



# RESEARCH PAPERS

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*Institut for Samfundsvidenskab og Erhvervsøkonomi*

**Research Paper no. 8/03**

**Welfare and Urban planning in  
transition**

**- A Copenhagen Case Study.**

**John Andersen & Gestur Hovgaard**

**Roskilde University, Denmark**

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**Research Papers from the Department of Social Sciences, Roskilde University, Denmark.**

**Working paper series**

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## Abstract (DK)

På Institut 8 har forskning i social eksklusion og inklusion, velfærdspolitik og velfærdsmodeller i mange år været et centralt forskningsfelt. Forskningen har både været på makro og mikro niveau: fra velfærdsregimernes politiske økonomi, til sociale forsøgsprogrammer og netværksstyring på det kommunale og lokale niveau.

Projektet "Urban Redevelopment and Social Polarisation in the City" (URSPIC) har været et komparativt projekt på mesoniveauet: en analyse af store internationalt orienterede "flagskibsprojekter" i 13 europæiske storbyer, herunder deres påvirkning af forskellige befolkningsgruppers levevilkår og magten over byrummet.

Projektets udgangspunkt har været, at globaliseringen har medført en skærpet bykonkurrence, hvor de enkelte byer bevidst lægger strategier for at styrke deres konkurrenceposition overfor andre storbyer. Disse strategier udmøntes i ambitiøse "flagskibsprojekter", der skal fungere som lokomotiver for en vækstorienteret revitaliseringsstrategi.

Spørgsmålet er så, hvordan sådanne vækststrategier påvirker fordelingen af levevilkår og politisk magt. Skærpes ulighederne og fører vækststrategierne samlet set til social polarisering i form af ghettoseringstendenser etc. Eller kan en eventuel vækst tværtimod være løftestang til at videreudvikle velfærdsbyen, hvor der på samme tid er plads til solidaritet og positiv forskellighed?

Forskningsprogrammet var bygget op af 13 casestudier af strategiske byudviklingsprojekter i følgende byer: Athen, Berlin, Bilbao, Birmingham, Brussel, København, Dublin, Lille (Franskrig), Lissabon, London, Napoli, Rotterdam, Vienna. Disse casestudier har set på konflikterne og rationalerne i projekternes designfase, i deres gennemførelsesfase, samt effekten (outcome), når projekterne var gennemført.

Den velfærdsstatslige, politiske, institutionelle og socio-økonomiske kontekst, samt planlægningsprincipperne bag de forskellige projekter var meget forskellig. Det hollandske eksempel, Rotterdam, byggede f.eks på princippet om "social return", dvs social kompensation til fattige bydistrikter i forbindelse med lokalisering af nye virksomheder. Ideen var, at når der f.eks placeres nye virksomheder i et område, der trænger til et velfærdsmæssigt løft, skal byplanlægningen, arbejdsmarkedspolitikken m.v. også have et særligt løft i området.

I Danmark er velfærdsstaten, modsat andre steder, et stykke henadvejen i stand til at modificere tendenser til skarpere opdeling mellem "byens vindere" og "byens tabere". Den langtidsarbejdsløse har mere at gøre godt med i Sydhavnen end i Napoli. Og selv om der både i København og Napoli er tendenser til en mere polariseret social geografi, så gør velfærdsmodellerne (herunder boligpolitikken), en markant forskel. I Danmark er f.eks kvarterløftsprogrammerne med til at tilføre ressourcer til bydele, der i særlig grad bærer de sociale omkostninger ved omstillingen fra "den klassiske industriby" til "den postindustrielle by", f.eks Kgs. Enghave i København..

I København blev Ørestadsprojektet valgt som case. Det blev det, fordi det var et oplagt eksempel på et omfattende projekt, der fra starten var tiltænkt en strategisk rolle, som globalt og regionalt orienteret vækstudviklingsdynamo i den transnationale Øresundsregion. Samtidig var Ørestadsprojektet, som et statsligt-kommunalt aktieselskab, udtryk for en ny måde at styre og planlægge byudvikling på. I det danske casestudium har det dog ikke været muligt at sige meget om Ørestadsprojektets mere langsigtede påvirkning af uligheder på arbejdsmarkedet, på boligmarkedet osv, da projektet først er i begyndelsen af implementeringsfasen. Derimod har det været muligt at analysere interessekonflikter i projektets designfasen, og til dels i implementeringsfasen.

#### Publikationer:

Nogle af projektets publikationer findes på projektets web-side: <http://www.ifresi.univ-lille1.fr> vælg URSPIC. Delrapporter er også tilgængelige på: [www.ssc.ruc.dk/workingpapers](http://www.ssc.ruc.dk/workingpapers).

Den afsluttende bog kom i 2003:

The Globalised City. Oxford University Press. 2003. Frank Moulaert, Arantxa Rodríguez, Erik Swyngedouw (eds.). Denne bog indeholder et kapitel om den danske case:

Endvidere er der i et temanummer af Geografische Zeitschrift, 2002, no. 1., samt i særnummer af European Urban and Regional Studies, 'Social Polarization in Metropolitan areas: the role of new urban policy'. Vol. 8, 2 (April 2001).

### **Abstract (UK)**

This research report is based on work in the EU 4.th FP., TSER-project: Urban Redevelopment and Social Polarisation in the City (URSPIC) (Moulart, Swyngedouw and Rodriguez; 2003)

The general point of departure in the study is that the analysis of democratic participation and political citizenship cannot be separated from issues of (re)distribution and social citizenship, and that empirical studies in urban policy is an useful way to highlight this issue. The complexity of urban policy is clearly illustrated by the relationship between inclusive democratic governance and its linkages to different scales of politics and space, ranging from neighbourhood to city, regional, national and transnational levels.

The report summaries the objectives of the Urban Development Programme (UDP): the Copenhagen Oerestad project, its institutional form and the conflicts in the phases of design and implementation which arose around the neo-elitist type of governance embodied in the UDP. The urban governance changes are interpreted in a broader historical context with emphasis on how the transition towards a new post-industrial economy and urban form was mediated via political and institutional struggles over the form and content of urban planning in Copenhagen. The UDP is analysed as an outcome of a transformed Copenhagen urban regime and a changed power matrix, which from the late eighties opened for a new state led and growth focused entrepreneurial urban and metropolitan regional policy. Finally, the challenges and dilemmas for overcoming the dualism of present urban governance

between neo-corporate growth regimes and participatory and welfare oriented policy paradigms is elaborated upon.

The Danish urban development project, the Orestadsproject, embodies larger transitions of Urban planning and governance in Copenhagen. Up till the seventies, urban policy was characterised by top-down rational planning. The postwar "Golden Age of the Welfare City" rested on a strong centralised City Hall administration in the hands of a powerful Social Democratic leadership since the beginning of the 19<sup>th</sup> Century. During the seventies, the efficiency and legitimacy of the regime was challenged by: (i) a weakened urban economy due to industrial decline and demographic changes, which eroded the tax-base and (ii) powerful leftist forces and successful mobilisation from new urban movements. The latter challenged the top-down oriented style of planning and governance, and mobilised for a community based participatory urban regeneration. In the beginning of the eighties a situation of political and institutional dislocation of the regime fused with a financial crisis of the City. This in turn increased the conflicts over additional grants with the state level . From the late eighties and onwards a state initiated pressure for strategic growth policy became manifest and a gradual shift towards an "Entrepreneurial City" strategy - linked to a cross-border regional strategy - became the new orientation of urban policy during the nineties. The Danish UDP became a result of the formation of a strategic "growth partnership" between the state and the Capital. In this strategy the Orestadsproject is the flagshipproject of the Oresunds region

At the start of the millenium the urban policy orientation and governance can be characterised by the duality between:

1. Participative empowering welfare oriented strategies, which target deprived districts and neighbourhoods, and are based on notions of the diverse and solidarity City.
2. Neoelitist/corporative market driven strategic growth strategies, which are based on notions of the Entrepreneurial City.

**Keywords: Urspic, Ørestad, Centre for Urban Studies, Social exclusion, workfare**

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## **Welfare and Urban planning in transition**

### **- A Copenhagen Case Study.**

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# 1. Introduction

## 1.1. Between elitist and inclusive planning

This report argues that recent changes in urban and regional planning in Denmark fundamentally challenge some of the basic principles in the Scandinavian Model. As a type of Welfare Regime the Scandinavian Model is well known for its inclusive democratic governance, in which public movements and local autonomy have a key role to play. With the rise of a new kind of market oriented Urban Development Planning (UDP) - based on the notion of “Entrepreneurial Cities” - the inclusive principles of the Danish planning system to some extent have been replaced or rather challenged by renewed elitist and corporate strategies.

The paradigmatic case (Flyvbjerg, 1990), on this new kind of elitist/corporate UDP is the Oerestad project in Copenhagen. The Oerestad project originated in the late 1980s as an ambitious plan to construct a new and dynamic town-center on unused soil in the middle of Copenhagen. This idea of a new growth-dynamo grew out of the attempts of the Copenhagen City Council to combat the industrial decline, economic stagnation and growing problems of social exclusion in the city since the late 1960s. But this example of urban planning reaches far beyond its local magnitude and involves geographic, sector and social dimensions of change, and as such it is a clear cut example of a strategic oriented transition towards the global post-industrial economy and urban form.

First, the Oerestad project is an example of the rise of “Urban Entrepreneurialism” (Jessop, 1998), as it was launched as a necessary mean to create a dynamic international growth center to manage an intensified competition between European urban centres, and to attract investments from the dynamos of the new service based post-industrial economy (Matthiessen, 1993). Instead of an urban and regional policy that had emphasized interregional and inter-municipal equalization based on national means and ends, this project emphasized the need for an internationally oriented “growth-regime” in fostering local, regional and national development.

Second, the Oerestad project also exemplifies an intensified regionalisation, as Copenhagen – and the Oerestad in particular – were launched as pivotal points in the creation of a cross border region: The Oeresund Region. Five administrative units on Zealand and Skaane make up the region, which is seen as a strategic unit to create a Scandinavian growth region that could match its European counterparts, a vision that in its modern form can be traced back to the ideas of the “Scandinavian Link” (i.e. motorroads and bridges all the way from Finland and Sweden via Denmark to Germany).

In the third vein, The Oerestad project illuminates a tension and dualism between two planning rationalities, i.e. between the corporate/elitist and market oriented UDP and new forms of inclusive planning or “empowerment governance” (Fotel & Andersen, 2003).

We argue that contemporary urban democracy can be characterised by a striking duality between:

1. New urban entrepreneurial governance in the form of neo-elitist/corporative market driven strategic growth strategies, which target investors and operate on a transnational scale. This type of “growth governance” is based on notions of the entrepreneurial city.
2. The new urban social (“neighbourhood welfare”) governance consisting of empowering inclusion oriented community strategies, which target deprived districts and neighbourhoods and create a new democratic terrain open to social mobilisation. This empowerment governance trend is based on notions of the inclusive city. In many cases, it involves elements of deliberative democracy and politics of empowerment and inclusion.

The tension - and a possible mediation - between the elitist market orientation and the inclusive welfare orientation respectively, represents both a theoretical and an empirical challenge to research dealing with the politics of empowerment and inclusion, not only at the level of local government, but also at the regional, national and transnational levels.

## **1.2. Widening gaps.**

In contrast to the “Entrepreneurial City” the new forms of participatory planning were based on the notion of the “Inclusive City”, a planning rationality based on strategies of empowerment and targeted towards deprived areas and regions. So in fact, besides the path breaking linkage between urban and regional regeneration into an elitist growth regime, the late 1980s also witnessed a more open and pluralistic style of urban renewal. This form of governance was based on ideas of communicative and incremental planning with a strong participatory orientation (Sehested 2002). The paradigmatic case of this new kind of “inclusive planning” was the so-called “Kvarterløft-programme”, whose objective was defined as “holistic social action programmes in deprived neighbourhoods” (Andersen et.al, 2003).

Through the 1990s, and especially after the Social Democratic government from 1992, these two forms of planning have evolved continually. But with the Liberal/Conservative government since 2001 a dramatic turn has taken place. The institutional framework around urban planning is fundamentally changed, as the entrepreneurial side has been clearly upgraded and the participatory side downsized. The most clear cut example on these asymmetric institutional changes was the abolishing of the Ministry of Urban Affairs for the first time in Danish history. With the abolishing of the Ministry, physical planning was transferred to the Ministry of Business (“Erhvervsministeriet”) and the “Kvarterløft”-programme transferred to the new Ministry of Integration, hence turned in to a question of ethnic related tensions in the neighbourhoods, and with some budgetary cuts as well.

Furthermore, the government announced a transformation of parts of the Social Housing sector into private ownership. Law should guarantee tenants the right to buy apartments in Social Housing estates; a policy inspired by the UK-experience under the Margaret Thatcher regime. Despite the fact that strong legal and political criticism made the proposal disappear – at least in the first run -, it is also a

fact that the housing policy for the first time in Denmark has been so sharply challenged by a government.

With the recent institutional and political changes, urban policy is no longer a comprehensive holistic district policy field, but is now split into separate entrepreneurial and ethnic issues. This will most likely lead to a further widening of the gap between the two faces of urban policy.

### **1.3. Purpose of the report**

The general theme analysed in this paper is the linkages between the dominating strategy for economic growth and programs for social inclusion. And the ambition in the paper is precisely to discuss what forms of social exclusion and, which lessons of social inclusion that such an ambitious project of urban planning provides.

The missing links between the dominating strategy for economic growth and the programmes for social renewal in the deprived urban areas concerned with social sustainability and the avoidance of polarisation of the social geography constitute the most striking paradoxes. The social action and social renewal programmes for the deprived districts live a life of their own with marginal links to the City and regional entrepreneurial growth strategy. Hence an ambiguous duality can be identified between: (i) the strategy for economic revitalisation dominated by neocorporative, elitist governance and (ii) the area based programmes for the deprived districts influenced by planning ideas of social mobilisation (Friedmann, 1987) and community empowerment (Craig and Mayo, 1995).

