregionerna*. Institutet för regionforskning, Östersund (forthcoming).

existence. Many actors at the local and regional levels have a regional development strategy.

Copenhagen

By the late 1990s it was abundantly evident that the many political actors in the Greater Copenhagen area (the 50 municipalities and the 5 counties) had proved incapable of acting in unison so as to stem the tide of relative economic decline in the Copenhagen region. There were many reasons for this decline and this is not the place to go into detail. Suffice it to mention that the responsibility must be shared by the state and the regional actors.

Until the late 1980s it had been deliberate state policy to stifle growth in the Copenhagen region, which was viewed as too large, rich and progressive by observers in other parts of the country and by their representatives in the parliament. The region came to be seen as a resource to be squeezed for the benefit of the rest of the country. One outcome was a systematic export of public jobs out of the city. At the same time the City of Copenhagen in particular was heavily influenced by leftist political parties who viewed all kinds of private enterprise and employment with suspicion and took a positive view on the closure of private manufacturing, which was seen as an environmental hazard. The upshot was a negative economic development and higher unemployment than in the country as a whole.⁵⁸

Matters were not exactly improved by the abolition of the Greater Copenhagen Council in 1989. However, nothing in the Planning Law or in the Law on Municipal Governance would have prevented the Copenhagen counties and municipalities from co-operating on economic development.

However, in addition to the strong message of zero growth preached by many socialists and greens, there were strong disincentives against spending public money on such endeavours. Figures from the late 1980s underlined that the two municipal equalisation schemes operating in the Copenhagen region, i.e. the general national scheme in addition to the separate Greater Copenhagen equalisation scheme, have had pernicious effects on municipalities' willingness to invest in growth. No less than 90 per cent of the tax revenue stemming from growth in incomes in a given municipality was confiscated as a result of the schemes and used to ease the tax burden in other municipalities.⁵⁹

This situation could only be dealt with by one actor, i.e. the central government. In 1989 the government and parliament beat a hasty retreat from their previous policies of starving the Copenhagen region. It now became government policy to develop its capital region. At the same time Denmark abolished its official regional policy declaring that from now on the country was to be viewed as one region and that absolute spatial equalisation was no longer an aim. Diversity now became the catchword: each part of the country had to capitalise as best it could on its particular

⁵⁸ This development has been described in many places, e.g. Wichmann Matthiessen, Ch – Andersson ÅE, *Øresundsregionen: Kreativitet, integration, vækst*. Munksgaard 1993. See also Hedegaard, L, "Øresundsforbindelsen i perspektiv: Regioner og stat," in *Temaer til Tiden 1*. Gyldendal 1997.

⁵⁹ Hedegaard, L, "Øresundsforbindelsen i perspektiv: Regioner og stat," in *Temaer til Tiden 1*. Gyldendal 1997.

competitive advantages. Among the advantages of Copenhagen were its location at the entrance to the Baltic Sea and its proximity to Skåne in Sweden. This advantage was further strengthened by the Danish-Swedish agreement of March 1991 to build a fixed link between Copenhagen and Malmö.

Later documents and pronouncements by Danish central government authorities have increasingly emphasised the need to develop the Øresund Region with Greater Copenhagen at its core into the “Nordic city region No. 1” – as it was expressed by the 1997 National Planning Outline.⁶⁰ These high hopes are repeated in the national planning outline for 2000:

“It is our vision that the Øresund region should attract research, labour and foreign investment from all over the globe. ... The region must become a centre for distribution and sales in Northern Europe. Logistics and transport services of European standard are being created. ... The enlargement of the Copenhagen Airport, the Øresund Bridge, the minimetro in Copenhagen and the City Tunnel in Malmö are important additions to the area's transportation infrastructure. The region contains a sizeable concentration of research and advanced education and a world-class pharmaceutical industry.”⁶¹

In 1997 the five county units in the Greater Copenhagen region decided on a common industrial promotion programme with some seemingly very ambitious goals, such as making the Copenhagen region more visible internationally, strengthening co-operation between research institutions and environments, improving the work force, the environment, tourism, etc. However, the budget was so tiny that very few results could be anticipated.⁶²

It was amply clear that if the Copenhagen region was to participate in and capitalise from the hoped-for development, the important initiatives would have to be taken by the state.

State influence is prevalent in some of the important institutions set up to manage the infrastructure projects in connection with the Øresund link. The Øresund Committee – the primary organ entrusted with promoting regional cross-border co-operation and operator of the EU Interreg programme for the region – is made up of elected politicians from both sides with Danish and Swedish government participation. The other important institutions, i.e. the Øresund Consortium, which is responsible for the construction of the fixed link, and the Ørestad Company, in charge of building an entirely new city area on the island of Amager, the Ørestad, and a new 9 billion DKK metro that will eventually link the Ørestad to the bridge and Copenhagen, are the results of state initiatives and Parliamentary decisions. The Consortium is wholly owned by the two states; the Ørestad Company is owned jointly by Copenhagen municipality (55 per cent) and the Danish state (45 per cent).⁶³

⁶⁰ Miljø- og Energiministeriet (1997), *Landsplanredegørelse*. Precisely the same point is repeated in Miljø- og Energiministeriet (2000). *Statslig udmelding til regionplanrevision 2001*. (See Chapter 4: “Særlige forhold i hovedstadsområdet”.)

⁶¹ *Op.cit.*

⁶² Regeringens Hovedstadsudvalg, *Erhvervsredgørelse for Hovedstadsområdet*, 1 September 1997.

⁶³ Information from the respective institutions.

Helsinki

It is clear that Helsinki also faced much more and severe problems in the 1990s than before. Long-term and youth unemployment and social segregation and exclusion are concentrated in certain suburban areas. Increased out-migration that causes problems in rural and remote areas means increased pressures for infrastructure improvements. New housing areas, schools, nursery schools and roads have to be built. Thus co-operation in the city region, in regional development and in land-use planning, would be needed much more than previously.

