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Research Paper no. 16/01

THE ORESTADPROJECT

–URBAN REVITALISATION?

Søren H. Jensen & John Andersen

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–URBAN REVITALISATION?**

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

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Abstract

The paper describes the process that led to the decision of creating a new part of the city – the Orestad - on virgin soil in order to stimulate growth in the capital region in Denmark.

Starting out by describing the socio-economic conditions in Copenhagen with stagnation through two decades, that led to a change in urban policy it further describes the political climate at the time of the planning phase. It deals with the type of policy that this project is the result of and looks at the motives for the different political actors.

Keywords:

Orestad, Copenhagen, Urban policy, Urban development projects, Financial set up.

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1. Introduction

The paper is a part of an EU research project URSPIC (Urban Redevelopment and Social Polarisation in the City) under DG XII, Framework IV. The final report can be found at www.ifresi.univ-lille1.fr select “programmes des recherches”, select “URSPIC”.

The purpose of the URSPIC project is the analysis of the mechanisms of social polarisation in urban Europe. The investigation of thirteen big projects of urban development must enable to study the different forms of social exclusion /integration, to determine its causes, to examine the impact of social, economic and spatial policies and to suggest innovations in the field of urban policy..

The programme was co-ordinated by Frank Moulaert , IFRESI-CNRS , UFR de Sciences Economiques et Sociales , Université de Lille, France, Arantxa Rodriguez , Department of Applied Economics , University of the Basque Country , Bilbao , Spain and Erik Swyngedouw , School of Geography , University of Oxford and St. Peter's College , Oxford , UK.

The thirteen projects came from the following cities: Athens, Berlin, Bilbao, Birmingham, Brussels, Copenhagen, Dublin, Lille, Lisbon, London, Naples, Rotterdam, Vienna.

The results from the URSPIC project have so far been published in

Special issue of *Rassegna Italiana di Sociologia* ‘Metropoli in Trasformazione’: Vol. 41, 4 (4/2000). Edited by Serena Vicari, Erik Swyngedouw and Arantxa Rodriguez. Introduction, cases studies on Berlin, Copenhagen, Naples.

Special issue of *European Urban and Regional Studies*, ‘Social Polarization in Metropolitan areas: the role of new urban policy’. Vol. 8, 2 (April 2001). Edited by Frank Moulaert, Erik Swyngedouw and Arantxa Rodriguez. Theoretical introduction, case studies on Naples, Brussels, Vienna, Lille and Bilbao.

Forthcoming:

Special issue of *Ciudad y Territorio – Estudios Territoriales CyTET*, editors as above. First issue: theoretical introduction, case studies on Berlin, Bilbao, Dublin, Lille and Lisbon (in print, 2001). A second special issue is planned for 2002.

Special issue of *Geographische Zeitschrift*, ‘Economic restructuring and political governance in European cities’. Editors as above. Theoretical article on urban restructuring and governance. Case studies on Berlin, Birmingham, London, Copenhagen and Rotterdam. To be published in 2001 (in print).

Frank Moulaert, Erik Swyngedouw and Arantxa Rodriguez (eds.): *Urbanising Globalisation. Urban Redevelopment and Social Polarisation in the European City*. Oxford, Oxford University Press, 2002.

This research report relies on our contribution to the URSPIC-project, but the last part, section 5 and 6 for whom Soeren H Jensen is responsible is a new and updated analysis of the latest dynamics in the Orestad project.

Summary

The Danish UDP, the Orestads project can be interpreted as a specific version of the "entrepreneurial city strategy" (Harvey, 1989) developed in a "negotiated economy" or Scandinavian type of welfare regime (Esping-Andersen, 1993). The project is described at the Orestad Development Company's website (www.orestad.dk) Unlike other countries the Danish UDP was not designed and implemented in a political context of deregulation and fundamental changes in the welfare regime.

Below are shown two maps related to the project. The first shows a part of the Oresundsregion including the Danish Capital and Malmoe in Sweden and the Oresundsbridge which connects the two parts of the region.

The other map shows the layout of the project including the 14 projects is shown on the map (interested readers can visit an interactive version on the above mentioned website)

Fig 1. Map of the Oresundregion. (from www.orestad.dk)



Fig 1. Layout of the Orestad (from www.orestad.dk)



The design of the UDP (1989-91) grew out of a relatively speaking new consensus in the late eighties. The UDP was negotiated between the Conservative-Liberal government and the Social Democratic opposition at the national level and the Social Democratic leadership of the Municipality of Copenhagen. Before the UDP was finally negotiated a long sequence of conflicts about the allocation of additional resources to tackle the growing problems of social exclusion in the city of Copenhagen had taken place.

In the beginning of the eighties the City Council of Copenhagen started negotiations with the national government in order to combat its growing fiscal and social problems. The first response from the Conservative-Liberal Government (in office since 1982) was to appoint an expert commission to analyse the interplay between the demographic, social and economic dynamics, which constituted the complexity of the socio-economic and fiscal problems in Copenhagen. The commission released its report in 1984 (The "Copenhagen Report", 1984). It concluded that the socio-economic crisis, the emergence of long-term unemployment, new poverty and the fiscal problems of the city could be explained as a result of negative self-perpetuating processes of : (1) industrial decline, lack of new growth and employment sectors and (2) increasing concentration of socially excluded groups. The lack of new growth and employment opportunities in Copenhagen was in part a result of a missing co-ordinated, offensive regional strategy in which the wealthier Municipalities in the Copenhagen region could take part in a coherent effort for social and economic development from which also Copenhagen could benefit.

The diagnosis put forward in the "Copenhagen Report", did not create government action in favour of Copenhagen, however. On the contrary the Greater Copenhagen Council - the regional political institution, which could have promoted future solutions — was abandoned by the government in 1987.

In the late eighties, the political climate changed. The government and the Social Democratic opposition became more willing to make compromises - including negotiations about the future of the Capital. A new urban regime of "Social Democratic Entrepreneurialism" was emerging in Copenhagen.

The most influential actors in the design phase was a small group of "public entrepreneurs" with roots in public infrastructure (traffic) and city planning . These experts became key actors — among other things because they were able to foster alliances — a growth coalition (Jessop, 1998) and negotiate with the important corporate interest groups — trade unions and employers associations and find a formula for risk sharing between the Municipality of Copenhagen and the state. They were able to foster a common reference frame for the mid/late eighties and onwards: the need of an economic revitalisation strategy for Copenhagen as part of the broader regionalisation strategy: the promotion of the cross border Oresund Region.

The important strategic components in the "growth package," in which the Danish UDP became an important part, were:

(1) Huge infrastructure investments in the new bridge between Denmark and Sweden. This followed the recommendations about the "Scandinavian Links" suggested by The Round Table of European Industrialists in the early eighties.

- (2) The creation of a new type of urban space; the Orestad meant to attract high-tech business and a METRO-system in Copenhagen.
- (3) A negotiated financial arrangement for the UDP - a specific way of economic and political risk sharing on a long-term basis between private investors, the Municipality of Copenhagen and the State. The State would be the main investor and financial guarantee. The METRO and the new part of the town were imagined to be (partly) financed by selling land to private investors.
- (4) Boosting the image of the cross borders Oresunds Region and stimulating a long-term process with increases interregional economic, political and cultural integration.

