



NORWEGIAN MINISTRY OF LOCAL GOVERNMENT
AND REGIONAL DEVELOPMENT

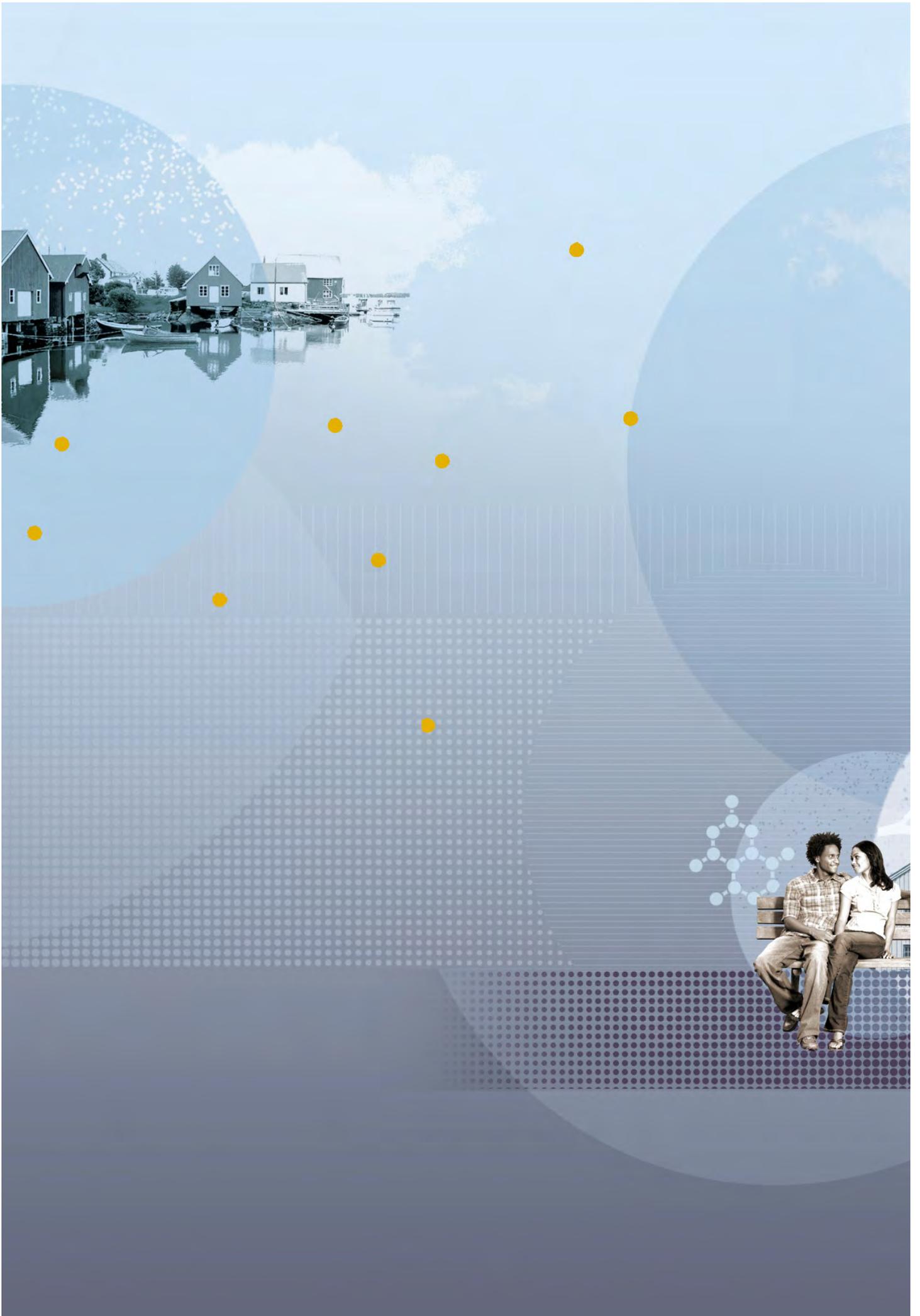
Summary, chapter 2

Regional development in Norway

On Regional Policy

Report No. 13 to the Storting (2012–2013)





REGIONAL DEVELOPMENT IN NORWAY

Low population density and limited accessibility

The mountains and fells which account for much of Norway's land area and the often significant distances between the generally very small local labour markets gives Norway its distinctive character in Europe. Furthermore, population density is low and access to transport and communication, as well as the major European markets, is limited.

Figure 1.1 illustrates Norway's peripheral location and settlement pattern in comparison with the rest of Europe. The map shows the population density per individual km² in Europe, and indicates that Norway, Sweden, Finland, and particularly Iceland, have very low populations compared to the rest of Europe. Nonetheless, appreciable regional differences are naturally still to be found. Settlement in the Nordic countries is primarily concentrated in the

southern regions. However, Norway has the largest percentage of settlement outside urban areas. Iceland is the only country with a greater percentage of uninhabited land than Norway, cf. Table 1.1.

Against this backdrop it is clear that the rural dimension in the regional policies of these countries has historically aimed to offset disadvantages linked to, for example, low population density and significant distances to major markets. In a European context, this is of particular importance, as the EU uses low population density as a criterion for regional support. Outside the Nordic countries, northern Scotland and parts of central Spain are probably the only areas that can be characterised as sparsely populated, from a Nordic perspective.