From the empowerment and social inclusion angle, we identify the challenge as on the one hand developing holistic policy objectives (taking social, ecological, aesthetic and economic considerations into account) in order to secure that Urban Programmes are part of a coherent inclusive (regional) socio-economic strategy. And, on the other hand, to (re)develop participatory policy instruments, which stimulates local participation/community empowerment and transparency of good practice and learning across the local, regional, national and transnational levels. In terms of governance, this includes efforts to include partners usually excluded from growth policy networks; e.g. the third sector, social housing associations and agencies representing deprived neighbourhoods and socially excluded people.

## **Chapter 2:**

### **Welfare Regimes, UDPs and Dynamics of Social Polarisation.**

#### **2.1. Introduction**

In this chapter we outline a broader analytical framework with reference to the European and American research and discourse on social exclusion&inclusion in postindustrial cities. We discuss the impact of the welfare regime context on the processes and outcomes of urban dynamics. After that we contextualise the case study and outlines changes in housing social and labour social policy in Denmark and describes some trends in the spatial distribution of social exclusion. The chapter therefore serves as contextual background for the following chapters about the struggles over the content and institutional forms of urban and regional planning in Copenhagen.

#### **2.2. Social exclusion in the urban context in a international perspective**

Since the eighties, social exclusion and poverty in cities has become a central issue in international social science. Globalisation, industrial decline, migration, social exclusion and segregation are the keywords employed to explain processes of polarisation of the social geography (Madanipour et al. 1998).

In the United States, there has been a long-standing discourse and research interest in urban poverty. In the 1980's, the much debated concept of an urban "ghetto underclass" was developed to describe the inhabitants of urban inner city areas with high concentration of, among other phenomena, poverty, unemployment, crime, teenage pregnancy and lone motherhood (Larsen, forthcoming, Wilson 1987). The underclass debate also crossed the Atlantic Ocean in the late 1980's (Macnicol 1987). While the underclass debate was heated in UK, it never gained the same hegemony in Continental Europe. Here, instead, the concept of social exclusion was at the centre of the mainstream discourse at least in the EU institutions (Silver 1994, Andersen & Larsen 1995a).

Wacquant (1996) dismisses the idea that there are ghettos in the large European cities on the same scale and segregated way as they exist in larger American cities. But he argues very convincingly that it is possible to point out a number of characteristics that have led to the development of what he terms as "advanced marginality" in the larger cities of Western nations.

"Advanced marginality" is characterised as follows. First, there is a breakdown of employee contracts, particularly for male unskilled workers. Second, a functional separation from the macro-economical trends occurs in that better employment opportunities generally do not affect the job opportunities of the ghetto inhabitants. Third, a territorial fixation and stigmatisation occurs through a concentration of socially excluded people that develops within distinctive

geographical areas. Fourth, alienation in relation to space occurs in that a consequence of the stigmatisation of an area can be that people lose connection and no longer feel safe, in the geographical area and the social and physical environment that this represents. Fifth, there is a loss of network resources and social capital, in that the majority of people in the ghetto are unemployed and outside mainstream society. This makes it difficult for people to support each other, and establish a social economy. Increasingly, the situation is “everyone for him/herself”. Sixth, a symbolic fragmentation occurs in that the absence of a common method of expression, which symbolically can create spatial connectedness, accentuates the fragmentation of the new urban poor. Furthermore, there are no organisations that are powerful enough to represent the excluded. Hence, the physical space demonstrates and implements the exclusion and suppression mechanisms that constitute the social space. Underprivileged housing areas collect the excluded and the suppressed, and thus intensify their exclusion and suppression.

### **2.3. Welfare regimes and social exclusion**

The possible negative impact of post-industrial urban development in terms of increased inequality and social exclusion depends, in part, on the efficiency of inclusion and redistribution policies. Entrepreneurial city strategies can have different impacts on social polarization and living conditions depending on the type of welfare regime and the broader regulatory framework in which such strategies are implemented (Moulaert, Swyngedouw & Rodriques 2003). Hence the relationship between Urban Development Programmes (UDPs) and dynamics of social exclusion and polarisation cannot be analysed without taking the nature and efficiency of the general welfare regime into account.

The possible negative impact of UDPs in terms of increasing social polarisation in part depends on the efficiency of integration and redistribution policies and regulations. The quality of the welfare regime is decisive for “harm reduction” e.g. the quality of social protection schemes, level of income compensation in case of unemployment and not the least types of housing policy. The welfare regime also influences the access of different social categories to the new opportunity structures that UDPs are supposed to create.

With regard to job possibilities it is, for example, not enough to analyse the changes in the demand for different categories of labour (high, medium and low skilled etc), which the UDP eventually might generate. The strength of unions on the labour market is also crucial. New jobs in the service sector can for example take the form of low paid “dead end jobs” or unionised jobs for decent pay.

The capacity and orientation of labour market policy also effects access to new opportunity structures. A crucial aspect is the extent to which education and labour market programmes reach - and are available - to the lower skilled members of the workforce. Labour market programmes can be inclusive or elitist with regard to upgrading of qualifications for those in the “marginalised zone” at greatest risk for labour market exclusion. Other parts of the regulatory framework e.g. housing policy are also important for changes in stratification and opportunity structures.

In sum, the same type of UDP strategy can have different impact on social polarisation and living conditions depending on the type of welfare regime and the broader regulatory framework in which it is implemented. Esping-Andersens (1990) well known welfare regime typology suggests three worlds of Welfare Capitalism or regimes:

- 1) The Universalist social democratic regime, where social citizenship is institutionalised
- 2) The Continental Bismarcian with emphasis on compulsory social insurance schemes, and
- 3) The liberal, Anglo-Saxon residual/marginalist welfare state.

In the universalist/redistributive welfare regimes the relation between social class or market/ position and living conditions is modified, or - as Esping Andersen conceptualises it - to some extent decommodified. The impacts of socio-economic change, e.g. UDPs on labour and housing markets are, therefore, modified or “filtered” by the operation of the welfare regime (Goul-Andersen 1999).

In residual welfare regimes, where the “welfare state filter” or buffer between market position and living conditions by definition is weak, the impact of UDPs on living conditions will be more direct.

In much of the debate about the welfare state the Social Democratic and social liberal forces argue that a strong universal welfare state is functional w.r.t. the stimulation of economic growth precisely because it “socialises” the social costs of socio-economic (including spatial) change. The welfare state makes long-term “sustainable growth” possible because it creates a regulatory framework which tames the socio-economic polarisation effects of market forces. It does so via (i) “politics of social citizenship against the market” and (ii) to a large extent supporting the dynamics of market forces by ensuring and legitimising the externalisation of social costs due to socio-economic changes and thereby reduces resistance at the firm and local level. The prototype of this “market taming and supporting” logic is the Danish system for unemployment insurance for Danish wage-earners: the term of notice at the plant level is very short, but the level of unemployment benefits are relatively high. The negotiated balance between “taming and stimulation” of the market dynamics is the content in the concept of the Danish “negotiated economy” (Pedersen & Nielsen, 1989).

#### **2.4. The Danish welfare model after the “golden age”.**

Like in most EU member states the battle for full employment – one important cornerstone in the Scandinavian package – was lost in the late seventies. On the intellectual and political scene the welfare state project became a much more defensive project. The advantages of the developed welfare state: social rights, which to some degree emancipated the individual from the forces of the market, was translated into “disincentives” and “market imbalances” by the offensive neo-liberal and neo-conservative forces. However, in a comparative perspective the Danish case is an example of a relative stable regime. But as we will discuss, major changes have taken place.

Unlike many other countries the labour market is still regulated by strong trade unions. The problem of the “working poor” and unregulated illegal work is relative marginal, since most sections of the labour market are unionised and minimum wages has been kept on a - relatively speaking - high level. During the eighties there was a modest reduction in the levels of social protection schemes for unemployed (Andersen & Larsen, 1994). In 1982 a Conservative-Liberal government came into power after decades of Social Democratic rule, but the changes were moderate and the overall welfare regime was still closest to the universal or Scandinavian type (Esping-Andersen, 1990).

## 2.5. Welfare regimes and housing regulations.

One very often overlooked part in most comparative welfare regime research is housing policy. Figure 1 on the top of the next page combines two criteria: state versus market regulation and housing as public-versus private good. The vertical axe is state versus market regulation of the housing sector. The horizontal axe is the extent to which Housing is regarded as part of social citizenship - as a common good (supported via market subsidies and/or Public Housing schemes) or is seen as a private good, which only in a residual way should be the object of public regulation.

**Figure 1:** Housing comparative criteria

<b>Housing as a public good</b>	<b>Housing as a private good</b>
<ul style="list-style-type: none"> <li>• public production support of housing for all</li> <li>• securing good housing facilities e.g. through favourable loaning condition</li> <li>• consumption support - tax-subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• production of housing for the weaker groups in society</li> <li>• limited public securing of housing facilities,- no or only limited control with the marked for loaning</li> <li>• no or only limited consumption support</li> </ul>
<b>Public control with the housing sector</b>	<b>Marked control</b>
<ul style="list-style-type: none"> <li>• Large share of social housing sector in relation to the overall housing marked</li> <li>• protection of tenants through regulation</li> <li>• consumption support for all</li> </ul>	<ul style="list-style-type: none"> <li>• low share of social housing sector in relation to the overall housing marked</li> <li>• low level of protection of tenants</li> <li>• need-based support</li> </ul>

Source: Munk, 1998.

Major changes in the housing market the last decades are witnessed by a reduction in the share of private rental apartments, from approximately 435.000 to 290.000 from 1970 – 1990. This is mainly due to changes in national regulations, in which individual private ownership and private corporate housing has been encouraged. Since the late seventies it has been stated by law that if private owners of rental blocks want to sell, they have first to offer the tenants the possibility of collectively buying the apartment blocks. Many former tenants have therefore formed Corporative Housing. The access to Corporative Housing has reduced some of the worst speculations in the housing market. However, over a longer period the price

level of Corporative Housing tends to be equalised with private ownership apartments.

## **2.6. Segregation, housing and urban policy in Copenhagen**

From the beginning of the century, the promotion of Social Housing and Municipal owned Housing was an important part of Social Democratic Housing Policy in the City of Copenhagen. Social Housing in Denmark dates back to the beginning of the century where the first Social Democratic controlled Municipalities supported and encouraged Housing Cooperatives, which became closely linked to the labour movement (Kolstrup, 1996). The residents have from the beginning run the housing cooperatives and still to day their democratic structure is regarded as one of the strengths in the Danish “housing regime”. Up to the seventies the Social Housing Movement and the national regulations of Social Housing was regarded as an important element in the welfare regime (Lind and Moeller, 1994). This changed gradually and in the eighties the amounts of new build Social Housing decreased. Furthermore, the combination of inflation and regulation of tax reduction for private ownership from the sixties and onwards made the purchase of property very advantageous (Lind and Moeller, 1994). The result of these changes was - in particular in the eighties – that middle-income residents left the Social Housing sector and the share of low-income residents increased. In Copenhagen the housing policy gradually changed during the eighties and nineties so that the share of Social Housing and Municipal owned Housing of the total Housing Market has decreased.

The structural problems of Copenhagen since the late seventies are illustrated in the list of socio-economic indicators in table 1. The problems have to do with a weaker tax base, and greater expenses due to a combination of a greater share of unemployed, unskilled and social assistance receivers, etc. (refer also to Appendix 2).



**Table 1:** Chosen “segregation indicators” in the Copenhagen Region, 1993

Segregation indicator:  Geoadministrative unit:	Work force in pct. of population	White-collar in pct. of work force	Blue-collar in pct. of workforce	Unemployed in pct. of employed	Average gross-income 15-66 years (CPH=100)	Families on social assistance in pct. of population
Copenhagen	53	57	18	14	100	12
Frederiksberg	56	66	11	12	127	8
Copenhagen County	57	61	14	9	136	7
Fred.borg County	58	58	14	8	138	7
Roskilde County	61	57	15	8	132	7
Greater Copenhagen Region	56	59	15	10	125	9
Denmark	56	44	22	12	108	6

**Source:** The Copenhagen Statistical Yearbook, 1995, various tables and Munk (1998).

## 2.7. Changes in the urban hierarchy

Some districts have gradually been gentrified like the Inner City and Christianshavn (this district is also well known for Christiania). In the gentrified districts private ownership and private Cooperative Housing has increased in the last decades and is now dominating. Other districts with a great share of Social Housing like Bispebjerg and Kongens Enghave have moved from the middle to the bottom of the urban hierarchy. Thirty years ago these districts with a big share of Social Housing built in the twenties, thirties and forties were the prototype of well-organised working class quarters. Thirty years ago Noerrebro and Vesterbro were dominated by the “lower” working class, with an older housing stock from the late 18<sup>th</sup> century and a big share of private rental blocks. To day these oldest classical working class have moved towards a ethnic mixed social and income profile due to huge urban renewal schemes in the late seventies and eighties and a growth in private ownership and Co-opt housing (refer to appendix 2)

## 2.8. Long-term effects of labour market exclusion

As mentioned earlier the battle for full employment was lost in the late seventies. Not only did the general level of unemployment increase to a 10-12 pct level in the beginning of the eighties, but also long-term unemployment increased dramatically. The socio-spatial landscape gradually changed during the eighties: The growing segment of long-term labour market exclusion was increasingly concentrated in distinct urban districts.