1.1. The discourse about the UDP

1.1.1. Three types of criticism occurred:

- (1) A general democratic scepticism vis a vis the type of governance and public-private partnership which the project embodies. The delegation of planning and implementation competence to a quasi public development agency like the Orestad Development Company (ODC) is viewed as delegating too much power to technocrats, which hinders efficient access to ongoing democratic intervention and public discourse (Gaardman, 1991).
- (2) Development strategies should not concentrate the resources in one large-scale project. Instead the challenge is one of the development of a diverse, multifaceted, coherent strategy for socio-economic development linked to notions of social economy, empowerment of excluded groups etc. and which is sensitive to different needs and resources (the social capital) in the different parts of the city and its population (Jessop, 1998).
- (3) Autumn 1998 a new type of criticism of the economic calculations has emerged. The reliability of the financial calculations, which initially were presented for the politicians and the public, when the law about Orestaden was passed through the Parliament in 1991, has been seriously questioned. Critical analysis suggests that a more realistic scenario is that the project as a whole instead of reaching a state of financial balance in the year 2010 will end up with a deficit at a level of 8 billion Danish kr.1.1 billion ECU.

1.1.2. Missing links between large scale UDPs and Urban Social Action programmes

In Copenhagen the spatial expression of social exclusion has increasingly been concentrated in particular districts. In 1993 the Social Democratic Government recognised that targeted selective area based action was needed to stop the emerging ghettoization in deprived urban areas. In 1993 a new inter-ministerial Urban Committee and a national action programme for social renewal in deprived urban areas was initiated and implemented. The programme was inspired by Poverty 3 and multidimensional, experimental urban policies in other EU-member states (Brønnum, 1994). It was the first time in Denmark that a large scale targeted programme based on principles of area-based action and local participation was launched.

A part of the programme was to fund multidimensional and partnership (in particular partnerships between NGOs, housing associations and local government

agencies) based action against socio-cultural (not least ethnic related tensions) disintegration at the district level. In Copenhagen two districts were selected as model Action Districts and right now concrete plans are being implemented. Though the programme of the Urban Committee represents an important innovative step in the development of participative, empowering social action in deprived urban areas, it is also striking that the nature of the activities are strictly 'localist' and socio-cultural in their orientation. Socio-economic strategies, including employment and entrepreneurship policies and the linkage to the broader regional revitalisation strategy are only addressed in a marginal way.

Despite the universal schemes of social protection and services, urban policy vis a vis problems of social exclusion and disempowerment is fragmented and strictly divided between: (1) socio-cultural responses at the district and neighbourhood level and (2) socio-economic strategies for economic growth and employment at the city and regional level.

The linking of the two in terms of efficient institutional frameworks, planning agencies, administrative and professional capacity etc. represents an important and complicated challenge at local, regional, national and EU-level.

2.0 The socio-economic crisis of Copenhagen.

Copenhagen's problems began around the time of the first oil crisis in 1972, which set back the economic development after a period of 10-12 years of continuous growth. The economic activity in the capital slowed down and the growth pattern changed from the centre of Denmark to the periphery. This was to some extent reinforced by the result of new politics of decentralisation addressing previous problems of relative underdevelopment in parts of the province. Copenhagen began to experience a higher unemployment and the city's financial status deteriorated with large deficits on the budget. As a result of the worsened municipal economy and high unemployment, the groups who depended on social benefits or who lost their job experienced an increasing degree of social exclusion. This shift and the recession, which lasted until the early 1990's, caused most of the problems which the capital still suffers from, and which the UDP were supposed to change. In the next sections, the institutional set-up, the socio-economic background and present situation as well as the political situation leading to the decision to undertake the project will be identified and analysed.

2.1. Characteristics of the business structure.

When the business structure is examined it becomes evident that the biggest companies are situated in Copenhagen. These are business service companies, professional services or small scale manufacturing companies, which usually are family owned. In 1996 14 of the 20 largest companies in Denmark in terms of employees had their headquarters in the Copenhagen municipality (Dansk Virksomheds Analyse, 1996), which clearly shows that Copenhagen is the business centre of Denmark. This pattern has not changed.

The business structure based on the number of workplaces for the different sectors is represented in the table below. It is partly the result of the de-industrialisation, which started back in the mid-thirties and continued very slowly until the late sixties to early seventies when it sped up considerably (Maskell, 1991). Expansion in the industrial production made it necessary to move companies and production facilities to the suburbs. The jobs were replaced or absorbed by more service related business especially finance and private and public services, the latter as a

result of the growing welfare state and administration. This development is clearly seen in the table where Manufacturing goes from the second largest industry in 1970 to be one of the least important in terms of working places in 1996.

When the recession started around 1972-73, the decline in the manufacturing sector was not balanced by the creation of jobs in other sectors as the recession caused a general setback in the economy. This effect has continued over the years and the business structure today is the result of this process. The pattern has not changed significantly over the last decade, not even over the last five or six years when the decline has given way to a period of growth. The table below shows the changes in the business structure in Copenhagen and the Copenhagen region over a span of 26 years (1970 and 1996).

Table 1 The business structure based on workplaces for Copenhagen and the Copenhagen region

Employment variable	Jobs in Copenhagen (and % share) in 1970	Jobs in Copenhagen (and % share) in 1996	Jobs in Copenhagen region (and % share) in 1970	Jobs in Copenhagen region (and % share) in 1996
Activity				
Manufacturing	95,989 (30.4%)	25,650 (8.4%)	250,818 (28.5%)	116,677 (12.6%)
Construction	20,459 (6.5%)	8,415 (2.7%)	70,008 (8.0%)	50,931 (5.5%)
Wholesale and retail trade	57,501 (18.2%)	48,735 (15.9%)	160,519 (18.2%)	174,090 (18.8%)
Transport and communication	28,340 (9.0%)	27,930 (9.1%)	69,392 (7.9%)	69,451 (7.5%)
FIRE¹ and business services		91,823 (29.9%)		206,501 (22.3%)
Public service		34,180 (11.1%)		75,007 (8.1%)
Education and research		20,726 (6.8%)		64,821 (7.0%)
Social and health services		44,873 (14.6%)		149,088 (16.1%)
Service related Industries	99,382 (31.4%)	191,602 (62.5%)	283,448 (32.2%)	495,417 (53.6%)
Others	13,641	4,503 (1.3%)	29,100 (3.3%)	19,446 (2.1%)
TOTAL	316,123 (100%)	306,635 (100%)	879,979 (100%)	924,214 (100%)

Source: Greater Copenhagen Statistical Office yearbook 1978 & 1996

Service-related businesses make up for the vast majority of workplaces in 1996. As the table shows the trend is most significant for Copenhagen but in the whole region more than half of the workplaces are within this sector. The employment level in services has doubled over the period in Copenhagen to almost two thirds of the jobs in the city in 1996. The same pattern goes for the Copenhagen region, although to a lesser extent.

