

How to cope with declining small urban centres? The Finnish Regional Centre Programme in perspective

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Abstract

The severe depression which Finland suffered in the early 1990's as well as the subsequent economic developments saw Finland faced not only with high unemployment and rising income disparities but also with deepening regional imbalance. As a handful of larger cities grew, many others either coped or declined altogether. In 2000 the Finnish government launched the Regional Centre Programme (RCP). Through the development of a regional network of different sized growth centres based on their particular strengths, expertise and specialization, the original purpose of the programme was not only to find new sources of economic growth but to find ways of spreading growth more evenly across regions without hindering the overall development. The aim of this paper is to assess the development trail which led to the emergence of the RCP as well as to study RCP's role in assisting the development of small urban centres during its first three years of existence.

Keywords: Regional development, Regional Centre Policy, Finland

Introduction

At the time of the Regional Centre Policy's (RCP) launch in 2000-2001, several Finnish regional development and policy surveys (e.g. EWPR, 2001; Pekkala, 2000; Vartiainen, 1999, Kangasharju et al., 1999) showed using both the location pattern and the regional differences approaches, that the relatively balanced Finnish regional structure was at risk to dissolve due to cumulatively progressing economic concentration. The general view of the centralizing trend was that if the regional policies did not succeed helping to plant the seeds of growth more sparsely, many small urban and rural centres could face extinction. In order to solve the concentration dilemma, the Finnish government launched the RCP. The RCP has been labelled as an innovative development research laboratory for testing new ways to improve and develop new forms of regional co-operation and development of small urban centres. (Sisäasianministeriö, 2004) In this respect it could serve as an exemplary programme for other small urban centres in Europe during the EU enlargement. The paper analyses the the achievements of the RCP during its first three years.

The remainder of the paper is structured as follows. The next section describes the evolution of the Finnish regional development and policy through the Porterian stage model, while identifying the developments and issues which lead to the emergence of the RCP. Section 3 reviews RCP's first three years of existence. The focus of this section is geared towards RCP's implementation, aims, theoretical fundamentals, role as a regional policy and its intermediate achievements. Section 4 provides some concluding remarks.

2. Stages of the Finnish regional development and policy

In *The Competitive Advantage of Nations* (1989) Porter presented an overlapping stage model, which intends to highlight the crucial dynamic growth factors of a country at each development stage. From economic dispersion to concentration, the theory has implicit implications for regional development. According to the *Editors of the Regional Studies* (2003) Porter's cluster and regional competitiveness ideas, which are apparent in his stage model, have been extraordinarily influential amongst policy makers. As *Vartia & Ylä-Anttila* (2003) have argued, Porter's theory can easily be applied to

the Finnish growth and development experience. Yet, as far as we know, there are no studies which have applied it for understanding regional development within Finland. One reason could be that among regional researchers Porter's theory is seen too vague or lacking any true insight. Regardless of whether this true or not, for practical purposes Porter's model provides an easily manageable framework for describing regional development. Since Finland's development stages cannot be studied without taking into consideration the effects of regional policies, the analysis incorporates the different policy emphasis to the framework. Another reason to include regional policy viewpoint to this section is to provide contentual perspective for the analysis of the RCP.

According to Porter, modern development progress can be divided into four different stages. Porter calls the first stage as the *Factor driven stage* in which the growing and internationally price competitive businesses are based on primary factors of production such as natural resources, climate and abundant, if not educated, labour force. In this respect early 20th century Finland was somewhat a lucky winner; it had vast amounts of coniferous forests apt for paper making based on technology invented in Germany which was later further developed in the near by Sweden. Finland's waterways provided both low-cost transportation routes and hydro-electric energy source. As opposed to economic concentration, the growth of the forest industry tended to fan out production outside the few urban centres also indirectly by promoting modernization of production methods and facilities throughout the regions. However, regional development and income differences were still quite large during this stage. Where growth accrued it seems to have followed the logic of spontaneous growth centres as emphasised by *Perroux* (Kiljunen, 1979) According to Vartia & Ylä-Anttila the factor driven phase of development was dominant up until between the two World Wars. During this stage systematic and legal based regional development was nonexistent. (e.g. *Pekkala*, 2000; *Okko*, 1989) Although, according to *Vartiainen* (1998) some policies at the time, such as borderland and resettlement policies, could be considered as forms of regional policy.