So despite a – comparatively speaking – relative high quality level of social protection signs of new poverty or social exclusion could be observed – not least due to the long-term effects of labour market exclusion. Over a longer period of times the general protection schemes and, in broader sense, the ability to ensure inclusion was not sufficient (Andersen and Larsen , 1993).

## **2.9. Gender and social exclusion.**

Since 1993-94 the growth in employment in Denmark has reduced the unemployment figures to a 5-7% level. The composition of long-term labour market exclusion has shifted so that long term unemployment today is much more clearly concentrated among middle aged and elderly unskilled women and men. In particular, the latter social category – elderly unskilled men - seems to represent a new distinctive type of social exclusion (Andersen and Larsen, 1998), which policy makers and welfare institutions have not been able to respond to. Whereas the risk for economic impoverishment (in terms of lack of economic resources/financial poverty women are still slightly over represented compared to men) and long-term unemployment is more or less the same for men and women the risk for “hard core social exclusion” in terms of alcoholism, break down of every day life routines e.t.c. is much greater for men.

One of several reasons for the changed gender profile of social exclusion has to do with the (overlooked) fact that the most innovative politics of social integration were developed for and largely by women. A range of experimental social action programs have targeted marginalized women (Andersen and Larsen, 1998), for example the successful daytime high schools. These social innovations have been rather successful with regard to social integration of women, while the same innovations with regard to socially excluded men have been more or less absent.

An important section of the labour market excluded in the late nineties have been unemployed for a very long time and often regarded as unemployable. However, due to the strategic shift in unemployment policy towards obligations on the unemployed to participate in educational or ”workfare” activation programmes (Torfing, 1998), the problem of “employability” for the most marginalized segment has become a hot political issue. Critics argued that the workfare programmes in some cases had become authoritarian and punitive vis-à-vis the group of most marginalized, e.g. elderly unskilled men with no realistic chances on the ordinary labour market. This has caused an intense debate about the inadequacy of the ”workfare”/labour market reintegration orientation as the only way to ensure some sort of social and economic integration.

Despite a strong economy, growth in employment and increased resources to adult education programmes, the long-term effects of mass employment are still present. Some of the unskilled elderly unemployed did not get a real chance for reintegration into the transformed postfordist labour market. Even general employment growth and stronger emphasis on active labour market policy has – so far - not been fully able to prevent exclusion in what is often labelled the increasing “knowledge race”. Not all groups can benefit from the increased public investment in human capital enlargement.

## **2.10. Workfare and activation programmes**

The first and dominant change in the Danish welfare regime in the nineties is a growing emphasis on activation or workfare programmes. In the political discourse and rhetoric it is described as a shift from notion of passive rights to notions of active inclusion, a type of Durkheimian rhetoric (Andersen, 1998).

The content of the activation policy is a compromise between neo-conservative and neo-liberal forces and the Social Democrats. The total benefits for individuals participating in activation programmes are at the same level as unemployment benefits or social assistance, but the hourly pay is close to the Danish minimum wage (approximately 10 ECU per hour). Therefore the participants in the activation programmes usually participate less than full time (37 hours per week) in order not to reach the maximum level for benefits. Thus one can discuss the extent to which the term workfare with its American/British connotations is useful for describing Danish unemployment policy. In fact, it has both similarities and distinctions. The obligation for unemployed to participate in the programmes if benefits are to be maintained is similar. But Danish activation policy was not implemented in a context of deregulation and absence of minimum wages. The positive part of the activation programme is that Municipalities have the obligation to offer job training.

Since the late eighties the obligation on the local authorities to offer job training and activation schemes has gradually been extended from the very young (18-19 years) to include all registered unemployed entitled to unemployment insurance or social assistance. If the unemployed is not willing to participate in the schemes they will not receive benefits. The quality in terms of improving skills and job possibilities of the schemes are very different from municipality to municipality. Evaluations show that particularly for elderly unskilled men and sections of the immigrant populations (which despite improved employment possibilities still face discrimination), the schemes have little positive effect. One of the reasons why the politics of activation are quite traditional compared to some other EU-member states is that traditions for social enterprises and social cooperatives are almost absent in Denmark. The often overlooked “conservative” side” of the Danish Welfare model is that it is based on a social compromise, which means that the political system must keep its “hands off ” the sphere of production (Kolstrup, 1996). Unlike France and other EU member states the role of social enterprises and social cooperatives is very marginal because Danish municipalities are not allowed by law to invest in the production of goods which can be sold on the market and thereby (in theory) crowd out private business.

## **2.11. Local workfare schemes as mechanisms of municipal exclusion**

One aspect connected to the activation policy is of particular interest from the URSPIC perspective. For the most marginalized/discriminated groups and districts, a new problem has grown out of the implementation of the activation schemes. Some municipalities have adopted a very strict and punitive authoritarian practice of the activation policies for social assistance receivers, whereas others have

adopted more participative and empowering approaches, e.g. by linking the activation programmes to ecological projects, cultural work and local welfare services.

This is possible because national legislation is vague in defining clients/unemployed rights vis-à-vis the municipalities. The result is that some of the clients who for one reason or another are dissatisfied with the activation programs, move away from these municipalities. Hence the concept of “activation refugees” has surfaced in the discourse. It is claimed that a group of “social assistance nomads” or “workfare free-riders” move to the municipalities or the districts that practice a “softer” less authoritarian activation policy (Interview with Editor of the District newspaper in Kgs. Enghave).

This above-mentioned phenomenon has its clear social geography. The most deprived districts in Copenhagen, who have fewer resources to develop activation projects and practice a “softer” implementation of the schemes, have according to some social workers become increasingly “the victims” of a more authoritarian activation policy in other districts and Municipalities. Thus the workfare programmes can be used as discrete but efficient tools to push the socially excluded over the district/municipal borders.

## **2.12. Rhetoric about social responsibility for companies**

The second new orientation in the Danish Welfare Model has a more discursive and rhetorical rather than a practical character. A number of efforts to mobilise the social partners in the fight against social exclusion have arisen. The Ministry for Social Affairs has launched a National Committee under the label “New Partnership for Social Cohesion”. Since the return of the Social Democrats to government in 1992, the rhetoric of partnership and social responsibility of social partners has increased, and experimental pilot programmes have been set up in an effort to support the active role of companies in the fight against social exclusion. The trade unions and employers have, not the least after pressure from the government, negotiated what is termed “social chapters” in the collective bargaining. The social chapters are supposed to be a tool to stimulate job creation for disabled and others with lower than average productivity.

The effort to mobilise the social responsibility of the social partners is heavily inspired by the rhetoric of the EU-institutions, the Third European Action Program against Poverty (Poverty 1989-94, Andersen, 1994), the Social Dialogue, the European Business Network for Social Cohesion EBNSC (initiated by former EU Commissioner Jacques Delors), etc. Here again we find a neo-communitarian, neo-Durkheimian type rhetoric stressing the challenge to all subsystems, including the labour market, to allow flexible participation for the less “productive” citizens etc.

It is still an open question whether this trend will be more than rhetoric or if it will gradually become part of a more offensive political struggle for a revitalised welfare society project.

### **2.13. Experimental Social Action**

Until 1993 urban policy has not been defined as a distinct policy-field. The historical reasons for this will be analysed closer in the next section, where we focus on planning and urban policy as part of the evolution of the Danish welfare regime. The third new trend in the last decade is the growing role of experimental Social Renewal and social action Programmes, which emphasise experimental and multidimensional action against social exclusion. In particular, the creation of the first multidimensional Urban Social Action Programme in 1993/94 was a manifestation of attempts to stimulate bottom-up empowerment orientation in deprived urban areas (Vestergaard, 1998).

The Urban action programme was inspired by the Poverty 3 programme and multidimensional urban policies in other EU-member states (Brennum, 1994). It was the first time, in Denmark that a large-scale urban programme based on principles of area-based action and local participation was launched. The programme is at present the most innovative and experimental part of public planning and welfare policy. It has elements of a “politics of positive selectivism” and a “social mobilisation” approach. In the implementation of these programmes the National Urban Committee in the negotiations about project contracts with the Municipalities and Housing Associations has insisted that the ideas about citizen participation and empowerment orientation in the projects should be taken seriously.

In Copenhagen, the Kongens Enghave (which is situated beside Oerestaden) and Bispebjerg districts were chosen as Model Action districts and right now concrete plans of action are being implemented. It is interesting to note that in many cases the demands and strategies, which arise from these community/district, programmes foster new political pressures on the City Council for additional resources and services to the deprived districts (Interview with the Editor of the District Newspaper SydVest Folkeblad).

The new urban policy has introduced a rhetoric of experimentation, participation and partnership with parallels to the campaign for the socially responsible firms. In a recently launched national plan of action on “The City of the Future” (Danish Ministry for Urban Affairs, 1999), concepts like the “Inclusive City”, the “Learning City, the “Democratic City” and the “Green City”, which relate to the Agenda 21 movement have been introduced.

The “City of the Future” document underlines that social, cultural and economic problems of deprived districts should be addressed in a multidimensional and coherent manner in order to avoid the “Succession Cycle” (Skifter-Andersen, 1995). It is explicitly acknowledged that long lasting multidimensional programmes vis-à-vis the deprived areas are necessary due to a lack of coherent planning in the past and the long-term impact of socio-spatial concentration of unemployment and social exclusion. Partnerships with the local companies are suggested as tools to improve co-operation with public employment agencies and the companies. In practice the latter effort has only played a marginal role in the implementation of the programmes.

The most radical and concrete part of the action plan suggested in the “City of the Future document” is a section about how to hinder social segregation. Here it is stated that the separation of privately owned houses, associate housing and social

housing in separate zones of the city should be avoided by proactive planning in the future. The planned mix of different types of housing and hence different income groups should be a guiding principle for Future City zoning. This orientation has already caused criticism from neo-liberal and conservative forces since it is in contradiction to market driven development on the real estate market.

The perhaps most controversial issue in contemporary housing policy have been centred on regulations of the share of ethnic minorities in Social Housing Blocks. In some municipalities with a large share of ethnic minorities it has been suggested that a maximum limit for the share of ethnic minorities should be legal. Others have argued that a large share of minorities not in it self constitutes deprived areas. Some Social Housing Associations and Municipalities have lobbied for legal access to regulate moving in so that "resource strong groups" are favoured.

The Social Housing Association also constantly argues that the Social Housing sector should be expanded and not be the only part of the Housing market, with social responsibility obligations. The Social Housing Associations argue that the responsibility for housing should be more equally shared between all parts of the housing market. So far, this demand has been completely refused.

To day the municipalities can still allocate up to 25% of the apartments in Social Housing blocks to social clients, homeless people, refugees etc. In some districts like Kgs. Enghave and Bispebjerg in Copenhagen with an elderly and cheaper housing stock with dominance of Social Housing, the concentration of very vulnerable groups has increased in the last decade.

## **Chapter 3:**

### **Principles of planning, Urban policy, and UDP's**

#### **3.1. Introduction**

As discussed before urban policy has until recently not been a separate policy-field in Denmark. In the following section we will discuss urban policy and planning in a broader historical and political administrative context, i.e. as a part of the Danish welfare regime and the specific policy tools implemented in promoting urban development. In other words: to analyse present days policy tools, the particular shape of the Danish UDP and the dynamics of inclusion/exclusion we need to illuminate the Danish planning system in general and its historical dynamics.

In the 1960's, the need for administrative reforms became obvious, and a larger piece of work was commenced to reorganise the entire public sector. The overall motive was the need for governing an expanding economy in particular directions, as well as the problems with in-built expanding mechanisms within the public sector were realised. The 1970's were truly reform years in Denmark and the most extensive reform was that of the municipalities, which was launched in 1970.

#### **3.2. Municipal Reform**

The municipal reform was not one single reform but rather a complex of reforms, implemented step by step through the 1970's. Besides the municipal reform, several sector reforms dramatically changed the whole political and administrative set up in Denmark (Andersen, Mikkelsen & Steenstrup 1980; Ingvarstsen 1991; Ingvarstsen & Mikkelsen 1991).

The single most important part of the reform was the profound reorganisation of local government. The main occasion for starting this reform was the complicated administrative division between counties (amter), county-boroughs (købstæder) and rural districts (sogne (parishes)). This administrative setting was considered insufficient and a more uniform and uncomplicated system was needed. A further problem was that in several cases naturally demarcated localities had grown into one physical area, but still remained divided by administrative borders. This fact presented inconvenient administrative problems and one principle therefore became One town - One municipality. A third objective was that bigger units were needed as an administrative precondition to delegate response and authority to the regional and local levels of decision-making.

The reform meant that the special administrative status (county-borough status) of the old provincial towns was abolished. Instead, a two-tier local political-administrative system was implemented; counties and municipalities gained a more uniform and strengthened system of legal administration (Ingvarstsen 1991:76ff). The reform caused a reduction in the total number of municipalities from 1100 to 275, and the number of counties was reduced from 25 to 14.

A very important part of the municipal reform was realised by the need for a fundamental renewal of the financial tools. During the fifties and sixties, the financial management of the welfare state had grown into a very complicated system of transfers and regulations between the different administrative levels (Mikkelsen 1991). This was a reimbursement system that had developed since the beginning of the century and especially after the first social welfare reforms back in the 1930's. In this system each municipality was entitled to have a pre-given percentage of its expenses within each assignment refunded from the state. Besides being a very complicated system to administer the more principal problem was that one public authority could make expansive decisions, while the expenses could be sent to another. The financial system also had to be less bureaucratic and greater harmony between economic responsibility and decision-making was needed. The system of reimbursement has therefore gradually been replaced by a system of general grants based on objective criteria (Bogason 1995:101). The system of general grants rests on the idea that expansive requirements and economic capacity (defined as the tax base) are differentiated by structural factors and equalisation in the performance of the welfare principles is needed. This is one reason why the state is still responsible for many of the financial implications of the welfare state, and this is why a national system of financial redistribution between municipalities was implemented.