The changes in the employment structure from 1970 to 1996 are evident both for Copenhagen and the Copenhagen region, but again the changes for Copenhagen are greater than for the urban region as a whole. Especially the decline in

¹ Financial services and insurance

manufacturing has affected Copenhagen severely as the 1996 manufacturing workforce is little more than a quarter of the level in 1970. For the Copenhagen region, over the same period, the level of employment in manufacturing has gone down to a little under 50% of the original level. Construction in Copenhagen in 1996 has dropped to about one third of the employment level in 1970 whereas the region as a whole today still has about two thirds of the construction labour force employed in 1970.

The current structure with its emphasis on service-related activities is the result of a development that started in the sixties and late seventies, with the de-industrialisation of the capital, and gave way to non-manufacturing sectors. These sectors already had, due to the status as the capital of Denmark, a strong position in the economic structure of Copenhagen and this position has been reinforced from the early seventies until today (Maskell, 1991). The manufacturing companies, which still exist in the city are small, with little or no growth potential and therefore no special reason for moving out of Copenhagen (Maskell, 1991).

2.1.1. The educational composition of the workforce

The table below shows the average educational levels for Copenhagen, the Copenhagen region and Denmark.

Table 2. Population by level of educational achievement, 1996

Highest level Of attainment	Copenhagen	Copenhagen region	Denmark
% of total population	9.8	34.5	100
Unskilled & short (1-2 years) education	172,745 (53.1%)	502,247 (43.9%)	1,523,195 (46%)
Semi-professionals & Skilled workers	98313 (30.2%)	452698 (39.6%)	1,356,615 (41%)
Professionals	54,427 (16.7%)	187,848 (16.4%)	430,364 (13 %)
Total	325,485	1,142,793	3,310,174
Of which receiving education	52,786	106,156	252,196

Source: GreaterCopenhagen Statistical office, 1996.

There are very clear differences in the educational composition of the workforce at the three spatial levels. Copenhagen exceeds the national average when it comes to persons with an unskilled or short educational background. The same is the case for people with a professional background. Compared to the Copenhagen region there is an even greater overrepresentation of people on the lowest educational level while the share of professionals is the same. The fact that the region including

Copenhagen has an overrepresentation of professionals has been used by some of regional institutions mentioned in paragraph 2.3 and by the ODC, to promote the region as well as the city, whereas the overrepresentation of unskilled labour has not been mentioned in the marketing argument.

This means, roughly speaking that there is a gap between the two labour markets, one for academic/professional labour and one for unskilled labour.

2.2. The labour market

An examination of the labour market reveals a high degree of unionisation. Denmark is the country in the world with the highest degree of organised labour. A survey carried out in 1994 showed that as many as 88% of the privately employed were organised in a union, for the publicly employed the organisation rate is even higher (Scheuer, 1996). The wage level and working conditions of the Danish workforce is in general highly regulated by collective agreements and there are only marginal areas where underemployment or below existence wages pose a significant problem e.g. parts of the restaurant sector (Scheuer, 1996). However, neither the Danish, nor the Copenhagen labour market is flawless. There are problems with people who are marginalised in relation to the labour market, i.e. both unemployed and people on welfare benefits.

2.2.1. Unemployment

The table below shows the unemployment figures 1990-1997 for Copenhagen, the Copenhagen region and Denmark.

Table 3. Unemployment rate in Copenhagen, the Copenhagen region and Denmark

Year	1990	1991	1992	1993	1994	1995	1996	1997
Copenhagen	12.8	13.8	15.3	16.0	16.6	15.4	13.3	11.7
Copenhagen Region	8.5	9.5	10.7	11.6	12.0	10.9	9.2	8.0
Denmark	9.7	10.6	11.3	12.4	12.3	10.4	8.9	8.0

Source: Denmark's Statistical Office various years

Unemployment has for the last 20-25 years been higher in Copenhagen than in the rest of the country (Copenhagen Statistical Office, 1998). In recent years when the unemployment figures have dropped, the capital kept lagging behind by about 3-5 % point (Copenhagen Statistical Office, 1998).

Looking at the labour force participation, there is a significant difference between Copenhagen, the greater Copenhagen area and Denmark as a whole. This is shown in table 4.

Table 4. Labour force participation on the local, regional and national level

Labour force participation	1981	1996
National average	78.9	77.8
The Greater Copenhagen area excluding Copenhagen	81.5	80.4
Copenhagen	74.4	74.7

Source: Denmark's Statistical Office various years

The national average labour force participation rate in 1981 was 78.9, in the greater Copenhagen area, not counting the City of Copenhagen, 81.5 and in Copenhagen 74.2. This significant gap of almost 5 percent points compared to the national average and 7 percent points compared to the rest of the capital area indicates the problems Copenhagen was facing in the early eighties. By 1996 the numbers had changed in favour of the capital. The national average had dropped to 77.8, the Greater Copenhagen area not counting Copenhagen had dropped to 80.4 and the number for Copenhagen had risen slightly to 74.7. With the rise in Copenhagen very small, the interesting fact was that in spite of an overall decrease in the labour force participation Copenhagen not only maintained its level but actually increased it, if only marginally.

2.2.2. Labour market institutions

An important public institution on the labour market is the AF (Unemployment Office), which is the single most important institution when it comes to the regulation of unemployment. The institution is public and works both on the municipal and county level.

Originally the task of matching the qualifications of the workforce with the demands of the labour market was in the hands of the parties on the labour market. In most cases, the Unions controlled these. In 1913, at the request of the Employers organisations, a public institution was established to strengthen this function. The two institutions co-existed until 1969 when a reform was made including a new law concerning unemployment offices as a part of a broader strategy of active labour market policy. As a result the state monopolised the service and in 1970 the AF was established. The labour market offices were supposed to implement an active supply oriented labour market policy at the local/regional level.

At the regional level there is formalised co-operation between the five administrative units when it comes to unemployment policy. The AF institutions in Frederiksborg county, Roskilde county and Greater Copenhagen work together with the goal of maximising the match of the skills of the unemployed in the region and the qualifications needed by the companies which use the AF. There is some degree of co-operation between the AF in the Greater Copenhagen area and the AF in southern Sweden. This is an attempt to create a trans-regional labour market, which is a part of the regionalisation process in the Oresundsregion. While the co-operation is not especially visible on either of the labour markets, the efforts to create a regional labour market has been mentioned as one of the few tangible

attempts to actually create a region. The future aspects of the co-operation have been emphasised by the proponents of the Oresundsregion.

2.2.3. Commuting patterns

Looking at the Danish side of the regional labour market it is clear that the labour market in the Copenhagen region is highly mobile when it comes to commuting. People living outside the region occupy only 3.3% of the jobs in the region (source: the city of Copenhagen web-site). The high degree of self-sufficiency and mobility on the regional labour market might be a result of the co-operation between the AF institutions in AF-Greater Copenhagen and the relative high level of unemployment benefits. When Copenhagen municipality is isolated the picture is very different. About 26% of the jobs are occupied by people who reside outside of the municipality many of these jobs are well-paid jobs in the financial or service sector. This means that the city loses much needed income taxes to other municipalities. While the interregional mobility is quite low, the intra-regional mobility is high. The local government in Copenhagen, especially the Lord Mayor and the Mayor for Family and Labour Market administration, wants to reduce this percentage and to a higher degree have the people employed in the city living in the city as well. The Orestad with potential for 50,000 workplaces and 15,000 apartments is meant to remedy this situation to some extent. This strategy is slowly taking effect, but not as a consequence of the Orestad, as the percentage of jobs occupied by persons not resident in Copenhagen has been declining for the last three years after a steady growth throughout the 20 year long recession caused by oil crisis (the Municipal plan for Copenhagen 1997).

