Nico Giersig

Multilevel Urban Governance and the 'European City'

Discussing Metropolitan Reforms in Stockholm and Helsinki

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Contents

Maps, Figures and Boxes

Maps

Figures

Boxes

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Nico Giersig

0. Introduction

"The question is no longer simply what autonomy actually is for local authorities within the state, but rather what capacity territories have to become collective actors of European governance." (Le Galès 2002: 235)

This book is designed to be an empirical and theoretical contribution to debates on currently changing forms of urban policies and politics in Western Europe. To put it differently, the issue of *multilevel urban governance analysis* can be found at the heart of this work. Undoubtedly, political decision making in and for cities as well as the academic reflection upon it have been in flux throughout recent decades – and in most instances, these changes have been associated with all-encompassing macro-structural transformations that have left their imprint in virtually all Western European countries. For example, discussing phenomena such as the crisis of 'Fordism' and 'national Keynesianism' or the rise of economic globalization, urban scholars have come to ask what these shifts might imply for the political role of cities. Some have claimed that cities are likely to strengthen their role as politically relevant actors at the expense of national governments today, while others have diagnosed an overall decline of state regulation, 'the political', or even a general dissolution of 'spaces of place' in the information age (for overviews see Amin 1994; Blanke and Benzler 1991; Castells 2000). In other words, urban intellectuals have fragmented into different schools of thought, thereby often advancing antagonistic views as regards the present and future role of European cities as arenas and collective actors of politically relevant decision making.

Especially since the 1990s, many urban scholars have become increasingly skeptical of the assertion that these macro-structural socio-economic transformations are likely to have an unambiguous, direct and standardizing effect on our cities. Instead, ever more authors have stressed that the variegated and complex institutional *contexts* our cities are embedded in have made a contribution to de-standardizing the pathways along which cities of Europe have developed. In the light of diverse contextual conditions, cities will therefore differ considerably in terms of their political decision making capacity and degree of autonomy. Given these numerous trajectories according to which cities of Europe are presently developing, more and more urban scholars have emphasized that it is first necessary to come up with the appropriate analytical tools and concepts that will allow us to conduct comparative urban political research in a systematic and integral way. There

are certainly many hypotheses about how our cities are allegedly developing at the moment. However, thus far urban scholars have lacked a shared research framework that would allow them to examine in a systematic way the extent to which (and in which cases) these scenarios and assertions can be said to be well-founded (Sellers 2005; Pierre 2005).

To this day, urban scholars remain divided into differing schools of thought with variegated disciplinary backgrounds – and this has severely hampered the comparison of arrangements of urban politics and policies on the basis of a shared research agenda (Wolman and Goldsmith 1992; Kantor and Savitch 2005; Elander 2002). Nonetheless, several authors have recently claimed that the potential to succeed in establishing a shared analytical basis for urban political research have markedly increased. Although theoretical, normative and disciplinary cleavages will certainly persist in the years and decades to come, we can detect, as far as the suggested design of multilevel urban governance analysis is concerned, a certain convergence between otherwise competing schools of thought (see for instance Kazepov 2004; Kantor and Savitch 2005; DiGaetano and Strom 2003).

These debates constitute one key thematic lynchpin of this book. After clarifying what it means to state that studies of urban politics have to be designed as 'complexity-oriented', 'non-deterministic' and 'multilevel' urban political research, I will make an attempt to gauge the degree to which a 'common ground' for systematic urban governance analysis exists today. I will then extract the possible outlines and constituent parts of such a research agenda and subsequently apply it to an empirical comparison of urban governance arrangements and transformations in two capitals in Northern Europe, Helsinki and Stockholm. In brief, it will be demonstrated that such multilevel urban governance research has to take into account

- the broader *institutional context* these cities are embedded within (socio-economic conditions, political system, the distinct characteristics of welfare capitalism etc.)
- the various *levels* of decision making that are relevant in terms of urban policies (supranational, national, regional, local governments etc.)
- the involvement of *state and non-state actors* (politicians, entrepreneurs, citizen groups etc.) and the way in which they contribute to the formulation and implementation of urban policies
- the main *policy goals* pursued by these groups of actors, their power-relationships and the most important forms of *cooperation and conflict* present between them
- the ultimate *decisions, outputs and consequences*

Overall, this means that I intend to assess the presently dominant *modes of governance* in Helsinki and Stockholm. At the end of the book I will, however, reflect upon the

questions posed in the theoretical chapters in the light of the insights drawn from my empirical analysis. In other words, I move from theory through comparative empirical research back to theory. Although the text is clearly divided into theoretical and empirical sections, it is important to understand that the theory-section is not meant to be merely an analytical tool that will help us conduct empirical research in a more systematic and orderly manner – the relationship between the two main constitutive parts of this work is not a hierarchical or functional one. Instead, the idea is to suggest a *reciprocal* relationship between theoretical and empirical research. To be more precise the empirical comparison is, of course, based on an analytical research agenda extracted from contemporary theoretical debates. However, I will also critically reflect upon the potency of competing theoretical concepts and hypotheses *by means of* conducting empirical research. The following chapter overview will show in more detail how the line of argument unfolds throughout the book.

Chapter Overview

This work consists of two main parts. The first three chapters make up the theoretical section where the origins, core concepts and ongoing debates related to multilevel urban governance analysis are introduced and a research framework for systematic comparative research is developed. In the remaining chapters 4 to 8, these theoretical insights are applied to a comparative study of metropolitan urban governance transformations in Helsinki and Stockholm. Furthermore, the last chapter (chapter 8) not only sums up the results of this comparative study, but also re-evaluates hypotheses from the theoretical chapter in the light of the empirical findings.

Prior to the illustration of contemporary urban governance debates, *chapter 1* provides a concise introduction to the emergence and development of urban political studies as a distinct, yet highly fragmented and diverse academic field of research throughout the 20th century. I will first point out (chapter 1.1.) that this discipline has emerged within an era in which nation states were the uncontested 'containers' and promoters of societal integration and political decision making, thereby often rendering cities less relevant and interesting as distinct objects of social scientific research. I will point out that for several decades this somewhat second-rate position of cities was also reflected in writings of arguably the two most influential research traditions in the field of urban studies – namely human ecology and political economy. While these two schools of thought have suggested entirely different and even antagonistic forms of urban research in most respects, it is striking that they both viewed cities first and foremost as *dependent* variables which develop according to the logic of broader underlying principles. Moreover, for proponents of both

approaches, the impact of external structuring forces on cities was deemed all-encompassing and similarly structured everywhere – and for these reasons, political economists and human ecologists were convinced that a universally valid urban theory can be formulated (Häußermann and Haila 2004).

One major argument in chapter one is that this mighty tradition of 'universalistic' and 'functionalist' reasoning has been ever more called into question throughout the past three decades. An important step in this direction was taken by the *regulationists* in the 1970s (chapter 1.2.) Although clearly influenced by the political economy tradition, these scholars were highly skeptical of the structural deterministic thinking often advanced by orthodox Marxist thinkers and thus suggested a refocusing upon the *interrelatedness* of politics and broader socioeconomic developments. These regulationists were also remarkably quick to describe, analyze and label the all-encompassing societal transformations that took root in the mid-1970s: they announced that the 'crisis of Fordism/Keynesianism' represented a paradigmatic socioeconomic and political shift that threatens the once uncontested dominance of nation states (for an overview see Amin 1994). It will be shown that they have thus helped to open a door for other authors to treat cities as both dependent and independent variables of social scientific research (see also Kazepov 2004).

In fact, diagnoses heralding a crisis of nation states further gained momentum during the 1980s. More and more scholars came to ask whether a crisis of national Fordism/Keynesianism is likely to strengthen cities as politically relevant and more autonomous actors of decision making (chapter 1.3.). Some scholars argued that a weakening of nation states would open up new possibilities for cities to become active as important actors of political decision making, while others held that the crisis of the Fordist paradigm and the rise of globalization must be interpreted as an overall decline of 'the political' and the state's capacity to act and regulate on all levels (Blanke and Benzler 1991). This, however, also shows that the scholars involved in these debates searched for generally valid answers and an unambiguous functional relationship between macrostructural transformations and the *effects* they have on *every* city. It soon became evident that this debate would be unable to yield satisfying results, since we cannot expect to find a universally valid answer as to whether the crisis of the Fordist era will strengthen or weaken the position of cities throughout Europe. Instead, more and more scholars have highlighted that the political capabilities, roles and ambitions of today's cities have unfolded in strikingly dissimilar ways – as every city's development depends on a complex and multilayered context of social, political, economic and cultural relations that exist both within and beyond the territorial confines of cities. Given these insights, it has become ever clearer that deterministic and generalizing theories are an inappropriate means to conduct comprehensive analyses of urban politics and policies today (Sellers 2002; Pierre 2005). Instead, a context-sensitive and multilevel research agenda needs to be established in order to allow for thorough examinations and systematic

comparisons of urban politics and policies. However, I will show that urban scholars have faced several difficulties and obstacles (chapter 1.4.) which have obstructed the formulation of such a shared and fully worked out research framework.

In *chapter 2*, I turn to the concept of urban governance so as to demonstrate that such a shared and advanced research agenda is actually in the making. Indeed, the present quest for developing more systematic analyses of urban politics and policies takes place within the bounds of what we can refer to as debates on *multi-level urban governance analysis*. However, these discussions have unfolded in very complex and diverse ways and do not constitute one integrated debate. Since any systematic and usable research agenda needs to be based on clearly defined concepts, chapter 2.1. focuses on clarifying the conceptual nature of (urban) governance itself. In a nutshell, it will be shown that *governance* is primarily applied as a counter-concept to *government*. A shift from government to governance designates a comprehensive change both in terms of *who* is in charge of political decision making and *how* these coalitions are institutionalized, how they operate internally and finally, how they implement their decisions. Thus, I will argue that governance is a concept pointing to changing compositions of politically relevant decision makers and the shifting means by which the members of these coalitions interact and relate to each other (Stoker 1998).

What key characteristics are to be associated with a shift from government to governance? *Government* signifies an understanding of political decision making which rests upon a clear separation of the institutions of state, market and civil society and their respective spheres of influence. Moreover, it also presumes a hierarchical relationship among them, since it implies that the exertion of political power remains the prerogative of the formal institutions of the state. Today, however, it is increasingly assumed that the concept of government is weakened in its capability to aptly describe and capture political reality. *Governance*, therefore, has come into play as an analytical tool to describe and interpret this changing reality of political decision making, as a means of assessing the most important scales, actors, goals and conflicts in contemporary politics (Le Galès 2002: 18). Although there is no clear-cut definition, we can say there is a set of largely undisputed characteristics that can be said to constitute the conceptual heart of governance:

- *A partial destatization of policy making:* governance implies a diversification and multiplication of policy-making coalitions that only in part consist of representatives of the state. This also means that governance does not entirely negate government, since formal institutions of the state necessarily make for one component of governance coalitions. The crucial point, however, is that state institutions are just one of a number of partners and should not automatically be seen to be the leading partners

- *A partial deinstitutionalization of policy making:* the shift from government to governance is interpretable as a transition from highly institutionalized, centralized, hierarchical and comprehensive planning to a more improvisational, dispersed, co-operative and temporary project-oriented style of political decision making.
- *A challenge to parliamentary democracy:* governance tends to breed networks of experts which are usually neither democratically elected nor accountable to a broader public. As a consequence, they are prone to lack transparency and can be said to be structurally at odds with the constitutive principles of representative and parliamentary democracies. This does not though necessarily entail that governance is always considered incompatible with the principle of democracy as such (Pierre 1999: 374f).

On the whole, the shift from government to governance represents an institutional transformation of policy making that reconfigures the most relevant coalitions of actors and the logic according to which they institutionalize and interact. However, it does not inherently entail any predefined and substantial policy-shifts as regards the content of decisions or the coalitions' overall normative alignment. Instead, the transition to urban governance has varied significantly in its magnitude and content across the map of Europe. Again, this is exactly why we need more systematic research in order to examine in what way this transformation has become manifest in certain cities today. Only then can we hope to find out if, to what extent and where this formal institutional shift from urban government to multilevel urban governance has also coincided with a paradigmatic *substantial and normative* paradigmatic change in policy-making today. In other words, we have to try to become clearer about prevailing *modes of governance* in different cities. Since this concept refers to the composition of coalitions *and* their main policy goals, conflicts and internal power relations, I will emphasize that it constitutes the heart of urban governance analysis (see for instance DiGaetano and Strom 2003: 363-5; Le Galès 2002: 269).

In many ways, urban governance analysis is reminiscent of *urban regime analysis*. Therefore, it is necessary to discuss the similarities and differences between these two approaches and ultimately demonstrate that the urban governance approach offers a distinct and also more apt and sophisticated research concept (chapter 2.2.). In fact, the similarities are clearly evident: Urban regime analysis offers instruments to study public-private urban coalitions and the way they interact and take decisions. Akin to the governance approach, the suggested understanding of power does not rest primarily on social control, hierarchy and dominance (*power over)*, but rather on the *power to* tie and merge resources and knowledge so as to be able to pursue common goals more effectively (Stone 1989, 2005). Nevertheless, some vital differences must be mentioned. As I will make clear, urban regime analysis can be considered as biased in a threefold sense and, moreover, is susceptible to anticipating specific

modes of governance in advance. Urban governance analysis, however, explicitly attempts to overcome these biases by providing a non-judgemental and more comprehensive analytical framework the aim of which is to let us analyze and distinguish several modes of governance from one another (MacLeod and Goodwin 1999; Pierre 2005).

In *chapter 3*, I introduce and critically compare two well-debated contemporary schools of thought, both of which have made a decisive contribution to the theoretical debates on urban governance: One of these two approaches can be labeled as *neostructuralism*, while the other has been referred to as *neo-Weberianism*. Proponents of these approaches have asked how modes of urban governance have become manifest throughout Western Europe in the light of the macrostructural socioeconomic transformations that have occurred since the 1970s. They have attempted to provide appropriate analytical and theoretical toolkits for examining these changes in a systematic way. Most importantly, both schools have emphasized that in order to conduct an analysis of urban governance arrangements today a multilevel approach is needed, one which rejects functionalist, universalistic and deterministic readings. Despite sharing many similarities, I will illustrate that at the same time they must also be regarded as two competing schools of urban governance analysis. This synchronicity of similarities and competing interpretations makes for a creative tension that can be utilized as a means to further advance systematic urban governance analysis.

The writings of American scholar *Neil Brenner* (especially Brenner 2004) will be taken as an example to give an overview of the *neostructuralist* account of urban governance research (chapter 3.1.). In his transdisciplinary and multilevel approach, Brenner amalgamates ideas of state spatial restructuring (state / space theory) and debates on recent urban and metropolitan governance transformations in Western Europe into an integrated whole. Brenner recognizes that urban governance has unfolded in diverse and path-dependent ways across Western European countries and regions, but also stresses that a few pan-European trends are detectable in the period of the last few decades. It is important to understand that Brenner makes a conscious choice to concentrate on extracting and displaying these supposed pan-European similarities in his work (Brenner 2004: VI, 18; 2005: 3-4). Departing from the era of 'Spatial Keynesianism' as the 'high water mark' of national capitalism, Brenner distinguishes several successive phases of state spatial organization and prevailing urban policies. He holds that for each of these periods, urban policies can be characterized by specific constellations of policy actors (operating on different policy levels) and major policy goals.

In brief, the development traced by Brenner can be summarized as follows: Since the 1970s, urban policies in Western Europe have experienced an all-encompassing shift from a welfare-oriented and redistributive policy paradigm (2004: 114-71) towards a more monetarist and growth-oriented paradigm of inter-

national competitiveness (2004: 172-256). Over the decades, national governments have lost their position as the single most important authorities in charge of urban policies. Instead, numerous and often unstable coalitions of state and non-state actors operating on various policy-levels have taken the lead. As far as the state of the art of urban policies in Western Europe is concerned, Brenner comes to rather bleak conclusions: In his opinion, a true alternative to the growth- and competitiveness-oriented governance paradigm could not be established in Western European cities and city regions from the 1990s – and is unlikely to be established in the foreseeable future. Instead, we can expect a further increase of socio-spatial polarization tendencies, both among regions and within cities. According to Brenner, policies targeted at promoting social inclusion or alleviating urban poverty have not entirely disappeared from the agenda of multilevel urban governance coalitions, but have been degraded from an end in themselves to a mere instrument to promote the international competitiveness of a certain city or urban region. Thus, welfare- and sustainability-oriented policies eventually fall prey to the omnipresent imperative of 'compete or die!' (Brenner 2004: 301-4). On the whole, he holds that urban governance in Western Europe currently appears to be locked into the logic of "developmental trajectories that do not, and arguably cannot, engender either a sustainable regime of economic growth or a territorially cohesive framework of political regulation at any spatial scale." (Brenner 2004: 299-300)

Brenner's neostructuralist account is then (chapter 3.2.) contrasted with the recent writings of French scholar *Patrick Le Galès* (especially Le Galès 2002), who can be certainly called a leading proponent of a contemporary *neo-Weberian* approach to multilevel urban governance analysis. Le Galès is equally interested in present arrangements and transformations of urban governance and the reshuffling of state spatial power in Western Europe. In particular, he examines our cities' potential to strengthen their role as collective actors and local societies in view of a 'loosening grip' of the nation state (PLG 2002: 75-111). Just like Brenner, he is aware of the huge diversity as concerns the political and societal role of cities throughout Europe. Nonetheless he also, first and foremost, decides to extract and highlight the *shared features* of urban governance arrangements that have recently spread out in Western Europe (2002: 75-95; 2004: 238-40).

Given all these parallels between neostructural and neo-Weberian accounts, where then do the main differences lie? The crux lies in the following: Regardless of the fact that both authors explicitly focus on outlining overarching trends of urban governance transformations and currently prevailing modes of governance in Western Europe, they come to significantly different conclusions as regards the quality and main characteristics of these alleged pan-European trends. Brenner doubts that European cities can offer a powerful alternative to the omnipresent paradigm of international competitiveness and the imperative for economic growth while Le Galès draws a much more optimistic and emancipatory picture of European cities.

One of his main points is that – for several reasons – European cities have a *unique* potential to successfully balance policies of economic growth and competitiveness with programmes targeted at promoting social inclusion, welfare and cohesion (2002: 6-7). Referring to Max Weber (2000), he claims that many contemporary European cities can be ideal-typically described as powerful collective actors and partial local societies – and as such are able to successfully formulate political strategies targeted at promoting social inclusion, sustainability and welfare. In Le Galès' opinion, it is this capability to implement *truly* alternative modes of governance that makes for the 'Europeanness' of these cities' (2002: 6-12, 226; Bagnasco and Le Galès 2000: 3-8). The reason for the existence of these distinctive qualities can be found in the unique history of Europe, which has produced the very particular institutional context within which European cities are embedded. As the most important factors that have made European cities what they are today, Le Galès mentions the specific urban pattern that dates back to the Middle Ages and the deeply entrenched tradition and sense of local autonomy that has survived centuries of nation state dominance. Yet, he also notes that the institutions of modern national welfare capitalism and highly pronounced state intervention have helped create unique political and social arrangements throughout urban Europe since the 19th century. Finally, the institutionalization of the EU constitutes the most recently established – but increasingly important – shared context, and gives a more practical and tangible sense to the concept of the 'European City' (Le Galès 2002: 96-107; Bagnasco and Le Galès 2000: 8-16).

As these two differing interpretations clearly indicate, there is no such thing as an overall consensus as regards currently prevailing modes of urban governance in Western Europe. It seems instead that neostructural and neo-Weberian perspectives offer essentially competing assessments and scenarios that are currently struggling for discursive hegemony in the scientific community. Therefore, chapter 3.3. first takes a closer look at these schools of thought so as to offer a critical comparison: where do we find the inherent analytical and conceptual strengths and weaknesses of neostructural and neo-Weberian writings? Thereafter, we finally return to the challenge of formulating an integrated framework for multilevel urban governance analysis. As I will emphasize, there exists a considerable shared basis for outlining an analytical framework for multilevel urban political analysis to which both neostructuralists and neo-Weberians can eventually subscribe despite all disagreements. Recurring to the writings of several neo-Weberian and neostructural authors who have contributed to the theoretical debates on urban governance analysis, I will attempt to extract a compendium which may serve as an analytical guideline for empirical multilevel urban governance analyses. It distinguishes the main dimensions of multilevel urban governance analysis we have to take into account in their interplay. As the framework is supposed to help us become clearer about prevailing modes of urban governance, it ultimately allows us to systematically put competing

hypotheses about prevailing modes of governance in European cities (like Brenner's and Le Galès') to an empirical test.

In the second major part of this work, I will reflect on the abovementioned theoretical debates and the usefulness of the presented research framework by applying it to a comparative empirical study on urban governance transformations in two Nordic capitals, Helsinki (Finland) and Stockholm (Sweden). The study emphasizes these cities' embeddedness in a broader 'Nordic', as well as national and regional institutional context. I will search for prevailing modes of urban and metropolitan governance and demonstrate that these governance struggles and transformations in Helsinki and Stockholm also mirror broader societal and political transformations presently occurring in both countries.

Chapter 4 explains the overall rationale of my research focus. Firstly, I outline reasons for my *selection of cases*. Both capital regions are embedded in a similar 'Nordic' context, have recently developed in strikingly analogous ways and are facing similar policy challenges today. As a consequence, they are particularly comparable. I will also demonstrate that they constitute especially suitable cases to reflect on the aforementioned neo-Weberian and neostructural hypotheses of presently prevailing modes of governance in European cities. Secondly, it will be necessary to explain why I decided to concentrate on the issue of *metropolitan reforms* in conducting my comparative study. As will be displayed, in Helsinki and Stockholm, the debates on metropolitan cooperation and governance have enjoyed a high-profile and been keenly fought since the 1990s. These debates relate, and serve to illustrate the interconnectedness to *several* policy issues including economic development, sustainable development, social cohesion and welfare. Furthermore, I will prove that the issue of metropolitan governance reveals a great deal about ongoing societal and political transformations in Finland and Sweden as a whole and as such points far beyond the territorial confines of the actual capital areas.

In *chapter 5*, I will examine the broader societal, political and economic context the two Nordic capital regions are embedded within. Chapter 5.1. gives an overview and introduction on Finland and Sweden and the role these two countries play in Europe. First of all, a terminological distinction between the concepts of 'Scandinavia' and the 'Nordic Countries' will be made and I will give reasons for my decision to prefer the latter label in this work. It will be argued that the Nordic countries are usually considered a highly homogeneous group of countries in Europe – not only in geographical, but also in political and societal terms and represent a specific model of welfare capitalism (see Esping-Andersen 1991; Alestalo and Flora 1994; Kaufmann 2003; Therborn 2000; Kautto 2001).

In the chapters 5.2. and 5.3., a characterization of the most important features of these 'Nordic' welfare regimes is provided – and while I argue that this portrayal is to a large extent applicable to both the Finnish and the Swedish case, significant national deviations or specificities will be illustrated in separate sub-sections. In

chapter 5.2., I will illustrate the strongly state-centered, social democratic and corporatist character of the Nordic welfare regimes. Then, it will be shown that these particular contextual framework conditions have fostered policy programmes which are strongly committed to the goals of promoting egalitarianism as well as an even and generous provision of welfare services across the entire country. Chapter 5.3. points up the specificities of the political-administrative system in the Nordic countries and brings the city back into play: while on the one hand the Nordic countries can be described as unitary countries, it is also evident that Finnish and Swedish municipalities enjoy far-reaching fiscal and political liberties. Thus, it will be argued that Nordic welfare regimes must be understood as centralized and decentralized at the same time (see Alestalo and Flora 1994; Geyer 2003; Kosonen 2001).

Chapter 5.4. turns to the 1990s as a decade in which Finland and Sweden experienced a 'rollercoaster ride'. In the early 1990s, both countries were hit by a devastating economic and, as a consequence, also societal crisis. It is no exaggeration to say that the recession called into question the very existence of the entire Nordic welfare model – and in fact, the Finnish and Swedish governments significantly curtailed some crucial social services and launched policy reforms that seemed to point to a dismantling of this distinct world of welfare capitalism. However, in the event I will assert that the Finnish and Swedish welfare state institutions have not retreated since the early 1990s or experienced an overall political paradigmatic shift. Instead, most scholars agree that both countries largely managed to maintain their 'Nordic' characteristics. To a significant extent, this survival of the Nordic welfare model can be explained with the drastic economic transformation that has occurred in Finland and Sweden since the mid 1990s. While still in deep crisis, the Finnish and Swedish governments made a conscious choice to heavily promote the newly emerging information and communication technology (ICT) sector – and this rapid transformation to service-based industries with a particular focus on the knowledge-intensive high-tech sector has been shown to be the right step at the right point in time. It is often claimed that an economy dominated by the knowledge-based sector has not only been shown to be compatible with the Nordic welfare model. Indeed, the ICT revolution has in fact helped to prevent its decline and ultimately provided a new foundation for its survival in the early 21st century (Geyer et al. 2000; Goldsmith and Larsen 2004; Kautto 2001; Kosonen 2001; Lehto 2000).

In *chapter 6*, I will discuss the two capital *regions* within their respective contexts. Firstly, I will consider the distinct pathways of urbanization and metropolitanization as they have recently unfolded in Finland and Sweden, showing in which ways the Nordic urban pattern deviates from large parts of central-Western Europe (chapter 6.1.). Moreover, it will be revealed that in Sweden and Finland, urbanization processes set in rather late, but all the more rapidly and in fact persist to this day. As I will demonstrate, the Finnish and Swedish capital regions have been the main bene-

ficiaries of these massive trends of urbanization and metropolitanization, while the overall settlement patterns in these two countries have become ever more polarized. Secondly, I will examine the most important structural features of the Helsinki and Stockholm region themselves. It will be shown that the structural setup (e.g. the monocentric or polycentric character of the region; the discrepancy between functional and administrative region) of the Helsinki region differs notably from the case of Stockholm today – and that these factors also represent an important contextual precondition for the formulation and institutionalization of urban and metropolitan policies (chapter 6.2.).

Finally, in chapter 6.3. I develop an agenda for the actual comparison of urban governance in Helsinki and Stockholm (chapter 7), introducing the most pressing policy challenges and debates that have recently emerged in these two capital areas. Again, the similarities are remarkable: in both city regions, the accelerated processes of urbanization and regional polarization have led to their physical expansion and a massive population growth. In the face of this densification and expansion across municipal boundaries, calls for intermunicipal cooperation and increased metropolitan coordination have become more and more pronounced since the mid-1990s. The main pressures and incentives that have played a role in this augmented search for more intermunicipal cooperation and metropolitan governance have almost been identical in the capital regions of Stockholm and Helsinki. They can be summarized as follows:

- The pressures to promote economic growth and competitiveness suggest that governance actors in the entire region should join forces and cooperate more closely
- Problems and challenges related to socio-spatial cohesion and welfare transgress municipal boundaries and thus call for more coordination on a city-regional or metropolitan level
- Urban sprawl and population growth have engendered new challenges as concerns policies related to infrastructure and housing. These problems need to be tackled in an integrated manner for the entire functional urban region
- Urban-rural divides and conflicts have intensified in Sweden and Finland. The capital regions feel neglected and disadvantaged and therefore attempt to strengthen their voice on a national level by the means of establishing platforms of metropolitan and regional coordination and governance, for example regional parliaments

Apart from these key incentives and pressures, I will also point out that similar forms of resistance, conflicts and institutional obstacles have often impeded or complicated such an institutionalization of cooperation and governance on a met-

ropolitan or city-regional level. In any case, it is important to understand that the debates on metropolitan reforms point towards various vital policy fields and are led by a range of actors operating on different levels of policy making. In this sense, it will be demonstrated that these controversies are like a burning glass in which the most vital characteristics of the currently ongoing urban governance transformations in Finland and Sweden become visible in a highly concentrated and focused manner.

Taking into account the multilayered institutional context Nordic cities are embedded in and the current challenges for metropolitan reforms, I will carry out a comparative and multilevel analysis on currently dominant modes of metropolitan governance in Helsinki and Stockholm in *chapter 7*. What kinds of debates on metropolitan governance are occurring in the Finnish and Swedish capital areas at present? Have the multiple and increasing pressures for metropolitan cooperation already yielded tangible policy reforms, programmes and concrete results? Who are the most important actors and on what scales do they operate? What are the main policy goals and normative guidelines and how do they relate to each other? How do the most important cleavages and conflicts run? The chapter will be subdivided into several sections, each of which relates to one of the aforementioned main challenges concerning metropolitan cooperation and reforms. Chapter 7.1. tackles the issue of economic growth and competitiveness. Chapter 7.2. turns to the challenge of combating segregation and promoting socio-spatial cohesion. In chapter 7.3., I will assess policies related to infrastructure and housing. Finally, chapter 7.4. asks whether the municipalities in the Stockholm and Helsinki metropolitan regions attempt to institutionalize more integrated forms of metropolitan governance and cooperation in order to strengthen the capital region's voice in the entire country.

As a concluding section, *chapter 8* summarizes the results of the empirical comparison in a structured way and returns to the theoretical discussions in order to critically evaluate neo-Weberian and neostructural hypotheses in the light of these empirical results. Chapter 8.1. sums up and compares the empirical findings for the two city regions in focus. It will be asked whether the broadly similar contextual framework conditions and policy challenges in Helsinki and Stockholm have also engendered similar modes of governance. Are there overarching and dominant metropolitan strategies and visions detectable, or have governance arrangements in these city regions remained fragmented into several municipalities, policy fields, projects and actor coalitions? How pronounced has the shift from government to governance been, and in what way has it occurred? How much priority is ascribed to the aforementioned main policy goals and challenges (growth and competitiveness; infrastructure and housing; welfare and socio-spatial cohesion; strengthening the voice of the capital region) in the debates on metropolitan governance reforms?

In the second part (chapter 8.2.), I will critically reflect upon the explanatory power and conclusiveness of neo-Weberian and neostructuralist hypotheses against

the background of the insights gained from the comparative urban governance analysis. Does Brenner's account of successive phases of state spatial restructuring and a shift towards competition- and growth-oriented governance give an adequate picture of present governance arrangements in both – or one – of these Nordic capitals? Or is it rather Le Galès' more emancipatory characterization of European cities (as places where strategies of competitiveness and growth are effectively balanceable with policy programmes related to social welfare and cohesion) that gives a more apt description of the two city regions in focus?

It is entirely clear that a comparative study on two Nordic capitals will not suffice to altogether confirm or refute neostructuralist and neo-Weberian accounts. Nonetheless, as both approaches have the ambition to extract common trends that have unfolded across Western Europe *as a whole*, we can at least examine the significance these scenarios hold for the parts of Western Europe which are examined in this book. In future I would welcome the opportunity to further refine and apply the suggested analytical framework to research urban governance arrangements in other cities. Thus, step by step, I hope we can become clearer about the variety of pathways in modes of urban governance across Europe, to reveal the similarities and dissimilarities in the landscapes of European urban governance.

A Note Regarding Method

As a fellow of *RTN Urban Europe* in 2004, I first took the opportunity to immerse myself in the recently escalating and often confusing theoretical debates on urban governance and the (much less numerous) writings on a contemporary 'European City' concept. During the last three years, the feedback I received at various international conferences and at Humboldt University Berlin was decisive for advancing and revising my research project over and over again – and for never losing faith in my venture. During my stay at the University of Helsinki as an *RTN Urban Europe* research fellow in 2004 and 2006, an excellent library system and the amazingly open and extensive access to all sorts of literature, data and statistics gave me the possibility to familiarize myself with the Nordic situation according to my interests. During the second year of my project, I had the chance to conduct twelve interviews with local experts in Helsinki and Stockholm, among them sociologists, political scientists, political representatives and other public and private officials. The interviews were led in a semi-structured way: even though there were several questions every interviewee was asked, I partly customized the interviews to the position the interviewee held and the particular issues he/she dealt with. All these interviews were undoubtedly extremely helpful for my research, and many of the interview partners also supplied me with precious additional material (texts, tables, documents). It seemed most appropriate to me to incorporate the results and the insights

I gained from these interviews into the text here and there, instead of presenting the results *en bloc*, for example in a separate chapter. As some of the interview partners preferred to remain anonymous, no names of interviewees will be explicitly mentioned in this work.

I) Multilevel Urban Governance: Origin, Core Issues, Current Debates

1. Theories of Urban Politics and Policies in a Changing Context

Talking about a possible 'resurgence of cities' in social scientific terms requires making an important analytical distinction between two questions that evidently point towards different epistemological interests. On the one hand, we can ask whether cities have become more relevant *empirically* in social, political and economic terms compared to other levels of social integration and collective action (such as the regional, national, or supranational). On the other hand, however, we can focus on academic debates as such, asking how an increasing *scientific interest* in cities is currently being conceptualized and reflected upon. At first sight, these two questions might appear to be almost identical, as it is obvious that scientific debates should be based upon phenomena that have become empirically manifest. However, *detecting* actual transformations does not yet automatically entail the development of the scientific tools that will be necessary so as to *reflect* on these shifts in a systematic way. Secondly, it is evident that social scientific revolutions or incremental changes do not necessarily have to be based upon empirical foundations – paradigmatic scientific changes can also occur as sudden surges and internal shifts in an academic community, without being directly linked to societal developments (Kuhn 1962; Judge et al. 1995: 31; Hoyningen-Huene 1989: 142-3).

Keeping in mind this analytical distinction, the two main points I wish to highlight in chapter one are the following. Firstly, I will emphasize that the scholarly debate on a potential revival of European cities as both politically relevant actors and 'local societies' does not represent a purely academic shift of paradigms, but has emerged in the course of very concrete and comprehensive socio-economic transformation processes. Secondly, I will demonstrate that a splintered scientific community of scholars dealing with urban politics is currently still in search of the appropriate tools and a solid research framework that would enable us to analyze and compare our cities and their role within a changing context more systematically. Only then, it is argued, can we hope to be able to assess how far and in what sense the statement about a renaissance of European cities is well-substantiated and justifiable.

1.1. The Establishment of Urban Studies in an Era of Dominant Nation States

Nation States Take the Lead

The map of Europe as we know it today has been profoundly shaped by an age-long victory march of nation states. Their success story started about 500 years ago, with the demise of the Middle Ages and the beginning of the modern age. Ever since, emerging territorial states succeeded step by step in subjugating and incorporating once partly autonomous cities and provinces. This territorial dominance was not confined to the spheres of politics and law, though: the homogenizing power of nation states also turned out to be strong enough to establish and permanently divide Europe into various national *societies*, i.e. human groupings with a collective identity, which reveals itself in terms of a common culture, shared institutions, values and ideas (Le Galès 2002: 112). Moreover, nation states also became the main institutional platforms for trade of goods and capital flows. Throughout the 16th, 17th and 18th century, this political, legal, social and economic prevalence of nation states appeared to be an unstoppable development, the pace of which was even accelerated with the subsequent dawning and manifestation of the industrial age throughout large parts of Europe. Albeit in very different ways, the late nation building in Italy and Germany in the 19th century, the cleavage of the cold war era and the establishment of national welfare states across Europe after World War II all contributed to strengthen this comprehensive supremacy of nation states all over Europe. Given all this, it seems rather logical that – ever since the establishment of social sciences – the vast majority of social scientists have considered the national as the most important context for their analyses (Sellers 2005: 420).

This is not to suggest that European nation states throughout the 19th and 20th century would have converged towards a single model. Undoubtedly, national regulatory frameworks have continued to differ tremendously over time and space, thus making for a multiplicity of political systems and what we might refer to as the 'political cultures' throughout Europe (see Esping-Andersen 1991 and 1999; Kaufmann 2003). Instead, it is to highlight that the outstanding and comprehensive predominance of nation states must be considered a pan-European – yet certainly not exclusively European – phenomenon throughout the 19th and also large parts of the 20th century.

In what way has this supremacy of nation states affected the cities of Europe? For the most part, cities had turned into a somewhat anonymous and subordinated category from a social scientific point of view: Thus, the relationship between nation states and cities has often been described as being that of principal-agent, with cities representing little more than the extended administrative 'tool' of policies formulated at the national level (Sellers 2005: 420). For the most part, this also

applied to the field of *urban* policies. In view of this vehemence of nation-centeredness in societal, political and economic terms, the capacity of cities to act independently was very low indeed. Thus, without denying the considerable differences among – and also within – the various countries of Europe in terms of the relationship between cities and nation states, we can legitimately consider the period between the 1950s and the mid-1970s as the apex of nation state dominance throughout Europe (Veltz 2000: 33). Certainly, these circumstances also influenced the way social scientists have – or have not – dealt with cities as a research object. For many, their relevance was mostly of a derivative character, as the national level represented the 'main stage' for big issues such as social and foreign policies, social integration and identity formation. Instead of being of a genuinely *political* importance, cities were often considered an appropriate unit for the analysis of *administrative* issues and reforms.

Human Ecology and Political Economy: Two Theoretical Cornerstones of Urban Theory

However, notwithstanding the both empirical and theoretical neglect of cities in the socio-scientific academic world, it was in the early 20th century that the research field of urban studies became established. If we take some selected writings of Max Weber and Georg Simmel as the hour of birth for urban sociology (Simmel and Weber) and urban political studies (only Weber), we find that this field of academic research emerged at a time of powerful nation-state dominance. In view of this, it is not surprising that Weber's writings on Medieval European cities (see Weber 2000) as partly autonomous market places, as well as political actors and local societies did not find *immediate* successors and remained almost unnoticed by urban scholars for a few decades. Today, however (as I will discuss in chapter 2), Weber has become a major reference point for urban scholars involved in the debate on 'the European City' and urban governance.

On the other hand, Simmel's thoughts on 'The Metropolis and Mental Life' at the beginning of the 20th century (Simmel 1995) very quickly proved to be highly influential for the establishment of one major strand of thought in urban studies, namely the human ecology approach represented by the members of the so-called *Chicago School*. Simmel had claimed that living in the dense and socially heterogeneous metropolis endows its dwellers with "a certain mode of behavior and 'mentality'", which can be primarily characterized by impersonal relationships, an individualistic lifestyle and the dominance of the money economy (Häußermann and Haila 2004: 45). Robert E. Park and Ernest W. Burgess, the senior figures of the Chicago School, adopted and further developed this vision of the urban. However, unlike Simmel, they did not focus so much on the individual, but rather on the ongoing (re)formation and segregation of ethnic and national, racial and social communities.

At that time, Chicago was a rapidly growing city characterized by large-scale immigration, and Park and Burgess examined the processes and socio-spatial outcomes of the struggles among these communities for the scarce commodities of living and working space. Park and Burgess took these processes of competition, selection, segregation and community formation as 'natural', in the sense that they considered allegedly universal anthropological traits to be the driving force for the socio-spatial dynamics and patterns structuring cities. Thus, the Chicago School approach – which had become the dominant approach in urban studies by the 1940s – must be regarded as deeply imbued with by social Darwinism (ibid.: 46).[1]

In the course of an overall upswing of Marxist theories throughout the Western world by the late 1960s, an alternative approach began to emerge in the field of urban studies. Writers such as David Harvey and Manuel Castells came to represent what is mostly referred to as a 'political economy' approach or the 'new urban sociology'. From the very beginning, they explicitly positioned themselves in opposition to writers in the tradition of the human ecology approach, as they rejected an understanding of the city as an enclosed microcosm of competition and integration, the development of which could be explained by referring to the allegedly universal logic of anthropological constants. Instead, they believed the universal logic of the *global capitalist economy* to be the major driving force explaining the concrete forms of urban structures and development and reproached the advocates of the human ecology approach with neglecting this broader political and economic context capitalist cities are embedded in. However, as Häußermann and Haila (2004: 47-8) have emphasized, the charge of policy-blindness can in part be applied to the new urban sociologists, too. Although they repeatedly emphasized the difference politics can make within different contexts, they nevertheless often remained tied to their basic assumption: that the development of capitalist cities is first and foremost shaped by the universal logic of capital flows and investment. Therefore, in their writings the unifying power of this overarching, guiding principle finally rendered the meaning of diverse trajectories of politics and institutional pathways in various countries largely irrelevant.

By contrasting these two traditions in urban studies, I want to emphasize that by no means do I lay claim to provide a comprehensive overview of all relevant streams in this research field throughout the 20th century. In fact, there are many more, and there are also other possible and sensible ways of distinguishing among differing approaches of urban studies (see DiGaetano and Strom 2003; Judge et al. 1995). Moreover, the human ecology approach and the political economy approach

[1] Beyond this heritage of social Darwinism, it is important to stress that Park and colleagues have also passionately introduced an innovative ethnographic method of empirical investigation, which has been most influential for countless empirical, micro-oriented studies on cities. Park's understanding of sociology was a deeply journalistic one, as he suggested a research method of participant observation, going into the field so as to 'get the feeling' for the phenomena we want to study (see Lindner 1990).

themselves must not be considered as monolithic, homogeneous blocks which are immune to change – instead, they have become ramified, developed and altered in multiple ways over time.

Nonetheless, I am convinced that making a pointed distinction between human ecologists and political economists *firstly* helps to summarize (as done above) the essence of the most contentious issues and convictions that have pervaded urban studies throughout the 20th century. *Secondly,* it is at least equally revealing to point towards the similarities and the common ground these two approaches share in terms of how they conceptualize the city as an object of academic scientific inquiry. It is to the nature of these shared presuppositions which I will now turn.

Two Powerful Traditions in Urban Theory: Functionalism and Universalism

As stated above, given the agelong and increasing predominance of nation states throughout large parts of the 20th century, it should not be surprising that a vast majority of social scientists did not primarily focus on cities as their main objects of research, but were at best interested in them as a dependent variable at the mercy of nation states (Sellers 2005: 431-2). It seems far less obvious, however, to expect *urban* scholars (for whom, by definition, *cities* constitute the heart of their research) to treat cities as a predominantly dependent variable. Yet, once we take a close look at how human ecologists and political economists attempt to explain urban structure and change, we find that both factions refer to a powerful underlying principle as the single most important driving force guiding the development of large cities. Whereas human ecologists utilize a social Darwinist set of concepts and line of reasoning to explain segregation and integration processes in the metropolis, political economists believe the logic of international capital flows to be the most apt and essential structuring principle. In other words, despite all the differences, both factions fall back on a guiding principle *external* to cities, ultimately regarding them as *dependent* variables. One can thus claim that both human ecologist and political economy approaches must be considered to be intrinsically *functionalist*, as they postulate a direct and scientifically measurable causal link between the supreme driving force their theory is based upon and the factor to be explained (see Häußermann and Haila 2004: 46-9).

Closely related to these tendencies of functionalism and conceptualizing cities as largely dependent variables, another characteristic which is shared by political economy and human ecology approaches should be mentioned: Despite the fact that Park and colleagues mostly lived, taught and did research in *Chicago* during the 1920, these scholars clearly had the ambition to establish an urban theory which is – at least in principle – applicable to every city in the world. In other words: it was their intention to set up an urban theory of *universal* validity. What was it, then, that

made them so confident that this would be possible? Most probably, the answer can be found in the extensive power and impact they ascribed to what they deemed the 'underlying principle' of urban development and change. As the rules of competition, domination, segregation and integration were considered unalterable anthropological constants detached from concrete contextual constraints, Chicago is just *one* example illustrating how these structuring principles become manifest socio-spatially in the city *as such*. To a somewhat lesser extent, the same point can also be made for the theoretical writings of political economists. They repeatedly stressed the importance of taking into account the interrelationship of the multifarious pathways of politics and policies in various countries on the one hand, and the pressures exerted by the logic of global capital and investment flows on the other. By and large, however, they considered the timeless and universal principles of global capitalism to be the decisive driving force responsible for socio-economic developments and upheavals. Compared to them, the various institutional path-dependencies and policies in different countries were only of a secondary, derivative importance. Stressing the universalizing, homogenizing power of global capitalism while downplaying the institutional dissimilarities among countries and cities paved the way for political economists to formulate a theory of universal validity for what they called the *capitalist* city.

In the remainder of chapter one, I will point out that these broad theoretical foundations of universalism and functionalism have largely become dismantled throughout the last three decades. Just as urban scholars have become ever more skeptical towards urban theories claiming universal validity, they have increasingly rejected conceptualizing them as the product of one single structuring force. Beyond 'binary codes' such as dependence vs. independence or structure vs. agency, approaches attempting to understand cities within a complex and multi-layered context have emerged. As I will illustrate in the remainder of chapter one, urban scholars have struggled to come to terms with the all-encompassing socioeconomic disruptions and restructuring processes Western societies have been confronted with since the mid-1970s. They have tried to systematically analyze the essential traits of this change and asked for the role cities potentially and actually can play therein. In so doing, one decisive stimulus undoubtedly came from the writings of a group of scholars that emerged in the mid-1970s and have become known as the *regulationist school*. The next section will therefore provide an overview of the main lines of argument, concepts and questions raised by these authors.

1.2. Regulation Theory: The Crisis of Fordism / Keynesianism as a Crisis of Nation States

Even if the researchers who established the regulation approach in the 1970s did not always primarily focus on urban issues, their writings have turned out to be highly influential for contemporary urban studies for at least two reasons:[2] Firstly, they have made an important contribution to overcome/ in overcoming? the strongly entrenched tradition of economic determinist and functionalist interpretations, as they paid more attention to politics in its own right. Secondly, by interpreting the crisis of Fordism as a challenge to the dominance of nation states, they have provided the fundament for subsequent debates on local autonomy (the 'local state debate') and on processes of state spatial restructuring and rescaling (state/space theory). In this sense, they have opened up new possibilities for urban scholars to assess/challenge/ question the particular relevance and potential capacities of cities as political actors and as places of social integration within their regional, national and supranational context.

Beyond Economic Determinism: 'Modes of Regulation' and 'Regimes of Accumulation'

It is fair to say that by the mid-1970s, the political economy approach had turned from a counter-theory into a well-established, perhaps even dominant, school of social scientific reasoning throughout Western Europe.[3] Without a doubt, the regulationists emerging at that time had been heavily influenced by Marxist thinking, too, and understood themselves as political economists. However, they were highly skeptical of such orthodox Marxist writings that tended to deduce societal and political structures and dynamics from the economic superstructure and the inherent logic of 'global capital' in a functional way. If Marxism is right, they asked, to comprehend capitalism as a system full of contradictions and self-destructive tendencies, how can we account for its evident capacity to repeatedly transform and adapt successfully to changing framework conditions (Lauria 1997: 5-6)? Puzzled by

[2] Most important representatives are the French writers Alain Lipietz, Robert Boyer and Michael Aglietta. However, the reflection upon the regulationist approach also permeates the work of Bob Jessop, who is British (see Jessop 1994; Jessop and Sum 2006).

[3] "The macroanalytical scholars developed a probabilistic approach to structure, wagering that the most significant processes shaping human identities, interests, and interaction are such large-scale features of modernity as capitalist development, market rationality, state building, secularization, political and scientific revolution, and the acceleration of instruments for the communication and diffusion of ideas. 'Society' in this orientation is replaced by the structured concatenation of processes. These, while not determinant of behavior in any strict sense, establish in specific times and places a calculus of cognitive and behavioral probabilities by creating situational orders within which individuals think, interact and choose." (Katznelson 1997: 83)

these apparent explanatory insufficiencies of orthodox Marxism, regulationists discarded the paradigm of economic determinism and functionalism. Beyond the search for clear causal relationships, they suggested to conceptualize political change as being inextricably intertwined with socioeconomic transformations. Political processes, structures and changes, they held, must not be considered as mere reactions to or consequences of economic impulses and constraints. Instead, the 'political' must be regarded as a partly autonomous sphere with its own intrinsic logic and principles. In other words: politics matters (Goodwin and Painter 1997: 16)! The following quote by Lipietz elaborates on this standpoint and elucidates two essential terms of regulationist writings – the concepts of 'regime of accumulation' and 'mode of regulation':

> "The reproduction of a capitalist market economy via its transformations is far from self-evident. Nevertheless, its transformations remain regular for extended periods, and accumulation and economic growth experience no major disruption. This kind of conjoint and compatible mode of transformation of the norms of production, distribution and exchange is called a *regime of accumulation*. (…) A regime of accumulation thus refers to an observed macroeconomic regularity. This regularity is a precious guide for economic agents. But their initiatives are nevertheless threatened by radical uncertainty as regard their aggregate coherence in the future. Regulatory mechanisms must therefore intervene. We shall call this set of norms (implicit or explicit) or institutions, which continuously adjust individual anticipations and behaviours to the general logic of the regime of accumulation, the *mode of regulation*." (Lipietz 1994: 338-9; emphasis in original)

In times of stability, modes of regulation stabilize the prevailing regime of accumulation. Together, they make for a dominant "societal paradigm" (Lipietz 1994: 338) or a "hegemonic structure" (Esser and Hirsch 1994: 74). This hegemonic structure prevails until major upheavals render the stabilization of the existing regime of accumulation impossible.

Fordism / Keynesianism

Apart from their contribution to surmounting economic determinism, another quality of regulationist writings must be highlighted – especially in terms of the service done to the academic field of urban studies. In retrospect, it is often claimed today that the first half of the 1970s marked a turning point in the recent history of Western societies, for which the collapse of the Bretton Woods monetary system (1971) and the oil price shock (1973) constituted only the initial and most salient indicators. Emerging at that time, the regulationist school of thought was amazingly quick to describe, analyze and label this all-encompassing transformation in all its most important facets. They applied their concepts of 'modes of regulation' and 'regime of accumulation' so as to establish their diagnosis of the *crisis of Fordism* – or to be more precise: the crisis of Fordism / Keynesianism. What do these two con-

cepts indicate? Whereas Fordism must be understood as a particular accumulation regime which experienced its heyday in the two decades subsequent to the end of World War II, Keynesianism points to the corresponding mode of regulation at that time. Following the regulationist reasoning, together they represented a comprehensive societal paradigm.

The Fordist regime of accumulation can be described by a predominance of producing commodities by the means of work on the assembly line (Taylorism). Together with a high demand for novel consumption goods (cars, fridges, TV sets etc.), this production system constituted the basis for an 'upward spiral' of economic growth and wealth for the vast majority of citizens: rising productivity resulted in rising wages, which further increased the overall spending capacity of consumers. This process, which has often been referred to as a Fordist 'virtuous circle', eventually tended to result in near full-employment and an general thrust towards a conformity of living and working conditions (Jessop 1994: 253; Esser and Hirsch 1994: 75). In this sense, the era of Fordism represented a period which was first of all defined by the idea of *progress* – in terms of technical innovation, increasing prosperity, but also social equality and cohesion. It therefore must be understood as an integral part of the project of European *modernity* (Therborn 2000: 16-8).

As for the role of national governments in the Fordist era, it is evident that the combination of low unemployment figures, economic prosperity and increasing wealth of a growing middle class make for a rather comfortable budgetary situation. What did this imply for the content and goals of policy interventions, i.e. the Keynesian mode of regulation? Here it is important to stress that in spite of the development towards social convergence and integration, the antagonism 'labor vs. capital' – which is so characteristic of European modernity – still was of major importance throughout the 1950s and 1960s:[4] Not only in economic terms had the working classes clearly strengthened their position. A significant percentage of employees had become organized in powerful trade unions (and also social democratic parties) at that time. The favorable economic framework conditions strengthened the bargaining position of trade unions in their struggle for the principle for social justice and the welfare state. On the whole, the era of Fordism / Keynesianism can be characterized as a successful 'big compromise' between capital and labor: Whereas the employers' associations accepted an extensive degree of workers' participation, trade unions in turn put up with the institutions of private property and market economy.[5] Within this institutionalized and partly pacified conflict, the

[4] Again, I wish to stress that figures varied significantly from country to country throughout Western Europe. In general, the role of worker associations, trade unions and social democratic parties was particularly strong in heavily industrialized countries, but also in the less industrial Nordic countries (Therborn 2000: 74-88; for an overview: Esping-Andersen 1999)

[5] In retrospect, the Fordist age is often conceptualized as the 'Golden Age' of welfare capitalism. However, some authors have rightly pointed to an existent danger of romanticizing this lost world. For

highly centralized and bureaucratized national governments for the most part acted as mediating powers, trying to further consolidate social market economy. Unlike today, the dividing lines among the biggest parties still corresponded to clearly distinguishable socio-economic milieus and the overall conflict of interest between capital and labor. It is crucial to bear in mind that nation states represented the key point of reference and major benchmark for all the dimensions mentioned above. It is this pervasiveness of the dominance of the national as an arena for governing, but also for identity formation and socioeconomic integration that made for the strength of the national context as a whole throughout the era of Fordism / Keynesianism (for an overview see Therborn 2000; Sellers 2005).

The Crisis of Fordism / Keynesianism

Notwithstanding the fact that the paradigm of Fordism / Keynesianism became first destabilized by macro-economic disruptions, the subsequent crisis was not confined to economic or fiscal issues. Instead, all dimensions of this then 'hegemonic structure' were affected. This also implies that the uncontested dominance of nation states has been increasingly called into question ever since. How have regulationists described this crisis which has often also been referred to as 'the shift from Fordism to post-Fordism' (Esser and Hirsch 1994; Jessop 1994)?[6]

The crisis of Fordism as conceptualized by regulationist thinkers must be viewed in conjunction with large-scale economic transitions. First and foremost, industrial societies have been gradually more transformed into service societies. The increasing dematerialization of the means of production (and some of the products themselves) has brought forward a more customized and flexible mode of production and has tended to result in a decline of the proportion of permanent working contracts. These processes have resulted in a polarization of working conditions for employees. On the one hand, highly qualified, well-paid and spatially mobile experts are highly prized by employers. On the other hand, and in sharp contrast to the emergence of such elites, the numbers of poorly educated workers with highly precarious working conditions and contracts has grown. It became clear that not all the

instance, according to Esping-Andersen we should be aware of the fact that in the 1950s and 60s, „(m)ost nations had yet to achieve anything close to universal coverage, benefit adequacy, or the levels of employment protection that today are taken for granted." (1999: 1)

[6] As Jessop points out, the idea of 'post-Fordism' on the one hand and the 'crisis of Fordism' on the other should not be regarded as synonyms. Whereas the former suggests a transition from one social, economic and political order to another (which is still rooted in the former one to some extent, though), the concept of 'crisis' does not necessarily imply the establishment of such a new order yet. As it has not become entirely clear (even until today) whether, where and to what extent a post-Fordist / post-Keynesian order has become established, I decided to follow the terminology of the '*crisis* of Fordism / Keynesianism'. (Jessop 1994: 257)

jobs which were lost in the course of deindustrialization could be compensated for by new jobs in the service sector. Therefore, in many western European countries unemployment figures have remained high (or even continuously grown) since the acute crisis in the mid-1970s. Whereas in times of Fordism economic growth typically also entailed an expansion of welfare payments or other measures conducive to social integration and equality, the crisis of Fordism has led to a *decoupling* of economic growth and social integration (Esser and Hirsch 1994: 77).

This crisis of the Fordist regime of accumulation also contributed to the dismantling of the Keynesian mode of regulation (i.e. the big compromise between capital and labor) in at least three crucial, highly interrelated ways: Firstly, the continuing process of deindustrialization eroded the foundations for the existence of a strong working class with a shared identity and similar political preferences – a development that also seriously shook the self-conception of (especially social democratic) political parties. Secondly, rising unemployment figures and the tendency towards social polarization have nourished new social problems, while public revenues further declined. Finally, the internationalization of capital and financial flows rendered the concept of 'national economies' obsolete. For national governments, the sphere of action remained largely confined to the boundaries of the nation state, whereas this was not the case for the economic and financial decisions and dynamics, which came to occur in an increasingly international context.

Given this bundle of factors, interpreting the crisis of Fordism / Keynesianism as a challenge for nation states, as a 'hollowing-out' of the national governments' capacity to act (Jessop 1994), becomes comprehensible. At least in their early writings (mid-1970s until mid-1980s), regulationist writers had hardly asked explicitly for a probable new role of cities as political actors in the light of these upheavals. However, their way of conceptualizing the interconnectedness between socioeconomic transformations and the possible implications for the geopolitical organization of state power opened a door for urban research that has never been shut again ever since. Jeffrey Sellers has aptly summarized the essence of this change of scholarly interest:

> Comparative urban politics increasingly has articulated a more radical departure from conventional nation centeredness. (…) (T)he basic unit of comparative analysis has shifted decisively to the local or urban level. (...) The focus shifts to local and locally based actors and to consequences specific to a given place. Rather than simply a part contained within a country unit, a locality or urban region constitutes a distinct unit – a (…) 'partial society' – unto itself." (Sellers 2005: 433)

Far beyond the confines of their own approach, regulationists have thus given a decisive impulse for cities to enter the agenda of social scientists as important objects of social scientific research today (see also Kazepov 2004).

1.3. A Resurgence of Cities as Partly Autonomous Political Actors?

Deterritorialization or Reterritorialization?

With reference to what has been said above, we have to keep in mind that such a recent return of cities onto the scientific agenda does not yet necessarily entail an *actual* resurgence of cities as more autonomous and powerful social entities or political actors. As a matter of fact, once we ask how urban scholars have assessed the role of cities given the processes of state spatial reorganization since the 1970s, we can detect two most vital – and conflicting – ways to interpret the crisis of the age of national Fordism / Keynesianism from a particularly urban point of view. Some authors have concentrated on the importance of globalization and internationalization processes, which they consider part of overall *deterritorialization* tendencies. According to this understanding, the increasing internationalization of money flows and the growing mobility of goods, information and people have gradually more rendered the significance of 'places' obsolete. In this spirit, it no longer makes sense to analyze cities as clearly confined places of political action, social integration or entrepreneurship. Instead, they are to be conceived as mere nodal points in an entwined global web of communication, information and trade. In the 'information age', cities are turning into diffuse, amorphous metropolises (or sometimes megalopolises), where social relationships have become less and less tied to the precondition of physical proximity (for an overview see Bagnasco and Le Galès 2000; Le Galès 2002: 23-4). Perhaps there hardly exists a statement that captures the essence of this line of argumentation as aptly as Manuel Castells' thoughts on a shift 'from spaces of place to spaces of flows' (Castells 2000).[7]

Following this line of argument, it is not only the *national* governments' capacity to act that has become diminished severely in the course of economic globalization. Instead, it is argued that there are currently no adequate, genuinely *political* authorities on a supranational level detectable that would be capable of compensating for this decline of political power on the national level. Therefore, the crisis of national governments has often been interpreted as part of an overall decline of governability on all policy levels, as a *crisis of the political* as such, the principles of which are ever more sacrificed or at least subordinated to the *economic* logic of global capital and the principle of international competitiveness (Geyer 2003: 561).