Table 1.1 Land use in the Nordic countries and EU, 2010

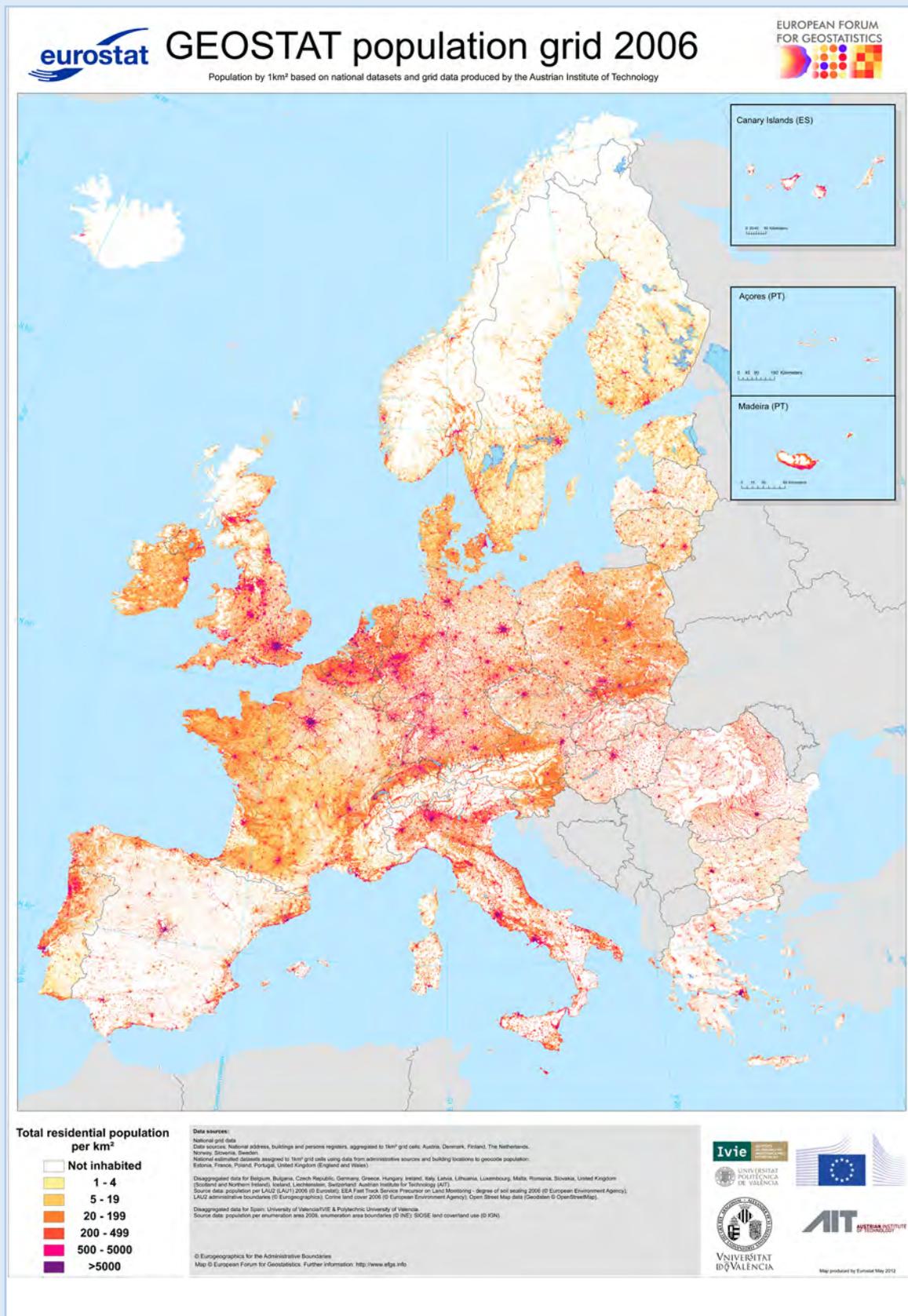
	Norway	Sweden	Denmark	Finland	Iceland	Europe ¹
Population density (inhabitants per km ² land area)	16.0	22.9	128.7	17.6	3.2	116.6
Percentage of population in urban areas (%)	79.3	85.1	86.9	83.2	93.6	-
Uninhabited areas (% of km ² cells)	81	71	3	66	99	+/- 60

¹ The population figures apply to EU27. There are no comparable figures for the percentage living in urban areas, which is defined in the Nordic countries as a group of buildings housing at least 200 people, and where the distance between buildings is normally no more than 200 metres (50 metres in Norway). The percentage of uninhabited land is based on inhabited 1x1 km grids in EU27 and the EFTA countries overall. Note that the land area of the Nordic countries corresponds to about 25 per cent of the land area in EU27, which means that the Nordic countries make up a significant part of the uninhabited land in Europe in the table.

Source: Nordregio and Eurostat.

Figure 1.1

Population density in Europe, 2006



Economic success despite geographic challenges

The maps in Figure 1.2 show different indicators for regional labour markets and economies in European regions. The top left map shows unemployment in 2011 (lighter colour indicates lower unemployment), the top right shows employment in 2011 (darker red indicates higher employment), the bottom left shows GNP per capita in 2009 (darker green indicates higher GDP) and the bottom right shows population change during the period 2006–2011 (blue is positive, red is negative).

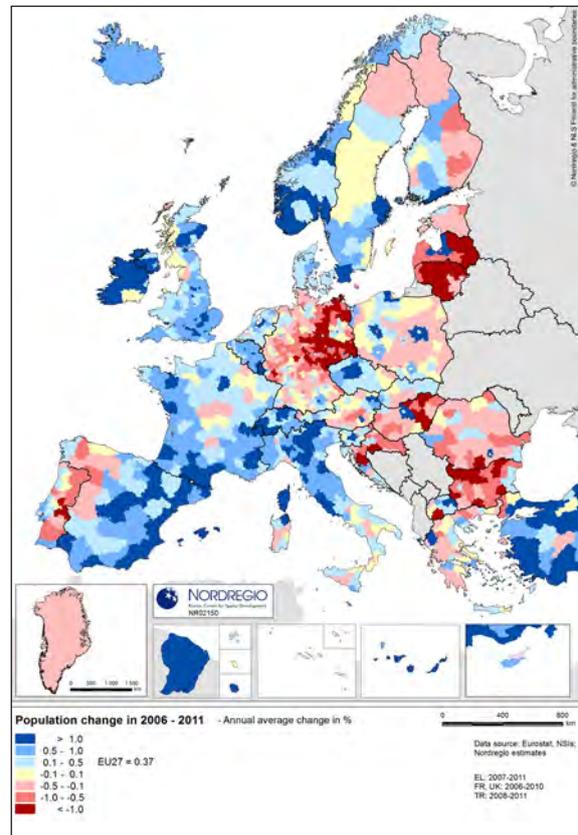
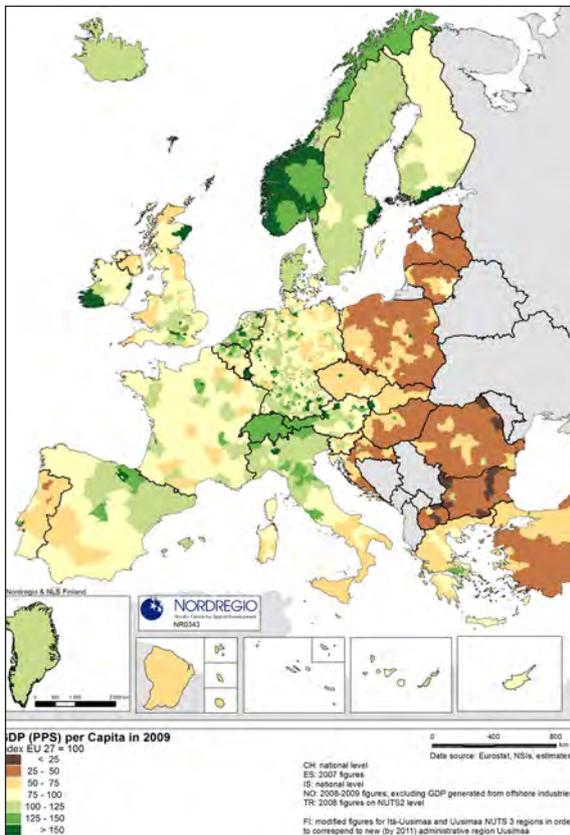
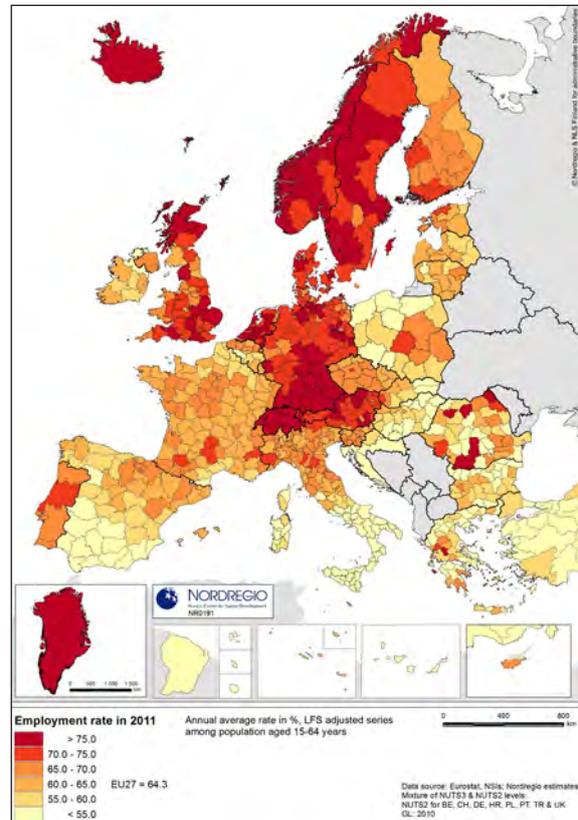
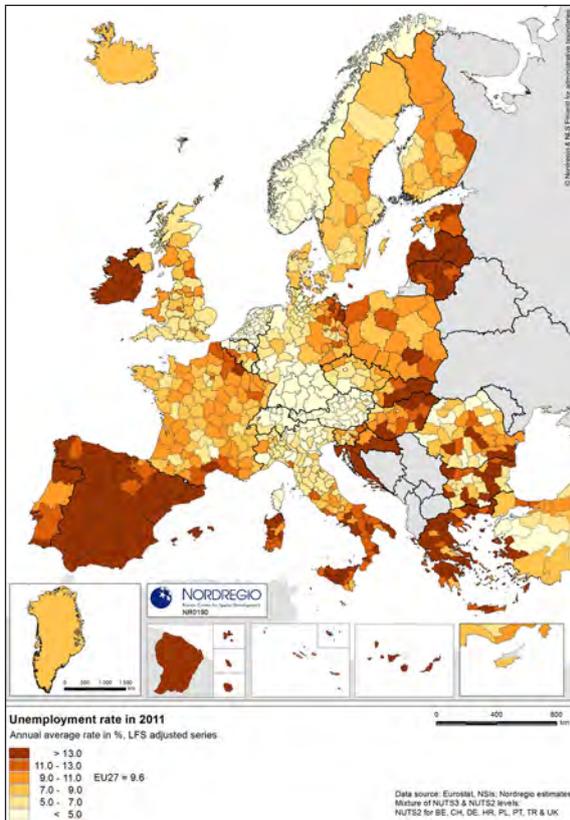
Overall, the maps, together with the population density map above, paint a picture of Norway as the odd one out in the north. The maps show that Norwegian regions – here represented by counties and provinces – are generally better off than equivalent regions in Europe. Unemployment is generally lower, employment is higher, and value creation and purchasing power per capita are greater. The population has also been increasing in recent years throughout most of the country.