During the second stage, which Porter calls as the *Investment driven stage*, well established scale industries become technologically more mature. Therefore businesses within those industries are able to expand their activities through higher investment on high-tech which is later modified for the businesses' particular purposes. Indeed this is the crucial difference between the first two phases. Businesses now have the ability to

obtain and further develop innovation for their own benefit. An important side factor at this stage was that in Finland it was underpinned by the common social agreement on the benefits of long term growth to which the role of investment was generally regarded as the crucial element (Vartia & Ylä-Anttila, 2003). The scale economies dominating, the investment driven stage tends to concentrate economic activity cumulatively in the manner depicted by Myrdal. (1957) And indeed this is what occurred in Finland during the first leg of this stage. In the 1960s, already uneven regional development was further intensified by the large migration outflows to urban industrial growth centres from the gradually declining rural areas (Pekkala, 2000). Yet during the 1970s there was a reversal of this trend. According to Pekkala, regional development and income differences started to narrow out at this point in time, as the ideals of the welfare state were put in regional practice in the form of more active and substantial regional legislation and policy. This was the culmination of a period what *Alasuutari* (1996) has called *The Moral economy* stage and which then gave way to *The Planned economy* stage. During this stage the Finnish regional policy went from subsidising industrialization and creation of enterprise in the less developed regions to the point where regional issues were taken into consideration in all policymaking. (Pekkala, 2000) Pekkala also writes about a growth centre network similar to the RCP, but according to Vartiainen (1998) and Lumijärvi (1983) the growth centre policy never came into existence. According to Vartia & Ylä-Anttila, this development phase lasted up until the 1980s.

The second stage is followed or overlapped by a third stage , the *Innovation driven stage*, during which the free market based growth and development is derived more extensively from export-led industries, business and/or cluster generated knowledge, know-how and innovation through higher education and R&D, further specialization and flexible service. Alasuutari (1996) calls this phase as the *Competitive economy* stage. Today's Finland is increasingly more outward orientated, more competitive and less planned economy than it has ever been before, given that it is still a Nordic welfare state. The most widely accepted growth dogma is constant change and restructuring. As *Landes* (1998) has argued, the economic success at this stage or at any stage is to avoid all dogmas, social, economic and political, since institutions and organizations are in a constant evolution. Although Vartia & Ylä-Anttila consider that the innovation driven phase started in Finland in the late 1970's and thus overlapping the previous stage, it was not until the 1990's when the necessary structural changes intensified and were

accepted more widely. In the regional development sense however, disparities between regions started to intensify as early as the 1980s (Pekkala, 2000). The same applies to regional policy, which by now tended to emphasise efficiency over equity and participatory regional (program based) policy over exogenous programming. Under regional centre and urban policies, the growth centre policy seems to have become legitimised.

If the previous stages were both growth and efficiency inducing, the fourth and last stage is the exact opposite. During the so called *Wealth driven stage* the economy stagnates due to inefficiency in leadership, unmotivated labour force and lesser willingness to competitiveness and investment on innovation. Whereas this may be true in some regional cases in Finland, Vartia & Ylä-Anttila do not agree that Finland as a whole has suffered from what we could call as Porter-*Veblen* (Buchholz, 1999) type leisure society antidevelopment.

