CIRCUMSTANCES AND PROGRAMS IN NORTHERN SCANDINAVIA

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[1]Canada [2]DREE, [3](Western Region)

TABLE OF CONTENTS

SECTION I

THE CIRCUMSTANCES OF LAPPISH PEOPLE

SECTION I

CIRCUMSTANCES AND PROGRAMS IN

NORTHERN SCANDINAVIA

I INTRODUCTION

The purpose of this paper is to outline the circumstances and programs of the Lapps or Sami as they are called, in northern Scandinavia.

The reason for investigating these circumstances and programs is to see where there may be parallels between the Sami's situation and the situation of the Canadian natives and where certain experiences of the Scandinavian government may benefit Canadian initiatives.

The paper will be organized into two major sections. In the first the circumstances of the Sami and their comparability to the Canadian native situation will be briefly outlined. In the second section, the northern development programs of Norway, Sweden and Finland, some of which pertain to the Sami, will be discussed.

The current situation of the Sami is that there are dwindling numbers of Sami who are engaged in traditional pursuits and who choose to identify themselves as Sami. Many of them are being forced out of reindeer herding because of large scale industrial developments. Developments such as the construction of dams which cause the flooding of pasture areas, the development of mining particularly around the Kiruna-Gallivare area, the enlargement of the communications network such as for railways, airports and roads and the increasing tourist industry are modifying the environment in a way which makes it difficult for the Sami to continue reindeer herding. These changes have limited the possibilities of economic expansion within the reindeer industry and have decreased the real numbers of Sami who are able to maintain themselves from herding.

Although some Sami are moving out of their traditional occupation, they are still concerned about the survival of the Sami culture. Throughout Lapland, Sami organizations are expressing concern about their survival as a cultural group and the survival of their language and traditional ways of livelihood. Principally the concerns focus on what the Sami believe are their land rights.

The Sami believe land cannot be owned privately. Those who engage in primary occupations today do not own land as individuals. It is on these grounds and on the grounds of the 1751 Treaty of Stromstad which fixed the frontier between Norway-Denmark and Sweden-Finland that the Sami today are struggling for recognition of their land rights. This treaty stipulated that the Nomadic Lapps should have the right to move with the reindeer across all frontiers.

In their struggle to have their position ratified by the national governments, the Sami have included themselves in the Fourth World Movement through the World Council of Indigenous People, a world-wide organization promoting the rights of indigenous people. They have also made appeals to the UN Committee on Human Rights in an effort to make public their concerns and to gain world sympathy for their cause.

Many of the similarities between the Canadian natives and the Sami are obvious, such as climate, and topography. Other similarities occur because both the Sami and the Canadian natives are minorities within their countries. For example, both groups are in a struggle over claims to sovereignty over the lands they have inhabited for centuries, lands which are known to be very rich in mineral and other resources. Both the Sami and the Canadian natives have their own native organizations and there are similarities in the pattern of growth of these organizations. Having started as fledgling groups with a very narrow range of interest, they have grown today into Pan-Lappish and Canada-wide organizations. Both the Canadian native organizations and the Sami organizations belong to the World Council of Indigenous People.

Just as there are many similarities, so too are there differences. The literature on the Sami, for example, depicts them to be a passive people. Nowhere can a reference be found to the Sami resorting to violence or even contemplating violence to attain their ends, whereas Canadian natives have felt it necessary to threaten violence on occasion to attain their goals. Unlike the native people in Canada, the literature researched for this study does not suggest that high percentages of Sami live in impoverished conditions. Another major difference is that the Sami all tend to live in one geographic area whereas Canadian natives do not live exclusively in either the urban, rural or northern parts of the country.

Today, there are three Scandinavian countries in which the Sami live: Norway, Sweden, and Finland. Although the exact number are unknown, there are at present believed to be more than 51,000 Lapps in Scandinavia and the Kola Peninsula (Figure 1). Although their situations are largely

similar, there are certain individual differences within the countries in terms of living and working conditions. Wherever possible, this paper will describe the general situation first and then will make reference to individual differences that may be of significance.

There are known to be about 2,000 Lapps in the Kola Peninsula. However, they have a limited relationship with the Scandinavian Sami and will be excluded from the study.

The Sami's present settlement area, Lapland, or Samiland, (also called the Nordkalotte or Northern cap), may be divided into four distinct natural geographic regions.

To the east, the forest belt spreads through northern Sweden, northern Finland, and the Kola peninsula. To the north and west runs the coastal strip, facing the north Arctic Ocean and the Atlantic, with islands, peninsulas, and deep fjords. To the north, between the coastal strip and forest regions runs Finnmarksvidda, an open, rolling landscape of low hills, peaks covered with birch trees, and wide valleys. South from "the three countries' landmark" boundary cairn there is a range of high peaks with their eastern spurs. These low mountains are separated by deep valleys and lakes which are the sources of Norrland's rivers.

In terms of morphology and natural geography, the coastal strip to the west and the high mountain chain with the lower lying spurs are clearly structures with great differences in level and distinctive vegetation zones. Thus the high alpine region in the west, the low alpine belt in the east and the woodlands farther east are sharply delimited from each other. The tree line is an important demarcation line in the countryside.

North of Thornetråsk, on the eastern side of the mountain range begins the flat, wide landscape. In geomorphological terms it is an ancient peneplain and Finnmarksvidda is part of it. This terrain continues northward and westward through northern Finland, northern Russia and Siberia.1

The Sami population can be divided into groupings according to the following geographic regions.

The Nomad Mountain or Reindeer Lapps live in the Kalen mountain chain, which span the Finnmark highlands and

the Finland fells. As their name implies, they are nomadic and make periodic migrations with reindeer herds along regular routes.

The Forest Lapps are situated in a stretch of land about 150 kilometers in width near Thorne, Lule and Pite, Sweden. They are semi-nomadic, and live by fishing and hunting but may also move with reindeer along waterways.

The Fisher Lapps are situated near Lake Inari and tend to live in one place throughout the year.

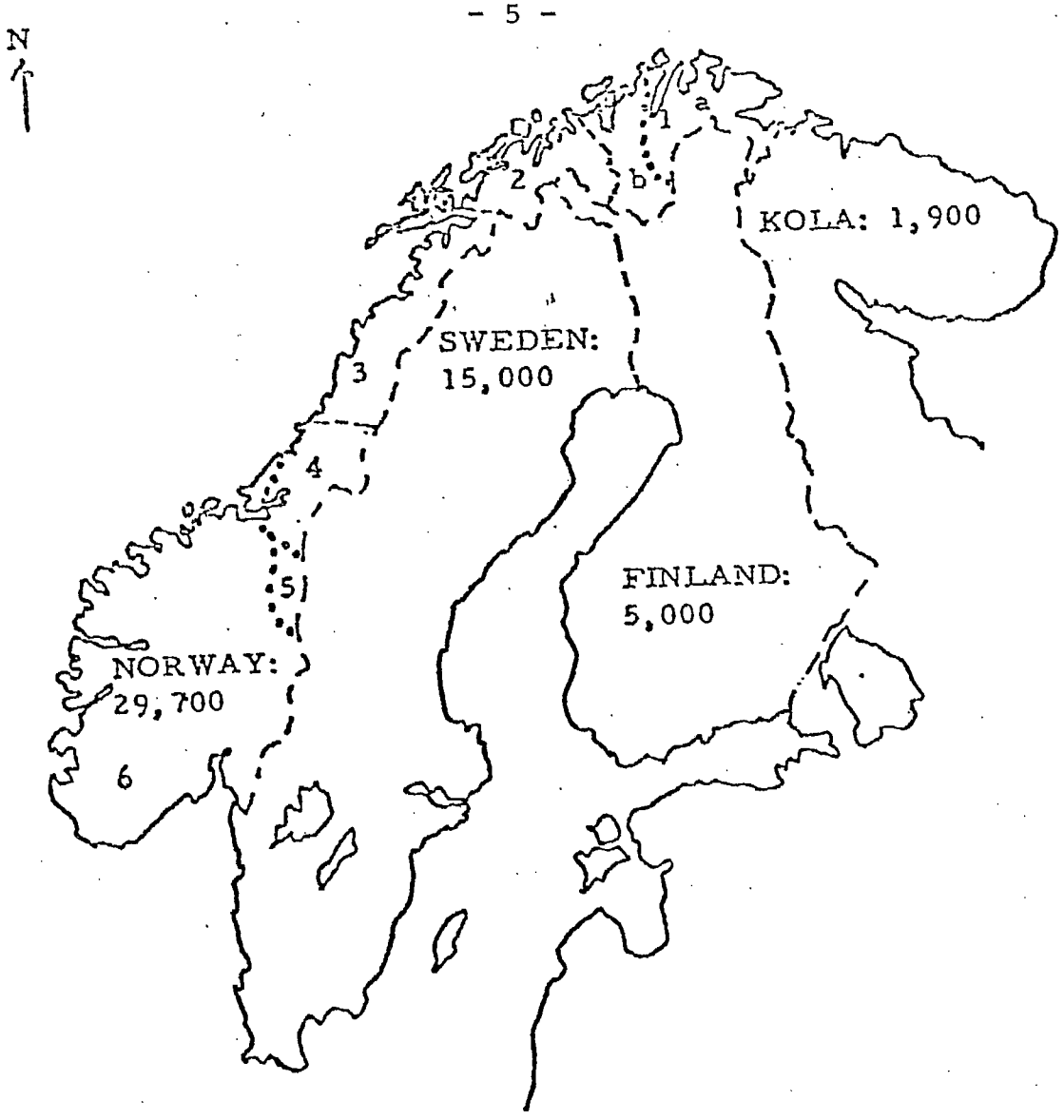
The Sea Coast Lapps live along the Arctic Coast. They keep small reindeer herds but are also boat builders, carpenters and dairy farmers.

The Kola Peninsula Lapps were the original population of the peninsula, although they are today a minority of the total population of the peninsula.

Figure 2 gives the location of the Mountain, Inari or Fisher Lapps and the Skolt Lapps.

Figure 1

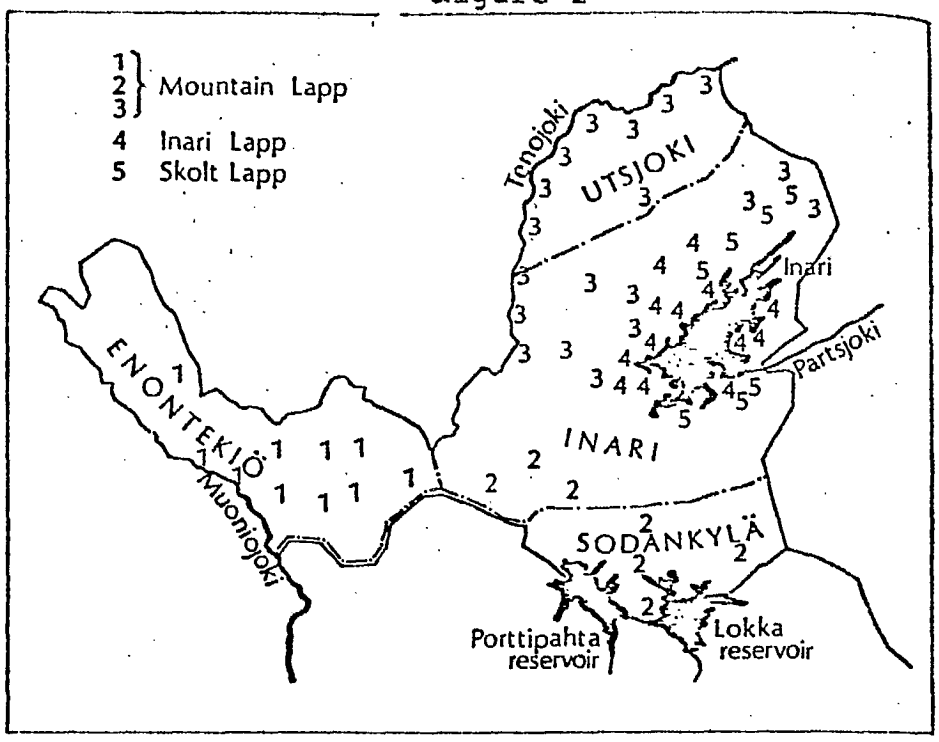
Scale: 1:13,000,000



— — — — — — international boundaries
---------- county boundaries for North Norway
. . . . . Norwegian reindeer management districts where not approximating or contiguous with county

		Estimated 1975 Population
1	Finnmark County	15,000
1a	East Finnmark District	
1b	West Finnmark District	
2	Troms County and District	9,000
3	Nordland County and District	3,000
4	North Trøndelag District	400
5	South Trøndelag and Hedmark District	300
6	Outside Reindeer Management Districts	2,000

Figure 2



1. Lapps living in the western arm of Enontekiö commune.
2. Lapps living around the village of Vuotso in the north of Sodankylä commune. These are Mountain Lapps by tradition, but moved to the interior forest as a consequence of demographic movement caused by various frontier closures in previous centuries.
3. Lapps living in the Teno river valley (Karigasniemi, Utsjoki, Nuorgam). and to the west of the lake Inari. These are Mountain Lapps with long-standing connexions with their neighbours on the Norwegian side of the border.
4. Lapps living around the shores of Inari, traditionally fishermen.
5. Skolt Lapps resettled at Sevettijärvi (north-east of Inari) and Nellim (south-east of Inari) after the loss of their native Petsamo area to the Soviet Union following World War II.

II DEMOGRAPHICS

A. Population characteristics

As shown in Figure 1, the total Lappish or Sami population is thought to be about 51,000 with 15,000 living in Sweden, 30,000 in Norway, 4,000 in Finland and 2,000 in the Kola Peninsula.[2] In contrast, the total registered Canadian Indian population as of 1976 was estimated at 300,000 (with about 25% living off-reserves). An estimate of the total Canadian indigenous population, including Metis and Inuit, is about 1,200,000.[3]

Canadian natives represent about 5 per cent of Canada's total population of 23 million while the 50,000 Sami represent.3 per cent of the total populations of Norway, Sweden and Finland of 17 million.

In each of the Fennoscandian countries, population densities in the northern counties with concentrations (though seldom majorities) of Sami, are lower than in the national averages. Table 1 presents these figures for the two northernmost counties of Norway, for Norway as a whole, for Sweden, for Finland and for Canada.

TABLE 1

Population (in Thousands of Persons), Area (in Square Kilometers), and Population Density (per Square Kilometer) in Norway, Sweden, Finland, 1975 and Canada.

	Finnmark County	Troms County	Norway Total	Sweden	Finland	Canada
Total pop. (inclusive of Sami)	79 (15)	143 (9)	3998 (30)	8043 (15)	4695 (5)	21,000
Area	46	26	324	450	337	3851[4] sq mi
Pop. Density	1.7	5.5	12.7	18.0	14.0	13.8/sq km

The Canadian indigenous population is spread throughout Canada. Population densities in the northern parts of the country are lower than the national average of 13.8/sq. kilometer. Natives tend to form a higher percentage of the population in the northern areas than they do in urban centres.

However, out-migration from rural and northern areas in Canada is increasing,(in relationship to declines in the agriculture and other sectors.)

B. Vital Statistics

Current vital statistics for Norway, Sweden, Finland and Canada are summarized in Table 2. Norway exceeds its neighbor countries in all the rates except for rate of marriage.

TABLE 2

Rates of Marriage, Birth, Death (per Thousand Population) and of Infant Mortality Under One Year of Age (per Thousand Live Births) in Norway, Sweden, Finland (Average 1969-1974) and Canada (per thousand population)

	Norway Total	Sweden	Finland	Canada
Marriages	7.6	5.3	8.6	8.9
Live Births	16.3	13.7	13.3	16.5[5]
Deaths	10.0	9.9	9.5	7.4[6]
Excess of Births over Deaths	6.3	3.8	3.8	9.1
	(per thousand live births)			
Infant Mortality	12.6	10.5	12.3	17.4[5]

Current vital statistics for the two northernmost counties in Norway and Northern Manitoba are presented in Table 3 Except for the dramatically higher infant mortality rate for Canadian registered Indians, the vital statistics are quite similar. Officials of the provincial Vital Statistics branch hesitate to offer one explanation alone for the high infant mortality rate experienced by Canadian registered Indians. One hypothesis is that, in fact, the rate is no higher that it ever was but with more accurate reportings of births, the real mortality rate is finally being made public. Another hypothesis is that the generally poor standards of living experienced by many natives accounts for the higher rate.

TABLE 3

Rates of Marriage, Birth, Death (per Thousand Population) and of Infant Mortality Under One Year of Age (per Thousand Live Births) in two North Norway Counties (Average 1971-1975), in Northern Manitoba and for Total Canada Registered Indian Population.

	Finnmark County	Troms County	Northern Manitoba	Registered Indian
Marriages	7.3	7.8	-	14.8[7]
Live Births	23.7	21.3	24.1	28.5
Deaths	8.5	9.1	10.2[8]	13.0
Excess of Births over Deaths	15.2	12.2	13.9	15.5
Infant Mortality	19.3	17.4	18.1[9]	32.1

Some demographic data comparing Norway, Sweden, Finland and Canada and comparing the Sami and Canadian natives suggest that both indigenous groups represent an equivalently small fraction of the total population of their countries, that population densities are roughly equivalent in their countries as are rates for marriages, births, death and infant mortality. Data comparing marriages, birth, death and infant mortality rates for two northern Norwegian counties and one northern Canadian region in which the majority of indigenous people live, also show near equivalence.

III ECONOMIC ACTIVITY

Economic activity among the Sami will be discussed from two major perspectives.

As reindeer have formed the basis of the traditional economy for centuries,[10] and as so much of Sami organization and politics revolve around reindeer herding, the reader will firstly be made familiar with the major current characteristics of that industry.

Following this, the occupational structure and other pertinent aspects of the economic sectors for Sami in each of the countries will be examined.

This section will conclude with some data on the economic circumstances of the Canadian natives to facilitate, in a general way, a comparison between the Sami and the Canadian natives.

A. The traditional economy - reindeer herding

1. Administration and organization of reindeer herding

Reindeer herding is the dominant occupation among the Sami throughout Lapland. Although there are differences among the countries in herding organization, management and level of income generated, in all three countries reindeer management is the final responsibility of the Agriculture department. Table 4 shows, even as far back as 1963 the reindeer industry accounted for almost six million dollars worth of income generated in Fennoscandia.

TABLE 4

Numbers of reindeer, hectares of rangeland, and income from the reindeer industry in Fennoscandia.[11]

Country	Approx. no. of reindeer	Approx. area of rangeland in hectares*	Approx. income from reindeer industry (1963)**
Norway	40,000 Wild 200,000 Domestic	11,000,000	($1,140,000 Can.)
Sweden	250,000 Domestic	16,000,000	($1,910,000 Can.)
Finland	30 Wild 220,000 Domestic	13,000,000	($2,540,000 Can.)
TOTAL	710,030	40,000,000	$5,590,000 Can.

* One hectare = 2.471 acres.

** Not including hides, antlers, hunting, and tourist values.

Anderson reports that reindeer management administration in Norway is carried out in each district by a regional administrator known as a Sami bailiff, or a reindeer management agronomer.[12] (Sweden and Finland have similar administrative arrangements). There are six Sami bailiffs in Norway, each functioning as a county or sub-county official even though their domains consist of reindeer management districts not always coterminous with county boundaries.

These offices are minimally staffed and therefore cannot function in advisory capacity. The bailiffs have a regulatory function and enforce all applicable laws and regulations and supervise pasture use.

In 1966, a new position, that of a co-ordinator was established for reindeer management. The office for this new governmental reindeer management consultant is in Tromsø. This official engages in planning, conducts educational courses, and clarifies tax questions. Information of general interest is published in a quarterly journal, "Reindeer Management News", sent out free to all reindeer owners.

A one year course in reindeer management was established in 1968, located at an existing horticultural school in Borkenes, Kvaefjord, Trøms county. Between five and eleven students have attended this school each year until a temporary one-year shutdown in 1975. While most students come from reindeer managing homes, many go into salaried, administrative positions after the year's course.

Also in 1968 special research facilities for reindeer were established in Harstad, Trøms county. From 1956 limited research on reindeer was carried out by the veterinary laboratory at the same location.

Some of the Sami living temporarily or permanently in the south of Norway may still own reindeer kept by others in the home district. The 1,400 domestic reindeer in southern Norway, however, are primarily non-Sami owned and managed. Outside the northernmost reindeer management districts, there are some reindeer owners who are not Sami-speaking.

2. The economic impact on Reindeer Herding of the snowmobile.

The most important fact about the reindeer industry is that it has, within the last fifteen to twenty years, undergone a major structural change. The introduction of the snowmobile to herd reindeer was the major catalyst for this change. The results of the introduction of the snowmobile have been to force out of herding those Sami who were most marginally employed in the industry.

The economics of the matter have been explained in many ways. However, most writers agree that, before 1963 when the first snowmobiles were purchased, the costs for equipment to work in reindeer herding were essentially zero. Most of the equipment required (sleds, draft reindeer) was obtained without cash outlay, although in the traditional system a great amount of labor and socio-economic interchange were involved. Full participation in mechanized reindeer herding, on the other hand, means cash outlay for the snowmobile, which is an expense that only larger owners of reindeer can afford. The prediction for the 1970's has come true, that is that the herders with fully mechanized and motorized equipment will control and monopolize herding operations to an increasing degree, and will gradually freeze out many of the smaller owners who will then be forced to find other jobs, often in the South.

One of the reasons why the leading reindeer owners can maintain their economic control of herding under mechanized conditions is that they now have time (and the economic means) for ancillary money-getting activities. So much time is freed from reindeer herding that they can take secondary occupations (fishing, tourism, et.) and engage in some small-scale agricultural activities. At the same time they are covering more ground and attending more roundups in other areas than was possible before the advent of the snowmobile.

Pelto has written extensively on the effects the snowmobile has had on the social organization of the Skolt Lapps. The Skolt Lapps are perhaps the most distinctive among the Lappish group. After World War II, they were resettled in Finland from the Petsamo District and even today feel themselves to have special needs within the Sami community.

Pelto's analysis, although specific to the Skolt Lapps, foreshadows the analysis carried out by others who are concerned with the effects the snowmobile would appear to be having throughout the Sami herding community. He suggests the following to be the principal effects:[13]

> "1. The cash cost of effective participation in herding is beyond the resources of some families, so that they have had to drop out of serious participation in herding activities.
>
> 2. The use of snowmobiles drastically changed the role requirements of reindeer herding. These changes, in general, favor youth over age, so that older herders (who would be the persons most likely to wish to continue in that economic activity) are being forced out in favor of younger men.

3. The almost total loss of individual and family control of the reindeer has made it extremely difficult and unrewarding for small owners to stay in reindeer herding.

4. Aside from the individual differences of involvement in herding, the coming of the snowmobile has pushed the entire Skolt Lapp population sharply in the direction of cash dependency and debt.

5. The increased dependence on cash has forced many individuals to seek new types of employment, with the result that there is now greater diversity of occupations than had been the case ten years ago, as well as greatly increased outmigration from the region. (Of course, the availability of non reindeer-connected jobs in the area is not a direct result of the snowmobile.)

6. In the shift to cash income and regular employment as well as in the readjustment to the changed reindeer industry, some persons have achieved considerable success, while others have tended to fall out of the contest. A general increase in socio-economic inequalities has resulted.

7. The increased speed with which people can get from one place to another has increased the rate of social interaction, drastically reduced the amount of time required for some important activities (for example, freight hauling), and has brought about changes in the scheduling and patterning of many group activities (for example, men return home from a roundup each night rather than camping out for many days at a time)"

3. The market for reindeer products

The market for reindeer products has expanded considerably in recent years. For example, in 1962, the price of reindeer meat per kilogram was 2.40 Finnishmarks. In 1972, it had reached 8.40 Fmk. Meat has been exported to Norway, Sweden, and West Germany, where it is sold as a luxury item, and there is still much room for expansion of the market. Legislation has been introduced to set quality controls on reindeer meat for export, and these may be extended to cover all reindeer

meat in the near future. The development of proper slaughter and market facilities is involving many associations in costly programmes of road building to reindeer separation sites, particularly in the remote areas.

With these developments in reindeer management - a traditional semi-subsistence economy is being transformed into a modern meat-production industry - for which more professional training is needed.

The impacts these structural changes to the reindeer industry have had on the Sami population within each of the countries differ in accordance with the other northern development policies of the national governments.

B. The structure of the economy in North Finland

In northern Finland, the principal means of subsistence are drawn from four sources: the traditional economy (hunting and fishing, reindeer herding, and collection of natural products), agriculture and forestry, wages and salaries and social security (support for children, old people, incapacitated and other deviating groups, municipal social allowances, and unemployment benefits).[14]

Nearly every family has income from more than one source. Moreover, the structure of the sources of income varies annually because of the random distribution of jobs. When there is no work available, minimum subsistence is provided by unemployment benefits and municipal social allowances. Total annual income cannot be exactly determined because of income from barter and other sources in the traditional economy.

