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Finland is a northern European centralised country where robust municipalities enjoyed resources and autonomy. However, the crisis of the early 1990's led to a profound restructuring of the state which put pressure on municipalities. This forms the context upon which the issue of metropolitan governance arose.

Finland was created out of two established European state systems, Sweden and Russia (Alapuro 1997, 18-19). The inherited Russian powerful bureaucracy is mixed with a Nordic corporatism and a large welfare state, hence a very powerful and centralised state. Finland is characterised by its extensive welfare state and robust autonomous municipalities. Although Finland was a late comer to join the Nordic welfare state model, the achievement has been spectacular (Kautto and al, 1999; Lehto, 2000). Finland is a small centralised country, which has adopted the Scandinavian welfare state model, with a very high level of homogeneity and integration. In comparison with other European cities the standards of collective goods and the well being of the inhabitants are very high in Helsinki, Turku or Tampere. Municipalities, the basic level of local government, have played a key part as the main providers of social services thus controlling an important share of public expenditure.

Between 1989 and 1994, Finland and Helsinki had to face a series of new developments which cannot be detailed in this paper : 1) the collapse of the Soviet Union leading to the closure of the special political and trade link ; 2) a major recession in the early 1990's ; 3) Finland decided to join the EU in a pro active way ; 4) the arrival of first waves of immigrants from Russia, Estonia, Yugoslavia and Africa ; 5) the remarkable economic recovery after the mid 1990's which made Finland the fastest growing country in the EU. All this led a to restructuring of the state in Finland which defines the parameters under which the issue of metropolitan governance emerged (Le Galès and Haila, forthcoming).

Metropolitan governance can be seen either as the result of state strategies to increase the competitiveness of cities, or as the result of local actors' coalitions and strategies to gain prominence and power in relation to the nation state. Resistance can also come both ways. In this paper we suggest that the rise of metropolitan governance is the result of the interaction, and conflicts, between state strategies and groups within cities which are trying to gain more resources and autonomy. The emerging level of metropolitan governance is organised around policy networks and a level of governmental coordination imposed by the government.

Autonomous municipalities in Helsinki metropolitan area and the metropolitan governance question within a European context.

Finnish municipalities, as part of the Northern European model of local government, are seen as pillars of the democracy characterized by important powers and high level of legitimacy within a universalist highly integrated welfare state. The recession Finland faced in the beginning of the 1990s was deep : the unemployment rate rose as high as 20% in some regions. In Helsinki, the unemployment rate varied between 10 and 39% in different neighborhoods (Lankinen 1999). The recession, together with joining the EU, was the profoundly disturbing exogenous event which set in motion the process of state restructuring, including the choice to limit public expenditure and raised the issue of metropolitan governance. One method with which the state began saving was to shift the burden of providing social services to municipalities. Welfare state began turning into welfare cities.

In Finland, the autonomy of municipalities is stated in the Basic Law. One aspect of this autonomy is a right to collect taxes (§121). The Local Government Act (1995) states that municipalities can decide the amount of local income tax (called the municipal tax) and real estate tax (66§). Local income taxes form the main source of local revenue. Real estate taxes are less than 5% of local public revenues. Corporate taxes are collected and redistributed by the state. The tax rate is decided by the government and companies pay the same amount of taxes (29%) despite

their locations. Thus location, in terms of taxes, is indifferent for companies locating in Finland.

Financial reforms were introduced which increased their autonomy to finance and produce services but within a more competitive and controlled system. State grants given to Helsinki were 677 Euros/inhabitant in 1990. By 1993, they had grown to 831, whereafter they started falling. In 1996, state grants were 496 and in 1998 they were 96 (Committee for urban policy, 1999). At the beginning of the 2000s, state grants for Helsinki became negative : Helsinki is now compelled to subsidize the state. The decrease in state grants was compensated by an increase in corporate tax. In 1994, Helsinki's share of the national aggregate corporate tax was 123 Euros/inhabitant, in 1996 it was 551 Euros and in 1998 it was 1076 (ibid.). The percentage shows a dramatic change in the composition of local tax revenue. In 1994, the proportion of the corporate tax from total tax revenue was 5.2% and in 1998 it was 31.9%. (Haila 2001.) The high share of the corporate tax was a short interlude and at the beginning of the 2000s the state's share of corporate taxes was increased and that of municipalities decreased. The new tax system in the 1990s, for a short while, encouraged municipalities to compete and attract firms. Their mobilisation soon reached a deadlock however when the state decided that successful municipalities will not keep their corporate taxes.