Apart from this line of interpretation – which experienced its heyday after the mid-1980s in the course of the proliferating debates on globalization – alternative approaches calling into question the rationale of the above mentioned scenario have emerged. Despite an overall agreement on the point that the authority of national

[7] Marc Augé's thoughts on *'non-places'* point towards the same phenomenon, yet from a more post-modern and cultural point of view (see Giersig 2004b).

governments has become seriously challenged in many ways today, some authors have rejected the assessment that we are currently witnessing a general victory march of economic globalization to the detriment of genuinely political capacities to act. In more detail, those writings interpreting globalization first and foremost as deterritorialization have been criticized from at least two angles:

Firstly, it is highlighted that approaches which focus on analyzing the nature and implications of globalization processes must not forget to take into account the relatively immobile and spatially fixed elements of social, political and economic organization without which the global flows of money and goods could not prosper and proliferate in the way they actually do. Haila and Beauregard (2000) lucidly illustrate and corroborate this argument:

> "(T)he new spatial elements of the contemporary city owe their existence not just to novel social, economic, and political arrangements but to the interaction of the old and the new, the enduring and the emerging. (…) In sum, the contemporary city hardly reflects post-modernism or post-Fordism in a one-to-one-correspondence. This attests not only to the still-relevant and underlying capitalist logic of urban development and the ever-so-slowly changing nature of social relationships, but also to the fixity of the built environment, a fixity not only of investment but also of identification and commitment." (35-36)

To put it differently: *Deterritorialization* cannot give us the whole picture once we ask for the role of cities in an age of globalization and challenged Fordist national welfare states. Instead of solely stating its dismantlement and disintegration at the national level, we should rather ask in what sense political power is being *reterritorialized* today. Once we do so, we must not restrict ourselves to examine the supranational facets of denationalization tendencies. We also have to raise the question to what extent this spatial reshuffling of power eventually opens up new possibilities for subnational levels of state power to strengthen their role as actors of political decision making and places of social integration (Brenner 1999; Sellers 2005; Wolman and Goldsmith 1992).

The second argument that has been raised in opposition to the 'globalization-as-deterritorialization' scenario is of a more practical nature: Today, cities are far from being rendered obsolete as distinctive *places* in view of the fact that many societal problems have become increasingly 'urbanized' since the 1970s and thus also call for customized, i.e. explicitly place-specific solutions. It is clearly noticeable that the crisis of Fordism / Keynesianism has coincided with the re-emergence of social injustices with a particularly urban bias: In the course of the shift from industrial to service-oriented societies, cities were generally affected more severely than rural areas by phenomena such as mass-unemployment, juvenile delinquency and re-emerging forms of social exclusion, segregation and poverty. As a result, throughout the last three decades, multifarious and custom-made urban policies have been launched on various policy-levels. In this sense, the destandardization and ramifica-

tion of policies *within* nation states that has taken place throughout Western Europe since the 1970s underlines the argument that cities have by no means lost their importance as distinctive places and arenas of policy-making today (Le Galès 2004).

To sum up what has been said so far, researchers disagree on how the macro-structural, socio-economic shift from Fordism to post-Fordism in Western Europe is interpretable through the lens of *urban* studies. Whereas one faction notices an overall disintegration of 'the political' in general and its territorial anchoring in particular, others have focused on the spatial reshuffling of political power and the potential role of cities therein. In more abstract terms, these contradicting views have emerged from a fundamental disagreement on three critical questions. First, how much significance can we still ascribe to the aspect of physical proximity and spatial fixity in times of the information age? Second, how autonomous and powerful has the sphere of political decision making as such remained in view of rapid economic globalization processes? And finally, how can we describe the main trajectories and characteristics of state spatial reorganization: in terms of supranationalization, subnationalization, persisting dominance of national governments or rather as a tendency towards overall fragmentation and disintegration?

Beyond Functionalism and Universalism: Cities as Part of a Multilevel Context

The essence of these two competing lines of interpretation became particularly manifest and palpable in the 'local state debate', an international dispute among urban scholars in the late 1980s and early 1990s. The main point at issue was the question whether the political autonomy of cities has become strengthened or weakened in the course of the crisis of Fordist national welfare states (for an overview see Blanke and Benzler 1991). Whereas both sides agreed that the crisis of Fordism is to be interpreted as a challenge to the formerly undisputed superiority of national governments, scholars disagreed on the implications this situation might have for cities. Some authors (Mayer 1991) held that local autonomy and power is likely to be strengthened in the sense that cities can take advantage of a partial power-vacuum on the national level and thus 'fill a gap' of vacant state authority. In contrast, others (Häußermann 1991; Peck and Tickell 1994) vigorously criticized this argument as premature and naïve since we can only speak of a reinforcement of local autonomy and political power if the delegation of political *responsibilities* from the national to the local level is combined with a significant delegation of financial and legal *resources* and the necessary *know-how*.

Given the fact that the general question about 'more or less autonomy for cities?' was at the heart of the internationally-led 'local state debate', it becomes evident that this dispute was led within the confines of the powerful universalistic and functionalist tradition in the field of urban studies (as outlined in chapter 1.1.): Both

sides tried to describe the causal effects (functionalism) of the recent macro-structural, socioeconomic upheavals for the Western and capitalist city in very general terms (universalism). In the following, I will show that it is due to this attachment to universalistic and functionalist reasoning that the local state debate soon came to a deadlock. In fact, I shall illustrate that we are currently witnessing a scholarly repudiation of this powerful tradition.

Recently, empirical research has repeatedly substantiated an observation, the essence of which runs counter to the reasoning of *both* competing sides in the local state debate: the transformations and socioeconomic pressures in the course of globalization processes and the crisis of Fordism are, undoubtedly by definition universal and large-scale in character – and as such, they have affected the map of Western Europe[8] as a whole. However, it seems to become ever more evident that this has not necessarily entailed an overall standardization of social, political and economic trajectories and institutional patterns in different parts of Europe (Kautto 2001: 25-6; Esping-Andersen 1999: 13-20). It is important to stress that rejecting such a convergence scenario does not only call for taking into account the considerable differences that exist among various national welfare regimes, but also applies to the urban level of analysis. Accordingly, some cities in Western Europe have become more active and powerful as political authorities, but certainly not all. Some have gained a remarkable position as players in the international market place recently, yet others haven't (John 2000: 183; Lehto 2000; Bagnasco and Le Galès 2000: 21-2). Apparently, the currently dominant form of capitalism, which increasingly privileges an information- and communication-based service economy, has turned out to be beneficial for some cities (in terms of political autonomy, economic prosperity or social integration), but detrimental to others. As a consequence, there is no clear and universally valid answer as to whether the crisis of the Fordist era has corresponded with a strengthened or weakened position for cities as 'local states' or 'incomplete societies'.

Most notably, this rejection of a pan-European scenario of convergence is fundamental, as it calls into question the paradigm of universalistic and functionalist reasoning as such. In its place, two basic considerations have become more integral to the conceptualization of urban political theories and research frameworks today. Firstly, it will be necessary, yet not sufficient to take into account the variable of shifting global economic framework conditions if we want to understand and explain the current situation of a particular city in social scientific terms. The same is

[8] This is by no means to state that these large-scale socioeconomic upheavals have been confined to Western Europe in their effects. The only reason for making this geographical delimitation here is that Western Europe (roughly defined by those European nation states that belonged to the capitalist welfare states during the cold war era - *including* the Scandinavian states, that in many ways represented a 'third way' between capitalism and state socialism) constitutes the geopolitical frame for all the theoretical debates I deal with in this work.

true for the importance of national regulatory frameworks and institutions. Beyond looking at these 'external' (in the sense of 'supra-urban') influences and structures and their impact on cities, urban scholars will have to consider a set of inherently local institutional factors and questions.[9] In other words, the key to understanding cities as objects of social scientific research can neither be found exclusively within nor beyond the confines of the city. Instead, urban political studies have to be *multi-level* in character (Kearns and Paddison 2000; Goss 2001; Sellers 2002).

Secondly, it will be crucial for us to avoid putting these different spheres and levels of influence into a hierarchical or causal order. Instead of looking for one single most important guiding principle that can account for the characteristics and transformations of cities as objects of social scientific research in a deterministic way, we have to take into consideration the *interconnectedness* and *mutual dependencies* of a bundle of relevant factors on different levels of analysis. Thus, cities can only be adequately analyzed as part of a wider *context* of social, institutional, political and economic relations. It is therefore fair to say that the concept of context-sensitivity represents the missing link between purely structure- and agency-oriented approaches of social scientific reasoning (Herrschel and Newman 2002: 29-31).

> "Generally, it [i.e. 'context' (N.G.)] can be defined as a set of alternatives made of constraints and enablements, within which individual (or collective) actors *can* or *have* to choose. In this sense, a context implies a classification exercise that allows actors to define events as constraining or enabling, to posit meanings and to act strategically. This quite abstract and loose definition is scalable in different directions: different levels of abstraction can be contexts to one another; the same is true for different territorial levels and time scales. The nation-state and regions are contexts for the city, just as the past is a context for the present." (Kazepov 2004: 6; emphasis in original)

In fact, more and more have scholars ceased to analyze cities solely as dependent variables at the mercy of some superior and external structuring principle today. Instead, they have commenced to understand them in terms of their embeddedness within a multilayered and complex context of economic preconditions, political regulatory frameworks and social institutions. In so doing, they stress the interdependencies among various variables at the expense of one-sided, deterministic explanations. Less than ever does it seem acceptable to assume a mere 'principal-agent' relationship between national governments and cities, and less than ever does it appear promising to establish social scientific theories upon the fundament of one

[9] Just to mention a few important local criteria: How attractive does a city appear for residents and companies as a place worth settling down? How well-developed is the infrastructure of higher education, such as universities and polytechnics? How promising or bleak are local prospects in terms of employment and demography? How far-reaching are the competences of the local government and what are the financial and personal resources it has at its disposal? Who has a say in political decisions affecting this city? Do the political decisions taken enjoy enough democratic legitimacy (Herrschel and Newman 2002: 18)?

purportedly dominant structuring principle or line of argument (some would say: ideological premise) (Sellers 2005: 431-2).

Under these circumstances, the 'raison d'être' of an international debate asking for a reinforced or diminished autonomy of *the* city in comparison to the power of the national government is rendered somewhat obsolete. Leaving aside the fact that we are highly unlikely to find an answer that universally applies to all cities throughout western Europe, the challenging questions and problems of urban political studies cannot be dealt with in the confines of analyzing the degree of 'local autonomy' within the context of the nation state. Apart from taking into account the increasingly complex interdependencies among different levels of both policy preparation and implementation, it is crucial to understand that also the *composition of relevant urban policy-actors* has changed significantly today. Beyond the 'formal' institutions of the state – namely the coalitions of publicly elected politicians and the administrative apparatuses belonging to them – multifarious coalitions of state and non-state actors have become increasingly important protagonists making political decisions in, by and for cities![10] On the whole, we can say that both the framework conditions and ambitions for the formulation of theories of urban politics have changed fundamentally today – and that this change must be understood as part of a more comprehensive paradigm change that has affected the very way social scientists see their work. For a long time, they had tried to incorporate core paradigms of the natural sciences – such as linearity, clear causal relations, predictability and teleology – into their own reasoning for the sake of scientific credibility. Yet, it has become ever clearer that social phenomena do not obey the same logic. In fact, there is a noticeable shift towards a 'complexity paradigm' in social sciences that discards such a 'Newtonian' understanding of social science. As I will emphasize repeatedly, this does not at all imply a negation of 'sense' or suggest a scientific inexplicability of social phenomena. However, it does mean that instead of working with unambiguous, causal relationships and seemingly objective scientific regularities, researchers and policy practitioners have to take into account various, interdependent dimensions of analysis that cannot be put into a clear hierarchical order (Geyer 2003: 569). The next paragraph will illustrate the implications of this scientific change of paradigms for the social scientific sub-discipline of urban studies.

[10] This shift is usually referred to as a shift 'from govern*ment* to multilevel urban gover*nance*' and will be dealt with in detail throughout chapter two, where I will introduce and discuss the empirical, analytical and also normative dimensions and implications of this concept.

1.4. Towards A Framework for Systematic Comparative Urban Political Studies

Obstacles and Challenges

Today, the fading hegemony of the universalistic and functionalist paradigm in urban studies has clearly contributed to the dismantlement of some crucial landmarks of theoretical reasoning, and it is no exaggeration to say that urban intellectuals are in consequence challenged to reconsider and reformulate the fundamental constituent structure and ambition of urban theory. As a matter of fact, it even seems legitimate to ask whether the preconditions for establishing useful urban theories and research frameworks have become seriously undermined today. Given the fact that more and more scholars have come to emphasize path-dependency, context-sensitivity and the richness of multilayered structural and institutional conditions to the detriment of universal urban theories, can we really still hope to be able to formulate theories of urban politics that can claim broad applicability? Doesn't the commitment to take into account the very specific context of every single city render it impossible to establish comprehensive theories?

It is essential to understand that this recent shift towards a more complexity and context-sensitive paradigm of scientific analysis cannot and must not be interpreted in terms of a *destruction* of pre-existing scholarly consensus. In fact, there has never been anything like a "commonly accepted general theory of urban politics and policy that can provide direction and testable propositions for examining common political phenomena in cities across nations and cultures." (Kantor and Savitch 2005: 135) As already indicated above (chapter 1.1.), urban scholars have instead been scattered into varying coalitions and subdivisions, disagreeing on the most fundamental cornerstones of urban theory. Where these approaches offered competing – or at least incompatible – theories, all of which claimed universal applicability, the resulting fragmentation of urban studies eventually obstructed the prospects to establish a widely shared agenda for systematic and comparative research (DiGaetano and Klemanski 1999; Lichbach and Zuckerman 1997; Sellers 2005).

Today however, as scholars have become more skeptical of all varieties of universalistic and functionalist interpretation, it is ever more difficult to seek refuge in the ambitions of such holistic, yet nonetheless particularistic explanatory accounts. What does this imply for the potential to establish coherent theories and research frameworks? On the one hand, it is an obvious and general trait of a shift towards more complexity-oriented and multilevel analysis that the pathways of analysis and explanation will become more complicated, uncertain and knotty: *more* variables have to be taken into account, while there will be *less* (supposed) certainty about the causal relationships among these variables. Thus, on the whole, the formulation of full-blown theories is rendered more difficult under these circumstances. On the

other hand, however, the evident advantages and opportunities of such a shift towards complexity lie in the potential to develop more comprehensive, detailed and less tendentious approaches to which a broader range of scholars might eventually be able to agree.

How are these difficulties and opportunities distributed in the research field of urban political studies? Without doubt, the obstacles are multifarious and appear particularly hard to surmount in the case of social scientific studies with an *urban* focus. Notwithstanding that many researchers have pointed to the shortcomings of universalistic and functionalist approaches and discarded them as insufficient or inherently flawed, they have not succeeded in formulating fully-fledged alternative theories or frameworks of analysis yet. In fact, systematic cross-national comparisons among cities have hitherto remained the exception, whereas only loosely connected case studies lined up next to each other have been the rule (Pierre 2005: 446). To be sure, the societal transformations mentioned here and the scientific shifts and challenges they produced have not been solely confined to the field of urban studies – they have clearly affected social scientific research as a whole (Katznelson 1997: 100). Nonetheless, it is evident that many 'sub-domains' of social science have succeeded in developing highly systematic research frameworks which they could successfully apply for comparative analysis. Why has this not been the case for urban political studies, then? In fact, there are several difficulties characteristic of urban studies that have hampered the development of coherent and comprehensive research frameworks and theories. In the following, I will therefore specify three major obstacles in more detail so as to subsequently ask whether and how we can hope to overcome them.

The Multiple Embeddedness of Cities and its Analytical Implications

With reference to what has been said before, there is a growing consensus among urban scholars that cities have to be analyzed as both dependent and independent variables within a multifaceted context (history, the global economy, nation states etc.). Given the obvious fact that many cities are part of one region or nation state, but *not* vice versa, systematic context-sensitive comparisons among cities are especially complex in nature, as there are more superordinate structural factors that have to be taken into account. Whenever researchers conduct a cross-national comparison on cities and discover some significant differences among them, it will not be easy to say with certainty as to what kind of contextual circumstances these differences can eventually be attributed. To give an example, it would be a tricky venture to find out to what extent the variation between the labor market situation in e.g. Gothenburg and Rotterdam is attributable to a) inherently *local* and regional resources, social structures, policies and institutions; b) *national* infrastructures, regula-

tions and budgetary situations; c) *global* economic pressures and constraints. Clearly, it is one thing to detect and describe local changes and differences – it is quite another, though, to consider their sources and mainsprings (Sellers 2005: 424; Kohn 1989: 79; DiGaetano and Klemanski 1999: 13).

In the attempt to understand this interplay of different contextual factors, it is therefore particularly demanding for urban scholars to make an appropriate trade-off and thus find the right balance among three requirements that have to be taken into account: *depth of analysis, theoretical and methodological clarity and contextual richness.* In-depth case studies have to be conducted within a cogent theoretical framework in order to be systematic and comparable. Research frameworks should be broad and wide-ranging, as they must offer the possibility to take into account all the factors that are necessary to understand and explain the situation and transformation of various cities. However, following this requirement for generalizability and contextual richness contains the risk of rendering urban theories and research frameworks less cogent and profound. In the attempt to guarantee the comprehensiveness of our approach, we must therefore be careful not to sacrifice the comparability of cases, theoretical cogency and clarity of method.

The Multi-Disciplinary Fragmentation of Urban Studies

In this trade-off between depth of analysis, theoretical cogency and contextual richness, it is striking how often urban research has put an emphasis on the latter, to the detriment of the other requirements. To a large extent, this can be explained by the multi-disciplinary nature of urban studies. Throughout the 20th century, researchers have dealt with the city from various disciplinary points of view: apart from political scientists, sociologists, philosophers, economists and geographers, historians, anthropologists and architects have contributed decisively to the social scientific debates on cities as we know them. Moreover, as the following chapters will show, current debates in urban *politics* – such as those on multilevel urban governance state rescaling and the 'European City' – are also inherently inter- and multidisciplinary in nature. As each discipline focuses on different aspects of the city from a different point of view, debates in the field of urban studies have usually tried to combine (or contrast) a variety of differing terminologies, lines of argumentation and levels of analysis. Whereas other sub-fields of political science have been less fragmented and more limited in scope and scholars could consequently focus on developing coherent and systematic frameworks suitable for comparative analysis, urban academics have put way more effort into incorporating a wide range of theoretical and analytical elements in the attempt to establish comprehensive urban theories (Pierre 2005: 447-9).

Finally, we have to understand that the way a certain term is understood and applied does not only differ among various disciplines. Indeed, terminological distinctions along the lines of cultures or nations are another important factor to be considered as soon as we want concepts to be reasonably applicable to systematic cross-national comparisons.[11] Kantor and Savitch have rightly summarized this challenge:

> "(D)ifferences in contextual meaning are crucial. These distinctions are products of historical accident, cultural variation, institutional differences, and demographic or geographic patterns. Idiosyncrasies of this sort make it difficult to extend formulations from one political context to another. A genuinely comparative framework should be able to address issues that have similar meaning in a broad variety of political contexts and draw useful generalizations about the nature of the problem." (2005: 137)

As I will point out in more detail in chapter 2.2., the *urban regime approach* is just one – yet one important and well-debated – example for a problematic attempt to 'export' and 'universalize' the validity of concepts and lines of argument beyond the cultural or national context they have originally emerged in.

Systematic Comparison and its Value for Urban Political Studies Today

Taken together, these factors make for a serious impediment to the establishment of more systematic and integrated comparative urban – and particularly urban *political* – studies. Notwithstanding all these difficulties, urban researchers have repeatedly highlighted that our understanding of the role cities play both within and for their wider context cannot go much further without systematic and structured comparative research today (Pierre 2005: 458-9; Elander 2002: 201). This statement, which is essential for the overall outline of both the theoretical and empirical part of this work, actually consists of two separate parts: Firstly, great importance and usefulness is ascribed to the tool of systematic comparison in itself. Secondly, conducting urban studies is considered a useful tool for understanding societal and political structures and processes at large.

[11] To take the example of 'decentralization', the allegedly same decision to endow cities or regions with more fiscal autonomy and political power at the expense of the national government might be regarded as a mere incremental change in a federal country as Germany, whereas it would constitute a paradigmatic shift in a country as the United Kingdom. Whereas the relevance of this phenomenon is not solely confined to the field of urban research, it is particularly important for urban analysis: The wide array of research levels and variables to be taken into account in the course of context-sensitive urban studies – and particularly the fact that different cities are part of different national 'infrastructures' (Sellers 2005: 424) – makes for the vital importance to keep in mind these conceptual path-dependencies.

Firstly, why is *systematic comparison* to be regarded as such a crucial tool of urban political studies? To give an answer to this question, we can fall back upon a striking classical argument which dates back to Durkheim: all scientific reasoning, insight and progress necessarily depends on comparisons. Only by likening various cases can we make a distinction among regularities, anomalies and coincidences. We will not know whether an observation we make in a certain city (for example: middle classes tend to reside in the outskirts) is to be regarded as rule of general applicability or as a singular case as long as we don't examine the same matter in other cities, too. Thus, the range of applicability we can legitimately ascribe to certain hypotheses (and fully-fledged theories) can only be revealed on the basis of systematic comparison. Without a doubt, systematic comparison is rendered more complicated within the scope of the increasingly multilevel and complexity-oriented character of urban research. Yet, it has remained indispensable and without truly convincing alternatives (Kantor and Savitch 2005: 135; Kohn 1989: 77-81).

Secondly, we also have to consider the *increased relevance recently often ascribed to urban political research* as a means to help us understand phenomena that lie beyond the confines of cities. Making such a statement does not mean we would have to assume that the main 'arena' of political decision making and social transformations has been shifted from a national to an urban level. However, it does suggest breaking away from the conventional fixity of social scientific comparative research on nation states as the 'naturally' most important and superordinate units of comparison. As for the relationship between nation states and cities, this entails discarding one-sided, determinist views and rather suggests studying cities as preconditions, actors *and* products of societal and political structures, transformations and decision making. In this sense, the challenge to come up with more systematic comparative research on urban political issues is not to be conceived as an attempt to *replace* a nation-centered comparative analysis with a city-centered one. Instead, the idea is to show that the overall restructuring of different levels of state power (i.e. 'statehood') is also interpretable – and, in fact, *must* be interpreted – through an urban lens today. Also Jeffrey Sellers has pointed to this challenge and aptly summed up its essence:

> "In undertaking comparative, cross-national research from the standpoint of urban regions rather than from that of countries, comparative urban politics has the chance to elaborate new, multilevel forms of comparative analysis that can more effectively grasp the changing character of the nation-state and the democratic possibilities of contemporary societies. To realize this potential, however, researchers will require new conceptual and methodological approaches that have only recently begun to emerge." (Sellers 2005: 420)

On the whole, the shift from a linear and universal towards a more context-sensitive and complex research paradigm must be regarded as both a hurdle *and* a potential catalyzer for the development of more integrated and systematic comparative urban

political studies. On the one hand, it complicates analysis as it requires taking into account a multiplicity of variables and rejects the existence of pre-assigned hierarchical and functional relationships among them. On the other hand, however, the widespread and interdisciplinary scholarly devotion to build up a comprehensive and more integrated research agenda also entails the option for a potential convergence of approaches formerly divided by ideological cleavages and differing research focuses. In this sense, there is the – seemingly paradoxical – possibility that the requirement of more analytical complexity might eventually be conducive to establishing more universally accepted and integrated research frameworks and theories.

In chapter two, I will show that considerable and promising preconditions for more integrated comparative and multilevel urban political studies have already come into view today – even though it is far from sure whether urban scholars will succeed in finally establishing it. Carving out the essential traits and terminologies of the debates on *multilevel urban governance*, I will demonstrate that scholars have the chance to put up a complex, yet well-founded systematic and comparative research agenda today. I will argue that taking into account the multi-faceted path-dependencies and idiosyncrasies of various cities from different intellectual points of view will not condemn us to analytical and theoretical arbitrariness or helplessness. Instead, the real challenge for urban governance research today lies in the task to develop what we can refer to as *analytical universalism* – as opposed to *substantial* universalism. Rejecting substantial universalism means that we cannot realistically hope to develop an overall accepted theory or hypothesis which attempts to designate the rules and causal patterns according to which all cities allegedly develop. However, I am convinced that it *is* realistic and worth trying to formulate comprehensive, binding and therefore *universally valid frameworks of analysis* that will help us to systematically analyze and compare different cities and their pathways of development in the light of their respective contextual peculiarities.

2. From Urban Government to Multilevel Urban Governance

2.1. 'Governance': A Multifaceted Empirical Counter-Concept to 'Government'

At present, the quest for developing more systematic analyses of urban politics and policies mainly takes place within the bounds of what we can refer to as *debates on multilevel urban governance*. The preceding chapter already addressed one crucial component of these debates, namely the requirement to conduct research which is *multilevel* in character: Given the profound socioeconomic upheavals and the restructuring of state power throughout the Western world, we have to explore the changing role of cities as politically relevant actors within a dynamic and multilayered context in a non-deterministic way. In other words, one paramount challenge for contemporary urban political studies lies in understanding the *connectivity* between different levels of power (Salet et al. 2003: 389; Herrschel and Newman 2002: 25).

Whereas we have now explained the idea of *multilevel* urban governance, we have not sufficiently addressed the idea of *governance* itself yet. Hence, this chapter will illuminate the nature of this concept in its different facets and distinguish it from related terms. While 'context-sensitivity' or 'multilevel research' are terms pointing to a reshuffling of the relationship among various levels of political power, the notion of governance focuses on a different facet of the same phenomenon, namely the changing composition of political decision-makers and the way the members of these coalitions interact and relate to each other. As we will see that 'governance' is primarily applied as a counter-concept to 'government', the diagnosis of an overall shift from government to governance consequently designates a comprehensive change both in terms of *who* is in charge of political decision making and also *how* these coalitions become institutionalized, operate internally and finally implement their decisions. Let us now investigate the main differences between government and governance: what does a transformation from the former to the latter imply in more detail?

Both 'government' and 'governance' have to be regarded first and foremost as essentially *political and empirical concepts*, as they are supposed to describe and analyze the reality of political decision making. However, government and governance *a priori* assign a different value to the institutions of state, market and civil society as far as their relevance for political decision making is concerned. 'Government' signifies an understanding of the political which rests upon a clear separation of these three institutions and their spheres of influence. Moreover, however, as a political concept it also presumes a hierarchical relationship among them, as it implies that the exertion of political power remains the prerogative of the "formal institutions of the state" (Stoker 1998: 17). State actors have the exclusive capacity to legitimately enforce collectively binding decisions within the confines of a certain territory,

thereby eventually outrivaling the political significance of both civil society and economic players.[12] Whereas 'government' does not mean that politicians would not cooperate with or obtain the opinion of non-state actors, it claims that the prerogative to formulate and finally put into practice policy agendas rests exclusively with the institutions of the state. In this manner, applying the term *'government' places emphasis on a state-centered understanding of political authority*. Relatively stable embodiments of state power (parliaments, cabinets, presidents, prime ministers, local councils etc.) are authorized to prepare, negotiate and implement all relevant political decisions. In this sense, there exists one clearly definable hub of political decision making, and the fairly high degree of institutionalization allows politicians to develop their policies through long-term and hierarchical planning. Provided that 'government' takes place within the bounds of a democratic system, it draws its legitimacy from public elections and is expected to reflect public opinion in its decisions in some way.

In view of the incessant consolidation of ever more powerful and rationalized territorial states throughout Europe during the 19th and 20th century, it is comprehensible that politics were for the most part interpretable in terms of 'government'. In both Europe and North America, this state-centered form of political power had reached its zenith both in the two decades after the end of World War II (the period which I have referred to as the era of Fordism / Keynesianism). However, in the course of the subsequent crisis of this comprehensive socio-economic and political paradigm, it became evident that the preparation and implementation of policies often no longer applies to the principles which are constitutive for the idea of 'government', i.e. the strict separation and a hierarchical relationship among state, market and civil society. Based on these emergent doubts – and certainly with a certain time lag – 'governance' has come into play as an alternative concept to describe and analyze political decision making today.[13]

As a matter of fact, we have to be aware that we cannot fall back upon a commonly accepted and clear-cut definition of 'governance' in general or 'urban

[12] Note that such a 'Weberian' idea of *governing by government* does not tell us anything yet about the *level (or scale)* at which this decision making takes place. Once we claim that a certain city is governed in terms of 'government', it is possible, yet not certain that these policies have been prepared and implemented by local councils; they could also have been taken 'externally' for this city, e.g. on the regional or national level.

[13] While it is important to point to the interconnectedness of the crisis of Fordism / Keynesianism on the one hand, and the shift from (urban) government to governance on the other, I do not intend to suggest any clear-cut causal or functional relationship between these phenomena. It is rather evident that there exists *some* link between the macro-scale, socio-economic transformations since the 1970s, the ongoing processes of state spatial restructuring and the changing composition and paradigms of coalitions implementing urban policies. However, it would be wrong to conclude from this that the crisis of Fordism / Keynesianism must be understood as the *reason* for a shift from urban government to multilevel urban governance. In fact, these developments are too complex in nature and we do not know enough about the way they are exactly interrelated (see also: MacLeod and Goodwin 1999: 515).

governance' in particular. Scholars from various academic backgrounds as well as politicians and economists have applied and exploited this term in multifarious ways, thereby producing a confusing plethora of definitions and terminological differentiations. However, on looking through numerous theoretical writings regarding governance as an inherently political concept, we can say there is a set of some rather undisputed features detectable which are mentioned over and over again to define 'governance' (see for instance Harvey 1989; Kooiman 2002; Le Galès 2002; Brenner 2004; Kazepov 2004; Heinelt and Kübler 2005; Stoker 1998; Pierre 1999; DiGaetano and Strom 2003). I will now extract this overlapping consensus by elaborating on three traits which are constitutive for defining 'governance': *Firstly*, I will argue that governance points to a diversification and proliferation of policy-making coalitions that only in part consist of representatives of the state. *Secondly*, these coalitions are of a temporary, project-oriented and focused nature and imply a mutual dependency of the groups of actors involved. *Finally*, governance tends to breed networks of experts which are usually neither democratically elected nor accountable to a broader public. As a consequence, they are prone to lack transparency and can be said to be structurally at odds with the constitutive principles of representative and parliamentary democracies.

The Differentiation and Proliferation of Coalitions Beyond 'Government'

As long as the key coalitions in charge of political decision making remain dominated by state representatives, the increasing interlocking of various policy levels (EU, national governments, regional governments, municipal councils) can undeniably be described in terms of a mere reorganization of 'government'. However, a dwindling of exactly this clearly state-led policy making appears to be a frequently discussed development today, as the boundaries concerning the responsibilities of state, market and civil society have become ever more permeable and blurred. In the attempt to resolve societal problems more effectively, or in order to be able to finance certain prestigious projects, more and more coalitions of state and non-state actors have been established. Although not confined to the sphere of *urban* policies, this development has been especially palpable in cities throughout the entire Western world since the 1980s (Stoker 1998: 19-21).

One could state with some justification that political decisions have *never* been an exclusive prerogative of elected representatives and their administrative appendix. However, the point is that the sheer quantity of flourishing governance networks has also coincided with a remarkable qualitative change in policy making today, as governments have turned from commanding authorities into more facilitating, co-operating and steering partners within heterogeneous coalitions (Kearns and Paddison 2000: 847). This said, the surfacing of the idea of governance

throughout the last two decades results for the most part from the empirical observation that the sphere of policy-making is increasingly made up of interactions and coalitions that do not reflect a clear separation of state, market and civil society actors. This development thus undermines the capacity of the concept of 'government' to aptly describe and capture political *reality*. In an article which is now considered seminal in the formation of the debates on urban governance during the 1990s, David Harvey addressed exactly this issue:

> "I want here to insist that urban 'governance' means much more than urban 'government'. It is unfortunate that much of the literature (…) concentrates so much on the latter when the real power to reorganize urban life so often lies elsewhere or at least within a broader coalition of forces within which urban government and administration have only a facilitative and coordinating role to play. The power to organize space derives from a whole complex of forces mobilized by diverse social agents." (Harvey 1989: 4)

This quote also reinforces the argument that we must not misinterpret governance as a theoretical concept or even a fully-fledged theory. It is rather to be understood as an analytical tool to describe empirical phenomena, and as such will facilitate formulating important questions and the overall scope for the analysis of politics and policies. Furthermore, it is important to stress that 'governance' does not entirely negate 'government', since formal institutions of the state necessarily make for one component of governance-networks. The crucial point, however, is that state institutions are just *one* of the partners that eventually constitute a governance network and cannot automatically suppose to be in a privileged position therein (Heinelt 2005; Harvey 1989:4).

As shown in chapter one, making a plea for developing more multi-level and context-sensitive research on urban policies suggests examining various scales of state power in their complex interconnectedness and dynamic reorganization. In this sense, multilevel research can give us insights into ongoing *denationalization*-processes. By applying the concept of urban governance, however, we can hope to find out to what extent the actual political hegemony of these very institutions of the state has become weakened or relativized lately – and, in turn, in how far e.g. private companies or citizen pressure groups have gained power. In a nutshell, *to juxtapose the idea of urban governance to urban government means investigating both the magnitude and features of destatization tendencies.*

Governance Networks:
Co-operative, Less Hierarchic, Temporary and Project-Oriented

As we have seen, governance coalitions are set up under the condition of increasing complexity, since state and non-state actors decide to 'pool' their resources, power

and expertise on the basis of the conviction that none of the cooperating groups is able to unilaterally tackle and solve the problems to be dealt with. In the course of this cooperation, the different partners try to profit from the dissimilar rationality of e.g. political and economic action, as they incorporate economic expertise and resources into the policy making process in the hope of producing 'synergy effects'. To put it differently, various forms of 'regulation' are merged rather than contrasted as incommensurate in order to establish a new quality and mode of political steering (Borraz and John 2004: 112; Levèfre 1998: 9; Le Galès 1998: 493).

Let us put this argument into somewhat more practical terms: from the standpoint of the actors involved, the logic of the formation of public-private coalitions emanates from positive incentives as well as from external constraints and pressures. If, for instance, a city suffers from fiscal cutbacks and at the same time urban social problems (such as segregation tendencies, unemployment and crime) become more complicated and further aggravate, then elected local representatives might soon feel helpless and ill-equipped to cope with this situation on their own. As a consequence, they are likely to be impelled *and* inclined at the same time to ask for the expertise of specialists, the civic commitment of citizen groups and / or the financial help from other non-state actors such as private investors. Likewise, for non-state actors the collaboration with state actors can appear attractive and necessary at the same time: Entering coalitions with political representatives can significantly enhance their weight as politically relevant actors, as they gain access to the legal instruments and prerogatives that – under the conditions of 'government' – used to be exclusively reserved to elected politicians and the attached administrative apparatus (Kooiman 2002: 75). In sum, on the basis of these mutual constraints and opportunities, new coalitions with a new rationality of collective action are likely to emerge.

Given the fact that these principles of reciprocity and mutual dependency can be found at the very heart of the idea of governance, it becomes understandable that governance is usually referred to as less *hierarchical* a mode of policy making than government. However, such a shift from hierarchical towards more 'heterarchical' decision making does not suggest that all the partners involved in a governance coalition would be equally powerful or in the same position to bargain. We must be careful not to interpret 'governance' as a concept that implies an absence of hierarchical relations, power struggles or conflicts among coalition partners! (On the contrary, one could reasonably argue that differences of opinion are all the more likely to occur given the multiplication of groups who have a say in the process of the preparation and implementation of policies.) Instead, the decrease in hierarchy that accompanies the shift from government to governance refers to a destabilization and partial disintegration of the highly institutionalized, pre-fabricated and relatively stable hierarchies of policy making which are so characteristic of 'government'. Whereas 'government' takes place within clearly defined and permanent

regulatory frameworks (a specific political system and its electoral procedures) and organizations (e.g. established party systems) that allow for policy-making in the sense of long-term planning, this is not the case for 'governance' (Jessop 1999).

'Governance' implies that the structure, the internal rules, the composition of actors and the goals to be achieved all have to be built up over again every time a network is established. There are no ready-made landmarks available in terms of the hierarchies to be found among partners or a certain course of action they are expected to take. While the idea of 'government' suggests that there exists one uncontested centre of political power with a comprehensive area of responsibility, the concept of governance inverts this picture: Numerous governance-networks have appeared, each of which pursuing very specialized projects and dealing with highly specific policy-issues. This often makes for a rather temporary and ephemeral character of governance networks. They come together in order to solve a particular problem or to realize a certain project, and might also disband as soon as they have accomplished their common goal (Borraz and John 2004). In this sense, *the shift from government to governance is interpretable as a transition from highly institutionalized, centralized, hierarchical and comprehensive planning to a more improvisational, dispersed, co-operative and temporary project-oriented style of political decision making.*

Governance and Democracy

Governance coalitions deal with often highly specific issues in view of ever more complex social, political and economic environments, and it has often been argued that these particular challenges should also be tackled and solved by experts and professionals who are most knowledgeable about the respective issues. The concept of urban governance implies that experts nowadays have to be recruited also from beyond the sphere of state institutions, if we are to guarantee and maintain the 'governability' of cities.[14] Accordingly, pooling the expertise of non-state actors with the political power and legitimacy of elected representatives purportedly helps to solve complicated problems more efficiently – i.e. quickly, economically and successfully. At this point, it is important to repeat that governance coalitions do not always represent a mere appendix to the work of governments. Instead, these networks have the capacity to take over the *full* authority to decide upon certain politi-

[14] It is doubtful to conclude from this, though, that the shift from government to governance can be interpreted in terms of an overall *professionalization* of policy making: The highly technocratic and hierarchical style of long-term and large-scale planning prevalent in the period of Fordism / Keynesianism represents a form of government dominated by experts, too.

cally relevant issues.[15] In view of their considerable capacity to exert political power, we also have to question the democratic accountability and legitimacy of these governance networks (Stoker 1998: 23).

There are good reasons to believe that the relationship between governance and democracy is an inherently problematic one. The sheer multiplication (and therefore fragmentation) of temporary and highly specialized governance coalitions makes it increasingly difficult for citizens to follow the political process as an integrated whole. Many governance coalitions might prepare and take their decisions while a majority of citizens often remain unaware of their very existence. Furthermore, this lack of transparency in political processes and institutions brings with it a serious deficit in terms of democratic accountability. Although governance networks are *partly* made up of elected representatives, the work of the coalition as a whole clearly remains beyond the control of a broader public. Members of governance coalitions are usually appointed by the participating organizations instead of being publicly elected and for this reason remain largely released from the obligations connected to democratic accountability. Are we therefore facing a situation in which parliamentary democracies run the risk of becoming seriously undermined, as the most important decisions are taken by fragmented and elusive networks that operate beyond public control (Burns 2000; for an overview see Heinelt and Kübler 2005)? There are many reasons to believe that this is exactly the case today.

Governance has not been unanimously condemned as a threat to democracy, though. Is it really so undemocratic if the heavy bureaucratic, rigid and hierarchical constraints connected to 'government' become somewhat loosened? Doesn't it also appear reasonable to assume that the less ponderous, more focused and flexible nature of governance networks will be conducive to solving urgent problems more efficiently? Isn't the democratic accountability-deficit of governance-networks also interpretable as an advantage, as decision making processes are less slowed down by party-political cleavages and – as regards content – less distorted by the 'sword of Damocles' of impending elections? And finally, isn't it also apparent that a shift from government to governance has in reality greatly increased the number and diversity of actors who can participate actively in the formulation, preparation and implementation of policies and thereby extended their political influence beyond their right to vote (Elander 2002: 194; Heinelt 2005)? In short, shouldn't we actually welcome such a development towards more participatory, less bureaucratic and less hierarchical decision making as *progress* in terms of democracy?

In fact, in its most pointed, radically affirmative version, 'governance' has been stylized as a remedy to all the deficiencies often associated with bureaucratic and hierarchical 'government', such as an oversized, inefficient politico-administrative

[15] Again, this does not mean that state representatives will be totally excluded from the policy making process, as they are still part of governance networks. The point is that they lose their prerogative to take decisions unilaterally.

apparatus, impeding competitiveness and entrepreneurial spirit through heavy taxation and interventions within the field of the free market (Osborne and Gaebler 1993; Goss 2001). In this reading, 'governance' is a *promise* that will introduce more market-based ('entrepreneurial'), decentralized, small-scale and thus allegedly more efficient and 'customer-friendly' forms of democracy. It is hard not to notice that such interpretations have tried to apply the concept of 'governance' in the sense of an ideological catchphrase – a fact that is further underlined by some terminologies their proponents have coined, such as 'good governance' (World Bank 1996) or 'advanced liberalism' (Rose 2000).

In reality, however, governance is no less prone to failure as are regulation by the state or the market. As a more cooperative style of policy-making that pools resources and expertise, it is equally likely to cause a lot of friction among the partners and might paralyze decision making processes due to a multiplicity of (sometimes incompatible) opinions and policy goals. Under these conditions, it is all but certain that the cooperative and integrated implementation of decisions will prevail in the end. As governance networks operate under the conditions of increasing complexity and tackle highly path dependent and fragmented issues, there is no blueprint for such a thing as 'good' governance that we can hope to fall back upon. There will be an improvisational character to each new governance-network that is institutionalized and we are unable to set up fixed rules or guidelines that will guarantee its success (Le Galès 2002: 13-8; Jessop 1999).

As for the relationship between governance and democracy, I want to emphasize that we cannot expect to be able to give a clear-cut and universally valid answer to this question. It is neither reasonable to consider the shift towards 'governance' as a panacea promoting democracy, nor should we picture it as the bugbear that threatens it the most. To put it in more abstract terms: we must avoid assuming a functional and universally valid connection between two phenomena that both must be considered ambiguous, contested and multifaceted themselves. The following section will further elaborate this point.

If we define democracy as nothing more than the sum of its procedural regulations (e.g. the voting system) and formal structures (form of the political system and division of powers), and if we further confine our understanding of democracy to its parliamentary form which is for the most part based on regular elections, then it is in fact plausible to equate the shift towards governance as a decline of democracy. Just like all other political concepts, though, democracy in itself is a highly contested rather than a clearly defined concept. Therefore, as soon as we follow a more participatory rather than a purely procedural and representative understanding of democracy, its relation to 'governance' changes considerably: if we hold that the democratic character of a society primarily depends on the question to what extent citizens have *access* to actively influence and shape policy agendas *beyond* their mere right to vote, the question about the relationship between governance and democ-

racy appears in a different light. The notion of governance is similarly flexible and multifaceted in character. Depending on a multiplicity of external structural and institutional preconditions as well as its internal power structures, ambitions and overall alignment, governance can come in many different guises. While it might occur as a highly participatory, open and inclusive mode of policy making in one case, it might turn into a hermetically closed, authoritarian and despotic form in another (Pierre 1999: 374f). We can thus conclude that *the shift from government to governance represents an institutional transformation of policy-making that does not entail any definite substantial policy-shifts, though. While 'governance' is at odds with the principles of parliamentary and representative democracies as we have known them in the 19th and especially 20th century, it is not necessarily incompatible with democratic political decision making as such!*

In view of these arguments, it becomes clear that the main task for scholars dealing with 'multilevel urban governance' cannot be to ask *if* a shift from urban government to multilevel urban governance has recently occurred. In fact, wherever scholars have searched for policy-making coalitions acting according to the principles of 'governance' rather than 'government', they have also discovered them. This is hardly surprising, as the cooperation of state and non-state actors is nothing new *as such*. (Urban) governance can only be new in the sense that it is about to become more widespread – and perhaps even the prevalent form of political decision making today (Gissendanner 2003: 664). Instead, we have to systematically analyze *in what way* this transformation has become manifest in our cities today and find out if, to what extent and where, this formal institutional shift from urban government to multilevel urban governance has also coincided with a paradigmatic *substantial, normative* paradigm change in policy-making today.

'Governance' as an Internally Differentiated Concept: Terminological Distinctions

We have now delineated 'governance' in its most essential traits by depicting it as an empirical concept that can be distinguished from the related term of government in various ways. Governance can probably best be described as a concept crossing several borders: it firstly crosses the borders of different modes of regulation, secondly between public and private actors, and finally among various scales of political power. While these distinctions no doubt reflect the essence of a certain social scientific scholarly consensus, the debates on (urban) governance have nonetheless remained a terminological mess: More often than not, we even find various definitions and employments of 'governance' within one and the same article – not to mention the wide and diverse spectrum of its application in various academic disciplines and sub-disciplines (Kooiman 2002: 72; Le Galès 2002: 14-5). In fact, this surge of multiple definitions and interpretations of 'governance' can be largely ascribed to the complex character of this term. We should not, however, confuse this

inherent complexity with a total lack of conceptual coherence. As the above mentioned dimensions show, 'governance' is definable as a multifaceted phenomenon. As I will further demonstrate now, it will not suffice to clearly delineate it from the related concepts of 'government' and 'governing' in order to provide a satisfying definition. Instead, it is essential to understand that 'governance' *itself* can be further split up into three complementary dimensions, all of which illuminate a different constitutive facet of this term. Box 2.1. summarizes the external demarcations ('governance' in comparison to 'governing' and 'government') and subsequently introduces the internal differentiations and dimensions of 'governance'. Subsequently, figure 2.1. graphically illustrates all these differentiations in an integrated model.

Governing

The notion of 'governing' can be taken as synonymous with *policy implementation*. Unlike the concept of 'agency', it does not comprise all the preparatory actions of decision making, but only the *de facto* decision put into practice. Note, however, that only in the case of *political* decisions can we speak of governing. An entrepreneur does not "govern" his business – he manages, runs and rules it. In order to govern, collective actors have to implement decisions which can be considered as binding for a certain public. As we have seen, both governing by (the logics of) government and governing by governance networks are possible options.

Government

'Government' is used to designate coalitions endowed with political power who belong to the formal institutions of the state (including not only the national, but also supra- and subnational levels of political decision making). Typically, governments are made up of elected politicians (who are accountable to a broader public) and an attached administrative, bureaucratic apparatus. Governing by government in practice requires a clear separation of the three spheres of state, market and civil society to exist.

Governance

A blurring of boundaries between the spheres of state, market and civil society is the necessary precondition for the phenomenon of governance to emerge at large scale. Governance is an empirical concept comprising both 'politics' and 'policy' that points to a institutionalization of political decision making where state and non-state actors (private companies and investors, associations, higher educational institutions, grassroots movements etc.) join forces. However, 'governance' as an empirical political concept can be *in itself* differentiated into three complementary constitutive dimensions (see fig. 2.1.).

a) Only if "state" *and* "non-state" actors come together and cooperate as partners working on a common project can we speak of *governance networks*. Compared to governments, governance networks are usually less rigidly institutionalized and hierarchical in character. They can be understood as temporary cooperative projects focusing on highly specific tasks. Whereas they open up the political arena to a greater number of groups of actors, they are not democratically elected and thus tend to lack the legitimacy and accountability characteristic of 'government' in representative democracies.

b) The concept of governance is not confined to the designation of a specifically institutionalized set of collective actors (governance networks), though. It also refers to the concrete policies implemented by these coalitions. In this case, we can speak of governance as one distinct way of policy implementation, i.e. *'governing by governance'*, and as such distinguish it from 'governing by government'.

c) The blue box in Figure 2.1. suggests a third facet of governance. Examining the specific 'actor-mix' constituting a governance-network *and* taking a look at how the policies are negotiated before their actual implementation (internal power relations and hierarchies, competing policy goals, consensus or conflict oriented negotiations) means searching for the prevailing *modes of governance*. A certain mode of governance thus comprises the case-specific institutionalization of collective action (i.e. the composition of a governance-network) *and* the political orientations, competing or converging policy goals, power relations and processes of policy bargaining that precede the implementation of a certain decision.

Box 2.1.: Governing, Government and Governance: Terminological Distinctions

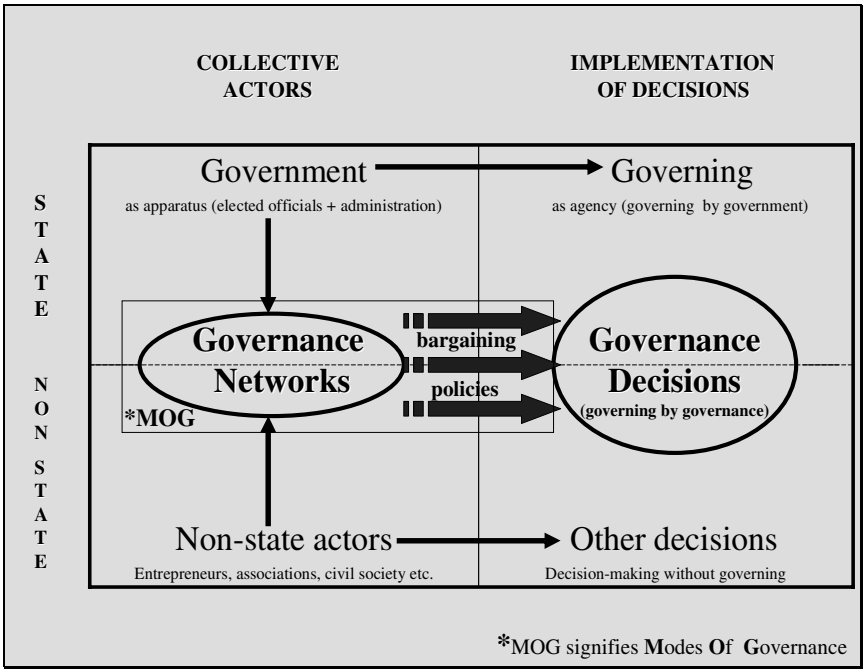

Fig. 2.1.: Governing, Government and Governance: Terminological Distinctions (Graphically)[16]

In the face of these differentiations and their graphic illustration in figure 2.1., it now becomes clear that 'governance' is a *multifaceted* empirical term which is not situated solely on either the level of 'structure' or 'agency' (Le Galès 1998: 493). This becomes especially evident in the light of the concept of 'modes of governance': as it points to the power relations, conflicts, the competing policy goals and normative orientations within a governance coalition, it addresses the 'how' of policy making, its process-related and normative character (see also DiGaetano and Strom 2003: 363, 365). In this sense, modes of governance represent the institutional interface between structure and agency that set the course for the content, priorities and normative alignment of collectively binding decision making. Given the fact that it is exactly here where the resources, goals and power of different

[16] I would like to stress that the arrangement of this model (using arrows etc.) does not suggest monocausal or functional relationships among its constitutive elements. Neither is the model to be understood as a 'closed system' uncoupled from a broader environment and context, comprising the whole arena of political decision making. Instead, figure 2.1. is exclusively meant to illustrate the *terminological* distinctions among the three concepts of government, governing and governance.

actors *and* the economic, political and social framework conditions become tangible and therefore analyzable in the course of the "institutionalization of collective action" (Le Galès 2002: 269), modes of governance represent the heart of contemporary governance analysis.

2.2. Multilevel Urban Governance Analysis: Beyond the 'Urban Regime' Approach

The Common Ground of Urban Governance- and Urban Regime-Analysis

The terminological distinctions made above are supposed to provide more conceptual unambiguousness and thereby help us in the attempt to establish an integrated analytical framework for comparative and multilevel urban governance analysis. However, in the light of the way I have characterized the concept of (urban) governance in its various facets, some readers might wonder why the idea of *urban regimes* has not been mentioned at all in this work so far. As is known, the urban regime approach has developed instruments to analyze the composition of urban political coalitions made up of both state and non-state actors ('urban regimes') and the way they interact and take decisions ('modes of cooperation').[17] At first sight, this is exactly what the debates on urban governance are all about! Why shouldn't we directly apply the analytical framework and terminologies of the regime approach in the way they were first formulated in the late 1980s by US scholar Clarence Stone (Stone 1989)? Put differently: Why is it that today numerous scholars have preferred to work with the alternative concepts of 'governance networks' and 'modes of governance' instead?

In fact, the similarities of urban regime- and urban governance-analysis are striking. The establishment of urban regime analysis has set new standards for the research on urban politics, and some of its elements are in fact an integral part of the debates on 'urban governance'. Just as 'governance', the concept of 'urban regimes' rejects a purely government-oriented understanding of urban politics, asserting that the capacity to act politically in fact lies with various societal groups who all rely on cooperation and joint efforts. Most importantly, it transcends the antagonis-

[17] Notwithstanding the fact that the urban regime approach has been sometimes referred to as 'urban regime theory', it is more appropriate to regard it as a 'framework of analysis' rather than a full-blown theory. The founder of urban regime analysis, Clarence Stone, has recently endorsed this argument, pointing out that his approach offers a range of terminological instruments and argumentative framings to scrutinize urban coalitions, but lacks the holistic argumentative character theories require: According to him, regime theory is targeted at an intermediate level of analysis, asking for the most efficient ways of problem solving. "And the specific view that human beings are more than interest-driven creatures provides a foundation for the important place that purpose occupies in urban regime analysis." (Stone 2005: 333)

tic approaches of 'pluralism' and 'elite theory'. In contrast to *pluralists*, urban regime analysis holds that local political power does not primarily constitute itself by the means of democratic elections, but rather by informal coalition building – a process to which *not* all societal groups can influence and have access to. Furthermore, unlike *elite theorists* they reject the idea that one single and stable core of an urban elite holds power over all relevant fields of urban politics. As an alternative, the urban regime approach offers a wider and more flexible definition of urban elites, by claiming that the composition of an urban coalition varies according to the political issue at stake (Stone 2005: 310-4).

Even more essentially, however, urban regime analysis has introduced a concept of political power which is at odds with *both* elitist and pluralist reasoning. Notwithstanding all substantial differences, pluralism and elite theory share an idea of power that can be described as hierarchy- and domination- oriented. A particular position will endow actors with the capacity and instruments to exert *power over* others actors. In contrast to this axiomatic principle, the urban regime approach suggests an understanding of power that does not rest primarily on social control, hierarchy and dominance, but rather on the ability to tie and merge resources and knowledge so as to be able to pursue common goals more effectively. As such, urban regimes depend on the 'horizontal' cooperation of different groups of actors, who thereby acquire the shared *power to* solve certain problems or realize particular projects. In other words, instead of a 'social control model' of urban power, urban regime analysis puts forward a 'social production model' of urban power (DiGaetano and Klemanski 1999: 20; for an overview see Lauria 1997)

Altogether, these attributes of the urban regime approach are unquestionably reminiscent of the concept of urban governance as it was presented above – and in fact, we can detect a lot of characteristics they share. Does this mean that the differentiation between 'urban governance networks' and 'urban regimes' merely represents a *conceptual* duplication of virtually identical phenomena, or does the application of the governance-terminology and the search for an integrated analytical framework of multilevel urban governance research suggest a substantial alternative to the urban regime approach? As the next paragraph will show, the latter is the case.

The Limits and Deficiencies of Urban Regime Analysis

The urban regime approach has sometimes been criticized for its 'US-bias' and the allegedly resulting ineptness as a research tool for the analysis of European cities. Accordingly, the perspective of 'urban governance analysis' has been suggested as an alternative approach that will help to compensate for this flaw (e.g. Pierre 2005: 447-50). While this criticism is certainly not entirely without foundation, it presup-

poses that European and US-American cities are clearly distinguishable in ideal-typical terms. However – and as chapter three will also indicate – it is far from easy to make such a clear-cut categorization. In view of these difficulties, I claim that drawing a more fundamental distinction between urban regime and urban governance analysis is both desirable and possible. The distinction suggested will be more fundamental in the sense that it focuses on the range of the analytical and explanatory capacities of these two approaches rather than a certain geographical scope of applicability they might claim for themselves.

More precisely, I will point out that unlike urban governance analysis, urban regime analysis fails to live up to some crucial demands we have to meet in order to establish meaningful and integrated approaches to urban political studies today. The deficiencies of the urban regime approach can be summarized in terms of three biases inherent to it: a 'politics bias', a 'local bias' and a 'weak state bias'. Urban governance analysis, however, has the capacity to overcome all these shortcomings.

Politics Bias: The Neglect of Urban Policies

Just like urban governance networks, urban regimes are defined by coalitions made up of state and non-state actors whose members discuss, prepare, and implement politically relevant decisions. However, one decisive difference is that urban governance coalitions consist of the groups of actors that are *actually* part of this policy-making process, whereas urban regimes have been defined in a much broader sense. Urban regimes comprise all those groups who have the necessary prerequisites (resources, knowledge, influential positions) to gain *potential access* to participate in this decision making processes themselves. This is what is meant by the term 'capacity to govern' – a concept which can be found at the very heart of urban regime analysis: it is about identifying the potentially relevant groups of political decision making, uncovering the forms of collective organization, and specifying the problems and challenges of co-operation and co-ordination (MacLeod and Goodwin 1999: 507).

However, the problem is that urban regime analysis confines itself to exploring the relatively stable and established social patterns of local power and influence so as to analyze the forms of cooperation and interdependencies both among and within these groups. As such, it remains tied to an analysis of *politics* and neglects the most essential questions of *policy*-analyses: who governs, and what are the actual decisions taken (Le Galès 1998: 497)? This is the first reason that allows us to distinguish urban governance analysis from the urban regime approach. As a meaningful framework of systematic and comparative urban political studies, urban governance analysis has to deal with politics, but also with the actual implementation of policies, their content and normative alignment.

Local Bias: The Neglect of the Multilevel Character of Urban Political Studies

Urban regime analysis presupposes a rather well-institutionalized and stable 'landscape' (i.e. regime) of local power. As we have seen, its focus on the mechanisms of urban coalition formation and maintenance can be interpreted in terms of a politics bias. Yet, in terms of its *scope* of analysis it is obvious that the urban regime approach exclusively concentrates on groups of actors who can be found on the urban level itself. This is what makes for the 'local bias' of urban regime analysis: while its proponents have concentrated on examining the institutionalization of *local* power structures, they have failed to inspect the ways in which a broader context actually delimits and shapes the scope of urban politics and policies (DiGaetano and Klemanski 1999: 24). In other words, urban regime analysis fails to regard one demand we mentioned as crucial for contemporary urban political analysis, namely a *multilevel* perspective. In reality, political decision making that affects a certain city is not always and entirely raised, prepared, or implemented by *local* coalitions of actors – instead, there are also national urban policies or urban programmes implemented by the EU-commission. If we want to understand the dynamics of urban political structures, processes and decisions, we will have to look beyond the urban borders and take into account the way this city is embedded within a broader political, economic and social context. As illustrated in chapter one, this is exactly one requirement scholars intend to meet with the development of an analytical framework of multilevel urban governance analysis. On the other hand, urban regime analysis has remained caught up in the trap of its local bias – and this is what makes for the second crucial distinguishing feature between urban regime approaches and urban governance analysis (Elander 2002: 196-7; Sellers 2002).

Weak State Bias: The Neglect of the Regulative Power of State Institutions

Some scholars have claimed that proponents of regime analysis have presupposed a certain disequilibrium among the groups of actors constituting urban regimes: while they allegedly ascribe a rather weak position to elected political representatives, they claim business partners to be dominant, and thus describe urban regimes as inevitably entrepreneurial and growth-oriented in character. Though some scholars have doubted that this is an apt characterization of the urban regime approach (and, I think, rightly so)[18], it cannot be denied that the emphasis the proponents of the

[18] Especially scholars who have criticized the urban regime approach for its alleged US-bias have repeatedly made this argument. Stone has emphatically objected to this interpretation, though: While he contends that *in reality*, business partners can indeed very often claim a particularly strong position in US-American urban regimes, he emphasizes that the approach of urban regime analysis rejects the idea that

urban regime approach have put on *local politics* undeniably implies a certain negligence of the regulative power of the formal institutions of the state. For the regime approach, state institutions only play a role in the sense that they make up one of the partners constituting an urban regime. However, we must not forget that 'the state' also exists *before and beyond* urban regimes. By establishing, defining and regulating the crucial constitutional, legal and financial framework conditions, governments set the course and define the range within which urban regimes can subsequently act and interact. It would be wrong to believe that this decisive regulatory power has been rendered obsolete with the shift from 'government' to 'governance'. However, urban regime analysis has been of a very behaviorist and micro-economic attitude, thereby often paying too little attention to how constitutions, governmental regulations and interventions shape the pathways of urban politics and policies (MacLeod and Goodwin 1999: 508).