Local economic development is often an issue of competition between neighbouring municipalities, but nowadays several city regions have begun to take some joint efforts to enhance economic development. Although the main responsibility for these efforts lies with the municipalities, and, for instance Helsinki city has its own internationalising strategy, there are also some examples in Helsinki region of this sort of co-operation.

Several organisations try to stimulate regional development in the Helsinki region. In recent years the development-planning unit of the Helsinki Metropolitan Area Council has participated in drawing up the development programme for the Helsinki metropolitan area and in the work of the metropolitan area business group. The unit prepares studies and surveys on the demand for business facilities and empty business facilities. It also participates in the editing of Helsinki Metropolitan magazine, which is designed for international marketing.

Furthermore, the unit also produces, maintains and co-ordinates the use of location information systems and data in the Helsinki metropolitan area. The Helsinki Metropolitan Area Council is developing a location information service covering the available building land system, the business facility system and a comprehensive map of the Helsinki metropolitan area. Information on master plan reservations in the area has also been collected.

Helsinki Metropolitan Development Corporation is a company, which aims to promote international business in the Helsinki Region. The co-operation is a joint-stock company owned 52 per cent by the City of Helsinki. Other shareholders are the municipalities around Helsinki, the Uusimaa Regional Council and the Chambers of Commerce in Helsinki and Espoo.⁶⁴

The main tasks are to:

- Create and maintain a co-operation and business network between the Helsinki Region, Moscow, St. Petersburg, Tallinn and other important areas in the CIS, and between enterprises located in these areas.
- Co-operate with the municipalities and other communities in the Helsinki Region to market the area as a suitable location for international business and co-operation and to promote the area as a major business centre of the “new northern Europe.”
- Help small and medium-sized enterprises in the region to expand their business abroad.

⁶⁴ www.hmdc.fi

Helsinki Metropolitan Development Corporation has business centres in Helsinki, Moscow, St. Petersburg and Tallinn. In these centres companies can get help finding premises, with marketing and other type of services, and information on business opportunities. Centres are available for Finnish, Russian and international customers. The focus of the organisation is thus the markets in Russia and Baltic states, which are considered as areas of growing importance in business.

The national urban policy has endeavoured to increase co-operation in the city regions. Currently, the core measures in the Finnish urban policy are Centre of Expertise Programmes (CoE) and City Programmes. The Helsinki region has been involved in both programmes. Both programmes have been considered successful tools for development, although it is still too early to attempt to evaluate the results, especially of the CoE programme.⁶⁵

The idea of the CoE programme is to channel regional and national resources into the development of selected internationally competitive areas of expertise. The Helsinki region has been focusing on several fields of know-how: biotechnology, medicine, design and telecommunications, to name just a few. The project is co-ordinated by a technology company and the partners are the Regional Council and the cities of Helsinki, Espoo and Vantaa, and several universities, research institutes and private companies from the region. One basic principle of the programme is to bring together local expertise and thus enhance the development of both existing and new firms.

City development programmes are another nation-wide urban policy programme aimed more or less at supplementing the top CoE programme. The aim of the city programmes is to strengthen each participating urban region to serve both as a well-functioning economic centre and as an attractive living environment. City programmes also seek to increase partnerships between different organisations and municipalities acting in urban regions - in the Helsinki region the partners have been the Helsinki Metropolitan Area Council and the four cities in the council and the Regional Council. Programmes focus on locally specific problems and needs. In the Helsinki region there have been two programmes, one for diminishing social segregation and exclusion and another for improving urban environment and services in a district inside the City of Helsinki.

Local government federations are thus the most common way Finnish municipalities have to co-operate both in the fields that are defined for municipalities by legislation or in voluntary fields, such as regional and local development. During recent years other forms of municipal co-operation have also increased in all parts of the country. Especially for business development it is common to establish local development agencies. They are usually joint stock companies whose shareholders are often municipalities, private companies and national finance companies.

Oslo

The industrial structure of the Oslo region differs from the rest of Norway. The share of people employed in financial inter-mediation and business-activities in Oslo is double that of the country as a whole, and substantially higher than in the county of

⁶⁵ *Urban Exchange Initiative III. Urban Development through Expertise, Research and Information.* Ministry of Interior 1999.

Akershus. The wholesale and retail trade, hotel & restaurant businesses are also especially important for the employment in the Oslo region, as compared to that of the nation as a whole.

According to analysis carried out in 1995, the industries with the largest potential for value-added in the Oslo region, were the health industry, media industry and IT-industry.⁶⁶ However, this perspective has been challenged. It has been argued that the competitiveness of the region in these industries does not derive from naturally developed agglomerations.⁶⁷ Instead, it reflects the economic activities attached to the various headquarters and national functions within these industries. It can be argued that the industrial activities in the region of Oslo are more traditional than the analyses indicated.

Also in Oslo City region there are several units, which try to stimulate local and regional growth. The City of Oslo and the County Council of Akershus established in 1995 “The Oslo Business Region”. Its aim is to provide assistance, services and information to foreign investors who are considering the Oslo Region as a possible location for future activities or who are searching for new business partners. The following services are mentioned in the marketing of the region (free of charge): help to find business partners; advice and guidance in the preliminary and start-up stages of business; organisation of schedules and assistance with visits within the region; help to locate commercial properties and premises in the appropriate environment; concise and correct information from government and municipal agencies; and details of relevant government funding schemes.

A strategic economic plan was adopted by the City of Oslo in 1998. The objects of the city's policy towards economic development are formulated in three main points:

- Development of the City of Oslo as an efficient and effective service-provider, assisting private industries with advice and improving communication with private firms.
- Enhancement of the city's and region's advantages as an area for business localisation, marketed as the “Oslo Business Region”, emphasising the capital region as an engine for national economic development.
- Development of improved and long-term co-operation between the educational system and private businesses.

The Oslo-packet I was a long-term investment plan for improvement of the road system in the whole Oslo region, financed by toll fees and the Norwegian state budget. The packet includes plans for infrastructure investments until year 2007.