2.1. What is happening outside the creative cities?

In Finland, as in any post-industrial country, the propulsive forces behind endogenous economic growth and development can be regarded as efficient and humane provision of services together with competitive production of goods, increasing investment on R&D and education, applicable innovation and diffusion of technology through imitation. The characterizations of the industrial and even early post-industrial stages are now considered somewhat obsolete and only to provide insight in retrospect. In the so called creative information society and cities literature, as devised among others by *Castells & Himanen* (2002) and *Florida* (2002), mass production, hierarchal work environments, long term commitment to just one place of work and occupation have since been replaced by newer, globally connected, more creative and less claustrophobic alternatives for economic growth. If this view is the true image of the modern technosociety in which the Finns live, it as if the wealth driven stage was skipped over or bypassed altogether by the creative urban bohemian-bourgeois.

As it happens, the creative and innovative information society view is only partly correct in the Finnish case. In fact, it is highly unlikely that outside the small band of university cities, such as Helsinki, Tampere, Turku, Jyväskylä or Oulu this tendency would even be visible. When set against to other European creative mega-cities, such as London or Barcelona, their much smaller and geographically more peripheral Finnish coun-

terparts, turn pale in comparison. Although no person or any region can not escape these new socio-economic developments completely, nor can anybody deny that some old rules still apply. As *Shapiro & Varian* (1999) have argued, technology and the ways of supply and demand may change in the new information society - the basic laws of economics do not. The same logic applies for regional development in general. As extensive international research evidence from the 1990s and early 2000s has consistently reasserted, the new information technologies have not erased regional disparities. The rise of idea-driven, service-orientated and global economy has made it clear that this is also the “new age of regions”. (The Editors, *Regional Studies*, 2003) As for example Pekkala (2000) shows, the Finnish regional development in the 1990s, to which we could add the early 2000s, has not deviated from this general notion.

With just over 5 million habitants, from which little over 100 thousand are foreigners, Finland is relatively small, culturally homogenous and unified country. However, geographically considered it is vast, heterogeneous and peripheral. Therefore one could argue that, it is not as much the exogenous social mega-trends which dominate the Finnish development or the goals, towards which the Finns necessarily aspire, but the international, national and regional economic conditions and boundaries instead.

In order us to draw a much accurate picture of Finland’s overall development and the emergence of the RCP, the question left to be answered is - what is happening outside the few creative cities? As *Vartiainen* (1999) has stated, from the mid-1970s until the early 1990s Finland experienced relatively even and stable regional growth and development stage, yet the following, current stage portrays a somewhat different picture with stagnating regions in increase.

According to *Tervo* (2003) the Finnish regional development analysis can be carried from two mutually inclusive standpoints: *location patterns and regional differences*. Viewed empirically, both tend to endorse the two recent mega-trends in the Finnish regional development: regional concentration of production and population alongside with long-run per capita income convergence.

In order us to see how centralising or decentralizing economic growth is *Tervo* (2003) proposes that we need to look into specific location patterns, such as levels and changes

in regional production, employment or population. On January 27, 2000, on the recommendation of the *Finnish Economic Council*, the *Prime Minister's Office* set up an expert working group with the sole purpose to qualify and quantify the factors influencing the regional structure, and on that basis evaluate regional development in Finland. The final report *Regional Development and Regional Policy in Finland* was submitted to the Economic Council in March 2001.