Beyond Norway, it is the densely populated regions in Europe with short distances to the largest European markets which are generally faring the best. This is particularly evident in the urbanisation corridor from London to Milan. Norway, however, departs from this tendency, as there has also been a generally positive development in parts of the country with smaller populations and limited access to communications and major markets. There are also fewer differences between counties and provinces in Norway than is the case in many other European countries. This applies not least when compared to countries in Eastern Europe, where there are considerable regional differences, particularly between the capital regions and the rest of the country.

Norway is among those countries with the lowest risk of poverty, and with relatively minor differences between regions. This illustrates that Norway has been able to maintain both economic growth and a balanced distribution at this geographic level.

Figure 1.2

Unemployment, employment, GNP per capita and population growth in European regions



Source: Nordregio.

The Nordic model: explaining balanced development?

In many instances, there are significant differences between European countries and regions when the various indicators of social development are taken into account. Norway is something of a paradox in that the development here is positive, even though the country scores low on several of the factors often used as explanations in development theories. Size, population density, distances and accessibility have already been mentioned. Nor is Norway at the top with regard to factors such as R&D investment or commercial innovation.¹

In international comparisons, the Nordic area is often described as a special group of countries whose distinctive nature derives from several important, structural characteristics. In spite of the fact that there will, of course, also be a multitude of differences between and within these countries, the case could be made for a separate Nordic social model. The Nordic countries are characterised by their small, open and egalitarian economies, which have managed to combine growth and stability with few social and economic differences, a high standard of living and a high level of both social and political trust. The countries have generous, universal welfare systems, and there is a long tradition of close and comprehensive tripartite cooperation between the authorities, trade unions and employers' associations. It has been pointed out that it is this tripartite cooperation which offers one of the explanations for the relatively balanced economic development experienced in the Nordic countries since the 1970s – a period when many other European countries have faced greater challenges in arriving at shared solutions and where wider economic disparities are in evidence.²

This is the result of deliberate policies. Throughout the post-war period, rural and regional policy has been

driven by the goal of securing good regional balance. The establishment of the regional development fund (Distriktenes Utbyggingsfond) in 1961 and the introduction of new measures for business and societal development are instruments in a similar vein. At the same time, Norway has demonstrated prudent management of its oil wealth. Over the last twenty years Norway has also benefited from an improving export/import ratio. The latter also applies to traditional export goods, not only oil and gas.³

In sum, this indicates that there is no necessary contradiction between being located on the fringe of Europe and achieving growth in a globalised world economy. Nonetheless, regional differences are also to be found in Norway. One precondition for the highest possible national prosperity is in fact a balanced regional development – not merely between counties and provinces, but also between urban and rural areas – which ensures that resources throughout the country are utilised optimally.

1 See for example OECD (2008) *Territorial Reviews Norway* and Regional Innovation Scoreboard 2012.

2 Report No. 9 to the Storting (2008–2009) *Long-Term Perspectives for the Norwegian Economy 2009*.

3 Statistics Norway (2012) *Økonomiske analyser 1/2012* (economic analyses – transl. note).

REGIONAL SOCIETAL CHANGES

People are the most important resource

Norway has emerged as one of the most successful countries in the world in the utilisation of its natural resources for the economic and social development and greater prosperity of its citizens.⁴ The management of petroleum resources and the income derived has been of importance in this regard. However, over time, economic development on the mainland has been the most important in terms of overall prosperity. It is, therefore, people who are the most important source of our national wealth and high standard of living, as shown by Figure 1.2. Calculations show that national wealth per capita doubled from 1985 to 2008. This is primarily due to increased human capital,

4 Source: Ministry of Finance. Report No. 9 to the Storting (2008–2009) *Long-Term Perspectives for the Norwegian Economy 2009*.

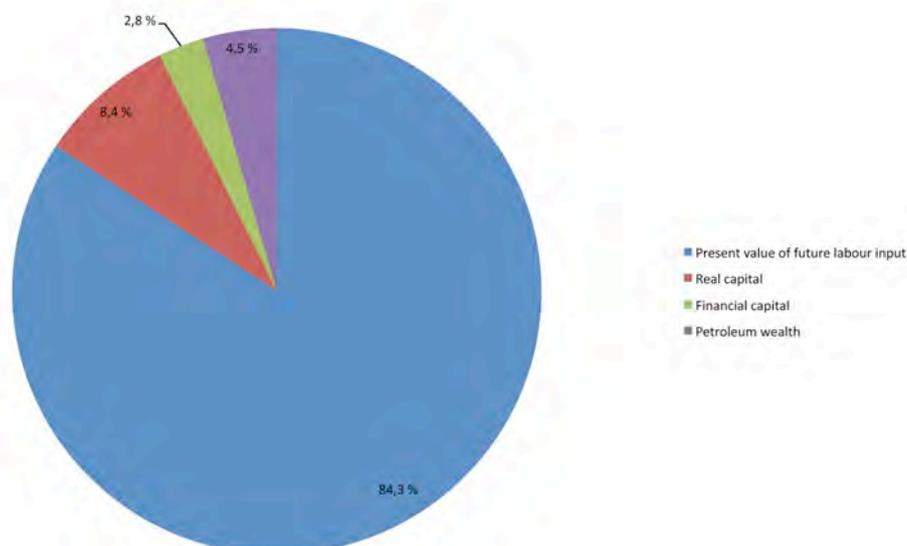
and it is this which encompasses the sum of knowledge, productive attributes and technical skills in the workforce. This is an important part of the current and future labour achievements throughout the country and in all industries.