2.3. Real estate market in Copenhagen

When it comes to the real estate market in the city of Copenhagen, the residential area ranges from large apartments and houses in the central and northern part of Copenhagen to small (2 bedroom) apartments in more deprived parts of the city.

During the last 20 years there has been a lot of renovation of the parts of town which were relatively close to central parts of Copenhagen especially Nørrebro and Vesterbro. The two districts were originally working class neighbourhoods dating back to the 1860-70's with a lot of old and run down apartment blocks.

At present the renovation or revitalisation mainly concerns large parts of Vesterbro. There is a shortage of dwellings in the capital and the problem is that the composition and location of the apartments is not consistent with the demand for apartments. As mentioned above there are large areas where almost all apartments have two bedrooms and are to a large extent occupied by people in the early phases of adulthood (apprentices, students), retired people and inhabitants with problems of various degrees (unemployment, substance abuse, mental illness). The problem is that when the first group, which is the most socially mobile, shifts to a higher income class and/or start a family, it moves out of the area because there are no or very few alternatives in the area when it comes to bigger apartments. This creates a pattern with segregation of family types, housing types and income groups (Andersen, 1990, 1997). The problem, which is affecting large parts of Copenhagen, is one of the reasons for some of the urban redevelopment, which is

currently taking place in Copenhagen (Andersen, 1990, 1997 & Report from the Urban Committee, 1994).

2.3.1. Social housing

An important factor concerning the real estate market in Denmark (and especially the larger cities) is "social housing" sector, which is a tradition in Denmark that started over 100 years ago. Most of the social housing associations have by historical tradition been closely linked to the labour movement. The aim of social housing is to solve housing problems for the working class and low income population groups (Salicath, 1987). The social housing associations are independent non-profit associations managed by committees elected by residents. Law lays down the financial arrangements. Public subsidies count for approximately 20% of the building costs. The Municipalities finance two thirds by the state and one third. Furthermore there is a general needs tested system of rent subsidies for the individual households (depending on household income and composition).

The municipalities also has some influence over who gets to live in the social housing dwellings as they have the right to appoint a share of the dwelling to socially marginalised groups. The local government exercises this right and it is entirely up to individual municipality if and how much they want to exercise that right.

The local governments are not obliged to create social housing dwellings. In most wealthy Conservative Liberal municipalities the number of social housing is very small. In the municipality of Copenhagen the sector is quite important with as much as 20 % of the population living in such dwellings (Statistical Yearbook of Copenhagen 1997). During the eighties the share of unemployed families with children, single earners, students and immigrants has increased (Salicath, 1987). Copenhagen when compared to the national average has an overrepresentation of people living in social housing complexes (162 out of 1000 dwellings in Copenhagen compared to a national average of 100 out of 1000 in 1993, Report from the Urban Committee, 1994). This overrepresentation of social housing is an important factor in connection with the segregation of income groups and housing types (Andersen, Skifter, 1990). In recent years there has been a lot of focus on these problems (Report from the Urban committee 1994).

There are very clear distinctions between the different areas of the city as regards socio-economic indicators, and parts like Kongens Enghave, Nørrebro, Vesterbro and the northwestern parts of Copenhagen are characterised by a higher degree of low-income groups than the rest of the city and the region. There are more migrants, unemployed people, drug addicts and mentally ill people living in these areas (Statistical Yearbook of Copenhagen, 1997 and The Greater Copenhagen Statistical Office). This is partly due to the re-housing policy in Copenhagen where the right to re-house people in the social housing sector is used extensively. Re-housing is used when the usual dwelling place is being renovated or when people have no place to live because they cannot afford their current rent or when people get out of jail or out of treatment for substance abuse or mental illness. The Danish municipal authorities are obliged by law to arrange housing facilities in these cases. Also refugees and immigrants are often placed in social housing projects as some of the wealthier municipalities have until recently refused to house refugees. Furthermore segregation mechanisms in these municipalities exclude low-income

groups to some extent. Gentrification reproduces the concentration of certain districts with social problems as the as the socially mobile groups tend to move out adding to the problems by making the mechanism self-enforcing (Report from the Urban committee 1994). The table below shows the average gross and taxable income in the districts and compares it to the average for Copenhagen.

Table 6. The size of the population and average income in the 15 districts of Copenhagen.

1995	Number of taxable persons per Dec 31	Average gross income 1000 DKK
Indre By (city)	22,799	193.8
Christianshavn	7477	165.3
Indre Østerbro	38,799	175.9
Ydre Østerbro	30,773	165.9
Indre Nørrebro	25,531	140.7
Ydre Nørrebro	32,972	138.3
Vesterbro	29,223	139.8
Kongens Enghave	13,010	133.8
Valby	37,414	156.2
Vanløse	31,870	172.5
Brønshøj-Husum	30,544	157.0
Bispebjerg	34,297	144.1
Sundby Nord	33,878	145.3
Sundby Syd	38,036	159.7
Vestamager	6487	151.6
Copenhagen total	415,131	156.0
Denmark		170,4

Source: Denmark's Statistical Office 1998

2.3.2. Summary

The Danish capital has a business structure that is based on service related activities, primarily finance and public and business services but also including social and health services. The most significant overrepresentation compared to national averages in the capital is finance and business services followed by Public services and Transportation, postal services and telecommunication. The most significant under representations are within manufacturing and construction. The labour market is characterised by a high representation of highly educated workers as well as a strong presence of unskilled workers thus causing a duality in the work force. This can partly be explained by the fact that the sectors employing skilled workers are underrepresented in the capital. Unemployment in the capital is above the national average but is falling. Especially unskilled workers experience long term unemployment. In the real estate market there exists some segregation between the different residential areas, and tendencies towards accumulation of social problems. In certain areas in Copenhagen the problems date back to the late

seventies and still exist. The deprived areas are almost exclusively areas with an overrepresentation of social housing.

3.0 Institutional dynamics and urban/regional restructuring.

3.1. The administrative structure in Denmark

Denmark is divided into 273 primary municipalities, which perform the majority of public services: childcare centres, primary and lower-secondary schools, leisure-time education, cultural activities, residential care homes, libraries, environmental protection, streets and roads.