The economic crisis of the 1990's posed a challenge to the established practices of urban governments, and precipitated local government management reforms. Increased autonomy and new financial incentives made municipalities more entrepreneurial, outside looking and involved in business developments, without, however, giving up their traditional key tasks in providing social services. Decentralization of powers, autonomy and flexibility, led to differentiated practices in organizing and running urban governments in Finland (Sandberg 1998). Despite resistance, political leaders, as well as the part of the state bureaucracy inside the ministry responsible for cities and regions, have begun implementing public policies that allow differentiation between cities, although this violated the previous principles of universalism (equal social services for various groups in all municipalities).

Traditionally, statistical units of municipalities were administrative units. Helsinki collected and published statistics about Helsinki, Turku about Turku and Tampere about Tampere. During the 1990s steps were taken to see municipalities forming what is called *functional urban regions* (FURs). In 1993, a new regional development legislation introduced the concept of a district, a new regional governance level between the municipality and county levels. Districts were defined according to the travel-to-work. In 1995, the Ministry of Environment published a report introducing a method for describing the urban network in Finland (Vartiainen 1995). This study was a basis for the Urban Network Study (Vartiainen and Antikainen published in 1998) by the Ministry of Interior which described the nodes and networks covering the whole Finland.

The economic growth that followed since recovering from the recession benefited unevenly different regions. Helsinki was one of those regions that began booming and this growth spilled over surrounding municipalities. Overall, the Helsinki metropolitan area accounted for 20,8% of the Finnish population in 1990, 23% in 2000. The population of Helsinki that was relatively stable for a long time, even faced a small decline, grew from 490 691 inhabitants in 1990 to 555 474 inhabitants in 2001. The municipalities of Helsinki and Espoo, the two main municipalities of Helsinki metropolitan area, were the two fastest growing municipalities in Finland.

The concentration of economic growth and population in the Helsinki metropolitan region created a tension between Helsinki and the rest of Finland. In this new situation, maintaining the welfare state, the equal quality of life in different regions of the country, integration, and modernising the management of public services was a challenge for the state. State policies, in the universal welfare state model, aimed at regional equality. In a large sparsely populated country with remote Lapland and less developed eastern regions, that meant rigorous redistribution mechanisms rooted in the welfare state.

Joining the EU had a major impact on Helsinki. Once a tiny and sleepy capital of a small social democratic country on the fringes of Europe, it suddenly found itself in the focal point of the Baltic Sea, between the current EU, the soon to join Baltic states, the oriental border of Europe and St. Petersburg, in a prosperous and booming economic region thanks to the remarkable success of the firm Nokia (Steinbock, 2001). Joining the EU was therefore a considerable change of scale for Helsinki urban actors with immediate political challenges. Well prepared to join the EU, Finnish elites have rapidly seized the initiative. In Helsinki, politicians who ran the city council of Helsinki and its related organizations immediately embraced Europe. Before long they were ready to expand the airport, to build a new harbour in Vuosaari, to compete with Stockholm and to ally with the neighbouring Estonian capital Tallinn. The city of Helsinki and its Lord Mayor Eva-Riitta Siitonen became very active in different transnational networks such as Eurocities and the European Union capitals of Europe (she chaired both at a time), the Union of Baltic cities, and the network of Nordic cities. In the words of the Mayor, Helsinki is a “pocket size metropolis”, but very active on the international scene with a wide range of responsibilities.

Simultaneously, the world success of Nokia marked a rapid insertion of the Helsinki economy within the world economy. Soon, Finnish CEO, including Nokia's, argued to decrease the income tax for expatriate IT workers in order to attract the best from India or the Silicon Valley - a complete breach in the Finnish political landscape. The IT prosperous new bourgeoisie operated at a different scale and questioned the basis of social policies. At the same time Baltic and Somalian migrants, mostly in Helsinki, contributed to the diversity of the population. Suddenly, urban elites had to think about the political management of those new populations and some were arguing for a multicultural Helsinki, much to the surprise of other parts of Finland. The quiet fellow traveler of Helsinki within the homogeneous Finnish state was severely questioned. Helsinki elites were looking beyond the nation state, a partial exit strategy (Le Galès, 2002).

These two dynamics demonstrate that changes of scales brought in new problems which emerged on the political agenda : economic development, competition with other cities, differentiated housing needs, multiculturalism, fight for corporate taxes, provision of services, transportation and the environmental issues It gradually appeared that these problems could not be easily dealt with by individual municipalities, hence the salience of the metropolitan governance issue. These developments had a major impact :on urban elites in Helsinki were led to the articulate a different common interest from the rest of the country which derived either from ad hoc cooperation due to increasing interdependence or from the newly conceptualised view of the interests of the metropolitan area as in the case of economic development.

