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## Relocation of government activities as a regional policy measure

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Relocation of government activities as a regional policy measure.

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## *1. Introduction*

In recent years there has been a growing interest towards relocation of government activities - moving civil service jobs away from capital to provincial regions, so from center to more peripheral regions - in Finland. Similar plans were made in the 1960s and 1970s, but at that time they remained largely unimplemented (Isaksson 1989). The aim of this paper is to examine the theoretical origins of these older relocation plans and to assess relocation of government activities as a tool in Finnish regional policy. Consideration is given to potential weak points and reasons behind the non-implementation of the relocation plans. Empirical results presented here are based on research for my Ph.D –thesis. I have been investigating the case of Agrifood Research Finland (MTT) and its relocation from Vantaa to Jokioinen during 1978-1983. For that study I interviewed its personnel and government officials responsible for relocation plans. I made a total of 46 interviews (40 interviews during March 5<sup>th</sup>- May 15<sup>th</sup>, 1997) and 6 additional interviews during February 28<sup>th</sup> – April 17<sup>th</sup>, 2003), and I used newspaper and document sources to find out the causes of this relocation and other Finnish relocation plans, the implications of these plans and regional effects on both at the place of origin and at the new destination.

The relocation plans and proposals offer theoretically an interesting ground to test locational theories concerning services. There is not much previous research about centrally planned relocations. Researchers dealing with relocation in their studies include Mann (1973), Goddard (1975), Pettersson (1980), Isaksson (1985, 1989 and 1992), Marshall and Alderman (1991), Marshall et al. (1991), Vatne (1990), Wincler (1990), Lumijärvi (1993), Jefferson and Trainor (1996) and most recently Kolbe (2002). Previous research on Finnish regional policies has mainly focused on support mechanisms, their effectiveness and various theoretical foundations for regional policy (see e.g. Kiljunen 1979; Aronen ja Siirilä 1981; Koski 1983; Lumijärvi 1983; Kuitunen ja Siirilä 1984; Hautamäki 1986; Kangasharju et al. 1999) but in these studies relocation measures have been either totally ignored or have only been dealt superficially.

In recent years there has been a growing interest on services on one hand (see Marshall and Green 1990; Tickell 1999; Tickell 2002), and “soft factors” such as untradeable dependences and other externalities; networks, social capital, commitment and

leadership on the other as explanatory factors behind regional growth and development (for a review see Malmberg 1996; Malmberg 1997; Oinas 1998; Raco 1999; Malmberg and Maskell 2002). More recent studies on regional policies and regional development theories focus on innovation, which many see as a regional-bound process. Since the 1980s there has been an increasing interest in economic development research towards regional agglomeration, the role of technology and technological change, new and flexible industries, new “learning regions” and “new industrial spaces”. Accumulation of knowledge and human capital is considered essential for success in the new economy (see Tödtling 1991; Storper 1993; Feldman 1994; Malmberg 1996; Rees 1998; Malmberg and Maskell 2001; Boekema et al. 2000, 246-257; Bunnell and Coe 2001, 575 and 581). Conti (2000, 29) writes that the renewed interest towards marshallian external economies has brought with it focus on social relations of production outside the plant but within the territory where it is located. He points three new veins in current theory: 1) acknowledgement of alternative development paths and solutions to achieve economic efficiency 2) acceptance of the inadequacy of purely economic explanations of local economic development, and 3) recognition of the role of social dynamics and institutional structures in the shaping of local systems. Successful regional economies are associational economies (Malecki 2002, 931-932). Bunnell and Coe (2001, 578) underline the importance of tracing actors and networks and bringing them “with their associated attributes of connectivity, reciprocity, embeddedness and power relations” to the center of analysis. Fulfilling this task means that an intensive, case-study research strategy is needed. Geographical proximity is seen as a facilitating factor when building networks based on trust and when exchanging information, especially tacit knowledge, since knowledge the individuals possess can only be transferred and shared in social interaction (Nonaka and Takeuchi 1995, 8 and 59-60; Cooke et al. 1997). Tacit knowledge is connected with personal skills and knowledge networks. Tacit knowledge is context-dependent and it is an essential part of knowledge created in human interaction, also known as social capital. People with wide contact networks possess plenty of social capital and this possession helps them to get access to other forms of capital. Formal or codified knowledge is opposite to tacit knowledge: it is widely available often in written form and can be transferred through conventional means (Asheim ja Isaksen 2000, 171; Jóhannesson et al. 2003, 5-8). Public sector organizations (offices and departments) planned to be relocated in Finland included knowledge-intensive functions, such as research with skilled, well-educated personnel.