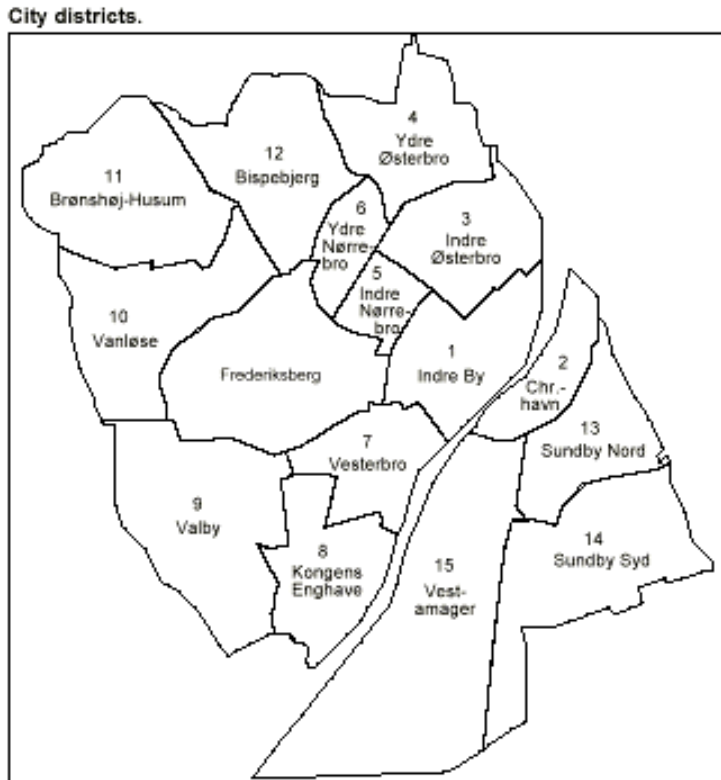
An important factor in relation to the economic foundation of the municipalities is that the municipalities have the right to collect a part of the income taxes from its citizens. The rest is collected by the central government. This revenue constitutes 55% of the municipal resources (the rest consists of central government grants 10%, various fees and charges 25 % and central government repayment 10 %) (Knudsen, 1991). At the national level a complex system for equalisation/redistribution between the municipalities exists. This system was introduced in the early seventies as a part of a municipal reform. Before that time the municipalities collected all income taxes. The reform was supposed to equalise the municipal economies so the rich municipalities in effect paid a part of their taxes to the poor municipalities. The central government is responsible for this equalisation, which has been much debated over the last 10 years and which still causes political tension (Knudsen, 1991). In general the conservative and liberal governments sought to reduce the redistribution from the richer to the poorer municipalities. The social democratic governments, on the other hand, have tried to increase the redistribution.

At the regional level there are 14 county authorities (secondary municipalities) in Denmark. These comprise the primary municipalities, which are located within the geographical boundaries of the county authority. The county authorities attend to the tasks, which are defined, as regional tasks and which require a larger population base than primary municipalities normally have. For example tasks relating to hospitals/health services, upper-secondary schools, regional roads, regional planning and some environmental tasks should be mentioned.

3.1.1. The administrative structure of Copenhagen

The City of Copenhagen and the municipality of Frederiksberg, have a status as both primary municipalities and county authorities. These municipalities thus undertake both primary-municipality and county-authority tasks. This double status is unique in Denmark. Frederiksberg received its independent status in a reform in 1901, about the time of the introduction of the parliamentary system in Denmark. There are no logic administrative reasons for the special status but it has been hinted that the reason was that Frederiksberg was the home of the wealthiest people and they wanted their autonomy.

Figure 3 The 15 districts of the City of Copenhagen



Source: Greater Copenhagen's statistical office 1998

The City of Copenhagen is further divided into 15 local districts. Starting at the 1st of January 1997 pilot projects have been implemented concerning local government in four of Copenhagen's 15 local districts. One of these, Kongens Enghave, is situated quite near to the future Oerestad. Local community councils, which are elected by the electorate, govern the affairs of the individual community areas. Within the areas: care for children/young people, elderly people, culture/leisure time, streets/roads, employment and other social services, most of the administration of the citizen-related tasks are delegated to the local community councils. The activities of the local community councils are financed through the Copenhagen City Council, which is the tax collecting authority. The map below shows the City of Copenhagen with its 15 districts, and the municipality of Frederiksberg.

Inside the municipality of Copenhagen there is the Citizens Representation, which consists of 55 members chosen for a four-year period. They constitute the top-layer in the administrative structure in the city. Their work is done in different committees. The administrative structure in Copenhagen has undergone a reform, which was implemented on 1-1-1998. The reason for the reform was that the decision process was to be made shorter by altering the structure of the departments in Copenhagen municipality. Before the reform there was a magistrate system with six mayors and the Lord Mayor. These mayors were chosen internally after the municipal elections based on the number of votes for each of the parties represented in the municipality. This meant that the six mayors could belong to different political factions, which sometimes caused problems especially in the

relations between the six mayors and the Lord Mayor. The system has been criticised for being too old fashioned, bureaucratic and too little in contact with the citizens' representation and the citizens in general.

Instead of just having a mayor for each of the six departments or administrations there is now a committee to assist the mayor, this committee is formed by the Citizens Representation. This means that the Citizens Representation has gained more influence while the mayor's influence has weakened or has been more dependent on the close co-operation with the Citizens Representation.

The Lord Mayor is now also the head of the financial administration and has gained more influence after the reform. This process of decentralisation in the local government in general, which started slowly in the eighties, and is still progressing with the local district government as the latest example. The idea behind it is to make the local administrations more visible in their respective neighbourhoods and closer to the citizens, which should result in more efficient use of the resources.

3.2. Physical Planning

The relation between the different scales of physical planning procedures is roughly as follows from the top down; at the topmost level there is national planning, which is done by the government and parliament. Below this there is regional planning, which is carried out by the counties and then there is local planning which is carried out by the municipalities. The planning system is based on the Law on Physical planning, which is enforced by the Ministry of Energy and Environment. The logic is that local plans must abide by the rules set in the regional plans and the regional plans must abide by the rules set in the national plans (source: the Danish law on planning). So national planning overrules regional planning which overrules local planning. This is usually not a problem as the three different levels have different tasks. National planning involves large infrastructure investments (e.g. the Orestad), air traffic and bridges both between different parts of the country and trans-national bridges. Planning at the regional level in the 14 counties (and the City of Copenhagen and the municipality of Frederiksberg) involves primarily hospitals and roads in addition to co-ordination of initiatives aimed at improving the conditions for the regional trades and industries.

The Orestadsproject is both a regional project, as Copenhagen municipality is a regional actor, and a national project, as it is a part of the national planning. As the regional and local authorities are the same there are no additional aspects about the project at the regional level. At the national level the Ministry of Transportation is responsible for the project. From 1992 and till March this year the project was placed under the Ministry of Finance. The reasons for the transfer of the project to the Ministry of Transportation will be elaborated under the analysis of the case study. At the municipal level it is the Lord mayor who is responsible for the management of the project and not the mayor of planning and construction. The two above-mentioned authorities do not have any direct influence on the project management, as the ODC has the overall responsibility.