The Oslo-packet II is a plan for investments in the infrastructure for the public transportation system in the whole region, including the completion of a circle line of the subway system in Oslo, and new double-track railway to the south and west of Oslo. In 2000 the City of Oslo and the county municipality of Akershus have agreed on their financial contribution to the packet, whereas the state share is still debated.

⁶⁶ Halvorsen, K, *The industrial development potentials in the Oslo region. Final report*, NIBR Report 1996:1(summary in english).

⁶⁷ Selstad, Tor (1999) “Oslo og den nye urbanismen”, in *Plan 3/1999*, Universitetsforlaget, Oslo.

The packet will improve the transportation system and thereby contribute to economic and environmental well being of the whole region.⁶⁸

Reykjavik

Assistance to local economic development associations and companies is a central part of the regional development policy in Iceland. The Reykjavik region has never been considered in need of state assistance in this respect. Individual local authorities have had development consultants or officers, especially as regards the development of tourism. The main development question as regards the capital region has been to what extent the state has assisted in the economic growth of the region through its activities. Studies have been made in order to show how the state has favoured the capital region.⁶⁹

During periods of economic stagnation there has been a discussion as to the role the capital region plays in counteracting emigration tendencies. At other times the internal migration patterns are more often a cause of concern.

At present there is more emphasis on cooling down the economy in the capital region rather than assisting development. The government has proposed delaying some infrastructure projects in the capital area. In connection with the regional planning exercise for the region there has been work done as regards regional economic development. This has not resulted in concrete activities.

Stockholm

In the Stockholm region many public actors work with regional development issues. The County Council of Stockholm is important. The county was among the first to plan infrastructural measures to stimulate regional development. Extensive measures of co-operation took place as early as in the 1960s. The county of Stockholm was at this point already perceived as a concentrated, large city region. Co-operation measures sought to co-ordinate development in the large capital city with the evolving suburban municipalities.

The harmonisation, which followed of rates and timetables for the bus transport, subways and trains became somewhat a model for other metropolitan areas. Since that time actions in support of regional development have become more important. The county council have for a long time chosen to invest economic resources into regional development projects. The county council has spontaneously taken an increasing amount of responsibility for regional development. A public commission put forward a set of proposals in the spring of 1995⁷⁰ including a regional development programme. Such a program should according to the proposal include, in addition to the customary physical overview planning, measures for trade, industry and employment, the environment, communications, education and research, culture and tourism. In other words it will reach over a wider field than the regional planning so far has done.

⁶⁸ NOU 1987:12 *Lokaldemokrati og forvaltning i hovedstadsområdet*. Kommunal- og arbeidsdepartementet, Oslo.

⁶⁹ www.bygg.is.

⁷⁰ SOU 1995:27 *Regional framtid*.

The County Council of Stockholm supported the proposals. The investigations which preceded the decision also showed that there were no legal barriers for the county council, regardless of whether the parliament will accept the investigated proposals or not, to take measures to direct the regional development work towards this more all-embracing ambition. The County Council of Stockholm today handles these tasks, although the responsibility for co-ordination still rests with the county administrative board. In four other counties, there has been a transfer of responsibilities on a trial basis. One could say that this change of responsibility has been carried out perhaps halfway in the county of Stockholm.⁷¹ The responsibility for regional development is in practice administrated by the county council but no formal powers have been transferred, nor have any economic resources been diverted from the county administrative board to the county council.

The 26 municipalities in the Stockholm region are not required by law to work for economic growth. The municipalities here are, just like those in the other Nordic countries, however, free to do so, and in an environment with competition between different European regions and municipalities they cannot afford to neglect economic growth as the very basis of their existence. Every municipality has its development policy, industrial policy and economic growth policy. One source of economic motivation for the municipalities is the long-term effects, which become visible through providing support for local services and commerce. They want to form an attractive municipality.⁷² Another motivating aspect, which may count more than anything else, is that the politicians realise that residents are highly in favour of actions of this type. They want to see an increased number of jobs in the local market. When election time rolls around it is necessary for the politicians to be able to maintain and, even better, to demonstrate that they have succeeded in contributing to an increase in new job opportunities in the municipality.

Co-operation exists in many fields between the municipalities in the county of Stockholm. Efforts are made to co-ordinate activities in several fields. Extensive co-operation takes place between the municipalities, especially within the technical sectors. But co-operation in strategic issues is much more difficult, as was pointed out in Chapter 3. Instead one might expect that other actors are working with more strategic problems, like measures to stimulate regional growth.

Different interested parties are involved, depending on the character of the issues in question. There are several organisations with special tasks concerning local development. In the Stockholm vicinity the Business Arena Ltd. works at marketing the region. The Stockholm Information Service (ISI) is a joint municipally owned limited company whose task is to promote tourism. A company for lobbying in the EU has been set up. Different common investments have been taken to market the region. But there is no common strategy for regional development in the whole region developed by these organisations. The county administrative board in the county of Stockholm has the responsibility on behalf of the state to stimulate economic growth in the region, but also has a number of competing organisations.

⁷¹ See SOU 2000:85 *Regionalt folkstyre och statlig länsförvaltning*.

⁷² Henning, R, *Incitament för regional tillväxt?* Utjämningsutredningen, Stockholms stad 2000.

Responsibility for regional development measures is thus in the Stockholm region divided between the state, on the one hand, and local self-government authorities (county and local councils), on the other hand. The Stockholm region lacks an authoritative representative in the co-operation at the regional level.

The division of responsibility for regional planning and development in the Stockholm region has been discussed and several proposals for better co-ordination have been formed. A new body will perhaps, as mentioned in Chapter 2, take over tasks of the county council, the City of Stockholm and the regional division of the Swedish Association of Local Authorities concerning regional planning and actions for regional development. This is, at least, the intention of a new proposal made in 2000.⁷³ In the struggle between the state organisations at regional level, the popularly elected bodies, and the 26 municipalities in the county, there is no question that the municipalities are the winners as things now stand and determine their development individually.