As soon as the new county and municipal borders were implemented a process of decentralisation began that totally changed the division of duties between the administrative levels. The principles of this decentralisation process were that executive functions should be administered as close to the citizens as possible (i.e. on the municipal level). And the management of one case should not be placed at another administrative body at the same time. On this basis the new counties took over full response of duties that needed a greater amount of people, most importantly hospitals and secondary schools, but also some social services and social security functions. They also acquired planning and supervisory functions in respect to e.g. city planning. First of all, public schools were considered as the important task of the municipalities. In fact, the drawing of the new county boundaries was dependent on the population basis for maintaining one central hospital, and the minimum of a municipality was considered to be about 4,000 inhabitants so that a primary school system could be maintained. The examples show that the municipal reform was about creating sustainable and neutral entities in the management of the welfare state (Schou 1994). This principle affects the division of labour between counties and municipalities. Counties provide services and functions that under normal circumstances cannot be provided for by the municipalities. Among the responsibilities of the counties are hospitals, major roads, the planning of land use and environmental protection and e.g. some cultural services. Municipalities are responsible for the delivery of services with a direct contact with citizens. It includes a wave of services such as kindergartens, libraries, town planning and regulation, social services and leisure-time activities, and as already mentioned, primary schools.

During the 1970's the counties and in particular the municipalities took over many functions from the state. At the same time many new duties were initiated because of the changes in the social system. In the 1960's the housewives joined the labour market in great numbers, and the municipalities had to take over many of the functions that previously were considered family matters. Public day-care and care



of elderly citizens nearly exploded through the 1970's. Besides this, the growing unemployment rate from the mid-seventies placed a hard burden on the municipal level to manage rehabilitation and social security. These duties were imposed on the municipalities by the sector reforms such as the social reform and the new Social Security Act. With the primary assignment in the municipalities, a system of sector planning was built up regarding health, education and social security, integrated into central objectives via orders, instructions and regulations.

### **3.3. Physical planning**

Besides the very ambitious sector planning systems a comprehensive system of physical planning was created, mostly concerning the use of areas. Physical planning goes back to 1938 when the Act on Town Planning (Byplanloven) was implemented. This act imposed detailed area planning on municipalities with more than 1000 inhabitants (roads, installations and estates). In 1949 the Act concerning Urban Development (Byudviklingsloven) was implemented with the intention of creating planning tools to regulate urban growth and make common planning across municipalities possible.

The very detailed (and hence demanding) area planning in the Town Planning Act was soon replaced by master plans that plotted a course for future area plans based on expected developments in the population and industry. Urban growth was administered by particular appointed planning committees with the primary assignment to parcel out the particular zones for city growth based on the master plan. The minister of the environment appointed professionals, municipal members and one state official (prefect) in the committees that administered the Act on Urban Development. These different forms of regulatory frameworks or planning-tools were to be approved by the minister of the environment. Besides this the ministry had supervisory and controlling functions as well as the minister had the right to impose on the municipalities detailed planning within specific areas.

These acts concerning town planning and urban development, as well as related acts and adjustments during the 1950's and 1960's, should be seen as reactions against and adaptations to the problems of urban growth. As a consequence the system became more and more complicated. One example is that the original four regulative areas that the Urban Development Act should regulate (Copenhagen, Århus, Ålborg and Odense) were extended to more than 40 areas around the country in 1970 (Bundesen, Kruse & Rasmussen 1991:82).

With the marked changes in the rural and urban landscapes the need for substantial reforms of the physical planning systems became obvious, and also in this respect the municipal reform was a necessary precondition. From the late 1960's a sophisticated physical planning system was constructed in three important steps. In 1969 the city and land zone act (by- og landzoneloven) and the Nature Conservancy Act (Naturfredningsloven) were implemented. More importantly, the law on national and regional planning passed in 1973, and the law on municipal planning passed in 1975 (implemented January first 1977). Together they constitute the regulatory framework on physical planning in Denmark.

The main considerations in the plan reform followed the basic ideas in the restructuring of the public sector: simplification, modernisation, decentralisation

and publicity. But national planning and national planning tools should counterbalance the power that was delegated to the primary levels. The City and Land Zone act was an attempt not only to simplify the Act on Urban Development, which it replaced. It also intended to ensure an appropriate countrywide use of land with respect to the environment, the landscape and summer residences by stating the superior principles of physical planning in Denmark. Physical planning became a three-level planning system: national, regional and local. The principles of the system are laid down in the Planning Act, most recently updated in 1992. The logic of the system is that national planning overrules regional planning, and regional planning overrules local planning.

On the other hand the planning system stresses the importance of the participation of the local level. The Planning Act is a framework law so that the superior and general framework is made at the national level, though national interests in some cases can be promoted via directives. Regional planning still needs to be adopted by the ministry, while the Municipal Act transferred the competence to make resolutions on municipal plans from the minister of environment to the municipality councils. Local plans within the municipality can be implemented without the confirmation from higher administrative levels.

A principal gain of the planning reform was the openness that it provided in matters regarding the single citizen. It demanded that citizens should have the ability to be directly involved in the planning process. Therefore, each planning process includes public period(s) where the public can give objections and ideas for the further development of the plan. The municipalities were even enjoined to stimulate the public debate on the objectives and contents of the plan, and in some cases alternative means are included in the planning. Furthermore council minorities even gained their rights to have alternative opinions included in the publication (Lemberg 1981:70).

More important is the administrative procedure of the system in that the municipalities first of all make their proposal for the use of land within their area, perhaps in co-operation with other municipalities. And the intention is also that the municipal plan includes superior considerations on land use within the county as well. The uniqueness of this procedure is that the considerations at the municipal levels are made prior to the planning of land use on the county level. And the considerations on county level are done prior to the planning at national level. This open planning principle did not change the formal decision making chains and procedures, but as a principal, it provided better opportunities for public objections, protesting and for alternative ideas to grow within the physical planning process. Planning was no longer seen as the objective and rational weighing of different means and ends but recognised as a strong political field. For the same reasons planning competence was moved from pure administrative bodies to political agencies with the principal thought as to remove the hierarchical top-down process (Gaardmand 1978:32).

### **3.4. From the Management of Growth to the Management of Crisis**

During the 1970's the planning system was organised to manage economic growth. Even though the international crisis hit Denmark profoundly in 1973, it was only considered as a matter of fluctuations of the market (Hansen, 1987). First at the

end of the 1970's the structural dimensions of the crisis was realised, and at the same time the critique of a growing but ineffective welfare system widened. Government shifted from improvement or "the management of growth" to "the management of crisis", and this meant even stronger emphasis on economic planning. From the mid-seventies new planning tools within both sector planning and physical planning were subjugated to economic planning as the kernel in state governance (Hansen 1988:140ff).

In the fall 1982 Social Democrats handed over power to a conservative/liberal government. The leading message from the new government became the need for adapting and reducing the public sector. The new government clearly stated that the main problem in society was not the growing unemployment rate, but the deficit on the balance of payment and the public budget. This most clearly indicates the shift in economic policy away from the Keynesian orientation. This again involved changes in the view on the role of the public sector and planning.

To reduce the public sector, privatisation was launched as the main idea of the new conservative/liberal government, and they immediately appointed a privatisation committee. After a short period in power, the focus shifted from the privatisation rhetoric to "market-governance", "freedom of choice" and "new financial mechanisms" as means to change the public sector services from supply side to demand side, hence from politically regulated to user-regulated mechanisms. These catchwords were the most far-reaching elements in the "Modernisation-program" that the government launched in 1983. The intention of the programme was to effectively stop public expansion, but still maintain and improve public service (Bentzon 1988:26). The other, and non-conflictive elements in the programme were: decentralisation of competencies and responsibility, better service and practices within the public sector, better public personnel (especially leadership), and extended use of new technology (Bentzon 1988:26ff, Bogason 1988:213f). This programme, more than any other became the manifest for a more neo-liberal orientation in Danish politics during the 1980's.

Back in 1980, the social democratic government had replaced the long-term sector planning instruments with "adjustment and theme-planning" to the advantage of more flexible and experimental forms of organisation. In general, the new government followed the lines that the former government had pegged out (Schou 1988). Attempts were made to cut out the formal procedures of citizen-participation and other so called bureaucratising mechanisms from the planning procedures, but only slight changes occurred in the sector system during the period.

The program for modernising the public sector was primarily oriented against the state sector, but its general ambitions influenced the public sector as a whole, and off course also the state – municipality relationship. The municipalities manage such at great part of the public sector, that their involvement in the modernisation process was a simple prerequisite to reduce public expenses. In practice, the government made frequent interventions in the local economy, e.g. by reducing the general grants and introducing punishment mechanisms against municipalities that did not manage to keep their spending. The interferences became more selective and directly oriented against the single municipality with a shorter – or none – planning horizon (Schou 1988:345f). The new practice of state-interference did create a far more tensed relationship between the administrative levels than before (Nielsen 1985).

The most interesting renewal of the planning system in the 1980s is probably the “free-municipality” initiative. This initiative was not directly a part of the modernisation programme, but it can be seen as a practical solution to the demand for new steering-mechanisms that the government so profoundly had argued for in the programme. The free-municipality initiative was first of all an attempt to further decentralise political competence to the local levels of decision-making, to adapt local governance to its own surroundings, hence in the last end to get a better utilisation of resources. Another idea of the experiment is that initiatives have to grow “from below”, and that a freedom in forms of organisation would promote the need for more flexible and adaptable solutions of the public service.

From 1985 the free-municipality initiative was started as an experiment, and also in this respect a far more direct relationship between the single municipality and the Home Office was created. Even this disregarded the direct influence of the interest organisations on public management, and fitted well with the political ambitions of the government. The role of the central state was to approve each initiative made at the local level, so that they did not conflict with general law and order, and welfare and health objectives as well. It was also a clear ambition, that expansive decision-making was not tolerated, but had to match with the general level of expenses.

Ejersbo and Klausen (1997) argue that the free-municipality experiment was the promoter of a very intense process of a structural reorganisation within the municipalities from the late 1980's and during the 1990's. Changes have occurred in the structures of the council-committees and administration, but first and most profoundly in a process of decentralisation within the municipalities themselves, i.e. from the municipality council to the institutional level. Schou (1994) points at four objectives in this process: 1) regulation by general financial means; 2) user-influence; 3) competition and 4) goal-attainment. It seems to be agreed that these changes at the level of local government and welfare institutions indicate tendencies to a changed role of the municipalities, as well as in the relationship between the state and the municipalities. The state is getting more involved with citizen- and user rights, while the municipalities to a greater extent are responsible for the supply of services, via the tools mentioned above, but in a magnitude of new organisational forms (e.g. Ejersbo & Klausen 1997).

In general these changes indicate that the institutional levels has become more independent. However it is important to stress that it was only in the “soft” welfare institutions, kindergarten, schools etc. that formalised user influence was strengthened. What we have witnessed during the 1980's and the 1990's are a combination of continuous strengthening of the economic policy tools at the state level and further decentralisation at the level of local government.

### **3.5. An attempt to plot the principles of the Danish planning system**

As mentioned elsewhere the Danish/Nordic Welfare State is well known for its strong interventionism and at the same time it as an example of promoting social citizenship and “balanced” development (Andersen 1990; Baldwin 1990). But what is then the specific profile between the welfare state and the Danish planning system? To make our arguments distinct, we first need to emphasise a theoretical

perspective on the evolution of the Danish Welfare state, and then we will specifically relate this to the interaction between the administrative levels.

Schmid (1995) argues that the common element in the evolution of the Welfare State is that it institutionalises the responsibility of social reproduction. But the genealogy of this process is very different in different countries and regimes. Further, Schmid argues, that the fundamental characteristic of the Scandinavian Model is that it developed “from below”, unlike countries like France for instance with a far more autonomous and centralised state apparatus. In other words, the Scandinavian Model evolved from the concrete practises and experiences of social movements in particular the labour movement with its insurance associations and other self-help initiatives. When the labour parties took over in national government in the 1930’s these associations gradually became integrated within the state. This process was first articulated within the Social democratic run municipalities from the beginning of the century and onwards, and later on it became perceptible in the state bureaucracy (Schmid 1995:45). The civic associations captured the state and the local governments, hence linked the welfare state to civil society (Schmid 1995:38). Gradually these arrangements from below became more or less fully incorporated and institutionalised in a general welfare system.

The institutionalisation of the welfare state can be understood in terms of scales such as autonomy versus integration and centralisation versus decentralisation. This is especially important in the development of the municipalities in the Nordic countries that have evolved in a dual role as both being territorial political entities and administrators of state policy (Naustdallid 1993, Kjellberg 1985, Hansen 1997). The distinction between territorial autonomy and national integration are usually seen as adequate to understand the opposites in the municipal reform (e.g. more or less centralised). But the point to make here is that the usefulness of these concepts is not in their constituency as opposites, but as complementary and as elements in an ongoing process. Seen as complementary and processual they can be used to analyse the very different outcomes that have constituted the modern welfare state and the shape of planning. The reform of the 1970’s is a good illustration of this.

According to Bogason (1995:95) the municipal reform in the 1970’s is the most comprehensive political administrative reform since the 1849 constitution. In this constitution, a very important principle in the evolution of the Danish welfare system was ratified: the right to local self-government. Local autonomy has a long tradition in Danish – and Scandinavian – history, but indeed so has state steering, and both objectives influenced the making of the municipal reform. The ongoing discussion has focussed on which of the principles, the autonomous or the integrative, that the municipal reform supported most (e.g. Hansen 1997).