3.3. Regional institutions relevant to urban development

In the early seventies a regional administrative /political body called "the Capital Council" (Hovedstadsrådet) was formed as a part of the municipal reform mentioned in paragraph 2.1. It was composed of the counties of Frederiksborg, Roskilde and Copenhagen plus the two municipalities of Copenhagen and Frederiksberg. The organisation's main task was to co-ordinate regional planning, especially traffic. The five administrative units appointed the council members and the funds were grants from these units. The organisation was very dependent on political conflicts between the three counties and the two primary municipalities, and had difficulties in becoming efficient. Pending an administrative re-organisation in 1990, the same government that initiated the Orestadproject closed it and no new institution was established. This was due to the fact that there was a lot of political controversy between the five actors over how the new institution was to function with respect to the ownership of developing areas and taxation matters. The hot issue was who was going to pay for the development of the Greater Copenhagen area. The relatively poor municipalities (mainly social democratic) of which some had industrial zones and undeveloped land would not give up this land out of fear of losing their resources. The rich municipalities (mainly liberal or conservative) with little or no industry did not want to pay for the development of their "poor relatives" in addition to the part of their tax revenues, which was used for municipal equalisation (see paragraph 2.1). And all of the actors were afraid that the City of Copenhagen would catch most of the benefits on behalf of the other actors.

This left a void at the administrative level for the five administrative units, which make up the greater Copenhagen area. In 1994 the City of Copenhagen, the Municipality of Frederiksberg and the counties of Copenhagen, Frederiksborg and Roskilde formed the new institution "Copenhagen Capacity". It is a semi-public organisation sponsored by public funds and large companies based in Copenhagen. The organisation is one of the high profile actors in the region, but solely deals with business related policy (source: The Copenhagen Capacity Web site). Its task is to attract foreign companies to the region composed of the five administrative units (interview with Copenhagen Capacity), by marketing the region and especially the City of Copenhagen to the potential investors. The organisation does not try to attract nationally based companies to the region as this task is already being taken care of on county and municipal level. Some of the staff were recruited from the ranks of the old Capital Council but Copenhagen Capacity does not have the same authority as the Capital Council and has a much more narrow range of responsibilities. In relation to Oerestad, they are limited to the promotion of use it to promote the region and the capital.

3.4. Debates about new forms of regional government

There has been a debate about regional government in connection with a proposal of establishing a Oeresund council which would consist of the five administrative units making up for greater Copenhagen and Malmö-hus Län in Sweden. A social democratic Member of Parliament made the proposal, which is very similar to proposals made by one of the actors in favour of the project, Professor C. Wichmann Matthiessen, who has researched and campaigned actively about the potential of the Oeresund region. The proposal was not very specific about the details but the main idea was to establish a council that could co-ordinate various

regional activities on the strategic level. The reason for this is that there is at present no such authority and this makes it difficult to make strategic plans on the regional level especially when it comes to trans-national planning. The latest issue of interest in this debate has been a historical agreement between the City of Copenhagen and the municipality of Frederiksberg to create a joint county, thereby returning to the situation before 1901 when Frederiksberg got its independent status. To this day there has been no formal agreements made between any of the interested parties.

4.0 The Orestadsproject

The Orestadproject including the Metro is the largest single urban restructuring project in decades, but the idea is by no means new.

4.1. Historical background for the Project

The idea of building a new part of the city on the land of western Amager was originally developed in the early sixties as a way to be able to fulfil the demand for dwellings in the City of Copenhagen. At that time the housing problem was the most important political issue for the Social Democratic Lord mayor of Copenhagen, Urban Hansen. The land, which was previously owned by the municipality, was now transferred into joint ownership between the state and the City of Copenhagen called "The joint ownership of 1963". However, the plans were never realised as the oil-crisis of 1972 caused a recession in the country in general and the capital in particular. A changed political environment, caused the project to be abandoned, although there had been an architecture competition for the new part of Copenhagen. The plans were mentioned in municipal plans during the sixties and early seventies. During the next 20-25 years the capital experienced industrial decline, as mentioned earlier.

4.1.1. The problems of Copenhagen are taken seriously

In the beginning of the 1980s the bargaining power of the Municipality of Copenhagen was relatively weak vis a vis the State. Since the beginning of the eighties the City Council of Copenhagen and the Social Democratic Lord Mayor, Egon Weidekamp started negotiations with the national Government in order to combat its growing fiscal and social problems.

The first response from the Conservative-Liberal Government (in office since 1982) and the liberal home secretary Britta Schall Holberg was to appoint an expert commission to analyse the interplay between the demographic, social and economic conditions, which constituted the complexity of the socio-economic problem in Copenhagen.

The commission released its report in 1984 (The "Copenhagen Report, 1984). The commission concluded that the socio-economic crisis, the emergence of new poverty and the fiscal problems of the city could be explained as a result of negative self-perpetuating processes of (1) industrial decline, lack of new growth and employment sectors and (2) increasing concentration of social excluded groups and other low income groups. This combination explained the increasing inequality within the Greater Copenhagen region, the declining tax base and the higher level of expenditure of social protection and services.

The unequal share of low income groups, within the Greater Copenhagen Region, long-term unemployed and other excluded parts of the population was in part a

result of the lack of access to social housing in the wealthy municipalities surrounding Copenhagen. In the surrounding municipalities the real estate market was increasingly closed to the victims of the general recession. Copenhagen had become a victim of "social dumping" from the neighbouring Municipalities.

The lack of new growth and employment opportunities in Copenhagen was in part a result of a absent co-ordinated, offensive regional strategy in which the wealthier Municipalities in the region took part in a coherent effort from which also Copenhagen could benefit.

This diagnosis put forward in the "Copenhagen Report", however, did not create political action in favour of Copenhagen from the Government. On the contrary the Greater Copenhagen Council - the regional political institution which could have promoted future solutions — was closed by the Government in 1987 (parallel to the Greater London Council).

The Greater Copenhagen Council had been partly paralysed due to, among other things, conflicts between the wealthy Municipalities (headed by Liberals and Conservatives) and the less wealthy Municipalities (including Copenhagen) headed by Social Democrat- left coalitions. The response of the Conservative-Liberal government to the functional and political crises in the Greater Copenhagen Council was not to strengthen its instruments and resources for action but to close it down. This step further decreased the possibility for negotiating coherent action in the region.

In 1987 there was a reform of the greater Copenhagen area; the former capital council was abolished with no new institution to replace it. At that time it was evident to local as well as national politicians that something had to be done to turn the recession in the capital around. The infrastructure was slowly decaying and the unemployment was significantly above the national average. During the following years initiatives were being launched, the first of importance was the capital region initiative-group, which consisted of leading politicians from the social democrats and conservative party, representatives from the Trade Unions and businessmen. Their 1989 report "*Hovedstaden —Hvad vil vi med den?* (What do we want to do with the capital?)" was the first official report to mention the Oresunds region in connection with the Oresunds bridge as a traffic link between Denmark and Sweden. This resulted in the establishment of The Council for the Development of Copenhagen, which was to make development plans for Copenhagen and the surrounding region but no actual projects evolved from this. The council was not under the City of Copenhagen but under the national government, headed by the Minister of Domestic Affairs, Niels Helveg Petersen. The reason for the lack of action was mainly that there were political differences between the different committees and councils as these consisted of politically elected members from various political parties.) The differences concerned the financing of the investments (Andersen, 1998). While there was a common agreement as to the content of the plans to revitalise the capital the differences centred on the question of the economy namely who was going to pay for the new infrastructure and what types of infrastructure were actually needed.