Fragmentation

Earlier, the Nordic capitals were often seen as relatively problematic areas from a developmental perspective, enjoying good employment opportunities and economic growth compared with the rest of the countries. Today, however, voices within the academic, professional and political debate argue that devoting attention and giving support to the expansion of the big cities is to the advantage of the country as a whole. Regional politics has turned into a regional policy for economic growth. This is the rationale behind the measures now being taken in all the Nordic metropolitan areas. The question is, however, what actors are involved and what kinds of measures are being taken to create the desired growth.

Many of the changes which are taking place in regional governance in the Nordic capital regions are aimed at utilising resources more efficiently in order to ensure the capital's position as an attractive region where companies will want to invest and where people want to live and work. Despite such shared central ideas, however, there is a lack of common visions. Every municipality, county council, county administrative board and other economic development bodies works practically without collaboration with other political actors in the region. To sum up, we can notice that a number of actors see it as their duty to stimulate local and regional development in order to create economic growth:

Copenhagen: Municipalities
County councils
Development council
The national government

Helsinki: Municipalities
Regional councils
Regional state organisations

Reykjavik: Municipalities

⁷³ Kommunförbundet Stockholms län, *Bakgrund och förslag till ett kommunalförbund för utvecklings- och planeringsfrågor i Stockholms län*. 24 februari 2000.

Oslo: Municipalities
County council and the City of Oslo
Limited companies

Stockholm: Municipalities
County administrative board
County council
Limited companies

The conclusion pointed out above was that regional planning of land utilisation crossing the Nordic municipality borders does not exist, except in the form of some non-compulsory guidelines. Regional planning is characterised by the lack of a collective, regional perspective. When focusing on regional development, however, the picture changes. Here the political organisations compete in taking the largest responsibility for local and regional development. The units working for economic growth in the capital regions are both numerous and sometimes have partly contradicting interests. One good example is the competition between the county councils and the municipalities. The current situation is characterised by fragmentation. This is true to a greater or lesser extent for all the five regions. How strong the fragmentation is depends on the observer's perspective, i.e. how we define the functional capital city regions. The larger these are, the greater is the number of actors with some sort of responsibility for local and regional development. In the Stockholm region there is a certain co-ordination of efforts to promote regional development, with the main responsibility resting on the elected county council. In Oslo the county councils are to take the initiative regarding regional development. There are many public organisations with the task of undertaking measures for regional economic growth. In addition to the municipalities and the county councils there are in all countries a number of other actors involved, making for a rather complex picture.

In the preceding discussion, it was suggested that the national government is passive when it comes to regional planning. The central authority is more active when it comes to regional development. Its role, however, varies from one region to the next. The presence of the central government would appear to be strongest in the Helsinki and Stockholm regions. Common to all of them is the lack of a co-ordinated regional perspective. We shall return to the role of the central government and a co-ordinated regional perspective in the following chapter.

6. Regional Governance

There are at least two reasons to analyse regional governance. In the first place, an increasing number of residents in the Nordic capital areas seem to experience the lack of regional co-ordination. Citizens seek solutions for a number of practical problems, which result, at least partly, from a lack of regional governance. It can be a question of collective transport, health care or housing. Secondly, the capacity for regional governance is significant in a perspective where European regions compete. Effective regional governance is one way to stimulate growth in the regions and the solution chosen will be decisive for these regions' possibilities in competing within the "Europe of the Regions".

What are the main problems and issues facing regional governance in the Nordic capital regions? How are regional planning and measures for regional development organised in Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm? How do they co-ordinate their activities and develop joint city region visions? What are the constraints of such forms of co-operation and co-ordination? The emphasis in the discussion here has been on the description of the present situation of regional governance in the five capital regions. Results found in the areas of regional planning and regional development differ. The main points are summarised in the following sections.

A bargaining game played by a wide variety of actors at different levels

The regional development of the Nordic capital regions is today formulated in a structure of multi-level democracy where the different decision-making units are becoming increasingly intertwined. The way in which regional development measures actually work cannot be understood by looking solely at one political level. Their implementation is formulated in a deliberative process between actors representing different levels.

The central government can have a number of different roles to play here. One of its responsibilities is to set the general framework for local and regional actors. The relevance of the Nordic capital regions for their respective countries has changed. Nordic regional policies have changed during the past decade. The classical measures intended to even out differences and create a regional balance between different parts of the country, have given way to efforts with a stronger emphasis on a general economic growth policy for the whole country. Whereas earlier social and economic differences between the capital areas and the other areas of the countries constituted regional problems, today the need for co-ordination within the capital regions is stressed. Regional policies have changed into policies for regional economic growth. Even though there are great differences between Denmark, Finland, Norway and Sweden in relation to this policy, the general tendency exists in all of them.

The capital regions of Copenhagen, Helsinki, Oslo, Reykjavik and Stockholm have different roles from any other urban regions in the Nordic countries. Despite their dominant role in the urban structure, in the regions themselves the feeling is often that the capital region has not in fact gained the importance in national politics that it deserves. There have been ongoing discussions as to whether or how the capital

region loses too large a portion of its income to the other parts of the country.⁷⁴ There is discontent with national policy in regard to, amongst other things, the physical infrastructure and distributive tax systems. The change of emphasis in the late 1990s from regional policies to regional economic growth policies, which has been evident in all the Nordic countries, is not clearly perceived by the political actors within the capital regions themselves.⁷⁵

Consequently, there is the appearance of a certain withdrawal by the state. Firstly, the framework for growth has changed. During the public sector's growth period public authorities did not merely follow events as passive by-standers. They attempted to actively stimulate growth by various measures, for instance, within the building industry and tax system. From the mid 1980s onwards, however, major policy changes were carried through that were to transform the whole set of conditions for growth. Government authorities may not have changed their outlook, but a whole set of decisions were taken that offered the capital regions different conditions for a sustained population growth and thereby growth in the economic sector. Measures such as the tax equalisation system, as well as housing policy and the communications systems, underwent major reforms.⁷⁶