Four municipalities

In most metropolitan area, and Helsinki is no exception, one can find a legacy of past battles, annexation, political rivalries which constrain the contemporary debates.

The Helsinki metropolitan area consists of four cities with different histories and policies.

- Helsinki, the capital of Finland, with 555 474 inhabitants (in 2000); Helsinki, founded first by a Swedish King (in 1550) and made a capital by a Russian Czar (in 1812), is a European city where trade, political autonomy, public services and relationship to the state are important.
- Espoo, 213 271 inhabitants, was founded in 1458 and became a city in 1972.
- Vantaa, 178 471 inhabitants, was founded in 1351 and it became a city in 1974.
- Kauniainen that is located inside Espoo and has 8 550 inhabitants, was founded in 1906 and became a city in 1972.

The history of drawing borders between these four municipalities has some enduring legacies. In 1928, the Ministry of Interior nominated an administrator to study the incorporation of suburbs to Helsinki. In 1944 the Government announced the

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annexation that was implemented in 1946 and the metropolis of Helsinki was born (Brunila 1962). The city of Helsinki had been able to influence the development of these annexed suburban villa settlements already before the annexation of the 1946. Helsinki, by far the dominant municipality, had a strong hand when the organization of its suburban municipalities was at stake (Saukkonen 1962, 424). The last annexation was made in 1966 when Vuosaari was annexed to Helsinki. As neighbouring municipalities were starting to grow, they organized themselves to make sure that no more annexation would be possible. They feared they would “fell like ripe fruit to the arms of Helsinki”, as suggested by the former the chairman of the city council of Helsinki, Teuvo Aura (Kolbe 2002, 200).

Helsinki (like cities in Finland) is run by councillors and a board of elected members. The council (85 Councillors) elects a Lord Mayor and deputy mayors for 7 years with respect to the balance of political forces within the council. Thus mayors in Finland are civil servants elected with political criteria giving Finnish mayors both civil servant and political roles. Mayors head the civil servants and work with council committees. The law of the 1977 reduced the power of mayors taking away their membership and vote in the city government, leaving them a right to present projects and budgets on the Council board. Most of the council money is spent on compulsory expenditure. The city council has 40.000 employees. The council is run by seeking consensus among political forces and there is a strong tradition of bureaucracy (Kolbe 2002). In Helsinki for instance, the Lord Mayor is conservative, she was a former regional civil servant (governor), and one of the Deputy Mayor is a social democrat who used to be a left student leader in the post 1968 period, an MP and a ministerial adviser.

The metropolitan governance debate is shaped by the conflict between the dominant municipality Helsinki and the new town Espoo. The current Lord Mayor of Helsinki is conservative. For long, Helsinki was run by the conservatives and social

democrats, but now the Green Party has become the second largest party. Social democrats hold classic views about metropolitan governments: to build more housing, to control the land, to improve the management of public services. By contrast, the conservatives defend the idea of social and spatial differentiation. Espoo is more conservative than Helsinki and differs from the classic social democrat model. The conservative council is closer to business interests, tries to avoid bureaucracy and is keen to promote “new public management” ideas. Used to manage fast growth, the council prides itself in developing innovative solutions to organize services. It has become keen to develop a different culture from that of Helsinki. Vantaa (the former name, the Rural Commune of Helsinki) was for a long time a rural area which grew as a suburb to Helsinki. The international airport of the Helsinki region is located in Vantaa. The development of the airport gave Vantaa a new stimulus and it began to grow as an edge city to Helsinki. Social democrats have power and Vantaa is more working class than Helsinki, Espoo and Kauniainen. The council is run as a classic labour city with a powerful local administration. Kauniainen has its origin in a founding of a real estate company that sold building sites. One guiding principle still today in the policy of Kauniainen is to preserve its villa settlement nature. This means zoning large lots and less high rise. 40% of inhabitants are Swedish speaking (in Finland 5,6%) and the Swedish National Party is the largest party followed by conservatives.

The four municipalities are contrasted. Differentiation tended to increase over time as once quiet suburbs grew over time and became cities in their own rights, supported by the established autonomy of municipalities in the Finnish system. The question of metropolitan governance was therefore met with a lot of suspicion.