According to the expert working group report (EWPR) Finnish regional economic development in the 1990s was overshadowed by what *Kiander & Vartia* (1998) have called as the Great Finnish Depression at the beginning of the decade, consequent rapid recovery and structural change that went on in the background. The recession years 1991-1993 affected profoundly every region evenly or rephrasing Tervo: “democratically”. It was after recession years during which regional disparities actually started to grow. According to EWPR between 1992 and 1997, as total national output growth averaged about 30 per cent, it barely averaged 20 per cent outside the big university towns. This geographically asymmetric development was part of a “creative restructuring” period, dating from the mid 1980s (see *Maliranta*, 2003), during which the basic industry gave way to more productive type of export and information and communication industries. A recent study by *Littunen & Tohmo* (2003) also puts emphasis on the deepening region-specific specialization in the 1990s as one crucial factor for the polarization of production. As the new industries were located unevenly across the country, most new jobs were created in few big growth centres. To illustrate: as many as two thirds of the newly created jobs during 1993-1996 took place in Helsinki, Tampere and Turku alone, while only 9 per cent of these jobs were found outside the ten most populated regions. (Tervo, 2003) Not surprisingly, the concentration of production and jobs also affected the flows of inter-regional migration and intra-regional population and age structures. According to *Haapanen* (2003) and *Nivalainen & Haapanen* (2002) and the EWPR, the after-recession years saw dramatic changes both in the level of inter-regional migration as well as in its orientation. Age-selective migration led to a situation in which only the big university towns (Helsinki, Tampere, Turku, Oulu and Jyväskylä), their nearby sub-regions and the two high technology sub-regions of Salo and Lohja could claim substantial net migration inflows, while small university towns, semi-rural and industrialized regions saw their well-educated people at peak working age falling by the numbers. In effect, the restructuring of business and industry and the subsequent

migration flows in the 1990s have tended to accentuate the economic concentration of production to just few growth centres while partly impairing the present and future growth prospective of the already declining smaller urban and rural centres at least until very recently.

The location pattern approach however, fails to tell us much about the regional differences related with human welfare. For this aim Tervo (2003) proposes an approach which measures regional differences in living conditions, such as in the per capita income or in the unemployment rate. On this front the progress has been slightly more encouraging. According to the EWPR, the welfare state has succeeded in its efforts in evening-out regional welfare differences through income transfers, taxation and public services. This statement is verified by several recent studies (Tervo (2003) mentions: *Pekkala & Kangasharju, 2001/2003; Kangasharju, 1998*) which have showed long-run trend towards per capita convergence between regions. Unfortunately, this long running trend seems to have been halted at least temporally by the depression at the beginning of the 1990s. As the 2001 study by Pekkala and Kangasharju shows, the regional disparities in both labour productivity and employment rate have managed to erode to some extent the evening-out policies of the past, and in process have ceased the long running convergence trend. The other human welfare indicator considered here, the rate of unemployment also shows similar deteriorating signs. Although the differences in unemployment have traditionally been persistent between greater regions and biased towards higher unemployment in the northern and eastern regions, the deep depression and its aftermath have further magnified the regionally biased unemployment development. (*Pehkonen & Tervo, 1998; Tervo 1998*) As Tervo (2003) illustrates, both absolute and proportional differences between regions have increased since the depression. Tervo compares two regions: Kainuu (eastern region) and Uusimaa (southern region with Helsinki at its centre) and shows that the difference between the “winners” and the “losers” can be quite alarming. In the case of Uusimaa unemployment peaked at 1994 with 13.9 per cent. By 2002 it had improved substantially and was then at 5.8 percent. During the same time period Kainuu’s rate went from 20.7 to 18.9 per cent. As this example shows, even with decreasing overall unemployment rate, more than ten years after the depression some regions still drag dramatically behind compared to more successful regions.

In accordance with earlier regional development surveys (e.g. EWPR, 2001; Pekkala, 2000; Vartiainen, 1999/1998, Kangasharju et al., 1999) both the location pattern and the regional differences approaches, as applied in this section, have illustrated that Finnish regional development is faced today with several major problems. Shaken by the severe depression, deepening international integration and tougher competition between businesses the relatively balanced regional structure is at high risk to dissolve. If the centralizing trend continues to gather more momentum and the regional policies do not succeed helping to plant the seeds of growth more sparsely, many small urban and rural centres may be faced with a grim future. The recent regional development could be then summarized as follows: as the economic concentration intensifies, the regional problems (at least temporarily) tend to multiply – e.g. problems due to migration: on the one hand we have a group of ghost towns and on the other almost ghetto-like boroughs in the cities.