In sum, we can claim urban regime approach to be biased and limited in a threefold way. Firstly, it does not help us in examining concrete urban policies; secondly, it does not discuss the multiple ways the urban is embedded in and shaped by a broader context and fails to recognize the partly non-urban character of urban policies; finally, it underestimates the power and path-shaping role of state regulations, constitutional arrangements and concrete interventions on all political levels. In this context, the current calls for establishing a research framework of multilevel urban governance analysis have to be understood as an attempt to overcome the shortcomings which are inherent to other approaches of urban political research (of which urban regime analysis is only one, though an important example).[19] This said, it also makes a lot of sense not to adopt the terminologies (e.g. 'urban regimes', 'modes of cooperation') of the urban regime approach, but to refer to a discrete and independent set of concepts instead, such as 'urban governance networks' and 'modes of governance'. Pierre aptly captures the essence of this analytical 'surplus value' that makes multilevel urban governance analysis a distinctive approach: Unlike others, it does not presuppose any prevailing 'modes of governance', but rather aims to provide the appropriate analytical 'toolkit' that will allow us to analyze and distinguish several modes of governance from one another (Pierre 2005: 452).

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any of the partners involved should be considered superior from the outset (Stone 2005: 311; see also Elander 2002: 199).

[19] As MacLeod and Goodwin (1999) have pointed out, one could mention many more approaches an integrated analytical framework of urban governance analysis (which they decide to label a 'Neo-Gramscian' approach) attempts to go beyond – such as the 'growth-machine model', the 'policy network approach' or the idea of 'institutional thickness'.

Following the definition provided in chapter 2.1., let us recall that the interplay of several dimensions that make for the character of a distinct mode of governance: the composition of the key decision makers involved in a governance network; the goals they pursue; the instruments and resources they can fall back upon; and the power relations among these groups of actors and the degree to which their interests and objectives are compatible or conflicting.

Based on this bundle of variables, some authors have suggested distinguishing various ideal types of modes of governance (see Pierre 1999; DiGaetano and Strom 2003; Kooiman 2002). For example, Pierre (1999) has differentiated among 'managerialist', 'corporatist', 'pro-growth' and 'welfare-oriented' modes of urban governance. The problem with these fixed ideal-typical categorizations, however, has been at least twofold. Firstly, they presuppose a strong causal linkage between the specific composition of political actors on the one hand and a certain normative orientation of these coalitions on the other (for example: coalitions made up of downtown business elites and elected representatives are supposed to be always growth- and competitiveness-oriented in character). In reality, however, the goals and agendas of seemingly identical coalitions of actors might vary decisively in the light of different prevailing political systems, cultures and other path-shaping framework conditions.

The other problem consists in the fact that these classifications consider the different ideal-typical modes of governance to be mutually exclusive: as soon as a welfare-oriented mode of urban governance prevails, it allegedly cannot be 'pro-growth' at the same time. However, as both the theoretical discussion in chapter three and the empirical research in this book will illustrate, this idea does not hold water in reality. Instead of being essentially incompatible, qualitatively different modes of governance might also exist alongside or in combination, for instance, in a complex means-end relationship. For these reasons, I have decided not to adapt existing ideal-typical categorizations of modes of urban governance in this work. Instead, I will suggest a more open and dynamic model to examine modes of urban governance (see chapter 3.3.).

3. Integrated Multilevel Urban Governance Analysis: Comparing Neostructuralist and Neo-Weberian Approaches

Now that the ontological status of the concept of governance has been clarified and the most important terminological distinctions have been drawn, we are equipped with the basic analytical toolkit which will allow us to go deeper into the debates on multilevel urban governance. We can turn to the task which was previously mentioned as crucial for this venture, namely the challenge to search for an integrated framework of urban governance research that also meets the requirements of systematic and comparative multilevel analysis. As a means to draw near this challenge, I will introduce and critically compare two well-debated contemporary schools of thought, both of which have made a decisive contribution to the theoretical debates on multilevel urban governance in recent years. Proponents of these approaches have asked how prevailing modes of urban governance have become manifest throughout Western Europe today and have made suggestions as concerns the most appropriate ways and means to analyze and compare these governance dynamics. In doing so, both schools have suggested a multilevel, context-sensitive approach, rejecting functionalist, universalistic and deterministic readings.

One of these two approaches can be labeled as *neostructuralism*, while the other has been referred to as *neo-Weberianism*. Throughout the chapters 3.1. and 3.2., I will consecutively elaborate on the main thoughts of these two schools in more detail. On the one hand, it will become clear that they share a lot of common ground: both of them are transdisciplinary in nature, drawing from political science and sociology as well as from geography, history and – perhaps most importantly – political economy. Notwithstanding some differing terminologies and the fact that the neostructural approach has mainly emerged within an Anglo-American academic environment, while neo-Weberian thinking has been firmly rooted in continental Europe thus far, it will be argued that they suggest highly similar and compatible agendas for the analysis of multilevel urban governance arrangements. The traditional distinction, being that Anglo-American research tends to focus on the local level, whereas European research emphasizes structural contexts becomes transcended by a widely shared avowal of a multilevel and context-sensitive analysis of modes and dynamics of urban governance (DiGaetano and Klemanski 1999: 23).[20] On the

[20] For both neostructuralists and neo-Weberians, 'urban governance analysis' does not constitute a fully fledged theory. Following the terminology of Judge et al. (1995), it should be rather understood as an

other hand, however, I will show that there are also good reasons for understanding neo-Weberian and neostructural accounts as two *competing* schools of urban governance analysis. While they might extensively agree on the ways, means and overall scope of how to scrutinize the shift from urban government to multilevel urban governance, they often disagree in terms of how they evaluate and interpret the quality, essential traits and the overall main thrust of these changes. In other words, the shared analytical focus of neostructuralism and neo-Weberianism coincides with some disagreement on the main trajectories of prevailing modes of governance to be found in contemporary European cities. It is this synchronicity of similarity and disagreement between neo-Weberian and neostructural thinking that I will present and discuss throughout the following chapters.

Subsequent to the illustration of neo-Weberian and neostructuralist reasoning, chapter 3.3. will provide a critical comparison of these approaches: I will work out the details of the analytical strengths, weaknesses and limits of their rationale, showing that neostructuralist and neo-Weberian thinkers put forth competing and contestable hypotheses on prevailing modes of urban governance in Western European cities. Finally, chapter 3.4. will disclose the productive potential of a comparison of neo-Weberian and neostructuralist approaches on urban governance: As I will argue, both schools of thought share enough analytical common ground in order to extract one integrated systematic analytical framework from their writings. This shared analytical toolkit can then be applied as a means to empirically assess the validity of their competing hypotheses on modes of urban governance in various cities of Europe.

3.1. Phases of State Spatial Structuration: Brenner's Neostructuralist Interpretation

It would be wrong to consider neo-Weberian and neostructural approaches as two clear-cut doctrines that can be unambiguously defined in their entirety. Instead, these labels are meant to roughly sketch two broad and distinguishable, yet still related strands of academic research which can claim considerable significance for the field of multilevel urban governance research today. Although neither of these schools of thought is made up of a clearly delimitable group of authors, it is nonetheless possible to pick out senior representatives of neostructuralism and neo-Weberianism who have especially focused on the issue of *urban governance* and whose writings have become influential and well-debated in a broader international academic environment. In the following, I will therefore introduce and discuss the

analytical framework. By providing terminological distinctions and drawing our interest to specific research questions and research goals, urban governance analysis offers a systematic toolkit for examining the complex and dynamic reality of political decision making in, for and by cities!

writings of two researchers, one of whom can be seen to represent neostructuralist thinking, the other a neo-Weberian approach.

For the following reasons, the work of American scholar Neil Brenner is an especially suitable example to give an overview of the neostructuralist approach on contemporary debates on urban governance: Brenner has developed a well-systematized, highly acclaimed – yet also fundamentally contested – transdisciplinary scholarly approach where he amalgamates ideas of 'state spatial restructuring' (state / space theory) and debates on multilevel urban governance into an integrated whole. Brenner focuses on the urban and metropolitan dimension, yet within the confines of a multilevel perspective. Moreover, Brenner has explicitly taken up, rephrased or modified terminologies and ideas coined by senior neostructuralists – such as David Harvey, Bob Jessop and Eric Swyngedouw – and integrated their reasoning into his own writings. His overall intellectual venture can be best summarized by mentioning the title of his major work to date: *New State Spaces: Urban Governance and the Rescaling of Statehood* (2004).

What does it mean, then, to refer to Brenner's approach as 'neostructural'? In a nutshell, structuralists for the most part concentrate on the *large-scale features of modernity* (such as state-building, the global economy, market rationality, scientific or political revolutions) and analyze how they shape human interests, conditions and interactions. According to this rationale, differences in urban governance among several cities mainly emerge from different intergovernmental and socio-economic structures (DiGaetano and Strom 2003: 357-8). As we will see, this very basic characterization of structuralism largely applies to the writings of Brenner. However, we must not forget to clarify what makes him a *neo*structuralist author. It is mainly the rejection – or at least relativization – of universalistic and functionalist interpretations that makes for the difference between structuralism and neostructuralism: As we have seen, structuralists in the 1960s and 1970s often believed the large-scale features of modernity to have a direct, functional and scientifically verifiable impact on social life. Neostructuralists have become skeptical of the existence of deterministic, linear and allegedly universally valid causalities and thus have turned to approaches emphasizing complex interdependencies among various variables and levels of social, political and economic life. To give an example: instead of asking whether the recent macrostructural socioeconomic transformations have weakened or promoted state power on the urban level, they have attempted to carefully scrutinize the complex processes of multilevel state reterritorialization, restructuring and rescaling in all their facets. Strongly inspired by the abovementioned writers and – in particular – by the writings of Henri Lefebvre, Brenner has developed such a relativized, scale- and context-sensitive structuralist approach (2004: V).

The geographical frame of Brenner's analyses is 'Western Europe'. Even though he does not give an explicit geographical definition of this term, it is quite obvious that it refers to the countries that used to belong to the capitalist part of Europe during the cold war era, including the Nordic welfare states. His claim is that Western Europe as a whole has experienced successive rounds of state spatial (re)organization throughout the postwar decades until the present.[21] Without doubt, this is rather a bold claim to make and will certainly instantly raise doubts and objections in some readers minds. Let us therefore take a very careful look. Does Brenner really think that the societal, political and economic features and dynamics of nation states, regions and cities in Western Europe have become describable in terms of one single, all-encompassing model? Haven't we just fully realized that path dependencies and various contexts are of a vital importance for our understanding of current multilevel governance arrangements? And doesn't the map of Europe today in fact show a highly diverse landscape of political systems, welfarist arrangements, societal models and economic patterns?

Brenner is fully aware of the importance attached to this issue, and in his recent writings he has repeatedly been at pains to give a precise explanation of how he intends to steer his course between the Scylla of stressing national and local path dependencies and the Charybdis of focusing on overarching pan-European systemic transformations. Indeed, his answer (which comes in many highly similar versions) is a crucial key to gain access to his understanding of state spatial restructuring and urban governance transformations:

> "(A) number of broadly analogous tendencies of state rescaling and urban governance restructuring have been crystallizing across western Europe during the last three decades. However, my emphasis on these shared pathways (…) should *not* be construed as an endorsement of the view that a single, generic model of territorial governance has emerged. On the contrary, I believe that individualizing and variation-finding comparisons – which generally emphasize contextual specificity, institutional diversity, path-dependency, and the divergence of evolutionary pathways – are as salient as ever under contemporary geoeconomic conditions. A number of urbanists have recently directed attention to the latter issues through detailed comparative studies of economic restructuring, urban regime formation, and patterns of sociospatial polarization in western European and North American cities. While I am highly sympathetic to such approaches, (…) my aim is to explore the major elements of what I view as a *systemic* reorganization of state spatiality across western Europe during the last three decades. (…) Regulatory responses to the crisis of North Atlantic Fordism have reconfigured the landscape of western European statehood in a number of quite fundamental ways that can be analyzed in general terms, across multiple national contexts. " (2004: 18, emphases in original)

[21] In large parts, his narrative corresponds to what has been described as the 'age of Fordism / national Keynesianism' and its subsequent crisis in chapter one already. However, within this well-known narrative, he has suggested a very particular interpretation from a distinctively urban (and city-regional) viewpoint, which I shall illustrate in more detail here.

Notwithstanding his recognition of diverging contexts and multiple path dependencies across Western Europe, Brenner thus contends that there are a couple of *pan-European trends* detectable which have made for a *shared context* for the otherwise diverse geographies of state spatial organization and pathways of urban governance throughout the last four decades. Time after time, he declares that his conscious choice to concentrate on carving out these pan-European pathways must not be misinterpreted as a denial of the various differences that actually pervade Western Europe. Instead, he intends to demonstrate that locally, regionally, and nationally path-dependent trends of governance transformation and state spatial restructuring are expressions *and* catalysts of a broader systemic transformation of statehood that has unfolded in recent decades (2004: 22).

At first sight, it might appear that these remarks mainly point to the phenomenon of 'globalization' as it has been discussed since the 1980s. This is not the full picture, though, as Brenner has turned out to be very skeptical of some doctrines which have been crucial for parts of the globalization literature. He concedes that globalization processes have unquestionably reorganized the geographies of state power tremendously and rendered states ever more permeable to transnational flows of capital, money, commodities, workforce, and information. However, he also asserts that this development has sometimes been misinterpreted in its meaning and importance, e.g. by seeing globalization as a general decline or erosion of state power, or by proposing that the meaning of physical space is about to become irrelevant as such.

In opposition to parts of the globalization literature, Brenner thus firstly stresses that the crisis of *national* Keynesianism has to be regarded as a relativization and restructuring of state power rather than its overall demise (2003: 307). Secondly, these pan-European trends of state spatial reorganization must not be regarded as a mere reaction to the socioeconomic crisis of Fordism / Keynesianism, as state institutions on all scales have in fact very *actively* shaped, directed and accelerated these restructuring processes by making strategic choices. "(T)he 'myth of the powerless state' represents a misleading basis for the understanding of contemporary political dynamics: the state is not a helpless victim of globalization but one of its major politico-institutional catalysts." (2004: 60) Finally, Brenner rejects an understanding of globalization according to which economic capital becomes 'despatialized' (meaning detached from its physical contexts). Against scholarly representations of contemporary global capitalism as a smooth world of borderless 'spaces of flows', he argues that capital has shown itself to be 'place-sticky': in this sense, the decisive question is not *if* economic capital still depends on 'anchors' in physical space today. We should rather examine *on which scale* (city, region, national level), *where exactly* (*which* city, region etc.), *how* and *why* it manifests itself spatially in reality (2004: 58).

Scale
Due to its clear geographical connotations, the concept of 'scale' is closely related to the idea of 'territory', yet must not be confused with it. Territories are defined by their fixed geographical size and form. In contrast, scales are socially constructed and are therefore malleable 'containers' of societal interaction – and as such only receive their meaning and importance through the way they relate to each other! To give an example: if we talk about the region of 'Brandenburg' in the sense of a *territory*, we might think of its physical size, measurable in square kilometres and its geographical outlines. However, once we refer to the region of 'Brandenburg' as a *scale* of state power, we are interested in its political, economic and societal role and significance within a wider (national, European, global) context of state spatial organization (2004: 10).

Statehood
Like all authors committed to a multilevel approach on urban governance, Brenner offers an understanding of state power that comprises national as well as sub- and supranational institutionalizations of state spatial configurations. However, due to the age-long predominance of national states as the main containers of state power, scholars have often presumed that writings about 'the state' automatically refer to its *national* dimension. In order to avoid this understanding, Brenner uses the concept of 'statehood', as it lacks this national bias and offers a multiscalar conceptualization of the idea of state space instead (2004: 4).

State spatial structuration
Brenner's conception of the organization of state space is also inherently dynamic in character. He stresses that urbanists have only recently started to conceptualize state spatiality in terms of dynamic processes rather than fixed geographic entities. Consequently, we should analyze the 'urban' in terms of 'urbanization processes'. Brenner refers to Harvey, who points to this dynamic aspect of state space from a distinctly urban angle. Accordingly, the urban is to be understood at the same time as a context, a medium, and a result of the conflictual and dynamic social relations of capitalism. Thus, "(n)ew state spaces are produced neither through a simple logic of structural determinism nor through a spontaneous voluntarism, but rather through a mutually transformative evolution of (inherited) spatial structures and (emergent) spatial strategies within an internally differentiated, continually evolving grid of state institutions and regulatory projects." (2006: 38) This conflictual interaction of inherited, firmly institutionalized scales of state power (national, regional, local) and emergent forms of governance within alternative geographical confines (e.g. informal governance coalitions on a metropolitan level with a common goal) can be described as a process of *state spatial structuration*.

State spatial selectivity
Another major point of reference for Brenner is Bob Jessop, whose theory of the state Brenner intends to 'spatialize'. Jessop coined the term 'strategic selectivities', meaning that the state offers structural privileges only to some selected political programs and goals. Brenner puts forward a spatial reading of this concept to formulate his idea of 'state spatial selectivity', asserting that states also offer special privileges (e.g. financial support) to certain *regions* or *cities*, while others might be consciously neglected. In this sense, "space is not only a key dimension of state institutional *organization*, but frequently becomes an explicit object of state *strategies* as they target particular areas, places, and scales." (2004: 175-6, emphases added)

Box 3.1.: Definition and Demarcation of Some Crucial Terms Pervading Brenner's Writings

Successive Phases of State Spatial Transformations

Prior to an overview of how phases of state spatiality have successively unfolded according to Brenner, box 3.1. provides an overview of a few central concepts permeating his writings. Undoubtedly, Brenner operates with an extremely sophisticated, complex terminology. However, the sheer amount of concepts he applies sometimes makes it hard for the reader to keep track of all his conceptual distinctions. For this reason, the following attempt to clarify a few selected crucial concepts intends to offer some more orientation and might provide a more structured insight into Brenner's theoretical writings.

'Spatial Keynesianism' and the Transitional Phase of 'Endogenous Development Strategies'

Through the lens of urban governance transformations, Brenner has developed his understanding of the successive phases of state spatial restructuring – and vice versa. He underlines that these changes can be for the most part traced to the crisis of the Fordist regime of accumulation and the national Keynesian welfare state during the 1970s (2004: 114-5). Let us therefore start by asking how he describes the period of state spatial organization he refers to as 'Spatial Keynesianism'. In principle, Brenner's description of Spatial Keynesianism largely corresponds to the description of Fordism / Keynesianism given above (in chapter 1.2.): Dominating in the immediate post-war period until the mid-1970s in the entire Western world, Spatial Keynesianism represented the "high water mark of national capitalism" (2004: 121-2), as national governments were the uncontested, single most important political authorities pursuing a top-down, bureaucratic and planning-oriented agenda of urban policies ('urban managerialism'). Cities and regions served mainly as executive branches to implement the political decisions which were taken on the national level.

In view of the fact that interregional and interurban disparities were thought of as detrimental to the overall well-being and standard of living within one nation state, the most salient political mission was to alleviate patterns of uneven spatial development by spreading growth and wealth as evenly as possible across the entire surface of each national territory. In this sense, Spatial Keynesianism was a historically unprecedented program to create an equalized, balanced, and relatively uniform grid of national state space. Within urban regions, private capital and public infrastructure investments were channeled from expanding and prospering urban cores into the underdeveloped outskirts of larger cities and into rural peripheries (2005: 14). Yet again, Brenner emphatically warns us not to misinterpret this characterization of Spatial Keynesianism. As he stresses, he does not believe that *one* single

most important and prevailing form of state spatial organization prevailed throughout Western Europe in the 1960s and early 1970s:

> "My argument (…) is not that the state spaces of Fordist-Keynesian capitalism converged around a single, generic model. I am suggesting, rather, that broadly analogous (…) state spatial strategies were consolidated during this period, leading in turn to distinctive institutional and geographical homologies among national states that were otherwise characterized by significant historical, political, and cultural differences." (2004: 105)

When the paradigm of Spatial Keynesianism was seriously shaken by the macroeconomic shocks of the early and mid-1970s and the social problems they produced or intensified, the scalar arrangements and objectives of political decision making started to change. In Brenner's words, the crisis of a distinct pattern of 'state spatial organization' brought about an alteration to the dominant 'state spatial selectivities'. While in the era of Spatial Keynesianism structurally weak urban peripheries constituted the main targets of financial assistance and redistribution, national urban policies were now redirected towards central urban areas that suffered from drastic deindustrialization and the mass unemployment that came with it. However, as the economic crisis continued and further aggravated the fiscal problems of national governments, they started to curtail their welfarist grants to cities. As a consequence, local governments became increasingly compelled to strengthen their tax base and increase other non-tax revenues such as charges and user fees on their own.

Cities thus began to find ways and means to autonomously boost their local economies and to enhance their technical innovativeness – a phenomenon which Brenner calls 'endogenous development strategies' (2004: 196). It is most important to understand these strategies as being both an essential part of Spatial Keynesianism *and* at the same time a threat which would eventually destabilize it: Endogenous development strategies maintained the priorities of spatial redistribution and territorial equalization and 'downscaled' them to an urban level. The ambition of minimizing socio-spatial inequalities was now applied to the scale of single cities, while it was being ever more weakened on a national scale. These characteristics exemplify the fact that endogenous development strategies were rooted within the paradigm of Spatial Keynesianism. However, each endogenous attempt to boost the economy of one particular city by attracting external capital eventually does so at the expense of other cities. As a consequence, endogenous development strategies inevitably had to produce more inter-urban competition within one and the same nation state and "thus established a significant political opening for the more radical rescalings of urban governance and state spatiality that would subsequently unfold." (2004: 198)

The Dominance of 'Urban Locational Policies' During the 1980s

Given the fact that endogenous development strategies could not establish a new regime of accumulation and failed to resolve the persisting problems of economic stagnation and high unemployment figures, Brenner states that they ultimately represented little more than a transition phase between Spatial Keynesianism and a new, qualitatively different form of state spatial organization that was to emerge afterwards. As he explains, by the late 1970s and early 1980s the paradigm of Spatial Keynesianism was discarded on all scales of political decision making across Western Europe. In its place, he claims that neoliberal agendas of welfare state retrenchment, market liberalization, privatization and liberalization proliferated everywhere and thus marked an all-encompassing shift from a welfare-oriented and redistributive policy paradigm towards a more monetarist, growth- and competitiveness-oriented one. In his search for an appropriate translation of the German term *'Standortpolitik'*, Brenner suggests labeling this newly emerging paradigm of urban governance and state spatial organization as *'locational policies'*.

Whereas on the one hand these locational policies have to be regarded as state *responses* to the regulatory challenges of geoeconomic restructuring and European integration, we also have to understand them as active *strategies* of state spatial restructuring (2004: 177-8, 202). According to Brenner, they describe a clear renunciation of Spatial Keynesianism in that they subordinate the formerly dominant goal of intranational spatial equalization to an agenda of international competitiveness. In contrast to urban locational policies, where local governments themselves used to be the main actors, urban locational policies are situated on multiple scales of political decision making: In many cases, national governments have attempted to strengthen the economic competitiveness of some cities or city regions which they consider capable of competing with other cities in a European or even global context. According to this rationale, some selected cities have the potential to be the 'engines' and guarantors of *national* wealth and prosperity – a role which they can allegedly only live up to if they succeed in competing on an *international* level. The obvious flipside of these locational policies is that they entail a further neglect of structurally weak and peripheral regions and thereby further exacerbate inter-local and interregional discrepancies on a national level.

In consequence, Brenner holds that the dominance of urban locational policies has turned the formerly prevailing attitude towards uneven development upside down: the nationalized, standardized, and bureaucratic policies of Spatial Keynesianism are no longer viewed as indispensable prerequisites of national wealth and prosperity, but as major institutional obstructions to it! In view of the ever increasing pressures for international competitiveness, a balanced and equal intranational distribution of resources is interpreted as an unaffordable luxury of sociospatial equality. In turn, intra-national uneven development is no longer seen as a problem

to be alleviated through redistributive regional policies, but rather as a necessary geographical basis for economic wealth and success which needs to be further intensified (2003: 308). In many ways, the following (and oft quoted) passage summarizes the essential features of Brenner's distinctive interpretation of the decline of Spatial Keynesianism and once again clearly illustrates his dynamic and multilevel understanding of state space and urban governance. He argues that today,

> „(…) *it is no longer capital that is to be molded into the (territorially integrated) geography of state space, but state space that is to be molded into the (territorially differentiated) geography of capital*. In other words, through the deployment of urban locational policies, state space is now being redifferentiated and rescaled so as to correspond more directly to the (actual or projected) imprint of transnational capital's locational preferences within each national territory." (2004: 16, emphasis in original)

As these reflections underline, Brenner asserts that the spread of urban locational policies is understandable in terms of a profound process of state spatial restructuring that has also engendered a new context for prevailing modes of multilevel urban governance all across Western Europe. However, Brenner adds that the rise of urban locational policies has *not* reduced the agenda of urban governance to a purely economistic imperative that necessarily suppresses or blends out other political goals. While he does claim that the priority of promoting international competitiveness has come to define the political and institutional parameters for the formulation of urban policies, he also stresses that this guideline can be formulated in both economic *and* extra-economic terms: Apart from trying to boost its economic position, we can attempt to strengthen a city's competitiveness in many other ways – such as in terms of quality of life, sustainability, ecology or cultural attractiveness (2004: 173, 254).

90s-Present: Crisis-Management Strategies and the Trap of Competitiveness

According to Brenner, the processes of state spatial restructuring that have unfolded since the 1980s can be best described in a provisional way as the emergence of a *'Glocalizing Competition State Regime' (GCSR)*:

> "*(G)localizing*, because it rests upon concerted national political strategies to position diverse subnational spaces (localities, cities, regions, industrial districts) within supranational (European or global) circuits of capital accumulation; a *competition state*, because it privileges the goal of structural competitiveness over welfarist priorities such as equity and redistribution; and a *regime*, because it represents an unstable, continually evolving institutional mosaic rather than a fully consolidated state form." (2005: 30, emphases in original)[22]

[22] As this quote indicates, Brenner does not apply the concept of 'regime' as it is suggested by the proponents of urban regime analysis. Whereas for Stone and colleagues regimes are confined to the urban level

Throughout the 1990s, it became evident that the ever-increasing pressures for inter- and intranational competitiveness among cities in GCSRs had not only unleashed new potentials of productivity and innovativeness, but had also generated chronic regulatory deficits and had further intensified sociospatial polarization tendencies. Actually, the imperative of competitiveness made cities spend too much time and tax money struggling to attract prestigious projects and financial means. While these struggles might have led to a short-term and selective sense of achievement in some localities, on the whole inter-local competition must be regarded as a zero-sum game that has further aggravated territorial disruptions and polarizations within countries or regions (2004: 260-2; 2006: 40). More often than not inter-local competitiveness has also led to a 'race to the bottom' in terms of local social service-provision, while the expected 'spillover'-effects from some prospering ICT-oriented city-centers to the economically underdeveloped peripheries simply have not occurred (2004: 264).

As Brenner notes, the existence of these sociospatial injustices has become increasingly evident across Western Europe during the 1990s. As a consequence, several political strategies and projects have been developed ever since to recalibrate and reorganize GCSRs. Most interestingly, in *New State Spaces* (2004: 269-98) Brenner elaborates on three examples to show that *state rescaling strategies* have become an important means of crisis-management in recent times. Firstly, neighborhood-based anti-exclusion strategies ('rescaling downward') have been installed throughout the cities of Europe to promote more social cohesion and integration and thus to alleviate the intra-local negative effects of urban locational policies. Secondly, city-networks within and beyond national boundaries have been established, attempting to communicate 'best practices' as well as facilitating coordination of their policies ('rescaling outward'). Finally, metropolitan reform initiatives ('rescaling upward') have become popular as an instrument to come to terms with the problems produced by the paradigm of urban locational policies.

As Brenner has especially focused on metropolitan reform initiatives in most of his recent writings[23] and – as we will see – the question of metropolitan cooperation has turned out to be of a vital importance to current debates on multilevel urban governance in both Helsinki and Stockholm, I will now take a more detailed look at his thoughts on this issue.

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and represent rather stable and enduring arrangements of political power, Brenner uses the term 'regime' to point to the multilevel, continuously changing and more diffuse spatial manifestations of state power.

[23] In fact, two of his recent texts (Brenner 2003 and 2006) exclusively focus on the issue of metropolitan governance arrangements in Western Europe.

Stressing the *temporal* dimension of contextual path-dependency, Brenner emphasizes that the results of earlier policies constitute important contexts to all successive decision making processes. Accordingly, the costs and consequences caused by urban locational policies in the 1980s has delimited and structured – yet not entirely defined – the scope of action for all subsequent political projects and strategies. Hence, "(c)ontemporary metropolitan reform initiatives in western Europe must be viewed, simultaneously, as path-dependent *outcomes* of inherited geographies of state regulatory activity and as path-shaping political *strategies* through which the scalar contours of such geographies are being fundamentally reworked." (2006: 49-50). It is within the context of these thoughts that Brenner addresses and discusses the issue of current metropolitan reform initiatives.

As a matter of fact, the recent surfacing of metropolitan cooperation throughout Western Europe is most aptly described in terms of a re-emergence or renaissance rather than as an entirely new trend. Back in the 1960s and 1970s, metropolitan governments had already been established in many European cities as tools to promote Spatial Keynesianism. At that time, most metropolitan governments had been implemented by national governments in order to provide social services more efficiently and as such promote spatial equalization across an ever more functionally integrated and growing city-regional territory (2003: 301). However, due to severe *internal* deficiencies (weak democratic legitimacy, conflicts among incompatible interests, loose degree of institutionalization) and changing *external* framework conditions (the crisis of Spatial Keynesianism, the emerging paradigm of local entrepreneurialism), metropolitan governments were soon brought into disrepute. Thus by the late 1980s, most of them had been abolished throughout Western Europe.[24]

At first glance, it appears bizarre how little time it took for metropolitan governments to re-enter the political agenda in Western Europe. Just a few years after their pervasive fall and dismantling, debates about the implementation of new forms of metropolitan cooperation started to flourish again. To what was this sudden change of atmosphere due? It is important to understand that the overall framework conditions, policy paradigms – and with them the tasks and responsibilities of metropolitan coalitions – had changed considerably compared to the heydays of Spatial Keynesianism. It was clear that metropolitan cooperation would now occur under the conditions of complex multilevel governance rather than within the confines of centralized, top-down planning and welfarist national states. The failure of earlier forms of metropolitan government was for the most part thought of as

[24] Two of the most famous examples are the ‚Greater London Council', founded in 1963 and abolished in 1989 (see Goldsmith 2005), and the 'Greater Copenhagen Council', founded in 1974 and abolished in 1989 (see Andersen 2001). In both of these capital regions, metropolitan authorities have recently been reinstalled.

attributable to their monstrous, bureaucratic, inflexible and undemocratic character – and therefore, the new proponents of metropolitan governance were eager not to repeat these mistakes. Instead, the establishment of metropolitan cooperation was now understood as a necessarily flexible and regionally path-dependent *strategic response* to the fragmented mosaics of power structures, socio-spatial polarizations and inequalities produced by the preceding rounds of state spatial restructuring. In this reading, current metropolitan reform initiatives represent a clear strategy of *upward-rescaling* that ultimately seeks to enhance governability by creating larger, administratively integrated levels of political decision, i.e. metropolitan areas (2003: 312). However, the key question for Brenner is whether these metropolitan reform initiatives have really succeeded in providing a genuine *alternative* to urban locational policies and the negative consequences they produce, or whether they have instead remained caught up in the imperative of international competitiveness.

According to Brenner, by and large the latter has thus far been the case. In reality, he claims, the paradigm of enhancing international competitiveness can also be found at the very heart of contemporary metropolitan reform initiatives: "In most western European city-regions, proposals to reconfigure inherited frameworks of metropolitan governance have been justified as a means to *strengthen* urban locational policies by transposing them onto a regional scale." (2004: 278, emphasis added) Unlike in the era of Spatial Keynesianism, territorial equalization and the provision of welfare services no longer represent the central goals of metropolitan policies, but at best are instrumentalized to promote economic competitiveness in a context of intensified European interspatial competition. Metropolitan reforms are thus little more than 'regionalized locational policies', where intraregional territorial cohesion is seen as a basic prerequisite for more aggressive interregional economic competitiveness (2003: 311; 2004: 280-1). Despite his recurring appeal not to confuse the *competitiveness*-dominated character of locational policies with a purely *economistic* agenda, Brenner himself often mentions that in practice locational policies have a strong entrepreneurial and neoliberal bias – and the recently prevailing metropolitan variety of locational policies hardly represents an exception to this rule: "(…) in their current, market-led forms, metropolitan political institutions likewise tend to intensify intra-national sociospatial inequality, uneven development and interspatial competition, and thus to undermine the territorial conditions for sustainable economic development." (2006: 44)

Overall, Brenner argues that the entire doctrine of international competitiveness – which has been characteristic of urban locational policies – has been shifted to a regional level today. As a result, he holds that one can detect a rather widespread and cross-party consensus among politicians, urban elites (and also some urban scholars) which has been labeled as *'new regionalism'*. According to this idea, intrinsic quality is ascribed to cooperation on a (city-) regional level in that the regional is supposed to be the 'naturally' most appropriate geographical frame for

promoting economic strength and international competitiveness (2003: 298; 2006: 16; Herrschel and Newman 2002: 31). Brenner rightly criticizes this way of thinking for treating metropolitan cooperation as a panacea against problems such as social and political fragmentation, economic stagnation and a lack of governability. Bringing to mind earlier forms of city-regional governing, he highlights that such an 'upscaling' of political responsibilities and competences does not automatically guarantee greater economic growth, efficiency and competitiveness, let alone sociospatial equality or inclusion. In particular, within the conditions of multilevel governance, powerful, efficient and sustainable decision making is likely to be impeded by the confusing multiplicity of groups of actors involved in decision making processes and the general lack of consensus among them. Apart from this general difficulty connected to the implementation of metropolitan authorities, a more distinctive problem has arisen with the (in principle welcome) ambition to alleviate the destructive consequences of local entrepreneurialism and inter-local competition: as long as rescaling strategies succeed in doing nothing more than rescaling the pressure for economic competition with its unevenly distributed destructive effects from a local to a regional level, they do not really solve any problems on the national or supranational scale and at best will result in zero-sum games (2004: 286; 2006: 44).

In Brenner's opinion, the options for urban and regional policies to escape from the imperative of competitiveness and its destructive effects so as to establish a truly alternative agenda of urban governance have remained rather poor today. In fact, at the end of New State Spaces, he draws a fairly bleak scenario for the future of our cities, predicting that destructive territorial competition, rising levels of sociospatial polarization and deepening macroeconomic instability will continue to prevail. At the same time, political projects that dare to formulate alternatives to a purely competitive agenda are likely to become absorbed by the very interscalar rule-regimes they actually intended to challenge, so that they will eventually fall prey to the omnipresent imperative of 'Compete or die!' (2004: 301-4).

According to Brenner, the fundamental problem today consists in the fact that competitiveness-oriented urban and metropolitan policies are considered to be without any true alternative. While policies aimed at promoting social inclusion or alleviating urban poverty might not have entirely disappeared from the agenda of multilevel urban governance coalitions, they have been degraded from an end in itself to a mere instrument to promote the international competitiveness of a certain city or urban region. As a result, urban governance currently appears to be locked into the logic of "developmental trajectories that do not, and arguably cannot, engender either a sustainable regime of economic growth or a territorially cohesive framework of political regulation at any spatial scale." (2004: 299-300) This desolate verdict on the present and future modes of urban governance in Western Europe represents one major side of Brenner's work and must be regarded as a statement or hypothesis the appropriateness of which needs to be critically examined and dis-

cussed. However, in our attempt to find a frame within which this discussion can be led, let us recall that another part of Brenner's writings consists of lucid and motivating suggestions for a multilevel and context-sensitive analytical framework that will allow us to examine the ways urban governance transformations manifest themselves throughout Western Europe today. As will be shown in the following, Brenner and Le Galès (to whom I will now turn) have made a most crucial and also surprisingly *similar* proposal for the establishment of such an integrated framework for multilevel urban governance analysis. However, at the same time I will also demonstrate in the following section that the way Le Galès understands the essential features of current pathways of urban governance transformations differs significantly from Brenner's thoughts.

3.2. The European City: Le Galès' Neo-Weberian Approach

As the summary of Brenner's recent writings on Western European cities has shown, postulates highlighting deterritorialization and destatization tendencies and a growing interchangeability of cities have recently become challenged by more context-sensitive and multilevel approaches that stress local, regional and national particularities and diagnose a reshuffling of state power rather than its overall decline. The approach I will now turn to clearly chimes with these arguments, but explicitly adds an important dimension to them: Since the early 1990s, a group of continental European urbanists has criticized globalization literature not only for being improperly universalistic in character – they have also added that these urban narratives of deterritorialization and destatization have clearly rested upon an *Anglophone* fundament. Today, research based on observations in North American and British cities has come to set the standards for international debates on urban studies – a phenomenon which is certainly in large parts due to the dominance and ubiquity of the English language as an academic 'lingua franca'. However, as societal, political, economic and cultural contexts obviously differ for different parts of the world, European scholars have doubted whether it is reasonable and legitimate to apply the theoretical paradigms, conceptual tools and conclusions derived from Anglo-American studies to research which is conducted in continental Europe. As Latham points out in a short, yet concise and instructive article, the perspective of Anglophone interpretations tends to suppress and disregard a broad range of intellectual, political, societal and everyday peculiarities to be found in urban Europe:

> "The problem with the Anglophone consensus is (...) that precisely because it is played out in international journals it comes to be the account that matters most. Indeed, reading the leading Anglophone urban and regional studies writing there is a strong sense that the most important social and economic trends are spiralling outwards from a North American and British core. All that is left for places outside this core is to mediate, and perhaps moderate, these processes. But there is

> perhaps a bigger issue. One of the most interesting questions facing those concerned both with the idea of Europe and the European city is the degree to which it is possible to imagine possible futures beyond the narrow confines of a globalized, neo-liberal, free-market model." (Latham 2006: 91)

This extract captures the essence of the intellectual venture to which I will now turn – namely an approach which attempts to understand and expose the particular context of action and characteristics cities of Europe might share today. Brenner has undoubtedly focused on Western Europe in his writings, but he never explicitly claims that *Europe as such* makes a difference, in that it may constitute a unique context. Today, however, there is a group of authors that have made exactly this claim – and thus, the idea of the 'European City' has experienced an academic upswing and has been vividly discussed throughout the last decade (see for instance Bagnasco and Le Galès 2000; John 2000; Kaelble 2001; Le Galès 2002; Kazepov 2004; Häußermann and Haila 2004).

Analogously to the fact that Brenner's texts provide a good overview on neo-structuralist writings on urban governance and state rescaling, it is fair to say that French scholar Patrick Le Galès represents the neo-Weberian approach on 'European Cities' in all its breadth and interdisciplinary character. Especially with his highly acclaimed and discussed book *European Cities. Social Conflicts and Governance (2002)*, he has given a broad overview of the issue and proposed controversial hypotheses which have, in turn, bred further debate. Similar to Brenner, Le Galès suggests regarding the issues of urban governance and state spatial restructuring as one *integrated* debate and focuses on the changes in the state, the economy and society which are currently causing upheaval in the model of the nation state and altering the constraints and opportunities for sub-national territories (Le Galès 2002: 84). Yet, and notably, he discusses all these matters explicitly in the light of the idea of the 'European City'.

First, however, it is necessary to stress that I do not intend to compare neo-structuralism and neo-Weberianism in the sense of two opposed and essentially irreconcilable schools of thought – on the contrary! To emphasize, my aim here is to introduce two approaches both of which have internalized a multilevel and context-sensitive perspective on urban politics and policies which takes into account the transformation from government to governance. Indeed, this is definitely the case for Le Galès' thinking as much as it is for Brenner's.

Le Galès offers a *multilevel* governance perspective in that he shows that any meaningful social scientific research on European Cities has to understand cities as embedded in a multilayered and complex socio-economic, political, cultural and historical context. As nation states have 'loosened their grip' throughout recent decades, supranational but also subnational levels of political power have – at least potentially – (re-)gained societal and political importance. Le Galès also agrees with Brenner that these transformation processes must be regarded as a thorough re-

structuring and redistribution of state authority rather than its overall demise (2004: 235; 2002: 7, 77, 90). Moreover, Le Galès' approach is a multilevel *governance* perspective in that he stresses that urban politics and policies nowadays cover a wide range of actors from different parts of society. Today's problems raise questions that cross over bureaucracies and sectors, thus endowing associations, neighborhood organizations, private firms, educational institutions amongst others with new capacities for political agency and power (2004: 241).

As the rather holistic idea of tackling the issue of 'European Cities' already indicates, Le Galès shares the ambition with Brenner to provide one 'big picture' which summarizes the most important features and systemic trends of urban governance throughout Europe (or, to be more precise, *Western* Europe). However, in order to avoid a universalistic position, he is equally eager to put these generalizations into perspective whenever possible: local, regional and national path dependencies destandardize the traits and effects of macrostructural transformations. While the new forms of capitalism, which are oriented towards strengthening the ICT sector and the service economy, have turned out to be beneficial for some cities and regions in Europe, other cities will be weakened in terms of economic well-being, social integration and political importance. Considering this diversity, Le Galès concedes that we are neither able to provide a consistent and uniform characterization for urban Europe as a whole, nor are we able to foretell its future development (Bagnasco and Le Galès 2000: 29).

Although Le Galès does not concentrate on systematically differentiating between successive rounds of state spatial restructuring from the 1970s onwards, he does, for the most part, consent to Brenner's descriptions in terms of content. He agrees that the crisis of Spatial Keynesianism must be interpreted first and foremost as a crisis of national welfare capitalism which has set off thorough scalar redistributions of state power, thereby opening up new possibilities for cities to become more active, relevant and influential political actors. As for the prevailing normative direction of urban policies, Le Galès concurs that urban Europe had remained chiefly dominated by top-down, redistributive and welfarist programmes until the end of the 1970s, and that this stage was followed by a shift towards a more entrepreneurial and neoliberal paradigm that has gained importance ever since (2002: 75-95; 2004: 238-40).

The aforementioned remarks illustrate a manifest proximity of neostructural and neo-Weberian writings – and indeed, these analogies are not restricted to the two authors who have been introduced in more detail here. This similarity is further underlined by the fact that Le Galès has sometimes referred to his own writings as a 'new comparative political economy approach' which focuses on reasoning "in terms of the conflicts in social dynamics, the role of production, the processes of domination and the economic and social relations of capitalism as factors which determine the city." (Bagnasco and Le Galès 2000: 4) Given the fact that Le Galès

himself believes his thinking to be firmly rooted in a political economy tradition, we have to ask if substantial and truly relevant differences, that would justify a systematic comparison with Brenner's approach, really exist. As I will argue in the following section, I do not think that the *decisive* distinction can be found in the divergent disciplinary background neostructuralists and neo-Weberians fall back upon, nor in the stress they put on different levels of analysis (i.e. structure, intermediate institutions, and agency). This is not to deny that significant differences are detectable in this respect: Brenner is an urban geographer who predominantly concentrates on macrostructural transformations of state scalar organization, while Le Galès is much more of an agency-oriented sociologist who is also committed to a perspective of a broader historical institutionalism. Above all, these differing disciplinary backgrounds manifest themselves in the use of contrasting terminologies within their research. Nonetheless, I claim that these distinctions only represent a difference in *emphasis* between neostructuralist and neo-Weberian thinking rather than a difference in *essence*. Despite their varying disciplinary and analytical foci and the sometimes differing terminologies they entail, it is important to understand that both neostructuralists and neo-Weberians in the end remain united in their commitment to a non-deterministic, complex, multilevel and context-sensitive agenda for urban governance analysis.

The 'European City' Hypothesis: Dimensions of a Multifaceted Concept

It is, though, the ideal-typical concept of 'European Cities' where Le Galès thinking *truly* collides with Brenner's approach. While the research of both authors explicitly focuses on the geographical scope of Western Europe, their texts obviously provide different answers to the following question: *Can European cities be characterized in terms of distinctive modes of governance that allow them to offer a real alternative to the paradigm of international competitiveness and the dominance of the imperative for economic growth?*

We have seen that Brenner's answer to this question has for the most part been a negative one. Remarkably, his concentration on Western Europe does not include any accentuation of features he believes to be characteristically 'European'. In other words, he does not describe urban Europe in terms of unique features or an integral context that would help to clearly distinguish it from other parts of the world. Thus, reading *New State Spaces*, one might legitimately assume that his story of pan-European, successive phases of state spatial restructuring and his diagnosis of currently prevailing modes of urban governance can eventually also be applied to the analysis of US-American cities.

In *European Cities*, however, Le Galès overtly makes an attempt to filter out and underline the matchlessness of contemporary cities of Europe in social scientific terms. Hence, we can say that the main difference between neostructuralist and

neo-Weberian writings on urban governance lies in the question whether 'Europe matters'. Le Galès is well aware of the perils his idea of extracting the common traits of European Cities entails. He knows about the diversity of national political systems, cultures and waves of urbanization throughout Europe and does not disregard current trends which have threatened the integrated character of cities (such as metropolitanization tendencies, the increasing embeddedness of urban economies within the aspatial world of information and communication technology networks). Nonetheless, he claims that it is possible and necessary to prove that our cities of Europe are more than mere producers of added value, tourist attractions, museums or nodes of technological and infrastructural change today (see Bagnasco and Le Galès 8; Le Galès 2002: 22-4). So what are the most distinctive characteristics Le Galès ascribes to European cities – and why can we refer to his approach as 'neo-Weberian'? It is these two questions that I will now tackle in more detail.

Neo-Weberianism as Methodology: The ‚European City' as an Ideal Typical Heuristic Device

Before I turn to a definition of European cities in terms of content, let me make some brief remarks regarding methodology. As shown in chapter one, "urban sociology has long privileged analytical models of the convergence of cities, whether based on models of urban ecology (…), or in the context of the Marxist or Neo-Marxist tradition (…)." (Le Galès 2002: 22) An early counter-approach to this intellectual tradition of providing urban theories of allegedly universal validity was established by Max Weber in the early 20th century, who suggested comparing qualitatively different types of cities as a more fertile heuristic tool of comparative social scientific research. Weber extracted a set of characteristic social and political traits observable in many Medieval European Cities in order to formulate a highly stylized (ideal-typical) concept of the Occidental city, which he then compared to an ideal-typical image of Oriental cities of that age (Weber 2000). The rationale of ideal types is to design concepts which were not meant to represent but ostensibly to abstract features found in reality in order to generate simplified models purified of as much empirical 'dust' as possible. Subsequently, Weber used these ideal-types as research tools to investigate how the phenomena found in reality would (or would not) approximate to these synthetic figures.

In fact, Le Galès' ambition to extract some *ideal-typical* traits shared by contemporary European cities has to be understood as part of this intellectual tradition. Notwithstanding the fact that the context cities are nested in has dramatically changed since the Middle Ages, Le Galès believes that the method of ideal-typical comparison can be legitimately transferred and applied to the analysis of contemporary cities of Europe. However, we will see that he no longer refers to Oriental

cities as a 'contrast foil' to urban Europe, but rather to US-American cities. Given his decisive contribution to restore a tradition that had been largely overshadowed by the dominance of the universalistic paradigm throughout the 20th century, Le Galès' approach deserves to be described as essentially 'neo-Weberian' in terms of method. Actually, Le Galès and his colleague Bagnasco themselves have referred to their writings as a neo-Weberian version of a new political economy approach on European cities (Bagnasco and Le Galès 2000: 3).

The Physical Longevity and Distinctiveness of the Medieval Urban Pattern in Europe

Let us now address the features Le Galès extracts so as to formulate the 'European City' hypothesis in terms of *content*. On the one hand, he once more follows Brenner by stressing that the recently heightened social scientific interest in cities is attributable to the structural crisis of national Keynesianism since the 1970s. On the other hand, however, he falls back upon a historical reference that is not mentioned in Brenner's texts – and for which Max Weber is of outstanding importance again: Le Galès asserts that the *medieval* heritage of European city states still represents an important context for contemporary European cities and as such can help us explain the uniqueness of urban Europe.

Between the 10th and 14th century, the 'first wave of urbanization' laid the foundations for Europe's urban system as we know it today: Throughout an area in Western Europe which is now often referred to as the 'Blue Banana'[25], a rather dense network of middle-sized cities emerged that soon became Europe's backbone in terms of trade and also turned out to be the hubs of political, societal and scientific innovation. Le Galès is noticeably fascinated by the stability and 'robustness' of this urban pattern and argues that it has remained largely preserved and has even become further consolidated in its basic structure over the centuries – despite all the wars, plagues and deep geopolitical transformations Europe has gone through. This striking continuity and stability of urban Europe is underlined by the fact that many cities which used to play a key role as centers of societal, political and economic innovation in the Middle Ages still (or again) do so today. The core of Europe's urban system still consists of medium-sized cities (even if this means between 200000 and 2 Million inhabitants today) which are fairly close to one another, whereas the urban system in Northern America is much more dominated by large

[25] The *Blue Banana* stretches approximately from London in the north to Milan in the south. The curvature of this corridor (hence the 'banana' in the name) takes in cities such as Brussels, Amsterdam, Cologne, Frankfurt, Basel, and Zurich. The concept was developed in 1989 by RECLUS, a group of French geographers (Brunet 1989).

metropolises that exist relatively far apart from each other (Bagnasco and Le Galès 2000: 4-8; Le Galès 2002: 115).

Beyond this particular inter-urban system, the *intra-urban* morphology of historical European cities is also instantly recognizable and uniquely structured. Apart from the fact that most American cities are much younger than most European cities, US cities are built up around a geometrical plan (the 'grid'), with a centre that represents their 'Central Business District' (CBD). European cities, however, have typically developed around focal points such as town halls, churches and market squares. For a long time, walls used to draw a clear dividing line between these cities and their periphery. While European cities have long expanded physically beyond their medieval walls, their historical centers have maintained many of their historical functions: Apart from being a centre for business activities, European city centers have remained much sought-after as attractive places to live. Most notably, neither the tendencies of urban sprawl since the 1950s nor the more recent ICT revolution have marked a break away from this tradition of dominant historical city centers (Bagnasco and Le Galès 2000: 8-11; Häußermann and Haila 2004). Irrespective of these impressive continuities of urban Europe, it has to be stressed that a description which remains confined to physical factors of morphology and age will not suffice to provide a meaningful *social scientific* characterization of European cities. In the following, I will therefore exemplify the genuinely *societal* and *political* elements of Le Galès' neo-Weberian approach.

European Cities as Collective Actors and Incomplete Local Societies

Neostructuralist authors like Brenner have studied cities as one important scale of political power and social integration, which at the same time represent a precondition, arena and outcome of broader processes of state spatial reorganization. Whilst well aware of the importance of 'agency' for producing local and regional path dependencies, Brenner has made a conscious choice to emphasize a rather abstract structural analysis of scalar arrangements and interrelations. In contrast, Le Galès pays much more attention to the concrete interplay of different groups of actors who play a key role in terms of social integration and the formulation and implementation of urban policies. Emphasizing the dimensions of local agency and intermediary institutions, he intends to describe cities as politically relevant collective actors and "incomplete societies" (2002: 186). As I will illustrate in the following, this is the reason why Le Galès' approach can be labeled as neo-Weberian not only as concerns his method of analysis, but also in terms of content.

In '*Die Stadt*', Weber described medieval European cities not merely in physical terms, but – even more importantly – as rather homogeneous, partly autonomous local societies and collective actors with self-contained administrative apparatuses,

jurisdictions and markets (Weber 2000). Weber was particularly interested in these late medieval local societies and polities because they exemplified the character of a historical transition period at the eve of the emergence of nation states in Europe (Bagnasco and Le Galès 2000: 7). In view of the current processes of state spatial restructuring and the crisis of national capitalism, Le Galès analogously claims that we are facing such an important 'historical interlude' again today. Even though the crisis (or demise) of national Keynesianism will certainly not automatically upgrade the autonomy and political power of European cities at the expense of national authorities, Le Galès emphasizes that the "political dimension of European cities is central in the long term, and will remain so. (…) Once masked by the triumph of the nation-state, the political dimension never completely disappeared, and has now come out into the open again." (2002: 264-5) Accordingly, at the very heart of the intellectual venture of neo-Weberianism we find the hypothesis that present-day European cities are likely to benefit from their long history in the sense that they might significantly reinforce their role not only as passive sites for modes of governance, but also as *partially integrated local societies and politically relevant collective actors* (Bagnasco and Le Galès 2000: 30).

Are these claims well-founded? Weber's description of *medieval* European cities as local societies and collective actors appears convincing, but it is much harder to imagine how our contemporary cities could be described in this way. Firstly, the city walls have long lost their original function and for many reasons it has become more difficult to define the physical boundaries of cities. Secondly, the composition of groups of city dwellers (and accordingly their biographies and political preferences) have become more diversified today. Thirdly, users and owners of cities are not identical anymore as they used to be in the Middle Ages. Finally, we have stressed already that it is impossible to understand cities as distinct from their context (regions, nation states and supranational authorities such as the EU) (2002: 184). How then, should it be possible to make use of Weber's concept of European cities as 'local societies' and 'collective actors' for an analysis of urban Europe in the 21st century?

Le Galès knows that he needs to provide an answer to these questions. He therefore gives a differentiated interpretation of the terms 'local society' and 'collective actor' and explains how he attempts to apply them to the analysis of contemporary cities. He points out that the most important thing is to avoid understanding them in an overly harmonious way. Neither of these concepts suggests the existence of a socially homogeneous urban society with a clearly identifiable *volonté générale* which is devoid of social conflicts and power struggles. On the contrary, Le Galès underscores that social diversity, political conflicts and cultural plurality are constitutive elements of our cities today. Therefore, looking at European cities in terms of incomplete local societies and collective actors means questioning the ways and

means through which their complex collective identity is being renegotiated and reconstructed over again:

> "When thinking in terms of cities as collective actors and local societies, it is essential to avoid the stumbling block of reifying the city as a single actor, examined mainly from the point of view of elected political actors. This means taking into account the diversity of the actors, groups, and institutions that make up the city. (…) In cities, groups, actors and organisations oppose one another, enter into conflict, cooperate, produce representations to institutionalise collective forms of action, implement policies, structure inequalities, and defend their interests. Consequently, they can, in part, be studied as incomplete local societies." (2002: 9, 12)

With this particular interpretation of European cities as 'incomplete local societies'[26] and 'collective actors' in mind, Le Galès asserts that Weber's perspective on cities makes for a useful tool which also remains applicable for multilevel urban governance research today. However, this is in no way to suggest that *all* middle-sized cities of Europe dispose of the resources, capacities and ambitions that will allow them to become politically relevant collective actors and to organize themselves as partially integrated local societies! For many cities, insistent efforts at societal integration and representation, a strategic promotion of particular local assets and the attraction of financial means will be necessary in order to successfully become permanent active players of multilevel urban governance on a European or international scale. Still others might never reach this prominence despite all their best ploys – and as such will remain dependent on external grants and policies taken *for* them by other actors such as central governments (2002: 13; 1998: 497).

Le Galès highlights that the socio-spatial composition of city dwellers in the historical centre constitutes a crucial factor which might enhance or reduce the potential of cities to establish a local society and become politically relevant actors. He then notes that European cities often provide conditions which are conducive in this respect: in contrast to US-American cities, the middle classes and urban elites have continued to reside predominantly in the city centers. Whereas in the US, the emergence of the car as a mass product in the 1950s has caused a massive 'white flight' of middle classes to the newly built suburban areas, this inner-city crisis has been far less pronounced in European cities (Bagnasco and Le Galès 2000: 14). This unbroken presence of educated middle classes and urban elites in the cities of Europe has been of an essentially *political* importance, since this population segment is often endowed with considerable will and the necessary capability of making an active contribution to urban governance. Many of them are employed in the local public sector themselves, or possess the educational background, know-how and personal connections in order to gain access to the key decision making processes

[26] European cities are *incomplete* local societies as they are defined to a significant extent by their embeddedness within broader political, societal and economic entities. In other words, cities constitute only one level within the complex pattern of multilevel urban governance.

and institutions. Due to the same reasons, a high proportion of them are active in associations, trade unions and citizen groups that have an interest in the common good of the city; or, to put it a more modestly, in issues that go beyond a purely particular and private interest and concern the broader urban public instead (Le Galès 2002: 217; 2004: 247).

A Tradition of Strong Public Intervention and a Welfarist Political Culture

After the medieval heyday of partly autonomous local states, cities became caught up within increasingly dominant territorial states with tight and powerful frameworks of regulation. Especially in the 19th and 20th century, national governments often implemented comprehensive strategic plans in the attempt to put these ideal-typical political and societal images ('*Leitbilder*') into political practice. Consequently, urban Europe has been decisively shaped by a tradition which ascribes a powerful and interventionist role to public authorities. Instead of regarding urban development mostly as a matter of market logics and land speculation, the socio-spatial composition of cities and the provision of local welfare services has always been regarded as an issue of public interest and responsibility (Bagnasco and Le Galès 2000: 15). According to Le Galès, in Europe such an attitude has never been exclusively confined to groups like the working classes, leftists and intellectuals. As early as in the 19th century, an *enlightened bourgeoisie* made up of European industrialists supported urban policies that sought to promote social balance and inclusion. Up to the present day, representatives of organized business interests have repeatedly proved that they are able to see beyond the end of their nose, as they have pursued strategies in order to contribute to the production of collective goods and welfare services (Le Galès 2000: 180; 2002: 208).

How can these alleged characteristics of urban Europe be explained? Three main factors can be mentioned that have decisively facilitated and guaranteed the predominance and maintenance of these characteristically European traits of urban policies. *First of all*, in contrast to American municipalities, which have typically been determinedly dependent on taxes paid to them by local private companies, a significant share of the revenues of European cities still consists of grants provided by national governments and – to an increasing extent – by the EU as well. Given this 'protection' of European cities by superordinate welfare state institutions, local policy agendas have been less immediately and less severely dependent on business interests (Le Galès 2000: 193; 2004: 246).