Social services and housing : interdependence and professional networks

Differentiated municipalities within Helsinki metropolitan area have a tradition of ad hoc cooperation in particular day-to-day social services, libraries and schools. Social services are the main distinctive feature to differentiate Nordic municipalities from the rest of Europe. In Finland, social services represent 30% of the budget of large

municipalities (in the municipality of Helsinki expenditures in social and health services are 50 % and in education 25 % of the overall budget). Such high level of welfare spending has improved the health of the population and produced remarkable results in the fight against poverty. In the 1990s, however, the provision of social services became a difficult issue. The rapid concentration and diversification of the population in the metropolitan area put stress on the provision of public services such as schools, hospitals and day care. Those new problems have led municipalities to work out ad hoc new forms of cooperation. Helsinki and Vantaa have an agreement concerning social services for homeless people. There are HIV housing centres organised for the metropolitan area. The cooperation is based upon the tradition of universal values of the welfare state and norms entrenched within social professions. Professional networks are the driving for this cooperation.

Housing is one of the most difficult issue in the Helsinki metropolitan area. The problem in Helsinki is the shortage of land and high prices of housing which accompanied the rapid rise of population. The housing question calls for cooperation, not only among the four cities but also with municipalities further away from Helsinki. The small residential settlements along the railways line from Helsinki show signs of increasing urban sprawls, like Hyvinkää, Järvenpää and Lohja. They have received part of the population increase of the Helsinki region, and have even developed quicker than some regional cities like Rovaniemi, Kuopio and Seinäjoki. The latter are towns, proper urban governments, with resources to accommodate people and provide public services, the former are settlements without history and civil servants, unprepared to handle fast growth. The four municipalities in the Helsinki have different resources and policies to solve the housing problem. Helsinki has produced social housing and mixed immigrants in its neighbourhoods. Espoo has produced more semi-detached owner occupied housing and less housing for immigrants. Espoo does not want to espouse the urban model of Helsinki and build dense residential neighbourhoods, but to build houses and defend its suburban way of life. Kauniainen wants to preserve its villa settlement nature.

The population growth and the different responses to this challenge by the four municipalities have created a new phenomenon in Finland: emerging social differentiation and segregation, competition between municipalities. In a classic development, the city of Helsinki is therefore under pressure to give up its emphasis on social housing policy. Indeed, Helsinki is losing its corporate taxes and state subsidies while Espoo is attracting good tax payers with its housing policy that offers houses for wealthy upper and middle classes. There is therefore pressure in Helsinki to build upmarket houses for rich tax payers rather than for immigrants and social welfare recipients. Politicians in Helsinki are debating whether Helsinki should change its housing policy to bring more tax revenues. Thus the Finnish system of local income tax as a main source for local revenues makes cities to compete for residents and affect the housing policy choices. This dynamics has run against any attempt to organize metropolitan cooperation.

Utilities

The company YTV manages several utilities, it is the concrete evidence of long term cooperation between the four municipalities of the Helsinki metropolitan areas. It is a municipal organisation under public law of 260 employees, with a budget of 133, 4 millions Euros. Its statutory duty includes waste management, public transport planning and air pollution. It mainly buy services from private sector. Over the years, through the opening up of competition it has tried to lower the cost of services for instance in the case of local transport or by organising a large district heating system which is more efficient in terms of energy consumption. Waste management was privatised 15 years ago (a joint venture between a Finnish and a French company), then buses. Water by contrast is run by a municipal company, Helsinki water. The competition is organised with 5 years contracts. Its executive board meets once a month. Its members come from the four municipalities, 7 from Helsinki, 3 from Espoo, 3 from Vantaa, 1 from Kauniainen. YTV runs different services for the four municipalities, sometimes beyond them (transport). It is now preparing the soon to come privatization of some rail lines.

YTV is an interesting organization as part of the metropolitan governance. From the outside, it seems efficient, runs smoothly in a highly technocratic style. Although politicians sit on the board, the organisation is run with as little politics as possible. There are negative consequences. In terms of fragmentation, YTV is first seen as integrating the management of different services for the four municipalities. It should be emphasised that transport, energy or water are no small services. There is no link, or very limited one, between the planning exercise of each municipality and YTV strategy. YTV runs services within its own logic without any integration of the strategy or policies of the municipalities. A second negative aspect of YTV management comes from the absence of public debate and transparency of the choices. No consumer groups are represented within the board or consulted for different decision processes. Examples elsewhere suggest that politicians (part time amateurs in that technical area) are likely to be “captured” if one may say so by the agency. Regulatory agency usually give a formal say to consumers organisation. It is also quite striking to note that the party most active in debating those issues, ie the Green party, or environment is not represented on the board. Major choices are made in the name of the four municipalities without much public debates, without consumers representatives, without clearly identified political representation as council representatives are not easily identified in terms of accountability. One could easily take for granted that all parties are in favour of sustainable development, that does not lead us very far. In that case, the plea for “transparency” which has become a key word in Finnish bureaucracy, in including at the local level, was far from obvious.