Since the labour supply is the basis of our joint welfare, high employment and productivity are necessary throughout the country. Policy instruments must therefore be tailored to different regional strengths, such as the availability of natural resources.⁵

5 Please note that an ideal presentation of the Norwegian national wealth would also include values that are not realised in a market and can therefore not be quantified in the same way as traditional monetary values. Such values may include the value of untouched nature, biodiversity, air quality and trust between people and institutions (Statistics Norway (2012): *Indicators for sustainable development*). Special rural and regional policy values such as a decentralised settlement patterns and employment throughout the country can also be included in this context.

Figure 1.3

National wealth per capita in 2010, percentage distribution across different partial indicators¹



¹ Petroleum wealth is calculated as the current value of economic rent, i.e. the additional returns for work and capital from production of oil and gas. The Government Pension Fund is included in the financial assets.

Analytical units and key geographical terms

Development trends are often analysed for travel-to-work regions. These consist of one or several municipalities, sorted by the size of the largest regional centre. The size criterion is used to clarify similarities and differences between central and less central areas, thus emphasising development trends both in the largest continuous labour markets and the small municipalities that make up their own, isolated labour markets.

The EEA Agreement sets limits for whether and how the Norwegian authorities can support commercial activity. Exceptions from this prohibition can be found in the EEA Agreement's rules for public support. Among other things, regional support guidelines have been prepared in order to promote development in certain areas. These areas make up the area for rural investment support.

The analysis for this white paper is based on the following categorisation:

- **City regions** (regions where the largest centre has a population that exceeds 50,000)
- **Small and medium-sized urban regions without designated district policy areas** (DPA) (regions where the largest centre lies outside the DPA with a population of between 5,000 and 50,000)
- **Small and medium-sized urban regions within designated district policy areas** (DPA) (regions where the largest centre is within the DPA with a population of between 5,000 and 50,000)
- **Small centre regions** (regions where the largest centre has a population of between 1,000 and 5,000)
- **Sparsely populated areas** (regions where the largest centre has a population of less than 1,000)

High population growth in recent years but demographic challenges remain in some areas

Norway has registered significant population growth in recent years. In 2011, growth reached an all-time high (65,565 people), and, according to Statistics Norway, we would need to go as far back as 1920 to find a higher percentage growth.⁶

All counties have seen population growth each year over the last four years (2008–2011). Figure 1.4 shows a positive development when we also look at the development in different region types. But many municipalities are still struggling with population decline. These municipalities are primarily found within designated district policy areas. In 2011, 117 out of

428 municipalities experienced a decline in population and only two of these are within designated district policy areas. At the same time, the dotted lines in Figure 1.4 clearly show that population growth would be markedly lower – in the entire country – if immigration and emigration since 2004 had offset each other. In recent years, net immigration has accounted for about 70 per cent of Norway's population growth. Immigration is the demographic component that has been the most geographically balanced in recent years, with relatively minor differences in the rate per capita between provinces and between urban and less urban areas. This is in contrast to the trend for birth rates and domestic migration, where the development has generally been consistently better in the largest labour markets, rather than the smallest ones. A combination of more balanced regional fertility rates since the mid-1970s, reduced birth rates and the continuous, steady centralisation of the young adult population in particular – (in other words,) development trends that mutually affect each other and amplify the net impact

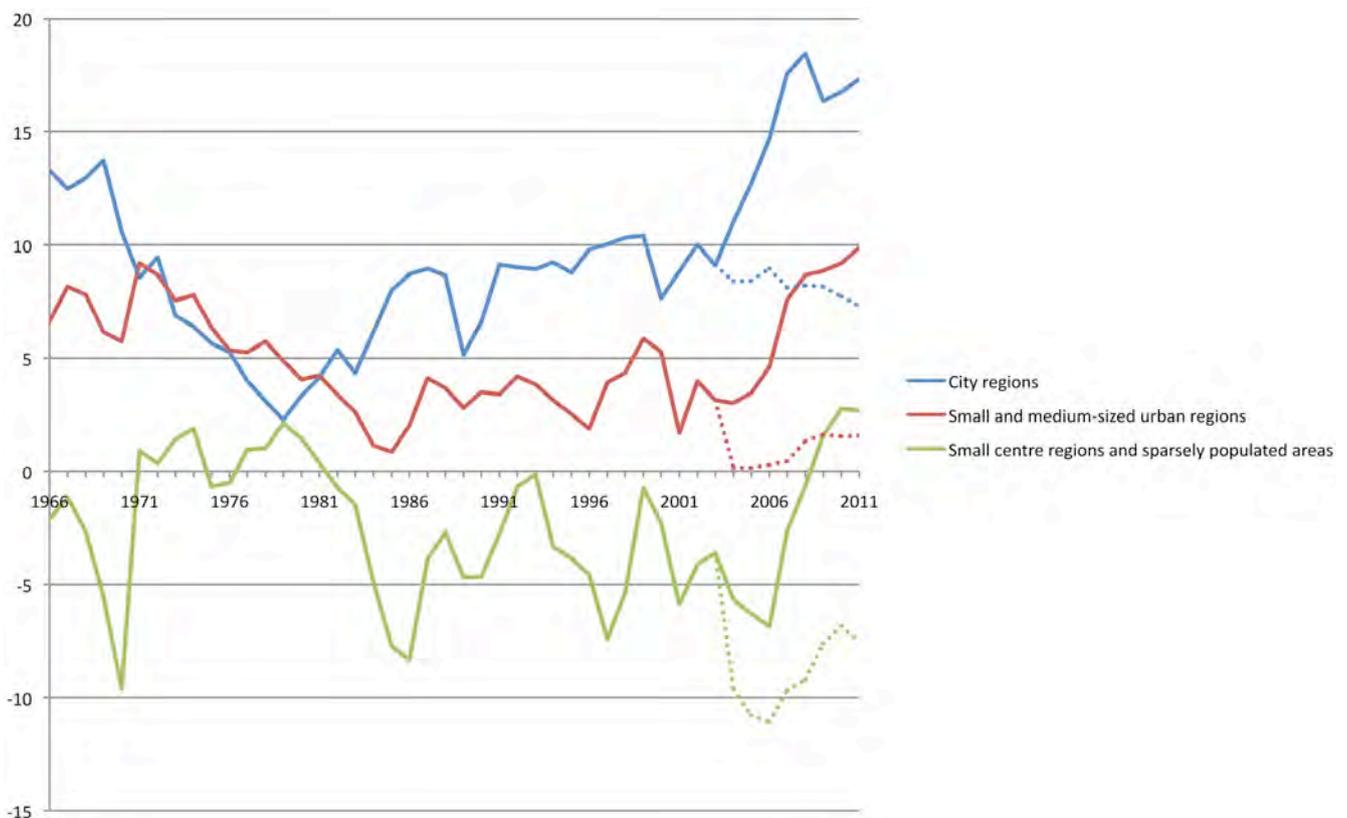
⁶ Preliminary figures show that the growth in 2012 will be close to that of 2011, cf. Statistics Norway (2012), <http://www.ssb.no/folkber>.