3. The Regional Centre Programme in perspective

The RCP was launched in the fall of 2000 and lasts until the end of 2006. Founded on the Programme of Prime Minister *Paavo Lipponen's* second government, Guidelines of regional policy and the Regional policy target programmes of the government, RCP is a government special programme in accordance with the 2003 Regional development act which ties the programme to regional council programmes and their implementation plans. The evaluation, tutelage, governance and implementation of the programme is carried in co-operation between the Regional Centre and Urban Policy Working Group (evaluation of the RCP's implementation and assessment of the urban policy content during 2001-2003), the Ministry of the Interior's Regional Centre taskforce (five member team in charge of the RCP's execution), Net Effect Ltd. (the follow-up and evaluation of the programme until 2003) and the participating regions themselves (regional agenda and its execution). The RCP is financed from national assets, and where possible, with EU financing. By the end of year 2003 RCP had received in funding 17.350.409 million euros, amount which has not met the expectations of the regions. (Sisäasiainministeriö, 2004)

Even so, 34 relatively evenly dispersed *functional urban regions* with total population of 3.261.482 million take part in the RCP (see: Appendix 1). A functional region is defined by Vartiainen and Antikainen (1998) as an integrated area of commuting, habitation and service demand and organisation. The participating regions were chosen from a group of 41 applicants in 2001 by the expert committee appointed by the Ministry of the Interior. (Sisäasiainministeriö, 2001) The RCP selection criteria, which later became the operational mode for the RCP, emphasised genuine commitment to sub-regional *co-operation, networking, partnership and social sustainability* between municipalities, regional councils, state authorities, businesses, research and educational establishments and civil society. From early on the programme was well received among the smaller urban regions, while some of the larger towns first resisted. Despite of some home grown criticism (i.e. fear of leaving or letting others to be left behind) the former saw it as a good change to raise their regional profile, whereas the latter could not at first see the connection between their particular problems and challenges and the aims of the program. (Sisäasiainministeriö, 2004)

Underpinned by the assumption that most Finnish regions would simply be too small players in the global arena if acting alone, the official aim of the programme, according to the Ministry of the Interior, was to develop a network of regional centres covering around 40 regions, based on the particular strengths, expertise and specialisation of urban regions of various sizes. (Sisäasiainministeriö, 2000) Creation of regional networks in order to build new ground for further innovation growth and advancement of regional co-operation are seen the primary tool to deal with economic concentration and lack of competitiveness. In other words, the RCP tries to look beyond the classic dichotomy between equity and efficiency. In the long view, RCP's role is also the enhancement of local, not EU –funded, regional policy. Fundamentally, RCP is urbanely focused development programme which builds on the earlier Finnish urban policy experiences of 1997-1999. (Sisäasiainministeriö, 2004) This is what lies at the very core of the whole programme – urban centres are seen as the locomotives of both regional and national growth. (Sisäasiainministeriö, 1996) In this respect RCP shares several common features for example with the 8 city wide *Core Cities* programme which came together in the mid-1990s in the UK. (ODPM, 2003) The major distinction between the two is the size (e.g. of population) of the participating regions. Compared to the Core Cities, the RCP is by nature a small urban centre development programme. Whereas in the UK the term

city-urban can be applied to reflect the relationship between the growth centre and the surrounding areas, in Finland more fitting term would be town-suburban. This difference should in turn be reflected in RCP's objectives and fundamentally in its theoretical foundations.

3.1. The objectives, strategies and theoretical fundamentals of the RCP

As *Puga* (2001) has argued, the most fundamental issue for the design for a good regional policy is to define the objectives clearly. To do so is to create the base line and standards to which compare the real world developments caused or set in motion by the policy. The second fundamental issue for a sound regional policy is to build it on firm theoretical basis. Not only is this a means and costs issue, but one of demarcation. Ideally, the credibility of the policy should be measured by the theoretical backing it has.