From a democratic metropolitan governance point of view, utilities are too essential a subject to be left in the hand of organisation such as YTV without more debates and control. Utilities and transport include more and more technologies and structure the development of urban areas. They also raise questions of surveillance, public space, sustainable development.

Economic development : cooperation and competition

As far as firms are concerned, borders between municipalities are not relevant or can be even harmful. In Helsinki, economic development and competition has been a major factor to provide incentives for cooperation. Gradually, in their relation with large firms and other European cities, urban political elites from all the municipalities have been convinced they had to elaborate a strategic vision, an “appropriate” vision for the economic development a common good for Helsinki metropolitan area within the global economy. This has both a marketing and a political logics as it is used to negotiate with the state.

In that economic development domain, cooperations have flourished among the municipalities in relation with the demands of economic actors and business interests. Helsinki Development Corporation is for instance a joint organization which organises the marketing of the Helsinki region for the global investors. It has offices in Moscow and Stockholm. The two science parks in the region, Innopoli and Viikki, are joint organizations between municipalities, universities, government organizations and firms. Culminatum is another joint organization comprising municipalities, chambers of commerce, industries, and universities. Its task is to foster economic development of the Helsinki region. Vantaa and Helsinki work together in the area of logistics because of the international airport and links with the new Vuosaari harbour. They have developed a strategy for the Helsinki region to become a logistics centre of the Baltic sea including the airport and the port.

There is a commitment among urban elites to increase “the competitiveness of the area”, and to raise its profile. The government, business leaders and municipalities have enthusiastically espoused a vision of the “knowledge society” and promote Helsinki as the “Learning city”. They have created a complex web of links connecting research, universities, capital, firms and municipalities. Municipalities and the economic elites have found a common interest in trying to attract highly educated information technologies workers to the Helsinki region. The wish to raise the

international competitiveness of the region has temporarily pushed aside competition between cities and makes the elites work for the international profile of the city.

Increased opening and participation to European horizontal networks have further fostered the cooperation between municipalities. The joint venture Culminatum has participated in drawing an urban policy for the Helsinki metropolitan region together with the mayors of the four cities. The role of Culminatum has been to develop the know-how and expertise base of the region. It aims at developing the Helsinki metropolitan region as one of the leading innovation center in the world. In order to achieve this it has proposed to establish a new international university and create a twin city of science of Tallinn and Helsinki. In that international context, the Lord Mayor of Helsinki is seen as representing the whole metropolitan area when she goes to European meetings, when she chairs Eurocities. She articulates the views of the whole region.

The Lord Mayor of Helsinki has organised an informal committee, called Helsinki Klubi (Helsinki Club), comprising the mayors of Helsinki, Espoo and Vantaa, representatives from the business community, public administration, science, the media and the cultural community. This informal group is a good example of a Finnish model of partnership which relies upon networks to structure a particular mode of governance. The club does not use only the resources of the main organisations (municipalities, chamber of commerce), but most particularly it uses the joint bodies which have recently flourished within the urban area, ie the Helsinki Metropolitan Development Corporation, the city of culture Foundation, Culminatum. All those are multi-partners bodies. The club has worked out a strategy to develop the Helsinki region and drawn a "vision" representing the Helsinki region as "a Baltic Rim business and logistical centre which draws its strength from science and the arts". Their view of the future of Helsinki is put as 1) a creative centre of technology, learning and culture, 2) a centre for business and logistics in Northern Europe, and 3) a safe, pleasant and attractive living environment. Different projects are planned under this program.

In other words, that club is based upon a coalition that is trying to elaborate and to impose a legitimate view of the common good for Helsinki. The implicit political message in this document is that the Helsinki region should be given the resources and the autonomy to grow, to be competitive on the global scene.

At the level of the metropolitan area, the governance of Helsinki seems to be a mix of robust government, i.e. the four municipalities, and dynamic metropolitan networks. Municipalities, i.e. the world of government, are very well organised and established. They run services, sometimes in innovative way (social services, or YTV, changes in the management utilities). They are still very active in their traditional domains of intervention such as social services, planning, housing, transport, education. But they have become more involved in marketing, internationalisation culture, and economic development. The new tax system has provided incentives to me more responsive to market logics, to attract firms. Although they remain powerful bureaucracies, they have a closer contact with firms, which are, to a limited extent, integrated to manage different services. In the world of government politicians and parties still play an important role. Conservatives, social democrats and the Green party (a typical urban party opposed to rural interests from the north and the east) run the councils by seeking consensus. However, political conflicts between parties and between municipalities together with the relations with central government still structure the governance of the area.