Relocations of these activities meant a change of location for both organizations and their personnel, and thus likely causing a change in the nature of personal networking. Here I want to look at what were considered to be the locational needs of these functions in 1960s and 1970s compared to current ideas. I use the tacit knowledge/formal knowledge dichotomy to analyze the possible changes relocation would have caused to government organisations' contact networks.

I argue, firstly, that the makers of the 1960s and 1970s relocation plans did not pay enough attention to other than economic implications and consequences of government sector relocation to office personnel. Secondly, there was generally a strong concentration on regional policy-making on manufacturing industries as a source of economic growth. Service industries were not considered as economic base-sector and therefore their impact on regional development was considered to be smaller than manufacturing industries. For those reasons, the relocation plans largely remained unimplemented, since other regional policy measures were thought to be more effective. Thirdly, the problems related to human resource management and reluctance of civil service personnel to move were the key factors for the non-implementation of the plans. The resistance towards the relocation plans reveals the importance of strategic location.

## *2. Theoretical ideas and motives behind relocation plans*

Plans to relocate civil service originated from Great Britain and France. During World War II in Great Britain, parts of government were moved away from London for strategic reasons, to save them from bombings (Pettersson 1980, 80; Winckler 1990, 142). After the war between the years 1963 and 1973, 32 000 civil servants were dispersed from London or established in new posts in the regions (Marshall & Alderman 1991, 58). Similar strategies were soon planned in Scandinavian countries, as well. The Swedish government made a decision in 1974 to move 11 300 jobs away from capital Stockholm by the year 1980 (Pettersson 1980, 80). In Finland the first relocation committee published its report in 1962 and a second committee in the early 1970s. (Komiteanmietintö 1962:55; Komiteanmietintö 1973:68; Komiteanmietintö 1974:47). The most recent plans have been made during the term of office by the Lipponen's II government (Hallituksen esitys Eduskunnalle laiksi valtion yksikköjen... 2001; Memorandum on the decentralization of Finnish central government units and functions

2002) and the present government (Pääministeri Anneli Jäätteenmäen hallituksen ohjelma 17.4. 2003). The first Finnish relocation committee made a proposal to relocate 6 government offices with 1200 to two new locations, Jokioinen and Kuopio (see table 1). Ten years later, 26 government offices, departments or their parts with 6 700 jobs altogether were planned to be relocated to 19 regional centers respectively, to different parts of the country (see table 2). The idea was to move functions from center (capital region) to more peripheral regions mainly to provincial towns and even to countryside. The costs of the first relocation programme were estimated to be 2 405 500 000 marks (Helsingin Sanomat 8.12. 1962) (in 1962) and the second 395 million (Komiteanmietintö 1974:47, 11).

**Table 1.** The first Finnish Relocation Committee's proposals

<i>Agency</i>	<i>New location</i>
Asutushallitus (Settlement Administration)	Kuopio
Kansaneläkelaitos (Social Insurance Institution)	Kuopio
Valtion tapaturmatoimisto (Accident Bureau)	Kuopio
Vakuutusoiikeus (Insurance Court)	Kuopio
Valtion siementarkastuslaitos (Seed Testing Department)	Jokioinen
Valtion maatalouskemiallinen laboratorio (Agricultural Chemistry Department)	Jokioinen

(Source: Komiteanmietintö 1962:55)