Secondly, despite the large share of urban welfare policies prepared and implemented by central governments, we must not forget that many European municipalities constitute mighty landlords themselves: the often considerable share of public landownership endows them with a substantial authority to decide upon

issues of land use and sustainable urban planning in a highly autonomous manner. Thus, it has become possible for cities to formulate and efficiently implement social housing policies, infrastructural development programmes and other area-based strategies in order to prevent, fight or alleviate tendencies of socio-spatial polarization and social exclusion (Le Galès 2000: 193; Häußermann and Haila 2004: 54-5)

Finally, Le Galès states that this persistent prevalence of state-led, interventionist and welfare-oriented urban policies in Europe rests upon a solid basis of broad societal approval. Even though Le Galès is reluctant to use this term himself, it is clear that his ideal-typical understanding of the 'European City' points to a strong, historically rooted and unique pan-European *political culture* which has always stressed the value of social inclusion and allows for a high degree of public intervention. As I will illustrate in more detail below, it is argued that this deep-seated European political culture represents a decisive context and guideline for contemporary multilevel urban governance in Europe. Over the centuries, it has infiltrated all scales of political decision making. Initially emerging in autonomous medieval city states, it subsequently laid the fundament for the development of interventionist national welfare states in the 19th and 20th century. Altogether, this historical continuity has guaranteed and preserved the long-term stability of the European urban system and helps to explain the comparatively modest figures of socio-spatial polarization (see Kaelble 2001).

The Institutionalization of the EU

While the aforementioned characteristics of the 'European City' are mainly of an ideal-typical and more abstract nature, it has to be mentioned that the continuing expansion and proceeding institutionalization of European Union allows us to understand the term 'European City' in a very practical way. More and more cities are being integrated into European Union, which has become ever more active in funding and cooperating with cities or city-regions, thereby often by-passing nation states (Le Galès 2002: 76, 96). As Le Galès points out, the institutionalization of EU gives a different meaning to the idea of the 'European City' which reaches beyond sociological and geographical analysis, as our cities are now part of a European polity in the making (ibid.: 5). They "are becoming more European in the sense that the institutionalization of the EU is creating rules, norms, procedures, repertoires, and public policies that have an impact on most, if not all, cities". (ibid.: 175).

The Heart of the 'European City' Hypothesis:
Modes of Governance Beyond the Imperative of Competitiveness

In the preceding section, I have distinguished five dimensions that play a vital role in Le Galès' recent attempts to illustrate the unique character of contemporary European cities. In the attempt to show what 'constituent parts' the European City hypothesis is made up of, it appears reasonable to keep these lines of argument separated for analytical purposes. On the other hand, however, together they are meant to represent an integrated whole which is more than the sum of its parts – namely the 'European City hypothesis'. Therefore, let us now ask whether it is possible to boil down these different aspects to one concentrated statement that represents the very essence of the idea of the 'European City'. I am convinced that such an argumentative core is discernible, and that it is the issue of 'modes of governance' that can be found at the heart of the 'European City' hypothesis. In fact, it can be best summarized by looking at two successive headings in Le Galès' '*European Cities*'. In one headline (2002: 200) he asks: *'Integration and representation: Has competition become the organising principle for social and political actors within European Cities?'* With the following heading (2002: 213), he gives his personal answer to this question: *'Beyond competition: diverse forms of regulation within European cities'.*

On the one hand, these captions once again show that Le Galès focuses on the same key issue as Brenner, namely the question about the key systemic patterns and transformations of prevailing modes of urban governance across (Western) Europe. On the other hand, they make evident that Le Galès does not agree with Brenner's judgment that the paradigm of competitiveness has become the main structuring and guiding principle for multilevel urban governance in Europe today! With this basic difference in mind, I suggest that the quintessence of Le Galès 'European City' hypothesis can be summarized in this way: *A unique historical heritage has decisively shaped the political status, socio-spatial composition and political culture of contemporary European cities. In the complex web of multilevel governance, they have the capacity to take action as incomplete local societies and as politically relevant actors. They are able to pursue policy goals that counterbalance the rationale of competitiveness and growth – and allow to successfully defend and promote social inclusion and local welfare as policy goals in their own right.*

Le Galès does not object to the argument that the pressure for international competitiveness and growth has recently become an increasingly important organizing principle throughout urban Europe. Agreeing with Brenner, he contends that in many cases, the principle of 'inter-urban competitiveness' is being portrayed as an inevitable external pressure – and as such has in fact become the most important legitimizing criterion of urban policies (2002: 201-3). In this sense, a certain paradigmatic shift towards more entrepreneurial and fragmented multi-level governance has undeniably affected urban policies all across Western Europe since the 1980s – and in many cases, this paradigm has shown to be at odds with policy goals such as

social inclusion, the provision of local welfare services and the mitigation of socio-spatial fragmentation processes (2004: 249-51). However, Le Galès repeatedly emphasizes that this is only part of the story. Due to their unique background and context, in European cities the principles of economic growth and competitiveness have been counter-balanced and contained by other powerful policy goals:

> "Opposing those who forecast a decline of European cities and the fading of their charms, I will try to show how these cities, and the actors within them, are adapting to the new conditions in order to contribute actively to the building of this European road and to developing new forms of territorialization and institutionalization, and of compromise between social integration, culture and economic development combined with the requirement to improve the environment. (…) The actors of these changes in cities come from associations, firms, and special interest, but also from local government and politics, which make differentiated modes of governance in European cities." (2002: 6- 7)

This quotation lucidly points to the peculiar coexistence of similarities and differences in the neostructuralist and neo-Weberian approaches: Le Galès agrees with Brenner that contemporary cities of Europe are not describable in terms of *one* integrated, single most important mode of urban governance and that taking into account local, regional and national specificities is crucial. Nonetheless, he also follows Brenner in the ambition to extract the essence of a pan-European commonality in order to be able to provide a large-scale 'narrative' for Western Europe as a whole. However, the consensus between the two authors comes to an end as soon as we bring up the question of the characteristic traits of this commonality. For Brenner, the pan-European commonality consists in the currently omnipresent dominance of locational policies and the corresponding imperative of international competitiveness. Le Galès, however, argues that European Cities are able to establish modes of urban governance that reach beyond the mere paradigm of competitiveness – and that it is this option for implementing truly alternative modes of governance that makes for their 'Europeanness' (2002: 183, 226). In Le Galès' opinion, there is a tendency amongst scholars to overestimate the importance of the shift towards a neoliberal paradigm in urban Europe. As he states, not even in Great Britain have entrepreneurial policies been put into practice in an unadulterated way. Certainly, economic interests and the principle of competition make for one crucial element of urban governance today. Yet, Le Galès' point is that they still cannot be described as *central*: "The preservation of social services, the struggle to limit social segregation and the maintenance of social cohesion continue to dominate urban policy." (Bagnasco and Le Galès 2000: 28)

Given this assessment of contemporary pan-European features of urban governance, Le Galès also suggests an interpretation of current urban crisis management strategies that significantly differs from Brenner's judgments on the same issue. He agrees with Brenner that we are witnessing an emergence of urban strategies the aim of which has been to provide answers to the problematic effects caused

by earlier rounds of state spatial transformation and urban governance. For instance, he mentions anti-poverty strategies, programmes of physical and social revitalization, cultural and environmental policies and metropolitanization strategies (Le Galès 2002: 224-6; 2004: 250). Brenner had claimed that in practice these strategies have shown to become largely absorbed by the competitive logic of locational policies. Disagreeing with this interpretation, Le Galès points out that goals such as social welfare or cohesion can be successfully pursued as ends *in their own right* in European cities and do not necessarily have to bow to the imperatives of growth and competitiveness.

Accordingly, Le Galès offers an interpretation of the main thrust of contemporary metropolitanization reforms that differs a great deal from Brenner's observations. He partly agrees that the main rationale of metropolitan cooperation no longer lies in an efficient and evenly distributed provision of social services, but rather in the attempt to increase the international competitiveness of an urban region on a European or even global scale. However, Le Galès explicitly chooses some empirical examples where plans for metropolitan cooperation have been rejected, opposed and turned down because of the resistance of municipal councils or citizens that would have been affected by these reforms. Most interestingly, he notes that in many of these cases, this resistance clearly and obviously contradicted with the logic of economic reason. For Le Galès, this proves that modes of governance in European cities can still not be said to be first and foremost structured by the principles of economic growth and competitiveness:

> "(T)here is a point at which the simple application of economic logic in coordinating activities at the scale of a more or less identified city region, in order to deal with competition from other European cities, comes into conflict with other logics, especially with the political logic of cities and their longevity." (2002: 247)

The 'European City': A Descriptive Ideal-Typical Concept or a Normative Mission?

There is one more important question concerning the conceptual nature of the 'European City' which needs to be addressed here. As we have seen, Le Galès highlights the distinctiveness of European cities (in an ideal-typical way) for the most part in terms of modes of governance. However, it has not yet become entirely clear how we are to interpret this statement: does it imply that mixed-mode governance is an empirical *matter of fact* observable in European cities today? Or does Le Galès rather suggest that European cities dispose of the *necessary preconditions and capacities* to establish this mixed-mode governance as an alternative to entrepreneurial and locational policies?

It is important to make this distinction, as it points to the nature of the contemporary 'European City' hypothesis and the way it can be applied. Evidently, the

first reading makes for an explicit and integral part of Le Galès texts, because he repeatedly mentions empirical examples from different cities across Europe in order to show that modes of governance have recently not been confined to a policy agenda dominated by growth and competitiveness. In spite of these examples that point to a persistence of the particularly European way of mixed-mode governance, Le Galès also concedes that we are still witnessing a strong and continual trend towards more entrepreneurial urban policies, though. In consequence, he is aware that the future development of urban governance in European cities is very much an open question, and that it is all but self-evident that a mode of governance which keeps the balance between economic prosperity, welfare and sustainability will prevail in the long run. This is where the second interpretation of the 'European City' hypothesis comes into play – in the form of a normative statement, an *alarm call* which can be paraphrased as follows: *Throughout their long historical development, European cities have come to represent a distinctive political culture and unique societal model that we should value as a great achievement in terms of civilization and which is therefore worthwhile protecting. Today, we stand at a historical junction where we can either decide to try to reinforce and defend this model, or sacrifice it to a competing economistic paradigm.*

Regardless of the fact that Le Galès never openly puts forward this normative understanding of the 'European City' idea, I would like to suggest that this facet always remains (at the least) subliminally present in his writings.[27] Le Galès argues that after the crisis and demise of *national* Keynesianism, we can best understand – but also protect – the uniqueness of Europe today by focusing on the urban level. Mentioning the essentially *urban* origin of our welfare societies, he holds that our cities have to take their chance in order to play an increasingly important role in the currently ongoing rescaling of statehood. On the whole, we can now identify three different dimensions as far as the *conceptual status* of the 'European City' hypothesis is concerned. Firstly, it is an ideal-typical, heuristic tool of analysis in the tradition of Max Weber. Secondly, it is an ideal-typical abstraction based on empirical societal and political traits which are detectable in European cities. And finally, it can serve as a normative argument to highlight the positive and unique qualities of urban Europe which should be saved from dismantlement.

3.3. A Critical Comparison of Neo-Weberianism and Neostructuralism and the Formulation of a Shared Analytical Framework

In the previous chapter I presented neostructural and neo-Weberian thinking as two closely related, yet distinguishable approaches of urban governance analysis. Propo-

[27] In a much more explicit way, Häußermann and Haila (2004) have recently emphasized this normative dimension of the 'European City' hypothesis.

nents of both schools have suggested a complexity-oriented view on urban governance which avoids functionalist and universalistic explanations and takes local, regional and national path dependencies seriously. Despite their highly differentiated view on cities, both neostructuralists and neo-Weberians insist that it is possible to extract a 'least common denominator' as regards the prevailing modes of urban governance and the way they have recently developed in Western Europe. However, we have also seen that Brenner and Le Galès disagree on the overall *quality* of these pan-European transformations: Neostructuralists state that urban governance in Europe is currently trapped in a logic of international competitiveness, while neo-Weberians believe European cities capable of counter-balancing this logic of growth and competitiveness with principles such as cohesion, welfare and sustainability.

As these two different interpretations clearly indicate, there is no such thing as a scholarly consensus on a 'least common denominator' of currently prevailing modes of urban governance in Western Europe. It seems instead that the related neostructural and neo-Weberian perspectives lead us to essentially different and contestable assessments that are currently struggling for discursive hegemony in the academic community of urban scholars. Figure 3.1. gives a concise overview of the commonalities of these two approaches as well as the most important differences I have mentioned.

	Neostructuralism	**Neo-Weberianism**
Overall theoretical approach and analytical scope	- From urban government to multilevel urban governance - Context-sensitive, multilevel, non-determinist, complexity-oriented urban governance analysis - Cities as preconditions, actors, results of urban governance - Despite path-dependencies: comprehensive successive phases of state spatial reorganization and prevailing modes of urban governance throughout Western Europe	
Main references, analytical focus	Political economy tradition; Lefebvre; Harvey; Jessop ➔ Emphasis on scales of state power and their interrelationship	Political economy tradition; Weber ➔ Emphasis on a shared European heritage, intermediary institutions and local agency
Hypotheses on pan-European trends of urban governance transformations	After several rounds of state spatial restructuring since 1970s, urban policies are trapped in an imperative of international competitiveness (to the detriment of social cohesion and welfare)	Persistence of characteristic traits of urban Europe since the Middle Ages: European cities as collective actors and local societies. Strong tradition of social cohesion, welfare and public intervention
Limits and weaknesses	Stylized description of successive phases of state spatial restructuring might not give an apt summary for Western Europe as a whole ➔ unclear scope of applicability	The 'European City' hypothesis is based on multiple references: hard to give a clear-cut definition of the idea's conceptual nature. ➔ unclear scope of applicability

Fig. 3.1.: Comparing Neostructuralist and Neo-Weberian Approaches: An Overview

As already mentioned, I will finish off the first part of the book with a suggestion for a stylized framework of comparative multilevel urban governance analysis to which I believe both neostructuralists and neo-Weberians can subscribe. Before doing so, however, I would like to critically reflect upon the theoretical weaknesses and analytical limits of neostructural and neo-Weberian reasoning on urban governance.

Critical Reflections on the 'European City' Hypothesis

Due to a unique context, European cities have the capacity to act as partially integrated local societies and collective actors and can establish modes of governance that exceed the neoliberal logic of entrepreneurialism and international competitiveness. As I have argued above, this statement is the argumentative core of the 'European City' hypothesis. However, I have also made clear that this allegedly shared European background consists of a bundle of strikingly different national and regional contexts. In practice, the relevance of each of the abovementioned reference points which are crucial for defining the 'European City' (medieval cityscapes; tradition as partly autonomous collective actors and local societies; cities as part of strongly interventionist national welfare states; cities as part of EU) varies significantly for different cities of Europe. Put differently, the supposedly shared 'Europeanness' of cities is often based upon dissimilar sets of criteria. Let me mention two examples: Firstly, many well-preserved medieval towns in Northern Italy do indeed represent the heritage of a well-preserved medieval townscape very well, and they can also look back on a strong civic history as autonomous medieval city states. Moreover, they are part of an institutionalizing EU. Yet, they commonly lack the embeddedness in a contemporary context of powerful redistributive and cohesion-oriented welfare state intervention. In contrast (this will be shown in detail in the second part of this work), many cities in Scandinavia can be said to be particularly 'European' in the sense of their orientation towards welfare, social cohesion, equality and strong state intervention – but in turn lack the legacy of a medieval cityscape and the corresponding strong civic tradition.

Therefore, these inconsistencies in terms of points of reference and their weighting make it hard to define the 'European City' in an unambiguous way: Whereas both Italian and Finnish cities might represent features that are exclusively European, their 'Europeanness' rests upon essentially different characteristics. In this sense, it makes little sense to label them both as 'European Cities' without searching for the main qualities that make for this European character. This no doubt represents a serious analytical problem – and indeed, Le Galès is well aware of it:

> "A comparison of public services, infrastructure and planning at urban level throughout Europe generally reveals differences between Scandinavian countries, southern Europe and Britain. Germany and France fall into different categories depending on the authors and the subjects. And one has to stretch to a greater degree of generality and abstraction, and use the contrast with major cities in the USA, before being able to identify common features." (Bagnasco and Le Galès 2000: 14-5)

This uneven representation and ratio of the various criteria Le Galès utilizes to define the unique qualities of urban Europe point to another fundamental problem: it is far from clear to which *geographical scope* the 'European City' hypothesis can be legitimately applied to. We can certainly make one essential confinement, as it is quite obvious that Le Galès' writings relate to *Western* Europe only. Notwithstanding all evident structural and contextual differences, Le Galès believes that (amongst others) Swedish, German, French, Dutch, Italian and Spanish cities can in principle be subsumed under the label of the 'European City'. Considering the criteria he mentions in order to define the unique qualities of urban Europe, his geographical selectivity appears to be comprehensible: apart from the fact that the historical core of urban Europe (the aforementioned 'blue banana') stretches out as a North-South axis throughout Western Europe, the narrative of national Keynesianism and its crisis since the 1970s is a discourse which has been exclusively developed for cities that used to be part of the capitalist Western world during the cold war era.

It is hardly an exaggeration to say that cities which used to belong to the Eastern Bloc for some decades after World War II have thus far played no significant role in the conceptualization of the 'European City' hypothesis and the corresponding debates on urban governance (Bagnasco and Le Galès 2000: 30). The rigid and formal division of Europe into West and East is a thing of the past, now that the Eastern enlargement of the EU has turned many post-socialist cities into 'European Cities' in a very concrete sense. Consequently, it appears highly problematic to keep confining the idea of the 'European City' to *Western* European cities today. We should not – and arguably cannot – ignore Czech, Polish, Estonian or Hungarian cities (to name but a few) any longer if we intend to understand urban Europe in its main characteristics and current development. It does not appear entirely misplaced to assume that the recent political and societal developments in Eastern European cities (and countries) has made urban scholars stick so doggedly to Western Europe as the sole geographical basis of the 'European City' idea. After the collapse of the Eastern Bloc, many post-socialist European countries have established social and economic policies which run counter to the values that have been crucial for the establishment of Western European welfare capitalism after World War II. Since the 1990s, post-socialist countries have often been geared to more market-liberal, entrepreneurial (urban) polices which are reminiscent of the Anglo-American tradition. According to this interpretation, an incorporation of today's post-socialist cities into the discourse on urban governance in European cities would have signifi-

cantly weakened the logical structure and argumentative basis the 'European City' hypothesis rests upon. This would also confirm the aforementioned assumption that this idea is mainly an attempt to preserve or revive the tradition of Western European welfare societies on an *urban* level.

On the other hand, one could also argue that such an interpretation which focuses on the geographical scope of the 'European City' hypothesis underestimates the strongly abstract and universally applicable normative nature of the intellectual venture pursued by Le Galès and colleagues. Notwithstanding the fact that this model is undoubtedly geographically 'at home' in Western Europe, its main principles are considered to be of universal value and as such can be exported beyond their original geographical delimitations. In this reading, even a city in Malaysia or the USA could be described as a 'European City', as long as it possesses the necessary characteristic traits.

As these reflections demonstrate, we can imagine several intentions and purposes that may motivate scholars to establish and defend a hypothesis like the one on 'European Cities'. While it is often hard and sometimes impossible to say for sure what these intentions consist of in the individual case, we have to bear in mind that the construction of typologies is never devoid of particular purposes and intentions. As Baldwin rightly and lucidly notes:

> "The point of typologizing (…) is to highlight certain features shared in common that distinguish the members of one group from another. But unless the members of a certain category are identical, alike in all their characteristics, the act of typologizing will involve a decision that some features are important in a certain respect and others not. It is thus the theory that creates the typology, not the typology the theory. (…) We do not have to be extreme nominalists, believing that only the individual entity exists and that any general category is but an intellectual convenience with no toehold in reality, to argue that typologies are nonetheless tied to a particular purpose in terms of which they must be understood." (Baldwin 1996: 29-30).

Irrespective of this multifaceted and sometimes confusing character of the 'European City' hypothesis, let us recall that we have defined its *essential argumentative core* in a much more unambiguous and clear-cut way already: whenever we want to find out in what way a certain city corresponds to the idea of the 'European City', we must, first and foremost, search for the *prevailing modes of urban governance* found there. However, this is not as unproblematic as it sounds, because a majority of contemporary cities *cannot* be characterized by one single most important and integrated mode of governance. Instead, both the composition of governance coalitions and also the dominant policy goals usually differ significantly for different sectors of policy making in one and the same city. We should not pretend as if urban governance was a monolithic system regarding actor constellations and political strategies. As the very idea of multilevel urban governance already suggests, urban policies are hardly ever describable in terms of a comprehensive 'master plan' today. Instead, they can be usually characterized by a fragmentation of policy fields and conflicts

among various groups of actors who prepare and implement their policies on different levels of decision making.

Stressing this complex character of urban politics and policies does not, however, suggest that a systematic analysis of urban governance constellations and transformations has become impossible today. Even under the conditions of multilevel complex governance arrangements, it remains feasible to systematically scrutinize local welfare policies and local labor market policies in one city – and subsequently compare them to other cities. Yet, we cannot presume that findings about the dominating actor coalitions and policy goals (meaning 'modes of governance') in one of these two policy sectors will necessarily allow us to draw conclusions regarding the other. This is another reason why it will often be hard to give a clear-cut answer to the question whether – and to what extent – a certain city corresponds to the ideal-typical model of the 'European City'. Whereas local housing policies in a certain city may represent the picture of 'mixed mode governance' beyond the mere rationale of economic growth and competitiveness very well, this is possibly entirely different in the case of urban labor market policies which are implemented in one and the same city. However, the main indicator which serves to measure this 'Europeanness' stays the same for all cities and all fields of policy making we wish to analyze: the decisive question is always whether a certain city has the capacity and will to organize itself as a partially integrated local society and a politically relevant collective actor – and, as a result pursues policies that successfully counterbalance the imperative of economic competitiveness and growth with the goals of social cohesion and integration, sustainable development and local welfare.

Critical Reflections on the Neostructural Approach of State Spatial Restructuring

Alongside Bob Jessop, Neil Brenner has provided a very comprehensive description of successive phases of state spatial organization that have allegedly occurred since the 1970s. Both authors use a slightly different terminological toolkit and Brenner has centered his studies more explicitly on the urban and metropolitan dimension and the geographical scope of Continental Europe. In general, however, both authors are deeply rooted in a political economy tradition and have been particularly influenced by the writings of David Harvey. They have taken up and further developed his thoughts on the comprehensive transition from 'urban managerialism' to 'urban entrepreneurialism' (see Harvey 1989) in an attempt to formulate their own refined narratives of recently ongoing processes of state spatial restructuring and urban governance transformations.

Apart from being critically acclaimed on an international level, this *neostructuralist* account of (urban) political studies has also recently met with severe criticism. For the most part, the objections to neostructuralist writings have been reminiscent

of the classic arguments that had been raised against earlier forms of structuralist writings in the 20th century: due to their predominantly macro-oriented analytical perspective, neostructural accounts are often considered incapable of properly taking into consideration institutional path dependencies. In order to overcome their functionalist and partly determinist viewpoint, it is often said that they need to be supplemented by approaches which are more sensitive to agency and intermediary institutions. In a recent – and on the whole very positive – review of Brenner's *New State Spaces*, Patrick Le Galès picks up exactly this line of argumentation:

> "Although Neil Brenner carefully mentions the importance of the meso level of analysis, he fails to carry it through into his empirical analysis. Therefore, one is led to reinvigorate the old critics of the reification of the state without taking into account the political struggle, the actors and the interests. This is partly unfair, as Brenner attempts to articulate the institutional changes – he talks about the rescaling struggles. In doing so, however, he invariably concludes 'but...or nonetheless'. In other words, he acknowledges differences but then often ignores them. (...) Brenner often mentions the importance of institutions and he uses path-dependency in his theoretical framework; but that perspective does not inform his empirical analysis." (Le Galès 2006: 719).

It is certainly legitimate to make this point, as analyses on multilevel governance and state rescaling should also contain examinations of the most important groups of actors and institutional arrangements. Nonetheless, in my opinion this criticism does *not* point to the actual 'Achilles heel' of Brenner's account, since Brenner is entirely aware of this omission himself: he repeatedly states that he knows about the national, regional and local diversity of state spatial organization processes and – as a consequence – the *absence* of one single predominant model of urban governance in Western Europe. However, Brenner argues that this diversity is nonetheless enframed by overarching, pan-European systemic transformations and emphasizes that *New State Spaces* represents a conscious choice to concentrate on illustrating the "shared pathways of institutional and spatial reorganization among Western European states" (Brenner 2004: 18). Consequently, his decision to extract the shared features of Western urban Europe does not entail denying the existence and importance of various path dependencies, institutions and agency – it just means that Brenner does not primarily focus on them in his book (see also: Brenner 2006: 36-8; 2004: VII, 18).

For this reason, I suggest that we should not criticize Brenner for his decision to focus on examining the pan-European trends of state spatial restructuring and urban governance transformation in Western Europe. Instead, it is more important to find out whether his narrative properly mirrors the recent developments throughout Western Europe as they have occurred in reality (Giersig 2007: 299-300). How convincing is Brenner's diagnosis that 'Rescaled Competition State Regimes' are trapped within the logic of international competitiveness today? Can his interpretation of state spatial restructuring throughout the last few decades claim validity for Western Europe as a whole, or does it perhaps highlight characteristics

which can be found only in a few selected countries, regions or cities? If we are to assess the overall quality and relevance of Brenner's approach, it is primarily these questions we will have to find an answer to.

It is all the more surprising to see Le Galès criticize Brenner for his ambition to illustrate the shared features of urban Europe, as he himself follows quite a similar strategy in his own writings: Just like Brenner, Le Galès is aware of the multiple differences that exist among European nation states, regions and cities and he knows that it is wrong to assume that one distinct mode of governance has come to dominate urban Europe. Nonetheless, he ultimately decides to make several abstractions and generalizations so as to introduce his version of the *shared* features and capacities of European cities. It would certainly not be appropriate to criticize Le Galès for his attempt to extract such common traits of European cities. Instead, we should rather ask whether his abstractions, generalizations and the conclusions he draws from them are really well-founded and make sense. In more practical terms, this means that we need to conduct comparative empirical studies on urban governance in European cities and assess to what extent and in what ways these observations correspond to the 'European City' hypothesis. Ultimately, both Le Galès' 'European City' hypothesis and Brenner's highly stylized account of state spatial restructuring are an ideal-typical and heuristic diagnosis, whose strength, generalizability and geographical scope of applicability remain to be evaluated by systematic and comparative empirical research to come.

A Joint Research Framework to Test Competing Hypotheses

In this chapter, I have argued that the essential difference between neostructural and neo-Weberian accounts does not lie in the overall framework of analysis they suggest, but rather in their diagnoses and hypotheses about the main trajectories of urban governance transformations throughout Western Europe. Brenner knows that his comprehensive diagnosis of successive phases of state spatial restructuring cannot replace detailed studies on urban governance – it only makes for a broad context within which multifarious path-dependent trajectories of urban governance unfold in practice. Exactly the same is true for Le Galès and his 'European City' hypothesis. The two authors might disagree upon their overall assessment of current urban governance transformations, but they widely agree on what questions, variables, research levels etc. multilevel urban governance analysis should consist of in practice. As the following quotation underlines, this analytical agreement between neostructuralists and neo-Weberians can be regarded as part of broader convergence tendencies in the theoretical debates on political urban studies:

> "Despite some divergence in the construction of the typologies in terms of criteria adopted and resulting types, there seems to be wide consensus on the driving forces fuelling the spread of new governance arrangements (economic restructuring, devolution of state authority, etc.). There also seems to be consensus on the crucial importance of the nation state and the institutional embeddedness of these new forms of governance. Institutions reflect values, norms and practices, providing, at the same time, the context for actors' bounded rationality." (Kazepov 2004: 29)

In the light of these discernible trends towards convergence, I will now outline an analytical framework (see figure 3.2. below) of multilevel urban political analysis to which I think both neostructuralists and neo-Weberians can subscribe. I suggest that it constitutes a guideline and terminological aid which helps us to scrutinize urban governance arrangements and to systematically put competing hypotheses about prevailing modes of governance in European cities to an empirical test.[28] This model has to be understood as a structured 'checklist' which contains the main dimensions and factors of multilevel urban governance analysis we have to take into account in their interplay. For each relevant analytical level, some crucial questions and issues are mentioned as examples. Given the fact that this model is supposed to be applicable as universally as possible (i.e. to different cities, but also to various policy fields), it is designed in very general terms. In order to do justice to the idea of multilevel and non-deterministic analysis, we should avoid presuming any supposedly 'natural' hierarchical or causal relationship among the different levels of analysis or variables at issue. Moreover, we must not take any specific mode of governance for granted – both in terms of the composition of actors and the normative alignment of a governance coalition. The framework should remain as unbiased as possible and as such help to identify the prevailing mode(s) of governance in each single case.

[28] This framework draws from writings of several urbanists who have made important contributions to the theoretical debates on urban governance. It should be understood as an extraction, structuration and – at best – an advancement of already existing approaches. As particularly important references, I would like to highlight the rough compendium for urban governance analysis suggested by Le Galès (2002: 268-71), the 'integrated approach' by DiGaetano and Strom (2003), Pierre's (2005) proposals for the design of comparative urban governance analysis and the neostructural accounts of MacLeod and Goodwin (1999) and Brenner (2004: 19).

<table>
<tr><th>Dimension of analysis</th><th>Research issues and questions (examples)</th><th colspan="4">Terminological distinctions</th></tr>
<tr><td>Structural framework conditions</td><td>Supra-regional level
- macrostructural context and transformations
- EU urban policies
- Legal, fiscal and political role of cities within nation state
Urban and regional level
- Infrastructures and resources (education, economy, transport etc.)
- Urban socio-spatial pattern
- Capacities of local government
- Local political culture</td><td rowspan="4">INSTITUTIONAL CONTEXT</td><td colspan="3">STRUCTURE</td></tr>
<tr><td>Composition of actors</td><td>'Vertical' mix: 'global players', EU, national government, regional authorities; local actors;
'Horizontal' mix: local governments, business actors, universities, citizen groups, trade unions etc.</td><td colspan="2">GOVERNANCE NETWORKS</td><td rowspan="2">MOG[29]</td></tr>
<tr><td>Governance in the making: goals, power relations, modes of interaction</td><td>Major policy-goals: social cohesion, sustainability, economic growth etc.
Power relations: roles, interests and resources of actors involved
Modes of interaction: compromise-, consensus- or conflict-oriented? Degree of institutionalization
Main conflict lines: party vs. party; city vs. city; urban vs. rural; urban vs. national; public vs. private etc.</td><td rowspan="2">AGENCY</td><td>POLICY PROCESS</td></tr>
<tr><td>Decisions, outputs, consequences</td><td>- Whose goals have prevailed?
-Interconnection of various goals: conflicting; coexistent, instrumental?
- Are the decisions based on consensus, compromise, or the power to decide unilaterally?
- Who is affected by decisions? Who pays, who benefits, who is excluded?
- How sustainable are the decisions?
- Are decisions democratically accountable?</td><td colspan="2">GOVERNING</td></tr>
</table>

Fig. 3.2.: Framework for a Systematic Multilevel Analysis of Urban Governance Arrangements

[29] 'Modes of governance'

Due to the highly complex character of multilevel urban governance research, the analytical tools which are used should be defined and distinguished as clearly as possible. For this reason, another important function of this framework lies in the delimitation of various terms that play a crucial role in the theoretical debates on urban governance. As the model clearly indicates, I argue that different keywords are associated with one or more dimensions of analysis: For example, it indicates that 'modes of governance' (MOG) are constituted by the specific composition of a governance coalition *and* the corresponding goals, power relations and policy conflicts which play a role in the policy process. Furthermore, important differentiations between related concepts – such as *'structure' vs. 'context'* or *'agency' vs. 'governing'* – are exemplified. In order to avoid terminological confusions and distortions, I believe that it is important to make an analytical distinction among these (in practice often overlapping) concepts.

Let me also briefly mention what this framework is *not* or cannot be. Firstly, it is obvious that it does not comprise a complete catalogue of questions and variables which may be relevant for urban governance analysis in a specific case: Unsurprisingly, the composition and importance of certain problems and challenges depends on the city and the policy field at stake. This framework can only suggest very general guidelines and questions that have to be reformulated in a more concrete way in each case. Secondly, while the framework helps us to find out *what* subjects we are to address, it does not tell us *how* we should conduct our research in a concrete case. Whether for instance qualitative or quantitative methods (and which ones) are a more appropriate way to approach a certain research issue is a question which cannot be answered within the scope of a general analytical framework.

The table proposed above is a rough guide that tries to amalgamate and systematize suggestions made by several neostructural and neo-Weberian scholars within one integrated framework. Since it is supposed to serve as a tool to detect and label prevailing modes of urban governance (in different cities and policy fields), it eventually represents a device which can help us to assess the plausibility of the competing neo-Weberian and neostructural hypotheses in each case. This multilevel and comparative urban governance analysis might be an analytical basis which can help us to reveal the (thematic and geographical) scope to which the 'European City' hypothesis holds relevance – and for what regions, countries or political issues Brenner's more pessimistic scenario perhaps offers a more apt description. Undoubtedly, comparative and systematic urban governance analysis still has a long way to go before we will be able to give well-founded answers to these questions.

For now, it is the main task to conduct numerous empirical case studies – which we can render comparable by analyzing them within the confines of a shared framework of multilevel governance analysis. In the first part of this work, I have set out my thoughts on how such systematic research can be further advanced, and

I have explained why I think that neo-Weberians and neostructural thinkers can and should agree on one shared framework for multilevel urban governance research in order to put their competing hypotheses to a systematic empirical test.

II) Metropolitan Governance Reforms in Stockholm and Helsinki: An Indicator for Governance Transformations in Sweden and Finland

4. Explaining the Rationale of the Research Focus

In the second main part of this work, I will apply the theoretical insights and synthesis outlined in part one to an empirical study of urban governance transformations in two Nordic capitals, Helsinki (Finland) and Stockholm (Sweden). It is designed to be a multilevel comparison which highlights the embeddedness of these cities in a broader Scandinavian (or 'Nordic'), national and regional context. As far as the main research focus is concerned, I will concentrate on the currently ongoing debates on metropolitan reforms and intermunicipal cooperation in both capital regions and search for the most important policy fields and goals as well as for the actor coalitions and conflicts that play a significant part in shaping these debates. I will examine currently prevailing modes of governance and thereby demonstrate that these contemporary governance struggles and transformations in Helsinki and Stockholm also mirror broader societal and political transformations in both countries. Finally, I will assess the extent to which neostructural and neo-Weberian hypotheses (chapter 3) can claim validity as far as the two cases of Helsinki and Stockholm are concerned. In this introductory part, however, it is first necessary to explain the rationale of my empirical comparison: Why is it that I have decided to compare the cities of Stockholm and Helsinki – and why do I consider the concentration on currently ongoing metropolitan reforms a particularly informative and illuminating research focus?

Why Compare Helsinki and Stockholm?

While I immersed myself in numerous theoretical writings on (multilevel) urban governance and the 'European City' at the beginning of my dissertation project, it was the somewhat spongy character of the 'European City' concept (especially its unclear geographical scope of applicability and its questionable usefulness as a heuristic analytical tool) that increasingly began to puzzle me. I became more and more aware that cities of Europe are still enframed by strikingly different national con-

texts (political systems, economic situation, welfare regimes, social structure etc.) and that this situation also makes for a remarkable heterogeneity in *urban* Europe which, in turn severely complicates a systematic comparison of European cities. In search of possible ways out of this dilemma, it occurred to me that it might be sensible and productive to subdivide Europe into several geopolitical entities, each of which would represent a more homogeneous context to the cities in its territory than the diffuse 'European' context. On this basis, I hoped, the formulation of a more refined typology of cities *within* the confines of the rather fuzzy and broad concept of the 'European City' would finally emerge.

In order to become clearer about the similarities and differences of socio-political arrangements throughout Western Europe and their geographical patterns, I started to focus on recent writings that have dealt with the most salient traits of European societies and have compared different 'worlds' of welfare capitalism within Europe (most notably Esping-Andersen 1991 and 1999, but also Kaufmann 2003, Kautto 2001 and Therborn 2000). However, I soon learned that in many cases it is has turned out to be hard to assign a group of nation states to a cluster of 'welfare capitalism' in a convincing way. In particular the attempts to unite several Western European countries under the label 'conservative' or 'corporatist' welfare regimes have repeatedly provoked serious opposition. To a lesser extent, this is also true for the 'liberal' welfare regime. It is striking, however, how little dissent there has been about the existence, persistence and geographical boundaries of the *'social democratic' world of welfare capitalism*, as represented by the Nordic (or Scandinavian) countries of Sweden, Finland, Norway, Denmark, Iceland and the Faeroe Islands (Kaufmann 2003: 23).[30] From an urban point of view, this means that Nordic cities appear to be embedded in a rather similar societal, economic and political context – a circumstance that significantly simplifies cross-national comparisons among these Nordic cities (see Kohn 1989). Thus far, the definition of the Nordic world of welfare capitalism and its comparison to other ideal typical models in Europe has almost exclusively occurred on a *national* level of analysis: Scholars departed from the study of Finnish, Swedish etc. welfare regimes so as to contrast them with, for example, France, Great Britain, or Germany. For urban scholars, however, it is certainly intriguing to ask whether such a broadly shared and apparently homogeneous Nordic model also breeds a distinct model of a Nordic *City*; one whose characteristic traits and geopolitical confines could be much more clearly defined than is the case for the 'European City' (see also Lehto 2000: 112-3)!

These thoughts constituted one major reason for comparing two Nordic cities in this work. My focus on the North soon became all the more interesting when I

[30] Hereafter, I will refer to Finland and Sweden as two 'Nordic' countries. See chapter 5.1. for a distinction between the concepts 'Nordic' and 'Scandinavian'. Moreover, Iceland and the Faeroe Islands will not be mentioned anymore: Due to their small size and rural character, they can be neglected in this study, which explicitly focuses on *urban* and *metropolitan* issues.

familiarized myself with the peculiarities of the Nordic societies and political systems. I realized that there are many features of Nordic societies which can be seen as representative of the 'European social model' in a particularly accentuated and almost ideal typical way. These are particularly clear when compared to the contrasting foil of the United States: Powerful state intervention, a political culture dominated by the principles of social inclusion and a high level of local autonomy are all important elements of the 'European social model'. At the same time, the next chapter will illustrate in detail that these principles can be found at the very heart of the Nordic countries' self-conception. In view of all these parallels, there is reason to believe that it is in Northern Europe where we can find the 'European City' model represented in its purest and most pronounced form. Could it thus be possible that we can also identify an ideal typical model of the 'Nordic City' which represents the idea of the 'European City' in a paradigmatic way?

Is the 'European City' mainly 'at home' in Northern Europe? This became the guiding research question at the early stage of this project. Yet, it soon became clear to me that the scope of this question by far exceeds the potentialities of a three-year dissertation project. Empirical and comparative and cross-national research on urban governance arrangements is a time-intensive venture – and even if I had managed to examine for instance eight Nordic cities (two each in Norway, Sweden, Finland and Denmark), these cases would still not have been sufficient to draw generalizing conclusions about the character of *the* 'Nordic City' as an ideal typical model. Consequently, it became necessary to reformulate the research agenda. Considering factors such as the availability and accessibility of data, the existence of well-documented debates on urban governance issues and – last but not least – practical aspects (I lived and worked in Helsinki at that time), the first decision was to exclusively focus on a comparison of urban governance dynamics in two Nordic capitals, Helsinki and Stockholm. It is rather evident that Helsinki can hardly be compared to any other Finnish cities – as such, it is not a 'representative' Finnish city. Exactly the same is true for the role of Stockholm within the Swedish context. In other words, we have to be aware that a focused comparative, multi-level analysis of Nordic capitals does not allow us to draw conclusions about prevailing modes of governance in Nordic cities altogether and about the 'Nordic City' as such. Nonetheless, as will be shown throughout the following chapters, metropolitan governance transformations in these two capital areas reveal a lot about the ongoing societal and political transformations and debates in Finland and Sweden *as a whole.*

Why Focus on Metropolitan Reforms?

How are we to approach the issue of 'prevailing modes of governance' in a comparative analysis, though? Let us recall that in practice, urban governance cannot be

understood as a monolithic bloc in most cities today! Also in Helsinki and Stockholm, it will not make sense to ask for one single most important mode of governance by which the city is seemingly governed. To give an imaginary example: in a certain city, housing policy issues are mainly in the hands of the local government and implemented with the goal of fostering social inclusion and avoiding segregation – while in the *same* city the national government, together with private business actors may be in charge of urban development policies, which are implemented according to entrepreneurial, growth oriented policy goals. This dilemma of fragmented and multilevel urban policies severely complicates a systematic comparison of urban governance and its dynamics.

One possible way to solve this analytical problem would certainly be to select only one field of urban policy (e.g. local welfare) and exclusively concentrate on modes of governance and dynamics to be found in this specific niche. However, this was never a realistic option for my particular academic venture, as it has always been my aim to provide an overview of urban governance dynamics in Stockholm and Helsinki which is as *broad and comprehensive* as possible. I am interested in the direction of urban governance trends in these two cities *as a whole*. But how is this feasible in practice? Just as the scope of my dissertation does not allow for the comparison of a huge number of cities, it also certainly does not allow for a detailed discussion of all relevant policy fields within a city. Moreover, it would be academically dishonest to pretend that an integrated mode of governance (e.g. a shared and institutionalized urban 'vision' or concept of the common good) in Helsinki and Stockholm is already detectable, when this is clearly not the case. How, then, can we hope to operationalize a compelling, yet also broad analysis on dynamic urban governance coalitions and goals – and at the same time avoid the pitfalls of oversimplification, redundancy and the distortion of facts?

Focusing on the cases of Stockholm and Helsinki, an answer to these questions begins to emerge as soon as we cease to restrict our view to separate *policy fields* and begin looking for the most important *political debates* currently held in the capitals of Finland and Sweden. Most interestingly, we will find that the need to rearrange and strengthen political cooperation and coordination in the capital region represents the most pressing and vigorously debated challenge for both cities today! The reasons for the remarkable urgency and predominance of debates on metropolitan restructuring in Stockholm and Helsinki are manifold and will be illustrated in detail throughout the following chapters. Suffice it to say here that both capital regions have recently experienced a substantial growth in their population, physical size and economy and are thus also facing a shift in their political, social and economic role (both nationally and internationally) today. Given the fact that the *functional* regions of Helsinki and Stockholm do not correspond with *administrative* municipal and regional boundaries, pressure for new forms of metropolitan and regional cooperation, integration, or even mergers has significantly increased in recent

times. Therefore, an *analysis of ongoing (debates about) metropolitan reforms* in Stockholm and Helsinki constitute the topical frame for this comparative study.

For the following three reasons, this particular research focus on metropolitan reforms appears to be particularly promising, productive and revealing for my purposes. *First, it enables a comprehensive analysis of various policy fields, actor groups and policy goals in their (conflictual) interplay*. It is important not to understand the issue of metropolitan reforms as a policy field itself – instead, it comprises and confronts questions related to housing, sustainable development, economic growth, urban planning and infrastructure, social cohesion and welfare and the like. This also helps to solve the aforementioned problem of choosing a thematic focus: Policy fields become relevant for this study as soon as they play a significant role in the debates on metropolitan reforms. Moreover, various groups of governance actors (parties, governments, associations, entrepreneurs) have different reasons and available resources for strengthening or opposing metropolitan reform initiatives and pursue partly compatible, partly incompatible goals. A systematic investigation and comparison of these complex interrelations between coalitions, power relations as well as policy issues and goals can thus be considered as a platform or medium by which a fairly all-embracing overview on modes of governance in Helsinki and Stockholm can be provided – despite the existing fragmentation of urban policies.[31]

Second, concentrating on the pressures for metropolitan integration also facilitates an assessment of the historical ‚core cities' (i.e. the actual municipalities Stockholm and Helsinki) as partially integrated 'local societies' and 'collective actors', as suggested by Le Galès (2002). Notwithstanding the complex embeddedness of cities in various contextual constraints and the essentially splintered character of urban policies, the multiple pressures to rearrange the political and administrative structure of a city region will ultimately motivate all the affected municipalities to develop a consistent position as far as the conditions and goals of intermunicipal cooperation are concerned. In order to obtain and represent a powerful bargaining position externally (e.g. in relation to the other cities in the metropolitan area), municipalities have to first develop and articulate this position internally. Examining the normative and strategic orientation of these policy programmes as well as the most important actor coalitions who have a say in the course of its formulation means nothing else than analyzing modes of urban governance and regarding cities as 'collective actors' and 'incomplete societies'.

[31] These reflections relate exclusively to the cases of the capital regions of Stockholm and Helsinki! By no means do I suggest that we should *generally* consider debates on metropolitan cooperation and integration as the most appropriate means to provide an overview on urban governance structures and dynamics. I do not claim either that the regional level is to be considered the 'naturally' most appropriate level of policy making, as asserted by the 'new regionalists' (for a critical discussion see Herrschel and Newman 2002: 31-4 and Brenner 2006: 21-4).

Finally, the debates about metropolitan reforms in Helsinki and Stockholm are symptomatic of an overall reorganization of political power and broader political debates which have emerged in Finland and Sweden since the 1990s. Both Helsinki and Stockholm can claim a remarkable dominance over, and unique position within, their country in every respect. Consequently, political-administrative reforms in these capital regions will not be of a solely local or city-regional significance. As I will demonstrate in the following chapters, it is no exaggeration to say that metropolitan reforms in Helsinki and Stockholm are considered issues of national importance, since they significantly alter and shape the interrelationship of national, regional, local authorities and non-state actors and might also lead to, or indicate broader paradigmatic policy shifts.

In a nutshell, we can conclude that we can use the analysis of (debates about) metropolitan reforms in Stockholm and Helsinki like a magnifying glass: With its help, current structures and dynamics of *multilevel governance dynamics* in Finland and Sweden become visible and therefore analyzable in a particularly concentrated way.

5. The Nordic Countries: A Comprehensive Political and Societal Model

In the first part of this work, it was demonstrated that thorough urban governance research has to be multilevel and context-sensitive in character. According to the analytical framework suggested above (fig. 3.2.), systematic and comparative urban governance analyses first require a due examination of the broader societal, political and economic context these cities are nested in. Therefore, outlining these structural framework conditions will be the main purpose of this chapter: Firstly, it will be demonstrated that both Finnish and Swedish cities are part of a broader *Nordic* 'world' of welfare capitalism. On the other hand, it will be argued that nonetheless various *national* peculiarities are detectable within this widely shared Nordic context. Chapter 5.1. serves as an overview and introduction: First of all, a terminological distinction between the concepts of 'Scandinavia' and the 'Nordic Countries' will be made and I will give reasons for my decision to prefer the latter label in this work. In the following, it will be argued that the Nordic countries are usually considered a highly homogeneous group of countries in Europe – not only in geographical, but also in political and societal terms. These observations are followed by a brief introduction to Finland and Sweden. Subsequently, the chapters 5.2. and 5.3. will give a structured overview of the most important characteristics that in sum make up the 'Nordic welfare regime' as a unique political and societal model. It will be demonstrated that Finland and Sweden unquestionably share enough features in order to be legitimately labeled Nordic welfare regimes. Nonetheless, some national peculiarities and differences will also be exemplified again. Finally, chapter 5.4. will draw attention to the deep crisis in the early 1990s and the challenges Nordic welfare states have recently faced: I will inspect how these severe disruptions have affected and changed Finland and Sweden, in what way these countries have – or have not – managed to find their way out of this depression, and to what extent they have successfully maintained their specifically 'Nordic' character today.

5.1. Finland and Sweden as Two Nordic Countries: A Brief Introduction

'Scandinavia' and the 'Nordic Countries': A Terminological Distinction

As an umbrella term, 'Scandinavia' is often used as a synonym for the 'Nordic countries'. However, in a strict sense, a distinction between these two terms must be made – especially when we begin considering the case of Finland. In geographical terms, Scandinavia is a peninsula which includes mainland Sweden, mainland Norway, a part of Denmark and a small part of Northern Finland only. The expression 'Nordic countries', however, seems to be based on a more socio-scientific and historical definition and comprises a broader territory than Scandinavia: Apart from Sweden, Norway and Denmark, also Finland and Iceland (as well as all the associated territories of these countries) constitute the Nordic group (see: Larsen and Ugelvik 1997).

Whereas Sweden clearly matches both the labels 'Nordic' and 'Scandinavian', Finland represents a special case in some respects: Finland was once part of Sweden and has also been significantly influenced by Swedish culture – however, in geographical terms it is not part of Scandinavia. Moreover, unlike the other languages spoken in Northern Europe, Finnish is not a Germanic language. In fact, it is one of the few European languages which is not even of Indo-European origin. Interestingly, Finns themselves appear to be rather divided upon the issue whether or not their country belongs to the Scandinavian group. This disaccord can be largely explained by differences in the weighting of criteria or in the disciplinary background one refers to when defining 'Scandinavia'. From a geographical, linguistic and anthropological perspective, Finland must be excluded from the group of Scandinavian countries. Yet, as soon as we decide to describe Scandinavia in socio-scientific and historical terms (which is often done), it appears much more legitimate and convincing to refer to Finland as a member of the Scandinavian group. It is clear, however, that Finns have demonstratively described themselves as a *Nordic* society ever since the 1950s – mainly in order to unmistakably distance themselves from the Eastern Bloc, but also from those European states which deliberately referred to themselves as part of the capitalist West. On the whole, and in view of all these aspects it appears more apt and unequivocal to illustrate and compare Sweden and Finland as two Nordic rather than Scandinavian countries in the remainder of this work.

The Nordic Countries as a Unique Model of Welfare Capitalism

If there is a common Nordic context, then what are its most important defining features? Certainly, there are factors such as the Nordic countries' geographic prox-

imity or a partially shared heritage in terms of language. However, given the fact that this is a socio-scientific work, we have to examine the societal and political commonalities or similarities that allow us to subsume countries like Sweden and Finland under a shared label. Today, such clustering is usually achieved by portraying these countries as 'Nordic welfare states'. What does such a characterization imply?

> "By welfare state in its broad sense we mean a democratic state that devotes the majority of its fiscal resources to serving the needs for welfare of the population, as opposed to countries that have other priorities. In a narrower sense we define welfare states as states that devote the biggest share of their tax resources to social policies, i.e. cash transfers and services aiming to provide security against social risks or in the event of needs." (Kautto 2001:10)

Evidently, social policies and the redistribution and reallocation of financial means within a country can be found at the heart of every definition of a welfare state. Socio-scientific research on different welfare states flourished in the second half of the 20th century. However, despite all the mounting papers, books and datasets, for a long time scholars were lacking an analytical framework that would allow for a systematic comparison of different welfare states (Kautto 2001: 15). This situation changed significantly when Esping-Andersen's *The Three Worlds of Welfare Capitalism* (1991) was published. Therein, Esping-Andersen argued that there are qualitatively different types of welfare *regimes* discernible in the Western world that can be distinguished from one another by the different role and overall weight of importance they apportion to the state, market and family in welfare provision. Notwithstanding the fact that every nation state is eventually unique in its welfare provision mixing ratio, he suggests that it is still possible to extract three main types of welfare regimes, which he refers to as the social democratic, liberal, and conservative welfare regimes. These three regime types sum up a set of distinctive institutional characteristics. Thus, they can be described as 'ideal types' in the sense that no individual nation fits the bill perfectly. But a similarity of 'logic', of basic attributes, among societies suggests a considerable degree of clustering around our ideal typical models." (Esping-Andersen 1999: 138) Analogously to the aforementioned ideal-typical construction of the 'European City', Esping-Andersen's ideal-typical regimes of welfare capitalism can be considered a heuristic analytical tool that allows us to assess to what extent a certain country (or group of countries) approximates to one of these ideal-typical models (Kvist 2002: 12-3).

According to Esping-Andersen, the social democratic welfare regime mainly comprises the Nordic countries Sweden, Denmark, Norway and Finland. The liberal model is at home in the Anglo-American world, while several countries in mainland Western Europe (such as France, Germany or Italy) are subsumed under the conservative 'world' of welfare capitalism. Esping-Andersen's book was a huge success and turned out to have an enormous impact upon social sciences, as it has

launched and shaped vigorous academic debates up to the present day. However, his categorizations have also provoked serious criticism: Many scholars have doubted the legitimacy and soundness of his ideal-typical classification of the liberal welfare regime, and these objections have been even more pronounced in the case of the conservative welfare regime (see Christensen 1997).

Most notably, however, this has hardly been the case for the social democratic welfare regimes. On the contrary, an overwhelming majority of scholars has agreed that there really is a unique social democratic welfare regime discernible the geographical confines of which correspond to the Nordic countries (see Alestalo and Flora 1994, Kautto 2001, Kaufmann 2003). Compared to the other ideal-typical welfare regimes, it seems that the Nordic countries can be described as a much more homogenous group, whose members (in spite of some often overlooked differences) have shown to be strikingly similar in many important respects (Christensen 1997: 385; Neubauer 2007: 56)

The line of argument in the remainder of chapter five will support and further substantiate these claims. It will be demonstrated that the Nordic welfare regime adds up to more than just a specific set of social policies and rather constitutes an all-inclusive societal, political and cultural model.[32] Among the four main countries which belong to the social democratic model of welfare capitalism, I will focus on Sweden and Finland. Therefore, before turning to an illustration of the specificities that make up the Nordic welfare regime (and the Swedish and Finnish peculiarities therein) in chapter 5.2., let me first give a very concise and general introduction to these two countries in focus.

Finland in a Nutshell

Finland is a country located at the outermost North-Eastern fringe of the EU. It has a population of 5.3 million people spread over 338,145 square kilometers[33], making it the most sparsely populated country in the European Union (17 inhabitants per square kilometer). Its most important urban centers – including its dominant capital region of Helsinki – are almost exclusively located in Southern and Middle Finland. A vast majority of Finland's inhabitants speak Finnish as their mother tongue (92%). Swedish is the second official language, spoken as a mother tongue by around 5.5% of the population (mostly Swedish-speaking Finns). The percentage of refugees and immigrants has remained very low for European standards (about 2.3%) and immigration is for the most part a rather new phenomenon

[32] From an analytical point of view, such wide-ranging similarities offer the advantage that they allow us to control a number of contextual variables while concentrating on the issues in focus (in this case: urban governance transformations in metropolitan Stockholm and Helsinki).

[33] This means that Finland is almost the geographical size of Germany (357,021 square kilometers)

that was set off on a larger scale no earlier than in the 1990s. With 7.7% (February 2007) the Finnish unemployment rate remains comparatively high by Nordic standards, but nonetheless has been decreasing slowly, yet rather steadily since the mid-1990s.

From the early Middle Ages until 1809, Finland was part of the Swedish kingdom. In 1809 Finland became an autonomous grand duchy within the Russian Empire, though it retained the relatively liberal constitution inherited from the former union with Sweden. Thus, it can be described as a classic 'sandwich state' which has adapted features of both of its former conquerors. Finland finally declared its independence on December 6, 1917. Along with a bitter civil war 1918-19, Finland was also pulled into World War II: when its independence was once more threatened by the Soviets, Finland temporarily entered an alliance with Nazi Germany, before it managed to quit the war in 1944. Through a treaty in 1948 Finland escaped the fate of the central and Eastern states, but remained significantly influenced by Soviet Union until its collapse in 1992. Throughout the cold war era, Finland principally held a neutral and mediating position between East and West. In 1995, Finland became a member of EU on 1 January 1995 and accepted the Euro as a currency when it was first introduced in 2002.

For long time, Finland had mainly been an agrarian country. Urbanization and industrialization occurred on a larger scale only after World War II, and Finland became a Nordic welfare state relatively late. However, by the late 1980s, it had become a highly affluent country with the smallest social inequalities worldwide. After the collapse of Soviet Union in 1992, however, Finland experienced the deepest crisis ever experienced by an OECD country, but since the mid 1990s it has recovered at amazing speed, especially due to a shift towards information and communication technologies (above all: the worldwide success of NOKIA). To some extent, it can be said that Finland skipped an industrial phase (which is usually so characteristic of most European countries) and turned straight from an agrarian into a service economy, a high-tech and information-oriented society since the 1990s.

As regards its political system, Finland is a democratic republic that has recently been transformed from a semi-presidential system into a parliamentary democracy: Until the 1980s, the Finnish presidents held an exceptionally strong position. They were entitled to act as unchallenged executives who were endowed with prerogatives that allowed them to override the will of the Prime Minister and Parliament (the 'Eduskunta'). However, since the 1980s, the privileges of the president have been severely and systematically curbed (though he or she remains in charge of foreign affairs), while, at the same time, the power of the PM and the parliament have been reinforced (see Paloheimo 2003 and Raunio 2004). As the leader of a centre-right majority coalition, moderate conservative Matti Vanhanen (Centre Party) currently takes his second four year turn as Finland's Prime Minister, while

social democrat Tarja Halonen (who is the first woman in office) takes her second six year turn as a president.

Sweden in a Nutshell

With a size of 449,964 square kilometers and a population of 9.1 Mio inhabitants, Sweden is the third largest country in Western Europe and the biggest Nordic country in terms of both population and geographical size. Population density, however, is among the lowest in the EU (22 inhabitants per square kilometer), while the more densely populated areas can only be found in the Southern part of the country. In a European comparison, social disparities have remained rather low. Sweden's ethnic composition is though significantly less homogeneous than in Finland: Immigration started much earlier (at the beginning of the 1970s) and has been more pronounced ever since. As a result, of the 2004 population 12% were foreign born and approximately 17% had at least one parent born abroad or were themselves born abroad. In February 2007, Sweden faced an unemployment rate of 6.7%.

In the 17th century Sweden expanded its territories so as to form the Swedish empire. However, most of these conquered territories had to be given up throughout the 18th century. Finally, Finland and the remaining territories outside the Scandinavian peninsula were lost in the early 19th century. After its last war in 1814, Sweden entered into a personal union with Norway which lasted until the early 20th century. Since then, Sweden has been at peace, adopting a non-aligned foreign policy in peacetime and neutrality in wartime. The influence of the Soviet Union had been less pronounced than in Finland and linkages to Western Europe have been more marked. After the implosion of the Eastern Bloc, Sweden joined the EU in 1995, but has thus far refused to introduce the Euro as a new currency.

Compared to Finland, industrialization set in earlier and has also been more marked over the decades (see Lehto 2000: 114). The country's development throughout the 20th century has been remarkable: At the eve of its industrialization, Sweden was among the poorest countries of Europe. By the 1970s, it had become the third richest country in the world. Like Finland, it faced a severe economic downturn in the early 1990s which was followed by a quick recovery, the main characteristics of which were a thorough structural change towards a service-based economy and the rise of information and communication technologies.

Officially, as a political system Sweden is a constitutional monarchy, in which King Carl XVI Gustaf is the head of state, but royal power has long been limited to official and ceremonial functions. Thus, in practical terms, Sweden is a parliamentary democracy. The nation's modern legislative body is the Swedish Parliament (Riksdag), whose members choose the Prime Minister. Sweden has often been depicted as the paradigmatic example of social democratic Nordic welfare state –

and undoubtedly, this is largely due to the exceptionally strong position the Swedish Social Democratic Party played in the 20th century. After 1932, the Cabinets have mostly been dominated by the Social Democrats. Only four general elections have given the centre-right bloc enough seats in Parliament to form a government. Throughout the past two decades, this pervasive social democratic dominance has, however, been called into question. This was also evident in the most recent general election in 2006, when a common centre-right platform made up of the Moderate Party, allied with the Centre Party, Liberal People's Party, and the Christian Democrats, won a majority of the votes. Together they have formed a majority government under the leadership of the Moderate party's leader Fredrik Reinfeldt.