The degree of negotiation in the relations between actors can be taken as a manifestation of the intensive competition within various areas. It can, however, also be seen as a sign of a more consensual division of labour, characterised by shared interests. In this multi-level democracy relationships between different levels are not necessarily hierarchical, but are rather characterised by overlapping and informal processes. Viewed from this perspective, the role of the governmental authorities has been transformed from a steering function to a negotiating one.⁷⁷

Secondly, the state controls a variety of organisational units at the county or regional level. At the state regional level there are county administrative boards with a governor in Denmark, Finland, Norway and Sweden. There are few state agencies to which the Nordic public may turn when concerned with regular administrative issues. Most of the contacts between Nordic citizens and the public administrations go through local and regional units in the framework of regional and local democracy. During the post-war period the state agencies in Finland, Sweden and Norway have expanded, establishing units at regional and local levels. This has not been the case in Denmark, where the state has no representation and no administrative functions in the municipalities and where the importance of state representation and administration at the regional level has been declining.

The variety of actors also include the county councils or, in the case of Finland, regional councils. There is little co-ordination in the area of land-use planning as well as in relation to public transport in the Nordic capital regions. Planning as a whole is not binding in nature. The Copenhagen and Stockholm regions are exceptions here, as

⁷⁴ Oulasvirta, L, *Kommunernas inkomst- och kostnadsutjämnningssystem i Sverige, Finland, Norge och Danmark*. Utjämningsutredningen, Stockholms stad 2000.

⁷⁵ Henning, R, *Incitament för regional tillväxt?* Utjämningsutredningen. Stockholms stad 2000.

⁷⁶ Bailey, S J, *System för finansiell utjämning mellan kommuner*. Utjämningsutredningen, Stockholms stad 2000.

⁷⁷ Gidlund, J – Jerneck, M, *Local and Regional Governance in Europe. Evidence from Nordic Regions*. Edward Elgar 2000.

there is a kind of regional planning system in the two regions. Even this is, however, not compulsory. The plan is exclusively advisory and, as mentioned above, no compulsory measures can be taken to achieve its goals. There is one main actor in the area of public transport, acting through out the County Council of Stockholm, which ensures some degree of co-ordination in this field. The lack of co-ordination in other sectors, however, leads to ad hoc solutions, like the calling for mediators and negotiators by the state authorities. Once again, other parts of the whole Stockholm region are excluded.

The responsibility for land-use planning in the five capital regions rests mainly with the municipalities. The municipalities are numerous and keen to defend the limits of their municipal jurisdiction.

There are also a large number of municipalities involved in this regional development negotiation structure. In all of the Nordic countries the capital area is composed of a large number of municipalities. In these regions the number of municipalities varies between approximately ten and fifty, in the Finnish case eighty-nine, if a broad definition of the Helsinki region is used. The number of municipalities included in a capital region depends on the administrative borders. Some suburban municipalities are fairly small, with fewer than 10 000 inhabitants. Due to their small size there is a co-ordination of some municipal tasks. On the other hand, there are many tasks and responsibilities where no co-ordination exists. Not surprisingly, it is primarily the small municipalities, which are prompted to organise co-ordination amongst themselves.

Co-operation in the areas of regional planning and development

In the Nordic countries three fundamental arguments in favour of regional co-operation appear regularly with varying emphasis in the academic, professional and political debates on regional governance.

One argument is that greater common effectiveness can be achieved due to the region's increasing overall size, as measured by the number of inhabitants and the number of job opportunities, or by the effective functioning of its infrastructure.

The second argument for co-operation is that it leads to lower costs for the public sector, e.g. in terms of measures for regional development. This motive becomes apparent when measures are being planned and organised jointly and as a result of this co-operation inhabitants in all parts of the region enjoy increased quality services.

The third argument is that co-operation promotes local and regional development within both the private and public sectors and this has positive effects in the whole region, not only in the centre. The purpose of the process, which has taken place in many regions has been to strengthen and develop the region and by using joint resources more efficiently within a single, cohesive unit. In the new Skåne Region in the south of Sweden, as a part of the Øresund region or enlarged Copenhagen region, this has been expressed as follows: "Skåne needs a common strategy and a strong advocate both in Sweden and in relation to other regions in its vicinity."⁷⁸

⁷⁸ www.region.skane.se. Dec 1998.

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

Co-operation between the municipalities within the five capital regions in the Nordic countries is largely voluntary. There are no obligatory measures from the administratively superior levels, neither regional nor national levels. Co-operation between the municipalities also exists in all capital regions and is encouraged by the fact that local identity is often not as strong in the capitals as in other parts of the countries.

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

Generally, the tasks, which are implemented in a cross-municipal fashion are the same in all five countries. Co-operation often exists within the field of secondary education. Extensive co-operation also takes place between the municipalities within the technical sectors (water supply, waste disposal, fire and rescue services, etc.). In these fields co-operation is simply a matter of cost-efficiency, as the political actors see the advantages of large-scale operations. Here small municipalities can work together despite their strong municipal self-autonomy.

In other words, co-operation is possible when prompted by financial incentives. Collaboration is easiest to achieve when it is possible to show the benefits from the co-ordination of activities in monetary terms. This can be achieved when dealing with the technical sector. The difficulties appear to be almost insurmountable, however, when co-operation concerns measures that are less tangible and more visionary in character, and nearly impossible when it concerns the creation of a common regional economic growth policy. In these cases the municipalities and county/regional councils defend municipal self-autonomy as a principle of primary importance.

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

No political actor for the whole capital region

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

capital regions. It can be argued that there is no single, strong actor in these capital regions with the task of stimulating growth in the whole metropolitan area.