**Table 2.** The second Relocation Committee's proposals

<i>Agency</i>	<i>Number of jobs</i>	<i>New location</i>
Valtion Rahapaja (Mint of Finland)	65	Rovaniemi
Geologinen tutkimuslaitos (Geological Survey of Finland)	105	
Other measures (decentralization)	110	
Riista- ja kalatalouden tutkimuslaitos (Finnish Game and Fisheries Institute)	65	Oulu
Parts of National Health Institute (Kansanterveyslaitos)	65	
Parts of Televa	65	
Parts of Posti- ja lennätinlaitos (Post and Telegraph Institution)	Over 1000	
Other measures	235	
Autorekisterikeskus (Vehicle Inspection Department)	170	Kajaani
Parts of Televa	180	
Decentralization (TVH, parts of Road and Waterway Administration)	25	
Maanmittaushallitus (National Land Survey of Finland)	600	Vaasa

<i>Agency</i>	<i>Number of jobs</i>	<i>New location</i>
Topografikunta (NLS's Topographer Unit)	70	
Patentti- ja rekisterihallitus (National Board of Patents and Registration)	220	
Liikevaihtovero-oikeus (Purchase Tax Court)	45	
Decentralization measures	45	
Ilmatieteen laitos (Finnish Meteorological Institute)	165	Jyväskylä
Kansanterveyslaboratorio (National Health Laboratory)	65	
Valtion opintotukikeskus (The Student Financial Aid Center)	25	
Tilastokeskus (2/3) (Statistics Finland)	370	
Kansaneläkelaitoksen ATK-yksikkö (Social Insurance Institution's ADP Unit)	350	
Decentralization + other	185	
Metsähallitus (Forest and Park Service)	260	Kuopio
Geologinen tutkimuslaitos (Geological Survey of Finland)	105	
Kansanterveyslaboratorio (National Health Laboratory)	65	
Tapaturmavirasto (Accident Bureau)	310	
Sotatapaturma-arkisto (The Archives for War Accidents)	50	
Other measures	230	
Kadettikoulu (Cadet School)	110	Joensuu
Taistelukoulu (Battle School)	70	
Metsäntutkimuslaitos (Finnish Forest Research Institute)	290	
Other measures	110	
Valtion siementarkastuslaitos (Seed Testing Department)	90	Mikkeli
Elinkeinohallitus (Trade Administration)	110	Lahti
Vakuutuslaitos (Insurance Court)	70	
Other measures	50	
Säteilyfysiikan laitos (Department of Radiation Physics)	80	Hämeenlinna
Other measures	30	
Poliisiopisto (Police Academy)	35	Tampere
Tilastokeskus (1/3) (Parts of Statistics Finland)	200	
Other measures	100	
Merenkulkuhallitus (Finnish Maritime Service)	220	Turku
Merentutkimuslaitos (Finnish Maritime Administration)	50	
Other measures	165	

(Source: Komiteanmietintö 1974:47)

Theoretically, relocation plans originated from ideas about cumulative causation by Myrdal (1957) and growth poles by Perroux (see Goddard 1975, 12-13; Parr 1999a, 1196-1197). The key idea was to assist those regions that lagged behind by giving them growth impulse in the form of offices and their relatively well-paid personnel, which would in turn increase the local tax-base and create local multiplier effects. For the planners of Finnish regional policy in 1960s and 1970s the ideal organization to be supported was a large industrial enterprise operating in manufacturing in the capital region, but which would enlarge its operations elsewhere in the country by establishing a branch plant. The greatest locational diseconomies related to remote location at the time were transportation costs and lack of economies of scale. Manufacturing industries were thus encouraged to move from the center to the periphery by developing infrastructure (esp. road and telecommunications networks), by developing vocational training, and by giving subsidies for those enterprises which would relocate their whole production or establish units in the periphery. Eskelinen (2001, 30-32). The locational needs of administrative functions and civil service were considered rather similar to manufacturing and civil service relocation was thought (by the Relocation Committee) to be eased by developing communication network and transportation.