RCP's objectives seem to follow the example set by the EU Structural Funds. Both see as their main objective the promotion of regional development, but do not clearly specify what this means. For example, if we agree that the growth paths of regions are allowed to diverge, we still not have specified up to what extent? Even if the RCP seems not to pass *Puga's* test, from the participatory point of view this may not be a negative asset. Loosely imposed objectives can make sense if it means that the regions have more degrees of freedom to choose and prioritise the objectives and strategies which suit them the best and they follow. This view corresponds with the RCP protocol, according to which the objectives are to guide, not control. (Sisäasiainministeriö, 2004) For guidance RCP specified four objectives or strategies for the participating regions to follow when designing and carrying out their local programmes. First and fundamentally the plan should enhance regional co-operation, both outside and within the regions. Second, more emphasis should be placed on regional specialization - meaning the profiling of dynamic regional growth factors and to provide region wide support for the growth businesses. Third, particular regional centre policies should bring added-value to regional development with respect to other regional development instruments. Fourth, the chosen policy should always take into consideration the beneficial coexistence of the growth centres and the surrounding areas. (Sisäasiainministeriö, 2004)

The result is that the local strategies are a mixed bag. For example, those regions which had already attained good results in regional profiling prior to the RCP initiative fo-

cused in stead on factors such as improving the urban surroundings. (Sisäasiainministeriö, 2004) However, there were certain common strategy themes which have come up in the regional assessments, such as improvement of local business know-how and opportunities, social wellbeing as well as development of regional co-operation and regional marketing. (Sisäasiainministeriö, 2004)

Judging by the available information (Sisäasiainministeriö & Net Effect, 2000-2004) the participating regions seem to have set their objectives and strategies according to the idea of regional competitiveness according to which regions are considered almost as if corporations themselves. Since businesses create the growth and workplaces, all the regions need to do is to attract more businesses and the rest would follow. This is not hard to understand considering the tight economic situation which most regions have to face. Within the RCP competitiveness framework, based on the papers of *Sotarauta and Mustikkamäki, 2001; Huovari et al., 2001; Kostainen, 1999*(Sisäasiainministeriö, 2004) the regional attractiveness generates from specialized regional profile, networking, development and endorsement of powerful clusters, good living and business environment, high levels of investment on education and research, business friendly material and technological infrastructure and from positive regional image. (Sisäasiainministeriö, 2004) Here the results have shown that surprisingly many regions have chosen systematically to build completely new core businesses under the auspices of the RCP, such as health related businesses. At the same time the co-operation between businesses and universities is seen to have improved, whereas investment on culture, leisure, environment and infrastructure has not yet benefited notably from the RCP. (Sisäasiainministeriö, 2004)

Theoretically more sound regional research, seem to have succumbed in the RCP context to the postulates of the competitiveness jargon and are used for the advancement and endorsement of the competitiveness agenda. Seen this way the empirical studies which have verified economic concentration are generally interpreted as battlecalls to regional economic confrontation, if not between Finnish regions, then between Finland and the rest of the world. The question with RCP is not how many growth centres Finland can afford, but how to build one growth centre, consisting of a network of 34 RCP regions, which is so dynamic that it will survive the future battle. There certainly is nothing wrong in building a dynamic regional network economy if only it was well

understood what it really means. The point that regional as well as national successes or failures, are of their own making and not of others, is not thoroughly understood. As Krugman (1994) has argued, what really are domestic productivity problems are often conceived as lack of competitiveness. One interpretation, from a strictly theoretical point of view, could be that the credibility of the RCP is not so much theoretical or academic but political.

3.2. Does the RCP bring any added value to Finnish regional development?

The RCP is by no means the only national regional policy programme currently running. The denominator common to all the new programmes, such as the RCP, Regionally effective innovation and technology policy or SEUTU, which is an experiment in order to develop sub-regional co-operation between municipalities, is sub-regionalism. Residents can be members of a municipality, but also operate in broader functional environments; living in one municipality, working in another, and shopping or pursuing hobbies in a third. According to Nordregio (2002), this policy approach and framework has been highly successful, and in Scandinavia it is one of a kind.