There is no regional planning actor in the capital regions, as the main responsibility lies with municipal authorities and co-ordination barely exists. Planning in Denmark is regulated in accordance with a comprehensive law and the entire country is divided into three zones: urban zones, summer cottage areas and rural zones. The County Council of Stockholm has the responsibility for comprehensive planning but cannot force the municipalities to act according to their plans. Co-operation with Uppsala is lacking.

The situation is different when analysed from a regional development perspective. In this area the degree of fragmentation is even greater. There are many actors, but none of them bears the main responsibility for the territory of the capital region. Questions regarding the future have had to take a back seat to more short-term problems or problems that only touch the more limited territory, the municipality.

There is a “regional mess”. Both the Copenhagen and the Oslo region are composed of more than one county. The Helsinki region does not necessarily coincide with the area of the Regional Council of Uusimaa. The administrative and the functional regions coincide to a larger extent in the County of Stockholm than in the other capital regions. But if a wider definition is applied including, for example, Uppsala or parts of the Mälaren region, the situation here is exactly the same as in the other regions

All five regions share the lack of an overall regional vision. Both regional planning and regional development are characterised by the lack of a collective regional perspective. The absence of just such a perspective is most evident when we look at regional development. The role of the central government varies greatly from one region to the next. Viewed from an overall perspective, the national government is more active in stimulating regional development than in working for regional planning. In Figure 7 the Copenhagen, Helsinki, Oslo and Stockholm regions are depicted in accordance with the role of the national government and the degree of their collective regional perspective.

As the figure indicates, regional planning in the Copenhagen region and the County of Stockholm is characterised by a certain degree of co-ordination as compared with the Helsinki and Oslo regions. The County of Stockholm has developed the rudiments of a regional planning vision. In the Stockholm and Copenhagen regions planning is accomplished with the support of legislation. The central government is important for planning in the Copenhagen region.

The presence of the central authority in moves to stimulate regional development appears to be strongest in the Helsinki region and in the County of Stockholm. In the Helsinki region the state agencies are more active in stimulating regional growth than in the Oslo and Copenhagen areas. In the Stockholm region the main responsibility rests with the county administrative board, despite the fact that the County Council of

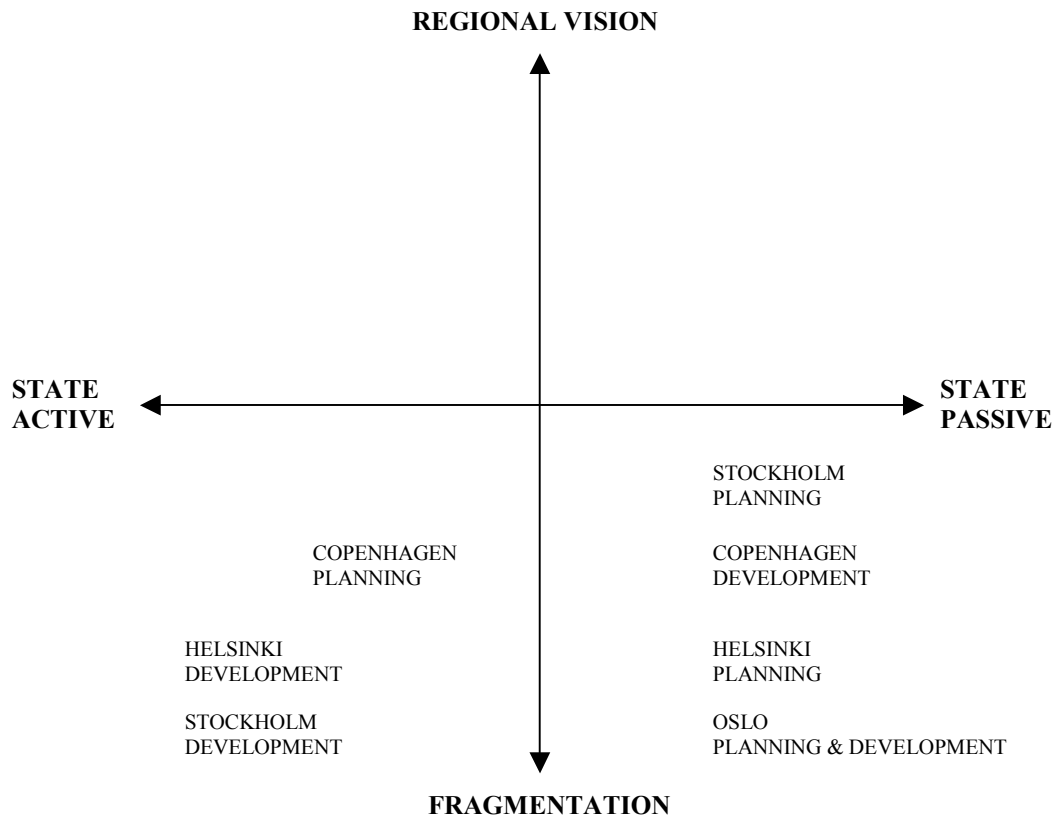


Figure 8. Regional Governance and the Role of the State

Stockholm has decided to work for regional development. The economic resources are at the disposal of the county administrative board. The Danish capital region has adopted a unique position towards regional development in the form of the newly established development agency. As of yet, however, we know little of its capacity to shape a regional vision. The County Council of Akershus and the City of Oslo have the initiative in co-operation regarding regional development. In all four large capital regions there are many public organisations with the task of undertaking measures for regional economic growth. In addition to the municipalities and the county councils there presence of several other actors makes for a complex picture.

The figure also reveals that the same units are not active in promoting regional planning and regional development; responsibility for the two issues is divided between different actors. Just how strong this fragmentation is depends upon the perspective of the observer, i.e. how we define the functional capital city region. The larger it is, the greater the number of actors involved in contributions to planning and development.

In all capital areas there are, however, ongoing discussions, on the initiative of the capital municipalities, about the co-ordination of efforts for regional planning and development. It appears as if these municipalities most strongly perceive the needs for common efforts.