1. Traditional economy

In 1970, about 84 per cent of the reindeer herds in the Lapp area were owned by Lapps. When classified according to the owner's occupation, 80 per cent of these reindeer were possessed by "reindeer men", 6 per cent by farmers, and the remaining 14 per cent by people with some other occupation. It has been estimated that 200 to 250 head of reindeer are needed to maintain a family. According to the calculations, the average income from reindeer herding during the year 1970-1971 was 4,500 mk (finnish mark) for a Lapp family and about 1,700 for a Finn family.

Lapps acquire about one-third of their monetary income from the traditional economy. For the Finns the corresponding proportion is approximately 15 per cent. The income from traditional resources is greatest in the remote parts of the Lapp area.

2. Agriculture

The precipitation and humidity conditions in Lapland are suited to agriculture aimed at fodder production. Finland's recent agricultural policy, which aims at a reduction of agricultural production, has greatly diminished the agricultural activity in Lapland. Only 12 per cent of the families were working in agriculture and forestry in 1970.

Most of the Lapp area belongs to the state-owned zone of protected forests where forestry has no great economic significance, except in the Inari basin and the northern parts of Sodankyla. The local population gets wood for building and firewood from the forests. Income from lumbering is lacking almost completely in this area. About 10 per cent of the families had income from domestic animals, the annual average being 1,000 mk. About the same number of farms earned an average 1,800 mk. by selling forest products. This income is mainly concentrated in Ivalo, Inari, Vuotso, and western Utsjoki, which are the districts of most intensive farming in the Lapp area.

3. Wages and salaries

Lapps work for wages less frequently than Finns. The educational level of the Lapps is lower and they live farther away from salaried jobs. In 1970, about 60 per cent of the Lapp families and 80 per cent of the Finn families earned some money by working for an employer.

Other than the permanent government jobs which are generally held by Finns, the wage jobs in Lapland tend to be casual and of short duration. Unemployment is worst at midwinter. In spring and summer, tourism and other kinds of seasonal work begin along with farm work.

The average monthly wages of a Lapp are about one-fourth lower than the corresponding earnings of a Finn.

The jobs available for Finnish women are mostly work in services at centers which are out of reach of many Lappish women.

Lappish youth in northern Finland work for wages more often than do Finnish youth. Finnish youth, with their better academic education, tend to work outside the Lapp area.

The Finns in the Lapp area base their subsistence mostly on wage earnings and salaries. The office-holders, in the municipal centers especially, live on their salaries alone.

Among the Lapps, such earnings account for approximately 40 per cent of the total income.

4. Social security

The Finnish legislation on social security provides minimum subsistence by the state for old and incapacitated people. There are family and maternity allowances. When the state social support programs are inadequate, the municipalities may further assist their inhabitants. The social support applies equally to the Finns and the Lapps, though some differences can be seen in practice.

Various pensions and family allowances were granted to 83 per cent of the Lappish families and 67 per cent of the Finnish families for 1970. In the former group, this signified social benefits annually of 3,300 mk. per family, while in the latter group, the benefits totalled 2,400 mk. per family. The Lapps receive this type of income more frequently because of the greater proportion of children and old people, but their average income from social security is smaller than that of the Finns. In the Finnish group, the average number of children is smaller and there are fewer old people. Office-holding personnel tend to come alone from the south to the Lapp area. Employment pensions, which are more common among the Finns than among the Lapps, bring up the average.

Income from social security benefits accounts for 25 per cent of the total monetary income of the Lapps. The corresponding figure for the Finns is 12 per cent.

The Finns get unemployment benefits more often than the Lapps. Their significance for the total income is small, though they are important as a guarantee of minimum subsistence at times of need.

The income structure of the Lapps clearly shows how reliance on the subsistence economy has continuously been losing ground.

Technology has changed the character of native economy. Requirements for a higher standard of living have also increased among the Lapps. Consequently, their orientation towards centers, where the services are closer at hand, has increased.

The marginal districts of northern Finland are rapidly being depopulated. Unless a political decision is made soon to re-develop the native economy of the Lapp area, it is probable that many of the Lapps will end up as part of the southern labor force.

TABLE 5

Distribution of heads of households by occupation, from tax returns 31.12.1970[15]

Occupation	Lapps	%	Finns	%
The arts, humanities, natural sciences technology	26	2.5	165	7.6
Administration, accountancy, clerical	6	0.6	63	2.9
Commercial	9	0.9	99	4.5
Agriculture, forestry, fishing, of which	637	61.3	689	31.6
- agriculture	132	20.7	293	42.5
- forestry	57	8.9	167	24.2
- reindeer herding	315	49.15	42	6.2
- fishing	33	5.2	14	2.0
- labouring	98	15.4	173	25.1
Transportation and Communications	57	5.5	247	11.3
Industrial	60	5.8	276	12.6
Service Occupations	49	4.7	219	10.0
Military, security	19	1.8	185	8.5
Retired	152	14.6	212	9.8
Occupation unknown	23	2.3	27	1.2
	1,038	100.0	2,182	100.0

C. The structure of the economy in North Norway

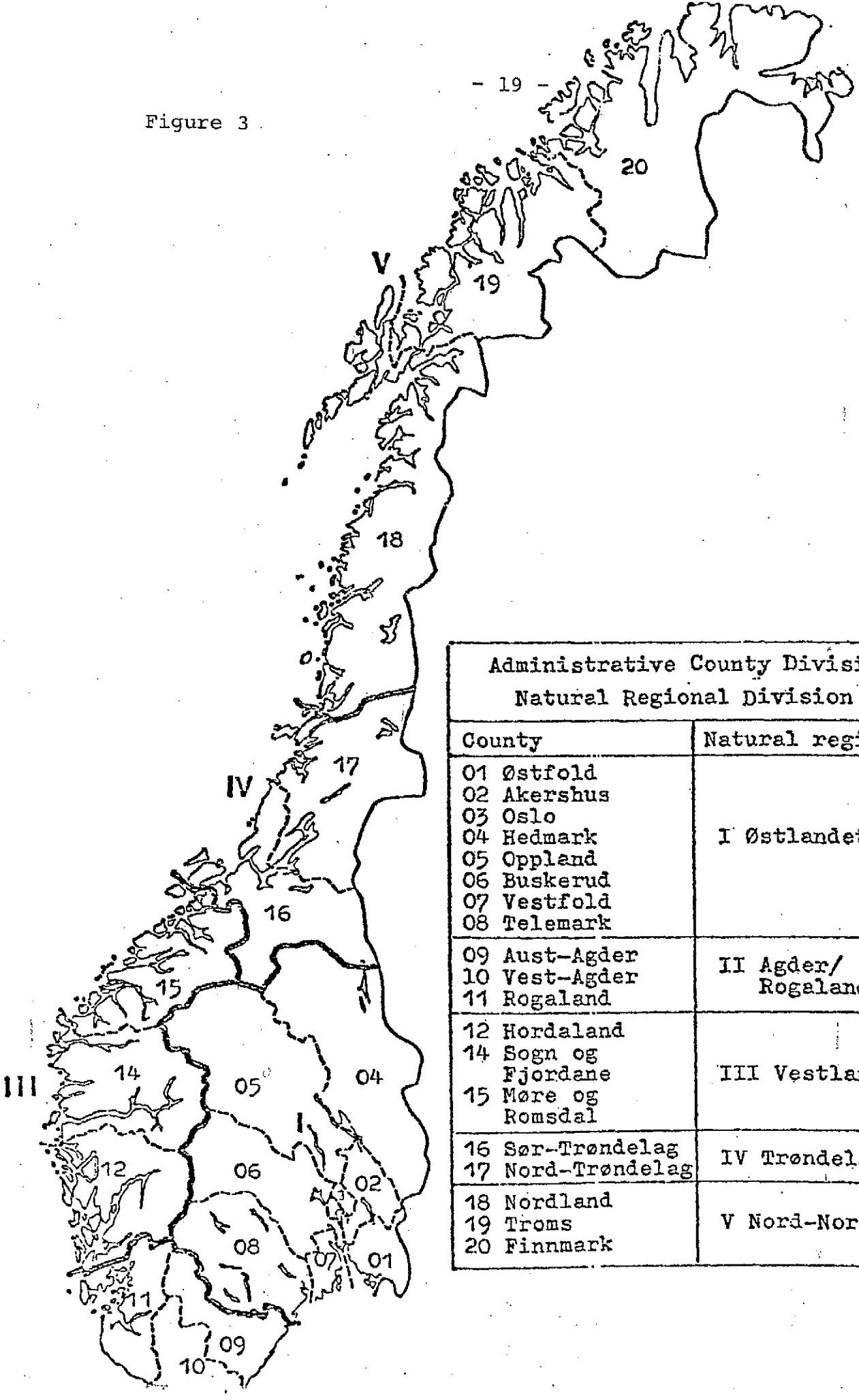
Figure 3 gives the Administrative County Divisions for Norway. Three counties, Nordland, Trøms and Finnmark make up the "Nord Norge" or "Northern Norway" region.

Table 6 shows that for all but one of the last six years North Norway has experienced a net out-migration.[16] With the manufacturing and mining, wholesale and retail trade, transport and service sectors on the rise, (see Table 7) and fishing on the decline, the northern areas are likely to continue to experience a net out-migration. The only other region to experience as consistent (but not so large) a decline is Vestlandet. Recent unemployment data gathered from registrations at the Labour Exchange offices show the Northern region to have from 1 1/2 to as much as 7 times more unemployment than other regions in Norway (see Table 8).

Income data from 1973 (Table 9) show that there are proportionally fewer taxpayers the farther north one goes. Of those that pay tax in North Norway, a high proportion are being taxed on incomes of 10,000 Kroner or less. Correspondingly, these data show that the majority of tax paid on incomes of 40,000 Kroner or more are paid by residents of the Ostlandet region which includes Oslo and other metropolitan centres.

Data on employment in one sector, manufacturing, from 1964-76 predictably show that residents from the two most northern regions participate to a lesser extent in jobs in the manufacturing sector than do residents of the other three Norwegian regions (Table 10).

Figure 3



Administrative County Division. Natural Regional Division	
County	Natural region
01 Østfold 02 Akershus 03 Oslo 04 Hedmark 05 Oppland 06 Buskerud 07 Vestfold 08 Telemark	I Østlandet
09 Aust-Agder 10 Vest-Agder 11 Rogaland	II Agder/ Rogaland
12 Hordaland 14 Sogn og Fjordane 15 Møre og Romsdal	III Vestlandet
16 Sør-Trøndelag 17 Nord-Trøndelag	IV Trøndelag
18 Nordland 19 Troms 20 Finnmark	V Nord-Norge

TABLE 6 Net Migration in per 1000 of the Population[16]

COUNTIES	1971	1972	1973	1974	1975	1976	1977
ØSTFOLD	7.0	1.2	2.4	2.1	0.5	2.3	3.6
AKERSHUS	15.0	12.6	7.0	4.8	5.9	1.8	4.3
OSLO	-8.8	-7.9	-9.0	-7.1	-4.1	-0.1	-3.7
OSLO OG AKERSHUS	0.8	0.5	-2.3	-2.0	0.2	0.7	-0.2
HEDMARK	1.3	1.6	3.1	3.8	6.3	5.3	6.8
OPPLAND	4.5	4.2	2.6	2.7	1.5	1.6	2.8
BUSKERUD	7.2	3.1	7.1	9.7	5.8	6.5	3.3
VESTFOLD	7.7	3.7	3.4	3.6	2.6	3.7	4.7
TELEMARK	0.7	-3.5	-3.8	2.9	4.2	7.0	5.7
ØSTLANDET	3.2	1.3	0.6	1.6	2.1	2.8	2.5
AUSTAGDER	7.9	5.7	8.5	11.6	10.6	6.1	8.0
VESTAGDER	8.2	5.0	4.3	2.4	3.1	3.8	6.3
ROGALAND	3.6	3.2	3.8	7.4	5.8	4.9	6.4
AGDER/ ROGALAND	5.5	4.1	4.7	6.8	5.9	4.8	6.7
HORDALAND	-0.3	-1.0	-0.6	-1.1	-2.3	-1.7	-2.0
SOGN OG FJORDANE	2.3	-1.2	-3.2	-0.4	1.8	2.7	0.3
MØRE OG ROMSDAL	0.8	0.6	-0.2	0.4	-1.4	-0.4	-0.9
VESTLANDET	0.4	-0.5	-0.9	-0.5	-1.4	-0.7	-1.3
SØRTRØNDELAG	-0.6	1.1	-0.5	-2.7	-0.5	0.4	-3.3
NORD-TRØNDELAG	2.4	1.4	4.3	3.4	1.3	0.6	2.6
TRONDELAG	0.4	1.2	1.1	-0.6	0.1	0.4	-1.3
NORDLAND	-7.5	-3.3	-2.2	-3.5	-3.0	-5.8	-3.9
TROMS	-1.8	6.2	4.5	0.9	0.6	-4.6	-2.0
FINNMARK	-6.2	-2.5	1.5	-2.8	-7.1	-8.5	-8.4
NORD-NORGE	-5.6	-0.2	0.5	-2.0	-2.6	-5.9	-4.1
NORWAY	1.7	1.1	0.9	1.2	1.2	1.2	1.2

TABLE 7 EMPLOYMENT BY INDUSTRY [17]

	1,000 man-years		Average annual growth, pct.
	1970	1975	1970--1975
Agriculture	155	117	--5.5
Forestry	12	10	--3.6
Fishing	28	21	--5.6
Oil production pipeline transport and drilling	--	2	--
Manufacturing and mining	389	401	0.6
Building and construction	132	136	0.6
Power and water supply	15	16	1.3
Wholesale and retail trade, etc.	206	210	0.4
Shipping	60	48	--4.4
Other transport	105	113	1.5
Other service industries	445	524	3.3
All industries	1547	1598	0.7

TABLE 8 Registered Unemployment at the Labour Exchange Offices. Yearly Average [18]

County	Per cent of labour force		Percentage Change
	1976	1977	1976-77
Østfold	1.7	1.3	-25.6
Akershus	0.4	0.4	8.5
Oslo	0.6	0.6	2.9
Hedmark	1.5	1.4	- 5.7
Oppland	1.5	1.3	-17.6
Buskerud	0.8	0.8	- 7.9
Vestfold	0.5	0.4	-27.4
Telemark	1.2	1.1	- 0.8
Aust-Agder	1.7	1.3	-24.3
Vest-Agder	1.2	1.0	-12.9
Rogaland	0.9	0.6	-26.8
Hordaland	1.6	1.0	-37.6
Sogn og Fjordane	0.7	0.6	-20.9
Møre og Romsdal	1.5	1.2	-18.3
Sør-Trøndelag	1.6	1.3	-21.1
Nord-Trøndelag	2.4	1.9	-21.3
Nordland	2.8	2.3	-16.6
Troms	2.6	1.9	-26.1
Finnmark	2.9	2.4	-18.2
Total	1.3	1.1	-18.8

TABLE 9 Number of Taxpayers and Relative Distribution of Taxpayers by Size of Income. 1973 [19]

County	Number of taxpayers	Income of Taxpayer, Kroner	
		Under 10,000	40,000 and over
		Percentage	
Taxpayers, total	1 901 734	11	26
Østfold	109 756	9	27
Akershus	170 033	9	37
Oslo	275 174	8	36
Hedmark	84 772	12	18
Oppland	81 997	13	18
Buskerud	100 461	10	26
Vestfold	87 751	10	31
Telemark	74 608	12	24
Aust Agder	38 539	12	23
Vest Agder	59 337	12	27
Rogaland	126 240	11	28
Hordaland	178 582	10	27
Sogn og Fjordane	45 213	15	18
Møre og Romsdal	102 536	12	21
Sør-Trøndelag	109 636	11	23
Nord-Trøndelag	52 281	15	16
Nordland	106 949	14	20
Troms	61 942	15	20
Finnmark	35 927	17	19

TABLE 10 Manufacturing Employment 1964-76[20]

County	Persons 1976	Per cent 1976	Yearly percentage change 1964-70	1970-74	1974-76
Østfold	32 810	8.4	0.0	0.2	-3.0
Akershus	21 757	5.6	3.9	2.7	-1.2
Oslo	54 491	14.0	-2.0	-2.5	-2.5
Hedmark	15 370	3.9	1.5	3.5	1.0
Oppland	14 141	3.6	2.4	1.4	-1.7
Buskerud	28 129	7.2	-0.2	0.6	0.2
Vestfold	22 196	5.7	1.9	0.7	-1.2
Telemark	19 496	5.0	-1.0	-0.4	1.6
Østlandet	208 390	53.4	-0.1	-0.0	-1.3
Aust-Agder	7 273	1.9	2.9	3.7	-1.7
Vest-Agder	13 859	3.5	1.6	2.4	-0.7
Rogaland	32 866	8.4	1.2	3.3	0.6
Agder/Rogaland	53 998	13.8	1.5	3.1	-0.1
Hordaland	36 912	9.5	-0.1	-0.1	-1.0
Sogn og Fjordane	9 134	2.3	1.1	2.0	6.8
Møre og Romsdal	24 800	6.3	1.2	2.6	0.0
Vestlandet	70 846	18.1	0.3	1.0	0.2
Sør-Trøndelag	18 393	4.7	-0.1	0.8	0.2
Nord-Trøndelag	8 749	2.3	0.9	8.3	0.1
Trøndelag	27 142	7.0	0.2	2.8	0.2
Nordland	16 071	4.1	1.6	2.7	1.7
Troms	6 356	1.6	0.5	7.2	-0.5
Finnmark	6 452	1.7	2.6	4.6	0.1
Nord-Norge	28 879	7.4	1.6	4.1	0.9
Total	390 516	100	0.3	1.0	-0.5

D. The structure of the economy in North Sweden.

Just as for Norway, Sweden is also divided into counties, the most northerly of which are Norrbatten, Vasterbatten, Jamtland, and Vasternorrland. One of the most marked features of the past century has been the large out-migration from these counties to more southern ones, particularly Stockholm county.

Although data on the occupational structure and income levels for Sami within Lapland are sparse, data which compare income levels and unemployment by districts offer some measure of comparison of the prosperity of Northern and Southern Swedes.

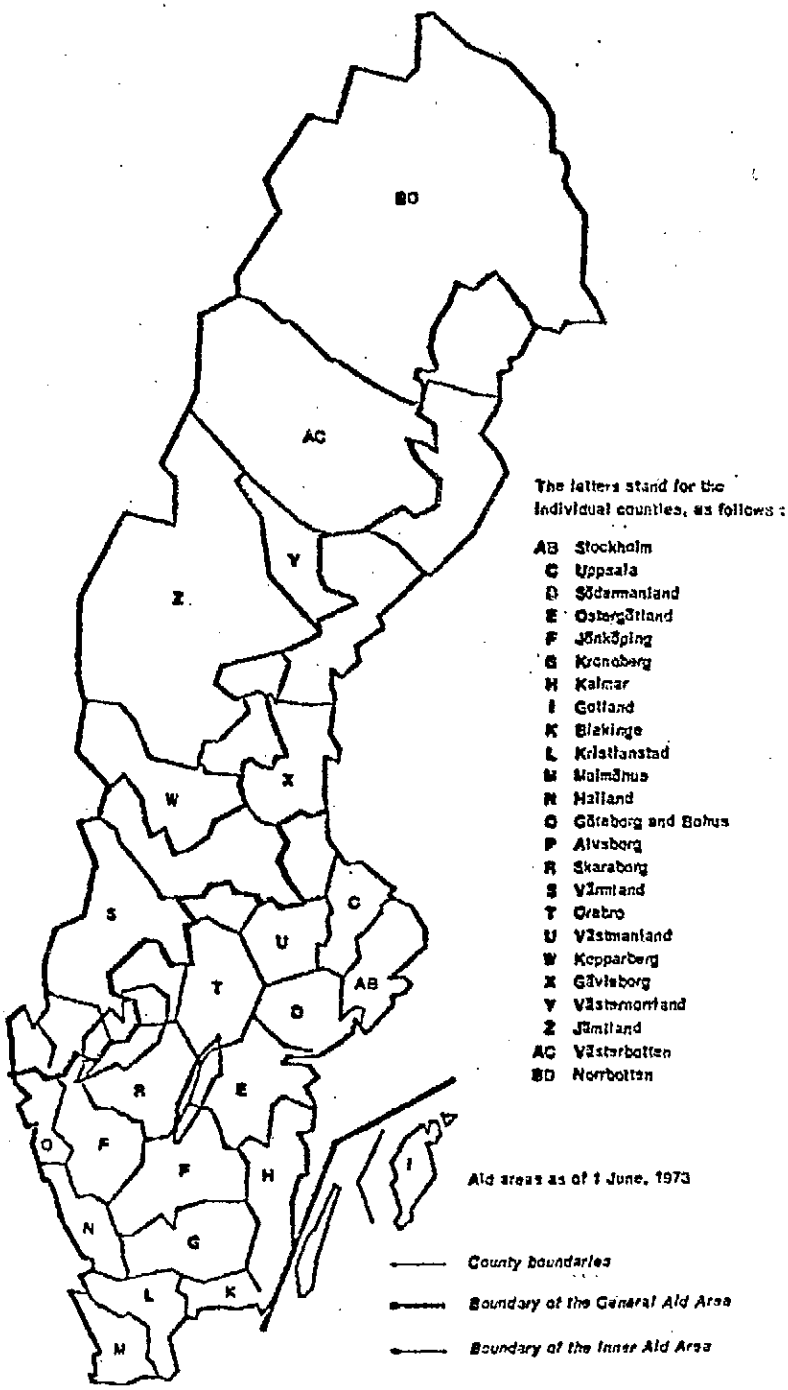
For example, Table 11 shows that the highest incomes are earned in Stockholm and other metropolitan centres. Incomes earned in the municipal centres are approximately 60 per cent of those earned in metropolitan centres. [21]

Correspondingly, Table 12 [22] shows that from 1969-71 unemployment was higher in the General Aid areas than in metropolitan and other centres excluded from the General Aid designation. For purposes of applying regional development aid, two "Aid Areas" have been designated in Sweden - the "General Aid Areas" and the "Inner Aid Areas" (Figure 4). [23] The General Aid area covers two thirds of the country and 20 per cent of the population. The Swedish Sami live in the most northerly portions of the General Aid areas. Of the centres included in the General Aid designation, the municipal centres, which would be the most likely places for non-herding Sami to settle, have had a level of unemployment, about one and a half times as great as the level experienced in the primary centres included in the General Aid Area. [24]

The demographic data on the Lappish population in Sweden that are available are based on an investigation carried out for the Lapp Commission in 1971. Israel Ruong reports the following from the investigation:

> "The investigation is not a census but constitutes an estimate based primarily on the so-called reindeer rolls, partly on the parish records. The population of the reindeer-owning group was some 2,500. In the discussion of the results, the investigation points out the growing imbalance in the distribution of the sexes due to the fact that young women are the first to abandon reindeer breeding, because they no longer have meaningful duties (once reindeer breeding has become a money rather than a natural economy). The situation is

Figure 4


BD
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I
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G
L
K
M
The letters stand for the individual counties, as follows :
AB Stockholm
C Uppsala
D Södermanland
E Östergötland
F Jönköping
G Kronoberg
H Kalmar
I Gotland
K Blekinge
L Kristianstad
M Malmöhus
N Halland
O Göteborg and Bohus
P Älvsborg
R Skaraborg
S Värmland
T Örebro
U Västmanland
W Kopparberg
X Gävleborg
Y Västernorrland
Z Jämtland
AC Västerbotten
BD Norrbotten
Aid areas as of 1 June, 1973
County boundaries
Boundary of the General Aid Area
Boundary of the Inner Aid Area

TABLE 11 Income per Income-Earner in 1970 by Type of District (Kr.)

