Chapter 12

Creativity and Knowledge– Based Urban Development in a Nordic Welfare State:
Combining Tradition and Development in the Helsinki Metropolitan Area

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ABSTRACT

This chapter addresses the provision and condition of the knowledge-based development in the Helsinki metropolitan area, Finland. This chapter looks at linkages between regional (urban) development and welfare state elements supported by local and national policies. The authors concentrate on one hand on urban and regional policy tools, and on the other to education, because together they provide a platform for building a knowledge-based society. The authors also explore the current condition of selected creative and knowledge-intensive employment in the Helsinki metropolitan area.

INTRODUCTION

Creativity and knowledge-based regional and urban development have been topical issues of social scientific research for some time now. The works of Florida (2002; 2005) and others (e.g. Bathelt 2005; Cumbers et. al. 2003; Malmberg & Powell 2005; Nonaka & Takeuchi 1995; Schienstock 2004; Simmie 2001) have pointed the way recognizing the role of creativity and personal intuition in the pursuit of new economic growth. In this regard, Park (2001: 50–52) discusses knowledge intensive-industries using a scheme dividing industrial production into contexts of "intensity of knowledge inputs" and "level of technology". He points out that knowledge-intensive companies require a highly skilled and educated labor force in order to conduct the actual research and development (R&D) that is pivotal to knowledge-intensive production. However, creativity is not the only topic in the current regional development debate. In the Nordic context, the other

is the development and maintenance of a socially coherent welfare state (Esping-Andersen 1992; Heap et al. 1992; Castells & Himanen 2002).

The purpose of this chapter is to examine and discuss linkages between regional (urban) development and welfare state elements supported by local and national policies. We concentrate on one hand on urban and regional policy tools, and on the other on education and creative industries, because together they provide a platform for building a "knowledge-based society". We use statistics to explore the current condition of selected creative and knowledge-intensive employment figures in the Helsinki metropolitan area. Our main questions are:

1) How does creative employment characterize the case of Helsinki?
2) How does education level and system relate to these developments?
3) What policy options have been deployed in order to support knowledge-based regional development?

To take up the task of answering these questions, we present the regional context based on geographical facts and societal conditions. We use the concept of the welfare state as a societal context and Nordic reference. After contextualizing Finland and the Helsinki metropolitan area, we use statistics to provide empirical examples and evidence, including a synthesizing discussion of future trends. We conclude by addressing the main findings of our study.

Finland provides a good case for examination in this study. It has been described as a Nordic welfare state in which the proportion of economic activity accounted for public sector is relatively high. The maintenance of a regionally balanced and stable welfare state is characterized by an effective transfer of resources from urban regions to peripheral areas. These transfers are used to provide welfare services, to build and maintain infrastructure and to attract regional investments.

BACKGROUND

National Pathway Towards a Creative Society

Finland is a Nordic country, with a homogeneous population and almost no flow of foreign immigration until recent decades. Considering the creative class proposition of Florida (2002; 2005), which stresses the importance of multiculturalism and a diversity of cultural talents, the starting point is not particularly promising. However, the traditional Nordic welfare state structures that include free education, affordable health care and wide social security have attracted increasing amounts of immigrants to Finland. The majority of migrants take up residence in the Helsinki metropolitan area.

Finland can not be understood without understanding the welfare state. Relatively small income differences combined with progressive taxation have kept income differences among the smallest in Europe (TÁRKI European Social Report 2005). Thus the homogeneity of the population applies not only to ethnic homogeneity, but also to the rather small income differences. These differences are further diminished by income-related benefits.

A specific characteristic of Finnish society was the welfare state "building era" that begun in the 1950s and continued into the 1970s. During that period the existing institutions that comprise the essence of the "Nordic welfare state" were founded (e.g. Gylfason 1997; Korpi & Palme 1998; in urban context Vaattovaara & Kortteinen 2003). Together with the existence of universities and institutions securing social and welfare policies, the basic structures for an innovative urban development were created (see in detail Bell & Hietala 2002). The combination of the welfare state and a knowledge economy is the main thesis of Manuel Castells and Pekka Himanen (2002), who studied characteristics of the "Finnish model of information society". In other words, the combined structures of the welfare state and knowledge intensiveness are the specifics of the Finnish model.

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