In different policy areas, evidence of increasing coordination between the four municipalities were provided (see table “cooperation between the municipalities in the Helsinki region”). Mechanisms and pressure to cooperate develop because of the new scale of social and economic problems which increase the interdependence between the municipalities.

Beyond the world of government, the governance of the area seems to be organised by formal and informal network which are not independent from old divisions

between the conservatives, the Helsinki University of Technology and the business community on the one hand, the left, environment groups, cultural associations on the other. The club, an informal group organised by the Lord Mayor of Helsinki to prepare a “vision” of Helsinki is one way to look at these networks of elites of Helsinki. The club comprises the four Mayors, a few academics and university rectors, the director of the chamber of commerce, Sitra, national theatre, business leaders, a leading journalist and two leading civil servants. Beyond the ideas put forward, the club has put forward an original structure of implementation which resembles partnership. The club uses not only the resources of the main organisations (cities, chamber of commerce) but most particularly it uses the joint bodies which have recently flourished within the urban area, ie the Helsinki Metropolitan Development Corporation, the city of culture Foundation, Culminatum. All those are multi-partners bodies.

It is early days for assessing the performance of this governance mode but if all these projects are implemented, that would indicate a clear move towards a more informal structure of governance at the metropolitan level, one might say more flexible, responsive, oligarchic and not accountable structure bringing together partners and organisations from different horizons to elaborate and implement a strategic plan for the Metropolitan area including, but beyond government. It remains to be seen whether the club will deliver or whether interests which are excluded from this rather conservative group will give up, resist or jump into the wagon. It also remains to be seen whether this club and the related organisations will be more than an umbrella organisation where city councils provide resources, expertise and stability.

Beyond the club, examples of informal networks have been mentioned and identified in passing but we lack evidence to provide more analysis. Both in the business world of clusters, research and development, and in the world of culture, environment, third sector, such networks seem to be very dynamic, providing integration mechanisms at the level of the metropolitan area.

The State-led pressure for metropolitan governance question : controlling Helsinki's growth and the break away from the universalist welfare state

The economic and demographic boom of the Helsinki metropolitan area created two distinct but related spatial problems for state elites : 1) how to control economic growth in Helsinki to maintain the basis of strong social and economic equalities within the country, and prevent social polarisation and political conflicts between the main city and the northern and eastern rural parts of the country and 2) how to foster the competitiveness of the Helsinki metropolitan area, so central for the Finnish economy, and manage the growth by developing infrastructures, housing, and the environment. The result was new territorial strategies organised by state elites to cope with conflicting pressures and goals. The dynamics of metropolitan governance building, still in its primary stage, emerged as an answer to these contradictory goals and interests.

The concentration of economic development and wealth in the Helsinki metropolitan area makes it impossible for state elites, and in particular the representatives of the Ministry of Interior responsible for the regional development of the country, to ignore the issues of this unbalanced economic dynamism. The Ministry, however, has a difficult position and limited possibilities to act for the Helsinki region because of the strong pressure of rural interests. Altogether state elites fear the marginalization of Finland as the North East corner of Europe. Furthermore, the competitiveness of Finland depends upon the competitiveness of the Helsinki region, the core region of Finland. Size is seen as an issue because Helsinki metropolitan region is not very large in comparison to St. Petersburg for instance. Although the size is not the only and perhaps not even the most crucial factor for economic success, the Ministry refers to the policies of the neighbouring Scandinavian countries that have created a district with 3.2 million people, Öresund, by building a new bridge connecting Copenhagen and Malmö. This reference implies the idea that a metropolitan area can solve the problem of the size. This reference can also be used as legitimising

Ministry's efforts in the Helsinki region, under the criticism of the rest of Finland. Framing the metropolitan issue in terms of international competitiveness and the size of the area is also a trick to put pressure on municipalities. It is their task to develop cooperation and key projects. International economic competition between urban regions is used as a legitimizing device by the Ministry to facilitate the cooperation between municipalities.

The Ministry of Interior is also concerned with the internal problems of the Helsinki region. Urban sprawl with its negative impacts on land use and increasing demands for public infrastructure investment is not in accordance with national guidelines for sustainable development. The scenario of the metropolitan catastrophe, that is anarchic urban sprawling fuelled by economic growth, internal migration and globalisation processes, is seen as a risk which has to be tackled in order to promote social integration, economic competitiveness and sustainable development. The Ministry is convinced that such a catastrophe can be prevented through the effective management of the Helsinki metropolitan area's growth.