Type of District *	In General Aid Area	Outside General Aid Area	All Sweden
Stockholm	-	23,200	23,200
Other metropolitan areas	-	20,400	20,400
All metropolitan areas	-	22,000	22,000
Primary centres	18,900	18,800	18,800
Regional centres	16,400	18,100	17,500
Municipal centres	14,800	16,700	16,200
Total	16,700	19,500	19,000

TABLE 12 Unemployment by Type of District in 1969/1970 and 1971

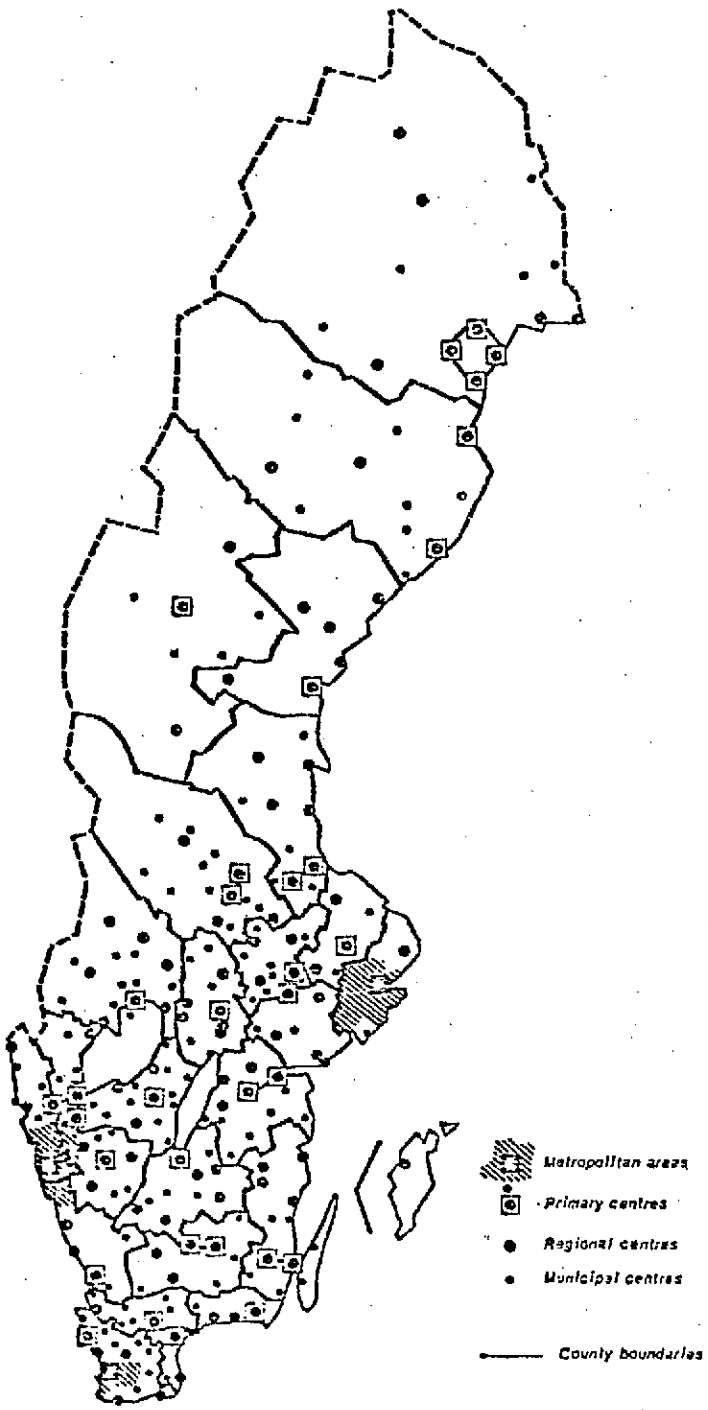
Index: National level=100

Type of District *	1969-1970		1971	
	General Aid Area	Rest of Sweden	General Aid Area	Rest of Sweden
Metropolitan areas	-	46	-	65
Primary centres	171	88	140	93
Regional centres	235	90	176	97
Municipal centres	271	99	207	103
Total	223	74	171	84

* Note: For exact definitions see Figure 5.

1. Metropolitan areas - Stockholm, Goteborg, Malino
2. Primary centres - one in each county (23 in total), they were to provide nuclei for services and economic activity outside metropolitan areas.
3. Regional centres - places of importance for employment and secure facilities for one or more local municipalities.
4. Municipal centres - municipalities whose functions are mainly confined to their own inhabitants.

Figure 5


Metropolitan areas
Primary centres
Regional centres
Municipal centres
County boundaries

described as ominous. A combined livelihood must be devised so that the women remain in the group. Openings for the women must be created within the reindeer breeding area, which would provide the conditions for normal family life.

The Lapps who do not breed reindeer are, according to the investigation, some 13,000 in number. Forty-seven per cent, or 6,098 individuals, live in the county of Norrbotten, 17 per cent (2,137) in Vasterbotten, 7 per cent (930) in Jamtland, and 9 per cent (1,179) in Stockholm county. The last figure shows how serious the urbanization and emigration are. Among the towns having fairly large Lappish populations are Kiruna with 1,678 and Gallivare with 1,445. . . .

The investigation shows that, comparatively speaking, the Lappish population will increase more rapidly than the rest of the Swedes. It is estimated that there will be 20,000 Lapps in Sweden by the year 2000.

Forty-one per cent of the northern Lapps, 28.8 per cent of Pite and Lule Lapps, and 24.6 per cent of the southern Lapps identify themselves linguistically with Lappish.

With regard to the geographical ties, the result of the investigation shows that those who live in the mountain districts have a better command of Lappish and engage in hunting and fishing and other activities in the home area. Parents of children who speak Lappish live chiefly in the mountain region. . . ." [25]

E. The Structure of the Economy in Northern Canada using the Northern Manitoba region as an example

In order to make some comparisons between the economic situation of the Sámi and the Canadian natives, a typical northern region in Canada, Northern Manitoba, was selected.

Northern Manitoba was chosen to make this comparison because it is like Sweden, Norway and Finland in having only one major metropolitan area with a significant level of industrial activity. Like Sweden, Norway and Finland, this activity diminishes in direct relationship to distance from the metropolitan centre, Winnipeg. It is also like these three countries in that a large concentration of the native population live in the northern part of the province.

Data in Table 13 show a high level of population growth for Indian reserves as well as a high dependency ratio in both the remote communities (which can be likened to the municipal centres referred to in the sections discussing the Scandinavian countries) and Indian reserves as compared to the urban centres in the North.

Table 14, giving employment statistics, by sector shows a considerably broader and more homogeneous distribution of employment across sectors in the industrialized than the remote communities (where employment is largely limited to fishing, trapping and tourism).[26] Table 14 also shows that about 20 per cent of available employment in the remote north is in public administration. The employment directly generated by government accounts for only 6.4 per cent of available employment for the industrial north. These data reinforce the notion that the availability of employment in the remote north is strongly related to government activity.

Table 15, referring to total school enrolment by grade, shows that natives from the remote communities are far less likely to complete high school training than are children from the northern industrialized communities or the average child in other parts of the province.

Personal income date offer further evidence of the differential in socio-economic circumstances between the industrial and remote north. Personal income for 1972/3 in the northern urban centres in Northern Manitoba averaged $4,019.00.

TABLE 13

1976 POPULATION STATISTICS FOR NORTHERN MANITOBA

Indicator	Northern Manitoba	Urban	Remote	Indian Reserve
Total population, 1971	86,995	52,304	14,404	20,287
Total population, 1976	96,597	55,608	11,883	29,088
Annual rate of change	2.1%	1.3%	-3.5%	7.5%
Population 0-14	37.6%	32.0%	39.7%	48.1%
Population 15-64	58.3%	64.4%	56.2%	48.1%
Population 65+	4.1%	3.6%	4.1%	3.8%
Dependency Ratio	0.72	0.55	0.78	1.08

Source: M.H.S.C. Records 1976

"Remote" refers to the unorganized territories which fall under the jurisdiction of the Northern Affairs Act. The Manitoba Health Services Commission sometimes refer to these communities as the "unorganized communities". They consist of all the non-industrial, non-reserve communities.

Dependency ratio is calculated by dividing the total population between 15-64 into the total population under the age of 14 and over the age of 65.

TABLE 14

ESTIMATES OF EMPLOYMENT BY SECTOR 1975

NORTHERN MANITOBA

	Total North	Industrial North	Remote North
Mining	8,000	7,900	100
Forestry	2,100	1,700	400
Hydro Development	3,800	3,500	300
Agriculture	300	300	-
Fishing, Trapping and Tourism	1,000	-	1,000
Manufacturing	1,000	1,000	-
Transportation	1,200	1,100	100
Trade	3,600	3,500	100
Services	1,000	950	50
Finance	300	300	-
Public Administration	1,900	1,400	500

Source: Long Term Canada/Manitoba Northlands Subsidiary Agreement, 1976-77 - 1980-81, Briefing Material Manitoba Provincial Office of the Department of Regional Economic Expansion.

TABLE 15

TOTAL SCHOOL ENROLMENT BY GRADE:
INDUSTRIALIZED AND REMOTE NORTHERN MANITOBA COMMUNITIES

Grade	Remote (29 Communities)	Industrialized (9 communities)	Total Manitoba
6	542	850	15,187
7	499	983	16,553
8	383	967	17,556
9	263	849	17,892
10	143	813	17,643
11	60	666	15,923
12	30	529	14,254

Source: Manitoba Department of Education, Public School Finance Board Superintendents Report Provincial Summary 1978

NOTE: As the Manitoba Department of Education prepares their long-term enrolment forecasting by means of a "cohort survival" system which is heavily reliant for accuracy on historical data and since these historical data are not available, this table can not be supported with further information on the total number of students eligible for entry into each of the grade levels.

Notwithstanding this limitation, the table does show that only about one-eighteenth of those students from remote communities who reach grade 6 are likely to graduate from grade 12.

This was 11.8 per cent higher than the Manitoba average and 4.7 per cent higher than the Canadian average. Average annual income of those living in the remote Northern Manitoba communities was only $793.00 which was a mere 22 per cent of the Manitoba average and less than 21 per cent of the Canadian average. Of the $793.00 average remote Northern Manitoba income, 34.4 per cent was accounted for by transfers from government including welfare, family allowances, etc. and 5 per cent from income in kind (fishing, hunting, firewood.)

Revenue Canada data for 1977 indicate that this differential is ostensibly being reduced. In 1977, the average income for all returns in the industrial north was $11,950.22 and $5,918.22 in the remote north. However, it is not known if the reduction of the differential between average remote and industrial centre incomes reflects more earned income or more social security benefits.[27]

F. Summary

Although these data for one northern region in Canada, northern Manitoba, are not totally comparable to the data for any of the northern regions in Norway, Sweden and Finland, they do suggest that a similar pattern exists in the economic structure of all of these northern regions. For example, the populations show a fair rate of natural growth that is not being offset by major new economic activity. Another similarity is that income from traditional pursuits is falling off; small herders, or in the case of northern Manitoba, fisherman and trappers, are finding it increasingly difficult to make a living. Lastly, their children the ones who most need preparation for another vocation, appear least likely to receive it.

IV EDUCATION

Discussion of the economic situation for the Sami has shown that a large number of Sami will be forced to abandon reindeer herding within the foreseeable future. Many of the Scandinavian Lapp Conferences that have been held in the last twenty years stress the pressing need for better educational opportunities for their children and for the young adults in the community who may have to migrate to larger centres and find work in the industrial sectors. The Lappish Political and Cultural Programme (Appendix I) emphasizes the importance of educational reforms to the realization of Sami objectives.

Virtually the same phenomenon has occurred with the Canadian native. Forced from a hunting and gathering economy and faced with burgeoning population, many natives have had to look for work in that sector of the economy for which they are least prepared.

A brief review of the Lappish education policies in the three Scandinavian countries and of Canadian policies as they affect native people is pertinent to appreciating their situations. [28]

A. Sami Education Policy

The earliest Sami schools were ambulatory. When the entire Sami population were involved in reindeer herding, it was necessary for the State governments to set up a system of ambulatory schools in order that Sami children have some opportunity to attend.

Today, throughout the Nordkalotte, there is a school language policy which stresses that Lappish should be taught as a first language. As a matter of fact, the Nordic-Lapp Council has set up a Nordic committee to construct words to express modern concepts. However, specific policies differ among the three countries.

1. Finland

In Finland, the Ministry of Education, Board of Education, inspectors and local school committees are all involved in educational administration.

A state commission set up in 1971 to examine Lapp educational problems has given considerable impetus to Lappish educational development. Of particular importance is the

proposal that teaching in the first two years of primary school should be in the mother tongue. This proposal recognized the principle that the second language (Finnish) will be better learned if the first (Lappish) is allowed full development. Many parents, on the other hand, insist that their children be educated in Finnish, believing that Lappish education will leave their children at a disadvantage in Finnish society.

The school system in Finnish Lapland changed in autumn 1972 to a fully comprehensive form. Today, there are 18 primary schools in the Lapp Area. There are middle schools at Enontekiö and Ivalo, a sixth form at Ivalo, and secondary schools at Enontekiö, Ivalo and Inari. The secondary school at Inari, with an intake of 75 per cent Lapp pupils, has specialized to some extent in Lappish subjects, including classes in Lapp language, reindeer management, and Lappish handicrafts. There is also a Christian High School at Inari that specializes in subjects related to Lapp culture, particularly handicrafts, to which pupils can apply after secondary school. Pupils from secondary school wishing to gain professional training at trade school generally have to go to Rovaniemi. Lapp pupils are much under-represented in all forms of higher education because of low attendance in middle school. Thus far, no Skolts have completed sixth form.

Utsjoki commune has at present no secondary school. A proposal to set up a specifically Lappish secondary school at Utsjoki became a major issue for the Lappish movement when the plan was initially turned down on the basis of cost. Supporters of the proposal felt that it was justified by the concentration of Lappish population in Utsjoki and the possibilities for cooperation in education with Lapps over the border in Norway. The proposal was accepted in 1972, but the future of the secondary school at Inari is not entirely clear.

Meaningful education in Lappish is hampered both by lack of Lappish-speaking teachers and of teaching material in Lappish. The problem is most severe for the Skolts, for there are no native Skolt-speaking teachers nor any prospective trainees. A Skolt primer was compiled in summer 1972 and is at present being assessed.

2. Norway

In 1963, the Lapp language was introduced at elementary school both as a teaching language and as a subject. Lapp history and culture were also introduced. By 1969, Lapp studies were available at junior high level. Currently, a

special bilingual course is being planned at the Teacher Training Seminar in Tromsik to prepare teachers for work in bilingual districts. The Lapps themselves are stressing the need for vocational training as many pupils will have to make a living outside the local society.

In Norway, the Primary School Council and the directors of the school districts are involved in educational administration. The Council has arranged special courses for teachers and teacher conferences.

3. Sweden

In Sweden, schooling is regulated for Sami by the Special Nomad Schooling Act. By means of this Act, parents can decide if they will send their children to a nomad school or to a compulsory school. No record is kept of who is a Sami and who is not. The Bill merely says that "a Lapp is a person who states that he is a Lapp".

Currently, in Sweden, the State has about ten special schools for Sami children to which hostels are attached. Instruction is adapted to the particular requirements of the Sami. They have a nine-year compulsory school curriculum and there is an orientation in the subject matter to Sami culture and community life. The school also has some instruction in handicraft production.

Grades 7-9 are a special senior level for Sami children which is coordinated with the senior level in the commune of Gallivare in Northern Sweden. This accommodates those Sami children who wish to continue their education in the normal school system. In Grade 9 there is also preparatory vocational instruction in reindeer breeding.

In 1967-68 school season, 220 pupils were enrolled in the nomad schools, and 114 pupils were enrolled at senior level.

There is a special organization for Lapp schools with its own inspector who is directly subordinate to the Royal School Board.

4. The Lappish Cultural Institute (Sami Institute)

The question of a Lappish Cultural Institute had been under discussion for some years by the State Liaison Committee on Reindeer Breeding and Lapp issues. The Institute recently opened in Kautokeino, Norway, the most Lappish community in Scandinavia.

The Institute is led by a Board and a principal. It is organized in three sections, one for industry, environment and rights, one for Lappish language and culture, and one for education and information. The Scandinavian Lapp Council is its advisory organ. The Institute's expenses are covered by grants from Denmark, Finland, Iceland, Norway and Sweden. The Nordic Council decides on the division of costs between the countries.

The board of the Institute has 12 members, 7 being appointed after suggestions by the Scandinavian Lapp Council.

The staff of the Institute are appointed for five-year terms. At present all the employees are Lapps who both speak and write Lappish.

B. Canadian Native Education Policy

In Canada, education is a provincial responsibility. Industrial and vocational training are financed by the federal government. All education for Treaty Indians is the responsibility of the federal Department of Indian Affairs and Northern Development. Despite enormous financial investments which have been made in recent years to improve the quality of education for native children in elementary school programs and to improve on the number of them who finish high school, there are still only a few native students who finish high school. Only a fraction of these native high school graduates go on to some formal community college training or university level programs. Understandably, the native leadership remains concerned about the limited progress made to date towards their objectives.

Improved native education is a major policy objective for the native leadership. The specific measures that they cite include greater accessibility to education, curricula more sensitive to the realities of the native history and way of life, and the promotion of native languages.

V ORGANIZATION

The ways in which the Sami and their national governments and Canada's natives and the Canadian government are organized to interact with each other will be examined in this section.

A. National and International Interactions

In the last thirty years, there have been a number of State commissions concerned with Sami affairs in each of the three countries. The findings of these commissions have really formed the basis of government policy toward the Sami.

One of the most important of these commissions had its genesis in the evacuation of the civilian population of Finnish Lapland in 1944 and 1945. The evacuation created one of the first opportunities for Sami from various regions to meet each other and to discuss their common problems. The creation of the "Lappish Union" in 1945 was a product of that proximity. The Lappish Union petitioned the Finnish government to form a State Committee for studying the Lappish situation and for recommending new policies.

In 1949, the Finnish Government appointed a "State Committee on Lapp Affairs". Their report was filed with the President and the Ministries of Interior, Education, Agriculture and Communications for further actions in May 1951.

> "The committee's report took a rather strong stand against the contemporary attitude of benign neglect of Lappish Affairs in Finland, denying the Sami proper social and economic development as a distinct cultural group. The main statements were in regard to the "Hereditary rights to extensive land use", the establishment of a "Lapp Area" in northern Finland with state and Lapp owned land to be exclusively available to Lapps, a "Lapp Fund", "office for Lapp Affairs," and other measures securing Lappish livelihood and education".[29]

The Committee's report had an impact on Lappish politics in Finland as well as in Norway and Sweden. Widely publicized in different languages, the report led to a continued discussion of the Lappish predicament and also influenced the early stages of the Pan-Lappish movement, which eventually led to the formation of additional bodies on the Internordic level.

Shortly after the outcome of the Finnish State Commission became known, the Sami throughout Scandinavia began holding conferences (hereafter referred to as Scandinavian Lapp Conferences). Just like the State Commission, these Conferences have been examining the changing situation of the Sami and have been developing a policy platform to serve their own needs. Appendix II presents a brief summation of the major points of each of the nine Scandinavian Lapp Conferences held to date.

At one of these conferences, a request was made to have the Nordic Sami Council represent all Sami matters to the Nordic Council. The Nordic Sami Council, the governing council for the Scandinavian Lapp Conferences, is an organization which deals with problems concerning the Sami in Norway, Sweden, and Finland. The purpose of the Council is to serve and protect the interests of the Sami in the countries concerned. The Council endeavours to support and strengthen mutual contacts and solidarity among the Sami population, in addition to making the situation and goals of Sami generally known. The Council also ensures that the Sami are recognized as such and that they can continue to live in their native territory.

The Nordic Sami Council is in close contact with all national Sami organizations, but it is not a cover organization for them. There are many Sami among the Council membership who also hold positions in the governing bodies ofother national Sami organizations.

According to the current regulations, the Nordic Sami Council consists of five members from Norway, four from Sweden, and three from Finland, plus alternates. These members are named by the Nordic Sami Conference which is held every second year. Participating in this conference are 30 Sami delegates from Norway, 24 from Sweden, and 20 from Finland, all of whom have the right to vote. In practice, the Sami Conference serves as a sort of parliament. The Sami Conference must take a stand on different issues which concern the Sami as well as draw up resolutions and guidelines for the work of the Sami Council between conferences.

The Sami Council, the executive body, appoint work groups in the following fields; the economy and environment, handicraft, instruction and education, information and language questions. The Sami Council also functions as an advisory organ for the Nordic Sami Institute. The Sami board members of the Sami Institute are elected by the Sami Conference.

The Sami Council meets two to four times annually. The meetings are prepared by a working committee consisting of the Secretary of the Sami Council and a chairman for the members of the council who come from the same country.

During the last few years, the Secretariat of the Council has received funds from the Nordic Culture budget. Since the Sami Council and the Nordic Council share a common purpose in many respects, they are the logical group to assist the Sami with funding.

The Secretariat of the Nordic Sami Council is located in Helsinki. The most pressing question for the Council at present is its finances. Currently, an inordinate amount of time is spent applying for money to insure continued operations.[29]

1. Organization of Sami Affairs

a) Lappish Parliament

In addition to the State Commissions which have been concerned with Sami affairs, the Finnish government has been fit to put some of the recommendations from those commissions into practice.

The granting of a Lappish Parliament by the Government of Finland in 1973, is one of the most positive concrete results of the Sami struggle. Israel Ruong gives the following description and analysis of this new institution.

> "A representative Lapp assembly was instituted at the suggestion of a government commission. Members of this body were elected in autumn 1975. The electorate could be determined because of the accurate statistics such as census. The constitution of this representative assembly was signed by the President of Finland and the responsible minister on November 9th, 1973. The Lappish Parliament is subordinate to the office of the cabinet council. Its function is to watch over the rights of the Sami, to promote the Sami fascal, social and cultural conditions, and to submit proposals and comments to the authorities concerning questions related to:
>
> 1. Protection of the Environment and creation of nature reserves
> 2. Mining, tourism, hydro-electric power, forestry
> 3. Fisheries
> 4. Exploitation

5. Schools and education

> The Assembly is composed of 20 members who are elected by the Lapps themselves and approved by the cabinet (the government). The mandate period is four years. The Assembly has jurisdiction in the Lappish heartland, which according to the ordinances covers the local authorities of Enontekio, Inari, Utsjoki and the Lappish reindeer pasture district in Sodankyla. It appoints or constitutes the Finnish delegation to the Lapp conferences. It is also known as the Lapp Parliament." [30]

The limitations of the Lappish Parliament are that it is still an organ of state, since the government appoints the members, albeit after election by the Sami. It is an advisory forum through which the questions which are of vital importance for the Sami can be discussed.

Despite this limitation, the creation of this body encourages the Sami to engage in more forceful political activity and take steps in questions which concern them.

2. Organization of Canadian Native Affairs

There are some similarities between how the national organizations for Canadian natives and the Nordic Sami Council organization operate. There are three national native organizations in Canada which promote native interests. They are the National Indian Brotherhood (NIB) which represents the interests of Status natives, the Native Council of Canada (NCC) which represents the interests of the Metis and the Inuit Tapirasat (ITC) which represents the interests of the Inuit.

The NIB and NCC began in the latter part of the 1960's and the ITC began a few years later. Subsequent to the federal government White Paper in 1969 and the introduction of the policy of participatory democracy, the Department of the Secretary of State offered these native organizations core funding. The national offices of the native organizations began to organize themselves into various portfolios which mirrored major government departments. The heads of these portfolios, such as the one for health or for the revisions to the Indian Act, were responsible for liaisons with their government counterparts. Whereas the NIB was occasionally able to get further funds from other departments to do research in each of the main areas of concern, up until recently the NCC had only received funds from the Secretary of State. Now the NCC has received some funding from the Privy Council to do research into their land claims.

The national bodies are supposed to provide some liaison between the native organizations at the provincial level and the federal government. The executives of the national bodies are elected by provincial delegates sent to the annual meetings. There is some feeling among the native groups that the Inuit Tapirasat is the most democratic because each Inuit has a chance to vote for the national leader. In addition to their annual meetings, at which policy positions are determined, the executives of the national organizations generally have about four meetings a year. The meetings are paid for by Secretary of State.

Like the Nordic Sami Council, the Canadian native organizations also worry about their financial security.

B. Local Government

1. Sweden

The local administration system in Sweden can be taken as representative of the local administration systems of Norway and Finland.

In Sweden, the local administration could be viewed as a system in which the District administrators and community headmen occupy inter-hierarchical positions.[31]

The administrator is a district representative of the central government, while the headman is elected by the members of his community. The headman is the leader of all internal affairs, especially with regard to reindeer herding. Externally, he has various organizational tasks such as representing the total community to the administration and he is responsible to it for questions pertaining to the reindeer-herding of the community. He receives a small salary for conducting these duties. Thus, the headman is both the lowest member of the superior hierarchy and the highest member of the subordinate hierarchy. This occasionally creates a role problem for the headman.

The National Union of the Swedish Lapps (the SSR), founded in 1950 and consisting of all local communities as well as a number of Lapp associations acts as a pressure group. Annual meetings are held at various places in the area inhabited by Lapps, and they are attended by elected representatives from the local communities and the associations.

The national meeting of the SSR is the most significant Lappish political institution. It is at these meetings that matters of importance are aired. The results of the meetings are communicated to the government officials concerned at the district, regional and at the national level.

However, the SSR was not a very significant political institution until 1962, when the union appointed a legal counsel, the Sami ombudsman (SO), to look after the rights of the Lapps, especially where the development of natural resources clashed with their reindeer-herding. Since then, such developments can no longer take place without prior consultation between the developer and the local community. The SO acts as a legal adviser to the community at such consultations.

The precedents from a series of legal cases which were resolved during the period the SO has served, together with his expert knowledge of the legal history of the Lapps, are forming a foundation for new and effective political action on behalf of the SSR.

In general terms, the status of the Lapp minority has been strenghthened because of the founding of the SSR.