In the Swedish capital area there is a process underway to establish a public organisation based on the capital region. A new body, which will take over tasks of the county council, the City of Stockholm and the regional division of the Swedish Association of Local Authorities has been proposed. In the Copenhagen region there already exists a development agency established in 2000.

These efforts to create one large administrative region for the whole capital area have been opposed on the grounds that they threaten local democracy and the independence of the municipalities. In some countries, such as Denmark, the efforts have been discouraged by actors from other parts of the countries. Other political actors have criticised the proposals for eroding local and regional democracy.

State governance, regional democracy or local democracy?

There are many indications of a trend existing in all the Nordic countries to give a more prominent role to public organisations, which are administratively superior to the municipalities. There is little doubt that in the future we will see more regional governance. It is an unavoidable development if the interests of the capital regions as a whole are to be served properly. The problems of the lack of co-ordination are perceived in all capital regions to be of such amplitude that they can only be solved by co-ordinated efforts in which the whole region participates. A reasonable conclusion consequently is that the municipalities' role regarding regional planning and development needs to be reviewed. This gives rise to yet another question to which there is no clear answer today.

Regionalisation and an element of increased regional self-government has implied a clear break with the tradition of Nordic politics. Given the choice between government control and autonomy on the regional level, central government authorities have up until now always chosen the control option.

Who will in the future take over the responsibility for regional planning and development? Will regional interests gain their legitimacy through the regional state bodies, or will it be regional self-governance or perhaps even the local level in the shape of municipalities in co-operation? The Nordic countries are not in step with one another. This is clearly evident when we compare Sweden and Norway. The regional state organisation is growing in Norway, whereas in Sweden there are signs indicating that the popularly elected regional assemblies are gaining influence and responsibility, especially in the areas of regional planning and development. Historically there has been a visible shift in the division of labour from the central governmental authorities to popularly elected assemblies. No such coherent pattern can be distinguished today.

Various options at the regional level have been discussed in the 1990s in Denmark, Finland, Norway and Sweden, all of them affecting the future role of regional planning and development. There are three options:⁷⁹

- The first model consists of maintaining state responsibility for regional planning and development via *county administrative boards*.
- The second model rests on the principle of local self-government and implies that the municipalities should take care of the regional tasks by means of *intra-regional co-operation*.

⁷⁹ In Sweden a public commission presented three main theoretical alternatives for the future of regional public administration. SOU 1992: 63 *Regionala roller. En perspektivstudie*. See also SOU 1993:97 *Västsverige och Skåne – regioner i förändring*. See also NOU 2000:22 *Om oppgavefordelingen mellom stat, region og kommunene*. Kommunal- og regionaldepartementet, Oslo.

- The third model is also based on local self-government and involves establishment of a regional self-governing body, the *county council*, with directly elected members who have the responsibility for regional planning and development.

There is a conflict between the interests of the county councils and municipalities and the interests of the county administrative boards and other regional state agencies. This conflict arises not only from a fundamental difference in opinion concerning the understanding of democracy. It is just as much related to the problems and types of solutions proposed in the area of regional development planning. The authority of the county administrative boards and other state regional branches derives from the parliament via the government and certain government departments. The authority of the county councils and municipalities derives from the regional or local democracy.

These three models do not exist in their pure, original form in any of the Nordic countries. Each country has developed a different mixture of the models. Two models – state governance and regional democracy – have been mentioned in Norway and Sweden when solutions to regional planning problems have been discussed. State governance has never been an option in Denmark. It is primarily the alternative to regional democracy, which has influenced the politics in Denmark and Sweden during the 1990s. Experimental work is at present being undertaken in Sweden. The third model – municipalities in co-operation – has long been the preferred Finnish model and might in the near future become the chosen model in the Stockholm region.⁸⁰

When facing this choice between three, basically different, models the politicians must respond to the question of how to adjust the administrative borders to coincide with functional borders.

The discussion on regional planning and development in the five capital areas will probably lead them to opt for different solutions. Regional governance is one way to stimulate growth in the regions and the solution chosen will be decisive for the regions' possibilities in competing within the "Europe of the Regions".

⁸⁰Sandberg, S – Ståhlberg, K, *Nordisk regionförvaltning i förändring*. Åbo Akademi 2000; Aalbu, H, "Do We Need Regions?", in *North* (The Journal of Nordregio) 2000:4. On regional planning in County of Stockholm, see *Det regionala arvet. Förpliktelser och möjligheter för planeringen i Stockholmsregionen*. Regionplane- och trafikkontoret. Stockholms läns landsting 1996.

References

Aalbu, H. (2000) "Do We Need Regions?", in *North* (The Journal of Nordregio) 2000:4.

Andersson, Å. E. – Andersson, D. (1993) *Sveriges regionala organisation*. Stockholms Handelskammare, Östsvenska Handelskammaren m fl.

Andersson, Å. E. – Strömquist, U. (1988) *K-Samhällets Framtid*. Prisma.

Bailey, S. J. (2000) *System för finansiell utjämning mellan kommuner*. Utjämningsutredningen, Stockholms stad.

Bekendtgørelse af lov om planlægning, LBK nr. 551 af 28/06/1999. Copenhagen.

Betænkning fra Hovedstadskommissionen om hovedstadsområdets fremtidige struktur. Betænkning nr. 1307, December 1995.

Built Environment, Volume 26, 2000:1.

Czarniawska, B. (1999) *Det var en gång en stad på vatten. Berättelser om organisering och organisering av berättelser i Stockholm*. SNS.

Delrapport om visse EU-retlige spørgsmål vedrørende danske kommuners samarbejde om affaldsbortskaffelse (1997) Afgivet af Justitsministeriets tværministerielle embedsmandsudvalg om fælleskommunale selskaber, December.

Det regionala arvet. Förpliktelser och möjligheter för planeringen i Stockholmsregionen. Regionplane- och trafikkontoret, Stockholms läns landsting 1996.