Despite these worries and wishes, and obviously because of the pressure of the rural interests, the Ministry of Interior does not have any ambitious plans for mergers of the municipalities in the Helsinki region. It developed an incentive program for mergers of municipalities supposedly to reduce the level of bureaucracy. State reforms in the 1990's have diminished the room for direct intervention from the Ministries that have lost the control upon some policy instruments. The new planning and construction law for instance reduced Ministry's control and cancelled the a priori approval of municipalities' plans. Instead of any concrete merger plans the Ministry fosters cooperation, but also competition. Officials and ministers alike are keen to play the "divide and rule" strategy, between Helsinki and the other municipalities. They are therefore trying to enforce cooperation between municipalities in Helsinki metropolitan area in order for them to improve their effectiveness but without providing extra resources.

Uneven economic development and Helsinki's demographic growth challenge the principle of universalism. The Ministry of the Interior is at the forefront of the territorial restructuring of the Finnish state and has been particularly active since the late 1990's. The national urban policy advocates differentiation among cities that are now rewarded for developing strategies that differentiate themselves from other cities. The irony of this national urban policy that began at the end of the 1990s was that the Helsinki metropolitan region was excluded from it. A new regional policy has been initiated to respond to EU incentives. Despite rural interests, and without explicitly mentioning it, the new policy gives more importance (and potentially resources) to the fast growing Helsinki region without giving up the support to the countryside. The new and controversial aspect of the new regional policy –the centre of expertise programme - implemented over the past years is that it accepts different economic development and different policies among regions – thus recognising there is not much that the state can do to enforce regional equalities. Municipalities are encouraged to develop their strength and specialization to gain resources from the centre. This new policy is strongly opposed by those who represent the north of the country or those attached to the Finnish egalitarian welfare state.¹

The new legislative framework that has strengthened the autonomy of municipalities and increased the competitive pressure hinders the cooperation between municipalities. At the same time the Ministry itself has less capacity to impose cooperation. The Ministry fears that political and cultural opposition between rural and urban municipalities will develop when municipalities compete to attract inhabitants, economic activities, and shopping centres.

Paradoxically, this new type of state intervention provokes reactions and creates unity to face state increasing pressures. When demanding more resources for the need of their disadvantaged populations and infrastructures investments, urban

¹ The then minister for regional policy was a politician from the left and from the north of the country who opposed autonomy or transfer of resources for Helsinki metropolitan areas. Political fights between this particular minister and the conservative Lord Mayor of Helsinki have been quite significant.

elites are told to find new ways to finance themselves without tax increases. The social democratic (before 2003) Prime minister suggested that the municipality of Helsinki should sell the land it owns or properties to raise revenues by contrast to classic social democratic policies of land ownership and planning control.

New types of oppositions and cleavages are therefore emerging. The six largest cities, Helsinki, Espoo, Vantaa, Tampere, Turku and Oulu (that represent 55% of the increase of jobs and 76% of the increase of IT jobs) agreed to begin a joint urban policy, to act collectively on certain issues and demand a possibility to negotiate directly with the state. The impetus for the forming of this coalition was the decision to leave Helsinki outside of the national urban policy and the redistribution of corporate taxes in a way that these successful cities lose their share of the corporate taxes. The mayor of Vantaa, Erkki Rantala, calls this initiative a defence struggle. "These cities are national even international first-class actors, the economic dynamic of the country, but now their development capacities are taken away. The cut of the share of the corporate tax revealed the attitude of the state". The mayor of Helsinki, Eva-Riitta Siitonen, defends the initiative by appealing to democracy. This initiative of the six cities makes their voice heard louder in the government and counteracts the pressures of powerful rural interests. It also shows mixing of scales. Three cities in the Helsinki metropolitan region are joined by cities of Tampere, Turku and Oulu in the middle, west coast and north Finland.

In that context, conflicts between municipalities and the state, and between Helsinki and the state in particular, have created an incentive for municipalities in the Helsinki metropolitan area to organize themselves to defend their interest against the state and the rest of the country. This is therefore a key point : the gentle agreement within the social democrat consensus leading to the ever increasing welfare state was replaced by tensions and conflicts. In that process, the interests of Helsinki metropolitan area, under attack from the rest of the country, and under attack from the centre, started to emerge. The cleavage between the Helsinki interests and the rest of the country has become a major issue to manage for the

central government. Fiscal policy, provision of public services, public investments, economic development, employment policy, and immigration have created open political conflicts with a territorial dimension. The territorial organisation of the state, the regions and the municipalities, is under restructuration, with fierce political debates. The Helsinki metropolitan governance question takes place in this context of the transformation of the Finnish state.

