

Abrupt Structural Change Areas in the Finnish Regional Policy

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Abstract

The paper deals with problems caused by abrupt structural change to local labor markets and policy measures aiming to ease these problems in Finland. The areas in question have met region-specific employment shocks due to major job reductions or closure of a company. Major cause for these shocks has been problems in forest industry. In 2005–2013 nearly 20 paper mills and pulp factories were closed in Finland. This resulted one third cut down in production capacity and dismissal of about 8000 employees. Major part of these areas are small or medium-sized rural sub-regions or provincial centres in Eastern and Northern parts of the country. A common feature is dependence on one or a few large companies and public sector jobs. The Finnish government may classify such an area as an abrupt structural change area. Prior to naming the area(s) consequences and effects of problems are evaluated in terms of employment, production and economic structure. A plan to solve the crisis is jointly drawn up by the area's municipalities, the business community, the employment authorities and the regional council. In 2007-2014 more than 30 sub-regions or cities were named as areas of abrupt structural change. In the context of local labor markets regional differences were found in spatial mobility, where migration appeared more common than commuting between regions. In general, spatial mobility seemed to be more important in smaller labor markets. Results of the government policy on abrupt structural change are varying and region-specific, as are the effects of shocks.

Key words:

abrupt structural change; local labor markets; regional policy; Finland

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