2. Norway

The basis of local politics amongst the Norwegian Sami is the sii'da a cooperative that operates among several householders.[32] Kinship, an important factor in the stability of the sii'da, helps determine the leader. The leader is called a sii'da'ised and he is not elected. He must be a skillful, industrious herder, have many reindeer, be able to motivate people and have special sources of influence to fill the post.

Every community has a paid community headman, called a byordningsmon (BO). He is elected for 6 years by household heads, but their choice needs to be approved the the District administration. As with the Swedish headmen, there is some built-in conflict with the BO's role. The headman represents the connecting link between sii'dat. His duties include guaranteeing that all reindeer belonging to the Sami community leave Norwegian pastures within prescribed date and that no reindeer cross into Norway before authorized period of pasture starts. He must know Swedish, have organizational experience and an active interest in external matters. The wife of the BO is expected to be passive in communal matters.

Every community has a committee of deputies which represents the community on external matters. It is made up of the BO and three or four deputies. The committee which is elected meets three or four times a year. Preparations for the annual meeting are done with officials from the Reindeer Administration. The Committee of Deputies can substitute for the BO. Formerly, the Administration made all decisions concerning the population of Sami communities in external matters, now the deputies can participate in all such decisions.

The number of reindeer owned and the man's age are two criteria to be considered in becoming the head of a household. This status is relinquished at pensionable age. Losing status as head of household means forfeiting membership in the Sami community for themselves and for their families. Status is officially defined in Reindeer Breeding Law Community Regulation #12. No one but household heads have influence in local politics.

3. Finland

Reindeer management in Finland is organized on an associational basis.[33] The total reindeer management area is divided into 57 associational areas (Finnish paliskunta). Reindeer are individually owned, but herding work and other matters of common interest are planned and carried out jointly. Herders are paid by the association through subscriptions paid per head of deer owned. This system was introduced originally by Finns who adopted reindeer management alongside small-farming.

The position of the Skolts Lapps differs substantially from that of their Lappish neighbours. As small reindeer-owners they are involved in bitter conflict with the neighbouring Lappish big reindeer-owners of Utsjoki and Inari, a conflict that dominates the local political scene. The conflict has a clear ethnic dimension, for the Skolts form an ethnic minority within the Lappish minority itself. Whereas the pan-Lappish movement presents Lapps (including Skolts) as opposed to Finns, the Skolts feel opposed to the other Lapps.

4. Canada

Although decision-making within Canadian native communities is by no means homogeneous, the one feature that is shared throughout is that all communities would appear to be undergoing tremendous change. This process of change in decision-making patterns is characterized by a large degree of divisiveness.

In the past, native community affairs were managed by a Council of Elders in the case of the Treaty Indians and by a similar body of older, experienced, respected people in the Metis and Inuit communities. Ostracism was a major weapon used against those in the community who did not conform to the majority views.

Today, local matters in native communities are not exclusively left to the Elders. Because of the ways in which the federal, provincial and even municipal levels of government have decentralized, and because of the ways in which responsibilities for various matters are divided among these levels of government, leaders from the native communities must organize themselves in parallel structures if they wish to interact successfully with government officials.

There tends, then, to be the same sort of conflict in roles for today's local native leaders as for the Sami headmen. They have to satisfy both their community and gain the credibility and sympathy of the non-native dominated bureaucracy upon whose funding they depend.

VI SUMMARY

Today's Sami movement is a dynamic one, the dimensions of which cannot be completely captured in the recitation of facts and figures alone. The basis of the movement is that the Sami have a strong desire to keep on living and working in their own territory and to carry on their cultural traditions. At the same time, they are seeking a legal resolution to claims against the large scale industrial development, which is coming to the Nordkalotte, when such development conflicts with Sami interests.

Like minority movements anywhere else in the world, a great deal of the success of the movement is dependent on building up a series of legal precedents which can be used to aid the cause of the movement. Section I will conclude with a brief summary of the recent legal battles fought by the Sami.

A. The Altevatn Case

Lake Altevatn, in Northern Norway, was regulated for electric power by the Norwegian Waterpower Board in the late 1950's. Pasture areas were flooded, commercial fishing damaged and the Sami were forced from traditional camp sites.

Total compensation was set at 375,000 Norwegian Kroner. However, every time a Sami applied for some portion of the compensation award, Swedish and Norwegian officials were brought in to rule on every case. The compensation award applied to the district regardless of whether the Sami were Swedish or Norwegian. Sami were discontented with the award and the arrangements for its dispersal. They felt that the lawyer that had been acting for them had not adequately consulted with them prior to the judgement, but rather had gotten his information from the files of the Swedish administration.

After appointing a new legal counsellor (SO) in 1962, the Sami pressed to renew the inquiry. A Sami consultant, working with legal counsellor, interviewed heads of households about their losses. This evidence was used during the subsequent legal hearings. The inclusion of the views of the nine heads of households was an important step. For the first time, the Sami were taking an active part in their own legal affairs.

There were three stages to the legal hearings. In June 1963, the court conceded the Sami right to take the case to a higher court. In January 1965, there was a new hearing, in the Court of Reappraisal in Trøms. There, all Sami claims for compensation were approved - pasture and fishing rights were confirmed in civil law in Norway. In March 1968 when the State rechallenged, the verdict of 1965 was ratified. Throughout this time, the Sami had continued to gather influential reports from those Sami who were most seriously affected. They used the 1751 Codicil as their defence.

B. The Nokutus Case

Nokotusjaure, is a small lake north of Kiruna with a major deposit of iron ore under the lake. A Swedish mining company, LKAB*, wanted to drain the lake to get at iron ore. Draining the lake would have substantially interfered with a major reindeer migration route.

The mining company wanted to get started and to award monetary compensation to Sami. In a legal battle in 1967 in the Water Rights Court, the Court supported the company. The Sami knew that they could not prevent the company's exploitation but they sought better compensation for themselves. During the confrontation, it appeared as if there were three teams representing the State's interests and only one working for the Sami. During their defence, the Swedish Sami ombudsman called upon the non-Swedish speaking community headman to give testimony, which apparently created a dramatic effect. Other Sami witnesses also performed well.

The verdict confirmed the rights of the mining company to develop the area but as compensation to the Sami, the mining company had to prepare a new migration route with rest cottages and special reindeer fodder. The Court gave Sami until 1976 to renegotiate other claims against the company, such as individual remuneration due because of the extra work caused the herder by the drainage of the lake and construction of catching gates and fences. Subsequent to the first legal battle, the company in January 1968 approached the ombudsman to suggest that the company would give further compensation on condition that the community renounce claims for fences along the newly cleared route.

* LKAB is a mining company in which the Swedish government has a major interest.

In the meantime, other interventions have occurred and these interventions make it harder to realize much benefit from their claims. One such intervention occurred in 1972. The decision of a mining inspector granted LKAB the right to dump dead rock along the migration route. When the Sami appealed to the Regional Agriculture Office they were turned away.

C. Pasture Rights Inquiry

Sweden, and Norway at request of Nordic Council, were to work out a new pasture rights convention. The Sami input was limited to two representatives of the Swedish Sami. Norwegian Sami were virtually not consulted. The limited Sami representation reflected a real divergency in how each country defined the situation. Norway saw it as a question of national concern. Sweden saw it more as a Sami question.

In 1971, the negotiating team presented its proposals. The bottom line was that for all their political work, the Swedish Sami got only two further pasturing districts. Swedish Sami were not able to use the Altevatn decision to their advantage.

To ascertain how the new reindeer convention is to operate, a permanent committee has been set up with members from each country, only two of which are reindeer-herding Sami. Communities can refer to this committee for the resolution of any problems that arise from convention.

The results of this inquiry into pasture rights have not been satisfactory. The initial difficulty was not being able to get their legal counsel on the investigative committees. The authorities were trying to get Sami to accept their definition of the problem which was that it was purely economic.

D. Hydro-electric power development in the Kaitum area

All cases regarding water power development in Sweden must be approved by a special court, the Court of Water Law which determines the form and amount of compensation to the affected people. According to water law, a project can be prevented if it damages the economic base of the Sami. Compensation could be in two forms: compensation for the entire community to make reindeer herding more efficient, and individual remuneration.

In 1970, 96 Sami from the Kaitum area in Gällivare, sent a note of protest to the United Nations. In this note they demanded that the UN should try to make the Swedish government desist in the further development of hydro-electric power in this area.

This action was not sanctioned by the SSR, the Swedish Sami Union. The union referred to it in quite critical terms in an editorial in Samefolket, a Sami newspaper. The editorial concluded however, that the Swedish government should listen to the Kaitum Sami arguments in matters concerning hydro-electric power development. The action itself was regarded in official Sami circles as a marginal effort that was most likely inspired from outside, i.e. from non-Sami.

In the spring of 1971, the Sami received a reply from the UN Committee on Human Rights in which it stated that attention would be given to the Sami note. This meant that the Swedish government would be required to comment on this question.

The Swedish Riksdag responded by indicating that further development was unlikely for a period of time and that the protest was premature.

FOOTNOTES:

1 Geographic description borrowed from a paper prepared by Ruong, Israel entitled "The Lapps an Indigenous People in Fennoscandia", DIAND, Ottawa, Ontario, Canada, October 1979.

2 The Sami demographic figures must be qualified. As fewer families use the Sami language in the home, and as many Sami, Finns and persons of mixed heritage prefer to identify with a national majority culture, questions as to mother tongue of self, parents and grandparents are not always reliable indicators of being a Sami.

Many persons, among them both politically active and assimilated Sami, resent questions concerning ethnic background, sometimes because if it is unclear to what use the statistics will be put, or whether there will be personal consequences. Others do not know which other tongues were spoken by their parents or grandparents. Some who do know are confused about whether they identify themselves as Sami.

These particular data, are taken from Myrdene Anderson's paper "The Sami in Norway: An analysis of the Current Minority Situation in Historical Perspective." Population data for Norway, Sweden and Finland were originally gathered from their statistical Institutes.

3 The Canadian data come from a variety of sources including Statistics Canada, Vital Statistics, Province of Manitoba, and DIAND.

The figure for the Canadian Indian population of 295,215 is taken from 1971 Census records. However, the census questionnaire derives this information from the question "To what ethnic or cultural group did you or your ancestor (on the male side) belong on coming to this continent?" and so the answers are highly dependent on the respondee wishing to identify him or herself as native.

4 The figure of 3,851,809 sq. mi. was given in Kalbach and McVey's The Demographic Bases of Canadian Society, McGraw-Hill Series in Canadian Sociology, McGraw-Hill, Toronto, 1971.

5 Average for years 1969-74.
Source: Manitoba Division of Resources,
Vital Statistics Update, 1976.

6 Vital Statistics 1973, Crude Death Rate
Note:
As it was necessary to use more than one source for these statistics, comparisons should be judged with this in mind.

7 Rate for Manitoba Registered Indians only.

8 For Registered Indian Population within Norman Region (Northern Manitoba) only.

9 Norman Region
Province of Manitoba
Department of Health and Social Development Region

The composite figure for Norman region underestimates dramatically the infant mortality rate for Indian reserves many of which are located with the Norman regional boundaries and the infant mortality rate for the unorganized or remote communities. For all Indian reserves in Manitoba the rate is 42.2 and for unorganized communities the rate is 30.2 (1975 Vital Statistics).

10 The discussion of reindeer holding as an ethnic right is taken from the work of Myrdene Anderson, ibid, pp 242-255.

The historic document defining reindeer management rights and obligations is the 1751 Lapp Codicil supplementing the boundary agreement between Sweden and Denmark-Norway.

According to the 1751 Codicil, Sami reindeer owners on each side of the Swedish-Norwegian border were guaranteed use of traditional seasonal pasture, firewood, fishing and hunting rights in the other country. This guarantee of free traffic pertained to certain Swedish reindeer-owning Sami with summer pastures in Norway and to certain Norwegian reindeer-owning Sami with winter pastures in Sweden. At the same time, rent was to be paid on a per animal basis for such pasturing, and an extra fee was charged for fishing and hunting rights. While in the neighbor land, Sami were responsible for damage to forest, meadow, cloudberry fields, deer bogs, and other lands, most being publicly owned.

Since 1751, the two countries have established a number of joint and national commissions to clarify these pasture rights and to establish measures for damage payment when reindeer trespass on public and private property in the neighbor country.

The trend of these continuing reinterpretations of the legal guarantees of the 1751 Codicil has been clear. Grazing land available to reindeer has decreased, largely because both countries have given priority to farming interests. The period of seasonal utilization of pastures and the size of the visiting herd have also been steadily delimited. Constant herd supervision is legally prescribed, and responsibility for damage to property in the other country lies with the reindeer owners. See Appendix III.

In Norway, from 1933, Sami engaged full-time in reindeer herding, together with their families, were accorded such rights. In 1975, they numbered 2,005 individuals. Those

having reindeer management as an auxiliary occupation, as permitted in Finnmark, numbered 543. Together these 2,548 individuals constitute less than 9 per cent of the estimated 30,000 Sami in Norway.

In Sweden, from 1886, the right to hold reindeer is accorded those with a Sami parent or grandparent who full-time or part-time had reindeer farming as an occupation. Less than 30 per cent of those eligible actually practise reindeer management. Their numbers, 2,500, are 17 per cent of the total population of Swedish Sami which was estimated at 15,342 in 1975 (SOU 1975. 99:37).

Only in Finland is the livelihood open to all citizens regardless of ethnic background. There the herds are organized as cooperative associations called paliskunta, in accordance with a legislative act of 1898. In some cases, Sami holding a majority of interests in a herd have carried out more traditional herding, particularly in areas where Skolt Sami have lived from 1920 and where they have resettled since the last war.

11 Scotter, George W., "Reindeer Ranching in Fennoscandia" Journal of Range Management, Vol. 18 (6),1965, pp 301-5

12 Anderson, Myrdene, The Sami in Norway: An Analysis of the Current Minority Situation in Historical Perspective, Nov. 30, 1978

13 Pelto, Pertti J. The Snowmobile Revolution: Technology and Social Change in the Arctic, Cummings Publishing Company, Inc. Menlo Park, California, 1973

14 Siuruainen, Eino, "Structure of income and livelihood of Lapps and Finns in northern Finland" cited in Consequences of Economic Change in Circumpolar Regions. Edited by Muller-Wille, L., Pelto, P., Darnell, R., Boreal Institute for Northern Studies, the University of Alberta, Occasional publication, #14, 1978.

15 Based on 1962 Census in which 2,624 Lappish-speaking individuals registered - Quoted in Israel Ruong, ibid. Also cited in Sivrainen E. and Aikio, P. "The Lapps in Finland", Society for the Promotion of Lapp Culture, Series No. 39, Helsinki, 1977.

16 Organization for Economic Cooperation Development, "Regional Policies in Norway", Paris, 1979.

17 OECD, ibid.

18 OECD, ibid.

19 OECD, ibid.

20 OECD, ibid.

21 OECD, ibid.

22 Organization for Economic Cooperation and Development, Sweden, Regional Problems and Policies in OECD Countries, Paris, 1976.

23 Ibid.

24 Ibid.

25 Ruong, Israel; ibid, p 150-151

26 There are eight urban centres in Northern Manitoba which fit the definition given to regional centres in the discussion of the Swedish date (see Tables 11 and 12).

27 Revenue Canada, 1973 and 1977

28 Data for this section were taken from a compendium edited by Frank Darnell entitled Education in the North, Selected Papers of the First International Conference on Cross-Cultural Education in Circumpolar Nations and Related Articles, University of Alaska, Arctic Institute of North America, Fairbanks, Alaska, 1973. The specific articles were:
"The Pedagogical Situation", Dr. Israel Ruong,
"Administrative Situations and the Lapp Population" by Karl Nickul and "Norwegian Cross-Cultural Programs for Lapp Societies" by Inez Boon Ulfsby.

29 Muller-Wille, Ludger "The Lappish Movement" and "Lappish Affairs in Finland and Their Relations to Nordic and International Ethnic Politics" Arctic and Alpine Research, Vol. 9, No.3, 1977, P.239.

30 Ruong, ibid.

31 Svensson, Tom G. "Reindeer Lapps: Ecology and Political Development" Circumpolar Problems: A Symposium for Anthropological Research in the North - September 1969, Oxford, Pergamen Press, 1973.

32 The foregoing is abridged from a discussion in Svensson, Tom, Ethnicity and Mobilization in Sami Politics. Department of Social Anthropology, University of Stockholm, Livertryck, Stockholm, 1976.

33 Ingold, T. "Social and Economic Problems of Finnish Lapland", Polar Record, Vol. 16, Nos. 1973, p 811-813.

NORTHERN DEVELOPMENT PROGRAMS

FINLAND, SWEDEN, NORWAY

SECTION II

I INTRODUCTION

The northernmost regions in each of Finland, Sweden, and Norway are considered by the national governments to be most in need of development assistance and therefore the circumstances of the Lapps are directly affected by the development policies of each national government.

Section II will focus on the general approach to northern and regional development in each of the three countries.

The discussion of each country will be divided into five parts. It will begin with a very brief resumé of the current general state of its economy. Major recent structural changes to the economy that have a direct effect on development policy will be noted.

Next, major demographic trends which might also have some impact on the emergence of regional development policy will be highlighted.

A discussion of demographic trends will be followed by discussion of the general approach to regional development adopted in each of the three countries.

Then, some of the specific policy instruments used to carry out development policy will be discussed in some detail. Where data are available, the effectiveness of these policy instruments will be noted.

The discussion will conclude with some information on the coordination and implementation systems each government has put in place to make regional development policy operational.

II FINLAND

A. General State of Economy

The Finnish economy is characterized by a high reliance on exports, principally forestry and metal products for which demand fluctuates yearly.

Major changes in the occupational structure since 1950 have resulted in a move away from agriculture and forestry towards industrial and service occupations. The reasons for the move away from agriculture are agricultural rationalization, loss of subsidiary earnings, (largely from forestry) and the rapid expansion of industry and services.

A summary of the effect on employment of these structural changes is shown in Table 16.[35]

TABLE 16

Structural change:

	Employment % age	
	1960	1974
Primary	35.6	16.2
Secondary	30.4	35.9
Tertiary	34.0	47.9

These structural changes and the cyclical fluctuations to which Finnish exports are tied produce imbalances in labour. Recent statistics published by OECD show unemployment in the underdeveloped regions to be 10 per cent with unemployment in the South to be 3-4 per cent.

Other major characteristics of the Finnish economy are summarized below:

Regional Structure

	Population distribution
South	58%
Central	28%
North	14%

Increase in population confined to South in early 70's.

Urban population: 55% (1975). 800,000 in three major cities.

GDP: 65% of GDP and 75% of industrial output produced in South, outside development zones, with 50% of population.

Variations: in GDP per head, by province (1970):

Highest: 127%

Lowest: 80%

of national average

The Bank of Finland Monthly Bulletin report on an Industrial Commission, which was appointed by the Ministry of Commerce and Industry in 1975, summarized the main problems facing Finnish industry in 1976-85 as: the already high level of external indebtedness; the scarcity of labour; and a rapid rate of increase in cost levels. [37] The Commission's prediction was that scarcity of labour would remain one of the basic constraints on production in the future. The scarcity of labour predicted by the Commission means that production will have to become more capital-intensive, and hence industry will have a greatly increased demand for capital--and will also make growing demands on the supply of energy. The need for capital will be further increased by pressures to improve working conditions and by the necessity to invest in environmental protection, of particular significance for the forest industries.

In a more recent issue, the Bank of Finland Monthly Bulletin further reports on the introduction of new fiscal policy measures designed to stimulate the private sector. These measures include:

(i) Reductions of Social Security contributions by one percentage from October 1977 until the end of April 1978, and after that, by one half percentage point until the end of January 1979. A reduction of two percentage points will operate until the end of February 1980.

(ii) Industrial construction has been exempted from sales tax, while sales tax on manufacturing machinery and equipment ordered between April 1978 and June 1979 and delivered by the end of 1979 has been halved.

(iii) In 1978, employers' supplementary pension contributions were temporarily reduced by two percentage points.

(iv) Other measures include the exemption of export industries from electricity tax in 1978 and an increase in equity capital in State companies.

(v) An adjustment of tax scales in line with inflation for both 1978 and 1979.

(vi) Reductions in Social Security contributions by three quarter percentage points in the March - June 1978 period and then by one and a quarter percentage points until the end of January 1979. The reduction amounts to three quarter percentage points until the end of Rebruary 1980.

(vii) Periodic increases in child allowances.

The Ministry of Finance estimates that the direct net effect of these measures on the corporate sector amounted to some 1000 million marks in 1978, as compared with only 200 million marks in 1977. [38]

B. Demographics

There are two major demographic facts which have a direct bearing on regional development policy.

The first fact is that Finland, now, has one of the lowest birth rates in the world despite a favourable age structure in terms of numbers of women in the childbearing age range. This low birth rate is pushing up the average age of the population which means that potential reserves of labour of working age are unlikely for the immediate future.

Large scale emmigration from Finland, particularly from northern Finland, is the second major fact about Finland's demography. Since World War II, emmigration has amounted to about 10 per cent of the present population of four and a half million. About eighty per cent of those who emmigrated from Finland went to Sweden because of the poor employment prospects in Finland. The rapid change in occupational structure,

particularly the decline in agriculture related occupations left many of those who lived in the eastern and northern parts of the country without employment.

Those emmigrants from the Northern and Eastern parts of the country who stayed in Finland have largely gravitated to the South thus inflating the unemployment rates for the Southern parts of the country.

C. General Approach to Development

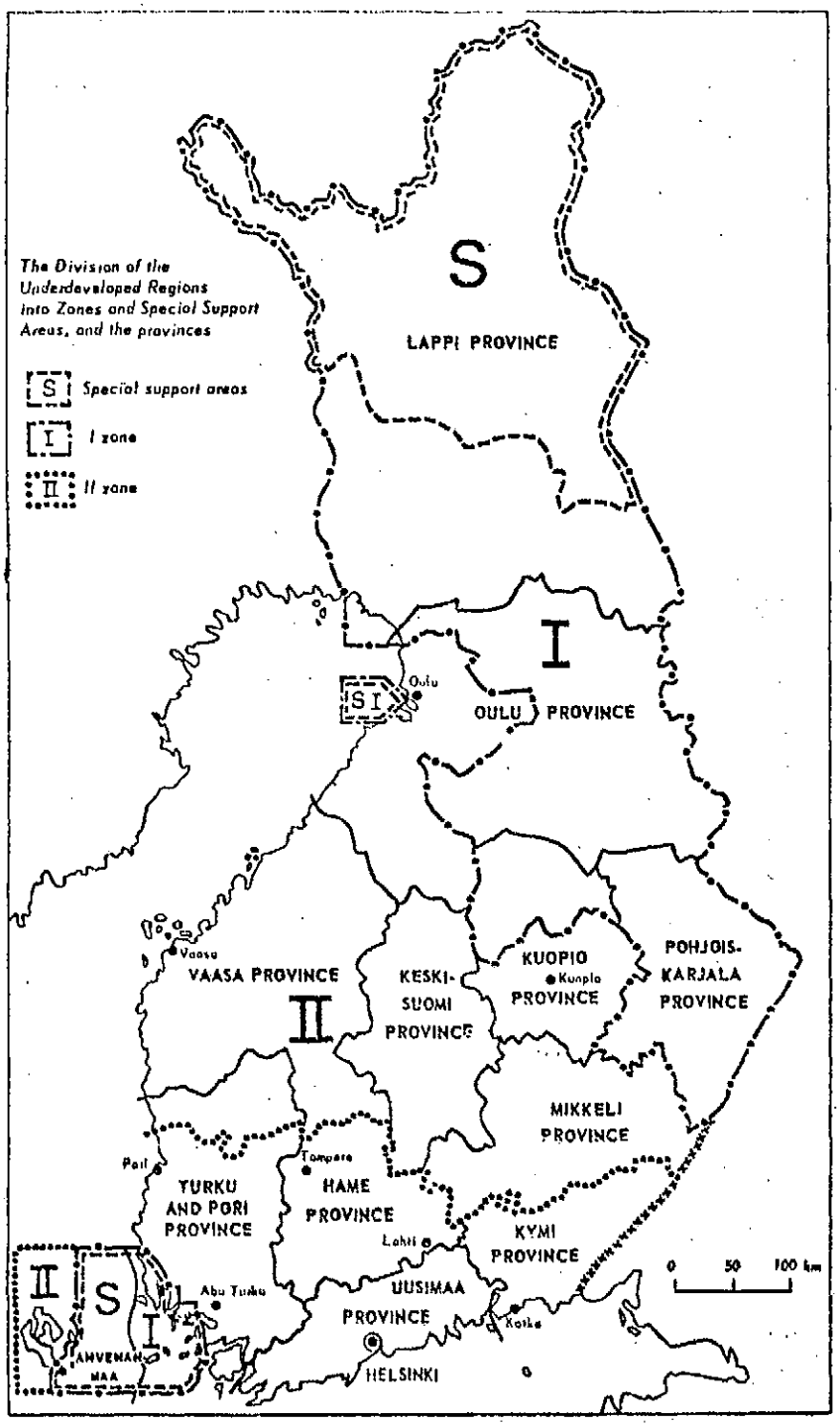
The first regional development laws came into force between 1966 and 1969. By these laws two development zones were designated, Zone I being the least developed. The degree of regional assistance was differentiated in favour of Zone I. (see Figure 6)

The objectives of these laws were to achieve balanced development over the whole country, to guarantee permanent employment to those in any region who wished to remain there, to improve income levels and to improve accessibility in the regions to major services.