There seems to be a consensus on the question that local autonomy in Denmark is higher than even in the other Scandinavian countries, and that the municipal reform in Denmark was more autonomous than its Scandinavian counterparts. But, as also argued by Hansen (1997) it is questionable if the municipal reform favoured the most the autonomous perspective. First of all, the reform caused the municipalities to truly become the implementers of the welfare society (Hansen 1997:117, Schou 1994, Ingvarsten 1991). As a matter of fact the basic social rights are defined very detailed by the state, most specifically within education and social security. To guarantee social citizenship, the national system has kept the

responsibility for the financial implications of a large part of the welfare sectors (e.g. social security, health and education) and therefore local expenses are to a large extent nationally regulated and fixed. The ambitious sector planning and physical planning system in the 1970's are excellent examples of the overwhelming integrative planning ambitions of the national welfare state.

On the other hand, the autonomy perspective was certainly not absent in the process that put the municipal reform in place. Many geographic and political circumstances and conflicts influenced the final structure and outcome of the municipal reform. But the creation and implementation of it was to a large extent the result of initiatives from the local level (Ingvarsen & Mikkelsen 1991: 40ff). In fact, many municipalities for many years were used to co-operate, e.g. in school affairs. In the late 1940's a voluntary regional planning was commenced in the Greater Copenhagen area, and this tradition soon spread over the whole country, so in physical planning there was also a yearlong experience to draw upon. In the processes up to the municipal reform many municipalities realised that uniting was a mean to maintain an old principle under new circumstances, i.e. local control of its own affairs. Typical for the reform was that only in minor cases it was necessary to use legal power to go through with the joining-process (Ingvarsen & Mikkelsen 1991: 92).

What we can state is that the reforms of the 1970's had national political and social integration as their leading motive, but placed the administrative responsibility of the welfare state at the local level. As pointed to earlier this in practice meant – and even though it is not fully adequate in terms of the realities – that everything that reasonably can be administered locally is assigned to the local level. This responsibility in itself gives room for political autonomy and manoeuvre at the local level. And this, combined with the fact that municipalities in Denmark in principal have their own right to levy taxes, gives local decision-making a high degree of autonomy. Compared to other European countries local authorities have a considerable freedom to decide what non-mandatory tasks they will undertake (Norton 1983).

The evolution of a “strong” welfare state and the simultaneous high degree of local competence may be considered as an apparent paradox. But as argued by Kolstrup (1996) this combination is actually a part of the success, and state interventionism and continuo processes of local self-determination do not necessarily work as opposites. The obvious lesson to learn from the Danish case is that autonomy and integration can be balanced via politically motivated objectives. In the Danish case they have fitted together through the openness and participatory traditions of the institutional system.

It is clear that while the evolution of the welfare state rested on political ambitions of integration, equality and participation, planning was the road to reach these ambitions. The integrated national and regional planning system was the road to an economic, cultural and social equalisation where the growing level of welfare could be managed for the benefit for all the parts of the country (Ingvarsen 1991:251). The plan-reforms of the 1970's had publicity, citizen participation and a “bottom up” planning procedure as leading motives.

### 3.6. From politics to policy

As already discussed, the process of political/administrative decentralisation has continued through the 1980's and 1990's, but with an even stronger accentuation on general economic regulations at the national level, in particular limitation on access to increased municipal taxation. The neo-liberal wave in the 1980s did not in practice mean a fundamental break with the strong redistribute welfare model and the principals of the planning system. Actually, only minor disagreements were between the dominating political parties on the meaning of the public sector in structural change and e.g. privatisation in the more radical sense of the word never influenced Danish politics during the 1980's. There was also some consensus on the necessity to put the brake on public expenditure growth, and in fact the social democrats had begun a partly successful slowing down of municipal expenses via agreements with the municipal organisations (Schou 1988:338)

As already explained “hard-core” liberalism declined very soon in Danish politics, and in the late eighties social liberal and centre forces increased their power on the national level. New policy issues entered the political stage, now centred on Schumpeterian issues (Jessop 1998). In the late 1980's the government negotiated labour market policy and entrepreneurial programmes with the Social Democratic party, e.g. education and training programs for the unemployed. In this new climate, and with the social democrats back in power from 1992, the Danish UDP was born, which we will return to.

Despite the “consensus-like” politics and the relative stability of the Danish welfare regime, i.e. the evolution of the welfare state in general and the planning system in particular, it has off course never been an un-conflictive development. Its success must rather be seen in relation to the institutionalised mechanisms of conflict resolution, including its strong participatory element. But off course, things have also changed, and the important question now is, in which direction the planning system is heading under new and globalised conditions.

In his discussion on politics and regional planning, Jørgensen (1997) points at two opposite directions or ideas in the academic debate about the Danish planning system. The first idea put forward by contemporary political scientists is the thesis of “hyperpolitics”, i.e. the diffusion and domination of politics in all spheres of public life: society, economy and planning are increasingly negotiated political projects that modern politics has embedded in the so-called negotiated economy. In the negotiated economy– and here related to industrial and regional policy – the state is taking form as:

“...a complex governance network in which the central authority plays the role of strategy maker, co-ordinator, arbitrator and consensus builder. As a consequence, in addition to assuming leadership in developing a new programme of structural politics...the state is also having to attend to the equally important role of fostering a common frame of meaning and action among relevant economic and social organizations” (Amin and Thomas 1999:268, here quoted from Jørgensen (1997:401), bold characters in original).

Jørgensen (1997) himself represents an opposite position. His argument is, that the direction of the political in general and planning in particular, is – put simply – the

subjugation of the political to pure economic calculations. He argues that the role of national and regional politics as a mean or corrective of the disruptive effects of the market – now in the globalised economy – to a considerable degree has disappeared, which he among others exemplifies from recent examples from Danish regional policy in the Greater Copenhagen Region. Hence, from this point of view, the important elements of the “balanced” and negotiated planning and policymaking have disappeared.

In our opinion both of these directions can be stated from the Danish case, and the direction of the Danish planning system therefore can be seen as a growing ambivalence between (i) the participatory and welfare oriented and (ii) neo-corporate growth policy paradigms (Fotel and Andersen, 2003). This will be discussed further in the following.

### **3.7. The present ambivalence of urban planning in Denmark**

Briefly we can say that until the 1950's planning was dominated by the priority of the natural. Urbanisation was seen as a basically unnatural development, and town planning was seen as an instrument to avoid wrong development of the urban milieu. Architects and engineers argued for a balanced city-development based on ideals from rural villages (garden city planners), and the “traditional” village became a model for urban development, e.g. in the construction of streets and squares.

During the 1950s rational planning took over and the city was seen as a centre for growth and development that could be managed by professional planners, based on functional principles. In the 1970s, as we have described above, planning became more a political-administrative matter and the planning process was extended by participation from citizens and interest groups, and the attempts to integrate physical, economic and social objectives in the planning process (Worm et.al. 1984). We can say that in the 1970s the rational-scientific perspective was extended - not replaced - by an integrative participatory welfare oriented planning.

But as also stated above, integrative participatory planning came under attack in the new political conjuncture of the eighties. The integration of planning on different levels as the objective was regarded as a failure, and integrating physical, economic and social targets into one whole did not get much farther than the drawing board. Large-scale ambitions and participation were in many respects seen as costly and ineffective.

At the discursive level the critique of total planning, functionalism and participatory planning was the starting point for the new ambivalent trends in the 1980's and 1990's. In this new trend the city is seen as an environment that constantly keeps on changing, and therefore definite plans for urban development are not possible at all. Urban planning must be incremental (Dicken 1998, 298 f). The profile of the Orestad project in terms of planning was the specific linkage between high aesthetic ideals and the corporate type of planning. The project designers linked the aesthetic and the corporate arguments in one package and presented it as a new strategic tool in urban development. One of the leading proponents of the Orestad-project, Wichmann Matthiessen, sees the Orestad project as an indicator of this new method and rationale. This – according to the author - necessary shift in rationale



has occurred in the late 1980's and is conceptualised as a shift from equality to multiplicity orientation in planning (Miljøministeriet 1989; 1990).

While the planning strategy of the 1970's was oriented against welfare indicators such as decentralisation and equality, the new planning method favours a strategic growth perspective. The strategic growth perspective is a planning method that extends the growth potentials of the city, i.e. talent, knowledge, enterprise and financial means. Public leadership is about the management of the growth potential and the tools to reach these goals can be derived from the ideas on management in economic life (Matthiessen & Andersson 1993). We can say that in the strategic planning method aesthetic arguments and corporate structures float together in their advocacy of professionalism and high standards (in architecture, technology etc) and their belief in the market mechanism (Gaardmand 1993).

The strategic growth method may be the dominating planning tool in the 1990's, though only one of the routes that planning in the 1990's is taken. As discussed in the first section the other route taken for example in the Urban Social Action programme is complete different. Here the key words are empowerment and participation. Hence our thesis about increasing ambivalence.

## **Chapter 4:**

### **The Copenhagen case – Oerestaden**

#### **4.1. The new “State led Entrepreneurialism”**

The Danish UDP is a clear-cut example of the neo-corporate trend in the planning system. It was born in the combination of a particular political climate and the interaction between interests at different scales, which adequately can be labelled as a “new state led entrepreneurialism”. But this entrepreneurialism is certainly also the result of the specific historical circumstances that we have described above. To make the arguments of this assertion explicit, we will go through this section by presenting the general historical processes that have shaped the development of Copenhagen since the 1970’s, hence have laid the foundation for the UDP to prosper.

First of all it is important to note that Copenhagen municipality (together with Fredriksberg) never became a part of the municipal reform, but maintained a double role as both county and municipality. Copenhagen, therefore, never became a part of a larger regional political structure, but a special act and a much weaker forum, the Greater Copenhagen Council, have handled regional questions.

At the local level changes of great importance for the design of the UDP occurred through the 1970’s and 1980’s. Social democrats that had dominated the municipal council since the beginning of the century were heavily challenged in the 1970’s by the growing strength of the New Left (Socialist Left Party) and the Old left (communists and Socialist Peoples Party). Besides this, a variety of urban movements entered the political stage and heavily criticised the Social Democratic Town Government. Alliances between social movements, and between social movements and political radicals created a turbulent “post-68” climate in the city.

The situation between a traditional Social Democratic Town Government and the new urban movements became intense around 1980. For the urban movements and the left, traditional Social Democratic authoritarianism was personified in the Lord Mayor Egon Weidekamp as a “City King” and “Machine Politician”. The pinnacle of this was a week long fight between locals and the police that took place in the streets of Noerrebro in 1981, provoked by the Municipal decision to remove a playground (“Byggeren”) in the area. In reality the conflict was about the authoritarian non-participate style in the implementation of urban renewal schemes in the district. After this episode the political climate deteriorated even more, and the Municipality of Copenhagen got the label of being partly “ungovernable”.

During the 1970’s Copenhagen municipality witnessed a socio-economic decline and this was a problem for the Conservative-Liberal government that came into office in 1982. An expert commission selected by the liberal home secretary Britta Schall Holberg pointed out two negative self-perpetuating mechanisms of the socio-economic crisis: 1) industrial decline, lack of new growth and employment sectors and 2) increasing concentration of social excluded and other low income

groups (Andersen et. al, 1984). Besides the expert report on the socio-economic decline nothing much happened on the practical side, until the government abolished the Great Copenhagen Council in 1987, but this only extended the problems of governing the city and the region. The government actually refused to negotiate the allocation of additional resources to Copenhagen based on political acknowledgement of over average social needs.

But, as on the national level, a more consensus-like policy developed in the late 1980's within the Copenhagen municipality. A more flexible and participative orientation in the urban renewal had occurred along with a decline of the left-wing orientation, even though the left-wing influence still is perceptible. A more pragmatic generation of Social Democrats entered the stage, now personified in the new Lord Mayor, Jens Kramer Mikkelsen. And the right-wing parties as well have won wider public support within the Town.

In the climate of the "ungovernability" of Copenhagen, its socio-economic decline and a new political consensus on Schumpeterian issues, an urban regime of "social democratic" or "state" entrepreneurialism emerged in the late 1980's. In the beginning of the 1990's, when the shift in social democratic leadership caused the road to a new national government in 1992 with two minor social-liberal parties, the "hegemony" of this new urban regime became manifest.

In the 1970's the Social Democratic hegemonic urban regime, which had dominated the City Hall since the beginning of the century, were heavily challenged by the growing strength of the new urban movements and the New Left (Socialist Left Party and the Socialist Peoples Party) who held 30-40% of the seats in the City Council. Alliances between radical working class segments, the new urban movements, and new as well as old left political radicals created a unique "post-68" political climate in the city throughout the seventies. The new left forces heavily criticised the Social Democrats for a "top-down" authoritarian urban renewal policy, which was based upon the interest of the (imagined) "standard working- and middle class" family. And, according to the new left, did not take into account "the particular", i.e. the social and cultural diversity of the urban space. The orientation of the urban movements could be interpreted as a combination of criticism of rational planning paradigms in its rigid bureaucratic forms. In short their nodal point was a welfare City in which civil society and notions of direct democracy held a stronger position vis a vis the monolithic City Hall administration.

The tensions between the City Hall and the new urban movements became manifest around 1980. For the grassroots and the political left the Social Democratic regime and its homogenous urban renewal programmes based on functionalistic rational planning paradigms was personified in the Lord Mayor Egon Weidekamp as a "Social Democratic Machine Politician". The pinnacle of this dislocation was a weeklong fight between locals and the police that took place in the streets of Noerrebro in 1980. The event was provoked by the City Hall decision to remove a popular playground ("Byggeren") in the area. In reality the conflict was also about the authoritarian non-participatory style in the implementation of urban renewal schemes. After this episode the political climate deteriorated even more, and on the national political scene the Municipality of Copenhagen got the label of being partly "ungovernable". The popular Vilho Sigurdson from the Left-socialist Party had controlled the department for urban planning. Since the mid eighties the authority of this important department was

removed to the direct control of the Lord Mayor. The left claimed that this removal was illegal and a yearlong conflict took place in the courts in the mid eighties about the administrative responsibility for urban planning. This unstable situation paralysed the Copenhagen urban planning system.