4.1.2. The Wurtzen Committee

Around 1990-1991 the Minister of Finance Henning Dyrmosé of the Conservative Party (which together with the Liberal party and the Social Liberal party formed a Centre-Right minority government) formed a committee concerned with future traffic investments. The role of this committee was to assist the Council for the

Development of Copenhagen. The committee was formed by the Ministry of Finance as the ministry was responsible for infrastructure investments in the capital, a responsibility that had been neglected for a long time (Andersen, 1998). The official name of the committee was "The committee on traffic investments in the greater Copenhagen area" but was quickly dubbed the "Wurtzen Committee" after its chairman Hans Wurtzen, who was Head of the Department in the Ministry of Finance. The committee consisted of civil servants from all the levels relevant for planning procedures and transportation/traffic and therefore relevant in this context. The administrative levels included: the City of Copenhagen, the municipality of Frederiksberg, the county of Copenhagen, the Danish Railways (DSB), the Capitals Traffic Company (HT) (which is publicly owned) and the Ministry of Transportation. One of the members of the committee was the head planner in Copenhagen, an architect by the name of Knud Larsen who won the second prize in the architecture contest about the development of western Amager back in 1964-65. The work in the committee resulted in two major projects: the Oresunds bridge and the Orestad project.

The two projects were, and are, related to each other. Although the Oresunds bridge is an independent project it is worth mentioning that the decision to build the bridge was the single most important and controversial decision in relation to the Orestad project. With the new bridge and improved infrastructure on Amager and the rest of Copenhagen it made more sense to build a new town on the land on Western Amager near to the bridge, the airport and the city. The actors from the Würtzen Committee also used this rationale as the bridge raised the value of a developed area near by the new bridge and the airport. After the building of the Great Belt Bridge the Oresundbridge will connect Denmark with the rest of Scandinavia via two fixed links. The two bridges are a part of a plan with the aim to make Denmark better connected to the rest of Europe. This plan was originally conceived by the European Roundtable of Industrialists. A result of the lobby organisation was the "Scandinavian links report" which pointed out three missing links in Denmark: the Great belt bridge, the Oresundsbridge and the Femmeren belt bridge. Indirectly the European roundtable has been involved in the decision making process at a very early and indirect level. Interestingly enough the organisation states on its web-site that it has direct responsibility for some of the infrastructure, which has been built in EU over the last 10 years and explicitly mentions the establishing of Scan-link where the Oresundsbridge is an important part.

4.2. The design of the Orestad project

In its present form the Orestad project and its linkage to the infrastructure investments was conceived by three people: Anne-Grethe Foss from DSB, Dan Christensen from the City of Copenhagen and Erik Jacobsen from the Ministry of Finance. All three were placed in the secretariat of the committee. In fact the plan to develop a new city on virgin soil and to finance a metro, which would, at the same time, connect the new city with the surrounding city and improve the overall transportation system was not a requested assignment when the committee was formed. The idea was, and still is, to link the metro system (which has been one of the wishes as regards transportation in Copenhagen since the early seventies) to the development of the land owned by the state and the City of Copenhagen, as mentioned above. The developing and subsequent selling of the land was to finance the building of the Metro, which would run through the new part of Copenhagen

and improve the public transportation system. This is the main idea behind the Orestad and it was revolutionary because the development would be dictated also by private and not solely by public spending. At the same time the profits from the development of the land would not go to private investors but be used to finance a public good. The arrangement had the obvious advantage that it was almost neutral to the fiscal budget because the part of the project, which was to be financed publicly was funded gradually by the capitalisation of the developed land. So the 1.1 billion ECU project would only need about 80 million ECU in direct financing from the state in the form of investments in basic infrastructure. This was important as this made the decision making process in the parliament easier as a more expensive project in Copenhagen would likely be met with demands for similar investments in the province (as this 'balancing' was usually the case in the decision making processes concerning large infrastructure investments). It was this fact in particular that convinced the Minister of Finance Henning Dyrmosé to proceed with the project, when the project was presented to him.

4.3 The financial set up of the Orestad project

The Orestad Development Company has an arrangement with the state, which guarantees full coverage for all credits up to around 6.5 billions Danish Kroner or a little more than 870 Million ECU (Source: The Orestad Development Company; ODC). At the same time the company is responsible for all financial transactions according to the rules specified in the law on the Orestad and certain regulations. In the law concerning the Orestad it says that the ODC has the responsibility for the day-to-day operations. This includes the handling of the financial affairs. This arrangement makes the project quite unique as there is no commercial risk for the institutions which issue credits to the project; and it gives the ODC a great deal of competence and flexibility in the handling of the financial matters related to the project. At the same time the rules and regulations regarding the financial matters prevent the state guarantee from becoming a blank cheque for the company, by preventing the company from using the credit to finance purely speculative transactions. In addition there are regulations about large transactions, which state that such transactions need to be signed by the head of financial affairs and one other person from the management. The ODC often uses banks or other financial institutions to carry out transactions, which they are not capable of doing themselves such as the issuing of a large bond-based loan to help finance parts of the project. The head of Financial Affairs in the Orestad Development Corporation said that it was very important for them that the rules were followed, as would be the case in a private company or a traditional public company, because large amounts of money were involved in a high profile project.

The total number and amount of signed sales agreements by 31-12-00 is shown in the table below. It should be noted that some of the sales mentioned elsewhere in this paper (the map p.3 and 4.4 the current state of affairs p.29) does not show in the table as they have been agreed upon in 2001 and are not included in the latest financial status.

Table 7. Signed sales agreements (DKK million)

Buyer	1997	1998	1999	2000	Whole period
The Development Company	303			84	
Copenhagen University	80				
Ferring		8			
Telia		4			
The National Archives			180		
HS			34		
DR			224		
KLP				22	
Total	383	12	438	106	939

Source: the Orestad development company annual report 2000

4.4. The current state of affairs in the Orestad project

The latest development in the Orestad project is that the first two land sales for housing has gone through. Two companies has each bought 20.000 Squaremetres in the most developed part of the Orestad, near the university for the purpose of building around 200 apartments and 400 student dormitories. With this the project enters a new phase and it is a clear sign that investors believe in the project. However it should be noted that the price for the first deal has been agreed upon at a 20 % discount. The decision to make an introductory discount is seen as a means to speed up the implementation of that part of the Oerestad so a fully functional part of the city will be a reality within a few years (the ODC website, www.orestad.dk). The fact that second deal was at the full price seems to indicate that the decision has brought the desired results At present the sale of land is ahead of schedule and prices are 10 % over what was expected. But as the budget is built on land prices going up to about double of the current level it is still too early to predict the final outcome.

5.0 Impact of the UDP on the local community

As it still very early in the process and the implementation has only just started, there are not many indications on the future impacts on the surrounding neighbourhood or city region. The project is still very much in the planning phase and as it is situated on virgin soil, most of the future impacts from the project on the surrounding community and region are likely to appear at a later stage in the process. However, a few items are clear at this point and these, which are listed below, will be examined more closely:

1. The Metro system is taking shape and the traffic situation in Copenhagen is changing.

2. There is a lot of uncertainty concerning the financing of the Orestad project and the whole basis for the budget neutral financing of the Metro through capitalising on the development of virgin soil.