– have led to a weakened population base in certain parts of the country, mainly in the less urban areas.

The relative number of children and young adults in the largest labour markets is much higher today than in the early 1970s. At the same time, the relative percentage of the elderly has increased in the smallest labour markets. One consequence of this development is that fewer children are being raised with roots in these areas. This will affect future migration patterns.

Figure 1.4

Population development per 1,000 inhabitants in different region types 1966–2011. With and without (dotted lines) net immigration as of 2004



Source: Statistics Norway. Calculations by the Ministry of Local Government and Regional development.

Clear division of labour in commercial activities between urban and rural areas

The last forty years have seen an explosion in education

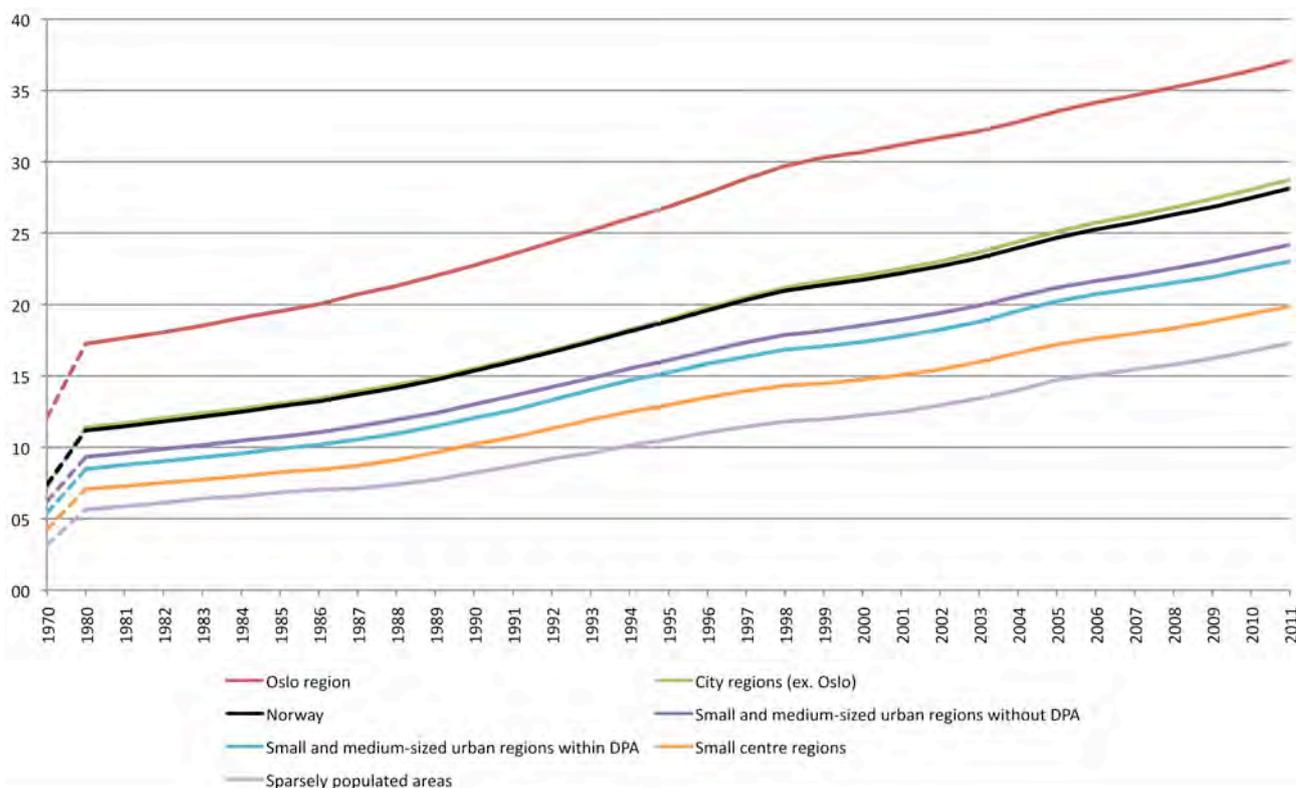
A highly educated population is a precondition for sustainable economic development in a modern knowledge society. Research and higher education increase the value of human capital, which we have identified as the single most important component of national wealth.

Norway is one of the OECD countries with the highest number of people with higher education, and an increasing number of people are investing in such skills. In 1970, there were approximately 50,000 students at Norwegian universities and university colleges, while in the autumn of 2011 there were about 235,000 students attending such institutions. As a result of this development, the percentage of the population aged 16 or older with higher education increased from nearly 7 per cent in 1970 to nearly 28 per cent in 2011.⁷

⁷ Projections from Statistics Norway show that, by 2030, more than 40 per cent of the labour force will have higher education (NOU 2011: 3, page 28).

Figure 1.5

Percentage of population over the age of 16 with higher education in different region types, 1970–1980 (dotted lines) and 1980–2011



Source: Statistics Norway and PANDA. Calculations by the Ministry.

Figure 1.5 shows that there are considerable differences between the country's different region types with regard to those with higher education. In 2011, about 37 per cent of the population of the Oslo region had higher education, compared with 17 per cent in sparsely populated areas. Compared to 40 years ago, there are somewhat greater differences between the largest and smallest labour markets today. However, the figure also shows that the growth has been relatively stable in the different areas.

The Skilled Jobs Committee (NOU 2011: 3) points out that the marked increase in the percentage of the population with higher education is both a consequence of deliberate policies, as well as structural changes in the economy and labour market. After the Second World War, there was a substantial development of education opportunities at all levels, where geographic and institutional diversity was an important prerequisite. In recent years, efforts have focused on supplementary and continuing education, and study financing has improved. The changes in the industrial structure (see below) are equally important, and have led to the marked increase in the number of people with higher education. The latter has been reinforced by the parallel, significant increase in labour participation among women.

In many ways, the same factors also explain the regional differences in the level of education. Different industrial structures lead to demand for different educations. The labour market is larger and broader for people with higher education in cities. At the same time, most institutes of higher learning are located in urban areas. Varying degrees of interest in education also explain some of the differences. The inclination toward education increases gradually along with the size of the labour market, but the Skilled Jobs Committee believes that this is primarily the case for the male population.

Entrepreneurs across the country

Growth dynamics, entrepreneurs and innovators are important for future value creation, and they create new businesses and jobs. There is a potential for entrepreneurship throughout the country, but the po-

tential varies between regions.

