

Barcelona – Creativity and talent in urban environment

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How do our cities respond to the crisis? A Local-Global Panel discussion

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How does Helsinki respond to the crisis?

Lessons learned in early 1990's

We may say that because of the economic recession of the early 90's, the City of Helsinki started to view things in a new light. The City clearly adopted a knowledge- based strategy for its future direction. Human capital, knowledge and skills were considered as the basis for success. Much attention was paid to a favourable business environment as well as to intensified co-operation with universities and their research activities. In addition, emphases were put on securing social cohesion and a good living environment.

Regional co-operation, joining forces to meet the challenges even stronger than before

Moreover, we put strong efforts on joining forces in the region. The municipalities, the universities and polytechnics, the enterprises and the state government started new intensified collaboration e.g. in terms of setting up a joint vision and a joint Innovation Strategy for the region. These are good lessons we have still gained from during the current global financial crises.

One and perhaps the most successful example of regional cooperation in cultural field is metropolitan area's libraries unite collections and borrowing system called HelMet. What this means in practise is that metropolitan area's inhabitants can choose which library to go to, and after making reservation, they receive the first copy available in the whole region. The service is flexible, and the collections are efficiently used. The Helsinki metropolitan area library service is very popular, too. A recent survey shows HelMet was the second most popular web service in the region, second only to Google.

Competitiveness Strategy - the Prosperous Metropolis

For instance we have recently issued a joint Competitiveness Strategy for the Helsinki Metropolitan Area entitled "Prosperous metropolis". This is extremely important in a relatively small country like Finland, where the economic success is very dependent on the international or global competitiveness.

The strategy for prosperous metropolis has four main targets

- to strengthen the top level education and know how
- to forge good quality of life, comfortable and safe surroundings
- to strengthen the user inspired innovation environments and to develop public acquisition
- to become more international and more engaged to global networks

The aim is to forge the metropolitan area more attractive and more interesting both for individuals and enterprises and to get high know how investments, firms and jobs to the region. This strategy emphasize cities' role in improving the regional international competitiveness that means cities' skills and capability to built together long span development and functional environments, which encourage and attract new competitive enterprises, investments and skilful people.

Dialog with the state – a new metropolitan policy

For a number of years, policy makers in Finland have generally acknowledged that best way of staying competitive globally is to invest creativity and knowledge-based economy, where education, R&D, and a readiness for innovation are key factors. This is also the base for metropolitan policy in Finland. The dialog with the state has grown deeper during recent years. The main focus in the Finnish metropolitan policy is

- To develop land use, housing and traffic
- Strengthening international competitiveness
- To devote multi-culturalism, immigration and bilingualism
- Social coherence.

The economic situation and modern industrial structure; and to get new jobs effort to establish new enterprises

The Helsinki Region accounts for about 25 percent of Finland's population, almost 30 percent of the labour force, about one third of the productivity and more than 40 percent of the investments in research and development. The level of investments in research and development is quite high in Helsinki - four per cent of the gross domestic product. The respective value in Finland is 3.5 percent, which overruns EU's three percent objective.

The economics have grown in the Helsinki Region more rapidly than in the rest of the country and are on a high level compared with the whole of the European Union. The level of productivity of the Helsinki Region was twice as high as the average of EU27 countries. In Finland as a whole, the productivity stands 17 percent over the average of EU.

According to the production forecast Helsinki region will be hit by the depression as hard as the entire Finland but after the recovery region's growth rate will exceed the national rate, like in the previous years. The fall of employment is expected to stay on lower level than nationally due to the higher proportion of services.

What happened during 1990's in Finland and how the city reacted?

In 1990's the recession cut about twenty five per cent of jobs in the city and the number of jobless was about 50'000. This meant that the city's tax incomes declined with twenty per cent. This was a big challenge to city decision makers, administration and services. The most important action was belt-tightening. The city had to economize in every single branch, to cut investments, to take loan and to raise tax rate. The important principle was to keep all steady personnel and ensure good level of services.

City's way of action – the main ways to respond the crisis

The present expectations are not as negative as in early 1990's even if the short run economic prospects of Helsinki are most uncertain, like all over in Europe. In a positive case Helsinki might recover quite fast from the depression. According to a recent study employment and production in Helsinki are expected to start growing after the in year 2010 and from year 2011 on the growth rates are forecasted to return to the balanced level of three per cent in production and one per cent in employment. However, in the long run the city faces several challenges, if it wants to remain a competitive location for firms and, also, provide adequate welfare for its citizens.

However positive the future perspectives may turn out to be, the city has already faced the consequences of depression, the high level of unemployment and remarkable fall of tax revenues. The city has decided to finance the missing tax incomes with loans and by cutting and slowing down the growth of expenses. The common operational line is to keep the level of investments high in order to support economic activities and entrepreneurship and to create new work opportunities. The second perhaps even more important guide line is to ensure good social and welfare services to all inhabitants and to prevent social segregation. The city has also budget for higher tax rate in year 2010.

At the moment Helsinki has an exceptional historical opportunity to use its **city planning** instruments to boost its dynamism and innovation. The construction of the new Vuosaari port has released the large, old, inner city port areas to be redeveloped as a mix of residential and business land use. The new port has also released extensive tracts of land in Pasila, in the northern inner city, that have been used for transporting goods to and from the inner city harbours. This has offered an opportunity to plan and develop new, modern and attractive residential and business areas in the very heart of the city. New railway and subway lines will improve accessibility and open new development possibilities also in many suburban areas.

In my mind the most important tools for the city in the current situation are **to take care of employment and education**. Cities need to invest to the future this means more educational opportunities for youngsters and re-education for adults. The structural changes in industries mean changes in occupational structure as well. The old vanishing occupations will be replaced with more demanding ones where new kind of skills and know-how is needed.

As an example I would like to mention that city of Helsinki budget already this year remarkable extra money for the employment of youngsters.