The regional development laws were later revised for the period 1970-1975. Minor adjustments were made in the borders of the development zones. The borders were designated on the basis of level of income, degree of industrialization, and level of employment. The development zones together account for some 77 per cent of the land area of Finland and about 45 per cent of the total 1970 population.

In the summer of 1975, new regional development laws came into force. Development regions were still divided into two zones. In addition, the government was now empowered to designate sub-regions of the development region as Special Support Areas. The government could also define areas outside the development region as support areas in particular cases.

Figure 6


The Division of the Underdeveloped Regions into Zones and Special Support Areas, and the provinces
S Special support areas
I I zone
II II zone
S
LAPPI PROVINCE
I
SI
Oulu
OULU PROVINCE
Vaasa
VAASA PROVINCE
II
KESKI-SUOMI PROVINCE
KUOPIO
Kuopio
PROVINCE
POHJOIS-KARJALA PROVINCE
MIKKELI PROVINCE
Pori
TURKU AND PORI PROVINCE
Tampere
HAME PROVINCE
Lahti
KYMI PROVINCE
0 50 100 km
II S I
Abo Turku
UUSIMAA PROVINCE
Kotka
AHVENAN MAA
HELSINKI

The regional development laws aim primarily at promoting capital supply and entrepreneurial activity as well as creating new jobs in the development regions. The legislation provides incentives for local investment by tax relief and interest subsidies on state loans. Other measures include subsidies on interest charges incurred by municipalities for industrial building as well as assistance for vocational training in the development zones. In the most recent legislation, however, interest subsidies have been replaced by direct grants to help new or expanding enterprises during their initial phase. This new subsidy gives stronger support to labour intensive industries. [39]

D. Development Policy Instruments

The following policy instruments have been introduced within the last ten years in Finland to meet the regional development objectives. They are:

1) Interest subsidies on investment loans. The subsidies amounted to 36.4 million Fmk in 1974. Subsidies are granted by the State for the first four years to enterprises establishing or expanding assets in the development zones. They are graded according to the zone and the year since commencement. (Since 1975 interest subsidies are paid only for projects started before the new legislation. Interest subsidies will however, still be paid to municipalities for the construction of industrial buildings).

2) Tax relief. For the first ten years, enterprises investing in the development zones enjoy the right of free depreciation allowances on fixed assets and exemption from property tax. Furthermore, these firms are exempted from extra local municipal taxation and stamp duties. When the investments take place in the first zone enterprises may even reduce their taxable profits by an extra 3 per cent per year of the purchase value of the working assets used in the project. The extra 3 per cent relief was estimated to represent 70 million Fmk in 1974.

3) Regional Development Fund (KERA). The Fund, established in 1971, is a limited company in which the State owns the majority

of shares. Its head office is in Kuopio in the central Eastern part of Finland. The Fund finances, mainly, small and medium-sized labour-intensive enterprises. Most of its assistance is in the form of loans, which can also be granted without security. It gives outright subsidies for product development and sales promotion. The company may also subscribe to shares in enterprises. The Fund granted loans and outright subsidies of about 214 million in 1974. It is estimated that projects which the Fund has participated in financing in 1974 will create over 6300 permanent jobs and in 1971-74 over 28000 jobs. In 1974 the subsidies of the State for the Fund were 33 million Fmk. (See Appendix IV for further details about the Fund).

4) Transport subsidies on freight. These have been paid by the State since 1973 to compensate for the extra costs incurred in transporting finished products from the development zones. Subsidies are paid for rail transport and for trucking in connection with rail transport. If a product cannot be transported by rail, the subsidy may be paid for transport by truck or by air. Subsidies are graded according to distance. Subsidies totalled 53 million Fmk in 1973-75.

5) Industrial estates. The State has been financing the establishment of industrial estates in the development zones since 1973. Their purpose is to offer shared facilities and cheap sites for enterprises being set up or expanded in the underdeveloped areas. Such estates are now being built at four places in the first zone and decisions have been made on the establishment of a further five estates. The State provided over 17 million Fmk in loans for estates in 1974.

6) Inexperienced-labour subsidies. This assistance was provided in 1973 and remained in force until the end of 1975. It is intended to compensate companies for the disadvantages in employing inexperienced labour. It is provided mainly in the form of cheap

interest loans, but one third of it can be paid outright as subsidies. It too is graded by zone. Subsidies amounted to 72 million Fmk in 1971-75.

7) Promotion of vocational training. The State has contributed to the running costs of communal vocational schools in the under-developed areas since 1970. The assistance amounted to about 21 million Fmk in 1974.

8) Starting up subsidies. Given percentages of the initial costs (wages and social payments) of enterprises are paid as subsidies for the first years. The subsidies are granted by zone according to the year of commencement. These subsidies are alternative to the inexperienced labour subsidy, which was in force to the end of 1975.

Percentage distribution of the subsidies was as follows:

TABLE 17

	SPECIAL SUPPORT AREA	ZONE I	ZONE II	SUPPORT AREA
1st year	30-40%	20-30%	15-25%	15-25%
2nd year	25-35%	15-25%	5-15%	5-15%
3rd year	20-25%	10-15%	-	-

9) Investment subsidies. Enterprises in the development areas will receive given percentages of their initial investment in fixed assets. Subsidies are graded by zone. This is alternative to the extra 3 per cent tax relief.

Investment subsidies vary as follows:

SPECIAL SUPPORT AREA	ZONE I	ZONE II
20-30%	10-20%	5-10%

10) Training subsidies. Enterprises in the development zones can be repaid up to 75 per cent of labour training costs connected with the investment.

11) Investment tax. A restrictive measure in the form of an investment tax was in force between 1973-74. The tax was applied in Southern Finland to investments in construction work for service, recreation and amusement activities. This measure was intended mainly as a counter cyclical policy measure.

12) A Location Advisory Secretariat, established at the Ministry of Labour in 1974, provides information about the most suitable locations for enterprises. It gathers and maintains data containing essential information about different areas and localities and provides information and advice to enterprises on location questions.

13) Decentralization. The feasibility of locating government offices and institutions outside the metropolitan area of Helsinki has been studied recently. The committee appointed for this purpose investigated which of the government offices and institutions could possibly be moved away from Helsinki area. The committee suggested that 26 offices or institutions be moved away from Helsinki, which would imply the transfer of 8200-8500 jobs. This office was established in connection with the Organization Division in the Ministry of Finance for the purpose of preparing decentralization measures and co-ordinating its realization. [40]

14) State-Owned Companies. One other major policy instrument for the attainment of regional development objectives is the state-owned company, defined as joint stock companies in which the central government owns the majority of the shares. Their original purpose had been to help Finland achieve a greater measure of self-sufficiency and to relieve the shortage of private investment funds, particularly in capital-intensive fields. However, the state-owned

company has also proven itself to be a useful regional development instrument.

The state-owned companies are concentrated in four industrial fields:

1. Mining and the metal industry (three companies).

2. The wood-processing industries (two companies).

3. The chemical industry (two companies).

4. Energy (two companies).

State-owned companies produce iron and steel (Rautaruukki Oy), copper (Outokumpu Oy), ships, paper-making machinery and transport equipment (Valmet Oy), fertilizers (Kemira Oy), refined oil products (Neste Oy), and electricity (Imatran Voima Oy and Kemijoki Oy).

In addition to these nine companies, there are other, non-industrial companies which are owned by the state. Air traffic (Finnair Oy), alcoholic beverages (Oy Alko Ab), and broadcasting (Oy Yleisradio Ab).

a) Administration and Control

The administration of the state-owned companies is based on the general Limited Companies Act. The general meeting of shareholders acts as the highest decision-making body. These meetings are generally held once a year, but extraordinary meetings can also be called. The Minister of Industry or his deputy represents the central government in the general meetings of shareholders of industrial state-owned companies.

The Administrative Council represents the shareholders during the period between the shareholder meetings. It decides upon the appointment and dismissal of the Managing Director and elects the Board of Directors. The Administrative Councils make final decisions in matters concerning investment and financial plans. The central government is represented in the Administrative Councils by politicians who represent the different parties in keeping with the number of seats they have in Parliament. Since the majority of the members of Administrative Councils are also Members of Parliament, state-owned companies are indirectly

controlled by the Parliament.

The Board of Directors is responsible for the day-to-day management of the companies. In each industrial company, owned by the state, one of the members of the Board of Directors is an official of the Ministry of Commerce and Industry. As a rule, the Managing Director of the company also acts as the chairman of the Board of Directors. The number of members of the Board ranges from six to nine.

The Auditors are elected annually, and their number varies between four and twelve, depending on the size of the company. At least one of the Auditors must be a Chartered Accountant, one an official of the Public Finance Control Office and one an official of the Ministry of Commerce and Industry. Other Auditors are chosen on grounds similar to those for the selection of members of the Administrative Councils. In addition, the officials of the Public Finance Control Office are legally authorized to audit the finances and accounts of state-owned companies. The State Auditors have the right to obtain the information they need concerning the management and finances of state-owned companies.

The growth of the state-owned companies and the diversification of their production tend to increase the need for co-operation and co-ordination between the different companies, and between them, the Ministry of Commerce and Industry and the Government. According to the standing directives of the Ministry of Commerce and Industry, the companies must inform the Ministry of any firm plans about the location or extension of industrial plants, the increase in the share capital of subsidiaries, the establishment of new subsidiaries and the acquisition of share holdings in other companies.

In the Budget for 1973, an appropriation was approved for the establishment of a special office for state-owned companies in the Industrial Department of the Ministry of Commerce and Industry. This office started its operations on July 1, 1973 and it takes charge of matters related to state-owned joint stock companies, such as their investment plans, their use of state funds and their co-operation with other state-owned companies.

In August 1973, the Government appointed a special Ministerial Committee for state-owned companies and charged the state-owned companies office to assist the committee. The committee is to prepare matters related to state-owned companies for consideration by the Council of State and to provide the managers of state-owned companies with information on matters over

which the state has authority as the principal share holder.

b) Performance of the State-Owned Companies

As state-owned companies are concentrated in capital intensive fields, their investment has tended to be quite extensive. (Table 18). Since these companies can secure finance even when money is tight, by raising their share capital through the Budget, they have often been able to carry out investment at a fairly stable pace irrespective of cyclical conditions. Probably the most important change in the structure of investment has been the sharp growth in investment in the energy during the 1970's. This is a result of the construction of nuclear power plants.

Between 1956 and 1972, the contribution of state-owned companies to GDP grew from 5 per cent to nearly 7 per cent.

State-owned companies have made attempts to acquire or set up companies which carry on activities in the industrial field of the parent company. In 1967 there were 65 such subsidiaries; at present they total nearly 100. However, the turnover of the subsidiaries is small, compared with the turnover of the parent companies.[41]

E. Co-ordination and Implementation Systems

The co-ordination and implementation systems of the Finnish government with regard to development are organized as follows:

> The Ministry of Commerce and Industry administers the incentives, such as subsidies of investment and transport subsidies. Tax relief and investment taxes are handled by the Ministry of Finance. Inexperienced labour subsidies are handled by the Ministry of Labour. The Ministry of Labour also provides the Location Advisory Secretariat which gathers data on the employment situation in different areas and gives information and advice to enterprises on location questions.
>
> The Planning Department of the Prime Minister's Office, set up in 1973, examines and plans the procedures which concern the co-ordination of regional and other social planning. The Planning Department also acts as the duties of the Secretariat of the Regional Development Board.[42]

TABLE 18. INVESTMENT OF STATE-OWNED COMPANIES IN 1965 AND 1973, BY INDUSTRIAL CATEGORY

	Mining and metal industry		Wood processing industries		Chemical industry		Power companies		Finnair Oy		Total	
	Mill. mk	Per Cent	Mill. mk	Per Cent	Mill. mk	Per Cent	Mill. mk	Per Cent	Mill. mk	Per Cent	Mill. mk	Per Cent
1965	92.8	16	164.1	28	197.2	33	85.3	14	50.8	9	590.2	100
1973	358.9	26	137.2	10	429.7	32	636.7	27	63.1	5	1352.6	100

III SWEDEN

A. General State of the Economy

The Swedish economy in the post war period has been among the most successful in terms of growth because of natural increases in population, high activity rates, strong immigration from neighbouring countries, high productivity and low unemployment.

The Swedish economy, like the Finnish has undergone significant structural change since 1940. The major effects of this structural change are the marked decline in agriculture, due in part to an agricultural rationalization program which promoted agricultural efficiency by eliminating small farms, and the marked increase in industrial development and the growth of services. This growth of industry has been reflected in the growth of urban centres throughout the country.

The major characteristics of the Sweden economy as of 1970 are summarized below:[42]

Structural Change:

Change in employment %	1961-65	1966-70
Total	+ 3.7	+ 2.6
Agriculture and forestry	- 23.4	- 23.9
Mining and manufacturing	-	+ 3.7
Public services	+ 26.9	+ 33.4

Share of total employment %	1960	1960
Industry	34	30
Services	43	51

Growth Volume of output %	1966-70
Agriculture	2.5
Mining and manufacture	20.5

Regional Variations

	Unemployment as per cent of national average			
	1969-70		1971	
Type of district	General Aid Areas	Rest	GAA	Rest
Metropolitan	-	46	-	65
Primary Centres	171	88	140	93
Regional Centres	235	90	176	97
Municipal Centres	271	99	207	103
Total	223	74	171	84

The counties within the Inner Aid Area designation, the area the Swedes refer to as Norrland, have been most dramatically affected by the structural changes to the economy. Within this relatively small region, there are major differences in the levels of economic activity. For example, GåvleBorg county has 35 per cent of its population employed in manufacturing.

In Vasternorrland, 26 per cent of the working population are employed in pulp and wood related industries.

In Jamtland 14 per cent of the working population are employed in manufacturing, 18 per cent in agriculture-forestry sector and a large number in services.

Forestry related activity accounts for about 20 per cent of the employment in Vasterbotten county. The mining of silver, lead, zinc and copper is another major activity.

In Norrbotten county,7 per cent of the county's working population are employed in activity related to iron ore mining. Transportation and communications related activity accounts for a further 10 per cent. Manufacturing from forestry products accounts for a further 15 per cent.[43]

B. Demographics

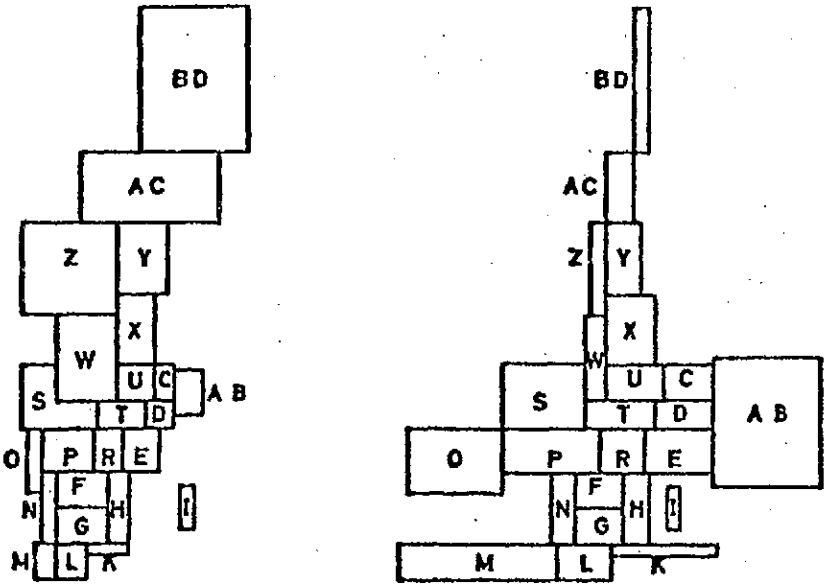
The most important demographic facts about Sweden are clearly illustrated in Figures 7 and 8 which show the effect on population distribution that the agriculture rationalization program has had.[44] Stockholm county is among the smallest counties in terms of physical space and it has the greatest population. Correspondingly, the more northerly counties with considerably larger geographic areas have proportionately smaller populations.

C. General Approach to Development

Swedish regional development policy developed in four stages over a ten year period.

In 1964, Parliament approved the selective use of building controls, and an active location policy. Under this policy, loans and grants could be given to firms establishing or expanding activites in a designated support area. Parliament further approved a co-ordinated regional planning program called initially "County Planning 1967" and then in 1970 "County Programme".

Figure 7



A. The counties in proportion to their areas

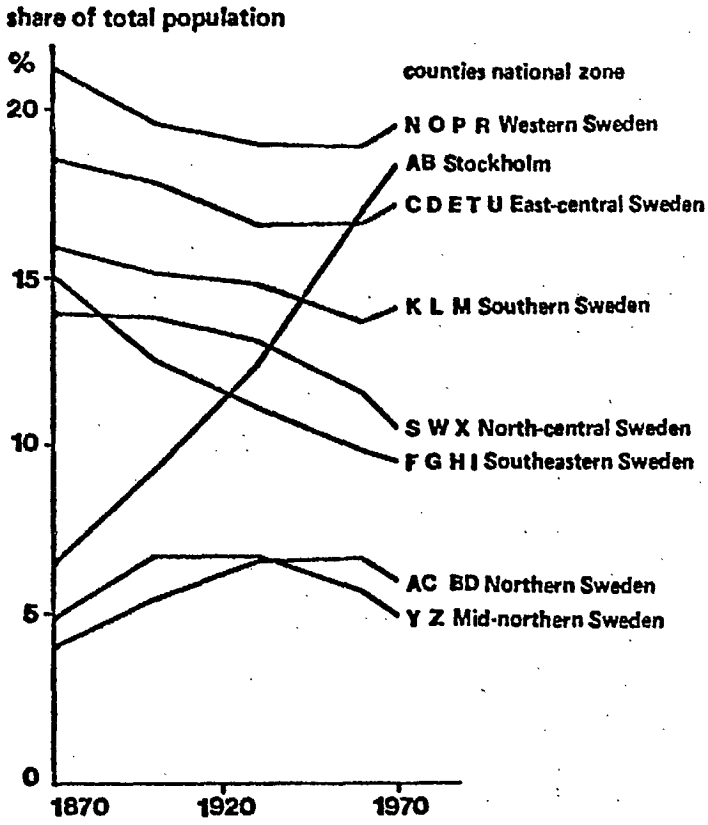
B. The counties in proportion to their population

Two pictures of Sweden[1]

[1]The letters stand for the individual counties, which are referred to in this report in this way or by their namnes, as follows:

AB Stockholm	K Blekinge	T Örebro
C Uppsala	L Kristianstad	U Västmanland
D Södermanland	M Malmöhus	W Kopparberg
E Östergötland	N Halland	X Gävleborg
F Jönköping	O Göteborg & Bohus	Y Västernorrland
G Kronoberg	P Älvsborg	Z Jämtland
H Kalmar	R Skaraborg	AC Västerbotten
I Gotland	S Värmland	BD Norrbotten

Figure 8



Breakdown of the population by national zones in the period 1870–1970

In 1970 Parliament introduced transport subsidies and employment grants.

In 1972 a more comprehensive program for regional development was adopted by the Swedish Parliament. The basis of this program was to be the development of a regional structure in which "the different parts can supplement each other in such a way as to provide the people in all parts of the country with employment, services and a good environment. Four types of centres were included in the plan, the purpose of which was to specify the functions which different types of regions and municipalities should perform with respect to services and employment opportunities required to resolve the problems associated with each type of district.

These four types of centres were metropolitan areas, primary centres, regional centres, and municipal centres (see Section I Table 12, and Figure 5) for specific definitions."[45]

D. Development Policy Instruments

Specific policy instruments for the Swedish regional development objectives today include:

1) Location assistance, training, and employment grants

Location assistance was provided chiefly for industrial and allied activities but, from July 1973, it has also been made available for certain forms of wholesaling and business enterprises in the fields of rationalization, marketing and technical consultancy.

Location grants normally amount to a maximum of 50% of the costs of building investments but, from July 1973, could be increased to 65% in the Inner Aid Area in exceptional cases and be made available for investment in machinery and tools as well.

In the period 1965-73, location grants and loans were provided to 985 firms and totalled 2,450 mn. Kr. of which 450 mn. were grants. 75% went to firms within the General Aid Area of which 25% to the Inner Aid Area. To the end of 1973, firms receiving assistance had a net increase in employment of 24,500 persons of which 19,000 were in Aid areas.

Almost one third of the industrial employees in the General Aid Area are in firms that have received location assistance. A large part of the remaining industrial firms obtained support through the investment funds scheme. Whereas total industrial employment in Sweden stagnated during the period covered by localization support, employment, as a r ule, rose strongly in the firms that received location assistance.

During the period 1970-73 training grants to firms entitled to location assistance were given for 24,000 trainees to a sum of 170 million Kr. Employment grants were experimentally introduced in 1970 and, in 1973, they were made regular and available to a wider category of firms corresponding largely to those entitled to location assistance. They are, however, available only to the Inner Aid Area. Grants may be paid up to three years, conditional on maintaining an increase in employment. The maximum amount of the grant was raised to 17,500 Kr. per new employee (7,000 Kr. in each of the first two years and 3,500 Kr. in the third).

In the three year period 1970-71 / 1972-73 the total framework of appropriations for regional development support amounted to 1,375 million Kr. The total reserved for the current five years is 2,500 million Kr. of which 450 million for location grants, 1,550 million for location loans and 325 million for employment grants.

2) Use of investment funds system

Another fiscal instrument of regional development policy is the use of the investment funds system. Companies have the right to set aside, as an interest free investment fund, up to 40% of pre-tax annual profits. The fund may be drawn upon after five years unless special permission has been granted, for instance, to enable investments to be made during a slow-down in the business cycle or at all times inside the General Aid Area.

3) Relocation of Government Administration
Schemes to re-locate central Government administrative units away from Stockholm. Some thirteen places have now been classified as primary centres and decisions taken concern about 11,000 employees.

4) Tax equalization grants
For promotion of infrastructure, tax equalization grants from the central Government to municipalities were increased by about 500 million Kr. in July 1973, bringing them to a total in the current year of 2,500 million Kr. In certain parts of Northern Sweden the grants will amount to more than 1,000 Kr. per inhabitant per annum.

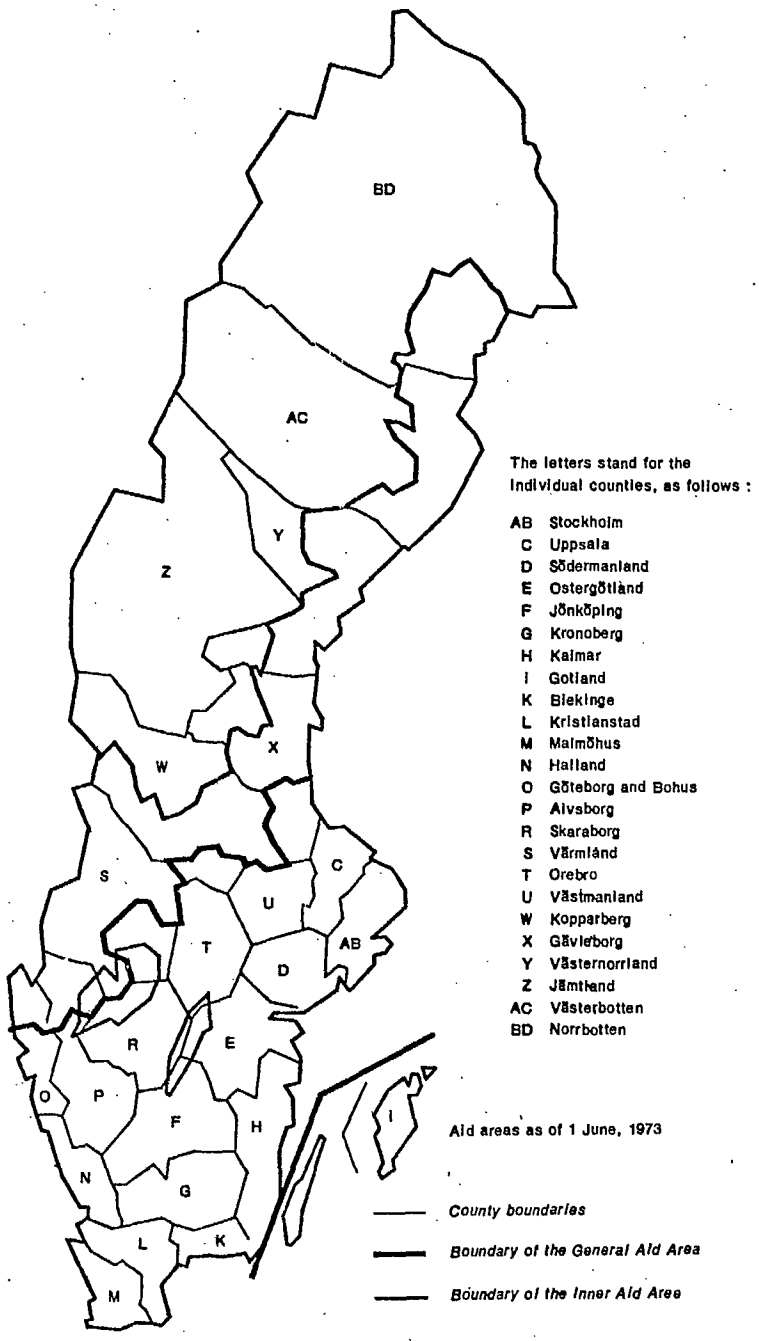
5) Industrial centres
Industrial centres, each with 150 employed to start with, are to be created in two places in the Inner Aid Area. Further centres are envisaged if experience proves favourable.