5.2. Institutional Context and Political Culture

The State-Centeredness of Nordic Welfare Regimes

What is so special about the Nordic welfare regimes? Once we ask this question, it is important to be aware of a decisive terminological distinction: As Esping-Andersen has repeatedly stressed in his work, we have to be at pains not to confuse welfare *regimes* with welfare *states*: "Welfare state research is often guilty of conceptual confusion. Some speak of welfare states, some of welfare regimes, some simply of social policy as if the meaning were the same. It is not. Social policy can exist without welfare states, but not the other way around." (Esping-Andersen 1999: 33-4) He emphasizes that a welfare regime can be defined as the combined, interdependent way in which welfare is produced and allocated between three paramount institutions: State, market and family (ibid.: 34).

Following this distinction, the specific quality of the Nordic welfare regime can be found in the fact that it is the *state* which clearly constitutes the lynchpin of welfare production and provision. Indeed, in the North the public sector has taken over many responsibilities from households and from the organizations and associations of civil society, and market dependency is kept as low as possible (Alestalo and Flora 1994: 67). Obviously, such a far-reaching exclusion of market dependency requires a public guarantee of rather generous social benefits – and indeed, income replacement rates and other vital benefits in Nordic countries have been the highest in the world (Esping-Andersen 1999: 78).

How do the Nordic welfare states manage to finance and efficiently provide and distribute all these extensive public allowances? Two factors are of vital importance here: Firstly, Nordic welfare states have decided to rely on high – and progressive – rates of *general taxation* (as opposed to social insurance contributions) as the main source to fund social service provision (Swank 2000: 93). Secondly, the state-centered Nordic welfare regime has also demanded a high ratio of employ-

ment in the public sector: Government employment in the Nordic countries accounts for up to 30 per cent of the labor force, which is more than double the OECD average (Kosonen 2001: 157). This also implies that welfare state professionals make for a vital and powerful force within the Nordic societies – all the more so as the level of education and degree of organization in political parties, trade unions and NGOs is particularly well-developed in this group (Lehto 2000: 122).

Corporatism, Compromise and Consensus

If state institutions are dominant in the North, what is the role and interrelationship of the state's most important political protagonists – namely political parties and other large interest groups? How do political leadership and coalition building usually occur? In principle, in all Nordic countries a rather stable five-party-system has been dominant throughout the 20th century, with Social Democrats, Conservatives, an Agrarian Party (moderate liberal-conservatives who today call themselves the 'Centre Party'), Liberals and Communists as the protagonists. Since the 1980s, this spectrum has been expanded by the Green League, which has turned out to be particularly successful in larger cities and university towns.

As an electoral system, the Nordic countries have without exception chosen a system of proportional representation. This must be seen as a conscious choice in order to avoid cabinets in which the 'winner takes it all'. In contrast to countries which have opted for one-party governments (like Great Britain) and / or strong individual leadership, the Nordic countries have been governed by coalitions of several (often approximately equally strong) parties (see Goldsmith and Larsen 2004; Borraz and John 2004: 117-8). As for these coalitions, it is striking that virtually all of the abovementioned parties have been able to form governing coalitions (in whatever constellation) without too much difficulty. This is a Nordic peculiarity which can in part be explained by a deeply rooted political culture of compromise and consensus-seeking that has prevailed throughout these countries since the early 20th century (Larsen and Ugelvik 1997: 218). Accordingly, it has been considered a most crucial policy goal to ensure that the interests of as many social groups as possible will find themselves represented effectively in the policy processes and governmental decisions. Beyond the institutions of political parties, this has also meant that trade unions, private firms and social movements have been incorporated into the policy process. In other words, in the Nordic countries we can discern a deeply rooted tradition of corporatist interest mediation the main aim of which is to prevent social polarizations and avoid open conflicts (Kaufmann 2003: 168; see also Rosenberg 2002).

Apart from this corporatist tradition, there is a second (and closely related) factor which helps to explain the unusually high flexibility in terms of coalition formation we find in the Nordic parliaments: Compared to other European countries, it is evident that – especially in Sweden and Finland – ideological cleavages among various parties have been less pronounced. Instead of irreconcilable and diametrically opposed ideological positions and party programs, one can detect a broadly shared normative base which has significantly facilitated cooperation and coalition building.

In the second half of the 20th century, the state-centered Nordic model followed the guideline *politics against markets* – and thus created a system in which public welfare provision and allocation kept abreast market forces. As Byrkjeflot (2003: 27) has rightly noted, this represents an essentially social democratic attempt to solve the contradiction between democracy and capitalism. While it was already mentioned that the social democratic parties have played a dominant role in the North (above all in Sweden), it is striking that the Nordic countries have been referred to as 'social democracies' even in times when centre-right coalitions are in power. Likewise, also Esping-Andersen's categorization does certainly not depend on the rule of social democratic *parties* (Kosonen 2001: 156). In reality, the classification of the 'social democratic welfare state' goes much deeper than party membership. Says one Finnish welfare state expert in an interview: "In Germany or France, even the two conservative parties in Finland (i.e. the Centre Party and the National Coalition Party; author's insertion) would be considered social democratic parties." This is equally true for the Swedish conservatives, who call themselves 'the moderates' and have won the 2006 election with a campaign in which they pictured themselves as the true advocates of the Swedish welfare state (see also Werner 2002: 4). To put it differently, it seems that an all-embracing social democratic *political culture* has dominated large parts of the Nordic societies. It is thus necessary to outline the essential features of this overlapping social democratic consensus: In what ways is it reflected in the policy goals and programs and what have been the essential normative guidelines of such a social democratic policy?

Egalitarianism and Universalism as Normative Cornerstones for Nordic Social Policies

The key to a deeper understanding of this social democratic consensus in the Nordic countries can be found in a highly developed commitment to the values of *egalitarianism and universalism*. Throughout Europe, as Therborn (2000) has lucidly illustrated, it is possible to differentiate between three main contemporary discourses on distributive justice: There is an Anglo-Saxon focus on fighting poverty so as to reintegrate those people who are excluded from a 'normal' standard of living. In

many countries of continental Europe, the discourse has centered on income maintenance and guaranteeing distributive justice based on people's performance in the labor market. Distinct from both of these discourses, since the 1960s the Nordic debates have centered on *equality* as the most important goal to achieve. As will be repeatedly shown in this work, income distribution equality, gender equality and territorial equality can be found at the heart of a Northern European perception of a just or 'good' society and as such have constituted central normative guiding lines for concrete social policy measures (Kosonen 2001: 156).[34] Due to this egalitarian alignment, "(t)he Nordic welfare state has promoted an equality of the highest standards, not an equality of minimal needs. In short, in Scandinavia all benefit; all are dependent; and all will be presumably obliged to pay." (Alestalo and Flora 1994: 53) It is immediately evident that such ambitious goals require extensive public interventions and redistributions in order to be actually put into effect. It is evident, though, that this struggle for equality has effectively yielded fruit: In international comparison, the Nordic countries have produced very modest differences in income distribution and extremely low poverty rates ever since the 1960s (Swank 2000: 95). In the following, three crucial examples will help to further substantiate the claim that the Nordic attachment to egalitarianism has been more than mere lip service, and has in fact become firmly institutionalized as an integral part of social policies in the Nordic countries.

Labor Market Policies: The Goal of Full Employment

Labor market policy is one policy field in which the egalitarian social democratic alignment of Nordic social policies becomes particularly evident. In conservative welfare regimes, the provision of relatively generous replacement rates and far-reaching protections of workplaces is based on a highly regulated and rather inflexible labor market. Liberal regimes represent the opposite case, as job protection is low, while the labor market is less regulated and therefore more open to people in search of jobs. The Nordic countries, however, seem to run counter to the trade-off which apparently underlies both the liberal and conservative example: As a means to adapt successfully to ever changing external markets, they have *combined* the principle of high labor market flexibility with extensive social guarantees to the individual worker – be it in the form of generous social protection or in the form of active labor market measures (Swank 2000: 88). Not only is it considered an individual

[34] If we take a look at the popular assessment of what is a just income ratio between top and bottom, figures hover around 4:1 in Scandinavia and 12:1 in the United States. Americans and Scandinavians have a different view on poverty: Whereas Americans see the poor in categorical terms ('the losers'), to a Scandinavian, poverty is much more a structural question – a question of how unequally resources are distributed. (Esping-Andersen 1999: 7)

social right of unemployed people to receive extensive social services – it is at least equally important to reintegrate them into the labor market again as soon as possible. Kettunen has aptly summarized this peculiar mix of individual social rights, the state's awareness of its responsibility and overall societal expectations:

> "In so far as the Nordic welfare states, in general, can be interpreted as products of secularized Lutheranism, one could argue that one of their main aims has been *to make it everybody's right to follow the moral norm that everybody ought to work*. Full employment became a shared programmatic objective in all Nordic countries after World War II." (Kettunen 2001: 240, emphasis added)

We must be careful, though, not to confuse this attitude with the concept of 'workfare' as it has been applied in an Anglo-American context: While workfare implies that the provision of social benefits depends on whether a person accepts the work he or she has been offered, the Nordic idea means that the welfare state must make sure that all people have the necessary resources and motivation to work – and that jobs are also available in practice (Esping-Andersen 1999: 80).

De-Familialization and Gender Equality

Notwithstanding the fact that full employment seems to have become a phenomenon of the past (1970s, 1980s) also in the Nordic countries today, unemployment occurs against the backdrop of a strikingly high employment rate of 75-80 per cent. The main reason for this is to be found in the fact that virtually full *female* employment was realized as early as in the 1970s. In fact, only in Northern Europe is social policy explicitly designed to maximize women's independence and actively encourages their full-time and permanent participation in the labor market. As a matter of fact, 'housewives' are on the fringes of Nordic societies and can hardly be found in countries like Sweden or Finland today. On a more general basis, the Nordic welfare states can be described as *de-familializing* regimes which attempt to unburden the household and reduce individuals' welfare dependence on the free market, but also on personal ties and kinship. In this sense, social rights and services are in the main guaranteed individually, i.e. independently of aspects such as gender or marital status (Kvist 2002: 12-15; Esping-Andersen 1999: 45-51).

Territorial Equality / Spatial Universalism

Equality does not only represent a constitutive policy goal in terms of income distribution, welfare provision and gender; it also has a clear spatial component, which has most commonly been referred to as the *universalism principle*. Besides the fact that Nordic welfare states have tried to create equal opportunities for socio-economic

groups, they have been at pains to guarantee equal living standards in their central and peripheral, urban and rural regions, too. According to this approach, any form of socio-spatial segregation is seen as undesirable – be it on the neighborhood level in one city, be it among regions in the entire country (Lehto 2000: 118). It should be emphasized that it has been the explicit target of this universalistic policy of territorial redistribution to entirely *eliminate* (not only to attenuate) socio-spatial discrepancies all over the country – which is a rather ambitious task in view of the highly uneven settlement pattern in Sweden and Finland (see chapter 6). It is also evident that the universalism principle is inherently incompatible with attempts to implement explicitly *urban* policies which aim to strengthen certain cities or regions as 'national growth engines' at the expense of other parts of the country. Apart from being in accordance with the intrinsic value of egalitarianism, the rationale of the universalism principle consists in the idea that a territorially even distribution of wealth is to be seen as a profitable future investment: An integrated and wealthy middle class society is supposed to create more wealth and to reduce the consequential costs connected to poverty and social polarization.

Strong and Broad Public Support for the Nordic Welfare Model

We have now drawn an ideal-typical picture of the Nordic welfare states which describes them as a state-centered, corporatist and social democratic political and societal model which is first and foremost devoted to the goal of achieving an egalitarian society by the means of pursuing universalistic and extensively redistributive policies. Without doubt, it is evident that all these principles and goals have become *institutionalized* in the Nordic countries during the post-war decades – but let us bear in mind that this does not mean that they have also been fully *realized*. As Kosonen puts it, the "'Nordic normative legacy' can be defined as certain goals that exist (…) as legitimating requirements in economic and social policies." (Kosonen 2001: 155) As these remarks indicate, there is a strong, widespread and persistent public support for the social democratic welfare model detectable in the Nordic countries – and indeed, it will be hard for any political party to openly take a firm stand against the essential features of this particular welfare regime without incurring the displeasure of the electorate and the broader public in general. Undoubtedly, the Nordic welfare state is based on high taxes and vast redistribution measures which represent a painful financial strain to a vast majority of their citizens. Regardless of these burdens, it is essential to understand that the support for the Nordic model is not confined to a certain societal niche. Unlike, for example, the backing for EU membership, which in the Nordic countries has mainly remained confined to the societal elites (see Geyer et al. 2000), the approval of the Nordic welfare state seems to be deeply anchored in Northern European societies (Lundberg and Åmark 2001:

164; Alestalo and Flora 1994: 55). As a result, the real challenge for governance actors today does not so much consist in the task of finding arguments in order to legitimize the maintenance of this welfare model and all the – social, financial etc. – impositions connected to it. Instead, they have to make sure that their policy programs can live up to the expectations that emerge from the unbowed *popularity* of the Nordic welfare state (Kvist 2002: 18).

Finnish Specificities

Compared to the other Nordic countries, Finland is often described as a welfare state laggard. In fact, in Finland social security benefits and public services were expanded at large scale only in the 1970s – a time when many European welfare regimes were already facing severe crises after three decades of success and continuous expansion of welfare services. It is also true that initially, these far-reaching reforms had been less uncontested than in Sweden or Norway. Moreover, organized interests (labor, industry, farmers) have traditionally not been as strongly developed as in the other Nordic countries (Kettunen 2001: 225-6). However, Finland has turned out to be quick to catch up with the other Nordic welfare states. Unprecedented economic growth in the 1970s and 1980s allowed for a rapid and continuous expansion of social services of all kind – and by the late 1980s, the Finnish welfare state had truly become a *Nordic* welfare state (Swank 2000: 111). Likewise, economic and social policies have been increasingly handled in a corporatist fashion since the 1970s. Today, decision making is broadly based on extensive consultation with key interest groups, just as in other Nordic countries (Raunio 2004: 147).

Another important Finnish peculiarity which is frequently mentioned concerns the Finns' extraordinarily developed trust in the institutions of the state – especially as far as its executive branches (such as president and police) are concerned. In Finland, a particularly crucial role is apportioned to the state apparatus and civil servants as the main locus of social knowledge and planning capacities. Even in a Nordic comparison, the Finnish trust in the state appears to be unique. Unlike in Sweden and Norway, where the state is for the most part seen as an *instrument* which is to be used and can be conquered by the people, in Finland policy making is commonly less regarded as a political matter of making use of the state, but as an *inherent property* of the state itself (Kettunen 2001: 243).

Swedish Specificities

In international debates, Sweden has usually been depicted, admired or criticized as the country which represents the Nordic welfare model in its purest and paradig-

matic form (Kaufmann 2003: 162; Lundberg and Åmark 2001: 157). This judgment is not without foundation: More than in other Northern European countries, a dominant social democratic political culture has also found its concrete institutional expression in an extremely powerful social democratic *party*. In fact, the Swedish social democrats (the SAP) have for a long time remained largely uncontested in their role as the most powerful party of the country. Since the 1930s, they have been in power in most of the legislative periods and have managed to shape the Swedish state and society in the spirit of truly social democratic principles (Miles 2000: 218). Throughout the 20th century, the alliance between the SAP and the Swedish trade unions has been extremely close (Lundberg and Åmark 2001: 161-2). However, the SAP's supremacy has been increasingly questioned since the 1980s: As elsewhere in Europe, the Swedish 'working class' less and less represents an integrated socio-moral milieu with clear preferences and ties to the social democratic party and, on the whole, has continuously lost relevance in the course of all-encompassing tertiarization processes. Moreover, with the rise of the Greens since the 1980s, a fissure in the left-wing electorate has appeared (Miles 2000: 219). As a result, the periods of social democratic rule seem to have become more short-lived and more unstable today – a tendency to which also the most recent success of the centre-right coalition (under the leadership of the Moderate party) in 2006 bears witness.

Another issue which has made Sweden the Nordic country *par excellence* can be found in the exceptional interpretation of a political culture which is based on compromise, corporatism, consensus and conflict avoidance: Whereas these characteristics without doubt make for an important constitutive element of all Nordic societies, Sweden seems to be an extreme case also in this respect. As Rosenberg has eloquently pointed out, the extraordinarily pronounced Swedish commitment to neutrality, consensus and compromise is not to be seen as a result of open conflicts that have been pacified through the means of open and public debates. Instead, it is a culture of conflict avoidance (and eventually also subtle conflict suppression) which has been based on a value-free, institutional conception of consensus. In other words, consensus is not the possible outcome of political deliberations in which competing ideological convictions come into conflict, but has been regarded as a necessary *precondition* of intact Swedish political institutions (Rosenberg 2002: 173). According to such a paradigm, social reforms have been interpreted and 'sold' to the public as technical necessities, as logical and pragmatic steps devoid of ideological impregnations, which are in the interest of the entire nation. Such a *depoliticized* understanding of politics could not accept (or perceive) that there might also be irreconcilable normative conceptions of a 'good polity' detectable among the Swedish people. Indeed, this explains the attempt to label these conflicts as purely *formal* ones which – allegedly – can be institutionally integrated into a broad national normative consensus (ibid. 2002: 177-8). However, throughout recent decades sev-

eral 'hot issues' have appeared which have had a rather divisive impact on the Swedish people and thus have increasingly called into question the very existence of such an all-encompassing consensus (for example: NATO- and EU-membership, nuclear power and immigration policies).

5.3. The Role of Municipalities Within the Political System of Nordic Countries

As the last chapter demonstrated, the Nordic model can be described as unique in terms of its commitment to a particularly egalitarian and state-centered version of welfare capitalism. In this chapter, however, I will explicitly bring the city back into play and argue that to a large extent, the Nordic welfare state is also a matter of welfare *cities*. It will be shown that there is a specifically Nordic pattern detectable as far as the 'division of labor' among the national, regional and local scale of political decision making is concerned. As I will explicate, municipalities act as an important counterbalance to the powerful and wide-ranging authority of central governments and vice versa, while the capacity to act and intervene remains rather poorly developed on the level of regional authorities. Due to this distinct partitioning of power among national, regional and local authorities, the metaphor of the *'Hourglass Model'* has sometimes been used to describe the anatomy of the political systems of the Nordic countries (OECD Territorial Reviews 2006: 147). In this sense, Finland, Sweden, Norway and Denmark are unitary rather than federal states that have to be understood as highly decentralized *and* centralized at the same time: The cities have a large political role and significant autonomy but, at the same time, there are many centrally defined responsibilities in the provision of welfare state services. Let us now take a closer look at the political systems of the Nordic countries and the role municipalities play therein.

The Strength of Nordic Municipalities: Main Aspects and Dimensions

In comparison to much of the rest of Europe, local self-government has both a long and strong tradition in the Nordic countries, with local authorities being granted considerable autonomy. Indeed, municipalities are a level of autonomous democratic policy-making, whose multifaceted and far-reaching political responsibilities are based on a solid and constitutionally warranted foundation of considerable fiscal autonomy (Nordic Working Group on Cities and Regions[35] 2006: 50; Heinelt and Hlepas 2006: 26; OECD Territorial Reviews 2006: 148). This status of

[35] In the following referred to as ‚Nordic Working Group' only.

extensive and effective local autonomy is for the most part based on the following aspects. First of all, Finnish, Danish, Swedish and Norwegian law grants municipalities the right to *levy taxes* of their own and to subsequently make use of them in a rather (yet not entirely) autonomous way. The single most important income source for Nordic municipalities is the *local income tax*, which is a flat tax. Moreover, the lion's share of public spending on the municipal level is also financed by local taxes (rather than by national government grants or other sources of revenue). Together with the fact that in Finland and Sweden, more than half of the total public sector spending actually occurs on the municipal level, this gives a first idea of the immense political importance and autonomy municipalities hold in the Nordic countries. So what are the most important competencies and responsibilities of Nordic municipalities? How do they make use of their tax revenues?

This leads us to the second point, namely the Nordic municipalities' wide-ranging responsibility to finance, organize and provide essential *welfare services* to their citizens: The concept of 'social welfare communes' has often been used to signal that municipal autonomy is not a constitutional fiction but a real fact in the Nordic countries and that social needs are recognized locally rather than being defined in advance by the central government (Elander and Montin 1994: 299). Apart from some national specificities, municipalities in the Nordic countries share similar responsibilities and competencies: They provide most of the direct services to citizens, such as primary and secondary school education, childcare, healthcare and care for the elderly. In addition, they are responsible for waste disposal and cleaning public buildings (Greve 2003: 61).

Finally, the political autonomy of Nordic municipalities finds its expression in what has been called the *municipal planning monopoly*: In fact, they are mighty landlords, as they usually own a majority of estates, housing and land upon their territory – and this considerable degree of public landownership endows them with an enormous planning authority and capacity: Accordingly, local governments set up local land use plans and 'general plans' on a regular basis, which have the status of law. Therein, they decide upon the general prerequisites and guidelines for housing production, overall land use and the construction and maintenance of municipal infrastructural systems (Elander and Strömberg 2001; Haila and Le Galès 2005; Manninen 1999: 11-3).

Once we begin examining the way in which local governmental decisions are usually prepared, negotiated and implemented, it becomes evident that a search for compromise and consensus has also prevailed on the municipal level of political decision making in the Nordic countries. Unlike in other parts of Europe, there has been a general unwillingness to install individual local leaders, such as strong mayors. Instead, decisions are usually taken on a collective basis, with various parties struggling for compromises in the city councils and city boards. City councils in the North are usually run by coalitions, with the major parties often being of similar

sizes. In countries which are strongly permeated by corporatist political culture, it would be highly unpopular if the largest party claimed the office of the mayor for itself. As will be shown in the following, this is not to suggest that no mayors exist in (some of) the Nordic countries – it is rather to say their role has been not as pronounced as in other European countries and that the Nordic countries have been particularly skeptical of boosting the power of individual leaders at the expense of a corporatist model of local government (Goldsmith and Larsen 2004). However, it also has to be mentioned that some important changes have occurred throughout the last two decades. In general, there are clear signs that some Nordic municipalities have made an attempt to strengthen the role of mayors today. Moreover, it must also be emphasized that as far as the question of local leadership is concerned, the Nordic countries have recently opted for rather different national pathways (OECD Territorial Reviews 2003: 196).[36]

Restrictions to Local Autonomy by Powerfully Intervening Central Governments

Due to the prevalence of the principle of territorial universalism in the Nordic countries, the importance of customized national urban policies has remained very limited thus far. However, this by no means implies that national governments in general do not exert influence on the local policy level. Actually, quite the opposite is the case. Stig Montin has aptly summarized the peculiar and complicated relationship between local autonomy and the intervention of central government as it exists in Sweden (and, apart from the exact percentage he mentions, his diagnosis also applies to Finland):

> „About 80 per cent of the local government budget is related to national goals and policies regulated by law (…). So, although the main revenues come from local income taxes (…) local self government is actually restricted by national policies. National parliament defines what local government should do, but it is up to the local governments themselves to organise how they do it." (Montin 2005: 117)

It is clear that any serious attempt to follow the ambitious goals that emerge from the principle of territorial universalism necessarily requires coordination at a supralocal level of policy making, as a multitude of autonomous municipalities alone cannot ensure an equal distribution of wealth, infrastructures and living standards all over a national territory. Indeed, strong national institutions and central coordinating directives are needed to realize these objectives (Lehto 2000: 128). This is why Nordic central governments firstly provide instructions to all municipalities

[36] As Goldsmith and Larsen (2004) have demonstrated, Denmark represents an exception among the Nordic countries in that there is a long tradition of strong mayors recognizable in this country which is reminiscent of some countries in central-Western Europe, like Germany or France.

which contain suggestions for the quality and amount of required local welfare services. Although these documents do not (and because of the strong local autonomy *cannot*) have the character of law, municipalities have generally followed these recommendations quite strictly (OECD Territorial Reviews 2003: 116-7).

Secondly, however, Nordic national governments dispose of an extremely powerful and effective tool to guarantee an equal standard of living and ensure the availability of the same services throughout their territory: As mentioned above, local governments are autonomous as regards the collection and use of local taxes. Yet, it is important to add that they are so only to a certain extent! Once local revenues of a municipality exceed a certain level, national governments will take a part of these revenues away from this city in order to redistribute them to 'poorer' municipalities. This large and complex machinery of equalization payments represents the very engine of the universalism principle in the Nordic countries and shows that they have really taken *concrete* measures in order to realize their egalitarian goal of spatial universalism (Neubauer 2007: 74). Thus far, this specific redistribution policy has remained intact in both Sweden and Finland. Today, however, the universalism paradigm has also become a contested issue in the North, as it is essentially incompatible with customized national policies which deliberately attempt to further boost the specific strengths of a certain city or region which is already doing well. As the following chapters will show, this juxtaposition of goals has given rise to debates about whether the Nordic principle of universalism can – or should – be maintained in the long run or not.

Weak Regions

While the Nordic political systems can be characterized by a duality of strong central and local levels of political decision making, the political power and autonomy of regional authorities has been far less pronounced. Regardless of the fact that these countries formally dispose of a three-tiered political-administrative structure, there is hardly an element of federalism recognizable – and de facto, it is not entirely misplaced to refer to them as two-tiered instead. The most important authorities on the regional level are the county councils.[37] Their exact competencies and responsibilities vary to some extent from country to country, but on the whole it is fair to say that their decision making power and autonomy are much less developed than in federalist countries, and definitely much weaker compared to the local and national level in the Nordic countries. One important factor is that these regional councils are federations of representatives of *municipal* governments and as such largely depend on their member municipalities' willingness to cooperate and pass

[37] In Finland, they are called 'regional councils' (Maakuntien Liitot)

common resolutions. In principle, they have the potential to act as a powerful platform of intermunicipal cooperation and even integration – but in the event it will be up to the municipalities to decide in what way and to what extent cooperation is desirable and possible. Moreover, the county councils' area of responsibility is usually confined to only one or two selected policy fields (OECD Territorial Reviews 2006: 150). As a second authority at the regional level, we find the *regional administrative boards*, which are branches of the central government and act as an administrative bridge between the policies of the central government and their implementation on the subnational level. However, their role is even more marginal, has further decreased recently (both in Finland and Sweden) and can therefore be neglected in this work.

This weak institutionalization of regional governments also corresponds with the fact that regional identities have traditionally not been very marked in Nordic Countries[38]: Unlike in other European countries such as e.g. Germany, Italy or Spain, Finnish and Swedish regions do hardly rest upon a sound fundament of cultural identity that has developed over centuries. Furthermore, the regions' administrative boundaries usually do not coincide with the confines of functional regions today. There has been a certain trend since the 1990s to invent new regions in the Nordic countries (such as the *Mälardalen*, which surrounds Stockholm); however, as Elander and Montin have rightly noted, this is should not be interpreted as the expression of a new sense of regional belonging, but rather as a very pragmatic attempt to attract EU regional funds (Elander and Montin 1994: 283-4).

Finnish Specificities

Local-Central Government Relations in Finland

Finland has a strong and long tradition of municipal autonomy. Today, on average 53% of the municipal budget comes from local income taxes (in the larger cities, this share is even higher). It is the municipal councils that freely decide upon the rate of the local income tax (flat tax), which varies from 16 to 20% of the income of citizens in different cities. The remainder of the cities' revenues comes from corporate taxes, fines and some grants provided by the national government. How much external financial help a city receives depends on the local tax base and the way it relates to the number of inhabitants, the demographic structure and the overall socio-economic situation of this city (Karvinen 2005: 3; Manninen 1999: 13). Altogether, the expenditure of local authorities adds up to almost two-thirds of the

[38] There are some exceptions, though: For example, as Stein (2000: 6-8) has noted, in the 1970s strongly regionalist movements were noticeable in the Skåne region in Southern Sweden, which used to be Danish in former times.

entire public expenditure on consumption and investments in Finland. In accordance with the universalism principle, differences in tax revenue between 'richer' and 'poorer' municipalities are balanced by the system of government grants. Indeed, many small rural (but also some urban) municipalities are extremely dependent on these equalization payments, while some others (e.g. all municipalities in the Helsinki region) regularly lose a considerable amount of their revenues (up to 8%) which are then redistributed to those municipalities in need (Holstila 2007).

The 'Local Government Act' in 1995 and some other smaller reforms throughout the 1990s altered the position of Finnish municipalities to some extent: On the one hand, the responsibility for the provision of some welfare service has been shifted from the national to the local level, while at the same time the sum of central government grants for cities was considerably reduced. While it would be clearly misplaced to interpret this shift as strengthening of municipal autonomy, it is more appropriate to say that a certain decentralization of responsibilities has taken place that has also enhanced intermunicipal competition for new sources of tax revenue (OECD Territorial Reviews 2003: 110). At the same time, however, decisions were taken that really did contribute to a reinforcement of municipal autonomy: in 1999, it was decided that the municipalities' general plans (which concern zoning and land use planning) no longer had to be ratified by the ministry of the interior. As a result the municipalities have become more autonomous in designing their general plans, which make for an important guiding line and legal framework for local housing and infrastructure policies (Haila and Le Galès 2004).

Local Decision Making and Leadership in Finland

As for the most important bodies of political decision making on the local level, the municipal council is the highest committee. Its composition is determined on the basis of democratic elections. According to their share of seats, *all* political parties which are represented in the municipal council send a few of their members to the city board, the role of which is to discuss, structure and prepare draft laws and decisions which will be eventually taken in the municipal council. It thus becomes obvious that in Finnish cities no governing coalition in the strict sense is formed. Instead, decisions are taken in the council and board in a highly corporatist manner that seeks to integrate representatives of all relevant parties.

It is not easy to define the role of the Finnish lord mayor in general and unambiguous terms – and it is hard to say to what extent he or she fits into the corporatist system of local government. The lord mayor is not elected directly by the citizens, but by the city council. While the mayor is neither allowed to be a member of the city council nor the city board, he or she is nonetheless constantly present as a 'leader of the team' when important decisions are taken. In any case, mayors take

the lead when it comes to negotiations with non-governmental or external actors, such as chambers of commerce, business elites or mayors from other European cities. The lord mayor is responsible for crucial policy fields (such as finance, external relations and economic development) and on the whole can be considered a mixture of civil servant and public official (City of Helsinki 2004). In an interview, one senior local government official from Helsinki explains that it is hard to say how powerful Finnish mayors actually are:

> "It does not depend so much on the office he holds, but rather on the individual person and his background, his overall influence and will to change things. If we take into account the outstandingly high degree of local autonomy in Finland, and if we take into consideration that there is a huge annual budget at the disposal of the lord mayor, I would say that he can be very powerful."

Thus, we can conclude that decisions on the municipal level are officially taken in a corporatist manner in the city council and board, while mayors are solely 'first among equals'. However, in reality there also seems to be considerable freedom and leeway for mayors to raise issues, form (government and governance) coalitions and influence decision making processes therein according to their will. As will be shown in the following chapters, a certain shift from urban government to governance can be detected in Finland today – and this shift has certainly strengthened the position of mayors, as it allows them to take an important coordinating and mediating role within the newly emerging governance coalitions.

Weak Regions in Finland

The political power and independence of the regional level in Finland can be considered particularly weak – even in an intra-Nordic comparison. Unlike in Sweden, no directly elected governmental body can be found on a regional level in Finland.

> „The Finnish regional political system is based on local democracy. The 19 regional councils (maakuntien liitot) are intermunicipal authorities, local government federations, whose members are indirectly elected by the municipalities. Regional councils have no taxation rights of their own, but receive their finance from member municipalities and the national government.." (Holstila 1999: 84)

Today, the competencies of Finnish regional councils are mostly confined to strategic land use planning and development – but even in this field, their authority is constrained by the municipal planning monopoly: In practice, this means that decisions taken in the regional council represent a guideline for intermunicipal cooperation in terms of planning and development, which must not be ignored by the municipalities when they set up their general plans. Yet, the municipalities first have to reach consensus in order to come to a mutual decision in the regional council – and

even then, they cannot be forced to accept these regional guidelines (Henning 2001: 12; OECD Territorial Reviews 2003: 88).

During the last few years, however, the role of regional councils has been strengthened as concerns the policy field of *regional development policy*. From the beginning of 2003 a new piece of legislation gave the regional council an enlarged mandate to coordinate regional policy action (Holstila 2007). For the most part, this strengthening occurred at the expense of the regional administrative boards rather than at the expense of municipal or national authorities. *Planning* has though remained a largely municipal exercise as the "force of the more strategic regional plan is still dependent to a great extent on the willful cooperation between municipalities." (OECD Territorial Review 2003: 91) Many voices have called for a tighter interconnection and integration of urban and regional planning on the one hand and urban and regional development policies on the other. Thus far, however, these two policies too often run parallel without connection and are dealt with by different groups of actors on different policy levels.

Swedish Specificities

Local-Central Government Relations in Sweden

Constitutionally, local governments in Sweden have a dual character: They are an 'antennae' of the central government and a 'voice from below' at the same time (Elander and Strömberg 2001: 5). Regarding the extent of local autonomy in Sweden, the similarities to the Finnish case are striking: The municipalities' high degree of independence is based on a planning monopoly and the right to levy taxes of their own. Also in Sweden, the local income tax represents the single most important source of revenue, as it makes up for 60-70% of their takings (in Stockholm almost 80%), while only about 20% are grants allotted by the central government. About 50% of the entire Swedish public sector spending occurs at the municipal level (OECD Territorial Reviews 2006: 173).

Since the 1950s, municipalities all over the country have been amalgamated time and again, resulting in the fact that the number of municipalities has been reduced from formerly 2500 to only 289 today. Apart from the goal of enhancing the efficiency of local welfare and infrastructure systems, these mergers have also been geared to increase the political weight of municipalities in comparison to the central government (Nilsson 1999: 387).

In point of fact, the Swedish welfare state is local in character to a large extent today: Kindergartens, schools, geriatric care, housing construction and public transportation are mainly municipal responsibilities. In short, the municipalities are in charge of most of the tasks in the public sector that directly affect Swedish citizens

(OECD Territorial Reviews 2006: 148). Currently, more than one million people (or one fifth of the Swedish workforce) are employed at the local government level – which makes many municipalities the largest employer in their local area (Montin 2005: 116).

Regional discrepancies in Sweden are structured in a similar fashion to those in Finland: There are significant dissimilarities (in terms of income, economic prospects and population development) between the increasingly urbanizing and prosperous regions in the South and the often depopulating and economically weak remote regions in the North. With a massive redistribution of local revenues from wealthier to less wealthy municipalities, the national government has relentlessly striven to placate these interregional discrepancies as far as possible (OECD Territorial Reviews 2006: 178).[39] However, due to increasing budgetary restrictions, the central government has repeatedly reduced its grants to municipalities since the early 1990s, while at the same time local expenses for social services of all kind have steadily risen (Nilsson 1999: 388; Kaufmann 2003: 197-8). As a result, this has led to fiscal calamities in many Swedish municipalities and thus often forced them to raise the rate of the local income tax (OECD Territorial Reviews 2006: 175-6).

Local Decision Making and Leadership in Sweden

As in the other Nordic countries, local authoritative decisions in Swedish municipalities are taken by the local council. An executive committee (which represents an equivalent to the Finnish city board) acts as the leading body for preparing and co-coordinating the decisions implemented by the local government (Lawson 2004: 7). The executive committee's chairman, a full-time salaried politician, has a position that can be understood as that of an *informal* mayor (Montin 2005: 118). However, in comparison to the Finnish case, there are two striking differences detectable here: On the one hand, this chairman has a mandate in local government – but on the other hand, he/she is not explicitly referred to as a mayor. As a matter of fact, Swedish cities have been rather reluctant to experiment with strong individual urban leaders, who would probably undermine the corporatist and highly compromise-oriented processes of decision making in the executive committee and city council. Even in Stockholm, where the local minister of finance is often referred to as the 'mayor of Stockholm' (who also represents the city abroad), the position of a 'lord mayor' has remained non-existent in a strict sense. Therefore, in an international – and even in a Nordic – comparison, "local government in Sweden can, to a large

[39] Note that these transfer payments do not exclusively consist of municipal revenues, but in part also come from national resources (OECD Territorial Reviews 2006: 180).

extent (…) be described as a model with many actors, but few – if any – strong leaders." (Montin 2005: 130)

Weak Regions in Sweden

Sweden's political system can be described in terms of the 'hourglass model', and this by definition implies that – in comparison to the national and local level – regional authorities are in a weak position. However, regional authorities in Sweden differ from the Finnish case in some important respects: Firstly, unlike Finnish regional councils, Swedish county councils are directly and democratically elected and are also granted the right to levy taxes. Secondly, health care – rather than regional planning and development – constitutes their single most important field of responsibility. Regardless of these differences, the Swedish constitution includes only two levels of government, local and national – and also in practical terms, decision making in the county councils depends on the municipalities' readiness to cooperate to a large extent. Thus, county councils have remained weak in terms of decision making and political legitimacy (OECD Territorial Reviews 2006: 149) and on the whole, it would be an exaggeration to refer to them as proper regional 'governments'. As one Swedish expert on local and regional government emphasizes in an interview, even the few competencies of the county councils are increasingly called into question today in public debates. Therefore, they are challenged in their very existence, and there seems to be no development detectable in Sweden which parallels the Finnish trend towards a slight augmentation of the regional counties' power and responsibilities. One important exception in Sweden is, however, the *Stockholm county council*, which has recently extended its competencies to the fields of transportation and infrastructural matters. With its regional plan (which is drawn up as a joint effort of the member municipalities), the county council has also formulated guiding lines which have been virtually taken and followed as directives by the individual municipal governments – notwithstanding the fact that these regional plans have no formally binding character in a strict sense. Apart from transportation and infrastructure, the regional plan also relates to issues such as economic development and environmental protection (Hårsman and Rader Olsson 2003: 96-100).

5.4. The 1990s: A True Challenge for the Nordic Model

The Crisis in the Early 1990s

In the preceding paragraphs, I have asserted that the main characteristics of the welfare regimes and political systems of several countries in Northern Europe

(among them Sweden and Finland) can be summarized in an ideal-typical 'Nordic model'. In fact, this idea of a Nordic welfare model started to emerge in international social scientific debates no earlier than in the second half of the 1970s. One reason for this is that in the 1950s and 1960s, many countries throughout Western Europe (among them the Northern European ones) experienced the aforementioned Keynesian virtuous circle of (virtual) full employment, economic growth and an overall convergence of living standards for their citizens. Thus, at that time, the Nordic countries did not stick out that markedly from the rest of Western Europe.

This situation changed significantly after the mid-1970s, when in a majority of Western European societies this virtuous circle was broken by the deep economic and fiscal crisis that soon turned into the all-encompassing phenomenon we now refer to as the crisis of Fordism / Keynesianism (see chapter 1.2.). The economy of the Nordic countries, however, was much less severely hit by the upheavals at that time – and as a result, socio-political ruptures proved to be much less pronounced there, too. Indeed, especially Sweden, Finland and Norway managed to maintain extremely low unemployment figures and a prosperous economy throughout the 1970s and even for a long time in the 1980s. This soon raised the attention of international politicians and scientists, and many "observers – particularly on the left – increasingly turned to Scandinavia for proof of the viability of social democracy in an ever-more difficult international economic context" (Geyer 2003: 563).

Many attempts have been made to explain this robustness the Nordic welfare states have shown in the 1970s and 1980s – but in the main, scholars have referred to the strong anchoring of state institutions and the wide-ranging redistribution measures as the key factors in order to explain this notable continuity (Lindvall and Rothenstein 2006: 57-8; Lehto 2000: 118; Kosonen 2001: 155). In general, however, this 'Scandinavian exceptionalism' represented a mystery to intellectuals on the left and right: While the Nordic harmony of extensive state intervention (especially the policies of territorial universalism) *and* economic prosperity ran counter to all conservative and market liberal doctrines[40], scholars on the left found it hard to understand how it was possible for the Nordic countries to adapt to the capitalist system so successfully for a longer period of time (Geyer 2003: 559).

One and a half decades later than most of the Western European countries, the Nordic countries – and above all Sweden and Finland[41] – experienced a devastating economic and societal depression at the beginning of the 1990s. In these difficult years, Finland and Sweden developed very similarly, with only a few clearly

[40] The OECD Territorial Review on Helsinki (2003: 27-30) elaborates in detail on this debate of an alleged 'equity-efficiency trade-off'.

[41] Denmark slipped into crisis in the early-mid 1980s, but the recession was far less pronounced and not as enduring as in Finland or Sweden. Norway has not experienced any significant economic downturn thus far, which is usually ascribed to the fact that this country possesses huge amounts of oil (which have made it less susceptible to economic fluctuations) (see Kautto 2001: 63).

divergent trends (Kautto 2001: 63). By 1989, the overall economic circumstances and the situation on the employment market began to deteriorate rapidly – and soon, after the definitive implosion of the Eastern Bloc and the collapse of Soviet Union, this economic recession turned into an all-encompassing societal and political crisis in the course of which the Nordic welfare model was shaken to its very foundations. Indeed, for a while it seemed that these developments, together with the proceeding globalization process, would eventually flatten off the unique features of the Nordic countries: "The right hoped or expected that the Scandinavians would finally be taught their market lesson, while the left feared and dreaded a similar result (Geyer 2003: 559)."

The reasons for this collapse of the Swedish and Finnish economies and the subsequent societal crisis are without doubt numerous and highly complex – and they have been vigorously discussed as contested issues in various economic and social scientific debates throughout the past decade (for an overview, see Geyer et al. 2000). Yet, instead of elaborating on these debates in detail, it is enough to say here that the implosion of state socialism – with the Soviet Union being both a most important trading partner and one of the two antagonistic 'poles' in a bipolar world order that allowed the Nordic countries to position themselves somewhere 'in between' – was a decisive event that triggered off the Nordic recession. Indisputably, however, this crisis has demonstrated that

> "(…) a welfare state model based on universalism and 'stateness' has proved to be highly dependent on low rates of unemployment and on the steady and abundant flow of tax revenues. The continuing recession has caused mass unemployment and it has led to a rapid decline in tax revenues. Simultaneously, public expenditure in terms of unemployment benefits and expenditure on public assistance have rocketed." (Alestalo 1994: 66)

In a nutshell, the reactions of Finnish and Swedish governments to this deplorable state of affairs were the following: International economic openness was increased and the persistently high public debts were used as an argument to justify some considerable curtailments of welfare services (Geyer et al 2000: 2-3). In addition, the credit-based system which used to allow Nordic firms to take out loans at fixed exchange rates with public central banks was abandoned. The crisis has had a clear and very real effect on the Finnish and Swedish economies and societies. Changes in economic structures and institutions took place, and structural long-term unemployment emerged as a novel phenomenon. It also seems that the steps towards more financial liberalization changed some of the basic premises of the Nordic model in an irretrievable way (Kosonen 2001: 162, 164). Due to the diversification and increasing internationalization of the business environment, Nordic corporatism is likely to be weakened permanently, as both economic internationalization and diversification render it ever more difficult for the central governments, trade

unions and employers' associations to direct and redirect welfare and labor market policies on an exclusively national level (Kautto 2001: 61-2).

Notwithstanding all these major transformations, it would be wrong to say that the Finnish or Swedish state institutions have *retreated* since the early 1990s. Even in the deepest crisis, both countries maintained their costly policies of high taxation and spatial equalization payments on behalf of the principles of territorial universalism and equality. In fact, this has also brought about visible results, as both countries did not experience any significant shift towards more income inequality (both in terms of different social groups and regions) even in their darkest years between 1991 and 1995 (Kautto 2001: 61-2).

However, this could not dispel the fundamental doubts about the viability and also desirability of the Nordic welfare model that had arisen during the crisis. In an atmosphere in which *all* sorts of 'socialisms' were badly discredited, members of the non-socialist parties as well as many social democrats started to ask whether the Nordic welfare state had not expanded to excess over the years (Elander and Strömberg 2001: 10). Even a few anti-tax movements and parties emerged at that time, but most of them vanished again as quickly as they had appeared. Nonetheless, by and large the social democratic parties became more market-oriented throughout the 1990s, and the conservatives began to articulate their criticism against the Nordic version of welfare capitalism more openly than before (Kosonen 2001: 160). Altogether, this has served to endanger of one decisive feature of the Nordic societies, namely the aforementioned Nordic 'consensus-apparatus' (see chapter 5.2.): The erosion of the most important basis for the functioning of the Nordic welfare model – namely economic prosperity and high employment rates – has to some extent undermined the mechanism of generating 'common facts' in order to pursue 'common policies'. As a result, conflicts came to the surface that could not be interpreted and handled as purely 'technical' matters anymore; instead, quarrels over issues such as EU- and NATO-membership, immigration, or the use of nuclear power have been shown to be *fundamental* in character (Rosenberg 2002: 178-9) and it has became evident that they have the potential to seriously disunite the Swedish and Finnish people.

The Crisis in Finland

Until the 1980s, long-term unemployment had been virtually unknown in Finland. However, when the crisis took hold in the early 90s the unemployment rate suddenly quadrupled to 16%, while a third of the unemployed labor force faced long-term unemployment. Finland experienced the deepest recession *any* OECD member country has ever experienced thus far (OECD Territorial Reviews 2003: 144). The economy deteriorated rapidly with the collapse of the most important export

market, the Soviet Union, and finally, the Bank of Finland had to devalue its currency, the Finnmark (Tainio 2003: 76). The growth rate of real GDP per capita in 1991 was -7.8% and the public sector deficit reached 8 per cent of GDP by 1993. In those years, a number welfare services (such as unemployment benefits, unemployment aids and sickness benefits) were substantially cut back (Swank 2000: 111).

In view of the absence of political consensus over the question of how best put the Finnish economy back on track, the government decided for a 'cheese-slicing' approach, cutting a little from everywhere. Thus, the strong welfare state and the universalistic policies were certainly weakened to some extent, but the state did not entirely *withdraw* from any policy field. Similarly, paradigmatic changes to Finland's system of high taxes were not made (OECD Territorial Reviews 2003: 13-4; 172). Instead, a certain decentralization process occurred which has partly strengthened the cities' autonomy, but at the same time increased pressure on them to become more proactive and competitive in the field of economic policy. On the whole, these reforms have led to a differentiation of formerly rather homogeneous local policies and has also by-and-by enhanced regional disparities throughout Finland (see Haila and Le Galès 2005; Holstila 2007). In addition, it is also evident that a moderate privatization process has occurred since the early 1990s:

> "Branches of national public administration with economically relevant functions have been turned into state-owned companies (telecommunications, planning, constructing and maintenance of roads, railroads, ports and airports, postal services). Several state-owned companies have been privatised partly (energy) or completely (pulp and paper, steel, the national postal bank)." (Sulkunen 2004: 61)

Finally, it has to be added that while in crisis, Finnish society was confronted with the phenomenon of immigration for the first time (at least on a larger scale). While Sweden has attracted significant numbers of immigrants already since the 1960s and 1970s, Finland had remained a very homogeneous country in ethnical terms for a long time. However, in the 1990s Finns at once faced the immigration of civil war refugees from ex-Yugoslavia and Somalia and ever since have had a hard time integrating them into the Finnish labor market – not to mention their integration into Finnish society. A multicultural Finland still seems to be an idea that bewilders many Finns. Yet, especially the urban centers have experienced more and more immigration of (also highly qualified) foreigners lately and it still remains to be seen how the situation will develop in the years to come (see Holstila 1998 and 2007).

The Crisis in Sweden

In many ways, the Swedish situation in the early 1990s was very similar to the Finnish case, even if the scale of the downturn was somewhat less pronounced. Still,

whereas unemployment was almost non-existent in 1990 (2%), it rose to 12% in 1993, when the Swedish crisis reached its peak. Public deficits rocketed and the Swedish crown had to be devalued by 30%. At the same time, Sweden experienced a hitherto unprecedented wave of immigration (Lindblom 2001: 172; Elander and Strömberg 2001: 12). In 1991, the SAP lost its majority in the Riksdag, and given the fact that the Swedish GDP continued to decrease rapidly also in 1992, the new centre-right government implemented some 'crisis packages', in the course of which social benefits, unemployment aids and sickness benefits were curbed to some extent. When the SAP returned to power in 1994, it decided to maintain most of these rollbacks (Swank 2000: 106-8; Andersson 2006: 789).

In the Swedish case, it appears rather difficult to tell to what extent the crisis in the early 1990s has encouraged privatization, decentralization or deregulation tendencies. As Svensson has noted, there is a significant variation between different dimensions of marketization detectable: "We find a clear and general increase in the autonomy dimension, more private ownership and competition, while changes in financing are generally more or less non-existent. There is also considerable variation between different policy areas." (Svensson 2002: 207) The dominance of the state in fields such as education and healthcare is not as uncontested as it used to be: In the 1990s, novel organizations offering private childcare have appeared, and also some hospitals have been privatized. However, it has to be emphasized that different regions and municipalities have made use of these new opportunities for a partial privatization of services to a very different extent (Montin 2005: 119; Nilsson 1999: 394). Have these welfare reforms and curtailments led to a *dismantlement* of the Swedish welfare state? Lindblom rightly reminds us to distinguish between the immediate symptoms and effects of an economic crisis on the one hand and the policy-reactions to it on the other. In so doing, he convincingly argues that

> "(t)he Swedish welfare state was never universal in a strict sense (…). Programmes like unemployment benefits, sickness cash benefits and the supplementary pension all require previous participation in the labor market. When unemployment was low the contradiction was latent, but with increasing unemployment is has become visible. The programmes have not changed much in this respect, but reality has changed, leaving groups like immigrants and young adults unemployed and without protection from the 'universal' schemes." (Lindblom 2001: 182)

The Rise of ICT and the Recovery of the Nordic Welfare State

Since the mid-1990s, the serious depression in the Nordic countries has been followed by an equally pronounced and amazing recovery and upswing of their economies and labor markets which has led to an overall improvement of the general situation in both Sweden and Finland today. As for the main causes of this resurgence, one certainly has to mention the significant welfare state reforms and

the gradual adaptation to the new geopolitical situation the Nordic countries suddenly found themselves in. However, the rapid structural shift towards a service economy – and in particular the rise of information and telecommunication technologies (ICT) – has been of an at least equally vital importance for this recent recovery of Finland and Sweden. In fact, it is quite evident that the rejuvenation of their economies has been largely due to the rise of the knowledge intensive sector. Sweden and – even more so – Finland are one of the very few European countries that have largely skipped a longer and clearly dominant industrial period to turn from agricultural societies into service based economies without too much of an interruption. While still in deep crisis, Finland and Sweden made a conscious choice to heavily promote and develop the newly emerging ICT sector (let us not forget that these years represented the dawn of both mobile phones and the internet as mass phenomena), and this has been shown to be the right step at the right moment in time: Unemployment figures started to decrease rapidly and public revenues began to rise substantially again. As will be shown in the following chapters, this predominantly ICT-based growth has nonetheless brought about new problems, polarizations and conflicts in Finland and Sweden, as it has developed rather unevenly and in a highly selective manner (both socially and spatially) in these countries. However, let us first take a separate look at the Finnish and Swedish trajectories in some more detail now.

The Finnish Case

With the collapse of the bipolar world order, Finland suddenly found itself in an entirely changed geopolitical environment and its capital, Helsinki, is now located at the geographical heart of a new multinational area of trade, the *Baltic Sea Region*. With an economic policy explicitly geared to internationalization and innovation strategies, Finland started to recover from the shock of the early 1990s after 1994 (Haila and Le Galès 2005). In addition to traditionally strong manufacturing sectors such as paper and metal industries, Finland decided to focus on innovative technologies (above all ICT). Today, information and communication technology has become the largest export sector and has overtaken the role of the forest sector as the main engine of the Finnish economy (Tainio 2003: 72-3).Of course, the spectacular and unparalleled success of NOKIA needs to be highlighted here. At the beginning of the 1990s, NOKIA still was a shaken company in the electronic sector in search of credits and an overall novel strategy. After its successful metamorphosis into a telecommunication company and a promising start, NOKIA offered the Finnish government a deal to maintain its headquarters in Finland on condition that the Finnish government was ready to offer a somewhat lower tax rate to the company (in order to ensure competitiveness on an ever growing international tele-

communication market). After an agreement had been reached, NOKIA soon became the global market leader for mobile phones in 1998. This marked an incredible and unprecedented success for a small country like Finland and it is hardly an exaggeration to say that this 'NOKIA-effect' has turned the Finnish economy upside down: In the second half of the 1990s, the average annual growth of Finnish GDP amounted to approximately 4%, of which a quarter was exclusively due to NOKIA. In 1999, its share of the total Finnish GDP was close to 4% and its share of total exports amounted to 20% (Tainio 2003: 77-9)!

In a nutshell, the newly emerging ICT clusters have given a powerful boost to the Finnish economy during the last decade. Nonetheless, apart from the fact that this cluster building has occurred in a regionally highly selective way (see chapter 6.1.), it has also remained rather vulnerable thus far: Given the fact that such a high share of the recent economic recovery and growth in Finland has been due to the performance of one single ICT company (the success of which in turn depends on the overall development of this sector on a *global* scale), the foundations of success in this country have remained rather shaky and one-sided thus far. As Finnish academics, entrepreneurs and politicians have today increasingly come to realize these hazards, first suggestions and attempts have been made in order to create a more versatile 'landscape' of a knowledge intensive economy as quickly as possible (Susiluoto 2003: 18-20; OECD Territorial Reviews 2003: 15, 79-80; Holstila 2007).

The Swedish Case

As in Finland, Sweden has experienced an impressive recovery from its depression since 1994-95. Productivity rates, GDP and per capita incomes have risen significantly ever since. The public deficit finally disappeared in 1998, and unemployment rates have leveled off at 6-8%. One definite reason for this recovery is certainly that a period of 'strong-hand' social democratic rule (1994-1998) managed to pull Sweden back from the brink of financial disaster by regaining control over the national debt. This policy gave rise to the growth of a strong leftist opposition to the SAP, though, which has not only expressed its discontent with the welfare state reforms and the new EU membership, but has also displayed a somewhat nostalgic yearning for the lost Swedish exceptionalism in Europe (Rosenberg 2002: 180).

For Sweden, the structural change towards a knowledge-based economy has been almost as important as for Finland. One significant difference certainly consists in the fact that the ICT sector has been somewhat less dominant (but nonetheless still the principal sector) in the Swedish recovery. Apart from ICT, biotechnology and pharmaceuticals, financial and business services as well as transport, logistics and the creative industries have played a far more prominent role in the economic revival of Sweden than that of Finland (OECD Territorial Reviews 2006: 58-

9). As a result, in Sweden there is no equivalent to the overwhelming supremacy of NOKIA as the single most important engine of growth in the knowledge-based economy, even though the role of the telecommunication company Sony-Ericsson has been decisive. Just as in the Finnish case, it is too early to assess whether the solid productivity growth that has occurred throughout the recent decade in Sweden will turn out to be just an ephemeral and cyclical trend or if it rather represents a solid and permanent structural recovery instead. Compared to Finland, economic growth has taken place in a more versatile manner in the Swedish case – thereby rendering it less dependent on the international performance of one specific product niche or single company.

However, one particular challenge for Sweden today relates to the fact that its shift towards a knowledge-based society has occurred – both spatially and ethnically – in a highly selective manner. Firstly, the recent transformation has clearly favoured the urbanized regions in the South, while the structurally weak regions in the remote North have often rapidly depopulated (see next chapter). Secondly, due to the fact that immigration on a larger scale has occurred throughout almost four decades now, a considerable amount of immigrants belonging to different age cohorts live in Sweden today. While unemployment rates for immigrants have always significantly exceeded the average rate in Sweden, the crisis in the early 1990s and the recent shift towards a knowledge-based economy (which has coincided with a further decline of jobs in the manufacturing sector and an increasing demand for highly qualified labor force) have further aggravated this discrepancy. Sweden is therefore confronted with the task of finding new ways and means to help prevent a further exacerbation of these ethnical divides (OECD Territorial Reviews 2006: 67-71; Andersen 2001).

Have the Nordic Welfare States Lost their Defining Features Today?

What have all these transformations, crises and resurgences ultimately implied for the unique status of the Nordic welfare states? Is it still justifiable to talk about a typically Nordic welfare model today? Or has this concept rather turned into a nostalgic caricature which merely reveals an inability to accept that the cozy 'third way' of Scandinavian welfare capitalism was inevitably lost together with the antagonism between capitalism and state socialism? In actual fact, throughout the last decade numerous scholars with different disciplinary, national and ideological backgrounds have contributed to a lively debate at the heart of which we can find these very questions. Unsurprisingly, no clear-cut answer to this question has emerged from these discussions. It is important to understand that the way different authors have assessed the Nordic welfare model in terms of its robustness, efficiency and desirability has always significantly depended on these authors' personal normative

and ideological affiliations. For example, Lindblom (2001: 189) is right to make the following statement: Our answer to the question whether the Nordic welfare states have often ranked among the most competitive countries of the world *because of* or *despite* their high tax rates, state-centeredness, and redistributive measures will always be motivated by our own ideological background and preferences. In fact, there is ample evidence for both interpretations and it will be hard to come to a truly 'objective' answer.

For these reasons, the debates on the perceived decline or persistence of the Nordic model have provoked considerable controversy throughout the past ten years. However, taking a look at this literature, it is nonetheless evident that an overwhelming majority of authors holds that the Nordic welfare model has by and large *maintained* its most essential characteristics today – and that the Nordic welfare state has survived both in terms of its unique institutional structure and the enormous public support it keeps receiving in these countries. *In this sense, it is usually claimed that an economy which is dominated by the knowledge-based sector has not only been shown to be compatible with the Nordic welfare model, but has also provided the new foundation for a contemporary Nordic version of welfare capitalism – the long-term stability and permanence of which has though hitherto remained somewhat uncertain and unstable.*[42]

[42] This judgment is mainly drawn from the following texts: Byrkjeflot 2003; Esping-Andersen 1999; Geyer 2003; Geyer et al. 2000; Goldsmith and Larsen 2004; Kautto 2001; Kosonen 2001; Lehto 2000; Lindblom 2001; Lundberg and Åmark 2001; OECD Territorial Reviews 2003 and 2006; Swank 2000; Vaattovaara and Kortteinen 2003; Werner 2002.