5.1 Physical changes in Copenhagen

The most obvious impact is the physical changes in the city due to the construction of the Metro and the awakening building activity in the Orestad. This includes the new railroad to the airport, which is part of the traffic investments related to the new infrastructure, which the Oresundsbridge and the Orestad constitutes. The railroad to the airport is finished, but the Metro is still under construction and will be for some time still. Large parts of the Central Copenhagen are affected by the construction, as the stations for the Metro are located either nearby existing train stations or at heavily traffic locations. The visibility of the project makes it an object for public discussion, especially because there are constant arguments and debates over the technical details of the Metro system and actual location of the line since the number of stations has been reduced due to financial difficulties in parts of the Metro system. The part of the metro system, which according to the plans should run to Eastern Amager might not be completed. However, generally speaking the Metro investments have a strong support in the public.

In the Orestad, parts of the basic infrastructure such as the roads are more or less completed and in a short time the first actual construction activities will commence. This does not per se have any impact on the surrounding community, as Orestad does not have any immediate neighbours, which will be severely affected by the construction activity. However, the fact that the project is now to be seen elsewhere than on the drawing table means that the implementation phase is slowly taking over from the planning phases. The long time span of the development and the strategy to let the market decide the speed of the development contributes to the continuous element of planning in the project.

The railway system has expanded with the new line going to the Copenhagen Airport. This line takes the trip from the central station in Copenhagen to the Airport in 12 minutes and passes the Orestad on the way. There is already a station planned by the name of "The Orestad" but it is not yet functional. This change means that the airport is now easier accessible from all parts of the Copenhagen area. The fact that the line passes through the Orestad could well mean that new congress centres or other service related activities with international aspects would be located in the Orestad. With the new line, any destination in Denmark can be reached by train from the Orestad station with only one change at the Central Station; and the same holds true for other destinations in Europe.

5.2 Financial impacts of the project

Another issue that is relevant regarding the impact of the Metro and Orestad is the financing of the project. As the project is far from completed, it is still too early to determine whether or not the budget will hold, i.e. that the selling of land can finance the construction of the Metro.

The issue is whether or not the budget will balance. If the calculations made by the Orestad Development Corporation are accurate then the City of Copenhagen will have a brand new transportation system virtually free of charge, as the land from the Orestad will have paid for the construction. But as mentioned there are other analyses that show some other figures based on a critically review of the conditions for the budget made by the Orestad Development Company. The analysis shows that by 2020 instead of a balanced budget, there will be a deficit at the level of 1.1-1.2 billion ECU due to compounded interests on the loans and revenues from the land sale below the estimated figures.

If this holds true the impact on Copenhagen will be immense, as the City of Copenhagen owns 55% of the Orestad Development Corporation and the land on which the Orestad is to be built. So instead of a free Metro system and a new district the city will have a partly developed area and a Metro system with five stations placed in this area and at a price that is significantly higher than the budget. The City will actually not loose any money but the capital invested in the project in terms of the land will be virtually worthless. This means that the city will have lost the opportunity to use the resources in alternative strategies. This will cause heavy budget cuts in the future and already in a few years the slowly escalating deficit will prompt for countermeasures and alternative strategies. This will affect the weakest groups most severely as they are most dependant on social services, which will hit by budget cuts and as the number of jobs in the future Orestad will be lower than calculated. So if the scenario set up by Monday Morning holds true there will be increased possibilities of social exclusion. The impact is not yet felt in the City and again it must be stressed that it is only a potential impact, but if realised the impact will make the critics of the project worst predictions come true.

Another impact in this regard will be the planning system and the organisation and financial set-up of the Orestad project which is already widely debated. If the project turns out to be a financial disaster it is likely to bear on the future organising and planning of urban development in Copenhagen. This means that the particular type of governance with joint project construction (the state and municipalities) will be confined to smaller projects and that future projects will be more closely managed and monitored by public institutions. Alternatively they will be made entirely on market terms by outsourcing the whole or parts of the project.

6.0 Conclusion

Through the paper we have presented the background for the project in itself as well as the context it is embedded in. The crisis for the capital through the 70's and 80's caused by a combination of industry migration and the general recession caused by the oil crisis, which especially through the latter decade became increasingly clear to the citizens as well as to the politicians and the business life.

The Orestadproject is the single most tangible result of the political process that starts in 1988 with the report "What do we want with the Capital". It grew out of a committee originally made for the purpose of identifying potential infrastructure investments in the capital region.

From the first plans to the implementation phase started there has been some controversy about the project, it has been criticised as being to elitist, undemocratic, unrealistic and gambling with taxpayers money. It is partly the planning process and choice of organisational form, a private company owned by

public institutions (the state and the municipality of Copenhagen) that has been criticised. In both cases the criticism is aimed at the closed door/corporate planning image which has been characteristic for the project. The actors involved in the planning and the ODC have retorted by referring to the fact that all rules and laws on publicity in public planning have been obeyed every step of the way.

The other criticism has been aimed against the project as such. It was a “thought project” not a demanded project and the planning was not based on solid data that such a project was at all feasible. Instead of using billions of Danish kroner in one urban project several smaller projects should have been undertaken.

The financial issue has been the most tangible criticism there has been raised. As the project financial set up is based on expected urban rent: that the value created by the development is used to finance the basic infrastructure and the metro system that links it to the rest of the capital.

If it works out, if all the land gets sold within the timeframe it is all fine and the overall cost will be very small or even none at all.

However, if the land does not get sold the project will suffer “death by interest” meaning that the accumulated interest on the funds spent for developing the metro and the basic infrastructure will continue to grow and the debt will be immense.

This is the gambling aspect of the project. It will either be a fully developed part of the city at practically no cost or a failed urban development project at a huge cost.

Currently the project seems to be financially sound though most of the investments has been made by public actors. It should be mentioned that since these are independent legal actors no direct connection between their investment decisions and the overall Orestad project.

At present all of the three types of activity planned for the Orestad (business, housing and commercial/cultural amenities) and the land sale is ahead of the planned budget. This means that the first critical stage of “getting the ball rolling” getting someone to invest in a project to be built on an open field, signalling to the market that activity is going on in the project, has been overcome.

So at present the project looks successful, but since the project implementation phase still spans for almost 20 years and as the overall project is dependent on the economic trends for continuous attraction of new investors it is still too early to proclaim it a success or failure.

The signs that the global economy is at the brink of an economic recession could slow down the activity in the project.

Failure or success aside what remains is that from being a project on the drawing board thought up by a committee for traffic investments the concept of the Orestad project, to build a new town on virgin soil and let it be financed by urban rent, had a significant political impact. Regardless of the criticism it was passed in the parliament with a large majority and passed through the municipal planning without any significant changes to the overall plan. What will eventually come out of it remains to be seen, the lessons to learn so far are not related to the implementation but to the planning and decision phases.

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