The political polarisation and institutional dislocation fused with financial problems: growing budget deficits due to a shrinking tax-base caused by demographic changes and industrial decline. Copenhagen was hit much harder than the rest of Denmark by the unemployment crisis from the mid-seventies and onwards. In Copenhagen the general crisis fused with a long-term trend since the sixties with massive loss of manual industrial jobs. The level of public investments in Copenhagen also shrank compared to the rest of Denmark. This was in part due to a national decentralisation policy, which was the dominating paradigm until the late eighties. Furthermore, the municipalities outside Copenhagen have benefited most by the growth in high-paid service sector jobs, which indeed occurred in the last decades due to a growing number of commuters.

Due to the strength of the left-wing parties and the strong Social Democratic position, financial problems were not managed by dramatic cuts in welfare services, but largely by accumulation of debts and low levels of public investments. Today the municipal debt still burdens the Municipal budget.

In short, the policy responses during the eighties of the Copenhagen Socialdemocratic leadership consisted of three components:

- 1) Political pressure – until the mid eighties - for additional state grants.
- 2) A gradually changed housing policy favouring middle- and high-income households.
- 3) Attempts to develop a coherent regional strategy for employment and infrastructure development within the framework of the regional authority The Greater Copenhagen Council (founded in 1974).

#### **4.2. Confrontation with the state about additional grants**

In the beginning and in the mid eighties, the dominating strategy of the City hall consisted of ongoing attempts to negotiate with the state about the allocation of additional financial resources to Copenhagen, based on political acknowledgement of over average social needs and the inadequacy of the system for national redistribution among Municipalities. The Social Democratic national government, which was in office until 1982, had recognised the need for serious negotiations. When the Conservative-Liberal government - after decades of Social Democratic rule - came into office in 1982, an expert commission appointed by the liberal home secretary was created. The commission pointed towards two negative self-perpetuating mechanisms of the socio-economic crisis: 1) industrial decline, lack of new growth and employment sectors and 2) an expensive demographic composition of the population (many elderly and young) including increasing concentration of socially excluded and other low income groups (Andersen et. al,

1984). Despite the political pressure the system of Municipal reimbursement and state grants remained almost unchanged. The result was a foreseeable increasing Municipal debts.

### **4.3. The gradually changing housing policy.**

The Social Democratic party ran the City Hall from the beginning of the century, and Social Housing and Municipal owned Housing from the very beginning became an important part of Social Democratic Housing Policy. The tradition of Social Housing in Denmark, dates back to the first Social Democratic controlled Municipalities, hence were closely linked to the labour movement (Kolstrup, 1996). The democratic tradition of self governance in the housing co-operatives is regarded as a unique “social capital”, which in fact constitutes one of the overlooked strengths of the Danish universalistic oriented welfare regime (Munk, 1998). In the eighties the amounts of new build Social Housing estates decreased, and since the late nineties it has stopped. Furthermore, the Municipal owned Houses were sold in the mid-nineties. This strategic change in housing policy, as a way of improving the tax base, was gradually accepted by the Social Democratic leadership in a path-breaking alliance with the strengthened Liberal and Conservative members of the City Council. Hence the Social Housing Associations, which by tradition held a strong position in the Social Democratic policy network, have been placed in a much more peripheral position. The political changes fused with market changes: the combination of inflation and regulation of tax reduction for private ownership from the sixties and onwards made the purchase of property very advantageous for upper working class and middle class households. The combined result of these changes was that the social geography in the Metropolitan region became more polarised (Andersen, 1999). This because middle-income residents left the Social Housing sector in which the share of low-income residents increased. After the battle for full employment was lost in the late seventies, the growing segment of long-term labour market exclusion was gradually concentrated in distinct urban districts (Toernquist, 1998). A fact recognised at the national level when the National Urban Committee was launched in 1993/1994. (Andersen et.al, 2003).

Hence some Copenhagen districts have gradually been gentrified like the Inner City and Christianshavn. In the gentrified districts private ownership and private Co-operative Housing has increased and is now dominating. Other districts with a great share of Social Housing estates like Bispebjerg and Kongens Enghave have moved from the middle to the bottom of the urban hierarchy. Thirty years ago these districts with a big share of Social Housing built in the twenties, thirties and forties was the prototype of well-organised working class quarters. Thirty-fourty years ago Noerrebro and Vesterbro, with an older housing stock from the late 18th century and a big share of private rental blocks, was dominated by the “lower” working class people. Today these former classical working class districts have moved toward a more mixed ethnic, social and income profile due to huge urban renewal schemes in the eighties and nineties and a growth in private ownership (Munk, 1998).

#### **4.4. The missing regional strategy for employment and infrastructure**

With regard to infrastructure and growth stimulating initiatives the regional political authority - the Greater Copenhagen Council (GCC) - had the task of insuring this. The GCC, which was established in 1974, was from the beginning in a functional and financial crisis, partly due to its diffuse legal status. The GCC was paralysed by struggles between the poor Social Democratic and Leftist governed Copenhagen and the richer Conservative-Liberal Municipalities outside Copenhagen. The Conservative-Liberal government - in 1987 - finally closed it down, and the Metropolitan region was left without a political authority. The closure of the GCC only extended the problems of governing Copenhagen and the region. The need for traffic investments in the Copenhagen area has been recognised for a long time, but was blocked due to financial and institutional-political struggles between the state, the Municipality of Copenhagen and the Greater Copenhagen Council (GCC).

In this situation of long lasting Municipal budget deficits and the political administrative dislocation at the regional level, the conservative-liberal government in the late eighties held a strong bargaining position vis a vis the Municipality of Copenhagen. As will be shown it was in this economic, institutional and political context the Danish UDP was born.

#### **4.5. Towards the Entrepreneurial City**

After the years of the “ungovernability” of Copenhagen and a situation of serious socio-economic decline, the new urban regime of social democratic and “state led city entrepreneurialism” (Harvey, 1989) emerged in the late 1980's. The new Social Democratic leadership gave up the former confrontation policy vis a vis the state and was less committed to defend the classical values of the welfare City, in particular the commitment to take the interests of low-income groups in housing policy into account. In the field of urban renewal a more open and pluralistic style of governance emerged, and a more participatory orientation in the urban renewal programmes occurred in the nineties, based on ideas of communicative and incremental planning (Sehested, 1999). The large-scale urban renewal programme on Vesterbro is the flagship of this trend in which ecological and aesthetic experimentation is integrated in the ongoing programmes.

The most path breaking change from the late eighties and onwards was however the linkage of the urban regeneration strategy to a Metropolitan regional growth strategy. Since the beginning of the 1990's, when also the national social democratic leadership was replaced by a more centre-oriented one, and when the Social Democratic Party came back in power in 1992 at the national level (after a decade of Liberal- Conservative rule) the State-Municipal growth alliance has been relative stable. As will be shown, the UDP, the Oerestad project, became the flagship project in the implementation of the new strategy. It should however be emphasised that the "schumpeterian/entrepreneurial" orientation still was linked to basic Social Democratic values including the maintenance of a strong public sector in the field of social services and inclusion of trade union leadership in the policy networks, the trade unions who also co-ordinated the Metropolitan strategy for economic regeneration. Hence the Danish urban schumpeterianism from the

beginning had its Social Democratic or "negotiated economy" blueprints, unlike e.g. the UK where schumpeterianism was linked to an aggressive neo-liberal strategy.

As a comprehensive answer to the problems facing Copenhagen in two decades, high unemployment, industrial decline and lack of infrastructure investments (Maskell 1986, 1991) the new growth oriented attitude towards urban and regional development was manifest in the late 1980's (Gaardmand 1991, 1996, Andersen, 1998). The major change was the emphasis on urban development as a strategic mean to compete against other European city regions for investments in the transitions towards the service based post-industrial economy and urban form (Matthiessen, 1993). Copenhagen was now to act as a dynamo for regional and national growth. This was a shift away from the former dominant orientation in Danish regional policy, which had emphasised on interregional equalisation, hence disfavoured the Capital in the ongoing struggles over public infrastructure and other investments. In particular the cross border Oresund region, made up by five administrative units on Zealand (Frederiksborg, Roskilde and Copenhagen county and the Municipalities of Copenhagen and Frederiksberg) and the southern part of Sweden, Skaane, re-entered the discourse as a potential dynamo of growth with Copenhagen as its pivotal point. As the Oresundsbridge between Denmark and Sweden had been decided by the parliament in 1991, the transportation time from Copenhagen to Malmoe would be shortened. The Oeresundsbridge had been discussed since the powerful EU- lobby the "Round Table of European Industrialists" suggested the bridge in 1983 (Lemberg, 1999). From 1989 and onwards the comprehensive visioning of Copenhagen as the centre of a competitive region emerged in official City Master Plans reports and recommendations from a Metropolitan expert commission (What do we want to do with the capital?, 1989), backed up by influential parts of the academic community (Andersson & Matthiessen 1093). In this entrepreneurial growth discourse and policy orientation both the Oresundsbridge and later the Orestad project were symbols of the future competitive, creative knowledge based region.

In 1990 a Metropolitan committee on traffic investments, the "Würtzen Committee", suggested the establishment of a Copenhagen Metro system and the development of the Orestads-area as a new Copenhagen district. The special feature of the Danish UDP in terms of its organisational and financial construction was the combination of two different projects: i) the construction of the new Orestad City district and ii) a huge expansion of the traffic infrastructure, which would connect Amager with Frederiksberg through a metro system with its nexus in the central parts of Copenhagen (Gaardmand 1991). The Metro investment was linked to supplementing investments in highways linking central Copenhagen with the Greater Copenhagen area, and railways connecting the Orestad and Amager with the existing railway system and the Swedish railways

The land to be used had been earmarked for a large-scale urban development project since 1963 and was owned jointly by the state (45 %) and the municipality (55%). The idea of creating a new City district dated back to 1963. The first plans were first and foremost driven by the need for Social housing in the Copenhagen area. The plan was met with scepticism due to the present dominating national orientation in regional planning, which emphasised expansion outside the Capital. After the sharp economic decline and oil-crisis in 1973, the plan disappeared from the Master plan of Copenhagen. The old idea was now reintroduced with a new

content in a new economic and political context as it was linked to the emerging regional and City entrepreneurial strategy (Wichmann Matthiessen, 1993)

The clue in the plan was to suggest incremental planning within a master plan, where the proceeds from the selling of land would be used to finance the metro, and when it was finished (i.e. around 2003) the proceeds from the Metro would be channelled back to cover outstanding liabilities from the development. In this way the concept of urban rent was re-invented and introduced into urban politics. This was a stretch of the mandate given to the committee (Andersen, 1998), since the overall purpose of the committee was to plan future traffic investments in the Capital, not to make plans for new large scale urban development projects. However, since traffic, in the sense of the suggested Copenhagen Metro system was part of the package, the Committee argued that the mandate was not overstepped.

From theoretical angles as growth machine theory (Harding, 1994)', neomaxist regulation theoretical approaches (Jessop, 1998) or regime theory (Stones 1989, 1993) the design process could be seen as a step in the formation of a neo-corporatist growth regime. Following Stone (1989:4), a regime can be defined as "relative stable group with access to institutional resources that enable it to have a sustained role in making governing decisions". The "iron law" of regimes is that they must be able to mobilise resources suitable for the political agenda at a given time and place (Stones, 1993, p.21).

An important tactical strength of the project design was its geo-political rationality. The proposed project was designed to be capable of overcoming the strong scepticism of the national politicians who represented the interests of the province also known as the "Jylland lobby". So far the presence of the informal, but powerful lobby which included politicians in both the opposition and the government, had blocked effectively for larger Copenhagen infrastructure investments. With the proposed financing scheme the Copenhagen infrastructure and regional growth package could be presented as virtually neutral to the state budget.

For the Liberal-Conservative government the institutional form of the ODC furthermore had a strategic political rationality. The use of hybrid quasi market organisational forms, i.e. Quango's, partnerships and the like in urban development and other areas of policy as well (Sehested, 1999), was in line with the governments general new public management orientation and attempts to introduce more "business-like modus operandi" in public planning.

Being aware the controversial political character of the project and its underlying strategy, the Metropolitan expert Committee chose to keep the project on a need to know basis until the proposal had been completed and the key actors at the political level had committed themselves to the project (Andersen, 1998). In the UDP design phase in the beginning of the nineties the Conservative Party was in government with the Liberal party, while the Social Democratic Party was the largest party in the parliament and the dominant party in the Copenhagen City Council. At the political level the key actors in the new path breaking State-Capital growth coalition was the leaderships of the social democratic and the conservative party (in particular the Lord Mayor of Copenhagen, Jens Kramer Mikkelsen and the Minister of Finance, Henning Dyremose).



For the Liberal-Conservative government the Orestad package was in line with the governments new public management orientation and its attempts to introduce more “business-like modus operandi” in urban planning. The success of the Metropolitan growth regime in the initial phase was strongly related to introduction of quasi market governance instruments.

In the UDP design phase, in the beginning of the nineties, the Conservative Party was in government together with the Liberal party, while the Social Democratic Party was the largest party in the parliament and the dominant party in the Copenhagen City Council. At the political level, the key actors in the new path breaking State-Capital growth coalition were the leaderships of the Social Democratic and the Conservative party. Influential professionals in urban planning and opponents of the plan criticised it in the public discourse using terms such as “Elitist Corporate Planning” and “Politics of Gambling” .