6. The Helsinki and Stockholm Regions in Context: Structural Characteristics, Recent Trends and New Challenges

As the preceding chapter illustrated, it is important to first consider the specific institutional context of the Nordic welfare state and its political system of decentralized centralism (the hourglass model) if we want to carry out a truly context sensitive and multilevel analysis of governance transformations in Helsinki and Stockholm. Furthermore, I have shown that recent socio-economic upheavals certainly make for another crucial contextual dimension as well. In this chapter, I will argue that we have to take into account two additional contextual characteristics before we will finally turn to the actual comparative analysis of current forms of urban and metropolitan governance. Firstly, we should briefly consider the distinct pathways of urbanization and metropolitanization as they have recently unfolded in Finland and Sweden (chapter 6.1.). Secondly, it is important to explore the most important structural features of the Helsinki and Stockholm region – such as their monocentric or polycentric nature, or the possible discrepancies between the 'functional' and 'administrative' region. An overview of these vital characteristics will serve as an important precondition to define and systematically compare the overall setup and boundaries of these two Nordic capital regions (chapter 6.2.). On the basis of this characterization of metropolitan Stockholm and Helsinki, chapter 6.3. will finally introduce the most pressing policy challenges and problems that have recently emerged there. As such it should be understood as a 'transition chapter' that sets out the agenda for the multilevel analysis of urban and metropolitan governance arrangements that will follow in chapter 7.

6.1. Trajectories of Urbanization in Finland and Sweden

Settlement Pattern and Pathways of Urbanization in the Nordic Countries

For European standards, the Nordic countries are comparatively weakly urbanized. Only seven cities in Northern Europe have more than 250000 inhabitants: Stockholm, Gothenburg and Malmö (Sweden), Helsinki (Finland), Copenhagen and Århus (Denmark), and finally the capital of Norway, Oslo. On closer inspection it has to be emphasized that the Nordic urban pattern is far from homogeneous, though:

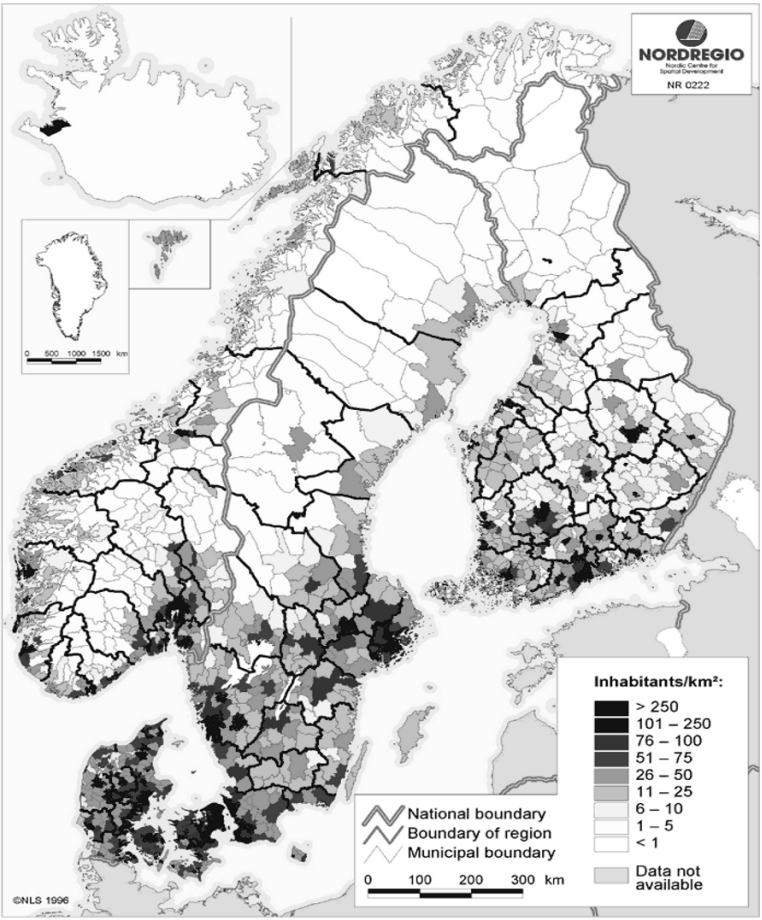
> "The obvious distinction lies between Denmark and southern Sweden on the one hand and the more northerly parts of Fenno-Scandia (including Iceland) on the other. While the settlement structure in the former is dominated by relatively large numbers of cities situated reasonably short distances from each other, cities in the latter area are few in number and greatly scattered." (Nordic Working Group 2006: 12-3)

Generally speaking, one can nonetheless justifiably say that the Nordic countries (with the obvious exception of Denmark) are sparsely populated states, with numerous, widely dispersed small and middle-sized towns and highly dominant capital regions. Moreover, despite the fact that a small number of medieval cities do exist (especially in Denmark and Southern Sweden) the Nordic urban pattern is of comparatively recent origin, as it has primarily evolved throughout the modern age. On the whole, the Nordic countries remained particularly rural in character and dominated by the agrarian sector for an exceptionally long time. While in many Western European countries the second wave of urbanization in the 19th century represented an expression of, and a major driving force for, the industrial revolution, this structural transformation has been much less pronounced in the Nordic countries. Industrialization was on a more modest level, and some authors have even doubted that they ever experienced a period in which they could be deservedly described as 'industrial societies' (see Lehto 2000: 114-7; Neubauer 2007: 18).

In fact, in the Nordic countries, urbanization *on a larger scale* has mostly been a phenomenon of the 20th century and – interestingly enough – has also coincided with the emergence and formation of the Nordic welfare states. Thus, in the 1950s and 1960s at the latest, massive urbanization processes set in and a considerable share of the population started to leave rural areas and structurally weak small towns for middle-sized university cities and the capital areas. With the exception of a few (and nationally path-dependent) interruptions, this process of urbanization has prevailed ever since. In Sweden and Finland, in particular, this process has intensified since the crisis and subsequent structural transformations in the 1990s.

In consequence, it is no exaggeration to claim that the Nordic settlement pattern has become ever more *polarized* since the end of World War II: While a majority of Nordic regions have faced a negative net migration rate ever since, the few winners are almost without exception confined to the capital regions and university towns (Neubauer 2007: 35). As a rule of thumb, the overall pattern has been the following: The larger the city and the more diversified its economic backbone, the more favorable is its overall situation. The few prosperous urban centers have especially tended to attract young and well-educated inhabitants – a factor which has in turn further accelerated the decline of the rural and structurally weak regions (Nordic Working Group 2006: 21-3). While in the 1990s the capital *cities* were the ones to profit most clearly from these intranational migratory movements, it seems as if population growth in the most recent years has been even more pronounced in the capitals' *surrounding areas* as well as in some 'second tier cities', i.e. middle-sized uni-

versity towns such as Tampere, Oulu, Malmö and Gothenburg (Neubauer 2007: 19; Nordic Working Group 2006: 26). Due to these recent regional polarization tendencies, the Nordic countries (and especially Finland and Sweden) are currently experiencing a conflictual restructuring of their settlement patterns, with urban-rural cleavages and debates about a reasonable spatial distribution of wealth and wellbeing gaining salience (Le Galès 2004: 236).



Map 6.1.: Population Density in the Nordic Countries (Source: Nordregio)

Finland

Even when compared to other Nordic countries, Finland has a particularly strong rural imprint: The tradition of glorifying nature, the countryside and rural life as such is deeply rooted and very much alive today – and also finds its expression in the extraordinarily spacious character of Finnish cities. Medieval towns are virtually non-existent, and even the largest settlements became 'proper' cities no earlier than throughout the last two centuries. Today, Finland is still one of the least urbanized European countries and the most sparsely populated EU member state. In geographical terms, it is also significantly more remote from the European mainland than is the case for Sweden or Norway (not to mention Denmark) (Eskelinen and Schmidt-Thomé 2002: 41).

At the moment, only six Finnish cities have a population exceeding 100000 inhabitants, three of which (Helsinki, Espoo and Vantaa) make up the metropolitan capital area. The others are Tampere in Southern middle Finland, Oulu (the only larger city in the North) and Turku, which is located in the South and used to be the Finnish capital until the early 19th century. About half of the population lives in the eight biggest city regions and with the notable exception of Oulu, they are all situated in the Southern or Southern middle parts Finland. As map 6.1. clearly illustrates, the Eastern and Northern parts of Finland have remained extremely sparsely populated. This bipolar settlement pattern has become even more pronounced during the postwar era, since this period has been characterized by a late, but very intense wave of urbanization and regional polarization. Whereas the capital region of Helsinki had been growing steadily since the 19th century, the pace of population growth in the other urban centers only began to greatly accelerate after the end of World War II. Apart from the fact that this urbanization process in Finland took root comparatively *late* and then all the more *rapidly*, it also has to be mentioned that it is *not yet complete*, as it continues today at a startling speed (Karvinen 2005: 2-3; Holstila 1998: 75). Undeniably, during and after the crisis in the early 1990s, these processes of rural depopulation and urban concentration even reached a previously unknown intensity:

> "During the 1990s, the development of Finland's regional structure has been characterised by a strong centralisation of population and jobs distributed among increasingly fewer centres, the main ones being the regions of Helsinki, Tampere, Turku, Oulu and Jyväskylä. The concentration of population in the most dynamic centres means not only out-migration from the rural areas but also from the small, medium-sized and even large urban areas where the industry is not well diversified." (OECD Territorial Reviews 2003: 60)

Especially during the latter part of the 1990s, the economic performance of the Helsinki region was impressive. During the years 1995-2000, Helsinki was ranked second (after Dublin) among European cities in terms of dynamism of economic

growth. Today, this growth has slowed down to some extent (yet not disappeared) and partly seems to have shifted towards a few second tier cities such as Oulu and Tampere, where the rates of population and job growth are most impressive today (Holstila 2007; Susiluoto 2003: 18). In view of these overall trends, it does not come as a surprise that Finland is the regionally most polarized (in terms of GDP) among the Nordic countries – *despite* the fact that Finland has thus far maintained its policy of interregional redistribution (Neubauer 2007:12). It is plausible that such a markedly uneven development was bound to give rise to novel (or to intensify existing) conflicts between highly urbanized regions and rural parts of the country, and I will elaborate on these divides in more detail in chapter 7.

Sweden

Although there are some medieval cities in Sweden, until recently their size mostly remained very modest. Indeed, 150 years ago less than ten Swedish cities had more than 5000 inhabitants. Compared to Finland or Norway, industrialization has played a somewhat larger role. Thus, in the course of the 19th century, some important harbor cities and industrial towns came into being. Nonetheless, it was no earlier than in the 1930s (the decade when the Swedish Social democrats began to assemble the Swedish welfare state) that urbanization processes started to occur on a larger scale; and it was no earlier than in the 1940s that the number of Swedes living in urban areas exceeded the number of those residing in rural areas. Today, half of the Swedish population lives in cities with more than 10000 inhabitants, but there are only three large cities that can be referred to as 'metropolitan areas', namely Stockholm, Gothenburg and Malmö. The fourth largest city is Uppsala (190000 inhabitants), followed by 23 middle-sized cities with 55000-135000 inhabitants (Nilsson 1998: 378).

Since the end of World War II, tendencies of regional polarization have been obvious. While the population of the core cities of Stockholm, Gothenburg and Malmö increased rapidly during the 1950s, the factors of growing wealth for large parts of the population and the rise of the automobile as a mass phenomenon subsequently led to a growth of these cities' suburbs and their wider surrounding areas in the 1960s and 1970s. As a result, these were the days when *metropolitan* Stockholm, Gothenburg and Malmö were born. Altogether, between the 1950s and 1990s, the population in these three city regions has risen by 62%, while their share of the total population in Sweden has increased from 27 to 35% (Nilsson 1998: 383). It must also be added that the emergence of the knowledge based economy in the 1990s occurred in a regionally highly selective manner, as it has been most pronounced in the three metropolitan areas and a few other university towns. This development has not only taken place to the detriment of the rural areas in the far

North of Sweden, but has also triggered off or exacerbated out-migration from economically less versatile industrial towns.

Regardless of these clear tendencies towards a more spatially polarized settlement pattern in Sweden, it needs to be mentioned that interregional discrepancies have been kept at a very low level thus far. In fact, Sweden still shows the most modest interregional polarization figures (by GDP) of all OECD countries today – and most evidently, this achievement has been due to the universalistic redistribution policies of the Swedish government. However, it is uncertain how longer such a remarkable degree of spatial equalization can be maintained if the discrepancies between rural and urban, Northern and Southern regions should continue to grow at high pace in the future (OECD Territorial Reviews 2006: 35).

6.2. Metropolitan Helsinki and Stockholm: Main Structural Characteristics

In chapters 5 and 6, we have so far dealt with the broadly similar supranational (Nordic) and national contexts Helsinki and Stockholm are embedded within. Let us now turn to the two capital cities and city-regions themselves. In the following, their most vital structural characteristics will be illustrated, and I will argue that the outlines of these city regions can be (and actually have been) defined in various ways. In doing so, I will demonstrate in the following that important differences are noticeable as far as the structural characteristics of the two capital areas and the role of the 'core city' therein are concerned.

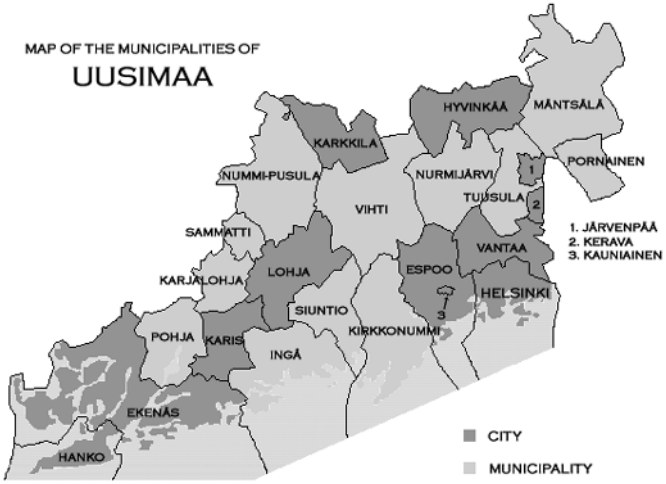
Undoubtedly, the Helsinki and Stockholm region share many commonalities. For example, both are in every sense the single most important and uncontested centers of their country; both faced a serious depression in the early 1990s, and have recovered with remarkable speed ever since, due in large part to the strong presence and performance of the knowledge based economy; both have recently experienced a strong growth of population; and. finally, as the next chapter will demonstrate, both capitals are facing highly similar challenges as regards urban and metropolitan governance reforms today.

Regardless of these striking similarities, it is also evident that the structural setup of the Helsinki region differs notably from the case of Stockholm today. Above all, two main dissimilarities should be mentioned: Firstly, we will see that the two city regions in focus differ in terms of how the respective 'core cities' (i.e. the municipalities of Helsinki and Stockholm) relate to their adjoining municipalities in structural terms. In other words, there are differences as far as the 'monocentric' or 'polycentric' character of metropolitan Helsinki and Stockholm is concerned. Secondly, city regions can be defined in a political-administrative and a functional sense. A functional region is defined as an area which corresponds to people's everyday movements, and the administrative borders do not necessarily coincide with

these outlines (Henning 2001: 20). In the following, it will be exemplified that the relation between the administrative and functional region has shown itself to be rather different in the cases of Helsinki and Stockholm – and I will argue that this relationship also makes for an important structural factor which influences the scope and content of urban and metropolitan governance reforms.

The Helsinki Region

There is only one metropolitan region in Finland, namely the Helsinki region. It might be modest in size on an international scale, but it is by far the most important agglomeration in Finland (Susiluoto 2003: 5). But what exactly is the size of the Helsinki region, and what are its boundaries? Once we pose this question and take a look at contemporary writings on this capital region, things do indeed become somewhat complicated, as there is no clear-cut definition available. Instead, I suggest in the following that today there exist mainly three different options of how to define the capital area of Helsinki. One can focus a) on the densely populated *Helsinki Metropolitan Area (HMA)*, b) on the wider *functional* region (based on people's everyday movements and the territory with a widely shared housing and labor market), or c) rely on a *political-administrative* definition (the Uusimaa Region).



Map 6.2.: The Helsinki Metropolitan Area as Part of the Administrative Helsinki Region (Source: Wikimedia Commons)

Map 6.3.: The Helsinki Metropolitan Area as Part of the Functional Helsinki Region (Source: Wikimedia Commons)

The Helsinki Metropolitan Area (HMA)

Today, four autonomous municipalities add up to the relatively densely populated Helsinki Metropolitan Area (HMA): The capital *Helsinki* itself (570000 inhabitants), *Espoo* (235000), *Vantaa* (190000) and a small enclave in Espoo, *Kauniainen* (8500). Thus, with altogether one million inhabitants, the HMA is the uncontested political, economic and cultural centre of Finland, which represents almost one fifth of the Finnish population, one fourth of the employed persons, and produces one third of the GDP of the entire country. The HMA has profited tremendously from the aforementioned tendencies of urbanization and regional polarization throughout recent decades, and this is especially the case for the municipalities of Vantaa and Espoo. In only a few decades, these once quiet and small suburbs of Helsinki have turned into two of the largest Finnish cities. Since the 1990s, Vantaa and particularly Espoo have experienced a notable boost of population growth (often more than 3% per year), while the population of Helsinki municipality has been growing at a considerably slower pace lately (less than 1% a year) (Laakso and Kostiainen 2004: 18; OECD Territorial Reviews 2003: 63).

There are currently no signs indicating that this population growth in the HMA is likely to come to a halt in the imminent future. The economy is flourishing, and especially in Espoo, there remains plenty of vacant space where new housing

can be built. Obviously, this recent and rapid growth of Espoo and Vantaa[43] has changed the overall configuration of the Helsinki capital area. Even if Helsinki clearly remains the biggest and most important municipality in the HMA (let alone its role as the Finnish capital), Espoo and Vantaa have definitely outgrown their role as mere suburban appendixes today. Espoo has successfully enhanced its profile as a city of business, high technology and science and vitally hosts the headquarters of NOKIA. It does not intend to 'copy' Helsinki as a city in any sense, but seems to have decided to present itself as a clearly alternative model: A spacious, quiet and relatively wealthy garden city and 'new town' without a proper centre, which mainly consists of single family houses and depends heavily on private car traffic. The city of Vantaa has become a centre for logistics and also houses the capital's airport, whose volume of traffic has increased dramatically since the early 1990s (Haila and Le Galès 2005; Susiluoto 2003: 34).

As a consequence, while the Helsinki capital area is mostly still referred to as monocentric in structure, it cannot be denied that the HMA has become ever more polycentric in character during the last few decades. The ever increasing weight (not only regarding population, but also GDP) of Espoo and Vantaa in the HMA has turned them into self-confident municipalities whose governments insist on being treated as equal partners as concerns issues of intermunicipal cooperation or metropolitan governance in the HMA. As I will argue in more detail in chapter 7, this specific constellation (i.e. one traditionally powerful and once uncontested urban core city and two emerging and growing autonomous 'edge cities' with considerable prospect to keep on growing) has brought about a delicate and sometimes tense constellation of intermunicipal cooperation, competition and conflict in the HMA.

Until now, no integrated and all-encompassing body of metropolitan governance or intermunicipal cooperation has been institutionalized at the level of the HMA. As for the vast majority of political competencies and responsibilities, the four municipalities have mostly been at pains to retain their wide-reaching local autonomy. The only notable exception existing is the 'Helsinki Metropolitan Area Council' (YTV). While its name might suggest that it represents a full-blown metropolitan government for the entire HMA, its responsibilities are for the most part confined to managing two – admittedly crucial – utilities in an integrated way for the HMA, namely public transport and waste management (see chapter 7.3. for details). Apart from these services managed by YTV, intermunicipal cooperation in the HMA has chiefly occurred on a less institutionalized, more informal and voluntary basis thus far – even if a lot of things are in motion these days and, hence, the future of metropolitan cooperation and integration appears to be very much an open question.

[43] We can by and large neglect the municipality of Kauniainen in the following, as it is extremely small in terms of geographical size, population and also political importance within the HMA.

The Functional Helsinki Region

Adjacent to the HMA, there is a 'belt' of eight municipalities (see map 6.3.), many of which are quite large in size; however, all of them are much more modest in terms of population and population density compared to the three big municipalities constituting the HMA. In sum, about 300000 people live in these municipalities. Together with the HMA, they make up the so-called *functional Helsinki region.* It has to be stressed that a functional region can never be understood as an unchangeable geographical entity, because it is defined by variables such as the percentage of people commuting to the heart of the metropolitan area and the area of a shared housing and labor market. At the moment, however, this '4+8 municipalities' area can be reasonably referred to as the functional region, as the share of commuters is clearly highest there and infrastructural connections to the centre are well-developed. Moreover, the eight municipalities bordering the HMA have also experienced the most pronounced growth in population (even higher than in Espoo) in recent years. It should be added that regardless of the high proportion of inward migration (increasingly also from abroad), the share of natural population growth (around 45%) has also been remarkable within this functional region (Laakso and Kostiainen 2004: 7; OECD Territorial Reviews 2003: 15).

Similar to the HMA, the Helsinki functional region is a product of the powerful trends of urbanization and regional concentration that have prevailed throughout the last few decades. Thus far, however, the functional region has principally remained 'imagined space', as there is no institutionalized, politically relevant decision making body which corresponds to and is responsible for this territory. As I will demonstrate in the next chapter, many scholars, politicians and other experts are aware that there are various pressing needs to set up more intermunicipal cooperation in the functional region. However, hitherto only a few occasional, piecemeal and loosely institutionalized measures have been taken in this respect.

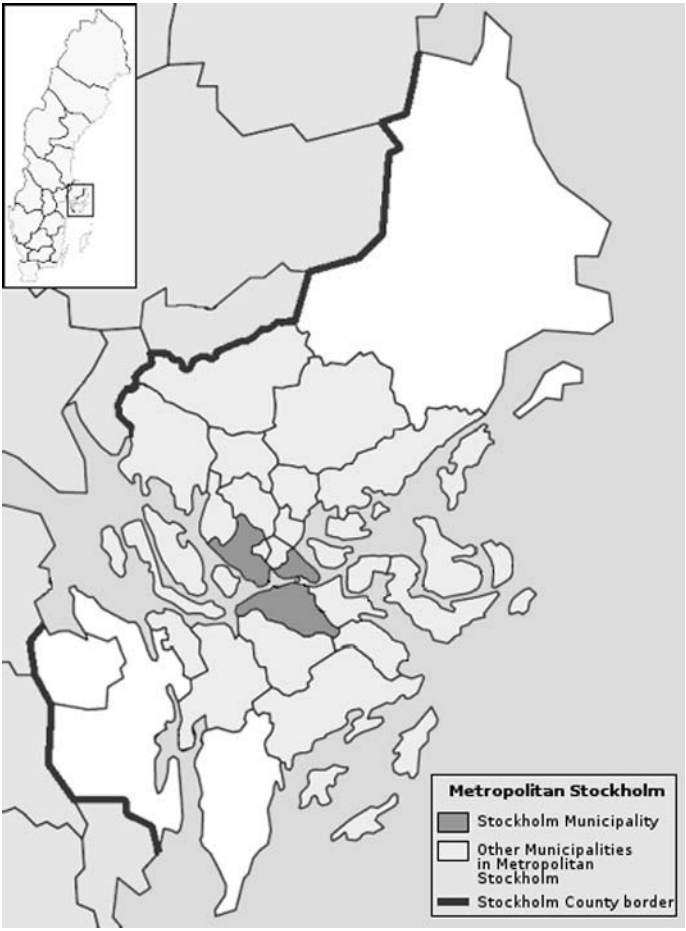
Uusimaa: The Administrative Helsinki Region

The region of Uusimaa consists of 24 municipalities with altogether 1.3 million inhabitants and represents the Helsinki region in the *administrative* sense. As a comparison of map 6.1. with map 6.2. shows, it includes the HMA in its entirety, but includes only parts of the functional Helsinki region: The municipalities located to the East of the HMA are not part of Uusimaa, while the municipalities located in the West of Uusimaa are not part of the functional region. Undoubtedly, the big advantage of this administrative region is that it provides a fully-fledged institutionalized decision making body (elected by the governments of the member municipalities) with its own fiscal resources and power to implement political decisions,

mainly in the field of regional planning and development. However, we also have to face the downsides and difficulties: As already mentioned., the decision making power of regional councils is rather limited in Finland and to a considerable extent depends on the member municipalities' readiness to cooperate. Moreover, the territory of Uusimaa does not correspond to the functional outlines of the capital region (Susiluoto 2003: 6). For these reasons, both scholars and leading officials of the Helsinki government have emphasized in interviews that it is rather unlikely that the Uusimaa regional council will become the leading authority to prepare and implement integrated and effective policies for the *entire* capital region in the foreseeable future.

The Stockholm Region

The problem of 'regional mess' is evident in the Stockholm capital area, too: t is difficult to define the outlines of the region in a definite way and several (more or less firmly institutionalized) bodies of decision making with partly overlapping territories and competencies exist next to each other. However, it will be shown in the following that the Stockholm capital area deviates from the case of Helsinki in some crucial respects: Apart from the fact that the Stockholm County Council's responsibilities differ from the ones of Uusimaa Regional Council, the structural setup of the metropolitan area (i.e. 'core city' vs. adjacent municipalities) makes for a markedly dissimilar picture. Moreover, whereas a discrepancy between the functional and administrative region can be detected also in Greater Stockholm, I will demonstrate in the following that it has been of another quality and much less pronounced than in the Helsinki region.



Map 6.4.: Municipal and Metropolitan Stockholm as Part of the Administrative Stockholm Region (Source: Wikimedia Commons)

Metropolitan Stockholm

The hub of the Stockholm region consists of a relatively densely populated area made up of 22 municipalities with altogether 1.7 million inhabitants: metropolitan Stockholm. As in the case of metropolitan Helsinki, the belt of suburban municipalities which surrounds the urban core has experienced rapid population growth since the end of World War II. This development has been mainly due to factors

such as domestic migration (both from the rural areas and from the core city[44]), the massive expansion of public transport networks and the emergence of the automobile as a mass product (Gullberg and Kaiser 2004: 27ff; Hårsman and Rader Olsson 2003: 94). However, one look at map 6.4. is enough to identify one important structural difference between metropolitan Stockholm and the Helsinki metropolitan area: While the HMA consists of a dense cluster of three populous municipalities, metropolitan Stockholm is made up of a scattered mosaic of 22, mostly small municipalities. The role of the core city therein is a very dominant one: While the municipality of Stockholm has 775000 inhabitants, none of the remaining 21 municipalities exceeds 90000. Given this outstanding role of the core city, it is evident that the structure of the capital area of Stockholm is more monocentric than the Helsinki area. The territory of metropolitan Stockholm is not represented by any decision making or advisory body which takes care of at least some selected services and policies on a metropolitan level in an integrated manner (as is the case for YTV in the HMA). Thus, the term 'metropolitan Stockholm' has for the most part remained an empty shell: it may represent the outlines of the most densely populated and most rapidly growing part of the Stockholm region, but – at least so far – it signifies little else.

Stockholm County (Stockholms Län) as the Appropriate Administrative *and* Functional Capital Region?

One important reason for the lack of any significant institutionalization of political power at the level of metropolitan Stockholm is certainly that there already exists a fully developed political-administrative level of decision making, which does not differ that markedly in size from the metropolitan area. Indeed, map 6.4. shows that the administrative Stockholm region (Stockholm County) consists of only four more municipalities than metropolitan Stockholm – and with its population of 1.9 million people, it is also only slightly more populous. However – and even more importantly – it is often emphasized that the Stockholm County also corresponds fairly well with the *functional* Stockholm region as well. This means that the territory for which the Stockholm County Council holds responsibility is roughly congruent with the commuting area. While this used to be especially true until the 1980s, the commuting area has bit by bit spread to parts of the neighboring counties ever since (especially Uppsala). However, regardless of these recently occurring spillover-

[44] Interestingly, the municipality of Stockholm (the population of which had grown continuously in the first half of the 20th century up to 800000 inhabitants in 1960), experienced a significant decrease in population until 1980 (650000 inhabitants), as household sizes decreased and a remarkable proportion of families chose to move to newly built single family houses in the suburban areas. Only after 1980, the population in Stockholm municipality began to increase again.

trends, the OECD maintains in its latest territorial review that it is still tenable to refer to Stockholm County as the 'labor market area' today: „Data referring to the Stockholm county are the closest to the true labor market, although they exclude 16% of the population in the local labor market as defined in 2005, and 10% of GDP." (OECD Territorial Reviews 2006: 26-7)

This certainly represents another important structural peculiarity that allows us to contrast the Helsinki and Stockholm regions: In Helsinki, the territories of the metropolitan area, functional region and administrative region clearly differ from one another, while they appear to overlap to a considerable extent in the case of Stockholm. In practical terms, this means that policy actors in the Stockholm region have the option to fall back upon an enormous structural advantage, because they have the opportunity to make use of an *already existent* political-administrative platform (the Stockholm County Council) in the confines of which it is possible to enhance cooperation and thus to effectively promote metropolitan and regional integration. The Stockholm County Council is far from powerless: t is not only responsible for healthcare, but also for public transportation and regional planning – and as the next chapter will show, the latter issues can be found at the heart of the debates on metropolitan reforms. Thus, it is fair to say that the Stockholm County Council has all the necessary capacities at its disposal so as to act as a powerful and integrated regional government – at least as far as the policy fields of healthcare, regional infrastructure development and planning are concerned (Hårsman and Rader Olsson 2003: 107). Throughout chapter 7, I will discuss to what extent it has actually managed to successfully live up to these potentialities thus far.

The Stockholm-Mälar Region (Mälardalen)

Since the early 1990s, the functional Stockholm region has sometimes been defined in much broader terms. Some authors have referred to an area that includes 3 million inhabitants (one third of the Swedish population) and produces almost 40% of the Swedish GDP. This area consists of Stockholm County and its neighboring counties of Uppsala, Södermanland, Örebro and Västmanland, which constitute the so-called Mälar Region ('Mälardalen'). It must be emphasized that Mälardalen is not historically rooted in Swedish history, but represents a good example for a region that was for the most part invented and promoted in the 1990s by politicians and businessmen. Knowing that Stockholm county alone is of a rather modest size for international standards, they constructed Mälardalen as a region which they considered big and powerful enough to be able to compete in economic terms with other regions throughout Europe (OECD Territorial Reviews 2006: 12). In 1992, a 'Council for the Stockholm-Mälar region' was founded as a loose and informal platform for collaboration among various state and non-state actors in the region.

While some (but by far not all) municipalities have made use of the opportunity to participate in this advisory body, there are hardly any indications that the council is about to develop into an integrated and truly powerful authority that can tackle the most pressing policy-issues in the Greater Stockholm Region (Herrschel and Newman 2002: 71; Hårsman and Rader Olsson 2003: 107). Thus, at the moment, it would certainly be an exaggeration to refer to the Mälar Region as the 'functional Stockholm region'. Many municipalities are still quite remote from Stockholm, commuting times are long, and the share of people commuting to Stockholm is therefore often low. Thus, at the moment it appears that the Stockholm-Mälar region has remained a – primarily economic – aspiration for the region, which is based on the assumption that the processes of regional polarization in Sweden will continue at a high pace (OECD Territorial Reviews 2006: 29-30).

6.3. Newly Arising Challenges and Problems in the Two Capital Regions: A Call for More Integrated Metropolitan Governance

In the preceding chapters we have shown that the recently accelerated processes of urbanization and regional polarization have led to a physical expansion of the Helsinki and Stockholm capital regions. In doing so, we have repeatedly examined the potential to set up more integrated forms of metropolitan and city-regional governance – and as a matter of fact, calls for intensifying cooperation across municipal boundaries have become more and more pronounced since the mid-1990s in both capital regions. Thus far, however, we have not explicitly mentioned *why* this has been the case. Let us therefore now turn to the main pressures and incentives that have given rise to this augmented search for more intermunicipal cooperation, coordination and metropolitan governance in the first place. In fact, we can detect four main reasons and motivations in this respect, which are displayed in the four grey boxes of figure 6.1. and will be introduced in more detail in the following. They point towards distinct policy goals and are articulated by several groups of (state and non-state) actors operating on different scales of policy making. Moreover, it will be emphasized that these attempts to install more metropolitan cooperation have by no means been unchallenged. Instead, they have faced criticism and have been confronted with a number of serious institutional obstacles and political conditions that tend to complicate or obstruct these reforms. The three red boxes in figure 6.1. summarize these impediments. As will be shown in the remainder of this work, these debates on metropolitan governance reforms have unfolded in strikingly analogous ways in the Finnish and Swedish capital areas, revealing similar motivations, pressures, goals and conflicts. This extensive comparability thereby allows us to set up a *shared* discussion scheme (figure 6.1. below) which highlights the most

important pros and cons and concisely outlines the main features of currently ongoing debate on metropolitan governance reforms in *both* capital areas.

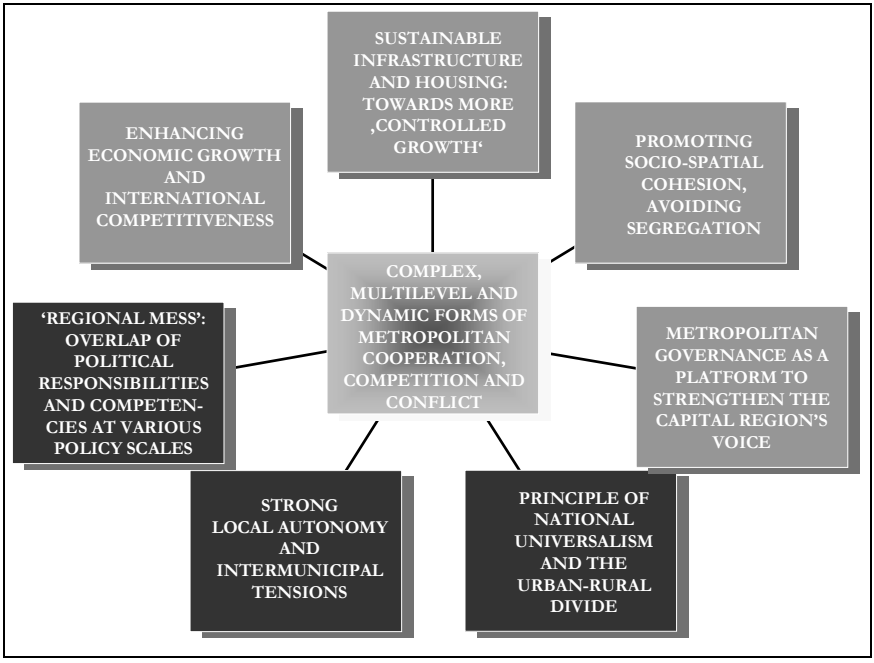


Fig. 6.1.: Intermunicipal Cooperation and Integrated Metropolitan Governance in Stockholm and Helsinki: Incentives and Pressures (Boxes in Light Gray); Objections and Obstacles (Boxes in Dark Gray)

Enhancing Economic Growth and International Competitiveness

Since the 1990s, larger Swedish and Finnish cities – and in particular the capital regions – have represented the hub of the newly arising knowledge-based economy. This structural change has brought about a remarkable internationalization of the Nordic economies. Today, Nordic ICT companies, software firms and other knowledge-based industries are in competition with companies all over the world. Most notably, this new situation has also considerably changed the academic and public discourses on the overall role of Nordic capitals within their country. In a shift from a national to an international perspective of debate, Helsinki and Stockholm are increasingly referred to as the only truly existing metropolitan regions in

their countries – and, as such, the only urban regions able to compete with other metropolitan regions throughout Europe and beyond. In this sense, more and more entrepreneurs, but also politicians and academics have come to argue that today, the well-being of Finland and Sweden as a whole increasingly depends on the international success of their most important economic 'engines' – the capital regions. Therefore, it is suggested to pursue growth-oriented *locational policies* ('Standortpolitik') on a metropolitan rather than on an urban level (see Brenner 2004: 278).

These thoughts ultimately breed two conclusions. Firstly, they suggest a repudiation of the universalism principle as an adequate means to guarantee and promote overall societal wealth in Finland and Sweden, because the extraordinary economic strength of the capital regions is no longer seen as a problem to be alleviated through redistributive regional policies. Instead, it is considered a necessary *precondition* for successful international competition – and thus eventually for wealth and prosperity throughout the entire country (Laurila 2005: 4; Elander and Strömberg 2001). Accordingly, voices criticizing the central government's interference with the 'natural growth' of the capital area as 'illegitimate' or 'counterproductive' have been clearly on the rise throughout recent years.

Secondly, together with the expansion of the capital regions, the increasingly international character of economic competition has brought about a heightened pressure for more enhanced cooperation between the municipalities, companies and other potentially relevant governance actors located within these capital areas. Why is this the case? As we have seen, the Helsinki and Stockholm regions are rather modestly sized by international standards. Therefore, it is argued that the challenge of international competition demands more coordination and the development of shared strategies on a *metropolitan* (or city-regional) level so as to enhance the capital region's economic vigor and strategic position compared to its international competitors. According to this logic, municipalities located in the capital region should stop wasting precious time, expertise and financial resources on competing with one another for new companies or wealthy citizens to increase their individual municipal tax-bases. Instead, they should join forces to create an integrated and powerful economic region. (Wijkmark 1997: 333; OECD Territorial Reviews 2003:199, 2006: 96; Henning 2001: 53).

These suggestions have been confronted with substantial protest and serious institutional obstacles, though (see the three red boxes in figure 6.1.): Unsurprisingly, calls for discarding the universalism principle have been met with disapproval and protest from the population living outside the prosperous urban centers. Especially people in the rural Northern parts of Finland and Sweden have feared that a paradigmatic shift away from regional redistribution payments towards a policy promoting the economic strength of the capital regions will further accelerate the economic and demographic decline of the rural regions – and enhance the already dominant position of the capital regions. Moreover, extensive and often vigorously

defended municipal autonomies (reinforced by well-worn antipathies among adjacent municipalities) and the often scattered responsibilities and competencies as regards regional policy issues ('regional mess') represent additional conditions that have complicated the venture of creating more integrated, internationally competitive capital regions.

Promoting Socio-Spatial Cohesion and Avoiding Segregation on a Metropolitan Level

The abovementioned phenomenon of growing interregional disparities between urban centers in the South and depopulating areas in the rural North has long been debated as an important problem in both Sweden and Finland, at least since the 1950s. Until recently, however, this has not been the case for the issue of segregation on a *metropolitan and urban* level. This is mainly due to the fact that the degree of socio-spatial segregation within Finnish and Swedish cities has usually been very low, as the massive interventions of the powerful 'local welfare states' and their commitment to egalitarianism have generated a very well-balanced socio-spatial pattern in Finnish and Swedish cities. The fact that social policies and housing policies have been closely tied to one another has helped to avoid larger income polarizations and other forms of segregation (Susiluoto 2003:21). In the course of the 1990s, however, a certain trend towards socio-spatial segregation has become noticeable in the Helsinki and Stockholm capital areas – both *within* municipalities and *between* them. Apart from the fact that urban segregation is mostly a new trend in the Nordic countries, it needs to be stressed that it is usually also considered to be an expression of unacceptable differences which need to be combated (Holstila 1999: 29; Andersson 2006: 790). In view of the strong Nordic commitment to socio-spatial equality and cohesion, it is evident that an emergence of segregation tendencies within the capital region necessitates intermunicipal cooperation and coordination in order to alleviate them – especially since the emerging socio-spatial disparities transgress existing administrative boundaries.

The aforementioned powerful and well-established principle of municipal autonomy certainly represents the single most important impediment to more integrated metropolitan strategies in favor of socio-spatial cohesion and against polarization. As repeatedly shown throughout this work, Nordic municipalities by tradition dispose of powerful tax-bases and remarkable political rights – and this allows them to pursue their own social policies in a rather independent way. Obviously, a more coordinated and cooperative anti-segregation policy on a metropolitan level would first require that the individual municipalities agree give up some of these fiscal and political privileges and monopolies so as to enable the development of shared, cross-municipal social policies (OECD Territorial Reviews 2003: 16-7; Elander and Strömberg 2001: 13). However, municipal governments are often un-

willing to make this crucial step. This might be due to reasons of local pride or difficult relationships among neighboring municipalities. It might also be due to the fact that municipal governments do not feel the immediate urge to cooperate with adjacent authorities, as they feel that they can dispose of the necessary financial means and policy tools to guarantee a well-balanced socio-spatial pattern and high-quality welfare services within their own territory. However, this attitude fails to see (or, some might say, simply ignores the fact) that the capitals of Helsinki and Stockholm have long outgrown the administrative boundaries of the core city and segregation patterns have appeared – and therefore also need to be solved – on a city-regional scale today.

Sustainable Infrastructure and Housing: Towards More 'Controlled Growth'

In view of the recent population growth and the physical expansion of the Helsinki and Stockholm capital areas, the challenge of establishing more integrated metropolitan infrastructure and housing policies has emerged as another crucial policy issue today. In a nutshell, the current situation can be described as follows: Since the 1990s, tens of thousands of new jobs in the knowledge based economy have been created in the two capital areas, a high share of which are located in the central parts of the capital regions. However, a significant percentage of the new workforce attracted to the capital region has settled down in the politically autonomous suburban municipalities bordering the 'core cities' of Helsinki and Stockholm. These differing spatial concentrations of job growth on the one hand and population growth on the other have brought about two policy challenges. Firstly, a huge amount of new housing needs to be provided by the municipalities in the capital areas today. In fact, in both cases, the construction of new dwellings could not keep pace with the rising demands in recent years. Secondly, considering that more and more people commute on a daily basis from their homes in the suburbs to their workplace in the centre, infrastructural networks such as streets and public transport services (let alone water provision and sewage systems) have had to be expanded in a rapid, yet coordinated way *across* municipal boundaries. It is evident that these challenges emerging from a shared housing and labor market constitute another vital driver to develop more integrated and comprehensive planning and land use strategies for the Helsinki and Stockholm metropolitan regions today (Neubauer 2007: 7)

These challenges are also closely intertwined with the aforementioned issues of economic competitiveness and social cohesion. Economic competitiveness depends on the successful attraction of business and a highly qualified workforce, and this in turn depends on whether or not decent housing, an enjoyable living environment and a well-functioning infrastructural system are provided throughout the respective

metropolitan region. Moreover, housing and infrastructure policies are also closely connected to the issue of socio-spatial cohesion, since political decision makers in several municipalities face the challenge to keep urban growth manageable in order to avoid uncontrolled urban sprawl and the rise of severe socio-spatial disparities within the urban region. It has thus been argued that housing and infrastructure policies can be found at the very heart of the debates on metropolitan cooperation and governance today. In a way, they represent the interface or 'missing link' where the issues of economic competitiveness, social cohesion and also ecological sustainability flow together to form a complex, yet integrated debate on *modes of metropolitan governance* (Holstila 2007; OECD Territorial Reviews 2003: 19).

On the whole, the municipalities in the metropolitan regions are fully aware of these pressing demands for more integrated housing and infrastructure policies. However, an often complicated and scattered 'division of labor' among various authorities operating on different policy levels (national, regional and local) in this field complicates the attempt to agree on shared and comprehensive strategies. Different authorities tend to defend their individual prerogatives and competencies – and this is especially the case for the most powerful policy actors in the field of infrastructure and housing policies, namely the municipal governments. As mentioned earlier, due to wide-ranging public landownership and their strong fiscal and political autonomy, Nordic municipalities usually enjoy a 'planning monopoly'. Thus far, they are simply not accustomed to cooperating systematically with other municipalities in terms of housing and land use planning. However, the recent trends of metropolitan growth and sprawl have brought about an ever more urgent and obvious pressure to overcome this fixation with solely municipal housing and infrastructure policies.

Metropolitan Governance as a Means to Strengthen the Voice of the Capital Region

We have shown that there exist several pressures for establishing more coordinated and comprehensive metropolitan governance in the Helsinki and Stockholm capital areas today. Apart from promoting their international economic competitiveness, cooperation is considered a means to ensure social cohesion as well as a controlled, comprehensive and balanced development of housing and infrastructure throughout the entire functional urban region. However, there are many potential options to realize and institutionalize these new forms of metropolitan governance: For example, the municipalities can either opt for a merely loose mode of cooperation or decide to establish a full-blown, directly elected metropolitan government with wide-reaching competencies. It is an equally open question what kind of groups of actors (both state and non-state) should actively participate in these new forms of metropolitan governance. Moreover, these actors also need to define the territorial

outlines of cooperation, as these do not necessarily have to coincide with already existing administrative boundaries. Finally, these newly arising forms of governance raise the issue of a reorganization of local and regional authority and democracy: should municipal governments transfer some of their powers to a new (possibly publicly elected) decision making body at a metropolitan / city regional scale – and if yes, to what extent? As these questions show, there are many potential varieties and levels of metropolitan collaboration and governance – from informal and loose cooperation to fully-fledged metropolitan governments. Numerous urban regions throughout the world are confronted with this task to find a solution which appears most appropriate, desirable and realistic to them – and in doing so, there are no prefabricated answers (such as a blueprint of 'good metropolitan governance') they could hope to fall back upon.

In other words, beyond incentives related to specific policy fields, there exists a more fundamental incentive for metropolitan cooperation which comprises and transcends these content-related motivations. While various forms of intermunicipal conflicts, antipathies and competition constitute the *centrifugal* forces within the capital region, there are also discernable *centripetal* factors – matters that help to *unite* the metropolitan region as a whole behind a shared interest or goal. In recent years, such a shared interest has become especially noticeable whenever the policies of regional redistribution (implemented by the national governments) are at stake. Today, many municipalities in the capital regions are united in their dissatisfaction with the policy of national universalism, as they think that too much of their local revenues are taken away by the national government and reallocated to structurally weaker regions. Therefore, different municipalities in the capital areas are also united in their hope that the establishment of a platform which represents the capital region's interest as a whole will help to make the central government reconsider its policies of national universalism. The institutionalization of such a platform can thus give 'voice' to the entire capital region's interests in an integrated manner – be it in the quarrels about the universalism principle, be it in other politically relevant debates. In other words, the institutionalization of a metropolitan level of governance represents a chance to establish new governance arrangements *beyond* the traditional political system of national, regional and municipal authorities (Haila and Le Galès 2005; Henning 2001; Brenner 2003: 314).

It is little surprising that this attempt to institutionalize metropolitan governance is confronted with all the obstacles and objections mentioned above. Firstly, it is all but certain that the establishment of a metropolitan platform of governance succeeds in alleviating the problem of regional mess. It is also possible that an introduction of such an additional level of cooperation and decision making will worsen the confusion as far as the distribution of competencies and responsibilities on different scales is concerned (Neubauer 2007: 54). Secondly, it will be hard to set up a new platform of metropolitan governance due to the fact that already existing

authorities (especially city councils) might be reluctant to let their autonomy be weakened by transferring some of their powers to a new decision making body on a metropolitan level. Finally, it is very apparent that representatives of rural regions tend to be opposed to any measures aimed at the establishment of metropolitan forms of government and governance, as they fear that the capital areas might further enlarge their political weight within the nation state to the detriment of rural interests.

7. Metropolitan Cooperation, Integration and Conflict: Comparing Modes of Governance in the Finnish and Swedish Capital Regions

Now that we have outlined the main driving forces that act as incentives and pressures for (or disincentives and obstacles to) enhanced cooperation and more integrated forms of governing on a metropolitan and city-regional level, it is time to turn to the actual comparative policy analysis. What kinds of debates on metropolitan governance are currently detectable in the Finnish and Swedish capital areas? Have the multiple and increasing pressures for metropolitan cooperation already yielded tangible policy reforms and concrete results? Who are the most important actors and on what scales do they operate? What are the main policy issues and how do they relate to each other? How do the most important cleavages and conflicts run? In other words, we will now embark on a comparative and multilevel analysis on currently prevailing modes of metropolitan governance in Helsinki and Stockholm. The investigation will be structured according to the aforementioned four dimensions that we extracted as the main driving forces of metropolitan cooperation and governance (see chapter 6.3. and figure 6.1.).

7.1. Economic Growth and International Competitiveness

The Helsinki Region

In the mid-1990s, debates began to emerge in Finland that marked a clear break away from the traditional policies of spatial universalism. In the attempt to find a way out of the deep recession, proposals to launch political strategies that were explicitly tailored to foster the economic strength of only a few selected cities and urban regions became increasingly prevalent. Many politicians, scientists and entrepreneurs alike came to agree that larger agglomerations had to be considered the most relevant economic 'engines' of Finland, the well-being and prosperousness of which would eventually be beneficial for the country as a whole. According to this logic, the role of the Helsinki region, as Finland's only international knowledge-intensive major city area, needed to be promoted for the simple reason that it competed more with major cities in other countries rather than with other urban regions

in Finland (Nordic Working Group 2006: 40; Laurila 2005: 7-10; Manninen 1999: 28).

So, what kind of strategies have been suggested and implemented in order to upgrade the international profile of the Helsinki region? Firstly, it was in fact decided to introduce *national urban policies* for the first time. Without doubt this represented a clear paradigmatic shift for Finland, which had until then been dominated by the principle of spatial universalism – which does not allow for an implementation of customized urban and regional policies. In 1995, a working group under the guidance of the ministry of the interior was established whose task it was to develop the main outlines and targets of such a national urban growth policy in Finland (Holstila 1998: 85-6).

Secondly, however, it was obvious from the beginning that it would not be enough to institutionalize national programmes and guidelines so as to successfully promote the international competitiveness of Finnish urban regions. Instead, it was clear that it would also be necessary to improve the cooperation *within* these city regions. This applied in particular to the territory of the densely populated Helsinki Metropolitan Area (HMA): Whereas collaboration between public authorities and local business was already fairly well-developed back in the mid-1990s, there used to be much less collaboration among representatives of the public sector in the HMA. Especially the cooperation among municipal authorities in the region was very poorly developed and relationships have often turned out to be difficult and tense. Due to their highly developed political and fiscal autonomies, municipalities were not used to cooperating as far as the most important policy issues were concerned. On the contrary, given the fact that these municipalities' capacity to act is highly dependent on local tax revenues, they have often competed fiercely with one another in their attempt to make wealthy residents and companies settle down on their territory. Although the cities have limited flexibility to compete with respect to the quality of services they offer, they do compete for taxes and, in particular, for types of land use that improve their financial situation. The problem is , however, that this fiscal competition could well be detrimental to the Helsinki region in the long run:

> "Resources may be wasted to the extent that the cities in the metropolitan area are missing opportunities to work together to recruit firms to the area. Given that the Helsinki Region (the four metropolitan cities plus the eight surrounding cities) constitute a single labor market area, the whole area could well be better off if the cities worked in concert to recruit firms and if any direct fiscal benefits from corporate activity were more broadly shared within the region." (OECD Territorial Reviews 2003:134)

On the whole, such demands for the establishment of customized urban policies and promotion of intermunicipal cooperation within the Helsinki region have received broad support among Finnish politicians, academics and businessmen – but

this does not mean that they would have been undisputed or easy to implement. Apart from the fact that the high – and often vigorously defended – autonomy of municipalities has been shown to be a factor that can seriously obstruct cooperation on a metropolitan level, many actors from rural Finland have been strictly opposed to policies which are targeted at promoting the unity and the economic strength of the Finnish capital region. They have been skeptical of the assertion that the prosperity of the capital region will eventually also be advantageous for the remote and structurally weak regions of the country. Instead, especially politicians representing the conservative, formerly agrarian party *Keskusta* (which is a platform for the articulation of rural interests today) have feared that policies strengthening the Helsinki area will be implemented at the expense of universalistic policies and the commitment to fighting regional polarization all over the country. Moreover, as *Keskusta* for the most part dominates the regional councils, this party has generally criticized attempts to establish intermunicipal cooperation at levels *other* than the already existing administrative regions. Thus, efforts to strengthen collaboration at the level of the HMA have raised a lot of suspicion (OECD Territorial Reviews 2003: 204).

The central government has mostly acted as a mediator between these often contradicting urban and rural voices and has shown to be at pains to find reasonable compromises: On the one hand, it is clearly evident that the Helsinki region is the most important engine of economic growth and innovation in Finland, and as such should be supported in its attempt to be a successful, highly prosperous and internationally competitive region. On the other hand, given the enormous weight and voice of the rural population in Finland, it has also been clear that current policy reforms should also be devoted to avoiding any further acceleration of the already serious trend towards regional polarization. For these reasons and for the sake of maintaining social peace in Finland, a radical break away from the national policy guideline of spatial universalism has not been a realistic option thus far (Haila and Le Galès 2005).

Given all these – partly contradictory – goals and interests raised by different actors on various policy levels, it has been not without difficulties to formulate and implement concrete policy programmes targeted at improving cooperation and coordination in the Helsinki region in order to strengthen its economic capacity and strength. Nonetheless, as the two following examples will demonstrate, remarkable achievements have been made in this respect.

The 'Centre of Expertise' Programme (CoE)

The Finnish 'Centre of Expertise' programme represents an excellent example for a newly launched, governance-based *national urban policy* directed at strengthening the economic prosperity and innovativeness of selected Finnish urban regions. Initiated

in 1994 in eight of the biggest Finnish urban areas, it now comprises 21 urban areas all over the country and – due to its great success – it has recently been prolonged for the period 2007-2013 (OECD Territorial Reviews 2006: 102). It is jointly funded by the Ministry of the Interior, the Regional Councils and the European Social Fund. The main idea of the CoE is to help discover and promote locally and regionally specific economic strengths and potentialities – and to enhance cooperation among the local and regional authorities, the business sector, universities and other scientific institutions in the urban regions covered by the programme (Holstila 2007). It is implemented by local development companies that are usually organized according to the 'triple helix' model (with the university, the city and business enterprises as co-owners). From the beginning the chairman of the coordination group has been Senior Vice President of Nokia, Prof. Yrjö Neuvo.

All this shows that the CoE represents a *multilevel governance arrangement* 'par excellence', which seeks to strengthen the knowledge-based economy in various parts of the country: It puts up and helps to implement business solutions in sectors such as microsystems, software, logistics and medical technologies and helps to guarantee their practicability and profitability (Karvinen 2005: 5-6). The financial support allocated to these different CoE's across Finland has to be understood more as a 'seed-funding' (rather than as a comprehensive and enduring financing) which promotes businesses and new ideas and as such is meant to set free local capacities and potentials. This support is always limited to a period of only a few years, after which candidates have to come up with new and refined ideas in order to become eligible for more funding. This policy has turned out to be highly successful, as it has helped to stimulate remarkable innovation and growth in various regions with a comparatively modest amount of money (Nordic Working Group 2006: 46).

In the case of the *Helsinki region*, the four city councils of the Helsinki Metropolitan Area (HMA) have asked the regional development company *Culminatum* to implement the CoE programme in an integrated way. Culminatum is a public-private organization based on the abovementioned 'triple helix' model: one-third of its shares are owned by the local universities and research institutes, one-third by the city of Helsinki, its neighboring municipalities and the Uusimaa regional council, and one-third by the local business community, financers and science park companies. As such, Culminatum is responsible for aiding, conceptualizing and monitoring innovation and growth policies for the Helsinki region. This is achieved by pooling resources and by increasing the cooperation among various state- and non-state actors represented by its shareholders (Susiluoto 2003: 36). "In terms of economic development, Culminatum is therefore at the heart of the co-operation between

most economic actors within the urban area, including and beyond the municipalities." (OECD Territorial Reviews 2003: 206)[45]

In sum, the implementation of the CoE programme has been conducive to strengthening the cooperation among various state and non-state actors in the HMA. Moreover, it has demonstrated that the central government of Finland has successfully found a way to respond to the increasing pressures for promoting the economic growth and international competitiveness of the capital region *without* giving up its commitment to the principle of universalism and a socio-spatially balanced development of regions throughout Finland. Regarding the fact that the CoE programme has been put into action in various urban areas all across the county, it has explicitly attempted to maintain and strengthen a polycentric settlement pattern and thus has duly taken into account the interests of both urban and rural Finland. Instead of sacrificing the universalism principle to the paradigm of one-sided, spatially highly selective urban growth policies, the experience of the CoE programmes shows that Finland has opted for a middle way that combines newly established urban and regional growth policies with the still highly popular principle of national universalism (Neubauer 2007: 76; Nordic Working Group 2006: 59).

The 'Helsinki Club' (Helsinki Klubi)

The example of the so-called 'Helsinki Club' is another means of illustrating how the HMA has acted as an important hub whereby cooperation among various public and private actors has recently facilitated to promote economic growth and international competitiveness (Nordic Working Group 2006: 40). However, while the CoE programme has been implemented on the basis of a clearly defined institutional foundation, the 'Helsinki Club' is an example for a more informal governance network. Moreover, whereas the CoE in Helsinki has been part of an overarching and comprehensive *national* strategy, the 'Helsinki Club' has developed its visions solely at the level of the HMA.

Back in 1997, former Helsinki lord mayor Mrs. Siitonen decided to gather an informal 'think-tank' made up of the four lord mayors in the HMA, other selected politicians, representatives of the local scientific and business community and the media. In other words, this 'Helsinki Club' is essentially a coalition which is neither democratically elected nor accountable; it has, furthermore, developed and then attempted to impose its view of what is in the best interests of the capital area of Helsinki (Haila and Le Galès 2005; Herrschel and Newman 2002: 79). From the

[45] Notwithstanding the fact that the Uusimaa Regional Council is one of Culminatum's shareholders, it is clearly evident that the lion's share of the CoE in the Helsinki region focuses on the most densely populated and central part of the region (the HMA), which is made up of the municipalities Helsinki, Espoo, Vantaa and Kauniainen.

very beginning, the club pursued a strategy of innovation, economic growth and international competitiveness and – as a main tool to achieve these goals – suggested a closer coordination of public and private actors' activities in the HMA. Thus far, the club has met on a rather irregular basis, and due to its highly informal character it is hard to tell how influential and important these meetings have been for the politically relevant decisions that were actually taken in and for the HMA throughout recent years. It is equally unclear to what extent common 'metropolitan visions' could be established as an overlapping consensus among the numerous stakeholders represented in the 'Helsinki Club' (Karvinen 2005: 3-4; Laurila 2005: 5). It is quite obvious, though, that this club has helped upgrade the role of the lord mayor of Helsinki, whose position is that of the 'spider in the web' of the multiple metropolitan governance networks. Whenever the Helsinki region is to be represented to an 'outside' (be it the Finnish government, be it an association or conference of various international cities, or be it in Brussels), the lord mayor of Helsinki has been assigned the authority to act as the single most important actor to articulate and represent the overall region's interests and strategies. Whether the lord mayor also manages to live up to this role and eventually makes use of this potential power depends very much on him- or herself. However, it is clear that the increasing extent of metropolitan cooperation and the rise of governance-networks have increased the request for more personal leadership at a metropolitan level – and the lord mayor of Helsinki is considered the 'natural' candidate who is most capable of living up to these expectations (OECD Territorial Reviews 2003: 208).

The CoE and the 'Helsinki Club' do not represent the only forms of regional cooperation targeted at promoting economic growth and competitiveness, but they are probably the most important and revealing examples that help to gain an overview of the current presence and alignment of growth-oriented governance coalitions in the Finnish capital area. From this point of view, the economic boom of the area and the success of the ICT sector bear witness to the successful close cooperation between state agencies, leading firms, the universities and more recently, municipalities. As it is stated in the OECD Report on the Helsinki region, "Helsinki offers an interesting example of a well-functioning regional innovation policy through a collaborative effort between public authorities, universities, polytechnics, science parks and the business community." (OECD Territorial Reviews 2006: 113)

The Stockholm Region

Similarly to the Finnish case, national urban policies were, in the past, virtually non-existent in Sweden due to the dominant principle of national universalism. As far as the Stockholm region is concerned, the central government did, for a long time, follow a containment strategy: Taxes were redistributed from the rather prosperous

and wealthy Stockholm region to other parts of the country so as to avoid inter-regional polarization and uncontrolled and excessive growth of the capital area. During the 1990s, however, the overall attitude towards the capital region changed considerably: After the crisis, the Stockholm region became the engine of Sweden's transformation towards a knowledge-based society. Many highly successful ICT firms were mushrooming and found themselves in competition with companies all over the world. Given this new economic situation, a economically successful Stockholm region was now more and more often considered to be a precondition for ensuring the wealth and prosperity of Sweden as a whole (Andersson 2006: 790).