About 50,000 new businesses are set up in Norway each year. The vast majority are businesses with few or no employees, and there are few growth engines. Only a relatively small number of entrepreneurs aspire to establish businesses that will compete on the international market. Around three per cent of the businesses account for a total of 60 per cent of the overall growth in employment.⁸

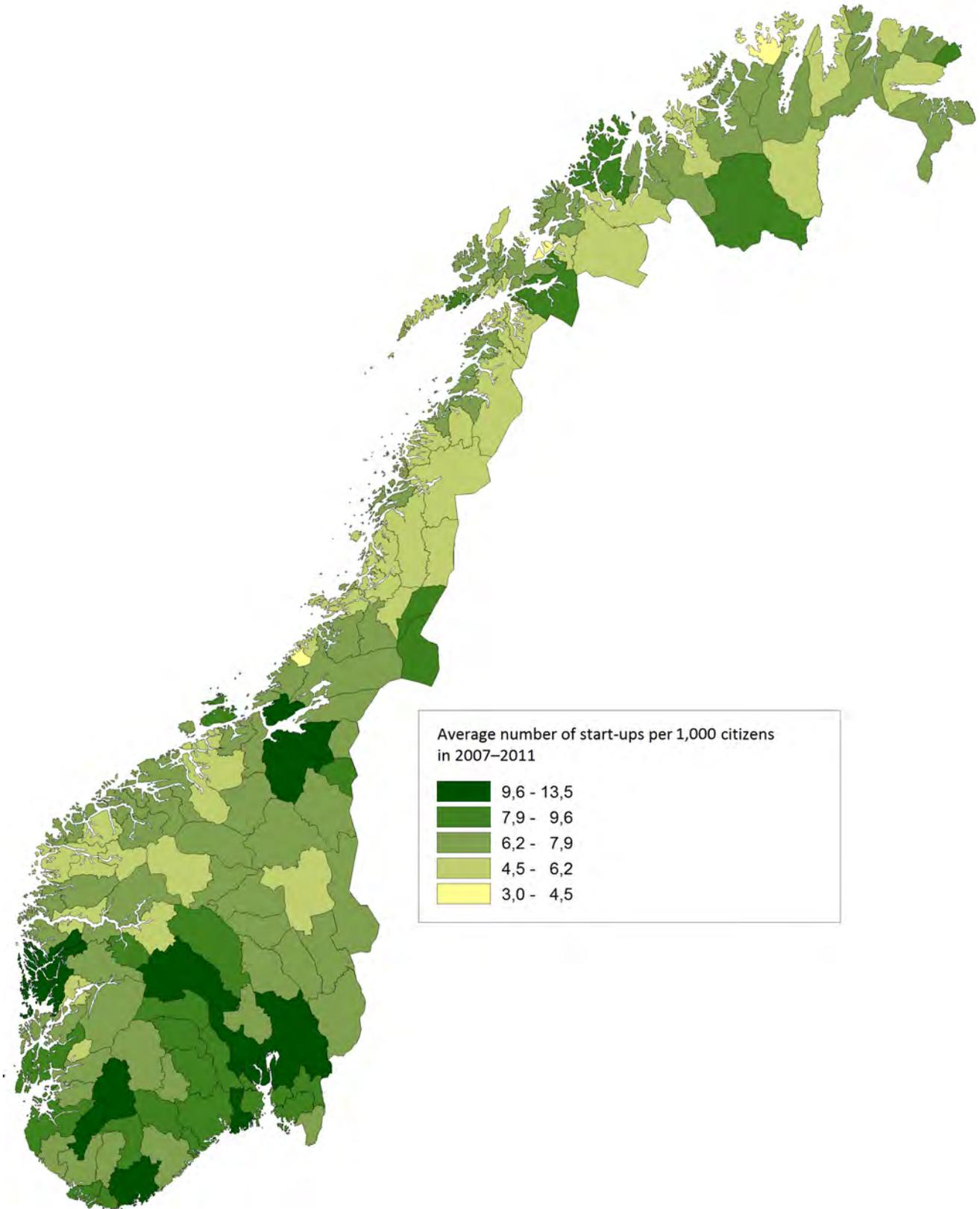
The start-up frequency varies considerably between industries. Major differences in industrial structure are an important cause of regional differences in start-up frequency. In large parts of the service sector, such as service activities, personal services and consultancy, there is a relatively high start-up frequency. As these industries are largely concentrated in urban areas, the start-up frequency is generally higher in these areas than in smaller labour markets. At the same time, there are variations between areas with the same population level. This may be linked to cultural differences and the fact that different areas are characterised by different traditions and attitudes toward entrepreneurship.

About half of the new businesses are gone in three years, which means that areas with a high start-up frequency also have a high turnover rate. Looking at changes in the number of businesses, the growth is higher in large labour markets than in small ones.

⁸ Spilling, O.R. (2000). *SMB 2000 – fakta om små og mellomstore bedrifter i Norge* (facts about small and medium-sized businesses in Norway – transl. note).

Figure 1.6

Average number of start-ups per 1,000 citizens in 2007–2011,
excl. the public sector and primary industries



Source: Statistics Norway. Map prepared by the Ministry.

Considerable regional differences in the industrial structure

In addition to the education explosion, Norway has become more productive, and undergone an extensive economic transformation, from primary and secondary industries to service industries. The percentage of employment in the primary industries has changed from about 41 per cent of all workers in 1930, to about 3 per cent in 2012. During the same period, the percentage of employment in tertiary industries has increased from approximately 36 per cent to approximately 80 per cent.

As for economic transformation, it is common to speak of the development of a knowledge economy, in which human capital is becoming increasingly important for economic growth. This affects all industries, both new and traditional. For example, figures

from Statistics Norway show that the number of people in the workforce with higher education in primary industries increased by approximately 25 per cent from 2001 to 2011.

Over the last few decades, most OECD countries have undergone a major transition from primary and secondary to tertiary industries. Figures from the OECD show that there are currently smaller differences in the industrial structure between Norwegian provinces than in the rest of the OECD countries.⁹ This is because Norway, to a greater extent than other countries, has already completed this transition. At the same time, there are also significant differences in Norway when we compare region types based on the size of the largest centre in the region, and do not merely compare the provinces.

⁹ OECD (2011). *Regions at a Glance 2011*.

Table 1.2

Industrial structure according to employment percentage, distributed by industry in different region types in 2011.
Figures in per cent

	Oslo region	City regions, ex. Oslo	Small and medium-sized urban regions without DPA	Small and medium-sized urban regions within DPA	Small centre regions	Sparsely populated areas	Total
Agriculture	0.6	1.4	2.7	3.5	6.1	7.6	2.2
Fishery and aquaculture	0.0	0.4	0.9	1.8	3.8	10.2	1.0
Industry, power and mining	5.7	9.7	12.3	9.7	11.0	9.1	9.2
Oil and gas	0.8	4.2	2.7	1.8	0.7	1.0	2.4
Construction	6.0	7.9	8.0	8.3	8.8	7.9	7.5
Transport and communication	7.5	5.6	5.3	6.8	5.9	6.6	6.2
Hospitality services	3.4	3.2	2.8	2.9	3.6	2.7	3.2
Retail	16.2	13.9	14.8	13.5	12.5	8.6	14.4
Financial and commercial services	21.2	14.3	9.7	7.6	5.8	4.6	13.7
Private services	12.7	9.9	9.6	8.2	7.3	5.9	10.1
State services	11.6	10.9	9.3	11.0	6.1	2.6	10.2
Municipal services	13.6	18.1	21.5	24.4	27.6	32.7	19.2
Other/unknown	0.6	0.4	0.5	0.4	0.6	0.7	0.5
All industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: PANDA. Calculations by the Ministry of Local Government and Regional development.