Eskelinen, H. – Lapintie, K. – Kokkonen, M. (2000) "The Nordic Legacy and the European Connection: The Emergence of Integrated Planning in Finland", in *Built Environment* vol 26, 2000:1.

Gamla län blir nya regioner. En studie gjord på uppdrag av den parlamentariska regionkommittén. Statskontoret 1998:28.

Gidlund, J. – Jerneck, M. (2000) *Local and Regional Governance in Europe. Evidence from Nordic Regions*. Edward Elgar .

Halvorsen, K. *The industrial development potentials in the Oslo region*. (1996) Final report, NIBR Report 1996:1.

Hedegaard, L. "Øresundsforbindelsen i perspektiv: Regioner og stat," in *Temaer til Tiden 1*, Gyldendal 1997.

Henning, R, *Framtida regionalt styre i de svenska storstadsregionerna*. Institutet för regionalforskning, Östersund (forthcoming).

Henning, R, *Incitament för regional tillväxt?* Utjämningsutredningen, Stockholms stad 2000.

Henning, R – Liljenäs, I, “Regioner som begrepp och fenomen”, in SOU 1992:64 *Utsikt mot framtidens regioner*.

Kommunestyrelsesloven, lovbekendtgørelse nr. 615 af 18 juli 1995.

Kommunförbundet Stockholms län, *Bakgrund och förslag till ett kommunalförbund för utvecklings- och planeringsfrågor i Stockholms län*. 24 februari 2000.

Linzie, J – Boman, D, *Mälarregionen i ett gränslöst Europa*. Regionplane- och Trafikkontoret, Stockholms läns landsting 1991.

Lov nr. 354 1999, Lov om Hovedstadens Udviklingsråd. Copenhagen.

Länsstyrelsen – gårdagens eller morgondagens förvaltning? *En studie gjord på uppdrag av den parlamentariska regionkommittén*. Statskontoret 1998:19.

Markedskræfter og politisk styring: Den regionaløkonomiske udvikling i Hovedstadsområdet og det øvrige land. Regeringens Hovedstadsudvalg. Oktober 1998.

Miljø- og Energiministeriet, *Landsplanredegørelse 1997*. Copenhagen 1997.

Miljø- og Energiministeriet, *Landsplanredegørelse 2000: Lokal identitet of nye udfordringer*. Copenhagen 2000.

Moding, Ph, *Utan spaning ingen aning. Västra Götaland och Skåne. Två nya storstadsområden i en politisk enandeprocess*. 1998.

Mønnesland, J, *Kommunala inkomstanalyser i Norden* (forthcoming).

NOU 1987:12 *Lokaldemokrati og forvaltning i hovedstadsområdet*. Kommunal- og arbeidsdepartementet, Oslo.

NOU 2000:22 *Om oppgavefordelingen mellom stat, region och kommunene*. Kommunal- och regionaldepartementet, Oslo.

Opgavekommissionen, Betænkning I – Betænkning nr. 1366. Copenhagen 1998.

Oulasvirta, L, *Kommunernas inkomst- och kostnadsutjämningsystem i Sverige, Finland, Norge och Danmark*. Utjämningsutredningen, Stockholms stad 2000.

Paasi, A, “The institutionalization of regions: a theoretical framework for understanding the emergence of regions and the constitution of regional identity”, in *Fennia* 1986, pp. 105-146.

Persson, L O – Aalbu, H – Böhme, K – Hallin, G, *C-FRAMÅT. Att välja regionala framtider för Uppsala län*. Nordregio WP 1999:4.

Petersson, O – Söderlind, D, *Svensk förvaltningspolitik*. Diskurs 1985.

Prop 1996/97:36, 108. Stockholm.

Regeringens Hovedstadsudvalg, *Erhvervsredegørelse for Hovedstadsområdet*, 1 September 1997.

Regionala EU-räkenskaper för Stockholms län 1985-1994. Introduktion. Regionplane- och trafikkontoret, Stockholms läns landsting 1996.

Sandberg, S – Ståhlberg, K, *Nordisk regionförvaltning i förändring*. Åbo Akademi 2000.

Schulman, M, *Stadspolitik och urban forskning i Norden*. Nord-regio WP 2000:4.

Selstad, Tor “Oslo og den nye urbanismen”, *Plan 3/1999*, Universitetsforlaget, Oslo.

SFS 1987:147.

Småföretag och regioner i Sverige 1998 – med ett tillväxtperspektiv för hela landet. NUTEK B 1998:10 Stockholm.

Småföretag och regioner i Sverige 1998. Regionala tabeller. R 1998:36 Stockholm.

SOU 1961:9 *Principer för en ny kommunindelning*. Stockholm.

SOU 1992: 63 *Regionala roller. En perspektivstudie*. Stockholm.

SOU 1993:97 *Västsverige och Skåne – regioner i förändring*. Stockholm.

SOU 1995:27 *Regional framtid*. Stockholm.

SOU 2000:85 *Regionalt folkstyre och statlig länsförvaltning*. Stockholm.

Statslig udmelding til regionplanrevision 2001.

Swedish Local Government. Traditions and reforms. Svenska Institutet. Second edition 1996.

Urban Exchange Initiative III. Urban Development through Expertise, Research and Information. Ministry of Interior 1999.

van den Berg – Braun, E – van der Meer, J, (eds). *National Urban Policies in the European Union*. Ashgate 1998.

Vartiainen, P – Antikainen, J, “Framing the Urban Network in Finland – the Urban Network 1998”, in *A Portrait of Finnish Cities, Towns and Functional Urban Regions*. The Finnish Urban Indicators system, Committee for Urban Policy 1999.

Wichmann Matthiessen, Ch – Andersson, ÅE, *Øresundsregionen: Kreativitet, integration, vækst*. Munksgaard 1993.

www.bygg.is.

www.copcap.dk.

www.hmdc.fi.

www.inm.dk.

www.jm.dk.

www.malardalsradet.se.

www.r98.dk.

www.region.skane.se.

www.woco.dk.

www.ytv.fi.