6) Grants for bus routes
Grants for unprofitable bus routes have been substantially increased, inter alia, for the benefit of the Inner Aid Area.

7) Telephone - northern equalization
Telephone charges are to be evened out and reduced chiefly in the Northern parts, by up to 50%.

8) Transport subsidies
Transport subsidies generally were introduced in 1971 in order to offset the disadvantageous costs inherent in long distance transport from the General Aid Area. The support covers goods traffic by rail and road from places within this area over distances exceeding 250km. A further condition is that the goods shall have undergone some processing within the area. The subsidies vary between 15% and 35%, the maximum applying to distances of 500 km or more. Total subsidies amounted to 40 million Kr. in 1971-72 and 50 million Kr. in 1972-73. [46] (see Figure 9 for designation of subsidies area and Figure 10 for the percentage transport subsidy allowed).

Figure 9


BD
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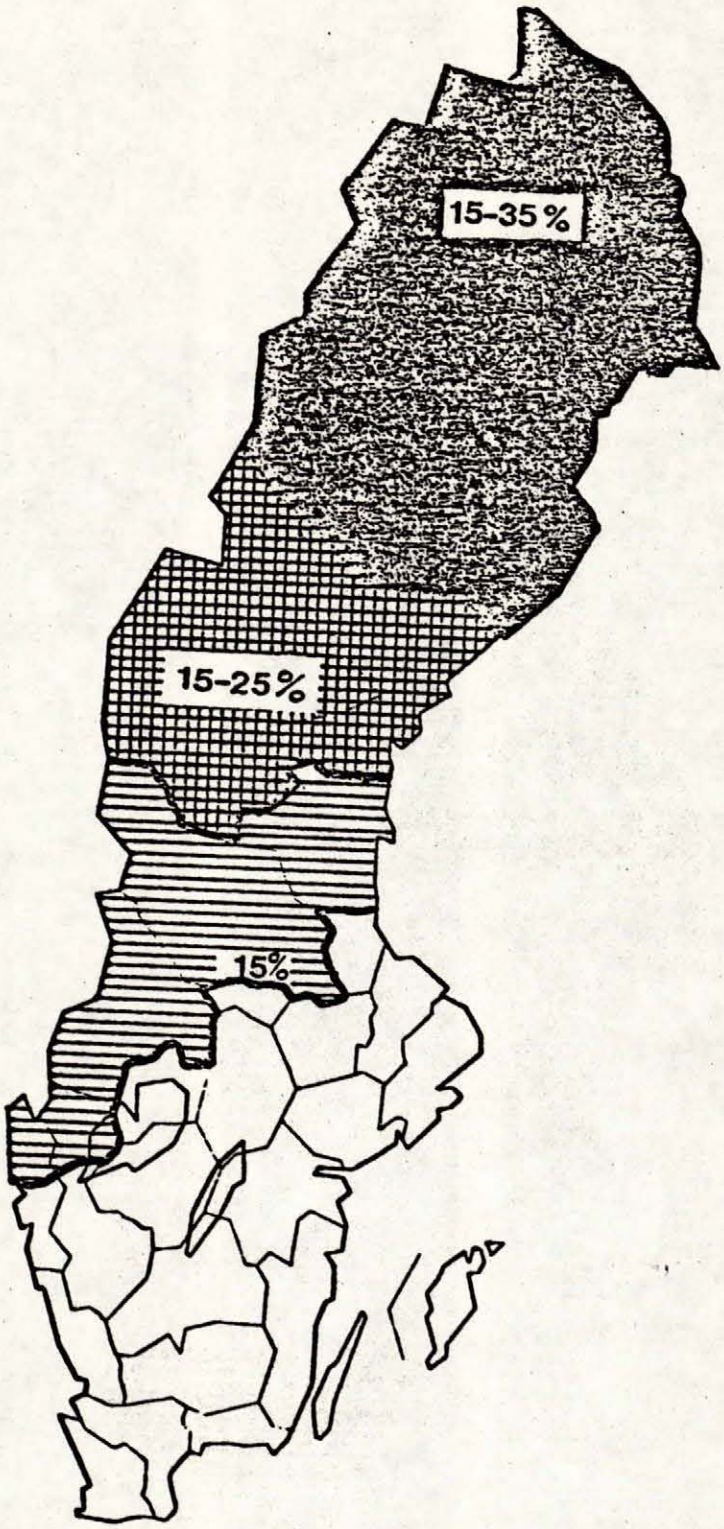
M
The letters stand for the individual counties, as follows :
AB Stockholm
C Uppsala
D Södermanland
E Östergötland
F Jönköping
G Kronoberg
H Kalmar
I Gotland
K Blekinge
L Kristianstad
M Malmöhus
N Halland
O Göteborg and Bohus
P Älvsborg
R Skaraborg
S Värmland
T Örebro
U Västmanland
W Kopparberg
X Gävleborg
Y Västernorrland
Z Jämtland
AC Västerbotten
BD Norrbotten
Aid areas as of 1 June, 1973
County boundaries
Boundary of the General Aid Area
Boundary of the Inner Aid Area

Figure 10



Transport subsidies: percentage rates

E. Co-ordination and implementation systems

Consistent with the national policy of decentralization, the state county planning authorities play a major role in making regional development policy operational. They act in concert with the appropriate central authorities. For example, consultations on location decisions are made through the National Labour Market Board and the County Administrative Board.

Within the metropolitan areas - Stockholm, Gothenburg, and Malmö - enterprises which are planning new construction, expansion or conversion are to a certain extent obliged to consult the National Labour Market Board with regard to location conditions.

IV. NORWAY

A. General State of the Economy

Over the last thirty years to 1976, Norway has had a basically favourable economic picture. The compound annual growth rates of GDP in Norway for that time period has averaged between 4.5 and 5 per cent. During that same period of time, employment in industry increased from 300,000 to 400,000. The gross value of production increased from 4 billion Kr to 100 billion. The industrial base broadened. There was a major expansion of power intensive industry which also stimulated the growth in other branches such as the mechanical and electro-technical industries. Other new activities included electronics, plastics and, in more recent years, the petrochemical industry. New State-owned enterprises or industries in which government has a predominant interest have been created, partly in order to exploit national resources in connection with creation of jobs in rural regions. In 1976 and 1977, total employment directly related to the oil activity by Norwegian firms was estimated at 25,000. [47]

Despite an overall positive economic picture, there are several less favourable features of the general economic situation. They have been described, in the OECD 1978 survey, as "a marked deterioration in the competitive position of Norwegian industry and weak foreign demand" and "a rise in the balance of payments deficit". In addition to these features, international overcapacity has affected several of Norway's basic industries such as shipbuilding, pulp and paper, mining and iron and steel. With 45 per cent of total Norwegian production subject to world trade and with Norway's labour costs among the highest in the world, this international over-capacity may have serious ramifications to Norwegian economy. [48]

The major characteristics of the Norwegian economy to 1975 are summarized below:

Structural Change:

	% of employed population 1960	1970
Agriculture, forestry and fishery	17.8	11
Manufacturing & mining, etc.	37.3	38
Trade & transport	24.6	26.6
Services	20.3	24.4

Regional Variations (1970):

	Land area %	Population % 1975	Employment in industry % 1966	1974
East	29	49	58	54
West	18	25	25	26
South	5	5	5	6
Middle	12	9	6	7
North	35	12	6	7
	100	100	100	100

Average Income: (per tax payer) 1971: 15% less in North than East. (37% less in 1950).

Unemployment: national average 1975: 1.3% unemployed

East	34
West	26
South	5
Middle	13
North	22
	100

In April, 1978, the Government presented its revised Long Term Program through 1981. The main objectives of the economic policy remain unchanged, but they now realize that it will take considerably longer than originally expected to achieve them. The reasons for this revision are the slow development of the international economy, reduced competitiveness abroad resulting in loss of market shares for traditional export products, delays in oil production combined with steep cost rises, and the international shipping slump.[50]

B. Demographics

Between 1960 and 1970, the total population grew by 7.9 per cent. The large cities increased their population by 14.5 per cent, those cities between 20,000 and 100,000, by 48 per cent. The smaller centres of between 200 and 5,000 increased by 29.9 per cent. The centres of 5,000 to 20,000 only increased by 9.6 per cent. In striking contrast, the population of the "sparsely populated" areas (in settlements of less than 200) decreased by as much as 14.4 per cent.

In the first part of the seventies however, a noticeable slackening in these trends occurred, partly under the influence of a declining birth rate. The overall growth of population in

the five years 1970-74 was 3.2 per cent. The population of the urban regions grew only at approximately the same rate - 3.1 per cent - while Oslo's growth of 1.7 per cent was well below the national rate. However, the largest regional centres apart from Oslo continued relatively larger growth, at 4.8 per cent. The non-urban regions as a whole kept pace with the overall actual growth, at the same rate of 3.2 per cent. [51]

Shifts of population tended to be more intra rather than inter-regional, as people moved from the country areas into the larger cities and centres within the region. (Table 19) [52]

TABLE 19

		1960	1977
I	East Region	48.6	48.7
II	South (Agder Rogaland)	11.8	12.7
III	West	18.2	18.0
IV	Trondelag (Central)	9.2	9.1
V	North	12.2	11.5

As will be seen, the largest drop was in the North, and the largest increase in the South.

Average Net Migration per 1,000 population between 1971-1977 was as follows:

East Ostlandet	+2.01
South (Adger Rogaland)	+5.5
West (Vestlandet)	- .7
Central (Trondelag)	+ .17
North (Nord-Norge)	-3.01

C. General Approach to Development

The Norwegians take a comprehensive approach to regional development policy. Therefore, the most important feature of Norwegian regional policy is that it cannot be clearly distinguished from Norwegian national policy.

The main objective of the government is to equalize opportunities for jobs and income among all Norwegians as well as provide equal access to social and cultural facilities. The concept of "decentralized concentration", local growth centres with diversified economic bases, has been central to the policy. Official government policy has recognized that the objectives cannot be reached by trying to preserve the existing settlement structure everywhere, nor by preserving a pattern of economic structure based on an outdated technology or demand structures. [54]

A number of general measures have been adopted by the Government to promote their objective. Apart from budgetary measures, they include:

1. curbing the rise in domestic demand, especially private consumption;

2. co-operating with labour organizations to curb the rise in production costs;

3. stimulating industrial investments to increase productivity;

4. using industrial policy measures in such a way that a process of renewal is attained and that State short-term aids generally come to an end;

5. continuing to use labour market measures, with special attention to the weaker groups and to the need for improving industrial mobility;

6. preliminary ban on price increases;

7. reduced central and local government expenditure.

D. Development Policy Instruments

The main regional development policy instruments are as follows:[55]

1) State Budget Allocations
State budget allocations have been granted for infrastructure investments, production subsidies to primary industries, and electrification of rural areas. State banks, established for communal affairs and for agriculture, fisheries and manufacturing industry, are also of importance for development areas, as these are usually insufficiently covered by private credit instutitions.

2) Regional Development Fund
The main instruments for regional development are loans, guarantees, and grants provided by the Regional Development Fund.

a) Provisions for assistance under the Fund include:

(i) Loans. Loans are given as residual loan capital after other credit resources have been fully engaged. They are offered at reasonable rates, for up to 25 years. Instalment payments may be exempted and interest payments deferred to a

maximum of 5 years. For the erection of municipally-owned leasable industrial buildings and for the erection of other types of buildings in development areas, the repayment period can be extended to 30 years.

(ii) Guarantees for Loans. Guarantees for loans, which are raised through banks or other credit institutions, apply primarily to operating credits.

(iii) Investment grants. Investment grants can be given to:

- enterprises within the fields of mining, manufacturing and handicraft;
- undertakings connected with hotels and tourism;
- leasable industrial buildings, either publicly or privately owned;
- enterprises within the primary industries (agriculture, forestry, and fisheries) in accordance with special rules; and
- some specified service industries within designated areas.

Investment grants can only be given for the setting up or expansion of an undertaking, at a rate of:

- up to 35% in the three countries of North-Norway, extended to 13 neighbouring municipalities in the other main regions;
- up to 25% in 103 developing municipalities in the other main regions;
- up to 15% in other areas with special employment difficulties and weakly developed economic bases.

The RDF determines the amount of the grant according to an overall assessment in each individual case, and makes a differentiation on a down-ward scale from the maximum rates. The differentiation is made on the basis of differences between various regions and districts, with regard to economic and settlement structure, the employment situation and levels of income. Moderate rates are usually applied to large scale enterprises and to firms heavily based on consumption of electric power or raw material.

(iv) Relocation costs. Compensation for relocation costs is granted to enterprises which transfer their activities from a well developed area to a development area. The grants may cover expenses involved in the moving of machinery and equipment, transfer of staff and losses causes by interruption of production.

(v) Training of labour. Grants for training of labour apply to the starting up of new enterprises as well as to relocation. The grants may include wages, travelling, board and lodging expenses for instructores of key personnel, as well as 50% of wages for ordinary workers for a limited period of time.

(vi) Consultant services. Consultant services as well as grants to cover consultant services from other sources, for planning of specific projects. To a limited extent the Fund may also give grants for similar work unrelated to specific projects.

b) Performance of the Fund

Total performance commitments of RDF loans, guarantee and grants over the period 1961-1974 amount to around 4,500 million Kr. (after deduction of commitments which have been cancelled). For the year 1974 only, the corresponding figure was 945 million Kr., of which loans were 520 million, guarantees 122 million, investment grants 271 million and other grants 31 million Kr. Around 81% of the total commitments for the whole period 1961-1974 were allocated to secondary activities, most of it to manufacturing industries.

3) Tax concessions

Tax free deductions may be made for up to 25% of taxable income for industrial investment purposes in designated areas. Provided that taxable income is not brought below the average of the preceding two years, deductions may amount to 50%. Such deductions are open to tay payers irrespective of location. Funds accrued in this way must be invested within 5 years. In addition, also some advance depreciation and overprice depreciation facilities are provided.

4) Transport subsidies
Transport subsidies are available for some manufactured goods from North Norway and a few other designated areas, provided that the transport distance exceeds 300 km. The rate of subsidy varies between 20 and 40% of the transport cost. For exports, the system does not apply to the part of the transport which takes place outside the Norwegian border.

5) Industrial estates
In 1968 five small centres, one in each of the main regions, were chosen as industrial sites, for location of industrial buildings to be constructed by the State owned Industrial Estate Company and to be let out or sold to enterprises. Since then, the Company's activities have extended to a number of other places within the development areas. (See Appendix V).

6) Location assistance
Location guidance is offered to anyone who plans a new establishment or expansion of an existing enterprise. For all major establishments, or expansion within the manufacturing industry in the bigger urban areas, the firm is obliged to give advance notice to the Location Guidance Committee so that a consultation procedure can take place.

7) Direct establishment control
According to a provisional act of 1973, government approval is required for the construction of bases for petroleum operations and for industrial establishments which will need a work input of at least 100 man-years or an investment of Nkr. 20 million or more or when the new activities will require at least 100 employees. The control applies to the whole country.

A permanent act on establishment control is expected to be santioned by Parliament in early 1976. The content of the provisional act has been incorporated in the proposed new act, which in addition includes a special scheme for apecified "pressure" areas. In such areas, no one may, without approval of the authorities concerned,

initiate the construction, extension, reconstruction or conversion of a building which is to be used for purposes of economic activities, if the floor space exceeds a limit to be prescribed by the King in Council. The scheme will apply to manufacturing industry and to most of the tertiary activities. These restrictive measures are proposed to be administrated by the Regional Development Fund, which it is also proposed should take over the location guidance function.

E. Co-ordination and Implementation Systems

In a similar fashion to Sweden, there is considerable decision making regarding implementation of development programs at the local level in Norway. As well, a great deal of importance is placed on the co-ordination of planning with implementation functions at all levels. A statutory framework makes it necessary that plans developed at the county and municipal levels be discussed by the central authorities.

The Ministry of Environment, established in 1972, has a special responsibility for co-ordination of regional planning at the national level. It established principles and guidelines for planning and initiates research work. The Ministry, in consultation with other Ministries, evaluates and approves the municipal and county integrated plans including land use. The Ministry of Municipal Affairs and Labour is responsible for the development of regions which lag behind in economic growth and social welfare. The Regional Development Fund (RDF) is an agency of the Ministry and together with it administers the direct regional measures. The national annual and long-term programmes include chapters on regional policy objectives, problems and measures. Specific papers on regional planning and development are presented at approximately four year intervals by the two ministries.

The function of local government in Norway are divided between urban/rural municipalities and county municipalities. In addition there are several local and regional State institutions exercising functions in close co-operation with the municipal authorities. Norwegian local self-government has a long and firmly established tradition.

Amendments in 1973 to the Building and Planning Act gave the County Councils responsib lity for working out county plans. These plans are intended to cover all areas within the

counties where there is a need for co-ordinated planning. The Act defines the county plan as being an overall programme for the co-ordination of governmental, county and municipal activities for the exploitation of common resources towards the advancement of economic growth and well-being in the county.

FOOTNOTES:

34 Organization for Economic Corporation and Development, "Regional Problems and Policies in OECD Countries", Vol II, Paris, 1976, pp 92-105

35 Ibid.

36 Organization for Economic Corporation and Development, "Regional Policies--The Current Outlook", Paris, 1979

37 Pesala, J. and Pyythia, I., "Finnish Industry in 1960-1985", Bank of Finland Monthly Bulletin, January, 1976, Vol 50, No 1, pp 20-25

38 Hamalainen, Sirkka, "The Finnish Economy in 1978 and the Current Outlook", Bank of Finland Monthly Bulletin, May, 1979, Vol 53, No 6, pp 24-33

39 OECD, ibid, pp 99-100

40 Ibid, pp 100-101

41 Lund,Unto, "State-Owned Companies in Finland", Bank of Finland Bulletin, March, 1975, Vol 49, No 3

42 Organization for Economic Cooperation and Development, "Regional Policies: the Current Outlook", Paris, 1977, p. 48

43 Rea, K.J. The Political Economy of Northern Development Science Council of Canada Background Study No. 36, Thorn Press Ltd., Ontario 1976.

44 Ministry of Labour and Housing and Ministry of Physical Planning and local Government, Planning Sweden Regional Development planning and management of land and water resources, Stockholm, Sweden 1973.

45 OECD, ibid, p. 95 & 96

46 OECD, ibid, p. 98-101

47 OECD, Regional Problems and Policies in OECD Countries, Vol. II, Paris 1976 p. 78

48 OECD 1978 survey

49 OECD, Regional Policies, The Current Outlook Paris, 1977, p. 42

50 News of Norway, Friday, May 5, 1978

51 OECD, Regional Policies in Norway, Paris, 1979 p.7

52 Ibid

53 Ibid

54 OECD Regional Problems and Policies in OECD Countries, Vol. II, Paris, 1976, p. 87

55 Ibid p. 86-88

56 Ibid p. 89-90

APPENDICES

APPENDIX I

The following pages summarize the major points raised and acted upon at the Scandinavian Lapp Conferences. The Lapp Conferences occur every 3 years. These conferences are an essential component in the development of the Sami native movement.

APPENDIX I

Conference (Place, Year)	Organizational	Cultural Activity	Relation of Lapps to Major Communities	Education	Natural Resources	Legislation	Lapp Identity	Action	Economic Activity
1. Jokkmokk (1953)	9 man committee to creat Scandinavian council	prominent cultural personalities came forward to support an organization to promote Lapp culture	need for cooperation was clarified - lots of press						
2. Karasjok Finnmarken (1956)	Scandinavian Lapp Council was formed; regulations adapted - to have 12 members; 3 from Finland, 4 from Sweden, 5 from Norway. Council elected by delegates			Essential to reconsider educational Projects in Lappish settlement areas	When land rights are clarified, the possibility for industrial development of natural assets should be examined				
3a. Stockholm with Nordic Council (1959)	Nordic Council which consists of members of Parliament of the three countries; has supported Lapps demand for self-determination		Defined "autonomy" as "the rights assigned to make up for the anomalies which directly follow from the attribute of minority"		- problems of exploitation discussed - encroachment by forestry into reindeer breeding area was discussed	Lapp Fund is major issue for disaster insurance, protection of fishing water occupational training, reindeer research, construction of central cultural & educational institute, general preservation of culture-to be administered by Lapps	Questions raised were to whom does right apply? to what does right apply - role of language discussed	List of major proposals submitted which covered 14 points	

Conference (Place, Year)	Organizational	Cultural Activity	Relation of Lapps to Major Communities	Education	Natural Resources	Legislation	Lapp Identity	Action	Economic Activity
3b. *Enare (1959)*	Demand for accurate democratic survey of Lapps based on occupational and linguistic affinity			Call for more action re their general plan for schools and education					Call for rational reindeer breeding irresptive of national boundaries
4. Kiruna (Sweden) 1962	Slogan - "Democracy and the minorities"	Exhibit of Lapp Art was arranged	Asked for a state liason committee for reindeer breeding and for Lapp issues		Asked for gov't to examine Lapps right to land and waters, that Lapps for present as negotiations which concern them		Asked for Lapp Institute and that protection of Lapp language be intensified		Asked for guaranteed disaster insurance for reindeer breeders
5. Tana (Norway) 1965	Slogan "Lapp Future Plans"		The fifth Conference established that progress had been made through the liason committee			promoted an expansion of representative democratic organization own ranks as being crucial for future		promotion of youth related activities like youth organizations	
	Results of demographic survey were discussed - only Finland had done one. This conference called on the gov'ts of Sweden and Norway to do a survey	Lappish craftsman shop to be developed				call for fixed legal rights for Lapps	resolutions were made promoting use of radio as means of communication with support also going to Lappish newspapers		

	Conference (Place, Year)	Organizational	Cultural Activity	Relation of Lapps to Major Communities	Education	Natural Resources	Legislation	Lapp Identity Action	Economic Activity
6.	Hetta (Finland) (1968)	Attended by scientists from the Soviet Union but no Lapps -attended by representatives of the European Minorities Union -asked for fixed annual grants be paid to Scandinavian Lapp council -National census		Resolution to conserve Lapp rights as a nation			Asked for all Lapps to be represented on Nordic Council by Scandinavian Lapp Council	Lapps status in Scandinavia was analyzed	
7.	Gallivare Sweden (1970)	The conference worked in six groups, dealing with 1-language, education and literature, 2) the proposal for a Lapp Institute, 3) the mass media, 4) the Lapps' organizations 5) Economics, Law and environment, and 6) art and craftsmanship	Adoption of Lappish cultural political programme drawn up by Per Mikael Utsi, General Secretary of the Conference						

Conference (Place, Year)	Organizational	Cultural Activity	Relation of Lapps to Major Communities	Education	Natural Resources	Legislation	Lapp Identity	Action	Economic Activity
8. Snasa Norway (1974)	Scandinavian Lapp Council should be subsidized by means of charges for exploitation of resources in Lapp areas	Lappish handcraft committee set up - The Language Committee set up in Gallivare in 1971 is to continue development of an orthography for Lappish dialects	Another demand for representation of the Lapp Council on the Nordic Council was reiterated		Protection from remotely controlled exploitation such as Northern Norway project Swedish national land development plan - call for resources & environment committee to be set up and provided with funds	Demanded legislation be amended to demonstrate Lapp's rights to land & water - call for legislation common to all Lapps - call for language law		- call for pan-Scandinavian newspaper in Lappish	- want exclusive right to salmon fishing
9. Enare Finland (1971)	Committee structure was used. Division was as follows 1. Exploitation of natural assets in Lapland. 2. Paid work among Lapps. 3. Questions of vocational training 4. Questions relating to labour market. 5. Fiscal rights. 6. Further development of aim of conference 7. Language problems.	Need opportunities to process Lappish handicrafts	Council of Nordic Ministers sent general secretary as did World Council of Indigenous people	Expansion of education & training to Lapps - want social welfare service extended to Lapp nurseries & schools - more vocational schools	Committee submitted resolution calling for legislation concentrating on Lapps as an ethnic minority and their right to land and water. Profile must benefit Lapps, cooperation between Lapp organization protection of fishing	Board of Lapp Funds should be Lapps - Lapps asking that governments give industrial research money to Sami Institute.	Committee looking at paid work among Lapps, wants knowing Lappish language & being Lappish to count for something in Public Service appointments.	Lapps recommend to Scandinavian government that special attention be devoted to Lappish Labour Market problems -new factories coordinated with existing industries	

APPENDIX II

The Lappish Cultural and Political Programme is regarded, by those prominent in the Sami movement, to be the single most important expression of the basis of the Sami movement.