Although Stockholm's recovery after the crisis has been quite impressive in terms of economic growth, innovativeness and international competitiveness, it has been argued that this will not serve as a guarantee for its *long-term* success. Just as in the case of Helsinki, more cooperation and strategic coordination among public actors, but also between public and private actors will be needed in order to realize the full economic potential of the entire Stockholm region and thus to remain internationally competitive in the long run (OECD Territorial Reviews 2006: 97-8). Unsurprisingly, this paradigmatic shift in the overall attitude towards the capital area has provoked the opposition of rural areas, which have remained an extremely powerful voice in Swedish politics also today. They have feared that a further expansion of the capital region might also increase its political weight within the country to an undesirably high degree (OECD Territorial Reviews 2006: 95-6). The fact that the Swedish central government has to act as a intermediary power in this conflict demonstrates all the more clearly that the Swedish and Finnish capital regions are facing almost identical challenges within a highly similar institutional context today.

The Metropolitan Development Initiative (MDI)

In 1999, the MDI was set up to develop and coordinate the first explicitly *national* urban policy programme in Sweden. It comprises of the representatives of seven ministries and has its home base at the Ministry of Culture. It has two main objectives: First, to promote economic growth and better planning methods in the three biggest metropolitan areas in Sweden (Stockholm, Gothenburg, Malmö); and secondly to represent the state in negotiating so-called local development agreements (LDAs) with a few selected municipalities in these metropolitan areas. These LDAs have attempted to revitalize poor and immigrant-dense neighborhoods in these municipalities and fight tendencies of socio-spatial segregation therein (Andersson 2006: 790-1). The MDI is a contract between seven municipalities and the central government which represents a combined strategy of growth and social cohesion

for which the central government sets the general goals, which are then translated into action by local governance coalitions. These networks have usually consisted of municipal authorities, local housing companies, social workers, other employees of the respective municipality as well as voluntary associations on a neighborhood level (Elander 2005: 6). However, thus far, the MDI has been mainly focused on promoting social *cohesion* and fighting segregation on a *neighborhood* level (see chapter 7.2.). Their commitment to *metropolitan cooperation* and coordination for the sake of advancing *economic growth* and competitiveness has been far less visible and pronounced so far.

Regional Development Policies (RUPs)

Founded in 2001, the RUPs have become the central government's most important instrument of a policy that seeks to improve employment, economic growth and cooperation on a county level. Unlike the MDI's, these regional development policies have not been implemented in a spatially selective way, but have comprised all counties throughout Sweden. It is important to understand that these programmes are designed less as an instrument of financial funding, but rather as a national policy guideline which commits the counties to set up their own policies of economic development and growth. In this sense, the RUPs are supposed to be a continuous *process* whereby regional and local public actors, industry, universities and science parks interact as partners so as to develop a joint strategy of economic cooperation and growth-oriented governance for the entire county (Neubauer 2007: 81).

In principle, RUPs could be useful as a means to set off more cooperation and overall strategic economic collaboration in the Swedish counties – but in reality, this has hardly been the case so far. This lack of impact is mostly due to the almost non-existent financial support received from central government and the weak position of the county councils in the Swedish political system. Moreover, the autonomy of municipalities remains high: they are by no means forced to take into account the decisions implemented in the context of these RUPs (OECD Territorial Reviews 2006: 166). The fact that the RUPs are explicitly targeted at the county level is also problematic, as the challenges of strengthening economic cooperation and growth usually do not correspond to these administrative boundaries. The Stockholm County used to be almost identical with the functional region, but this is less and less the case today. The wider Stockholm Mälar region, however, consists of five counties, each of which currently pursues its own RUP. It is obvious that the piecemeal character of regional growth policies will not be conducive to formulating an integrated and comprehensive strategy for the entire Stockholm region in the long run.

The Council for the Stockholm Mälar Region (Mälardalsradet)

As the Stockholm region continues to grow in physical size and population, the functional region has expanded beyond the boundaries of Stockholm County. As shown in chapter 6.2., entrepreneurs and politicians have recently started to refer to the Stockholm Mälar region (which altogether comprises five counties and three million inhabitants) as a much wider definition of the Swedish capital region. For the most part, the Mälar Region was invented in the 1990s as an area which is deemed big and populous enough to compete with other urban regions on an international level. In this spirit, the Mälardalsradet was established in 1992 in an attempt to promote economic cooperation throughout this vast area and facilitate the formulation of a comprehensive and sustainable growth strategy. To what extent have these ambitious goals been realized?

So far, the Mälardalsradet has remained a highly informal advisory board which facilitates exchanges and networking on an entirely voluntary basis. In 2003, 46 out of the 65 municipalities in the region and all five county councils had in some way made use of this platform (Hårsman and Rader Olsson 2003: 100). However, no responsibilities or decision making capacities have been transferred from existing policy levels to the level of the Mälar Region, and there are hardly any signs that this is likely to happen in the foreseeable future. Apart from a lack of funding and the absence of leadership in the Mälardalsradet, the problem is that no overlapping consensus among the numerous participants is visible; a consensus which could be translated into a comprehensive and shared political strategy for the entire region without raising the disapproval and protest of actors who represent already firmly established levels of policy making. At present, there seems to be a trend towards creating governance networks within the Mälar region which are *not* predefined by strict territorial outlines. One example is the 'Stockholm Business Region', which is owned by the municipality of Stockholm. Using the slogan 'Stockholm: The capital of Scandinavia', it cooperates with a loose web of varied partners (municipalities, companies, tourist offices etc.) in the broader region in order to market Stockholm abroad and attract business and tourism.

If the Stockholm region is to maintain its recently strong performance in the European and global markets, a new strategy of regional competitiveness needs to be developed. The strategy's success will depend upon the institutional capacity to mobilize public, private and community resources. In other terms, the success of the implementation of regional development strategies strongly depends on an adaptive and innovative governance framework. The three abovementioned examples bear witness to the fact that the (potentially) relevant actors of governance in the Stockholm region are well aware of this challenge today (OECD Territorial Reviews 2006: 104, 113, 145). However, it is also evident that the coordination across institutions and networks is not working too well at present. Firstly, both the

relationships among municipal authorities in the region and between public actors and local business have been rather tense and therefore far from conducive to the establishment of strong governance networks, which always require a certain amount of mutual trust. Secondly, Sweden appears to suffer particularly from the problem of 'regional mess': The fragmentation of actors and the lack of coordination across different scales of policy making is striking and has led to a severe mismatch and confusion as far as responsibilities, resources and decision rights are concerned.

The three examples mentioned above plainly demonstrate these limitations, as each of these economic growth coalitions consists of varying, partly overlapping groups of actors operating within and for a differently defined 'Stockholm region'. Today, there is no clear and powerful national strategy that would be capable of reconciling the promotion of regional growth policies with calls for balanced regional development and the universalism principle. Even if some national urban policies operating according to the 'triple helix' model have recently emerged (such as the 'Visanu' and 'Vinnväxt' programmes (see OECD Territorial Reviews 2006: 103-4), no comprehensive national urban policy comparable to the CoE programme in Finland has been established in Sweden thus far (Nordic Working Group 2006: 38). Instead, Sweden is in search of an institutional and normative fix for urban and regional policies – and the capital region can be found at the very heart of this search and the debates connected to it.

7.2. Promoting Socio-Spatial Cohesion, Combating Segregation

The Helsinki Region

Once we deal with policies of social cohesion, we must not only assess their content, but also the scale they relate to. The example of the 'Centre of Expertise' Programme in the previous chapter showed that Finland has launched national policies in order to avoid regional polarization and to maintain a polycentric urban structure throughout the entire country. Apart from these policies targeted at guaranteeing a *nationally* balanced development, we will now ask for the endeavors that have been made in order to promote socio-spatial cohesion at the *urban and metropolitan* level within the Finnish capital region itself.

It is clear that the Finnish commitment to socio-spatial egalitarianism has also become manifest within its cities, where income-segregation has remained very low. Local authorities have been eager to advance and maintain this situation through concrete political interventions: for example, municipal social policies and housing policies have been tied to each other very closely. However, the growth of the metropolitan Helsinki and its thorough economic restructuring since the 1990s seem to

have bred developments that increasingly threaten this balanced socio-spatial structure on both a municipal and inter-municipal level. Many authors have argued that income segregation has recently grown – and also begins to manifest itself spatially today, especially within the Helsinki Metropolitan Area (Holstila 2007; Susiluoto 2003; Vaattovaara and Kortteinen 2003; OECD Territorial Reviews 2003).

The ICT revolution during the 1990s seems to have been a vital driver for these recent tendencies, as it has impacted across the metropolitan region in a spatially uneven fashion: On the one hand, practically all firms which have been responsible for the recent upswing of Helsinki's economy have settled down in the central-Western parts of Helsinki municipality (the area of Ruoholahti) or the directly adjacent part of Espoo (Otaniemi), where the University of Technology is located. As a consequence, a considerable proportion of the highly qualified and well-educated employees of these ICT firms also decided to move to the imminent vicinity of these prosperous areas. On the other hand, some neighborhoods located in the very East of Helsinki (such as Vuosaari) have experienced less favorable developments: A comparatively high proportion of these districts' population is lowly qualified and used to work in the manufacturing sector before 1990. As the industrial sector was hit particularly badly by the downturn in the early 1990s, the increase in unemployment was more marked than elsewhere in the HMA, and many workers in Eastern Helsinki have had a hard time finding a new job, since their skills were rarely sought after by the newly emerging knowledge-based economy.

Thus, the current overall tendency can be summarized as follows: While a highly dynamic area with many prosperous ICT firms and a high concentration of well-educated, comparatively wealthy residents seem have to consolidated in the South-Western part of the HMA, some residential areas in the Eastern outskirts increasingly host a poorly qualified and older population. Most authors have though emphasized that this tendency towards income segregation can hardly be said to be the result of a significant *policy change*. As shown in chapter 6.3., the national and local Finnish welfare state has not reacted to the deep recession of the early 1990s with an overall paradigmatic shift to a policy of privatization or neoliberalization. Instead, the typically Nordic commitment to fighting segregation and promoting socio-spatial cohesion has largely remained intact. Therefore, this new trend towards socio-spatial segregation within the HMA has been largely explained in a structuralist manner: Given the fact that the ICT boom has occurred in a spatially highly concentrated way throughout the HMA, and given that it has tended to reward high qualification with significantly higher wages than this used to be the case,

> „(…) the growth lifts up different areas at a different pace, depending mainly on the educational standard of the population. The less educated and more working-class areas are lagging behind, and the Western areas with a better-educated population are leading the upswing. Consequently, the already existing educational divide of the city is gradually breeding both unemployment and income differences." (Susiluoto 2003: 22)

In other words, it is concluded that economic growth which is based on ICT and global competitiveness has tended to intensify socio-spatial inequalities in the HMA even in the context of political institutions explicitly designed to prevent this from happening (Vaattovaara and Kortteinen 2003: 2130).

Apart from this trend towards increasing income segregation, the spatial concentration of and increasing number of *immigrants* has emerged as an ever more important policy issue in the HMA today. As already mentioned, Finland used to be one of the most ethnically homogenous European countries for a long time (in fact, it still is today). In consequence, for many Finns the sudden arrival of refugees after 1990 came as a shock (Holstila 2007; Lehto 2000: 118). These immigrants to Finland have clearly concentrated in the HMA, where today they make up about 6% of the population (in Finland altogether: 3.5%). Regardless of the fact that the percentage of highly qualified international ICT-experts is growing, a majority of immigrants still consists of refugees and lowly qualified persons from the former Eastern Bloc, the Balkan and from Africa. Unemployment among immigrants is extremely high – in fact, it is sometimes said to amount to 50% of their potential workforce (OECD Territorial Reviews 2003: 150; Susiluoto 2003: 9-10). As a result, their integration in the Finnish labor market – not to mention Finnish society – has not yet been achieved, and insufficient policy programmes have been launched in order to change this situation. There are signs that some groups of immigrants tend to increasingly segregate in some specific parts of the HMA – especially the abovementioned structurally weak neighborhoods. Despite the obviousness of these new trends, it is crucial to emphasize the very modest degree to which income-based and ethnic segregation tendencies have thus far unfolded across the HMA. Given the exceptionally egalitarian socio-spatial pattern of Helsinki *before* the 1990s, one could legitimately argue that these developments have represented nothing other than a slight trend towards more socio-spatial differentiation – and that it would be an exaggeration to claim that processes of socio-spatial *polarization* have unfolded in metropolitan Helsinki today.

Irrespective of how we eventually decide to *label* these abovementioned trends, a certain tendency towards (both income and ethnic) segregation has without doubt become noticeable today. Policy makers have to be aware of this at an early stage in order to be able to exert influence on the long-term development of the socio-spatial pattern in the HMA. Given that socio-spatial differentiation processes transgress municipal boundaries today, it is obvious that the municipalities of Helsinki, Espoo and Vantaa will have to cooperate more closely. This, however, implies that they must share some of their financial resources and political decision making power in order to be able to formulate a powerful joint metropolitan anti-segregation strategy.

At present, we can say that there is hardly any strategic intermunicipal cooperation as concerns anti-segregation, social cohesion or welfare provision measures for

the HMA. Instead, for the most part the particularly Nordic mix of wide-ranging municipal autonomy enframed by powerful national guidelines and interventions continues to persist. There is a certain tradition of *ad hoc* cooperation among the municipalities in the HMA relating to the provision of selected social services, but this interaction has hardly ever spilled over into the institutionalization of permanent networks. On the European policy level, the URBAN and URBAN II programmes have targeted a few relatively disadvantaged districts in Helsinki and Vantaa, but these policies have represented spatially highly selective interventions without promoting an overall strategy of social cohesion for the HMA (OECD Territorial Reviews 2003: 142-3). Finally, a 'Helsinki Metropolitan Area Advisory Board' was founded in 2004 as a loose platform of coordination in the HMA. It is led by the four mayors of the member municipalities and unites different state and non-state representatives (according to the 'triple-helix' model) and explicitly attempts to strengthen cooperation in the HMA without establishing a fully-fledged and institutionalized level of governance (City of Helsinki 2004: 5). At the informal meetings, all of the aforementioned dimensions of metropolitan cooperation are discussed including the subjects of social cohesion, segregation and welfare. It remains unclear, though, if and to what extent these meetings have had an influence on the actual policy decisions taken by the municipal authorities in the HMA. However, it is obvious that they have not brought to the fore a common vision or strategy of how to promote social cohesion and welfare provision for the entire metropolitan area so far.

There are three principal factors that can help explain this lack of intermunicipal cooperation as regards policies of socio-spatial cohesion and welfare provision in the HMA. *Firstly*, the municipalities often feel little immediate need to cooperate. All of the municipalities in the capital area are among the wealthiest and most prosperous in Finland, and – notwithstanding the equalization payments – this means that each of them can also fall back upon a highly favorable tax base which allows for the implementation of generous welfare policies and anti-segregation strategies on a municipal level. As a result, the municipalities are often tempted to ignore the long-term pressures for broader coordination. One interviewee puts it as follows:

> "Most governance actors in the capital area are aware today that intermunicipal cooperation is needed for the sake of warding off segregation and a concentration of poverty in the long run, but it seems that the problems have not yet reached the threshold which is necessary to make them *act*. Most people still think that Finland will always be a middle class society in which poverty does not exist in an alarming manner. Our problem is that we have come to take this situation for granted."

Secondly, we have to remember that intermunicipal cooperation usually requires both huge bureaucratic efforts and a readiness for institutional compromises – and this is especially true in a country like Finland, where municipal autonomy is highly pronounced and has occurred along differing historical pathways in different cities.

In fact, both of these factors have severely complicated cooperation on a metropolitan level thus far: The city of Helsinki is much older than its neighbors Espoo and Vantaa and has thus built up unique political and administrative institutions over the centuries. These institutions might work well, but to the adjacent cities, whose apparatuses were established much more recently and in the highly functional and pragmatic spirit of the post-war decades, Helsinki's institutions often appear somewhat bloated, cumbersome and outdated. Two different forms of city pride seem to collide here: Helsinki is the traditional and uncontested centre of both the metropolitan area and Finland and as such does not feel that it needs to pay attention to *anyone's* advice. Vantaa and Espoo, however, are the 'new cities' which are proud of their fast development and growth and their modern political-administrative apparatuses. Since the city of Helsinki is reluctant to give up its traditional institutions in order to facilitate closer cooperation, and the surrounding cities are not willing to adapt to them, non-cooperation is often the result.

Finally, intermunicipal competition for taxes makes for another impediment to cooperation. In fact, this is an issue that can be found at the heart of many debates over metropolitan reforms. The municipalities in a capital area compete for wealthy taxpayers (both companies and residents) by offering favorable tax rates and other financial incentives. When coordination for the sake of promoting social cohesion and welfare at the metropolitan level is at stake, the wealthiest municipalities (in this case Espoo) usually consider it unprofitable to establish a shared tax base with 'weaker' municipalities that require higher social security contributions and dispose of less tax revenues per capita. However, while this factor has certainly played a role in recent debates within the HMA, its importance should not be overestimated. The reason for this qualification is that in Finland, the municipalities' freedom to design their welfare policies autonomously is significantly restricted by the relatively firm 'straitjacket' of national guidelines. The prescribed minimum quality of local service provision is fairly high and as a result, broadly similar standards in all Finnish municipalities are guaranteed. These national guidelines help prevent phenomena such as a 'race to the bottom' regarding social services and tax rates and have therefore put a certain limit to inter-urban competition in the HMA (OECD Territorial Reviews 2003: 118; 126-8; 133). However, one might also argue that this top-down intervention by the national government acts as a *disincentive* to strengthen intermunicipal cooperation, as it already guarantees a certain overarching regulation and shared standard throughout the HMA.

The Stockholm Region

Can we discover similar trends towards socio-spatial differentiation in the Stockholm region – and have there been strategic efforts to promote socio-spatial cohe-

sion and to fight segregation on a metropolitan level? First of all, it seems that segregation tendencies as an immediate effect of the ICT revolution have been less pronounced in the Stockholm capital area than in Helsinki. The main reason for this is that the new knowledge-based industry has settled in a spatially more disperse manner across the metropolitan area. Although a considerable clustering of ICT firms in the North-West of the city is detectable (e.g. the Kista Science Park in the North of Stockholm), the overall pattern is more scattered across the metropolitan area (OECD Territorial Reviews 2006: 63). There is, however, another form of segregation that has been much more marked in the Stockholm region than in Helsinki, namely *ethnic* segregation – and as we will see, policy programmes have thus far mainly focused on tackling this specific issue.

The concentration on ethnic segregation does not come as a surprise if we take a look at the history of immigration in Sweden. In Finland, immigration only occurred at a larger scale in the early 1990s – but the case of Sweden is more similar to many countries in central-Western Europe: Non-European migrants arrived as soon as in the late 1960s and early 1970s – and today, 20% of the Swedish population have a migratory background (if we include the second generation). 7% of the population are foreign citizens, half of which stems from other EU countries (especially Finland), while the other half mainly consists of civil war refugees from ex-Yugoslavia, the Middle East, and Africa. On the one hand, the share of migrants in the capital area (around 10%) appears only slightly higher than in Sweden as a whole. Yet, on the other hand, we can find high concentrations of refugees on a *neighborhood* level in some parts of the capital area, with shares sometimes exceeding 40% of the population. During the 1990s, it became increasingly clear that this form of small-scale segregation of refugees poses a serious problem in the long run – all the more so because unemployment figures for these groups have shown to be especially high (Andersson 2001; OECD Territorial Reviews 2006: 72-3). Given the fact that there is a strong tradition in the Nordic countries to avoid and resist segregation tendencies of all kinds, let us now ask whether concrete measures have been taken to stop or contain these trends of ethnic concentrations on the neighborhood level. What are the programmes, what tools do they use and who are the actors?

The Metropolitan Development Initiative (MDI)

The MDI was mentioned in chapter 7.1., because it was initially established as a 'double-strategy' which was meant to advance both economic growth and socio-spatial cohesion in the three biggest Swedish metropolitan areas. However, it soon became evident that the programme would mostly focus on the latter goal, while initiatives to foster economic growth have remained less visible so far. In 1997, the state commission for metropolitan areas published a study with the title 'delade

städer' (divided cities) where it was shown that segregation tendencies have become more pronounced in these three major city regions – and where it was argued that there is an urgent need to take action in order to bring this development to a halt. One year later the MDI was launched by the Swedish government as the first explicit national urban policy (Elander and Strömberg 2001: 13; Lawson 2004: 1). From the beginning, it represented a contract between the central government and seven municipalities in these three urban regions which imposed *area-based strategies* for a number of *neighborhoods* within these municipalities. The so-called 'Local Development Agreements' (LDAs) have been the major policy tool to implement this programme: These LDAs must be understood as area-based remedial strategies, the aim of which is to revitalize poor and immigrant-dense neighborhoods and to fight socio-spatial polarization so as to eventually promote equal living conditions for all residents therein (Andersson 2006: 790-2; Elander 2005: 6).

Interestingly, these LDAs have hardly made use of *physical* regeneration strategies (renovations, converting attics etc.) to improve the situation of the targeted districts. Instead, they have put the emphasis on the 'classic' fields of social policy by making interventions in the labor market, schools and the health sector. For example, the programmes concentrated on increasing the overall employment rate, the educational level of children and the percentage of Swedish-born children in these neighborhoods. In order to achieve their targets, the LDAs have been explicitly designed as a mixed top-down / bottom-up initiative: the guidelines have been formulated by the central government, but it was expected that a broad coalition of state and non-state actors would finally implement the programme on the neighborhood level. In this sense, the involvement of citizens and the participation of local business and associations have been regarded as vital preconditions for the LDAs eventual success (Lawson 2004: 5-6; Andersson 2006: 787-93). It is important to add that these area-based strategies have pursued a highly ambitious goal, as the idea has been to altogether *eradicate* segregation in the three metropolitan areas by means of implementing these LDAs. Let us now observe if – and to what extent – the implementation of this first customized national urban policy programme in Sweden can be considered a success in the case of metropolitan Stockholm.

The LDA in Metropolitan Stockholm: A Success Story?

In the Stockholm metropolitan area, Local Development Agreements have been implemented in a few neighborhoods where living standards are low and where a particular shift towards ethnic segregation could be detected. With the aid of hindsight, however, some authors have come to the conclusion that the success of these LDAs in Stockholm has been at least debatable (Andersson 2006; OECD Territorial Reviews 2006), while others have declared that the programme has actually

failed (Lawson 2004). Therefore, let us now examine the way the program has developed over time. We have shown that the LDAs are explicitly designed as a combination of top-down governmental steering and bottom-up gover*nance*: at the neighborhood level, the involvement of citizens, local firms and other non-state actors is supposed to help the municipalities implement the anti-segregation measures. In reality, the program has mainly remained a public-public partnership between the central and the municipal governments, though. This constitutes the *first* problem encountered in the implementation of the LDAs in Stockholm: both local businesses and citizens have been shown to be quite reluctant to contribute to the programme. As Lawson argues, "(a)ttempts have been made to associate residents to the decision-making process (through information and dialogue) but these at best have stayed at the policy formulation stage (search conference and open meetings) and implementation remained the privilege of administrators." (2004: 18) Citizens of the affected neighborhoods generally showed little willingness to participate actively in meetings. First of all, they often did not believe that their voice could really make a difference in a programme which is in the hand of administrators anyway, and secondly they did not see the point in voluntarily spending their time on issues which are already tackled by professional civil servants. One interviewee, a social scientist form Stockholm, summarized this widespread attitude with the following sentence: "We [the citizens, N.G.] pay them [the civil servants, N.G.] with our taxes to solve these problems, so they should also get these things done by themselves and without our further help."

Secondly, however, it often was not clear to the public actors themselves how to best implement the LDAs. The commitment to create a mixed top-down / bottom-up initiative turned out to be a real obstacle, as it repeatedly raised questions about the division of competencies and responsibilities of participants at the national and the municipal (and even the neighborhood) level (Andersson 2001). Moreover, conflicts between representatives of different parties made for a serious impediment to the implementation of the LDAs. More often than not, politicians have been divided on questions concerning the very basic alignment of the programme. For example, they disagreed about the extent to which non-state actors should be allowed to play a role at the neighborhood level (Lawson 2004: 18).

The *final* problem that has probably most hampered the effective implementation of the LDA in Stockholm points to a weak spot of area-based programmes in general. Without a doubt, there is reason to believe that processes and patterns of segregation can indeed be influenced and changed by political interventions – especially in the Nordic countries, where the role of state institutions is crucial both at the national and local level. However, it is equally true that the actual effect of area-based strategies is often hard to assess and that the suitability of *neighborhood*-based strategies as a tool for fighting segregation on a *metropolitan* level can be questioned in general. The point is that neighborhood-based strategies might be highly success-

ful in terms of improving the overall situation in the territory they relate to – and in fact, in case of the concerned neighborhoods in Stockholm, a significant decrease of unemployment among migrants could be detected. Nonetheless, these policies should be critically questioned for two reasons. Firstly, they are problematic in that they do not take into consideration the situation in the imminently adjacent neighborhoods: many equally disadvantaged families might live in a neighboring district, and they do not deserve less attention (and their situation is not any better) just because they live in a district which is statistically a tiny bit better off than the one where the LDA is implemented. Secondly, there is the possibility that area-based programmes do not solve the problems they deal with, but only move them to an adjacent neighborhood instead.[46] While there might be ample evidence for an improvement of the situation in the targeted area, the condition of a nearby neighborhood will deteriorate at the same time – and thus, the overall result is nothing but a 'zero-sum-game' (Andersson 2006: 797-8; see also Elander 2005: 12-4).

To put it in more general terms: It can be doubted that neighborhood-based strategies like the LDAs can live up to the challenge of effectively combating segregation in the *entire* Stockholm metropolitan area. Even though it appears logical to especially focus on the neighborhoods where polarization is most pronounced, such strategies are likely to lose sight of the development in the (ever growing and densifying) Stockholm region as a whole, which comprises several municipalities. Patterns of socio-spatial polarization and segregation do not obey municipal boundaries today. Therefore, in order to lower the overall degree of segregation, it will not suffice to launch policy programmes that consist of coalitions of the central government with some selected municipal authorities. Instead, more strategic intermunicipal cooperation is needed so as to achieve a truly integrated anti-segregation strategy for the entire Swedish capital area (Andersson 2001; OECD Territorial Reviews 2006: 166-7).

7.3. Sustainable Development of Infrastructure and Housing

As already mentioned in chapter 6.3., it is sometimes stated that all over Europe, policy fields related to housing and infrastructure will represent the main focus of urban policies in the imminent future, as they provide the 'missing link' between challenges related to economic growth and competitiveness on the one hand and socio-spatial cohesion and welfare provision on the other (Holstila 2007). This statement is certainly not without foundation. Firstly, housing and infrastructure are

[46] Policies targeted at the elimination of public drug-dealing in a certain neighborhood are a good and oft-mentioned example. The fact that the dealers are successfully evicted from one tube station or public square does not mean that they will give up their business. They are much more likely to carry on doing exactly what they did before – the only difference is that they will do it elsewhere.

closely linked to the issue of competitiveness, as the successful attraction of international capital and labor requires the provision of efficient and accessible infrastructures and a pleasant and friendly environment in which to live. This point is especially relevant in the Nordic countries: foreign firms will certainly not decide to settle down in Finland or Sweden because they would find the cheapest labor force and lowest taxes in comparison to other countries. Instead, other qualities, such as highly accessible infrastructures and a highly skilled and productive labor force will play a major role in their decision (Kalajoki 1999: 158). This also calls for the provision of decent housing to attract the highly qualified workforce. Secondly, it will be important to make sure that the currently rapid expansion of the Helsinki and Stockholm regions does not turn into uncontrolled urban sprawl. Instead, public authorities should jointly make use of their extensive planning capacities in order to remain able to steer and guide this growth, so as to eventually avoid the emergence of deeper socio-spatial inequalities throughout the capital area. Let us now take a look at the state of the art in the two capital regions and ask: Why exactly is there such a pressing need for more coordination in the fields of housing and infrastructure? How far can we detect forms of regional cooperation today, and to what extent have they been obstructed by institutional fragmentation, or intermunicipal conflicts and competition?

The Helsinki Region

In chapter six it was demonstrated that the Helsinki region has been growing recently at a fast pace and that this growth has been most pronounced outside the municipality of Helsinki. Apart from the remarkable population growth of Vantaa and more especially Espoo, population increase has been most marked in the second 'belt' of municipalities adjacent to the HMA. In recent years, the functional region has particularly stretched along the 'fingers' of the main railways and motorways spreading to the North of the HMA (Susiluoto 2003: 8). The overall situation is that more and more new housing is built in these outskirts of the Helsinki functional region, while jobs tend to concentrate in the HMA and especially in the municipality of Helsinki. As a consequence, this means a sharp increase in daily commuting – and in turn poses new challenges to policies related to housing and infrastructure.

Housing: Intermunicipal Competition and Rivalries

One major problem (which has especially affected the municipalities within the HMA) is the fact that the provision of new dwellings has not kept pace with the

high demand in recent years. The excessive demand for housing is a result of the high birth rate in the HMA and the strong and continuing inward migration of mainly young and highly qualified workforce that is attracted by job opportunities in the ICT sector. The result is a housing shortage, which becomes clearly manifest in the length of the queues for state-subsidized rental housing. However, it is also reflected by an increasing number of homeless people. Housing production declined dramatically during the crisis in the early 1990s, whereas the influx of people to the capital region did not decrease at the same time. Since 1996, housing production has been steadily on the rise again – but still, it does not match the high demand. Most notably, the problem is not only that the municipalities are often not able to provide enough new dwellings. Instead, they have often also been quite reluctant to build new housing, since new housing does not merely mean new taxpayers, but also requires massive public investments in streets, sewage- and water-infrastructures, electricity etc. (Susiluoto 2003: 32). This insufficient supply of housing for the ever growing capital area has resulted in a tremendous rise of rents. The increase was particularly steep in the late 1980s and late 1990s. Especially in the centre of the HMA, housing costs have risen to unprecedented heights:

> "Helsinki and the three adjacent cities are increasingly becoming a high-price zone compared with the rest of the Greater Helsinki Region. In 1990, for example, prices in Helsinki were 50% higher than in Finland as a whole, and owing to the recent economic upswing, the difference has grown even further; in 1999, flats were 61% more expensive in Helsinki than in Finland as a whole. Flats in Espoo were 37% more expensive and in Vantaa 14% more expensive than average Finnish flats. In the rest of the Greater Helsinki Region, flats cost less than in Finland as a whole, but this is due to a higher proportion of detached houses in the area." (OECD Territorial Reviews 2003: 70)

Excessive costs do not constitute the only problem as far as housing is concerned. In addition, compared to other capital cities in Western Europe, housing standards are also comparatively low, especially in the municipality of Helsinki. Homes are smaller and densities are higher than elsewhere in the country. On average, a person in Helsinki has only 33 square meters living space, which is low even by Nordic standards (Stockholm: 38; Copenhagen: 46), and for most people, it is hard to find a decent apartment in a short period of time (OECD Territorial Reviews 2006: 96). In view of these high prices and low standards, people nowadays often decide to buy a house of their own in the outer parts of the Helsinki region, even if this implies expensive and often exhausting commuting on a daily basis. Thus, as the functional region is spreading, cooperation is becoming an increasingly critical issue within the HMA, but also within the 'belt' of municipalities adjacent to the HMA. Most of the settlements on the fringes of the functional region were, until recently, very small and therefore, have not been prepared to handle this sudden growth and influx of new residents on their own (Haila and Le Galès 2005). Ideally, problems will be speedily resolved by joint action among the local authorities in cooperation with the

central government. The introduction of a comprehensive housing policy would cool down housing prices, create suitable conditions for affordable rental homes and small-scale housing construction and would also provide more attractive living conditions for the highly qualified Finnish and international workforce. Moreover, segregation in housing areas could be prevented before it takes root.

Thus far, however, we can say that housing policies have remained rather fragmented and in the hands of the individual municipalities. Above all, the Finnish system of local income tax as the single most important source for local revenues has made the cities in the Helsinki region compete for residents – and this struggle clearly runs against any attempt to set up more metropolitan cooperation. The most obvious difference and tension can be found between the two biggest municipalities in the region, Helsinki and Espoo. Espoo has successfully managed to attract many comparatively wealthy taxpayers, as it disposes of a decisive strategic advantage the municipality of Helsinki is lacking: In Espoo, there is plenty of vacant space left which can be utilized for high-quality housing projects. Together with the fact that the centre of the knowledge based economy is partly located in Espoo and considering that rents are still lower than in Helsinki, Espoo has become a powerful 'magnet' which has attracted many new – and often rather wealthy – residents in recent years.

How is Helsinki to react to this development? Compared to Espoo, there is much less unused space available for new housing projects – and this suggests that Helsinki will need to increase population density within some of its neighborhoods in order to attract and retain taxpayers. Quite fierce debates have recently been going on among politicians and also urban scholars about the question of whether Helsinki has recently 'lost' an unacceptably high number of its residents to Espoo and, as a result, should consider significantly reducing its social housing projects to concentrate on building more private luxury apartments (Haila and Le Galès 2005; Laurila 2005; Vaattovaara and Kortteinen 2003). Regardless of whether this would be a useful and desirable strategy, it seems clear that Helsinki should increase the density of its urban structure to some extent in the years to come. These measures would be advantageous for the entire regions because they would pre-empt urban sprawl and its attendant problems (OECD Territorial Reviews 2003: 99).

Such projects have not, however remained uncontested. For example, recent plans to densify the housing stock in Lautasaari (a relatively wealthy island in the very South-West of Helsinki) faced massive opposition from the residents and as a result have not been implemented. However, this kind of citizen-'NIMBYism' is quite unusual in Finland and has remained an exception thus far. In other parts of Helsinki (e.g. in bay areas like Arabianranta or Herttoniemi), new and high-quality housing has been built to meet the increasing housing demands and to enhance Helsinki's competitiveness compared to other municipalities in the city region (OECD Territorial Reviews 2003: 92). As these remarks clearly indicate, intermu-

nicipal *fragmentation and competition* as opposed to cooperation, has dominated housing policies in metropolitan Helsinki in recent years. However, with the establishment of the Helsinki Metropolitan Area advisory Board in 2004, new attempts have been made to enhance intermunicipal cooperation, at least in the territory of the HMA. The official annual report 2004 of the city of Helsinki proudly announces:

> "For the first time in the region's history, the Helsinki, Espoo, Vantaa and Kauniainen master plans were arranged on the same map ignoring municipal boundaries and the future of the region began to be visualized jointly. In November, a document entitled (…) 'strategic guidelines for land use and housing' was approved by the Helsinki Metropolitan Area Advisory Board. The document aims at taking joint responsibility for the construction of sufficient, high-quality housing and an uninterrupted and sustainable urban fabric for the entire region." (City of Helsinki 2004: 10)

The main idea of the Advisory Board is that the cities can achieve effective cooperation (together with some non-state actors) by means of making use of a highly informal platform and without the institutionalization of, for example, a fully-fledged metropolitan government (see chapter 7.4.) While it is too early to assess whether these steps to establish more comprehensive metropolitan housing policies will ultimately prove successful , a number of recent publications as well as most of the interviews I conducted in 2006 indicate that we should not be overly optimistic. One senior Helsinki government official states that intermunicipal competition still by far outweighs common efforts, mainly because of the dogged struggle for attracting citizens, but also due to deeply entrenched and persisting antipathies between the 'core city' and the surrounding municipalities. He continues: "There might be the official version that nowadays there is no conflict whatsoever between Helsinki and Espoo, but behind closed doors it becomes clear that there is still a lot of tension. This is the main reason why cooperation in terms of housing has only been informally and loosely institutionalized so far." Another interviewee from the utility sector adds that the cities in the HMA will need more pressure from above if they are to formulate joint housing and infrastructure policies. "The central government has tried repeatedly to make the municipalities cooperate, but the problem is that it cannot really effect change because of the municipal planning monopoly. The cities keep defending their autonomy, and the central government is like a lion without claws in this game."

Public Transport: An 'Anchor' of Institutionalized Cooperation in the HMA

We have seen that the current situation in the housing market in the Helsinki region has made many families move to the municipalities surrounding the HMA. However, since a high share of these citizens still work in the city centre, this reinforces daily commuting in the entire city region and increases the pressure to build new

streets and expand public transport networks. While the construction of new streets has been in the hands of the individual municipalities with some supervision by the Uusimaa regional council, the issue of public transport clearly represents the best example of highly institutionalized, well-established intermunicipal cooperation in the HMA. The 'Helsinki Metropolitan Area Council' (YTV) is an organization that takes care of public transport provision, waste management and air quality management in the entire HMA. The name 'Metropolitan Area Council' appears somewhat misleading, since YTV does not represent a full-blown body of metropolitan government, but has been restricted to the abovementioned tasks. Moreover, it needs to be added that YTV is not a product of the most recent wave of debates on metropolitan cooperation, but was already established in 1974. Indeed, the initial plan was to put it into action as a complete metropolitan government for Helsinki, Espoo, Vantaa and Kauniainen (hence the name), but this merger failed because of the municipalities' resistance, which fiercely defended their autonomy already back then. However, they agreed to accept the establishment of a shared authority which is in charge of public transport and waste management. One interviewee explains this agreement as follows:

> "To the municipalities, it appeared much easier to get over the fact that they would transfer their control over some services like transport and waste management to a superordinate authority – but they would have *never* accepted a loss of competencies that are constitutive to their high autonomy, such as, for example, the planning monopoly or their right to levy income taxes autonomously."

Since then, the provision of public transport in the HMA has been YTV's most important activity. The operation and financing of the public transport system is taken care of by its transportation department. YTV is a *publicly* owned company, whose board members are appointed by the councils of the four member municipalities (Henning 2001: 39). Notwithstanding the fact that it consists of politicians, it can be said that YTV for the most part acts as if it was a private firm: Even if its members are selected by the municipal authorities and its decisions are also made in the name of the four municipalities, critics have argued that the actual decisions are taken without any public debate and are not in line with the political strategies in the member municipalities. Seeing that no citizen groups or other interest groups are represented at YTV's decision making board, YTV has been criticized for its significant lack of transparency and democratic accountability (Haila and Le Galès 2005). Be that as it may, YTV is hitherto the *only* example of truly and permanently institutionalized cooperation on the supramunicipal level in the Helsinki region – and it is an open question if and to what extent it can serve as a platform from which metropolitan and regional cooperation can be spread and further intensified in the future.

In the early 1960s, the number of inhabitants living in the municipality of Stockholm was around 800000. As already mentioned in chapter 6.2., the core city's population started to decrease in the 1960s, as more and more residents began to settle down in the newly built suburban areas. This development continued until the early 1980s, by which time the population had sunk to 650000 – and unsurprisingly, the housing market was very relaxed?? under these circumstances (Gullberg and Kaijser 2004: 29). Since then, however, the situation has changed dramatically, and pressing policy challenges have appeared on the agenda in the city of Stockholm as well as in the surrounding municipalities. How can we describe these changes and emerging challenges? Today, the population of the core city has risen to 775000 again, and Stockholm County has gained 230000 inhabitants since 1990. It is quite logical that the *housing market* of the Swedish capital region has not remained unaffected by this massive and rapid trend of urbanization and metropolitanization. As a matter of fact, the situation in the housing market in Stockholm County has been extremely tense in recent years. The municipalities' investments in the construction of new housing have not been sufficient to serve the high demand and, as a result, housing shortages have appeared. In the centre of Stockholm, it is virtually impossible to find vacant apartments, and hundreds of thousands of people in search of flats have been put on 'waiting lists'.

Due to this immense divergence between supply and demand, housing costs have risen drastically and today, in Stockholm County, the share of disposable income people have to spend on housing costs is among the highest in Europe. This situation calls into question the traditional Swedish system, where there is no social housing in the common sense, but where municipally owned housing companies are non-profit organizations that are supposed to provide housing to people *irrespective* of their income and social status (OECD Territorial Reviews 2006: 127). Especially in the central parts of Stockholm County, rents have risen to levels that render this guideline obsolete: they inevitably produce a certain level of income segregation, since many people can not even realistically consider applying for certain housing in the first place. As in the case of Helsinki, housing shortages in Stockholm have not only resulted from the fact that the municipalities have not been *able* to react quickly enough to the high pace at which the influx of new residents into the Stockholm region has occurred. Instead, another important factor has been that private landlords have also been disinclined to build new housing, since this would entail both new costs and risks for them.[47] Municipalities in the Stockholm region need to build

[47] „The fact that there is little profit and even a risk of loss in the rental market has discouraged private landlords from constructing rental dwellings and offered favourable conditions for conversion. Conversion of apartments to condominiums has removed rental units from the market, further exacerbating supply problems." (OECD Territorial Reviews 2006: 126)

more new dwellings today – but at the same time they are supposed to keep both intra- and intermunicipal socio-spatial inequalities low. In the light of these complex requirements, it is clear that intermunicipal cooperation has to be enhanced and shared strategies are needed in order to ensure a controlled and sustainable expansion of the Swedish capital region.

Apart from housing shortages, the recent rapid population increase has brought about problems related to *infrastructure and transport*: Car traffic in the Stockholm region (and especially in its centre) has increased by 80% in the last three decades, while investment in the construction of new streets has not been sufficient to cope with this rapid development. Similarly, the capacities of public transportation networks have not kept pace with the population growth and the consequential demand for public transport. On the whole, this has exacerbated accessibility problems and congestion in the Stockholm region (OECD Territorial Reviews 2006: 77-8, 129). Just as in Helsinki, these shortcomings as regards housing and infrastructure provision have a negative impact on people's mobility and quality of life in the city region. Furthermore, they endanger the existence of a balanced socio-spatial structure and are thereby also likely to threaten Stockholm's international economic competitiveness in the long run. As a result of these concerns, policy reforms engendering more comprehensive forms of metropolitan housing and infrastructure development policies are also urgently – and especially – required in the biggest of all Nordic city regions.

It is not that politicians and experts in Sweden have only now recognized the urgency of these challenges. Already back in the 1980s, politicians and business representatives in the Stockholm region were aiming at implementing large-scale programmes, the target of which was to strengthen the polycentric structure of the capital city region and to provide better accessibility to the city centre. However, these joint initiatives were never put into effect. This was firstly due to obstacles concerning their financial realization. Secondly, sustained party cleavages and deep-seated conflicts among the involved actors played a role. And finally, the unclear division of responsibilities and competencies among national, regional and local decision makers brought about this failure (for a detailed analysis, see Gullberg and Kaijser 2004: 30-2). Bu what about the current situation, then? Who are the most important stakeholders that have a say in terms of urban and metropolitan planning, housing and infrastructure development? Can we detect joint efforts to overcome the abovementioned shortcomings in this field today?

Housing, Planning and Regional Infrastructure Development: Who's in Charge?

Many factors seem to suggest that the *Stockholm County Council* plays an important role as far as the abovementioned policy issues are concerned. While the other

county councils' responsibilities in Sweden are restricted to the policy field of healthcare, the Stockholm County Council has also been responsible for matters of regional planning, transportation and infrastructure development since 1971 (Hårsman and Rader Olsson 2003: 108). Given the fact that Stockholm County also represents at least a large part of the entire Stockholm *functional* region and considering that the Council is democratically elected, it does not appear too far-fetched to assume that the Stockholm region disposes of a highly institutionalized and potentially powerful regional authority. Indeed, one of the county council's most vital tasks is to draw up so-called *regional plans* on a regular basis, by means of which it suggests long-term guidelines for the use of land and water areas and for the development of infrastructure and transport systems in the region. This regional plan is formulated on the basis of regular consultations of the member municipalities and other important (sometimes also non-state) voices. It is important to add that the decisions taken in the regional plan are not legally binding for the municipalities. However, they are explicitly meant to express a consensus view among the member municipalities, and as a consequence, local authorities usually stick to these guidelines.

This should not, however, be seen as suggesting that the individual municipalities in the Stockholm region have been happy with this consensus expressed by the regional plans , just as it tells us very little about the about the scope and significance of the decisions taken there. We must not forget that in the Nordic countries, the power of regional authorities is significantly restricted by the municipalities' extraordinarily strong position: They are still responsible for planning and the overall implementation of housing provision, and any form of joint efforts in this respect (such as in the county council) are dependent on the municipalities' readiness to cooperate. On behalf of the county council, "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." (Henning 2001: 50-1) This, however, also means that in cases where the municipalities' willingness to cooperate is low, the content of the regional plans will be reduced to a 'least common denominator' of shared action instead of a powerful regional strategy which allows them to effectively and jointly tackle the most pressing challenges at stake. There is evidence that this has indeed been the case in the Stockholm region in recent years: relationships among member municipalities (especially between the 'core city' and the suburbs) have been difficult and tense and most municipalities are very reluctant to set up regional plans that would interfere with their autonomy. Says one expert on planning and infrastructure in the Stockholm region in an interview: "Today, the regional plans are nothing more than the sum of the individual municipalities' preferences. They are not a common strategy which enthusiastically seeks to resolve problems on a joint basis, but an agreement that is meant to hurt no one, if possible."

Municipal autonomy and a lack of goodwill for intermunicipal cooperation are not the only factors that have weakened the decision making power of the Stockholm County Council in recent years – instead, it has also been significantly curtailed by the Swedish *central government*. The national government is responsible in terms of legislation and financing and sets the overall standards for regional policies, since it has a crucial role in defining the most important investments in the transportation infrastructure of the capital region. The municipalities and the county council suggest investment priorities, but in the event it is the national government that decides what to support (Hårsman and Rader Olsson 2003: 98). In a nutshell, on closer inspection it becomes apparent that multiple actors on different policy levels are involved in regional planning, housing policies and infrastructure development in the Stockholm region. Cooperation among these actors has been severely complicated by various conflictual relationships and an unclear distribution of responsibilities and competencies. On the whole, these arrangements have obstructed the formulation of a region-wide strategy as regards infrastructural development, housing and planning (OECD Territorial Reviews 2006: 17-8). According to Gullberg and Kaijser, the current situation in the Stockholm region is a mess. A coordinated 'city building regime' is non-existent:

> "(…) there does not seem to be much coordination whatsoever at present. Different interests block each other in a situation where no one constellation is strong enough to take the lead in developing a new regime. Instead, partial projects are chosen by seemingly accidental circumstances in a context of uncertain and conflicting visions of the future." (Gullberg and Kaijser 2004: 32)

The Stockholm Congestion Tax

The Stockholm congestion tax (also known as the 'Stockholm trials') represents a recent and highly contested example of infrastructure-related policy. Indeed, it also casts as a light on the institutional fragmentation of regional policies for the Swedish capital region and the difficult intermunicipal relationships therein. The primary purposes of the congestion tax have been to reduce traffic congestion, promote accessibility and increase air quality in the heart of Stockholm. In a trial period between January and July 2006, the tax was applied for the first time to the entire centre of Stockholm (i.e. the central part of the municipality of Stockholm) in the form of a fee which is imposed on cars each time they cross this border.[48] The national government decided that after the termination of this trial period, a referendum in the *municipality* of Stockholm was to be held, in which citizens could show whether they would approve or disapprove of the permanent introduction of the

[48] The 'Stockholm trials' is clearly inspired by a similar policy which was implemented for the center of London under mayor Ken Livingstone in 2003 (the 'London congestion charge').

car tax. This suggestion was met with protest from the surrounding municipalities. They claimed that it was unfair to exclude them from the decision making process, since it was their inhabitants (many of whom commute to the heart of Stockholm on a daily basis) who would be most affected by the impending congestion tax. As a result, 14 of the 22 suburban municipalities in the Stockholm metropolitan area decided to launch a referendum of their own. From the beginning, however, the central government made it clear that these referenda would not be of a binding character for the eventual decision. When the referenda were finally held in September 2006, the result was a clear divide: In the municipality of Stockholm, a slim majority of 53% voted in favor of the car tax, while all other municipalities voted against it.

For our purposes, it is interesting to see what kind of final decision was taken, and by whom. Only one month after the referenda had been held, the central government made a decision to implement the Stockholm congestion tax on a permanent basis starting from 1 August 2007. It was decided that the revenues from the congestion charges are to be partly used for financing a new road which will by-pass the city centre, while another part will be used for investment in public transport and infrastructure in the Stockholm region. This experience is interesting and instructive in several ways: Firstly, it shows that the *central* government (rather than the municipalities or the regional council) had the final say on an issue which affects the capital region as a whole. Indeed, many people have argued that this top-down decision making was the *only* feasible way to realize the tax, because the multiple conflicts and tensions in the region would have rendered the formulation of a shared solution on an intermunicipal or regional basis impossible. Secondly, it remains unclear if – or to what extent – the positive result of the referendum in the core city really influenced the central government's decision to permanently implement the tax. Finally, however, it is clear that the central government decided to ignore the opposition and protest of all the suburban municipalities. it can be safely assumed that this experience has not been beneficial to improving the relationship between the municipality of Stockholm and the surrounding areas or those between the national government and large parts of the capital region. Thus, when thinking more broadly about metropolitan governance, the experience of the 'Stockholm trials' is proof that the national level can and does intervene when faced by metropolitan non-cooperation and intermunicipal conflicts. It clearly underlines the complex and often confusing interrelatedness of decision making levels that are involved in policies concerning regional infrastructure development and planning.

7.4. Institutionalizing Metropolitan Governance to Boost the Capital Region's Voice?

The preceding chapters illustrated that there are different reasons (competitiveness, infrastructure and housing, social cohesion) for establishing more intermunicipal cooperation and comprehensive forms of metropolitan governance – and that the Finnish and Swedish capital regions have chosen different pathways in this respect. Let us now take a look beyond these separate policy fields and turn to the issue of the *institutionalization* of metropolitan decision making bodies in general and ask: Are there signs that the multifarious pressures for more metropolitan cooperation have also engendered attempts to establish a new *level* (or scale) of decision-making power and political representation, which is represented – for instance – by a democratically elected parliament? Have any responsibilities and competencies actually been transferred from existing decision making bodies at the municipal, regional and national level to a new metropolitan or city-regional authority?

Undoubtedly, in both capital areas it has often been stressed in recent years that the introduction of such a political platform on a supramunicipal level is necessary. Apart from the fact that it would allow decision makers to deal with the most pressing issues in the entire region in a comprehensive manner, it is often deemed necessary to enable a more powerful and integrated representation of urban and metropolitan interests on a national level. The establishment of metropolitan governments as an 'organ' of the capital region within the entire country has been considered desirable for the following reasons: The policy of national universalism has always redirected tax revenues from the prosperous urban regions (especially form the municipalities in the capital regions) to the structurally weaker rural areas – and in the capitals, it is often emphasized that this has been overdone in the recent past. Moreover, with the exception of some minor funds of the 'URBAN' programme, in the Nordic countries EU-based policy programmes have been almost exclusively directed to rural regions thus far. As a consequence, the capital areas have often felt that they cannot count on enough help from superordinate policy levels to tackle the ever more pressing and shared problems they currently envisage. This partly helps to explain the recent initiatives to institutionalize metropolitan bodies of government or governance in a 'bottom-up' manner. However, it will be shown in the following that there have also been examples where the national government has explicitly tried to push actors in the capital area to enhance metropolitan cooperation and set up more integrated forms of intermunicipal governance (Haila and Le Galès 2005; Holstila 2007). Metropolitan cooperation, government and governance can come in various shapes and sizes – and between the extremes *insistence on local autonomy and fragmentation* on the one hand and *a wide-ranging transfer of responsibility and power to a fully fledged, democratically elected metropolitan government* on the other, there is room for a broad range of hybrid solutions.

All municipal authorities of the biggest Finnish cities have argued that current policies based on the principle of national universalism have taken an illegitimately high share of taxes away from them. Therefore, the six largest municipalities in Finland (the three municipalities forming the HMA and three others outside the Helsinki region) decided to join forces in 2001 in order to make the national government change its mind about the current way municipal taxes are spatially redistributed throughout Finland. The former mayor of Vantaa, Erkki Rantala, referred to this effort as a 'defense struggle' against the mighty rural interests (Haila and Le Galès 2005). Even though the initiative ultimately had little impact, the debates about whether the most successful areas should be supported rather than burdened financially in order to guarantee the well-being of Finland as a whole intensified, and ad-hoc cooperation among bigger cities has occurred more frequently.

However, it is apparent that the most wide-ranging and sustained efforts to strengthen urban and metropolitan interests have taken place within the Helsinki region and attempts to set up intermunicipal or metropolitan bodies of political decision making and representation have been especially pronounced in the Helsinki Metropolitan Area (HMA) so far. The 'Helsinki Klubi' was previously mentioned (chapter 7.1.) as an initiative led by the lord mayor of Helsinki that tried to bring together various state- and non-state actors in the HMA to find ways and means to jointly tackle the most important challenges in the metropolitan area. A highly similar project was established in 2002, the *'Urban Programme'* of the Helsinki region. Initiated by the mayors of Helsinki, Espoo, Vantaa and Kaunianien, its bold ambition was to strengthen a shared identity in the HMA and set up an integrated 'metropolitan policy'. As a means to achieve these ends, the organizers emphasized that regional cooperation needed to be strengthened as regards policy-issues related to competitiveness, sustainable urban development and social cohesion. Secondly, it was stressed that a partnership-based policy is needed in order to achieve these goals: joint action should not only criss-cross policy-sectors and administrative boundaries, but also merge the capacities of state and non-state actors, as already demonstrated by the 'Centres of Expertise' programme. From the beginning, the project was targeted to run until 2004 and after its adoption by the four city councils in 2002, the ministry of the interior decided to partly fund the initiative (Karvinen 2005: 7; Holstila 2007). This also shows that the 'Urban Programme' was by no means a metropolitan initiative directed *against* the national government. Instead, it was first and foremost a project to increase the coordination of policies *within* the HMA, while the point of strengthening its external representation was of a secondary relevance.

When the 'Urban Programme' finished in 2004, a new initiative was launched to intensify governance-based and cross-sector coordination in the HMA. Interest-

ingly, it was not initiated by the municipalities in the metropolitan area, but by the central government, which decided to put pressure on the four municipalities to further enhance the cooperation of state and non-state actors throughout the HMA. At first, the central government suggested setting up an elected metropolitan government with enough political power to be able to deal with the most pressing challenges in an integrated manner. However, it quickly became clear that at present, the representatives of the four municipalities are not willing to transfer a significant part of their political or fiscal autonomy to such a superordinate metropolitan decision making body. Instead, they decided to establish the *'Helsinki Metropolitan Area Advisory Board'* (see also chapter 7.1.) as an *informal*, *voluntary and loosely institutionalized* platform of cooperation which leaves the current model of municipal autonomy intact (Karvinen 2005: 10). Today, the 'HMA Advisory Board' is a body based on occasional meetings of state and non-state actors (mayors and other politicians, leading representatives of the local business sector, research institutions and universities), which has not been endowed with any formal decision making power. Therefore, it is difficult to gauge its relevance and impact on the actual policies implemented by the four municipal authorities. A common 'Vision for Metropolitan Helsinki' was formulated in October 2004 (which is almost identical to the abovementioned strategy of the 'Urban Programme'), but it remains less clear how power relations and political leadership are structured, in what ways decision making processes have occurred and by which normative guidelines they have been mainly led. In other words, the modes of governance in this highly informal advisory board have turned out to be somewhat nebulous (see also Laurila 2005: 24).

A Conscious Choice for Informal and Loose Forms of Metropolitan Governance

Both the 'Urban Programme' and the 'HMA Advisory Board', as platforms for metropolitan cooperation and governance, are hard to grasp in terms of their institutional character and overall significance. Indeed, they represent examples for informal and only loosely institutionalized metropolitan governance rather than a full-size 'state spatial reform' where an entirely new level of policy making and political representation is introduced. But why have the municipalities and the other relevant governance actors in the HMA opted for these loose and often temporary forms of cooperation? We have repeatedly demonstrated that land use planning, housing policies and anti-segregation strategies should be harmonized in this growing and densifying functional region, and the same applies to policies related to economic growth and international competitiveness. Wouldn't it be advisable, then, to create a metropolitan merger with one single democratically elected government that is able to address shared problems and effectively formulate political strategies for the entire region (OECD Territorial Reviews 2003: 214)? We have to be aware

that the seemingly obvious advantages of a metropolitan merger are based on highly general and abstract considerations which need to be assessed against the background of existing political and institutional *realities*. Indeed, as soon as we take into account the institutional context in the Helsinki region, it becomes understandable why the municipalities and their non-state partners have opted against the solution of a metropolitan merger with an elected political authority and in favor of informal and loosely institutionalized forms of cooperation so far.

First: Regardless of how pressing and obvious the need for more metropolitan and regional governance might be, it still runs directly counter to the country's strong tradition of municipal autonomy. Be it due to 'hard-nosed' financial calculations, the long-held antipathies or rivalries with adjacent municipalities and city pride, or the fear of a loss of political power, overall, the municipalities in the HMA have been reluctant accept proposals which would make them (partly) share their tax-bases, political responsibilities and competencies. Moreover, a certain degree of intermunicipal competition for residents and firms (which would be eliminated in the case of a metropolitan merger) is often also said to be conducive to the metropolitan area as a whole, because it puts some pressure on each of the municipalities to provide high-quality and generous services to their citizens for affordable prices. As regards the argument of local autonomy, it also needs to be added that Helsinki has already had some negative experience of attempts to set up a metropolitan government. Back in the 1960s, proposals to merge the four municipalities were made (as occurred in many cities all over Western Europe at that time) and almost immediately, the project failed due to the resistance of the individual municipalities which were not willing to give up their autonomy (Karvinen 2005: 9). Today, the overall situation is no doubt different, since the HMA has grown and densified dramatically and the economic role of the Helsinki region has changed both in national and international terms. Nonetheless, the municipalities are still guarding their autonomy very anxiously. Even today it is unlikely that there would be enough intermunicipal consensus and will to effectively formulate a shared metropolitan strategic 'vision' within a fixed and fully institutionalized metropolitan authority.

Second, we must not forget that metropolitan cooperation in Helsinki has increasingly become an issue of *governance* rather than government today. Instead of being confined to cooperation between public actors (municipal authorities, central government), partnerships with local companies and universities have become more common (see the CoE programme or the HMA Advisory Board). The point is that these coalitions of state and non-state actors are structurally at odds with democratically elected metropolitan governments: whereas the former are based on highly customized and flexible, often informal and temporary forms of public-private coalition building, the latter draw their legitimacy from democratic elections and represent stable, more accountable, yet often rather rigid and inflexible bodies of decision making dominated by *public* representatives. This said, we can add that not

only municipal governments, but also entrepreneurs and other non-state partners have a reason to prefer loose and informal forms of metropolitan cooperation: Municipalities can keep their wide-ranging autonomies, while non-state actors can hope for a more immediate and marked influence. It thus appears that the partial shift towards gover*nance* in Finland seems to have made the establishment of a metropolitan govern*ment* in the traditional sense even more unlikely.