In Helsinki metropolitan area, the cooperation between municipalities and the emergence of metropolitan governance did not just appear to solve practical problems. The driving force behind the collective action of those municipalities was the urge to defend themselves against 1) small town and rural interests and 2) the state. The restructuring of the Finnish state started the process, provided the impetus which led Helsinki municipalities to reorganize themselves.

Democracy : the democratic cube and the Helsinki case (in progress)

The slow making of metropolitan governance in Helsinki has been mainly pushed by State interest and a coalition of actors interested in economic development.

Finland is becoming a more diverse and differentiated democracy inserted with the EU polity in the making. The Finnish central and local state have responded to the demands for citizen participation by passing a new planning and construction law in the end of the 1990s. The new law extends the possibilities of citizens to participate to the planning process. All those affected by planning have been granted a say, not just the landowners and the period of consultation has been increased. Citizens have right to be informed about plans already at the beginning of the planning process.

The new law has increased the amount of complaints. In Helsinki the target of complaints has been a new master plan. The new master plan intends to increase

the density in Helsinki. Helsinki needs more housing and tax payers, and to answer this demand the planners have zoned new residential land. Citizens have organized themselves to oppose this densification plan. In one residential neighbourhood, Lauttasaari, residents' association have mobilized inhabitants to oppose the plan of the Helsinki planning office. They have arranged meetings, written to public forums and published a pamphlet to protect their neighbourhood. To call such protests "participation" is sometimes misleading. They are also expression of self-interest. People criticizing the densification defend their own neighbourhood and ignore the planning needs of the whole city of Helsinki.

The forces and interests opposing the making of metropolitan governance can be divided into three groups. Firstly, the rural political interests oppose any strengthening and allocating resources to urban areas, and especially to Helsinki. Antipathy against Helsinki in the Parliament and the ministries is a popular issue in the political debates in Helsinki as in most centralised countries. Second, various citizen groups oppose metropolitan governance by arguing that it is not democratic. The influential Helsinki Club that was mentioned is not an opened forum : it rather symbolizes the drive towards oligarchic metropolitan governance that has been seen in other cities rather than a democratic one. The third opposition comes from the municipalities themselves. Any suggestion of merger is fiercely rejected within the residential area of Kauniainen and Espoo, far less so in Vantaa and Helsinki. The mayor of Espoo regards the talk about a joint metropolitan government as "idle talk". (Länsiväylä.). It is commonly argued that different political traditions and cultures prevent forming any metropolitan governance in the Helsinki region. Cities are competing with each other and in the Helsinki metropolitan region particularly one city, Espoo, the middle class municipality in the making, is rising and could develop isolation rather than integrating tendencies. Vantaa and Espoo are rather dispersed suburbs of Helsinki. The recent growth of the metropolitan region has transformed Espoo and Vantaa as secondary urban centers competing with Helsinki. Their political elites are keen to encourage the development of a polycentric urban system with shopping centers and office parks beyond the borders of Helsinki. This

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development reinforces the differentiation tendency of these two municipalities from Helsinki.

Conclusion

The four municipalities of Helsinki metropolitan area have contributed to the making of metropolitan governance in two ways : by professional network cooperation in social services in particular, and by joining a coalition of actors aiming at development the competitiveness of Helsinki and raising its international profile. However, despite pressures from the centre, they have resisted any attempt to institutionalise further metropolitan governance.

Despite cooperation in providing day-to-day services, joint strategies and visions to develop the region as an international hub, cities in the Helsinki region compete with each other. They try to attract inhabitants (the main source of local revenue, through housing policy) and companies (by providing industrial sites).

What is also interesting in the Helsinki case is the fact that although one can see a sort of growth coalitions in the making at the level of the metropolitan area, the municipalities within the Helsinki area have not abandoned their commitment to maintaining high level of social services. This is, on the contrary, a driving force to oppose state demands, and limits to what business interests may argue for. Although, the municipality of Espoo might be willing to go a bit further, the new importance given to economic development issue has not yet led to social services restructuring or to housing policies changes. This trend has proved more remarkable, although to a limited extent at the central level.

The experiences of making the Helsinki metropolitan governance show that cooperation between cities in the metropolitan area is carried out in different compositions at different levels concerning different issues: one network for promoting international economic competition another for providing day-to-day

social services. In this sense it is not reasonable to talk about metropolitan governance but various networks doing various things which are not really coordinated, except, at a macro level they are controlled by the state. The more meaningful sense of talking about the metropolitan governance in the Helsinki region is cities uniting themselves and collectively acting against the state, to oppose the measures by the state to worsen the conditions of cities.

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