Despite intense criticism the coalition was powerful enough to speed up the process of implementation. In 1992, a law on the institutional set-up and general terms for the project passed through parliament, where only the United Left and the Socialist People’s Party voted against the law. Hence, the Danish UDP represents a clear case of “exceptionality” (Moulart, Swyngedouw & Rodriguez 2003) in relation to existing planning instruments and regulations. The new solution was criticised for being a hybrid. It consisted, on the one hand, of an autonomous private shareholder company, and, on the other hand, of a state-municipal partnership with a financial base in the form of a state guaranteed credit line of some 850 million Euro (which was later to be increased many times). The adherents argued that the Orestad Development Company combined “the best of two worlds”: Public control without the “snaring bonds” of politics and capable of operating on market terms. The critical voices argued that the project was not embedded in a coherent vision of a sustainable city of the future, the needs of the neighbourhoods, and that the whole idea of a “compact hyper growth district” was not sufficiently substantiated.

#### **4.6. Governance dynamics in the phase of implementation**

The major problem of the UDP, evident around 1996/97, was the disappointingly low level of private investments. Therefore, the mobilisation of (semi)public partners to invest in the project became crucial. The irony is that in the design phase, the project was presented as more or less cost neutral for public budgets, because urban rent and private investments would finance the development project. The growth coalition had to mobilise investments again, and in the implementation phase there was a massive increase in use of public credits and costly (re)directions of public investments to the UDP

One major problem in the implementation of large-scale UDPs is that the “point of no return” makes it difficult to redirect UDPs once they are set in motion. UDPs have a very strong element of “politics of gambling”, which tends to follow a logic of irreversibility. In the Danish case, the growth coalition became successful in constructing the agenda as a choice between the defensive stagnation scenario and the offensive globalisation scenario. The critics, however, claimed that the presentation and calculation about benefits and risks were too optimistic and seductive.

When the plans leaked to the public before the proposal was published it caused heavy criticism from professionals and in the public for its democratic shortcuts and unrealistic financial calculations. Existing statutory planning guidelines had been completely overruled, a fact which all (six) professors of Urban Planning in Denmark emphasised in their remarkably sharp criticism against the proposal (Larsen and Paludan, 2000). Influential professionals in urban planning and critics within the public discourse criticised the plan using terms such as "Elitist Corporate Planning" and "Politics of Illusionism" (Lemberg, 1999).

The Social Democratic-Conservative and State-Municipal/Capital "City Entrepreneurial Coalition", rejected the criticism. The exception from this was the response to the criticism from the powerful Nature Preservation Foundation, who held a strong position in the public discourse on environmental issues, and after negotiations a larger part of the land than anticipated in the initial project was preserved as a nature reservation area.

Despite the intense criticism the coalition was powerful enough to speed up the process of implementation. In 1992 a law on the institutional set-up and general terms for the project passed through the parliament, where only the United Left, The Socialist Peoples Party and Progress voted against the law. In the law it was stated that the Orestads Development Cooperation (ODC) was to be formed to manage the development and selling of land and the construction of the Metro. The ODC, whose institutional form was a shareholder company, was owned by the state and the municipality of Copenhagen. The board of the ODC consists of 6 members. The present chairman is the former Liberal Minister of Finance and later EU-commissioner Henning Christoffersen, the Social Democratic Lord mayor of Copenhagen, who links the project directly to City Hall, two members of the Copenhagen City Council, from the Socialist Peoples Party and the Danish Folk Party (rightwing populist party, i.e. both from parties that voted against the law), the chairman of the Danish Federation of Trade Unions which has close bonds with the Social Democratic Party and a Swedish board member, who embodies the regional embeddedness of the project.

#### **4.7. The birth of the UDP**

The UDP was actually first designed by a group of professional city- and traffic planners in the late 1980's. The same actors usefully employed their extended network to create a common frame of reference for revitalising the economy of Copenhagen. The specific shape of the UDP developed in different stages, which in the more concrete phase involved the leaders of the national and local trade unions and the employers associations. The common framework to revitalise Copenhagen was to see it as a part of a broader regionalisation process: the promotions of the cross border Oeresund Region. Schumpeterian action was the important political rationale behind the Danish UDP, and within the more consensus-like climate the growth coalition that shaped the Danish UDP was formed.

The key actors on the political scene became the Social Democratic Lord Mayor of Copenhagen (Jens Kramer) and the Conservative Minister of Finance, Henning Dyremose. At the national political level, the important argument in the first stages

of the UDP was the ability of the idea to generate an offensive growth policy. Interest groups within both the Conservative-Liberal government and the Social Democrats were interested in demonstrating their willingness to engage in Schumpeterian action.

The “Growth Coalition” was able to suggest a future oriented international and offensive strategy for urban growth. They had three manifest arguments on their side that discarded nearly all criticism. The investment to the project was expense neutral because they would be regained by the sale of unused land to huge market prices as the value of the ground expanded. The new urban space was linked to the construction of a METRO-system, that would reduce the effects from the growing car traffic substantially, and therefore there would be an environmental gain to get. Against these arguments criticism could be rejected as being too nostalgic and localist in its orientation and not taking the transformation towards the knowledge based economy seriously enough.

An important factor in the promotion of the UDP, was the socio-economic decline of Copenhagen municipality during the 1970's. An expert commission selected by the liberal home secretary Britta Schall Holberg pointed out two negative self-perpetuating mechanisms of the socio-economic crisis: 1) industrial decline, lack of new growth and employment sectors and 2) increasing concentration of socially excluded and other low income groups (Andersen, 1984).

At the national level the ungovernability as well as the socio-economic crisis of Copenhagen was a problem for the Conservative-Liberal government that came into office in 1982. But besides the expert report on the socio-economic decline, the only radical decision of the Government regarding policy-tools was to abolish the Greater Copenhagen Council in 1987. The government actually refused to negotiate the allocation of additional resources to Copenhagen based on political acknowledgement of over average social needs.

In the late eighties the more “hard-core” liberalism declined and the social liberal and centre forces increased their power on national level. A more consensus-like policy issue entered the political stage, centred on Schumpeterian issues (Jessop 1998). In the late 1980's the government negotiated labour market policy and entrepreneurial programmes with the Social Democratic party, e.g. education and training programs for the unemployed. Also within the Copenhagen municipality, a more flexible and participate orientation in the urban renewal had occurred along with a decline of the left-wing orientation, even though it still is perceptible. A more pragmatic generation of Social Democrats entered the stage, now personified in the new Lord Mayor, Jens Kramer. And the right-wing parties as well have won wider public support within the Town.

In the climate of the “ungovernability” of Copenhagen, its socio-economic decline and a new political consensus on Schumpeterian issues, an urban regime of “Social Democratic Entrepreneurialism” emerged in the late 1980's. In the beginning of the 1990's, when the shift in social democratic leadership caused the road to a new national government in 1992 with two minor social-liberal parties, the “hegemony” of this new urban regime became manifest.

#### 4.7.1. Financial Affairs<sup>1</sup>

The financial affairs are an important aspect of the Oerestad project, and they were one of the most central and controversial issues in the decision making process (Andersen 1998, Gaardmand 1991).

In reality the current project combines two individual projects: (i) The development of a new part of the city on the piece of land on Amager, which since 1963 has been owned jointly by the state and the city of Copenhagen for that purpose. (ii) Expansion of the existing public transportation system, which would connect Amager with Frederiksberg through a metro system with its nexus in the central parts of Copenhagen.

The main reason for the combination of the two projects was that a low direct cost was essential for the project to be approved by the parliament, since the Conservative-Liberal Government was unwilling to allocate additional resources to Copenhagen. Investments in Copenhagen could turn out quite costly in terms of promises of similar investments in other parts of the country, and to heavy expenses could slow down the decision making process. The Oerestad construction offered a solution to the need for redevelopment in Copenhagen, which seemed not to involve massive direct costs for the state. The financing of the joint project was linked with the aim of making the process almost self financing by using the revenues from the sale of land in the Oerestad to finance the building of the Metro. And later again, to use the revenues from the Metro to pay back the credits. So a project which otherwise would cost over 1 billion Euro would require only an initial outlay of some 150 million Euro.

However, where there is potential for supernormal profits there is also potential for losses, and so is also the case for the Oerestadsproject. If the land is not sold fast enough, or does not provide the needed funds for the construction of the Metro, the whole financial foundation is likely to erode. The same applies if the cost of the metro is greater than anticipated or the project is much delayed.

Public institutions, which have planned their relocation to the Oerestad account for almost 6 billion DKK (around 800.000.000 Euro) of public investments.

**Table 2:** Planned public investments in the Oerestad.

<b>Project</b>	<b>Total public investment (Euro)</b>
The university of Copenhagen	228,000,000 over 7-10 years
The IT Highschool	48.400.000 over ca. 3 years
A research park	45.700.000 over ca. 3 years
The national archive and the Royal Librery	201.600.000 over ca. 5 years
The National Television	269.000.000 over ca. 5 years
<b>Total</b>	<b>792.700.000</b>
Total approved	523.700.000

Source: Andersen, Hovgaard and Jensen, 1999.

If one look at the relative relationship between the total potential revenue (i.e. 100%), the potential revenue from land already sold is 3,3% and the actual realised revenue is 0,68% (Andersen, Hovgaard and Jensen, 1999).

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<sup>1</sup> This section owes everything to earlier work by Soeren H Jensen, who was part of the project team at Roskilde University 1998-99.

#### **4.8. The “point of no return” and the spirit of “the three Musketeers”**

An analysis of the financial affairs made already in 1997 by the United Left Party (later picked up by the weekly magazine Monday Morning), seriously questioned the financial construction. According to this analysis the company had used almost all the credit, and since the revenue of the land sale did not cover the expenses, this would lead to a “death by interest”. This meant that the compounded interest on the debt for the construction of the Metro and the infrastructure of the Oerestad would exceed the revenue produced from the Metro and the selling of land. The analysis estimated that the project was likely to cost the taxpayers up to 2 billion Euro.

For the growth coalition the present situation of the Danish UDP is characterised by at “point of no return”, as the former Minister of Traffic Sonja Mikkelsen (Social Democrat) termed it in one of the many debates in the Danish Parliament. And from an objective point of view, it is so far proved that many of the critics were right. But despite the ongoing crossing about the original budget and legislation passed by the Social Democrats, the Liberal Party and the Conservative Party in 1992, their union on the project is still characterised by a “Spirit of the Musketeers”.

The “Musketeers” invested their political prestige in the “politics of gambling”, i.e. the belief in “offensive entrepreneurialism” in the hands of high profiled charismatic “New Developers”. For them the calculations seem to be that the political and economical costs by accepting increased public investments is lower than opening up for a fundamental economic and legal reorganisation of the UDP. The chosen type of traffic investment of the ODC has from the beginning been criticised for binding a substantial part of the investment to an imagined new town, instead of choosing a type of investment, which focused on the reduction of the existing car traffic. The raised criticism also refers to the lack of negotiations and co-ordination with the existing institutions namely the Copenhagen Region Traffic Company (HT) and the Danish Railway Company (DSB). These two old institutional actors were excluded from the planning processes for which the ODC was responsible.

As documented before the income from land sale to private investors has been disappointing. The critics argued that the growth coalition has organised a sequence of financial “support actions” in favour of the ODC. The dominant actor in these operations is the Ministry of Finance. Since 1998 the Ministry encouraged public institutions to pay attention to the Oerestad building sites, if they considered to move their offices. The Ministry promised to be helpful to find additional resources since the price of building sites in the Oerestad are some of the highest in the Region.

## Chapter 5:

### Policy lessons

#### 5.1. Politics of inclusion

Before jumping to concrete policy suggestions, some broader theoretical reflections about conditions for politics of inclusion will be outlined, and should be read as the policy implications of the previously presented analysis.

A preliminary definition of Politics of inclusion could be:

*the innovative linkage of politics of redistribution and politics of recognition, which over a longer time span creates sustainable paths of democratic and social development, which increases the capacity to social and economic innovation and to handle both conflicts about economic resources and life-chances and conflicts about identities (Andersen and Siim, 2004).*

From the social exclusion angle the implications of the shift from "government to multi scaled governance" creates the following set of problems:

- (i) The problem of new elite formation at the top of the social ladder
- (ii) The fragmentation and weakening of power of collective actors representing and articulating the interest of the less affluent
- (iii) The problem of fostering coalitions between excluded groups and sections of working and middle classes

A politic of inclusion therefore must try to:

- (i) Integrate actors representing interest at the bottom of the social ladder and
- (ii) Enable the actors to operate across different spatial levels: the local, regional, national and global. Inclusive counter forces cannot operate exclusively on local, regional or national levels.

In the debate over new policy agendas the broader concept of empowerment (despite the origins of the concept in third world action research) of (potential) losers has gained new terrain (Craig and Mayo 1995, Friedmann, 1995). In short, empowerment is a process of awareness and capacity building leading to greater participation, to greater decision-making power and control, and to transformative action (Andersen et.al, 2003, Fotel 2001).

Taking the postfordist/postindustrial socio-economic and political-cultural landscape into account compared to traditional industrial society, it is obvious that the politics of empowerment and inclusion must be able to:

- (i) take "particularities" into account (class, gender, generation, ethnicity etc.) and
- (ii) cope with the task of transforming these "particularities" into stable but flexible coalitions, which can operate at different levels.