Finally, even if the municipalities in the HMA had shown more willingness to establish a shared and fully institutionalized metropolitan authority, this venture would still have faced serious opposition from actors *outside* the metropolitan area. It is clear that politicians representing the rural parts of the country would be uneasy about this new scale of policy making which would strengthen the capital area's voice on a national level. There is also concern that the capital area's government might successfully persuade the central government to abolish the universalistic policy of regional redistribution. However, it is not only representatives of the remote parts of Northern Finland who are opposed to a metropolitan merger on the level of the HMA. Representatives of the Uusimaa Regional Council disapprove of a reinforced HMA. Given the fact that the HMA is by far the most populous and prosperous core of the *functional* Helsinki region, the Uusimaa Regional Council might become redundant as a representative of the *administrative* Helsinki region if an official representative body on the level of the HMA was actually implemented. In particular, the Centre Party – which is weak inside the HMA, but strong on the level of the regional councils (including Uusimaa) – has always been opposed to the representation of Helsinki, Espoo, and Vantaa in a single metropolitan parliament.

On the whole, we can say that both public-public and public-private cooperation and coordination is clearly most marked within the HMA. This is far from surprising, given that contemporary policy-challenges and problems are most interwoven in the heart of the Finnish capital region. At the same time, an overall reluctance to establish a shared political authority for the HMA is observable – between public and private actors both within and outside the metropolitan area. This might appear somewhat bizarre at first sight. Yet, as soon as we take into account the contemporary institutional context in the Helsinki region and Finland as a whole, this situation becomes understandable. As a result, at the moment it seems that there is widespread agreement that informal and loosely institutionalized *governance networks* are the most appropriate form of metropolitan cooperation within the Helsinki region.

The Stockholm Region

As the previous chapters have shown, at present, the pressure for more metropolitan cooperation and governance is also increasing in the expanding Swedish capital

area. Moreover, it is noticeable that voices supporting an empowerment of the Stockholm region as a whole within Sweden have become more pronounced since the 1990s. In this sense, the situation is highly similar to the Helsinki region:

> "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." (Henning 2001: 34)

In the light of this attitude, let us assess the efforts that have recently been made to establish more powerful bodies of metropolitan or regional decision making; to enhance governability within the capital area and, moreover, to strengthen its external representation on a national and international level. First of all, it has to be mentioned that the most important *territorial* outlines of metropolitan and regional cooperation and governance are even less predetermined and uncontested than in the case of Helsinki. In the Finnish case, there is undoubtedly some 'regional mess', since cooperation has been required between the levels of the HMA, the wider functional region and the Uusimaa region. However, we have seen that the lion's share of regional cooperation occurs on the level of the HMA. On the one hand, the case of the Stockholm *metropolitan area* appears to be more complicated, as the core city is surrounded by numerous smaller municipalities which are not caught up within any institutional frame. On the other hand, however, one could argue that compared to Helsinki, the situation in the Swedish capital area is less complicated and more advantageous on a *regional* level: The Stockholm county council is democratically elected, has a (potentially) significant role in regional development and planning and corresponds much more closely to the actual functional region than is the case in Helsinki. In view of these already existing political-administrative infrastructures on a county-level, it is understandable that the efforts to promote and institutionalize cooperation have thus far also been primarily directed at the territory of the administrative region (Stockholm County). In this respect, the Stockholm region differs markedly from the Finnish capital region.

Promoting Cooperation and Governance at the Level of Stockholm County

What kinds of efforts have been made to strengthen cooperation and governance on the level of Stockholm County? In short, we can say that suggestions for reforms have revolved around three main models. *First*, especially at the beginning of the 1990s there were proposals to increase the influence of the central government on Stockholm County by upgrading the role of the county administrative board which

is the administrative 'antenna' of the central government at the county level. However, these plans were quickly dropped and the power of the administrative boards all over Sweden was curtailed to the benefit of both the municipalities and the county councils (which are based on 'bottom-up' cooperation among the member municipalities). This happened because there was confusion and a lack of coordination among several ministries of the central government as regards their individual responsibilities and competencies in terms of regional policies: "There is no single entity at the central level which coordinates the policies on regional development, but it is the responsibility of many different ministries and agencies, with no clear division of responsibility among them." (OECD Territorial Reviews 2006: 163-4) On the other hand, these reforms were thwarted by the strong objections of the municipal authorities. They feared a decline of their political influence on the regional level and successfully mobilized their political power in order to ward off such an increased top-down influence on the county level (Elander and Montin 1994: 292).

Second, there have been suggestions to transform the Stockholm County Council into a full-blown regional authority. This would imply that a significant range of decision making powers and responsibilities should be shifted from the municipal to the regional level. As a result, a directly elected regional government with an integrated tax-base would be created. Certainly, it can be argued that such a decision making body would possess the democratic legitimacy and necessary political and financial power to effectively address the aforementioned challenges in the Stockholm region. Yet – and just as in the case of Helsinki – these suggestions must be viewed in the light of existing political realities and the overall institutional framework and traditions prevailing throughout the region. Given that the municipalities are anxious to defend their highly pronounced fiscal and political autonomy, they have been reluctant to accept plans which might entail a wide-ranging shift of decision-making capacities from the municipal level to a newly established regional authority. Since intermunicipal relationships have been especially difficult and tense in the Stockholm region, and seeing that the rural regions in Sweden are skeptical of any attempts to strengthen the capital region, this model is unlikely to be implemented in the foreseeable future (Elander and Montin 1994: 282; OECD Territorial Reviews 2006: 157).

Because of these serious obstacles to and general doubts about a regional government, lighter forms of governance on the level of Stockholm County have been proposed. This represents the *third* option: a cooperative municipal association at the county level, which upgrades the role of the county council without implementing a complete regional government. As a loose association of municipalities, it would include members with strong planning competencies and leave the municipalities' autonomy mostly untouched. Intermunicipal coordination would be intensified and a greater number of local decisions would be taken after due consultations

with other municipalities throughout the county. Yet, while such a forum might turn out to be a highly useful platform for discussing, preparing and coordinating political decisions that concern the region as a whole, it is also likely to lack the authority as well as the oversight required to meet the contemporary challenges of an ever growing and densifying capital region. As experiences in the Stockholm County Council have shown, efficient and joint decision making is unlikely to flourish on the basis of loose and mostly consultative institutional frameworks as long as the relationship among the member municipalities remains mostly tense and prone to conflict. However, since this appears to be the state of the art in Stockholm County today, it appears questionable whether such a strengthening of intermunicipal cooperation will be conducive to establishing more effective and joint forms of regional governance in the event (Hårsman and Rader Olsson 2003: 103-5)

Regional Cooperation Beyond the Stockholm County Council

On the one hand, we have seen that the territory of Stockholm County appears to possess promising institutional preconditions upon which intensified and more comprehensive forms of governance could be eventually erected. On the other hand, intermunicipal cooperation has not worked very well in recent years throughout Stockholm County and as a result, the County Council could has not been able to tap into its full political potential (Hårsman and Rader Olsson 2003: 103). Moreover, the region continues to grow and the discrepancy between the administrative Stockholm region (Stockholm County) and the actual commuting region is steadily increasing. Thus, the level of Stockholm County is sometimes said to have become increasingly obsolete as a territory on which the current problems and challenges in the Swedish capital region can be effectively met (OECD Territorial Reviews 2006: 145-6, 151). It has instead been argued that issues like spatial planning and infrastructure, housing, competitiveness and segregation need to be dealt with on a territory larger than the Stockholm County. Although there are certainly several options available to define the outlines of the current functional region, the counties of Stockholm and Uppsala probably best represent the present labor market region. Consequently, it has been suggested that political coordination and cooperation should be especially intensified within this region. This could be achieved by means of *merging* the two counties and their already existing political-administrative apparatuses. As a result, there would be one directly elected council for the entire capital region which would also be in charge of regional development and planning.[49] The municipalities could retain their wide-ranging political and fiscal autonomy, while at

[49] Note that thus far, the Stockholm county council has had a special role in that it is the only county council throughout Sweden which is not only responsible for healthcare, but also regional development and planning

the same time the confines of the regional representative body would be adapted to the actual functional region (OECD Territorial Reviews 2006: 150-1, 158-9).

How promising are these policy recommendations? Is it sensible and convincing to consider regional mergers as a precondition and tool to tackle shared problems in a growing functional region more effectively? Certainly, there is no doubt that more coordination and cooperation across the functional city region is needed, for the simple reason that the current challenges are less and less confined to municipal boundaries. The question, however, is to what extent can a political-administrative *amalgamation* of counties actually help to promote these urgently needed collaborations? Let us recall the factors that have, up until now most severely complicated cooperation across municipal boundaries. As we have seen, the traditionally high degree of municipal autonomy has clearly represented one major impediment to metropolitan and regional governance. Local authorities have been at pains to retain their wide-ranging fiscal and political prerogatives. Instead of cooperating, they have often put a priority upon competing with one another in order to stabilize or strengthen their individual tax base. Furthermore, long-held antipathies and tensions between the municipalities in the region have been detrimental to the establishment of metropolitan cooperation and governance. The overall point is: It is hard to see why these difficult relationships and the overall 'climate' of non-cooperation would change for the better if Stockholm County is merged with Uppsala. On the contrary: given the fact that the sheer number of municipalities (and with it: the number of individual interests) would increase as a result of the amalgamation, the overall situation is likely to become even more complicated, and the current blockades will prevail. As long as the decisions of County Councils (no matter which territory they comprise) remain primarily based on the member municipalities' readiness to cooperate, it appears realistic to assume that a metropolitan merger would *not* increase the capacity of decision making and problem solving on a regional level.

Apart from this strong tradition of local autonomy, we have shown that every attempt to reinforce the political weight of the capital area within Sweden has raised the suspicion (and often open opposition) of rural voices, as they fear that the Stockholm region might become too dominant an actor on the national political stage. Again, there is no reason to assume that the deciding to enact a regional merger would help to dispel these fears and worries. Certainly, it could be argued that such a metropolitan reform is merely directed at increasing the governability *within* the newly established region rather than at expanding its political weight at the expense of other parts of the country. However, this does not mean that these reaffirmations will be sufficient to really convince the skeptics.

Loosely Institutionalized Governance Networks Instead of Large-Scale Administrative Reforms?

We have shown that several proposals for metropolitan reforms have been made in and for the Stockholm region since the 1990s. These suggested reforms have for the most part been directed at the level of the Stockholm County: they have recommended a restructuring of its competencies, territorial outlines, or both. However, it has also become clear that the existing political-administrative pattern of the capital region and the discrepancy between the 'functional' and 'administrative' region might not represent the most important impediment to establishing more integrated forms of governance in the Stockholm region. Instead, I have argued that the insistence on local autonomy and intermunicipal conflicts and competition (often with long histories), as well as a divide between 'urban' and 'rural Sweden' constitute the decisive obstacles. These obstacles cannot be overcome by means of territorial reforms alone. To put it simply: The provision of a better institutional platform will be of no use as long as the relevant actors are not ready to cooperate.

In view of these shortcomings of political-administrative reforms, what other tools can we think of to advance and promote regional cooperation and governance? Given the difficult and complex relationships within the Stockholm region, it seems most promising to encourage issue-based and small-scale arrangements where the respective partners (a number of municipalities, or public-private coalitions) are truly willing to cooperate. As demonstrated above, this option has been clearly preferred in the Helsinki region throughout recent years, where successful reforms have occurred on the basis of tailor-made, multilevel and often temporary governance-networks (like the 'Centres of Expertise' programme). In the Stockholm region, such a strategic and conscious choice for informal public-private forms of cooperation has been less visible, but is gaining increasing prominence at the moment and seems to be the most realistic option for collaboration in the years to come. One Swedish social scientist, who has also been involved as a governance actor in the Stockholm region for many years, sums it up in an interview as follows:

> "A formal territorial, state spatial reform will make no sense, really. Wherever we draw the line of administrative boundaries, there will be trouble with coordination. Instead of creating rigid and territory-based administrative giants which are supposed to take care of everything, we should be more flexible and examine the cities' specific potentials and willingness to cooperate among one another as far as concrete policy-issues are concerned. (…) We have tried to do it the 'government-way' for so long, focusing on top-down planning, trying to control everything, making huge plans on the county-level. But every attempt at strictly formalized planning has shown that it doesn't work out this way. Things are not as calculable as we often think they are. (…) That's why we need more well-informed, open and customized governance networks that devote themselves to specific policy issues in a very concentrated way. We are beginning to understand today that *first* different groups of actors need to become clear about their common goals and articulate them clearly. And only *then* they should decide to institutionalize in certain ways. In recent decades, our major mistake has been that we did it the other way round most of the time."

8. Concluding Assessments

8.1. Prevailing Modes of Governance in Helsinki and Stockholm: Similar Policy Responses Given Similar Contextual Framework Conditions?

Context matters – this was one key statement in the theoretical part of this book. Urban political studies need to take into account a variety of social, political, economic, cultural and historical framework conditions, without falling victim to deterministic fallacies. These theoretical insights then informed the overall design of the empirical comparison in the second part. Therein, I illustrated in detail that in many ways, Helsinki and Stockholm are both nested in a broader *Nordic context*. In fact, we have seen that the *Nordic world of welfare capitalism* can be legitimately described as a distinct political and societal model. The political culture of the Nordic countries is mainly dominated by *social democratic* values such as social cohesion and integration, consensus and corporatism, egalitarianism and universalism. These values find their institutional expression in the exceedingly *state-centered* character of Nordic welfare regimes – it is the *public sector* which clearly constitutes the lynchpin of welfare production and provision. This strong state operates on two scales. On the one hand, the powerful intervening role of central governments and their attempt to generate consistent conditions throughout the country point to the unitary character of the Nordic welfare states. On the other hand, we have seen that Finnish and Swedish municipalities are mighty landlords, who are constitutionally granted extensive fiscal and political autonomies. Thus, we can say that the Nordic model rests on a strong national *and* municipal pillar, while political power or identities on a regional level have been far less developed.

Given these contextual framework conditions, it is not surprising that the typical features and values of the Nordic 'world of welfare capitalism' have become particularly well-institutionalized on the *national* and the *municipal* level throughout recent decades. National governments have set up policies that guarantee a fairly balanced development of regions throughout the entire country (the universalism principle), and municipal authorities have successfully kept on top of grave socio-spatial disparities within their territory. However, the Nordic countries are widely lacking in experience and the institutional foundations to pursue and implement policies on a *regional* or *metropolitan* level in an effective and integrated manner. This is not necessarily a deficiency in itself – but today, the inability to address problems on a metropolitan or regional level has indeed turned into a problem in Helsinki and Stockholm. Challenges have arisen that increasingly criss-cross and exceed municipal boundaries and thus call for more metropolitan or regional coordination.

In fact, these mounting pressures for joint metropolitan and regional policies constitute another important context which the capital areas of Helsinki and Stockholm have come to share today. Both have been the main beneficiaries of the ur-

banization process that has occurred after World War II and both metropolitan areas have grown rapidly in terms of size and population. Together with the deep crisis in the early 1990s and the subsequent triumph of the ICT revolution, these developments have generated a very similar situation and a set of almost identical policy challenges that often exceeds the municipal authorities' scope of responsibility. As was shown in chapters 6 and 7, the debates on metropolitan governance reforms comprise various policy fields and have thus bred several discourses. Firstly, I have argued that more integrated metropolitan governance is needed so as to strengthen the international competitiveness of the capital region as a whole. Secondly, it has become ever more apparent that programmes promoting socio-spatial cohesion and integration will have to be tackled on a supramunicipal level, since segregation tendencies are increasingly unfolding both within *and* beyond the boundaries of the municipalities constituting these metropolitan areas. Thirdly, the unbroken tendencies of urban sprawl, population growth and economic prosperousness in the Helsinki and Stockholm region have led to an increase in traffic and commuting and have generated an extremely tense situation in the housing market. In order to address these issues in a comprehensive manner and to guarantee a controlled growth of these capital regions, the municipalities need to coordinate their land-use planning, infrastructure and housing policies. Finally, urban-rural divides have become more pronounced in Finland and Sweden: governance actors in both capital regions have felt that the political influence they can claim in their country today does not correspond with their *actual* national weight and importance. Therefore, they have attempted to establish new platforms for the coordination and governance of metropolitan and regional areas, one that will allow for more internal coordination and more forceful external representation.

These attempts to strengthen metropolitan and regional governance have, however, encountered a variety of obstacles including serious criticism. Again, the lines of argument have unfolded in strikingly similar ways in the Swedish and Finnish capital areas. Three notable issues have played a major role in this respect. Firstly, in many cases an unclear demarcation of political responsibilities and competencies among actors operating on various policy scales (regional mess) has been a hindrance to more coordinated and productive cooperation. Secondly, attempts to strengthen the political power and representation on a metropolitan level have raised suspicion amongst the rural population, who have feared that the (in their view) already dominant capitals might further expand their political power. Thirdly, and perhaps most importantly, it is evident that the municipalities in the capital region have often been reluctant to cooperate and join forces, since this would imply that they would have to give up a part of their political or fiscal autonomy. In particular the relationship between the old 'core cities' (the actual capitals) and the younger, rapidly growing suburban municipalities surrounding them has often been rather complicated and tense.

Altogether, we can thus say that despite some national, regional and local path dependencies, Stockholm and Helsinki are embedded in a remarkably similar societal, economic and political context. They have recently gone through broadly analogous developments which have brought about almost identical incentives and objections as regards the institutionalization of metropolitan governance. The question, however, is whether we can go as far as to claim that these contextual similarities have also yielded similar modes of governance in the two capital regions. One important insight of multilevel urban governance analysis is that similar policies embedded in different institutional contexts are likely to produce different impacts. But are we to conclude from this that similar socio-economic, political and cultural contexts will also engender similar policy-responses? As the comparison of metropolitan Helsinki and Stockholm suggests, this is not necessarily the case. Of course, taking into account the structural context is essential for understanding urban governance arrangements. Yet, to realize that it cannot *fully explain* the ultimately prevailing modes of governance means rejecting deterministic reasoning in favor of context-sensitive approaches. Based on the comparative analysis in chapter 7, the figure 8.1. and 8.2. give a structured overview of currently prevailing modes of metropolitan and regional governance in Helsinki and Stockholm. They once again illustrate that in both capitals, no integrated and comprehensive metropolitan strategy or 'vision' can at present be detected. Instead, governance remains fragmented into differing policy fields. Diverse actor coalitions pursue differing goals and have institutionalized multiple forms of cooperation to varying extents – and with varying success. Most importantly, however, these fragmented modes of governance have developed in quite *dissimilar* ways in Stockholm and Helsinki.

Modes of Governance in the Finnish Capital Region: Overall Assessment

As figure 8.1. indicates, in *Helsinki* metropolitan cooperation and coordination is usually advanced by sector-specific (growth-, welfare-, infrastructure-related), and rather informal, flexible gover*nance* networks operating on various policy scales.[50] In these governance coalitions, municipal authorities play a key role, alongside the resident business community, universities and research institutions. Interestingly, the Lord Mayor of Helsinki often holds a key role within these novel and loosely institutionalized coalitions. Depending on his / her personal capacities and will to take on the role of leader and coordinator of *metropolitan* governance, the Lord Mayor can expand his or her influence beyond municipal boundaries and transgress the traditional dividing line between state and non-state actors. In this sense, the

[50] The only – but notable – exception is the Helsinki Metropolitan Area Council *YTV*, which is a fully institutionalized public authority that claims overarching responsibility for the entire Helsinki Metropolitan Area as regards public transport, waste management, and air pollution management.

mayor has the potential to obtain a degree of importance which has long been unusual by Nordic standards. The central government plays a coordinating role and has often been in charge of funding and supervising metropolitan networks, while citizen groups have at best played a marginal role within these public-private arrangements. As regards the main territorial scope of these governance coalitions, they have for the most part operated on the level of the Helsinki Metropolitan Area (HMA) – i.e. on a scale which does not yet possess a formally institutionalized politico-administrative platform. Therefore, it seems that cooperation has not followed existing administrative boundaries, but has instead taken place on the territory where the need for cooperation has been shown to be especially acute – namely in the most densely populated and central part of the Finnish capital region. Due to their enormous fiscal and political autonomy as well as their wide-ranging decision making powers, the municipal councils of Helsinki, Espoo and Vantaa have clearly been the most important *protagonists* of metropolitan cooperation. At the same time, however, this strong position has also constituted the most important *impediment* to establishing metropolitan cooperation and governance in the HMA.

It has often been stated that the municipalities in the HMA should merge their tax bases instead of competing for taxes and residents. If they gave up their deep-seated inter-municipal rivalries and animosities, a full-blown metropolitan authority with wide-ranging competencies could be established regardless of the objections raised by the rural population and the county councils. Many authors have argued that such a metropolitan merger would help tackle the most pressing policy challenges in a much more integral and effective manner. In theory, this might be true, but thus far the municipalities have clearly opted for keeping hold of their autonomy and have accordingly made a conscious choice to set up mainly loose and flexible forms of supramunicipal governance. Indeed, the establishment of a metropolitan merger with a fully-fledged, democratically elected government is highly unlikely to occur in the foreseeable future. Furthermore, given the delicate intermunicipal relationships present in the Helsinki capital area, it can also be legitimately doubted whether an integrated metropolitan government would really help to solve the present policy challenges more effectively. Perhaps the institutionalization of flexible and loose governance networks represents the most appropriate solution, since this has been shown to advance the cooperation of state and non-state actors on a supramunicipal level without threatening the highly valued and vigorously defended principle of municipal autonomy.

How pronounced has the shift from urban government to urban governance been in the Finnish capital area, and how successfully have the respective coalitions addressed the new challenges that demand an increase in metropolitan cooperation and coordination? First of all, it is obvious that – despite repeated efforts and announcements – no all-embracing metropolitan strategy or 'vision' has been established. Instead, metropolitan governance still occurs in a very fragmented manner.

	economic growth and competition	welfare and socio-spatial cohesion	Housing and transport	Intensifying regional governance
Incentives for cooperation	international competition (firms, cities)	growing income segregation	Sprawl, population growth, tense housing market	Strengthening the capital area in Finland
Policy programmes	Governance networks: *CoE* *Helsinki Klubi*	Metropolitan level: Loose cooperation National level: *CoEs*	Housing: no joint strategy Public transport: *YTV*	Governance networks: *Helsinki Klubi, Urban Programme, HMA Advisory Board*
Main policy actors	Central and regional government, EU, 'triple helix' coalitions	Local and central government, 'triple helix coalitions'	Housing: municipalities Public transport: *YTV*	Local and central government, 'triple helix coalitions'
Target area	*CoE:* urban regions across Finland *Helsinki Klubi:* HMA	Mostly municipalities or national Level	Housing: mostly municipal level Public transport: HMA	Mainly HMA
Impediments and objections to metropolitan cooperation	Intermunicipal competition for taxes Rural regions fear to be disadvantaged Regional mess	Strong municipalities defend their autonomy and compete for taxes	Municipalities compete for taxes and insist on their planning monopoly 'Regional mess'	Rural regions and county councils fear decline of influence Municipalities defend autonomy
Overall significance, success and results	Significant shift to metropolitan governance Successful double-strategy: promoting regions *and* maintaining universalism principle	Very limited efforts at metropolitan cooperation. Lack of joint social policies and anti-segregation strategies	'Missing link' between growth and cohesion Housing: fragmented policies Public transport:: jointly managed at HMA level	Conscious choice for informal and loose metropolitan gover*nance* networks instead of full-blown, democratically elected metropolitan government

Fig 8.1.: Modes of Metropolitan and Regional Governance in Helsinki: An Overview

As for the issue of *economic growth and competitiveness*, the partial, yet clearly discernible shift from urban government towards metropolitan governance has turned out to be a success for Finland as a whole. With the *Centres of Expertise (CoE)* programme, powerful triple helix coalitions have been established in the HMA as well as in various other urban regions all across Finland. These *CoEs* have been tailored to the particular needs and strengths of the target regions – and many actors on different scales have participated in formulating and implementing them: local, regional, and national authorities, but also non-state actors such as local business, universities and science parks. Thus, a combination of two key policy goals, namely implementing regionally specific growth strategies *and* guaranteeing a balanced development all across Finland have been combined very successfully in an all-embracing strategy.

Apart from the strategy that aims at guaranteeing a territorially balanced development of Finland as a whole, we must not forget that the issue of *socio-spatial diversification and fragmentation* has also recently gained salience *inside* the Helsinki region itself. Particularly in the HMA, unprecedented forms of income segregation have appeared since the 1990s. As these trends are expected to further intensify in the immediate future, the municipalities in the HMA will have to develop joint social policies and anti-segregation programmes in order to put a halt to this development (which is inherently irreconcilable with the normative cornerstones of the Nordic welfare societies). Thus far, however, the municipalities have not felt enough of a need to cooperate and have been unwilling to share their tax bases so as to jointly address the problem. Instead, they have tenaciously defended their political and fiscal autonomy and have restricted themselves to preventing and combating socio-spatial inequalities within their own territory. The problem is, however, that current trends towards more socio-spatial diversification and modest forms of income segregation do not obey municipal boundaries anymore, but tend to be spread across the entire metropolitan area. It is therefore unlikely that purely municipal policies will be an appropriate means to arrest these developments. If socio-spatial cohesion is to survive in the Finnish capital region in the long term, more intermunicipal cooperation and coordination will be required.

The picture is similar when we turn to the policy challenges related to *housing and infrastructure*. On the one hand, there is widespread awareness that metropolitan and regional cooperation is urgently needed because of trends such as increasing traffic, urban sprawl, unacceptably high rents and an overall lack of housing throughout the HMA. On the other hand, intermunicipal competition, rivalries and antipathies have hitherto obstructed and complicated such joint efforts. The Helsinki Metropolitan Area Council (*YTV*) has taken care of public transport and waste management for the entire HMA since the 1970s, but on the whole, municipal authorities have remained in charge of policies related to land use planning, housing and infrastructure. As we have shown, infrastructure and housing policies are a key issue of metropolitan cooperation, since they are closely tied to the re-

gion's economic competitiveness and – at the same time – to the issue of social cohesion and welfare. Therefore, joint action is required to guarantee controlled and sustainable growth of the capital area. Once more, the municipalities' readiness and willingness to cooperate seems to be the single most important precondition for meeting these challenges. While not irrelevant, all the other obstacles and objections (such as rural interests and 'regional mess') are at present of lesser importance.

Modes of Governance in the Swedish Capital Region: Overall Assessment

When we turn to the case of Stockholm to examine the prevailing modes of urban and metropolitan governance, the picture clearly changes. On the one hand, figure 8.2. below plainly indicates that the ‚emerging challenges and problems in the Stockholm region have been almost identical to those in Helsinki. The only significant difference relates to the problem of socio-spatial polarization and segregation: whereas Helsinki is facing increasing *income* segregation, *ethnic* segregation on a neighborhood level has constituted the main challenge in Stockholm. On the other hand, the institutionalization of metropolitan cooperation and coordination has occurred in a different way to that found in Helsinki. This is true in terms of the main actors and policy scales involved and the character and overall success of the most important policy programmes. Unlike in Helsinki, where multilevel and flexible gover*nance* networks play a fairly significant role, in Stockholm efforts to increase metropolitan cooperation have primarily occurred within the confines of govern*ment*. As demonstrated in chapter 7, municipal authorities and the central government have been the single most important policy actors in programmes such as the *Metropolitan Development Initiatives (MDIs)*, the *Regional Development Programmes (RUPs)* or the *Stockholm Congestion Tax*. While the involvement of the local business sector has not been entirely absent, we can say that these actors have hardly been explicitly represented in regional governance coalitions. The same is true of universities, scientific institutions and citizen associations, whose participation in the policy process has been similarly marginal.

Another important difference lies in the fact that the municipalities in the Stockholm region have thus far been reluctant to install *mayors* as strong political leaders and coordinators who can claim responsibility for the entire capital region. Instead, they have retained their system of corporatist decision making on a municipal level. On the whole, this has resulted in a situation of 'many actors and few (if any) strong leaders' (Montin 2005). However, there has been reason to assume that the *Stockholm County Council* has the potential to operate as a powerful regional actor and as such might serve as the most important platform to press ahead with metropolitan government. In fact, the cases of Helsinki and Stockholm differ remarkably in this respect: Unlike the Uusimaa Regional Council, the Stockholm

County Council is directly elected and levies taxes of its own. Unlike other Swedish county councils, its responsibilities are not confined to healthcare, but also include regional development and infrastructural planning. Moreover, we have seen that the county council's area of responsibility coincides to a much larger extent with the actual functional Stockholm region (the labor market area) than is the case in Helsinki.

In view of these framework conditions, it is no surprise that debates on regional cooperation and coordination have first and foremost been targeted at the territory of Stockholm County. Indeed, the Stockholm County Council offers an already existing politico-administrative platform that in principle allows for the tackling of ever more pressing policy challenges and problems on a city-regional level. Yet, we must not forget that at the end of the day, decision making in the council still depends largely on the municipalities' willingness to cooperate. Swedish municipalities have a similarly powerful position as municipalities in Finland. Therefore, they dispose of powerful means to obstruct the development and implementation of regional policies if they wish. As a matter of fact, this has been a major problem in the Stockholm region in recent years. First of all, joint decision making in Stockholm County has been structurally complicated by the fact that as many as 26 municipalities are involved in the decision making processes. Secondly – and even more importantly – I have shown that intermunicipal relationships in Stockholm County have turned out to be extremely difficult and tense, and as such the readiness to cooperate has been low. This applies in particular to the relationship of the 'core city' (the municipality of Stockholm) and the surrounding – and without exception much smaller – municipalities.

Moreover, 'regional mess' has constituted a particularly serious problem in Stockholm: the fragmentation of actors and the lack of coordination across different scales of political decision making has been enormous and has thus led to a severe mismatch and confusion as far as responsibilities, resources and political competencies are concerned. Therefore, the seemingly more favorable structural and institutional preconditions in Stockholm County have ultimately not been conducive to institutionalizing truly comprehensive forms of intermunicipal cooperation and metropolitan governance. Instead, the 'spatial fix' of metropolitan or regional decision making seems to have been even more contested than in the case of Helsinki (see the row 'target area' in the figure below).

	economic growth and competition	welfare and socio-spatial cohesion	Housing and transport	Intensifying regional governance
Incentives for cooperation	International competition (firms, cities)	*Ethnic* segregation in several neighborhoods	Sprawl, population growth, traffic, high rents	Strengthening the capital area in Sweden
Policy programmes	Metropolitan Development Initiative (*MDI*) Regional Development Programmes (*RUPs*) Inventing the 'Mälar Region'	*LDA's:* area-based anti-segregation strategies to revitalize disadvantaged neighborhoods	*'Regional plans':* land use and infrastructure development *Congestion tax:* reduce traffic, increase accessibility, improve air quality	Various tentative suggestions to reform the responsibilities, competencies and territorial outlines of Stockholm County
Main policy actors	*MDI, RUPs*: central government, local governance coalitions *Mälar Council:* municipalities, county councils, private actors	Central government, local governance coalitions	*'Regional plans':* Stockholm County Council, member municipalities *Congestion tax:* central government, municipalities	Central government, county council(s), municipalities
Target area	*MDI:* neighborhood level *RUPs:* county level *Mälar Council:* Mälar Region	Selected poor and immigrant-dense neighborhoods in the metropolitan area	*'Regional plans':* Stockholm County *Congestion tax:* central Stockholm	Mainly Stockholm County
Impediments and objections to metropolitan cooperation	Rural regions fear disprofits Lack of funding Tense inter-municipal relations 'Regional mess'	Unclear division of competencies and responsibilities Non-state actors are unwilling to cooperate	Municipal and national authorities weaken county council Tense inter-municipal relationships 'Regional mess'	Rural regions fear disprofits Municipalities defend autonomy Tense inter-municipal relations
Overall significance, success and results	No integrated metropolitan or regional growth strategy	Doubtful success of neighborhood-based anti-segregation strategies	'Missing link' between growth and cohesion No joint strategy	Little successful, purely *government*-oriented suggestions for metropolitan reforms.

Fig. 8.2.: Modes of Metropolitan and Regional Governance in Stockholm: An Overview

Regardless of the fact that some policy programmes have affected several policy fields (like the MDI, which relates to both economic competitiveness and socio-spatial cohesion), it is evident that there is no all-encompassing and joint metropolitan strategy detectable. Similar to the Finnish capital region, metropolitan cooperation appears to be fragmented into various actor coalitions, initiatives and policy goals.

As regards *economic growth and competitiveness*, Swedish politicians, academics and other experts have become progressively more aware that joint regional strategies will be needed if Stockholm is to maintain its extraordinarily prosperous and internationally competitive economy in the long run. Thus far, however, hardly any concrete steps have been taken in this direction. For example, no all-encompassing national governance strategies comparable to the Finnish *Centres of Expertise* have been launched. Firstly, each of the three abovementioned attempts to set up economic growth policies on a supramunicipal level (*MDI*, *RUP* and the *Mälardalsradet*) has put forward a different understanding of the Stockholm region's territory (metropolitan region, Stockholm County, Mälar Region). Furthermore, all of these attempts have hitherto yielded very modest results: they have suffered from a lack of funding, the municipalities' reluctance to cooperate and the problem of an unclear distribution of political responsibilities and competencies among local, regional and national policy actors. Finally, the business sector has not played a very pronounced role in these growth coalitions. In those cases where private actors were expected to adopt a significant role as governance actors, they were either unwilling to do so (as in the *MDI* in Stockholm) or the governance platforms have proved to be very loose, informal and not endowed with enough discrete decision making power (like in the *Mälardalsradet*).

The situation is somewhat different if we consider policies directed at guaranteeing *socio-spatial cohesion* and fighting segregation on a metropolitan level. Unlike in Helsinki, where no anti-segregation policies have been implemented on a supramunicipal level, in the late 1990s the Swedes set up *Local Development Agreements* (which are a part of the *MDI*) for the three biggest Swedish metropolitan areas as the first national, area-based anti-segregation strategy ever. *LDAs* are spatially customized programmes that attempt to improve the situation of poor and immigrant-dense neighborhoods. Initially, they were designed as multilevel and explicitly gover*nance*-oriented initiatives that sought to integrate and activate non-state actors such as local business and civil society. However, in Stockholm they soon faced various difficulties and obstacles. Firstly, non-state actors were rather disinclined to contribute to the programme. Secondly, the unclear allocation of responsibilities and decision making powers ('regional mess') to the participating groups of actors by and by undermined the coalitions' capacity to make decisions effectively. Finally, doubts have also been raised over whether neighborhood-based strategies like the *LDAs* are an appropriate means of combating socio-spatial segregation in the met-

ropolitan area as a whole. Thus, by and large we can say that anti-segregation programmes for the Stockholm region have until now been of questionable merit. This, however, is not to devalue the fact that Swedish politicians have actually managed to implement policies of socio-spatial cohesion on a level *other* than the entire country or the municipal level. It is still too early to assess the overall success of the *LDAs* and the fact that scholars have questioned their overall appropriateness is no reason to hastily discard them altogether.

Just as in Helsinki, metropolitan and regional cooperation is a particularly crucial task as far as the current challenges related to *housing and infrastructure development* are concerned. Increasing congestion, a lack of housing and skyrocketing rents are all symptoms of rapid metropolitan growth and call for quick reactions and joint solutions. As mentioned above, at first sight the *Stockholm County Council* appears to be the most appropriate authority to address these issues in a comprehensive manner. However, up to now difficult relationships among the member municipalities and their insistence on the 'municipal planning monopoly' have obstructed the formulation of joint regional housing and infrastructural policies in the county council. This becomes particularly evident as soon as we take a look at the debates preceding the implementation of the *Stockholm Congestion Tax*. On the one hand, it is certainly welcome to see that a programme has been implemented that will help to reduce traffic in central Stockholm, improve air quality and the overall quality of living. However, it is important to add that this decision has not been based on an agreement among the municipalities in the metropolitan area or in Stockholm County. Instead, it was the *central* government that imposed the decision – probably because the municipalities in Stockholm County would have never have come to an agreement on their own.

This latter example demonstrates two things. Firstly, it shows that metropolitan reforms can also be advanced 'externally', i.e. by superordinate authorities like the central government. Secondly, however, it also indicates that in the Stockholm region, intermunicipal rivalries and disagreement clearly seem to outweigh the will to cooperate today. Nonetheless, the awareness that more cooperation is needed has clearly increased in recent years. Furthermore, many politicians and scholars have conceded that purely government-based attempts to reform the competencies or outlines of Stockholm County are unlikely to solve the wide-ranging and diverse problems at stake. In fact, a formal metropolitan or regional government reform will probably be of no use as long as the most relevant actors, above all the municipal authorities, are not ready to make use of these formal institutions (such as the county council) available to cooperate more closely. Therefore, instead of launching heavy-handed government-reforms, it seems that all relevant policy actors in the Stockholm region should first take small and incremental steps to determine the existing 'common ground' and scope for joint action.

It is quite obvious that current modes of metropolitan governance in Helsinki and Stockholm differ significantly in many respects – despite the broadly shared context they are embedded in and the almost identical challenges and problems they are facing today. To what are these differences due? Can we explain them by referring to the structural dissimilarities highlighted in chapter 6.2., where I illustrated that the Helsinki region is more *polycentric*, and that the discrepancy between the functional and administrative region is much less evident in the case of Stockholm? While these differing structural contexts have no doubt influenced the pathways of urban and metropolitan governance in both cases, it would be wrong to expect that they can *explain* the obviously differing modes of governance. Instead, the explanatory limits of structural factors become evident once we recall our line of argument. In chapter 6, I emphasized that the Stockholm region offers better structural preconditions upon which comprehensive and integrated modes of governance could be established. However, throughout chapter 7 it has become clear that it is in Helsinki where we currently find the more advanced and – on the whole – more successful forms of metropolitan cooperation and governance. In Stockholm, policy changes have occurred more slowly and in a more cumbersome way, and decision making mostly still occurs in terms of govern*ment*. Yet, in Helsinki the shift towards multilevel gover*nance* appears to be somewhat more pronounced – and policy actors have been more willing to accept and explicitly push ahead such an overall shift to find appropriate answers to the current problems and policy challenges.

What are we to conclude from this? First and foremost, the comparison of Stockholm confirms one central assumption of authors who have been skeptical of drawing conclusions in a determinist and functionalist way: Structure and context cannot explain everything. Whereas it is clear that *similar* challenges in *different* contexts are likely to produce dissimilar results, the comparison of Helsinki and Stockholm shows that *similar* challenges occurring in *similar* contextual environments do *not* necessarily also engender similar policy results. Instead, the question is whether (and to what extent) the potentially relevant policy actors are willing and able to join forces in order to set up new modes of metropolitan governance. In other words: not only context, but also agency matters!

By and large, it is certainly fair to conclude that more sophisticated forms of metropolitan cooperation and multilevel governance arrangements have prospered in Helsinki since the 1990s than has been the case in Stockholm. However, to preclude misunderstandings, let me emphasize that this is not to claim that the partial shift from urban government to governance (as it has occurred in Finland) is to be regarded as a more preferable and promising form of governing *per se*. Despite all contextual similarities, Helsinki should not be treated as a 'role model' for Stockholm (as it is partly done in the OECD Territorial Review on Stockholm). The

Swedish capital has to find its own way to react to the latest challenges. Moreover, it would be fallacious to believe that an all-encompassing form of metropolitan governance has already become institutionalized in the Helsinki metropolitan area today. It is true that comprehensive, though also rather loose, forms of metropolitan governance have been established as regards economic growth and competitiveness. However, we have also seen that the equally pressing challenges to set up metropolitan anti-segregation programmes and integrated housing and infrastructure policies have not yet yielded satisfying policy results. Hence, metropolitan cooperation has remained fragmented and incomplete in *both* capital areas. In both cases, policy actors have not managed to jointly react to the abovementioned challenges in an integrated manner. It is evident, though, that an increase in metropolitan cooperation and coordination will be essential if the defining features of Nordic welfare societies (socio-spatial cohesion, egalitarian standards of living and broad access to generous social services) are to persist in the two biggest Nordic capital areas in the long term. Considering the political reality in Helsinki and Stockholm, it is highly unlikely that these forms of cooperation will occur in the sense of metropolitan mergers, with fully-fledged metropolitan governance in the foreseeable future. In other respects, however, it is an entirely open question as to what exact pathways Stockholm and Helsinki will take in order to institutionalize more advanced forms of metropolitan and regional governance in the years to come.

8.2. Reconsidering the Applicability of Neostructuralist and Neo-Weberian Hypotheses to Metropolitan Helsinki and Stockholm

How much significance can Brenner's neostructuralist account of state spatial restructuring and successive phases of governance in Western Europe claim for the cases of Helsinki and Stockholm? How plausible does Le Galès' European City hypothesis appear once we take a look at the ongoing governance transformations in these two Nordic capitals? It is to these questions that I will now turn. Let me first reconsider some crucial statements and concepts of both approaches in the light of my comparative study, before I finally assess how far currently dominant modes of governance in Helsinki and Stockholm coincide with the competing statements on modes of governance in urban Europe as put forward by Brenner and Le Galès.

'New State Spaces' in Finland and Sweden?

One core element of Brenner's approach consists in what he calls the process of 'state spatial restructuring'. This idea points to the fact that new forms of govern-

ance coalitions have emerged which tend to surface and operate on scales that do not always coincide with the 'traditional', firmly institutionalized scales of state power (the national, municipal, regional level). On the one hand, this distinction has become very important and in fact points to developments which are identifiable in both the Stockholm and Helsinki region: whereas political decision making in the Nordic countries mostly occurs on the national and the municipal level, we have seen that it has been much less developed on a regional scale. However, due to the fact that recent transformations have called for more cooperation on exactly such an intermediary level, there have been attempts to establish governance arrangements in metropolitan areas or city regions. This is what Brenner means when he speaks of the emergence of 'new state spaces' and claims that they "are produced (…) through a mutually transformative evolution of (inherited) spatial structures and (emergent) spatial strategies within an internally differentiated, continually evolving grid of state institutions and regulatory projects." (Brenner 2006: 38)

To raise this issue is certainly crucial, since we have to understand that today, political decision making does not exclusively take place as 'government' within the confines of well-institutionalized scales, but also in the form of elusive governance-coalitions that operate on alternative, sometimes hardly tangible scales. Notwithstanding the welcome insights Brenner's writings offer, I think that there is reason to be skeptical of his choice of words in the following phrases: '*new state spaces*' and '*state spatial restructuring*'. The problem is that these concepts suggest a rather strong picture of *state reform*. They imply a significant alteration of the composition and geographies of state authorities. Does this diagnosis really apply to Helsinki and Stockholm? These terms would no doubt be appropriate if political decision makers had decided to set up integrated and directly elected metropolitan governments as a new scale of political decision making which complements already existing authorities such as city councils, county councils and the central government. In reality, however, we have seen that municipalities in both capitals have been very reluctant to take this step and ultimately, the formal institutions of state power have remained the same.

This is not to deny that (especially in Finland) novel arrangements of state- and non-state actors have appeared on a metropolitan and regional level today – and these coalitions also have the capacity to take politically relevant decisions. The point is, however, that they have for the most part been loosely institutionalized, informal and often temporary gover*nance* coalitions and as such have not produced 'new state spaces' in a strict sense. State representatives are (by definition) a part of governance arrangements, but this does not make these coalitions *state* authorities themselves. As a consequence, under the conditions of multilevel governance it is somewhat misleading to claim that 'new state spaces' have surfaced in Finland or Sweden. Instead, it appears more appropriate to state that '*new spaces of politics*' have emerged. It is not first and foremost the alteration of the state apparatus we are

witnessing today, but rather the differentiation of politically relevant coalitions who operate on various (and partly novel) scales. As the examples of Helsinki and Stockholm show, a thorough spatial reorganization of political power within and between urban regions can occur *without* a change in the formal setup of state institutions.[51]

A Systematic Reorganization of State Spatiality Since the 1970s Throughout Western Europe?

One of Brenner's main points in 'New State Spaces' is that it is possible to extract some shared elements of a systematic reorganization of Western Europe since the 1970s. While he is aware of national and regional peculiarities and path dependencies, he holds that "the landscape of western European statehood has been reshaped by successive phases of urban governance and state spatial restructuration that can be analyzed in general terms, across multiple national contexts." (Brenner 2004: 18) According to Brenner, subsequent phases of state spatial restructuring and governance transformations since the 1970s have brought about an all-encompassing shift from a welfare-oriented and redistributive policy paradigm towards a more monetarist, growth- and competitiveness-oriented one. Endogenous growth strategies became dominant in the second half of the 70s; 'urban locational policies' and local entrepreneurialism prevailed in the 80s; and crisis management strategies and 'competitive regionalism' have become the leading principles of urban and metropolitan governance since the early 1990s (chapter 3.1.).

This narrative of consecutive phases of urban governance might be an apt summary of how a number of countries across Western Europe have developed throughout the past three decades. However, once we take a look at this study, it is evident that Brenner's description hardly applies to Finland and Sweden. In fact, the chronological sequence of events since the 1970s has been of a blatantly different nature in these two countries: Unlike in many other parts of Western Europe, the paradigm of national Keynesianism was barely threatened by the socio-economic upheavals in the mid-1970s. As demonstrated in chapter 5, the very recognition of the Nordic countries as a distinctive and unique 'world of welfare capitalism' has been based on the fact that they could retain their state-led, welfarist social democracies and prosperous economies with virtual full-employment throughout the 1970s and 1980s, while most others couldn't. Instead of 'local entrepreneurialism' and 'locational policies' in the 1980s, it was only the devastating crisis in the early 1990s that seriously threatened the Nordic welfare model. Without doubt, there are also some elements in Brenner's account that aptly describe the developments in

[51] In this sense, the notion of a 'restructuring of spaces of politics' also gives a more apt description of present developments in these two capital regions than the concept of 'state spatial restructuring'.

Sweden and Finland. For example, his statement that the pressure to promote the international competitiveness of city regions has become ever more important since the early 1990s also applies to the Nordic countries, and it is true that we can also detect the emergence of customized national urban policies today. However, Brenner's *overall* depiction of successive phases of urban governance and state spatial restructuring fails to capture the development of Finland and Sweden throughout the past three or four decades.

Nordic Cities as 'Incomplete Societies' and Politically Relevant Collective Actors?

In 'European Cities', Le Galès has referred to Max Weber to argue that not only medieval occidental cities, but also contemporary European cities (at least some of them) can be described as 'incomplete societies' and politically relevant 'collective actors'. Three points are crucial for Le Galès in order to understand cities of Europe in this sense: Firstly, he emphasizes the strong role of the public sector in urban policies in Europe; secondly, he nonetheless highlights the importance of the current shift from urban government to governance; and finally, he stresses that European cities have not disappeared within proliferating metropolises, but have remained important as *cities*. How plausible do these assertions appear if we look at the state of the art of modes of governance in the capital regions of Helsinki and Stockholm?

As regards the *state-centeredness of urban policies* in Europe, we can find Le Galès' assessments clearly confirmed. Indeed, urban policies in Stockholm and Helsinki are highly state-centered in a twofold sense. Firstly, it is true that *municipal authorities* in the Nordic countries are not only administrative entities at the mercy of central governments, but powerful political decision makers that dispose of wide-ranging fiscal and political autonomies. Due to the extensive degree of municipal landownership, city councils have an enormous capacity for comprehensive and long-term land use planning. Secondly, this strong role of *local* state institutions coincides with powerfully intervening *central* governments, which have guaranteed balanced development and equal living conditions all over the country. This substantiates Le Galès' claim that national welfare states and their social and economic policies still have a large impact on the overall development of cities (Le Galès 2002: 175).

Despite the persistent role of the public sector, Le Galès also highlights that the recent *shift towards urban governance* has been crucial in reviving European cities as local societies and partly autonomous collective actors. He holds that these mixed coalitions of state- and non-state actors have helped to reconstruct our cities' collective identity: "The actors of these changes in cities come from associations, firms, and special interest, but also from local government and politics, which make differentiated modes of governance in European cities." (ibid.: 6-7) How marked has

the shift towards urban governance been in Helsinki and Stockholm? To some extent, the far-reaching similarities between these two capitals come to an end here, as I have demonstrated that the shift towards governance coalitions occurred in a significantly more pronounced way in Finland than this has been the case in Sweden. This especially concerns the extent to which the *private business* sector has become part of urban governance coalitions. In other respects, however, it appears that the shift from urban government to governance has been rather modest in both countries thus far. For instance, Le Galès' concept of European cities as collective actors also implies that *citizens' movements* have come to play a key role in urban governance arrangements today. Yet, such a development is hitherto not detectable in either of the two capital regions examined. Likewise, the role of mayors as the key figures of urban political decision making (another point which is of vital importance for Le Galès' understanding of European cities) has been much less pronounced than in other parts of Western Europe. Regardless of the fact that there are signs that the role of Nordic mayors has recently been upgraded (especially in Helsinki), on the whole political decision making in Swedish and Finnish cities still occurs in a highly corporatist manner, with many actors and few (if any) individual leaders.

Finally, one of Le Galès' crucial statements is that *European Cities can and must still be regarded as cities, not as metropolises* (Bagnasco and Le Galès 2000: 3; Le Galès 2002: 23). Some authors have suggested that cities do not play a distinct political and societal role anymore, since it has become virtually impossible to delimit them from their immediate surroundings. As a consequence, they claim that cities tend to disappear within sprawling and diffuse metropolitan areas. Allegedly, they have become unable to take decisions as distinct political actors, because the international pressure for economic growth requires the competition of various city *regions and metropolises* across several countries. Disagreeing with these statements, Le Galès claims that "there is a point at which coordinating activities at the scale of the city region come into conflict with other logics, especially with the political logic of cities and their longevity." (Le Galès 2002: 247) These doubts appear to be well-justified once we take a look at the debates on metropolitan reforms in Helsinki and Stockholm, because it would be entirely wrong to say that the municipalities in these two capital regions have recently lost their political relevance or importance to a strengthened metropolitan area or city region today. Instead, we have seen that in both cases, municipal authorities remain the key actors as regards metropolitan reforms: they have the capacity to promote metropolitan cooperation and integration – but they are also strong enough to obstruct and hamper it. In reality, local autonomy and pride, intermunicipal antipathies (especially between the 'core city' and the surrounding municipalities), competition for taxes and residents, and dissimilar politico-administrative apparatuses have severely complicated metropolitan reform processes. Thus, the cases of Helsinki and Stockholm underpin the claim

that European cities have been shown to be robust and persistent not only as far as their physical structure is concerned, but also as regards their role as collective actors and local societies: municipalities vigorously defend their own interests and are endowed with a strong local identity.

Reconsidering the Overall Plausibility of Neostructuralist and Neo-Weberian Hypotheses

Let us now return to a core issue that has permeated this book: Brenner and Le Galès both state that we can, despite all the existing national and regional peculiarities and differences, detect a certain common ground and a similar direction of impact as regards modes of urban governance across Western Europe today. However, we have also seen that they have disagreed on the main characteristics and the overall content of these supposedly pan-European commonalities. In a nutshell, *Brenner*'s diagnosis has been that the paradigm of international economic competitiveness has become the superior principle of urban governance in Western Europe today. Policies targeted at promoting social inclusion, welfare and sustainability are not absent, but have been degraded from an end in themselves to a mere instrument so as to promote the international competitiveness of a certain city or city region. In this sense, currently ongoing metropolitan reforms represent little more than 'regionalized growth policies', where e.g. intraregional territorial cohesion is merely seen as a prerequisite for advancing more aggressive forms of interregional economic competitiveness. *Le Galès*, however, disagrees with this appraisal. He argues that due to their unique historical, institutional and normative context, European cities are able to successfully establish modes of urban governance that reach beyond the mere paradigm of competitiveness. In his opinion, it is this capability to implement 'mixed modes' of governance (a compromise between social inclusion, cohesion, welfare, economic growth and sustainability) that makes for their 'Europeanness'. Taking a look at the arrangements, debates and reforms of urban and metropolitan governance in Helsinki and Stockholm, which of these two scenarios appears more appropriate – Brenner's more bleak and defeatist one, or Le Galès' more emancipatory and optimistic one?

It cannot be denied that the principle of international competitiveness and growth has become an ever more important factor that has decisively shaped urban and metropolitan policies in Helsinki and Stockholm throughout the past decade. The Finnish and Swedish economies are nowadays largely based on the knowledge-intensive sector (which operates globally), and Helsinki and Stockholm have been the most important beneficiaries and engines of this rapid structural change within their country. It is equally true that the social democratic Nordic political culture with its features of consensus, egalitarianism and universalism is not as uncontested as it was before the 1990s. In fact, we have seen that in both countries, debates have

emerged on whether the standardized and redistributive universalistic policies have come to represent a major impediment to national wealth and prosperity (rather than its most important foundation) these days. At first sight, these points thus seem to suggest a triumph of the principles of economic growth and competitiveness, just as Brenner claims.

However, the key question here is whether programmes of social inclusion, welfare, cohesion and sustainability have really been *degraded* to mere subordinate instruments whose main purpose it is to boost economic growth and competitiveness (as Brenner claims). Taking a look at the empirical comparison of Helsinki and Stockholm in the preceding chapters, it is evident though that there are hardly any signs that would allow us to draw such a conclusion. The most obvious indication for the fact that Sweden and Finland have not switched over to purely entrepreneurial and growth-oriented urban policies is that the principle of universalism has *not* been abolished in these countries. According to an entirely growth-oriented and competitive policy, it would be counter-productive to maintain policies that redistribute tax money from prosperous (capital regions) to less prosperous regions. Instead, it would be desirable to further boost the most successful parts of the country so as to push their international competitiveness as far as possible.

Without doubt (as demonstrated in chapters 6.3. and 7.1.), the pressure to increase metropolitan cooperation for the sake of enhancing economic growth and international competitiveness has risen significantly since the 1990s in Stockholm and Helsinki. But we must ask if these pressures have also spawned concrete policy reforms. Have they led to a significant shift in modes of governance? In the Stockholm region, policy actors have been aware of this challenge, but in reality, other priorities (such as the defense of municipal privileges and autonomies) and the problem of 'regional mess' have impeded the institutionalization of joint metropolitan growth strategies. In Helsinki, where the institutionalization of growth-oriented governance arrangements has been more marked, these growth coalitions have still been embedded in a national programme which aimed at guaranteeing a territorially balanced distribution of these growth programmes across the entire country (the 'Centres of Expertise' programme).

As a result, the comparative study has shown that in Stockholm as in Helsinki, economic growth strategies and customized urban and regional policies have gained importance since the 1990s. However, this has not led to an overall degradation of strategies of social inclusion, welfare and sustainability. Instead, they have by and large retained the discreteness and vital importance which has been so typical of Northern Europe for several decades. In some cases, anti-segregation or anti-poverty initiatives exist alongside economic growth strategies in one overarching policy programme; sometimes they coexist without any clear connection in separate, parallel programmes. In other cases, they might come into conflict with each other as competing strategies. In practice, however, drawing a clear line between these

ideal-typical options is very difficult, and identifying the actual relationships among differing strategies, goals and principles is often virtually impossible. The most striking examples are infrastructure and housing policies, which (apart from the fact that they are important for their own sake) are closely related to the field of economic growth and competitiveness, but are at the same time vital for guaranteeing socio-spatial cohesion and the controlled and sustainable development of a city region.

Given the fact the institutions of the Nordic world of welfare capitalism have remained largely intact, the main problem today does not seem to consist in the threat that Stockholm and Helsinki would be at risk of falling prey to a purely economistic and neoliberal policy paradigm. Instead, the most pressing question is whether governance coalitions will be established that are capable of jointly addressing the enormous impending challenges related to social cohesion and welfare, sustainable metropolitan growth and international competitiveness. As mentioned before, the municipal authorities will not be the only actors participating in the institutionalization of these coalitions. Yet, given their extensive decision making capacities, which allow them to push ahead, but also obstruct the formation of these governance networks, their readiness to cooperate and overall behavior will be decisive for the eventual success or failure of governance coalitions. In view of the seriousness of the impending problems Helsinki and Stockholm are facing, the question cannot be *if* more metropolitan cooperation is needed. Instead, the main issue is *how on what scales and with what main objectives* state and non-state actors decide to cooperate in order to tackle the shared problems on a supra- and intermunicipal level.

Let us not forget that metropolitan cooperation is certainly not to be seen as a panacea: as many examples of earlier attempts to create metropolitan mergers (especially in the 1960s and 70s) have clearly shown, it is possible that these amalgamations may weaken the overall capacity to act, whilst undermining democratic accountability in city regions, aggravating intermunicipal tensions and provoking the suspicions of the population. Analogously, the defense of local autonomy must not be regarded as an intrinsic value, either: In fact, there is a fine line separating a warrantable protection of the achievements a city has made as a powerful 'local welfare state' with a distinct local identity on the one hand – and an attitude which blindly rejects any kind of metropolitan reforms due to the fear of losing a part of this autonomy, or due to a reluctance to cooperate with unpleasant neighbors on the other.

It is abundantly clear that the remarks in this concluding chapter have for the most part confirmed Le Galès' neo-Weberian hypothesis on currently prevailing modes of governance in urban Europe, while the neostructuralist narrative appears to be partly at odds with the insights we have gained from this comparative study on Helsinki and Stockholm. Yet, this is not to suggest an overall confirmation of

the neo-Weberian account and a general rejection of the neostructuralist account! In a strict sense, this book solely indicates that Le Galès' thoughts on the current development in Western European cities seem to apply rather better to the case of Stockholm and Helsinki than the neostructural account. In a somewhat broader sense, we could claim that this book serves as a first substantiation of the aforementioned hypothesis (chapter 4) that cities in the Nordic countries might represent the ideal-typical features of the 'European City' particularly well. In order to further corroborate these assumptions, more empirical studies on presently prevailing modes of governance in other Nordic cities will be needed – and in fact, I am now planning to embark on a book project which focuses on governance transformations in the transnational city region of Copenhagen-Malmö. In order to become clearer about the current pathways of urban governance in European cities and their geographies, it is necessary to conduct more empirical comparative research in a systematic way in the years to come. By pursuing such an *inductive* approach, we can thus hope to gain deeper insights about the existing 'landscapes' of urban policies and politics in Europe: What kind of modes of governance tend to prevail in a certain region, country or group of countries? In what way do these patterns correlate with the differing worlds of welfare capitalism? Can we detect enough similarities across urban Europe in order to legitimately keep up pan-European hypotheses such as the neo-Weberian or neostructural ones – and if yes: which of these accounts can claim more validity for different parts of urban Europe? I suggest that these questions should be at the heart of urban governance analyses to come – and if some readers think that this book has made a useful contribution for the capital regions of Stockholm and Helsinki in this spirit, I would be happy to see that it has achieved its ultimate objective.

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