For instance, Table 1.2 shows that 18 per cent of those employed in sparsely populated areas are employed within agriculture and fisheries, while the corresponding national figure is about 3 per cent. Much of the manufacturing production takes place in small and medium-sized urban regions and in small towns, while head offices and financial services are primarily located in major cities. The capital area has a special industrial structure, with a particularly high concentration of employment within financial and commercial services, which largely sell their services to export businesses in the rest of the country. The deviation of labour between different region types and provinces in Norway is highly interactive, and business and industry in different parts of the country depend on each other.

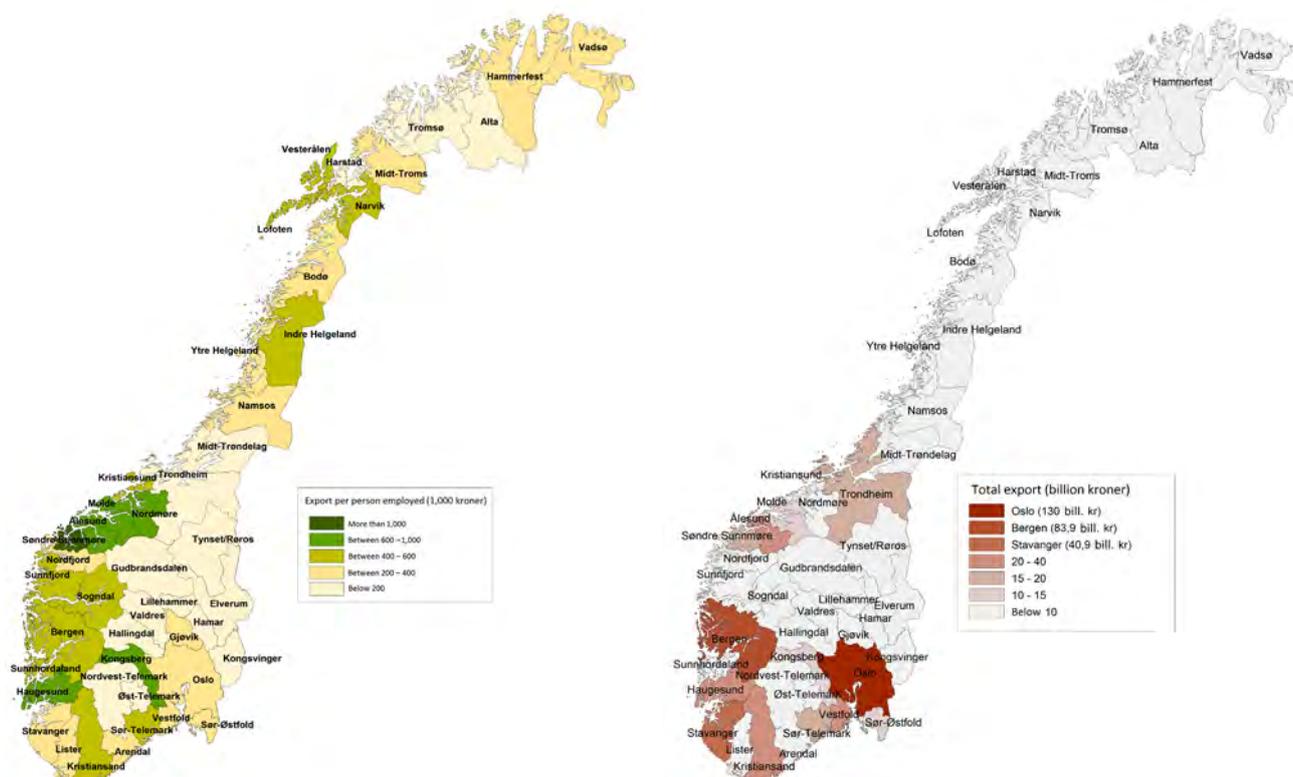
Strongest export regions located along the west coast

In absolute figures, exports are highest where the greatest numbers of people live, which means in the largest labour markets in Eastern and Western Norway. This is illustrated in the darker regions in the map on the right in figure 1.7. However, the main picture is that the country is split between the export-intensive areas – particularly along the west coast, cf. the map on the left – and the rest of the country. Much of the extensive service exports from the Oslo region are linked to the business clusters along the west coast.

Figure 1.7

Export figures in 46 regions¹ in 2009, overall² and per person employed

- 1 See discussion in Menon (2012) for the region categorisation used in the report.
- 2 Note that 2009 was a year when many industries were characterised by somewhat lower exports as a result of the financial crisis.



Source: Menon (2012). *Eksport fra norske regioner - Hvorfor så store forskjeller?* (Export from Norwegian regions – Why such great differences? – transl. note) Menon publication no. 2/2012. Map prepared by the Ministry.

What is the explanation for these varying export levels? The location of natural resources is still important, and differences in the industrial structure offers further explanations, but exports also breed more exports.¹⁰ Export-oriented businesses can be found within most industries, but apart from the export of unprocessed oil and gas, the level of exports is highest within the maritime and offshore supplier industries, power-intensive industries and the aquaculture industry. Export-oriented businesses are largely characterised by high productivity and good profitability. Strong clusters amplify the positive development. The more specialised a region's industry is, the higher its exports will be. The larger the business, the more it will export, and the more R&D the company invests in, the more it will export.

Challenges and potential for better regional balance

Skilled jobs overrepresented in the largest labour markets

One consequence of the education explosion, the major transition in the Norwegian economy, and the development of a knowledge economy, is that much of the current growth in business and industry takes place in highly skilled industries. Highly skilled industries and the need for people with higher education grow at a similar rate and are mutually dependent.

There is a predominance of young adults in regions with large centres. Young people move from small to larger towns for education, and remain upon completion of their education due to the increased chance of securing relevant work. As long as skilled jobs constitute a smaller share of all jobs in less central areas, while at the same time the tendency to take higher education is much more even regionally than at the regional education level, the central areas will absorb

10 Menon (2012): *Eksporert fra norske regioner - Hvorfor så store forskjeller?* (Export from Norwegian regions – Why such great differences? – transl. note) Menon publication no. 2/2012.

a large share of the educated population.¹¹ This may, in turn, be a self-reinforcing process.¹²

Human resources are well-utilised, but challenges remain in certain parts of the country

The major, fundamental transition tendencies in the economy over the last few decades is discussed above. These processes have primarily been very successful, but one possible disadvantage is that, in certain instances, there could be a transition into labour passivity. Even though we have seen that Norway, compared with most European countries, has a very high employment rate, statistics show that there are also considerable internal differences. However, these differences are minor when compared to the size of the labour market. In fact, the overall employment level over the last few years has generally been higher in the smaller labour markets than in large ones. These differences are still moderate and may be explained in part by the fact that students and immigrants make up a larger percentage of the population in the larger labour markets.

The largest continuous areas of particularly high employment are found in Western Norway, while employment is considerably lower in certain geographic pockets in Northern, Eastern and Southern Norway.

There are many potential causes of the regional differences in employment level. For instance, the differences may be caused by fewer available jobs that fit the skills of the workforce, variations in the occurrence of illness and/or administrative practice, different vulnerability levels, transition pace and variations in local labour markets, demographic variations and cultural rub-off effects.