APPENDIX II

LAPPISH CULTURAL POLITICAL PROGRAMME [1]

"Our country has been ravaged and snatched from us, and we have been forced aside. As a people we are separated by political frontiers. Our intellectual and social life has been taken from us.

Poverty, helplessness and alienation have been our lot in the societies in which we find ourselves, little scope exists there for our culture and our social life. But vigorous new generations of Lapps are growing up with a strong will and determination to carry on our Lappish inheritance.

The greater societies now support our endeavours.

We shall build up and develop our political, social and legal traditions, and thereby fulfill the demands made on us by modern community life.

We must be recognised as an ethnic group with influence on issues which concern us, and the right to self-government must be granted us on equal terms with the greater societies.

The economic policy makes no allowances for our areas, and the young, able-bodies, educated Lapps are obliged to leave their home villages with grace consequences for our society and culture and for the distribution of population and occupation.

The Lapp nation must have a voice in how the natural assets are exploited and the profits used. Water regulation, mining and large scale forestry, controlled by forces far outside the area, undermine the possibilities of existence for those who live by the primary industries.

Firm legal rights are the foundation of our social and cultural security, and of the development of the economy.

The prerequisite for a virogous Lappish population lies in a solution of the problem of the sparsely populated areas, a solution which is governed by consideration of the Lapp minority. The measures taken must aim at cultural and financial security.

Our traditional way of life, based on family and village, nowadays faces heavy demands for organization, administration and mobility. Some of us, isolated in the home village, hold fast to values and traditions which directly conflict with the systems

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1 Prepared by Per Mikael Utski, General Secretary of Scandinavian Lapps Conference, 1970

of the greater society, others have adopted the culture of the majority, denied their origin, and incited us to abandon our "primitive" way of life. This dichotomy is deeply unsatisfactory. A revaluation of our culture will give us an intrinsic value, which will enable us naturally to mould our cultural inheritance into new, contemporary forms.

We must plan a practical, Lappish policy, and create a basis for further cultural development. Representative organizations, on both the local and national levels, must continue their expansion, so that no-one need lack a forum for debate and influence by free formation of opinions and for practical Lapp policy.

The Lapp conferences must have a more permanent form, and hold annual sessions.

A Scandinavian Lapp Institute must be founded immediately. Research, higher education, and popular edification are important duties. The institute must be enabled to make a real contribution in a wide field.

The Lapp organizations should have a decisive influence on the planning and work of the Institute. Thus we ourselves can tackle and solve a number of problems, essential to our future.

The school must give each child a feeling of security and harmony, in that the language, culture, history and working life of the Lapps are actively studied on a broader basis. We must be able to use our native tongue from elementary school to university level. The majority population must be given an accurate and many-sided knowledge of us in the schools and textbooks. Adult education, popular educational projects, and occupational training in the Lappish settlement area must to a greater extent be focused on the Lapps and come under Lapp control. The Lappish people's high schools must be run by the Lapps themselves.

Craftsmanship and art have their own value, and are important in pursuit of a profession and as a supplementary livelihood. Lappish authors should be subsidised. The narrative art and poetry are great assets, and hold a prominent place in our culture.

Good communications are essential, both in the heartland and for the sake of emigrants - throughout Scandinavia, both between Lapp and Lapp and between Lapps and the greater society. It is important that Lappish be used in the mass media, both in radio and in the Lappish press, which must be heavily subsidised.

Our traditional livelihoods must be developed. The individual household is the centre and must receive incomes from a combination of livelihoods. The right to the land must be reinforced, and a versatile economy developed. We are dependent for the development of our culture on support from the governments of Scandinavia, which should therefore improve their co-operation with the Lapps. The Lapp organizations must be subsidised and the society has an opportunity to help through its functions.

We are one people with a common language, a common history and culture, and we have a strong feeling of solidarity. We have our roots in the efforts of earlier generations, we now live and work for the benefit of posterity. When we have attained a secure legal, social and financial position then our civilisation will come into full flower, and remain a living culture."

APPENDIX III

The history and current status of the laws regarding the right to herd reindeer are discussed in Appendix III.

APPENDIX III

In 1933 Norway enacted an integrated reindeer management law, Reindriftsloven, which was in effect until supplanted by a new such law first expected to become effective January 1, 1977. The latter, as drafted, did not receive full backing at all levels, and was still, in 1978, unimplemented.

The reindeer management law of 1933 applies to the whole of Norway, which is divided into reindeer grazing districts and subdistricts from Finnmark in the north to parts of Hedmark in central Norway. With few exceptions, reindeer management in these reindeer districts is reserved to Norwegian Sami having husbandry as a main occupation and who themselves follow and supervise their reindeer. In Finnmark other inhabitants may have the privilege of owning reindeer in the care of herding Sami, but the maximum number of such reindeer is controlled by a county official.

The law accords reindeer management administration the right to set maximum pasture limits with respect to season and animal load and to transfer grazing rights between districts and subdistricts. Under the law, the reindeer a Sami may manage are limited to his own, his spouse's, minor children's and servants' animals; and the reindeer of his and spouse's parents and siblings provided these individuals are Norwegian citizens, live in Norway, and have been herding Sami; and, in Finnmark, the reindeer of settled inhabitants.

Seasonal herd migration shall take place along established migration routes and withou unnecessary tarrying. The herd shall be accompanied by herders.

Earmarks signifying individual ownership must be registered and approved. Earmarking of calves should be done before the end of October or, with witness, before the end of April of the following year. Calves over one year of age shall be appropriated and sold by the reindeer management agronomer of the district, and the proceeds placed in the local reindeer management fund.

APPENDIX IV

Specific details about the operations and performance of the Finnish Regional Development Fund (KERA) are discussed in Appendix IV.

The operating details of the Swedish and Norwegian Regional Development Funds are similar.

APPENDIX IV

A. Operating Details

The following are the operating details of the Finnish Regional Development Fund (KERA):

1. Terms of Financing

- research is financed 100%
- most other activity is financed 50% as a grant and the rest as a loan
- machinery and equipment can be loaned in lieu of cash
- loans are for a duration of not more than 10 years with 4 years being amortization free
- up to 75% of the costs of the training and consulting specialists can be covered
- the Company can give consultation assistance without being paid for it

2. Terms and Conditions of Loans to be Granted for Investments on Fixed Assets and for Working Capital

- maximum loan is 75% and permanent working capital can be taken into account
- the most depressed area can receive up to 60%, second most depressed zone can receive up to 50%
- for some portions of loans granted to enterprises which are not under the regional development credits, the duration of these loans is 20 years

3. Conditions for Acquisition of Shares

- the Company (or Fund) can acquire shares of joint stock
- companies and co-operatives up to the limit of 50%. However, they must relinquish their holdings as soon as possible, usually with a buying option for other shareholders already determined
- the Company will seek as high an investment as the interest yield obtained on its loans

4. Loan Securities

- when borrower has securities to offer, they will be obtained. Allowance is made for other financing the borrower may have to undertake. If necessary mortgages loans on real estate, movables, and other real property and guarantees from shareholders will be accepted.

- loans without securities require the approval of the Council of State to the effect that they will guarantee the company for any lending losses.

5. Timing of Projects to be Financed

- no prior commitments are allowed on projects asking for Company support

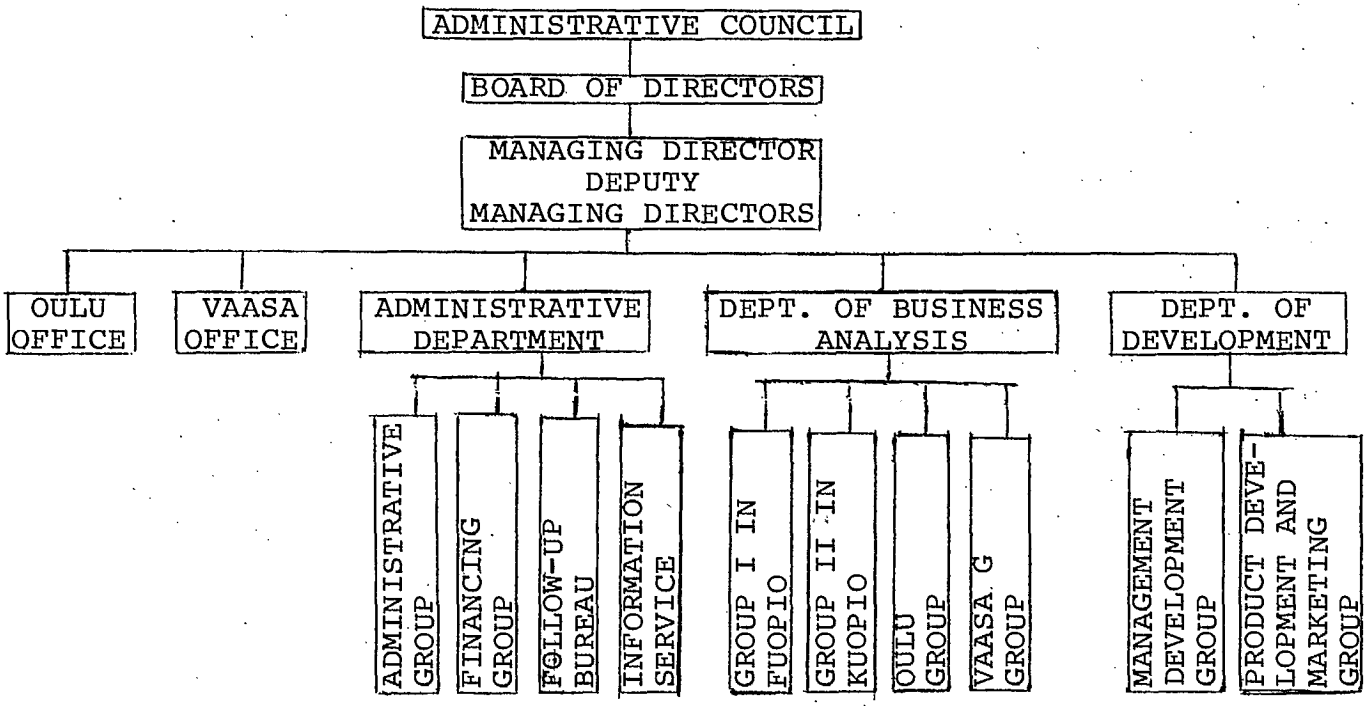
6. Reporting

- Company has a monitoring function

B. Organization of Regional Development Fund

The Organization Chart of the Regional Development Fund of Finland Ltd., shows that, for administrative purposes, the Fund is divided into three Departments, the Administrative Department, the Department of Business Analysis and the Department of Development.

ORGANIZATION CHART OF THE REGIONAL DEVELOPMENT FUND OF FINLAND LTD.



C. Performance of Regional Development Fund

1. Table 20 a report on number of applications by sector and divisions on financial subsidy for each of those applications for calendar year, 1973, shows that the largest number of applicants seek and receive assistance for the manufacture of fabricated metal products, machinery and equipment. The manufacturing business of textiles, wearing apparel and leather and the manufacturing businesses of wood and cork products (except furniture) receive the next highest amount of financial assistance.

2. Table 21 shows that financial decisions analyzed by province and by form of financial assistance for 1973 have favored Vaasa province.

   Provincial breakdown of loans granted for fixed assets and working capital, product development, marketing, training and consultations, subscriptions for shares and further subsidies for 1973.

3. A summary of the impact of the Fund on various regions up to 1973 is shown in Table 22.

TABLE 20

Report on Number of Applications by Sector and Decisions on Financial Subsidy for each of those Applications for Calendar Year 1973

	No	Amount applied for Marks (1000)	Total investment Marks (1000)	Loans Marks (1000)	No	Subsidies Marks (1000)	No	New jobs (est.)
1 AGRICULTURE, HUNTING, FORESTRY, FISHING								
11 Agriculture & hunting	42	7469,0	16537,2	5023,6	22	-	-	68
13 Fishing	12	1423,5	2890,2	448,0	4	8,0	1	12
2 MINING & QUARRYING	1	169,0	226,0	1480,0	3	-	-	9
3 MANUFACTURING								
31 Food, beverages, & tobacco	55	25220,5	84623,4	15713,0	36	91,4	6	372
32 Textile, wearing apparel & leather industries	134	39194,7	96630,0	24789,2	60	314,9	24	1422
33 Wood & cork products, except furniture	134	75758,1	171337,0	23180,2	55	201,5	15	730
34 Paper & paper products; printing & publishing	24	7987,7	16310,4	6267,5	10	26,8	2	223
35 Chemicals	91	37875,4	122078,8	24750,1	41	434,0	17	1049
36 Non-metallic mineral products, except products of petroleum & coal	57	22719,8	49853,5	5783,0	18	64,9	6	176
37 Basic metal industries	10	6723,8	13535,0	3987,0	5	15,0	1	57
38 Fabricated metal products, machinery & equipment	275	102519,6	233782,2	50112,3	93	760,1	48	2591
39 Other manufacturing industries	40	11685,6	20695,5	4476,0	12	84,5	6	12
4 ELECTRICITY, GAS & WATER								
41 Electricity, gas & steam	-	-	-					
5 CONSTRUCTION								
51 Building	12	2189,5	2870,5	610,0	4	-	-	33
6 TRADE, RESTAURANTS & HOTELS								
63 Restaurants & hotels	97	38673,0	91793,9	14575,0	45	5,0	2	417
7 TRANSPORT & COMMUNICATION								
71 Transport	6	524,0	821,5	100,0	1	2,5	1	2
8 FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES								
83 Real estate & business services	-	-	-	-	-			
9 COMMUNITY, SOCIAL & PERSONAL SERVICES								
92 Sanitary & similar services	1	60,0	100,					
93 Other personal services	7	217,5	249,5	-		50,8	4	-
94 Recreational & cultural services	1	35,0	75,0	35,0	1	-	-	-
95 Personal & household services	48	7660,3	15176,2	4723,0	32	0,5		190
OTHERS	7	1946,7	2452,9					
Totalling	1054	390081,7	942038,7	186043,9	442	2059,8	133	7363

TABLE 21

	No.	Marks (1000)
Lappi (I)	92	14 492,0
Oulu	80	33 999,5
from which I zone		
Vaasa (II)	114	38 437,745
Keski-Suomi (II)	60	15 473,67
Kuopio	70	32 563,0
from which I zone		
Pohiois-Kariala (I)	70	21 961,55
Mikkeli (II)	65	22 800,74
Kymi (II)	1	100,0
Hame (II)	8	2 105,0
Turku and Pore	15	6 504,6
from which I zone		
Others	3	1 165,0
Development region	578	189 602,805
from which I zone		

TABLE 22

	No.	%	Marks (1000)	%	New jobs (est.)	%
Large industrial central regions	107	26,9	63 948,0	34,8	3 166	43,0
Small industrial central regions	105	26,4	55 084,5	29,9	2 152	29,2
Completion centres and service centres	88	22,1	31 205,7	16,9	1 102	15,0
Outside municipalities	98	24,6	33 893,7	18,4	943	12,8
Totalling	398	100,0	184 131,9	100,0	7 363	100,0

APPENDIX V

In Appendix V, further details about the mandate and operation of the Norwegian Industrial Estates Corporation are provided. The Norwegian Industrial Estates Corporation is typical of those operated in Sweden and Finland.

APPENDIX V

Industrial Estates

SIVA is the abbreviated name of the Norwegian Industrial Estates Corporation. The Corporation is State-owned, established in accordance with an Act of Parliament of January 11, 1968. The purpose of SIVA is to develop and run industrial estates in places chosen by the Corporation Board and its General Assembly. Located in Trondheim, the head office came into operation on August 1, 1968.

SIVA will plan and construct the industrial buildings according to the demands of each customer. The buildings will be available for the industry on the basis of rent, in order to allow the customer to move into finished premises without having to tie up capital in permanent plants. The rent in these buildings is based on cost price, i.e., cost of land, building site and construction. The terms are fair, with special facilities in the period of establishment. For the moment, the first annual rent is 8-9 per cent of these costs, increasing by 1 per cent annually until it reaches a level of 11-12 per cent. The rent will remain on this level for three years before being readjusted. On stipulating the new rent SIVA's balance account will be taken into consideration, so as to secure the corporation full compensation for its operating expenses and a moderate depreciation for the buildings in question. The estimated period of depreciation is 30 years.

It is SIVA's opinion that the district where its industrial estates are located should meet the demands of modern industry for an established community with all necessary public and private services. The localities where SIVA estates are already established all have good communications, both inside the region itself and ourwards with the rest of the country. The supply of labour is notably good, and so are the possibilities for education.

APPENDIX VI

Danish Regional Development Act

Denmark does not have a significant Lappish population. It does, however, have regional development policies which closely resemble those of Finland, Sweden and Norway.

The provisions set out under the Danish Regional Development Act, a copy of which follows, are typical of those under the Regional Development Acts of Finland, Sweden and Norway.

A summary of information that foreign investors must supply when applying for Danish State investment aid is also included in this Appendix.

APPENDIX VI

DENMARK

Danish Regional Development Act

Regional Development Act

No. 219 of 7th June, 1972

Sec. 1

Subsec. 1 This Act shall give power to grant assistance to promote the development of industry and other economic activities in those areas of the country where this is deemed essential for enabling the population to share the general economic, social and cultural progress of the society.

Subsec. 2 In granting assistance the aim shall be to achieve a location which is suitable for the industry and co-ordinated with other measures of development taken or contemplated by the public.

Sec. 2

Subsec. 1 This Act shall be administrated by a Regional Development Board, except where otherwise stipulated. The decisions of the Board cannot be brought before any other administrative authority.

Subsec. 2 The current administration of the Board and the execution of its decisions are assigned to a Directorate under the Ministry of Trade.

Sec. 3

Subsec. 1 The Board is composed of a chairman and ten members. The chairman is appointed by the Minister of Trade who furthermore appoints one representative of each of the following authorities and organizations: The Ministry of Trade, the Ministry of Economy and Budget, the Ministry of Labour, the Ministry of Housing, the Ministry of the Interior, the Federation of Danish Industries, the Economic Council of the Danish Labour Movement, the National League of Municipalities and the

Union of County Councils in Denmark. One member is appointed to represent the main regional development committees in common.

Subsec. 2 The Minister of Trade appoints a vice-chairman from among the members of the Board.

Subsec. 3 Members are appointed for periods of function of 4 years. Substitutes are appointed for the members.

Subsec. 4 The Minister of Trade appoints an Executive Committee of the Board, consisting of the chairman, the vice-chairman, and up to 4 other members.

Subsec. 5 The Minister of Trade establishes the rules of procedure of the Board and of the Executive Committee. The rules of procedure may stipulate to what extent decisions according to the provisions of Sections 6-13 may be taken by the Executive Committee or by the Directorate on behalf of the Board; they may also set out that cases involving substantial economic risks shall be submitted to the Minister of Trade for decision.

Subsec. 6 The Board shall publish an annual report on its activities.

Sec. 4

Subsec. 1 The head of the Directorate is a director, who without being a member of the Board participates in its meetings.

Subsec. 2 The Minister of Trade may delegate to the Directorate tasks which by law have been placed under this authority and which concern financial assistance to business enterprises.

Sec. 5

Subsec. 1 On recommendation of the Board the Minister of Trade designates the areas of the country in which the assistance schemes of this Act may be applied. The Board shall observe whether problems arise in other parts of the country which may justify the application of the assistance schemes set out in this Act, and if so, report to the Minister of Trade.

Subsec. 2 When deciding whether assistance may be granted the Board shall take account of the suitability

of the location for the enterprise in question and for further industrial growth, possible in the longer run.

Subsec. 3 To further the aims mentioned in Sec. 1, Subsec. 1, the Board may make statements to institutions or persons, as well as proposals to public authorities, regarding provisions considered necessary for the industrial development of an area.

Sec. 6

Subsec. 1 State loans may be granted to industrial and service enterprises to cover investment expenses in connection with the establishment, removal, expansion, rationalization, change of production, etc. of such firms. When justified by prevailing conditions investment expenses may include the costs of studies and preliminary work (including experiments) and of the testing, etc. of the production plant of an enterprise.

Subsec. 2 Loans may not exceed 90 per cent of the investment expenses dealt with in Subsec. 1 after deduction of greatest possible mortgage loans and of grants accorded under the provisions of Sec. 10.

Subsec. 3 Loans must be repaid within a maximum term of 20 years. Loans financing purchases of machinery and equipment must, however, be repaid within a maximum term of 10 years only. Repayment may be postponed for up to 5 years from the disbursement of the loan.

Subsec. 4 The rate of interest to be paid is fixed by the Minister of Trade.

Sec. 7

Subsec. 1 State guarantee for loans to provide working capital may be granted to industrial enterprises, when according to the provisions of the legislation on regional development they have obtained guarantee or loan to finance investment expenses or are established in industrial premises financed by loans granted to municipalities. Guarantee may be granted only to the extent that it is deemed impossible otherwise to raise a working capital of appropriate size for the exploitation of the production capacity and the growth potential of the enterprise and for the continuation of its activities on a sound economic basis during a period of transition.

Subsec. 2 Guarantee may not be granted if more than 3 years have passed since the time when a guarantee or loan to finance investment expenses was granted to an enterprise according to the provisions of the legislation on regional development, or since the moving into industrial premises financed by loans to municipalities granted under the provisions of that legislation.

Subsec. 3 Guarantees may be granted for a maximum term of 5 years.

Subsec. 4 Guarantees must be reduced within the term. The first reduction may be postponed for up to 2 years from the coming into force of the guarantee.

Sec. 8

Subsec. 1 State guarantee may be granted for loans to cover expenses in connection with rationalization studies in existing industrial enterprises to the extent that it is deemed impossible otherwise to obtain an appropriate financing of the expenses in question.

Subsec. 2 Guarantees may be granted for a maximum term of 5 years.

Subsec. 3 Guarantees must be reduced within the term. The first reduction may be postponed for up to 2 years from the coming into force of the guarantee.

Sec. 9

Subsec. 1 Municipalities may, when obtaining state loans under Subsec. 2, erect industrial premises for sale or leasing.

Subsec. 2 Loans may be granted to municipalities to cover the expenses of, including the costs of providing the sites for, the erection of industrial premises as dealt with in Subsec. 1.

Subsec. 3 Loans must be repaid within a maximum term of 30 years. The rate of interest to be paid is fixed by the Minister of Trade.

Subsec. 4 If municipal sale of such industrial premises involves a loss the loss shall be divided equally between the state and the municipality in question.

Sec. 10

Subsec. 1 In areas facing special difficulties grants may be accorded to industrial and service enterprises to cover the investment expenses dealt with in Sec. 6, Subsec. 1.

Subsec. 2 Grants may not exceed 25 per cent of the investment expenses in question.

Subsec. 3 If an enterprise to which a grant has been accorded is closed down, sold or leased within a period of 5 years from the disbursement of the grant, repayment of the grant, wholly or in part, may be claimed.

Sec. 11

Subsec. 1 Grants may be accorded to industrial enterprises when their working profits have been substantially reduced in connection with their establishment, essential expansion of change of production, provided that the reduced working profits are due to special difficulties on account of the location of the enterprise in an industrially less developed area.

Subsec. 2 Such grants may only be accorded to enterprises when according to the provisions of the legislation on regional development they have obtained guarantee or loan to finance investment expenses or are established in industrial premises financed by loans granted to municipalities.

Subsec. 3 Grants may not be accorded if more than 3 years have passed since the time when a guarantee or loan to finance investment expenses was granted to an enterprise according to the provision of the legislation on regional development, or since the moving into industrial premises financed by loans to municipalities granted under the provisions of that legislation.

Sec. 12

Subsec. 1 Grants may be accorded to industrial and service enterprises to cover the expenses of moving such firms to one of the areas dealt with in Sec. 5, Subsec. 1, first period. Grants may also be accorded to cover the moving expenses of employees who are of special importance for a satisfactory working of the enterprise at the location to which it is moved.

Sec. 13

Subsec. 1 Grants may be accorded to finance the carrying out of studies and the preparation of plans and projects of general importance to the economic development of an area, as well as the management of regional development committees.

Sec. 14

Subsec. 1 Offers of state grants and loans amounting to a total of up to 5 mill. kr. in each financial year may be issued to cover expenses in connection with measures of major importance for the economic development of an area aiming at the maintenance of economic activity of a concrete nature or the creation of additional economic activity of that nature.