The challenge is to identify potentials for remobilisation of "old" actors (the still existing although diminished working class) and empowerment of new actors representing excluded groups. In the present period the vague contours of a counter hegemonic project would include notions of socio-cultural diversity and social inclusion: social differentiation without social exclusion (Young (1990). This could in our perspective mean policies of:

- (i) the inclusive and multicultural City based on notion of social justice and inclusion
- (ii) the Green and sustainable City based on ecological reasoning
- (iii) the non elitist and democratic City based on participatory reasoning

Generally speaking this policy could be supported at the level of system integration by a combination of universalist social citizenship rights and "positive selectivism" e.g. empowerment oriented urban social action programs in deprived neighbourhoods. When they work, they empower local actors and transform the public agencies and the professional complex in a more supportive direction and give rise to empowering or "inclusive localism". But without more far-reaching changes in the socio-economic regime, which among other things can break the trend towards the exclusive "middle class localism", local empowerment strategies are likely to fail.

Today both the role of the nation state as the locus of the political and the pattern of action arising from distinct social formations have changed. However, this does not mean that social hierarchies have disappeared. On the contrary the actors at the top of the social ladder have increased their power resources.

From a social polarisation angle the lack of collective action from the bottom is the problem. The ability to organise collective action (empowerment) and political representation from the bottom - and therefore the presence of organised conflictive relationship between the affluent and the less affluent - is a condition for reaching sustainable, negotiated social contracts in society: Social inclusion and integration is impossible without social conflict. The notion of social inclusion/integration should therefore be developed to include the distinction between exclusionary "socially unproductive" versus inclusive "socially productive" types of conflicts.

A socially unproductive type of conflictive relationship between actors tends to produce self-reinforcing paths of zero or minus sum games. The intended or unintended social costs of collective action at the top or middle of the social ladder are externalised to the bottom of the social hierarchy. This is set in motion through "voting with feet" and/or the "politics of enforcement" types of dynamics, which increase social polarisation (i.e. economic inequality, socio-spatial segregation etc.). The conflictual relationships and mutual distrust between actors increases the transactions costs, which on a long term basis can cause crisis at the level of system integration (Jordan, 1996).

The socially productive, transformative type of conflictive relationship can be defined as types of conflicts between actors allowing for plus sum games and, depending on the type of society in question, eventually to a transformation of the social order. These games increase positive incentives, mutual understanding and

social learning of collective and individual actors and can thereby support the ongoing dynamics of collective citizenship, reduce transactions costs and enhance social capital; the norms and networks facilitating collective action for mutual benefit (Andersen, 1999)

On the demand side of the economy, the question is how to reach a balanced type of labour market and socio-economic development that not only benefits the mobile, affluent and well skilled. In this debate critical analysts suggest that a social economy grounded in local social movements and concerned to empower the poor and underprivileged could provide more effective solutions by developing a more self-sufficient economy, which is also able to re-insert itself into the wider economy (Jessop, 1998).

This presupposes a new social economy strategy, where the economic is re-embedded in the social, and the effective co-ordination of institutional arrangements creating "structured coherence" at the micro-, meso-, macro- and metalevels to ensure the dynamic complementarity of the social economy with the wider economic system (Jessop, 1998).

This leads us to a closer discussion about the more specific policy lessons to be drawn.

## **5.2. Lessons arising from the Danish Urban Development Programme.**

The platform of the URSPIC-project defined the task as grasping the complexity of social conflicts and power struggles, which shaped UDPs in their design phase, their implementation and the long-term outcomes in terms of integration-exclusion.

The lessons which can be drawn from the analysis is even more complex than understanding what happened and why. There is no simple way of turning the analysis of what happened, how and why around into reflections about what could be done instead.

One first useful, all though mostly analytical, distinction is to distinguish between lessons concerned with:

- (i) Conditions for "defensive harm reduction": that is conditions for improving the possibilities for influencing the design, implementation and outcome of UDP without fundamentally changing the strategic character of the projects. This could be called the defensive agenda: the avoidance of increased political, economic and social disempowerment of the less powerful and affluent groups.
- (ii) Conditions for offensive counter hegemonic politics of inclusion in the urban space.
- (iii) The challenge of strengthening the (potential for) social and political empowerment opening up for alternative agendas, which takes the political, social and institutional context into account.



In the design phase and at least in the first part of the implementation phase the growth coalition and the UDP leadership can often mobilise a strong discursive power by defining offensive agenda for future social, aesthetic and economic development. Critics tend to be classified as defensive actors and thus excluded from the discourse. They become associated with old-fashioned “politics of resistance” belonging to ancient (modern) times. Unlike the “New Developers” capable of leading the City in to the (postmodern) world of tomorrow and situated in the upper end of the social hierarchy, the critics are only occasionally able to mobilise powerful discursive counter agency. This situation of asymmetrical relations of power - in particular the fragmented power base for marginalised and excluded strata - creates difficult conditions for the linkage of urban (re)development with notion of inclusion and social justice.

Contrary to this “high modern” planning rationale, the classical social democratic urban planning was closely linked to Social Reform (Friedman, 1987). The power base was the alliance between relative homogenous social formations as the working class, progressive sections of the middle classes and offensive modern planners.

### **5.3. The problem of UDP irreversibility and the “Spirit of the Musketeers”**

The case study demonstrated that a major problem in the implementation of large-scale UDPs is that the “point of no return” makes it difficult to redirect UDPs once they are set in motion. UDPs of the type examined in the URSPIC-project have a very strong element of “politics of gambling”. In the public Danish debate around the ODC the term “politics of illusionism” has been introduced

One simple but important lesson is the necessity of insisting on mechanisms to ongoing public control of financial transactions and clearly defined procedures and responsibility for budget excess.

Such mechanisms can take a variety of concrete forms. For example the presence of representatives outside the growth coalition in the Steering Committee of UDPs. In the Danish case the presence of representatives from the surrounding deprived districts might have made a difference. . Another example could be to insist on for example yearly independent evaluations by independent agencies outside the UDP.

The irony in the Danish and other UDPs is that the financial concept in the design phase was more or less cost neutral for tax payers and public budgets, because market driven development and urban rent would finance the investments. What really happened in the implementation phase was massive increase in use of pure public credits and (re)directions of public investments to the UDP.

### **5.4. Subsidiarity and the role of regional government**

One important lesson at the institutional level is about the complicated problem of subsidiarity, the division of tasks and competence between local/district level, the level of the city/municipality, the level of the region, the level of the nation state

and the supranational/EU level - from the social exclusion-integration angle in order to identify obstacles for politics of inclusion.

The Danish case suggest at least two lessons:

- (i) the importance of active involvement in the design as well as implementation phase and the existence of elected district councils within the Capital. Deprived districts needs their own political and institutional platform in order to articulate their demands.
- (ii) the lack of an elected regional government (since the late eighties) with planning competence in the Greater Copenhagen Region made easier the formation of closed neo-corporatist closed elite formation.

In the following discussion the emphasis will be on the regional level.

The very existence of a regional level of government with a strong political mandate seems to be one of the conditions for articulation of reliable politics of alternative development at this level. As demonstrated in the case study the formation of a quasi-public and highly autonomous development agency (the Orestad Development Company, ODC) was path-shaping in relation to existing procedures for public participation in urban planning

The absence of a regional level of government was one among other factors, which has created a situation of planning and socio-economic dislocation in the Copenhagen Region with regard to traffic investment and regulations of urban (re-)development. This left the Municipality of Copenhagen in a very weak bargaining position vis-à-vis the State.

The “New Developers/Entrepreneurs” in the latter Oerestads Company were ambitious gamblers, when they designed a new “Copenhagen growth package”. In the open terrain of long lasting municipal budget deficits and a weaker economic base they offered a path-shaping growth package, where profits (urban rent) from selling virgin land in a new development zone could finance the huge traffic investment. The latter had been blocked due to financial and institutional-political struggles between the state, the Municipality of Copenhagen and the Greater Copenhagen Council (GCC). The GCC had been paralysed by struggles between the poor Social Democratic and Left governed Copenhagen and the mostly richer Conservative-Liberal Municipalities outside Copenhagen and was finally closed down by the Conservative-Liberal government in the late eighties.

The absence of a regional government increases the room of manoeuvre for the neo-corporative alliances between the offensive (corporatist oriented) state and defensive Municipalities. In the Copenhagen case actors in the professional complex (planners etc.) were dominant actors in the design phase and via their corporate networks they succeeded in opening a new “strategic terrain” in a situation of (political and socio-economic) dislocation.

## 5.5. Towards holistic inclusive planning

The presence of a regional political authority does not by its very existence guarantee sufficient counterbalancing forces, which can influence the form and content of action. Even more important is the need for a new type of holistic planning objectives, which includes living conditions like housing, adult education, social and health services and active labour market policy and job possibilities for those in the risk zone of social exclusion. Furthermore an ecological orientation, or rather linking the notions of ecological and social sustainability. The Agenda 21 movement should also include the regional level.

Among the instruments and tools which should be considered is tax policies. With regard to income taxes a major problem is related to the fact that affluent groups tends to work in the City Centre, but lives outside the City and thus pays their municipal tax to well off municipalities. Furthermore, the affluent municipalities are effectively closed for low-income groups due to the composition of their housing market. This is one of the polarising mechanisms which could be changed, if taxation of income to a larger extent would benefit the municipality in which the workplace is located.

We would suggest that regional pilot projects were made in in Europe focussed on the development of holistic and participatory planning instruments. Emphasis should be on the total set of living conditions: housing, social services, employment, education. In Denmark there were attempts to develop this type of planning in the late seventies, and in political and professional discourse these ideas still play a role. (Worm et.al , 1984)

Instead of assuming an automatic trickle down effect the EU-institutions should demand mechanisms and objectives, which stimulates inclusive and sustainable development. The EU-institutions and programmes (e.g. the Social Fund, the INTERREG-programme) should define a set of conditions for financial support to regional and urban revitalisation programmes in order to be sure that UDPs are part of a coherent regional socio-economic strategy. Such conditions could be:

- 1) To identify and estimate the need for housing for low income groups - and to develop a long term regional housing policy. This should be done in co-operation with NGOs representing the homeless, and Social Housing Associations representing housing interests for low-income groups. The objective should be to avoid concentration of high income groups in particular districts, homelessness and deprived ghetto's. The principle of income and ethnic mixed residential areas should be the leading principle. This means that e.g. Social Housing projects should be given the highest priority in affluent Municipalities, which otherwise tend to use housing policy as an instrument of social closure and thereby over time reinforce socio-spatial polarisation. Democracy and social citizenship in part builds on socially and cultural diversity in residential areas in order to make possible that face to face relations with "the others" can be developed. If this increasingly becomes impossible the development of mutual distrust between social formations can escalate (Blakely and Snyder, 1997; Jordan 1996).

- 2) Identify and estimate needs for adult education and job creation - and to develop a long term strategy for active labour market and educational policy – with focus on unskilled and vulnerable segments of the local labour market. Such efforts includes development or strengthening of existing agencies to support job creation in

service sector jobs on normal wage conditions, programmes of tailored active labour market policy. Support to third sector initiatives, social enterprises, community groups and social co-operatives, which have or can develop their capacity to develop new types of jobs and socially meaningful life spaces.

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## Appendix 1

### List of persons interviewed:

Arne Melchior, member of the parliament for the Center Democrats, former Minister of Transportation and Tourism, observer in the political group overseeing the activities of the ODC.

Kai Lemberg, Former head of the planning department in the Municipality of Copenhagen, Honorary professor at Roskilde University.

Lau Melchiorson, Head of Sales and Development in the ODC.

Klaus Ahm, Head of financial affairs in the ODC

Christian Wichmann Mathiessen, Professor in Geography at Copenhagen university, Head of the Geographical department, author of several books and papers on the Oeresund region and regional development, participant in the report on the Oeresund region

Uffe Paludan, Director of the Copenhagen Institute for Future Studies, participant in the report on the Oeresund region.

Vagn Smed, Editor of the district newspaper, Syd Vest Folkeblad.

Gunna Starck, Former Mayor with responsibility for physical planning and member of the City Council in Copenhagen for the Socialist Left Party and the United Left.

Karl Voigt, Secretary for MP, Søren Kolstrup. Leading profile in NOAH

Mikkel Warming, former member of the Steering Committee of the Oerestad Company, member of the Copenhagen City Council for the Socialist Peoples Party.

## Appendix 2

**Table 1.** Number of workplaces in manufacturing and service sector jobs 1970-1994 in the Copenhagen Region.

### **Manufacturing:** Number in thousands:

Growth-rate in pct:

	1970	1980	1986	1993	1994	70-80	80-86	86-93	93-94
Copenhagen	100	55	44	31	27	-4,5	-3,3	-4,3	-12,1
Frederiksberg	12	6	4	4	4	-4,8	-5,6	-1,2	8,7
Copenhagen County	79	57	65	55	50	-2,9	2,4	-2,2	-9,6
Fred.borg County	25	25	26	23	21	0,1	0,6	-1,5	8,2
Roskilde County	15	11	14	14	13	2,6	4,2	0,1	-11,9
Hovedstadsregionen	231	154	153	127	114	-3,3	-0,1	-2,4	-10,2
Denmark	600	511	542	502	463	-1,5	1,0	-1,1	-7,8

### **Service sector jobs:** Number in thousands:

Growth-rate in pct:

	1970	1980	1986	1993	1994	70-80	80-86	86-93	93-94
Copenhagen	275	204	315	277	276	-2,6	9,1	-1,7	-0,5
Frederiksberg	32	33	36	34	35	0,2	1,8	-0,8	2,5
Copenhagen County	115	230	249	278	280	10,0	1,3	1,7	0,7
Fred.borg County	60	97	109	119	119	6,2	2,1	1,4	0,1
Roskilde County	32	57	64	70	72	7,7	1,9	1,5	1,9
Hovedstadsregionen	514	621	773	779	782	2,1	4,1	0,1	0,4
Denmark	1263	1833	2006	1968	1989	4,5	1,6	-0,3	1,1

**Source:** Munk, Anders (1998). Statens Byggeforskningsinstitut, Hørsholm.

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