11 NOU 2011: 3, page 35.

12 One obvious and measurable consequence of regional variations in industry structure and the availability of skilled jobs is expressed in the form of regional variations in value creation and economic development, whether this is measured through indicators such as GNP per worker or cash wages by workplace. Such variations are, for example, accounted for in *Regionale utviklingstrekk 2011* (regional development trends – transl. note).

The Skilled Jobs Committee argues that growth fosters growth, but also that absence reinforces absence. In situations where there is an imbalance between the skills of the available, local workforce and the needs of businesses in the area, there may be relatively high unemployment at the same time as businesses report issues with labour recruitment.

Regional variations in labour supply

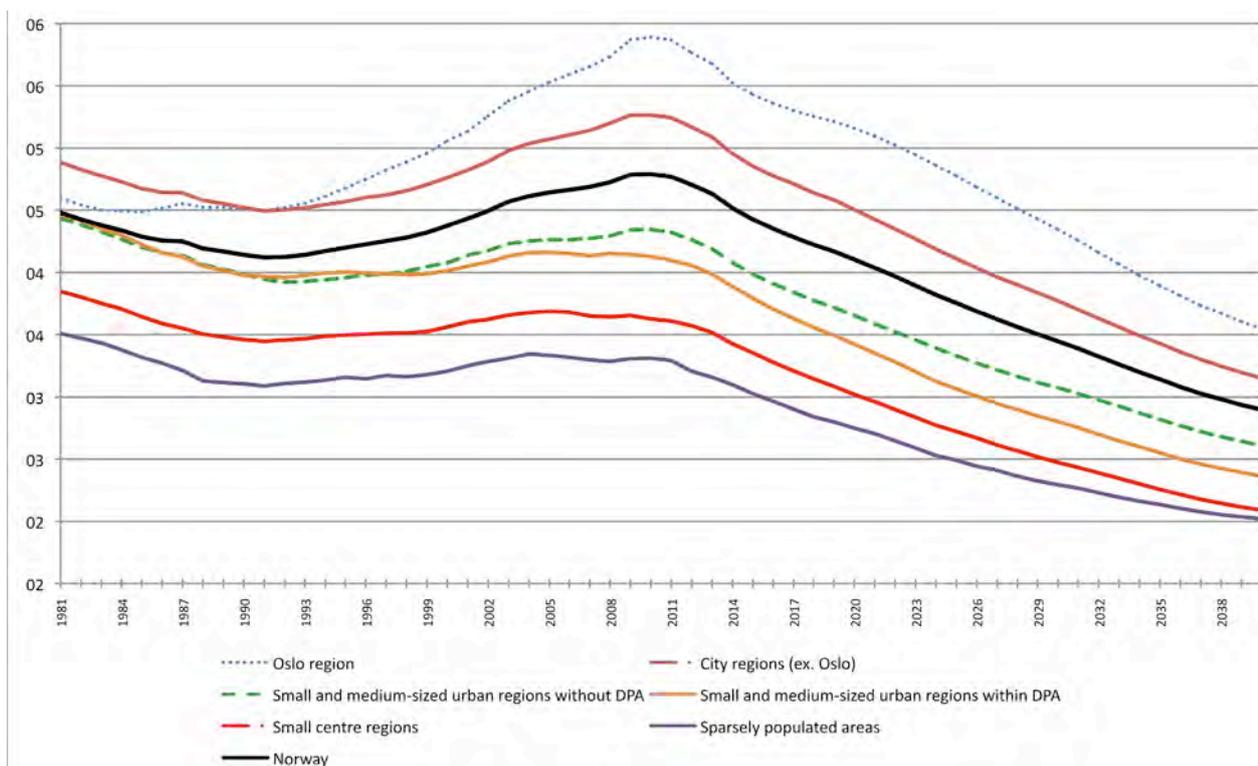
Figures from the Norwegian Labour and Welfare Service (NAV) show that, on a national basis in spring 2012, 12.5 per cent of companies were unsuccessful in recruiting labour or had to hire people with lower or different skills than requested. For about 80 per cent of these businesses, the lack of qualified labour was the reason for the recruitment issues. This is shared by companies across the country and in most industries. Nevertheless, the NAV figures show that there are clear regional differences in the degree to which businesses report recruitment issues, but the differences between region types are smaller than those between provinces. Businesses in Western and Northern Nor-

way report the greatest recruitment issues. This has been the case for several years. Of the individual counties, Finnmark had the greatest recruitment issues as of spring 2012.

The population's age composition is also of importance for future labour supply. Figure 1.8 shows the ratio of persons of working age (20-66) compared with persons in retirement age (67 and over) in different region types. The figure shows the development 1981-2012 and includes a prognosis for development leading up to 2040. There will be a significant increase in dependency ratios in all types of regions. In 1981, on a national level, there were about 4.5 people in the employable age range per person at retirement age. Leading up to 2040, it is expected that the corresponding figure will drop to 2.9, but it will vary from about 3.5 people in the Oslo region to about 2 people in the small centre regions and sparsely populated areas. This will lead to challenges that must be resolved in, among other things, rural and regional policy. Nevertheless, the changes will be greatest in the more urban parts of the country, which currently have the youngest population.

Figure 1.8

The number of people aged 20–66 compared with the number of people aged 67 or higher, 1981-2040



Source: Statistics Norway. Calculations by the Ministry of Local Government and Regional Development.

Are the classic rural issues still relevant?

For many years there has been broad political agreement in Norway on the importance of maintaining the distinctive features of the settlement pattern in the country. Deep-seated demographic trends of net depopulation and declining birth rates in rural areas have made this particularly challenging. Much of the trends are based on changes in industrial development, with strong structural changes in both primary and secondary industries.

However, the development in recent years has been better than it has been for quite some time. Municipalities in the smallest labour markets have now experienced an overall population increase for several years in a row. The last time this happened was in the late 1970s and early 1980s. Furthermore, in the period from 1951 to today, the percentage of municipalities with population increase has never been higher than over the last three years. The primary cause of this is significant foreign immigration to all parts of the country. In many municipalities, the challenge is now to ensure recruitment to the private and public sectors, and secure inclusion of the new arrivals, for instance by providing attractive housing.

Nonetheless, there are still areas that are not experiencing growth, particularly those areas outside the reach of the growth in, for example, the oil and gas industry, aquaculture and sea transport. Municipalities with low export activity and declining populations are primarily found in parts of Northern Norway, the innermost fjord areas and the inlands in the southern half of Norway. Many of these areas also have an ageing population and/or many people of employable age who have fallen outside the labour market. Statistics Norway expects that, in 2040, the number of people of employable age per pensioner will still be higher in larger labour markets than smaller ones. Eventually, this may result in significant challenges in maintaining settlement and could thus lead to the depopulation of already small, vulnerable areas. Thus, these municipalities will depend on migration to secure labour for both the private and public sectors.

The classic rural issues of depopulation and lack of jobs are still relevant, but in far fewer places than just a few years ago. Different challenges in different rural areas give rise to an even more pressing need for a differentiated policy in order to face the challenges and advantages of rural areas.

Norway is the odd one out in Europe. Unemployment is still low, while employment, purchasing power and population growth are very high. Norway is also the odd one out when it comes to regional development. In spite of the limitations presented by decentralised settlement, vast distances and limited accessibility, Norway remains a paradox in that regional development is generally very positive. At the same time, the regional differences are small seen from a European perspective. Fifty years of active rural and regional policy have unquestionably had a positive impact on this development.

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