Sub-regionalism and the multitude of regional development programmes and projects alongside with the RCP also means that in the case of the RCP the question is not only of a particular programme or instrument, but more broadly of a whole regional centre policy. (Sisäasiainministeriö, 2004) As a policy it not only aspires to empower regional centres position and vitality through finance but to create both horizontal and vertical guidance and co-operation within and between the participating regions and the principal agents involved with regional development work. In this respect the program has succeeded in producing research papers, compilations of regional statistics and instruction papers by the Ministry of Interior for the regions to use and take advice from. (Sisäasiainministeriö, 2004)

According to the first phase 2001-2003 of programme implementation, the mid-evaluation assessment "*Towards Vitalizing Urban Regions*", published in February 2004 by the Ministry of the Interior and written by Net Effect Ltd., the added value of the RCP comes from providing a basis for initiating completely new development

strategies, offering flexible financing and in this respect specifically supplementing other program financing, creating a platform for broader and deeper co-operation and information intercourse, rounding up various projects under the same direction and generating a more vigorous way of targeting and solving regional problems.

The evaluation assessment also provides a round up of the RCP's achievements so far. According to the assessment RCP has succeeded in building widely recognized and accepted regional centre brand around which future regional development can be build upon, and to a varying degree activating regional development through co-operation and synergy initiatives, profiling regional know-how and providing a complementary support for EU programmes. If the first three years of the RCP were dedicated for the ground work, in the future the main concern is how to direct development inputs strategically in a manner which would yield substantially better results.

4. Conclusions - Are small urban centres declining or just lacking momentum?

Due to the shortage of pecuniary backing, the RCP has been labelled as an innovative research laboratory for testing new ways to improve and develop new forms of regional co-operation and development of small urban centres. Instead of providing substantial amounts of funding, the program has emphasised the beneficial role of information sharing within and between the participating regions and the principal agents involved with regional development work. The timing of the program could not have been any better. The EU's enlargement is sure to put pressure on the Structural Funds. If the RCP proves to be more innovative in its approach, it could lead the way for other European small urban regions to follow. However, in life imitation is often interpreted as innovation. This seem to be the case with RCP. As Parr (1999) illustrates in his review growth pole strategies, there is nothing novel in generating widespread growth through a network of regional centres. Even if the RCP has genuinely succeeded in creating new ways to spur regional development, so far the RCP's results have been shallow. One of the culprits could be the RCP's loosely set objectives. In practice the evaluation process has been inconsistent and has shown little progress as the mid-term evaluations evaluations have showed. However, it might be that it is simply too early to make lasting conclusions in this respect. Another suspect for the poor results, could be the

relatively unsound theoretical fundament on which the RCP is based. As far as we know, there are no studies which explicitly state the theoretical framework of the program and whether the model or the operational mode is suitable for such heterogenous group of regions . The descriptive RCP model (Sisäasiainministeriö, 2004) shows that at the very core of the programme the given remedies for small urban centres follow the earlier experiences of much larger cities. Paradoxally, this cannot be sustainable in the competitiveness context according to which, by definition, the size and the scales dominate. Also the mid-evaluation assessment “Towards Vitalizing Urban Regions” (Sisäasiainministeriö, 2004) mentions these issues as problematic. The assessment raised several questions related to these issues, for example: Were the participating regions too different to fit under the same umbrella? Was the number of regions participating in the programme too large?