Sec. 15

Subsec. 1 For guarantees and loans security shall be provided; each security must be approved in view of the circumstances of the specific case. Loans obtained under Sec. 14 may, however, be granted without security in accordance with such stipulations as the Board may set out.

Subsec. 2 Enterprises which have obtained state guarantees or state loans are subject to financial and technical supervision as further prescribed by the Board.

Sec. 16

Subsec. 1 The amount within which guarantees, loans and grants may be offered under Secs. 6-13 are provided for in the annual Budgets.

Sec. 17

Subsec. 1 The bringing in of incorrect or misleading information for use in connection with decisions to be taken under this Act, or the concealment of information of importance to a decision to be taken in connection with an application for assistance according to the Act, shall be punishable by fine or imprisonment unless more severe penalty is prescribed by other legislation.

Subsec. 2 The provision of Subsec. 1 is applied by analogy to the bringing in of incorrect or misleading information or to concealments to credit institutions in connection with the disbursement of loans guaranteed according to this Act.

Sec. 18

Subsec. 1 This Act shall come into force on 15th June, 1972.

Subsec. 2 Regional Development Act. No. 228 of 3rd June, 1967, is repealed as of the same date.

Subsec. 3 The Regional Development Board may increase guarantees offered according to Sec. 6 of the Regional Development Act No. 228 of 3rd June, 1967.

Subsec. 4 Loans and grants under Secs. 6 and 14 may only be accorded to projects initiated after the entry into force of this Act.

Sec. 19

Subsec. 1 This Act shall not apply to Greenland.

DIREKTORATET FOR EGNSUDVIKLING August 1973

SUMMARY OF INFORMATION

to be supplied by foreign investors applying for Danish State investment aid according to the Act on Regional Development (No. 219, June 7th, 1972).

(Intended for the guidance of foreign investors contemplating the establishment of new enterprises within the Danish Development Regions. Foreign owners of enterprises already established in Denmark should let these ask for the official Danish application form from the Directorate of Regional Development, Skoletorvet, 8600 Silkeborg, Denmark.)

1. Name, postal address, telephone number of

   a) the new enterprise,

   b) the foreign investor.

2. Intended location of the Danish enterprise (town, municipality, county).

3. Description of the projected enterprise and reasons for the establishment.

4. Possible polluting effects of the activities of the enterprise (surface water, ground water, air).

5a. Specification of the projected investment expenditure (site, buildings, machinery, other plant).

5b. Additional investment costs, such as architects' fees, interest on building loans, probable loss on cashing Danish mortgage corporation bonds, cfr. caption 7.

6. Amount of Danish State investment aid wanted in the form of

   a) loans from the Treasury, with proposed terms of repayment

   b) investment grants proper

7. Detailed financing scheme for the investment specified under caption 5a and 5b. (If partial financing by way of Danish mortgage corporation loans is envisaged, the

nominal amounts, rate of interest and duration of such loans should be stated, loss on cashing bonds being listed under caption 5b.)

8. Detailed statement of security to be offered for loans from the Treasury (mortgages on real estate, other mortgages, guarantees, etc.).

9. To what extent may the projected enterprise be expected to affect Danish exports and imports.

10. In what manner and on what conditions is the necessary working capital to be provided.

11. Legal form and responsible capital amount of the enterprise.

12. Expected staff and labour requirements of the enterprise (specified on male and female, skilled and unskilled).

13. Availability of necessary labour force in the projected locality (an opinion from the local employment exchange should be procured).

14. Would the investor agree to let the accounts of the projected enterprise be audited by a chartered accountant appointed by the Directorate of Regional Development and paid by the enterprise.

15. Adequate account of the activities and financial results of the foreign investor (audited accounts for the 3 latest years should be submitted).

APPENDIX VII

Appendix VII sets out the guidelines for the operation of the Danish Regional Development Fund

APPENDIX VII

DIREKTORATET FOR EGNSUDVIKLING

GUIDELINES FOR THE OPERATION OF THE DANISH REGIONAL DEVELOPMENT FUND

I. State investment aid may, according to the Act, be granted either directly to private industrial or service enterprises or to municipalities erecting factory buildings for lease or sale to specified private enterprises.

A. In both classes of development regions, private enterprises may obtain direct investment aid in the form of loans from the Treasury

(1) to finance part of the expenditure for establishment, expansion, change of site, rationalization, change of production programme, etc. If an enterprise is located in one of those regions that are classed as being in a particularly difficult position the obtainable State aid may, wholly or partly, be given in the form of investment grants proper;

(2) these grants may, however, not exceed 25 per cent of the total investment. The total amount of obtainable investment aids from the State - loans plus grants - is limited by two stipulations of the Act: the enterprise must raise the greatest possible loans from the general mortgage corporations, and such loans together with the State financing aids must not exceed 90 per cent of the total amount of the investment.

a) State loans for the partial financing of real estate investments must be repaid by instalments over a period of maximum 20 years, while loans for financing the purchase of machinery and equipment must be repaid over maximum 10 years. On the debts remaining at any time, interest must be paid at a rate fixed by the Minister of Commerce for the duration of the loan; this rate is, at present, 7.5 per cent p.a. As long as the State loans are not fully repaid

the enterprise in question may not change owners without the approval of the authorities, and audited annual accounts must be submitted to these. The repayment of the loans must be secured through mortgages, personal guarantees from the individual owners or main shareholders, or by other means acceptable to the authorities.

b) Investment grants proper are reclaimable by the State, wholly or in part, if the enterprise in question is sold or let out or ceases its activity within the first five years after the grants have been paid out. The amount of the grants is to be declared as income by the recipients, but it is left to their own decision in which year or years within the first 10 years after the actual disbursement this income shall be declared.

B. Municipalities in both classes of Development Regions may obtain loans from the Treasury for the erection of factory buildings in certain circumstances. An absolute condition is, that the scheme has been approved by the authorities entrusted with the administration of the Act on Regional Development. This approval is only given if the municipality has already concluded a binding agreement with a private industrial enterprise on lease or sale of the finished building, if the enterprise in question, the locality and the building plans are found satisfactory, and if the lease or sale's contract fulfills certain requirements. Lease contracts shall normally be concluded for a period of at least 10 years and shall give the lessee

the right to buy the property within this period at the cost price less the amount that has already been paid as instalments as part of the rent.

The lessee cannot assign the lease or sublet any part of the property without the approval of the authorities.

A municipality erecting a factory building according to these rules may obtain a State loan to cover 75 per cent of the construction cost, including the price of the site. The balance of the construction cost must be financed by the municipality. The municipality must repay the State loan through maximum 60, but normally 50 half yearly instalments, and pay interest at the rate of 3.5 per cent half-yearly of the remaining debt. When fixing the rent (and sale's price) the municipality must, for its part of the financing, calculate with the same rate of interest as the State, and not give the lessee (or buyer) less favourable terms of repayment. Maintenance and insurance costs and real estate taxes must be paid by the lessee.

In case of a first sale, either immediately after the building has been finished, or after a certain period of lease, the buyer takes over the obligations of the municipality toward the State, and assumes a financing. As long as the State loan is not fully repaid, a resale must only take place with the approval of the authorities.

The purchase of machinery and equipment for use in a municipally erected factory is not financed through the municipality, but direct State loans for such investment may be obtained by the lessee or buyer of the factory building.

II. It has been foreseen by the legislation, that the running of industrial enterprises in a Development Region may at first be connected with some commercial difficulties. The Act authorizes, therefore, the granting of certain facilities to counteract such initial difficulties:

When State loans are granted to private enterprises, the payment of instalments may be suspended for a period of maximum 5 years, against corresponding increase of the instalments during the remaining period of the loan.

During the first three working years after the receipt of State investment aid, or after moving into a municipally erected factory building, an industrial enterprise may in exceptional cases be granted a State guarantee as a basis for obtaining an adequate working capital, which cannot otherwise be obtained. Such guarantees may only be given for a maximum period of 5 years and must be liquidated gradually during that period; the administration may, however, permit that the liquidation does not begin till after 2 years.

During the same initial 3-year period, State grants proper may in very exceptional cases be paid to an industrial enterprise, which has had highly unfavourable working results, provided that these are demonstrably due to the enterprise being located in a Development Region.

As the initial difficulties are frequently due to local unavailability of a sufficient number of trained workers, it should be mentioned here that the Ministry of Labour (Laksegade 19, DK 1063 Copenhagen K) may make financial assistance available toward the cost of training labour required for the establishment or expansion of industrial enterprises located in a Development Region.

III. With the objective of furthering a more even distribution of industrial enterprises in the country, the most recent Act on Regional Development authorizes State grants to cover in full the cost of moving an enterprise into a Development Region from other parts of the country. Also the costs of key staff members for moving into the new locality may be covered within reasonable amounts.

IV. When deciding on applications for State aid according to the Act, the administration endeavours to judge as correctly as possible the viability of the enterprise in the chosen locality, and the probable effect on Regional Development. Applicants should, therefore, give the fullest possible information regarding their scope of production and their technical and commercial strength. Also a possible polluting effect of the intended production will be considered.

It is irrelevant for the administrative decision, whether the enterprise is Danish or wholly or partly foreign-owned, but foreign investments in Denmark are at present subject to approval by the Ministry of Commerce and the National Bank of Denmark.

V. Decisions on individual applications are made by the Regional Development Board. The secretariat of the Board is

Direktoratet for Egnsudvikling
Skoletorvet
DK 8600 Silkeborg
Denmark

Inquiries and correspondence should be addressed to this Directorate, from which application forms may be requested.

APPENDIX VIII

Appendix VIII contains information on the provisions of the Industrial Research and Development Fund which is another policy instrument used to promote regional development objectives.

APPENDIX VIII

Extract from Act No. 104 of March 20, 1970:

Industrial Research and Development Fund.

Section 1 The objective of the Fund is to promote industrial research and development in Denmark.

Section 2 The activities of the Fund comprise:
a) granting of loans or subsidies, possibly loans combined with subsidies;
b) contracting with respect to development of new products, materials, or production methods;
c) subscription for shares in Danish enterprises whose activities are conditional on research and development;
d) dissemination of research data to Danish trade and industry.

Section 3 The resources of the Fund shall be applied
a) to research and development projects aiming at initiation of new production or production methods to whose implementation the assistance of the Fund is considered vital; or
b) in conjunction with contracts for development of new products, materials or production methods (development contracts) which are concluded by a public authority or institution, by one or several enterprises, or by the Fund with a Danish enterprise or institution; or
c) to financing of the dissemination of research data to Danish trade and industry.

Section 4 The Board of the Fund shall decide on application of the resources of the Fund on the basis of applications submitted. The Board shall furthermore of its own accord endeavour to initiate research and development projects, etc.

4.2 The Board shall keep abreast of any development which may serve the objective of the Fund, through regular contact with researchers and research institutions, with trade and industry, and with sectors interested in exploiting the results of research and development projects.

Section 5 — The Board of the Fund shall consist of a Chairman and up to four additional Members to be appointed by the Minister for Commerce. Industrial, financial, marketing and technological expertise shall be represented on the Board.

Section 10.2 — Allocation of resources for the tasks of the Fund shall be applied for on the annual allocation bills. It is incumbent on the Board to submit, upon request, to the Ministry of Commerce a statement of anticipated requirements for the coming fiscal year.

10.3 — Amounts not expended in any one fiscal year shall remain in the Fund for application in subsequent fiscal years. Refunded grants and any received licence fees, dividends, etc., shall accrue to the Fund.

10.4 — The resources of the Fund shall be held in account with the Ministry of Commerce.

APPENDIX IX

The information contained in this appendix, "Information on Regional Development Policies in Norway", supplements the information already discussed in the text of this report. The information in this appendix was published in 1972 by the Norwegian Department of Labour.

APPENDIX IX

INFORMATION ON REGIONAL DEVELOPMENT POLICIES IN NORWAY

General description.

The first approach to regional development planning was made in 1949 by the setting up of county (provincial) planning offices in North Norway, which embraces the three northernmost counties. Each office was linked to the administration headed by the county governor. Their main task was to study industrial prospects and to promote economic development in areas having low incomes and employment difficulties. In the following ten years economic planning offices were established in all of the 18 counties in Norway.

In 1952 the Parliament passed an extensive development programme for North Norway. The programme was motivated by the problems arising from heavy war damages and a general weak economy in that part of the country. The measures comprised extra appropriations for infrastructure, a special development fund, tax incentives, etc. The program ended in 1961.

In 1961 the Development Fund for North Norway was reorganised into a development fund for the whole country, the Regional Development Fund (RDF). RDF is the main special body in charge of implementing the Government's regional development policy.

Regional development policies must be judged in the light of a steady and strong growth of the GNP and a tight labour market. Several labour market measures have been of much influence for the work on regional development, for example measures to promote mobility and vocational training.

As Norway traditionally has a dispersed settlement, the effects of the national migrations have been very strong. The biggest urban centres, especially the Oslofjord-area, are meeting great growth problems. Problems of an opposite nature are facing the many rural communities having a too small population base.

One might say that regional discrepancies in some respect have increased over the years. This relates first of all to population density and environmental aspects.

Consequently, regional development measures have been broadened and strengthened. The aim has been to stimulate as well as moderate growth regionally. A more comprehensive attack on regional problems has been

found necessary, inter alia by way of an active physical-economic planning.

A new physical planning act came into being in 1966 whereby communal authorities were given greater powers and greater responsibilities for integrated area planning and economic development. Planning administration at central and local levels has been strengthened. At the county level an interdisciplinary planning and development department under the county governor has emerged from the previous economic planning office.

Overall survey planning is according to law a main task for individual and for groups of communes.

Survey planning on an inter-county basis has successively been taken up since 1965. Regional commissions representing state and county political interests and administrative bodies have been established on an ad-hoc basis to study and advise on future economic and physical development.

In Norway regional development policies have long been pursued without any explicit designation of development areas. This might be explained by the fact that regional development problems, which are dominated by areas characterized by traditional rural trades and a low population density, are so widespread that practically all communes except the bigger urban areas in South Norway have been found eligible for some kind of economic development stimuli. As stronger and more selective incentives have proved necessary and been implemented, a change in this practice had to be made. A formal area designation was enacted in 1969 in connection with certain tax stimuli. The 1971-system of investment grant is based on a larger area than that of 1969. The regional transport subsidies, also from 1971, relate to North Norway and a zone along the coast towards Bergen.

Regional Policy Measures

1. The Regional Development Fund (RDF)

The most important measures administrated by the RDF are:

a. Financial assistance
The RDF grants medium and long term investment loans and guarantee for loans at regular market interest rates. Working credit may be included.

In principle the RDF loans are supposed to serve as "top" financing, whereas first priority loans are to be provided by banks and other credit institutions, but no absolute limitation is applied. During the last two years about three fourth of the total amount of RDF loans and guarantees were granted to manufacturing and mining. Except for the tourist trade the service sector has generally not been subject to RDF financial assistance.

b. Compensation for relocation costs
Such compensation applies to enterprises which transfer their activities from a developed to an underdeveloped district. Grants may cover expenses involved in the planning of relocation, transfer of machinery and personnel and losses caused by interruption of production.

c. Grants for training of labour
Such grants apply to new or relocated enterprises and to existing firms in development areas making considerable addition to their payroll. Grants may include wages, travelling, board and lodging for instructors or key personnel, as well as 50 per cent of the wages of ordinary workers for a limited period of time.

d. Compensation for commencement costs
In the cases of relocation and of new entries supplementary grants may be given for a limited period of time in order to compensate for low productivity during the initial stage.

e. Consultant services
These include services rendered by RDF as well as grants to cover consultant services from other sources.

f. Direct investment grants
By 20th August 1971 a new system of geographically differentiated investment grants for new plants and machin-

ery in development districts came into being. Maximum grant is:

35%, partly 25%, for designated tax areas, i.e. North Norway and some coastal and rural areas in South Norway.

15% for most other areas in South Norway eligible for RFD-financing.

Grants may be given for investments in manufacturing industries, tourism, industrial estates and for certain investments in primary industries (max. 10 per cent).

2. Regional transport subsidies
As from 15th June 1971 grants up to 35% may be given to cover parts of out-transport costs incurred by manufacturers in North Norway and in mid-west coastal areas. Grants are given for the out-transport of finished and semi-finished goods when the transport distance is at least 400 km.

3. Tax concessions
Tax free deductions for the purpose of later investments in designated areas may generally be allowed for up to 25 per cent of taxable income, or up to 50 per cent if taxable income thereby is not brought below the average of the last two years. Such deductions are open to all taxpayers in Norway provided the annual deduction is not too small. Funds accrued in this way must be used for industrial investments, normally within 5 years.

Special depreciation rules apply to the three northernmost counties, in that up to 50 per cent of the value of new plant and equipment may be written off initially.

4. Industrial estates
A Norwegian version of the British system of industrial estates was initiated in 1968 when Parliament authorized the Government to establish a state owned Industrial

Estates Company. In 1968-69 five rural centres in different parts of the country were chosen for the location of state-owned industrial plants (land and buildings) to be let or sold to industrial enterprises. In 1970 two additional choices of a more peripheral nature and of a smaller scale were made.

5. Guidance concerning industry location
In 1965 the Government and the main private organisations for manufacturing industries and handicraft established a joint committee to supervise an advisory location service in connection with the moving of enterprises from pressure areas and the establishment of new plants or branches of production. By an act adopted in 1970, this consultation procedure has become mandatory for all major expansion or relocation projects connected to manufacturing industry in certain specified pressure areas. Industrial firms in the Oslo area and in other "congested" areas have to give advance notice of their intentions to build or rebuild premises.

6. Building restrictions in central areas
The restrictions on building and construction works which were established during the last war, are still retained in the major cities and other densely populated areas, as regard industry and a number of other branches of the economy. The purpose is to avoid economic overheating and to counteract the tendencies towards concentration of enterprises in the highly industrialised districts.

7. The state banks
An important task of the Government credit institutions is to contribute to the development of business and industry in development areas. Their activity is part of the measures for regional development. Loans from these banks are mainly long-term and medium-term investment loans. The

most important are: the Industrial Bank, the Bank for Agriculture, the Communal Bank and the Fishermen's Bank.

8. The financing of infrastructure in development areas

A considerable part of the basic investments required for an expansion of economic activity in weakly developed districts, is the responsibility of the primary communes. An important financial resource for these purposes is the Communal Bank. Other special arrangements for financing communal basic investments are in use, including the issuing of bonds for acquisition of land for industrial purposes.

Direct grants from the central government to communes in development areas to help finance investments in infrastructure, have become increasingly important in recent years. Further, the Government is making yearly transfers of money directly to communal and county communal budgets to level out the standard and the flow of community services. The yearly total amount of state transfers is first allocated to the counties by the ministry concerned, and then the county board makes the distribution to the respective communes. The amount varies according to the income level and the economic capacity of the commune.

9. Conclusions

Special regional development incentives have increased in number and strength over the years. It has been a growing understanding that special incentives alone cannot influence fundamentally the course of regional development. National planning, state appropriations, transport policies, etc. have to be concerted to the solution of regional problems. This presupposes

co-ordination in time and space at different decision levels. State budgets and national economic programmes should be regionalized. In a report to the Parliament in January 1972 on regional planning policy the Government has stressed the importance of broadening and intensifying regional work along these lines.

The relative importance of the different methods

Since the middle of the 1960-ties aims and means of regional policy have been broader in scope and matter. Employment problems of individual areas and regions are no longer a dominant issue. Environmental factors, the trend of urbanization and how to achieve a balanced development between town and countryside and between the different parts of the country have come more in the foreground of political discussions. The regional distribution of public services and of infrastructure is given greater attention than before. In these respects "pressure" areas and contracting outlying districts are both meeting great problems.

The growth center idea has hitherto not systematically been embodied in Norwegian regional development policies. There are no formally designated growth points parallelling the designated grant areas. However, several good experiences of planned center growth have been made, and it is expected that growth point considerations will be more influential in future policies.

Location of new industries in developing districts has met with difficulties in the more peripheral regions. Branch locations by existing bigger firms have given the best results. Because of shortage of labour and often inefficient plant facilities, many firms in the Oslo area and in other pressured city-areas have themselves to an increasing extent been pur-

suing relocations, but commonly not very far away. Much has been done to compensate the firms for relocation costs. More recently a semi-public guidance and information service in industry location matters has been developed. The location of new service institutions, especially in the educational field, have been a strong development measure used by the Government in later years. It is a growing awareness of the interdependence of decentralization efforts and regional development.

One rather new measure is the industrial estate system. It is too early to tell much about results, but experiences hitherto show that the plant and infrastructure facilities offered by this system is a good "carrot" in attracting industrial establishments.

During the early after-war years the building of state-owned "corner stone" industries in structurally weak regions was of relatively great importance. A similar active state engagement to secure basic industrial activities in development districts might be found rational and necessary also in future policy.

The newest instrument, the investment grant and the regional transport subsidies are supposed to be strong measures. However, as they both were introduced by mid-1971, there are yet no definite data on their effect.

The change of basic regional problems

In the EFTA-publication of 1968 on the growth centre idea, the following four types of problem areas have been defined:

a) Sparsely populated regions
b) Underdeveloped regions
c) Industrial depressed regions
d) Pressured regions

In Norway problems connected with a

mixture-type region comprising a) and b) have been the traditional and the dominant ones. Economic development and migration over the years have, however, singled out the a) type as the characteristic problem region, embracing North Norway, some areas on the middle west coast, and several valley and mountain communes of South Norway. Gradually the concept of pressured regions has emerged, although this expression has to be judged from a Norwegian viewpoint. The Oslo-area with around 700 000 inhabitants is regarded as a pressured problem area, first of all because:

a) Steady net-migration has overburdened the capacity of housing, technical infrastructure, transport etc.

b) High competition for manpower and shortage of housing have led to undue commuting.

c) Environmental factors and the physical geography of Oslo makes it vulnerable against further strong growth, i.e. the marginal total costs of growth are certainly high.

d) A continued large growth stands out in contrast to the accepted principle of a balanced growth between regions and between centres of different sizes.

Some of the other bigger regional centres, such as Bergen, Trondheim, Stavanger, Kristiansand, have pressure problems to a lesser extent. As these centres are surrounded by development districts, some type of decentralization is also pursued here.

Type c) the industrial depressed regions is not well known in Norway. Rationalization in later years within manufacturing industries, especially within paper and pulp, textile and clothing has meant decrease in the number of firms and jobs. Hitherto,

these problems as a whole have been settled satisfactorily. However, the situation might change, especially in case of mono-industrial areas and reduced total demand.

It is important to be aware of the dynamism of regional problems, amongst others stemming from new political aims and changing welfare aspirations. A steady rise in the standard of living has partly lifted regional problems up on higher levels. A case in point is previous labour reserve areas where people now seem to be less concerned about problems of job opportunities than about shortcomings in the service sector. In the case of industrialized areas and centres one might often find that people are more in favour of clean air, easy access to recreation spots or one-family housing units than more and better jobs. These last-mentioned problems are a new form of regional problems, and they have to be approached in combination with the work on the more traditional regional problems.

Total scale of regional efforts

Regional efforts might be said to include special incentives as well as more or less traditional dispositions over state budgets and by planning and administrative bodies. As the basis for regional efforts is getting broader, it is becoming increasingly difficult to tell wisely what has been spent for regional purposes and what are the results.

RDF which is handling most of the special regional measures has experienced a steady growth of its activities. During the last half of the 1960-ties the total of investment loans by RDF trebbled. RDF-loans given for mining and manufacturing investment puposes in 1971 amounted to 234 million krones, which roughly makes up for nearly 40 per cent of the total investment costs incurred

by the respective enterprises. Knowing the national gross investment in mining and manufacture, one can calculate that RDF was involved in 10 per cent of the national mining and manufacture investments. If one excludes those districts where RDF-fund is not at disposal the relevant figure would be 25 per cent. In the period 1960-70 RDF made financial arrangements with approximately 2,000 enterprises.

The propects for the future

The Government has made known that it is prepared to make further proposals to Parliament to strengthen regional policy measures if the present efforts should be found insufficient. Background material for such revaluations is especially data on migration, employment structure and communal budgets.

Among possible new measures one might mention an extention of the present information and guidance system to include certain service industries, not only manufacturing firms as to-day. A further strengthening would be realized if a direct control of establishments was undertaken in selected pressured areas by way of an investment permit system. Another possibility is to use the tax system more actively for regional purposes.

Being aware of the dynamism of regional problems there is no sign that these problems would be overcome. Regional problems of a more traditional economic nature tend to be narrowed geographically, but instead environmental problems seem to be more common.

Development over the later years suggests that some regional problems have been sharpened, that is to say that problems confronting the foremost outmigration and immigration areas have increased in complexity.

On these grounds it seems necessary to continue to have a strong regional policy. The future policy must be sufficiently broad and flexible. The traditional special measures for regional economic development should be incorporated into an overall physical-economic planning.

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