In order to solve the concentration dilemma, even if it is considered as a relative issue, the RCP has still long way to go. The fundamental issue related to RCP’s continuation is whether most small urban centres are genuinely declining or just lacking momentum. The difference can be crucial, especially when regional funding is tight. *Laatto* seems to have summarized the fundamental intention of the RCP in his paper “Growth Centre Policy in Finland” already in 1969: “*The (policy) aim could be that, within the framework of an efficient and active central network formed by smaller centres, it should also be possible to provide roughly the same degree of service in all areas of the developing region.*” The second phase 2004-2006 will show if this is truly possible or worthwhile under the RCP.

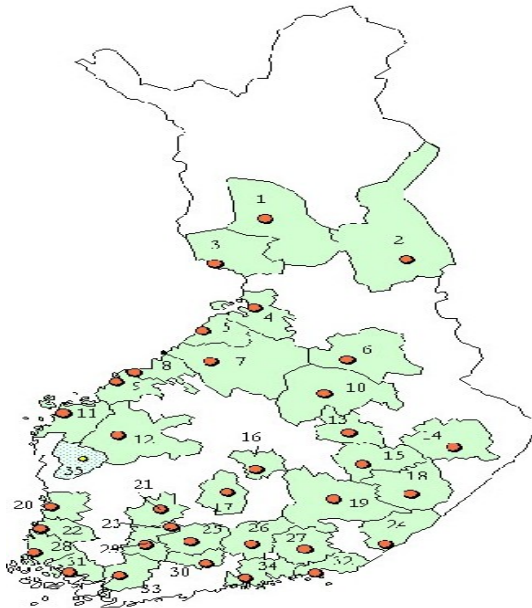
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Appendix 1: On the basis of Government and Ministry of the Interior decisions (September 6th 2001 and December 13th 2001, respectively) RCP is implemented in 34 regions since the beginning of 2002. Each RC's population is presented inside parenthesis. RCs population figures vary from lowest 27 678 (Jämsä) to highest 309 588 (Tampere). The total population covered by RCP is 3.261.482 million out of 5. 206. 295 million



- | | |
|---|--|
| 1. Rovaniemi Region (pop. 61 797) | 20. Pori Urban Region (pop. 139 000) |
| 2. North-East Finland (pop. 31 800) | 21. Tampere South (pop. 42 132) |
| 3. Kemi-Tornio Region (pop. 63 901) | 22. Rauma Region (pop. 67 363) |
| 4. Oulu Region (pop. 196 096) | 23. Tampere Region (pop. 309 588) |
| 5. Raaha Sub-region (pop. 35 770) | 24. South Karelia (pop. 115 069) |
| 6. Kajaani Urban Region (pop. 55 261) | 25. Hämeenlinna Region (pop. 88 187) |
| 7. Oulu South (pop. 88 035) | 26. Lahti Area (pop. 184 217) |
| 8. Kokkola Sub-region (pop. 52 269) | 27. Kouvola Urban Region (pop. 98 237) |
| 9. Pietarsaari Region (pop. 48 188) | 28. Uusikaupunki Sub-region (pop. 40 841) |
| 10. Upper Savonia Economic Area (pop. 63 932) | 29. Forssa Region (pop. 35 557) |
| 11. Vaasa Region (pop. 110 335) | 30. Hyvinkää and Riihimäki Economic Area (pop. 85 139) |
| 12. Seinäjoki Region (pop. 146 473) | 31. Turku Region (pop. 287 708) |
| 13. Kuopio Region (pop. 117 007) | 32. Kotka-Hamina Region (pop. 87 874) |
| 14. Joensuu Region (pop. 105 717) | 33. Salo Region (pop. 62 530) |
| 15. Varkaus Economic Area (pop. 47 459) | 34. East Uusimaa (pop. 90 934) |
| 16. Jyväskylä Urban Region (pop. 143 869) | |
| 17. Jämsä Region (pop. 27 678) | |
| 18. Savonlinna Region (pop. 48 742) | |
| 19. Mikkeli Region (pop. 82 777) | |

Sources: <http://www.intermin.fi> , Sisäasiainministeriö, 2004 & www.stat.fi