The motives behind the relocation plans were mainly economical and social. In the 1960s concern was aroused towards restructuring of the Finnish society, and rapid rural-urban migration was the main symptom of these changes (Hankonen 1994, 56-57; Jokinen and Saaristo 2002, 85-86 and 145-146). The relocation plans can be seen as a political reaction against these sudden changes. The problems the regions were facing were twofold: loss of jobs, people and fiscal-base in out-migration areas, and problems with sprawl and congestion in rapidly growing in-migration areas, respectively (Komiteanmietintö 1962: 55; Komiteanmietintö 1973:68, 2-33). The culmination point was growth in the capital region, Helsinki and its surroundings. In 1960 Helsinki had over 450 000 inhabitants and the population of the surrounding metro-area was almost 700 000. Annual in-migration rate was 10 000 people. The capital was the undisputable center by its industrial base and measured by the amount of headquarters. Nearly half of all Finnish limited companies had their headquarters and registered office in Helsinki. The capital was the key location for specialized services, such as insurance, finance and real estate (FIRE-sector): 65 % percent of the personnel employed in these industries worked in Helsinki and over half of importing and exporting trade occurred in Helsinki,



as well. Services were the fastest growing sector in capital region, as well (Kolbe 2002, 187). The situation has not changed much in 40 years: in the year 2000 nearly half of civil service personnel (48,4 %) worked in the province of Southern Finland and the share of Uusimaa region was 37,6 %. Within Uusimaa region the civil service personnel is clustered in capital, Helsinki: only 1/10 is located in other municipalities in the region. The percentage share of central government personnel working in Helsinki metro area is 72, 3 % and in Helsinki 59 %, respectively (Periaatepäätös valtion toimintojen sijoittamisen strategiasta 8.11. 2001). Population of the Helsinki metropolitan area has increased faster than the rest of the country since 1990s and this trend still continues. In addition to population growth both the growth of production and employment has been faster than the rest of the country in the years 1995-1999. Helsinki region's share of Finland's GNP in the year 1999 was almost one third. (Tukiainen 2003, 6-8). These agglomeration trends have led to a renewed interest towards relocation in recent years.

It is important to note the relocation plans both in 1960s, 1970s and 2000s have come out during economic upturn which caused shortage of rented office space and "overheating" of real estate prizes in capital region (Marshall and Alderman 1991, 52-56), both in Finland and other countries alike. Some government departments were in an acute need of space in 1960s and 1970s and their buildings were small and unpractical, but they could not afford to make enlargements within Helsinki. Instead, by relocating elsewhere the civil service would find more space with more affordable price. Thus, relocation plans were used as a growth management strategy. The central aim was to balance regional development at national level (equity aim) by providing growth impulses to peripheral regions, but at the same time reduce congestion at capital region, and to increase the efficiency of the government and cut its operating costs since rents, construction costs and wages were smaller outside capital. The driving motivation for public sector relocation in Britain was to cut operating costs (Jefferson and Trainor 1996, 47). During the second phase of relocation, in 1970s, there was a general enlargement of the public sector. Some of these new posts were planned to be opened in municipalities and regional centers.

Government jobs were relatively well paid and since the personnel would move with their offices to new locations, this in-migration would, firstly, increase local tax-base

and demand for local markets and thus create an upward spiral in peripheral regions, as already mentioned. Secondly, agglomeration of the government in Helsinki meant that decision-making power was concentrated in the center. Relocation and decentralization were hoped to change the situation for peripheral regions favor. Other arguments used to back the relocation plans included modernization and decentralization of government functions, in other words bringing them closer to people (equity aim) (Lumijärvi 1993, 50) and taking functions to their “natural” environment. These last mentioned arguments were used e.g. to move Forest and Park Service and Finnish Forest Research Institute to Joensuu and parts of Department of Agriculture to main agricultural areas. These and other government bodies dealing with natural resource management and related research had special locational needs: large supply of land for field research and undisturbed environment. As build-up areas grew, industries with a need of space were forced to move out of cities as land was taken into other, profitable uses (bid-rent). This locational shift was in turn accelerated by land-use planning in conditions of the great move. The real estate developers did not want to keep the land vacant while there was a need for housing and thus planners had to zone land for build-up. (see Rönkä 1989, 57 and 171; Ahtiainen ja Tervonen 2002, 59-60, 69 and 82-84).

Relocating government offices and departments to regional centers would necessarily mean constructing new buildings for them, and that would provide job opportunities in construction and related industries in new office localities. Those who made the relocation proposals wanted to ensure the key personnel (managers, senior officers, specialists) would move to new sites along with their place of work, but the planners also knew there would be some turnover among personnel, mainly at lower administrative levels. (Mann 1973, 34 and 194; Lawson and Angle 1998, 306). The local government officials (in receiving locations) in turn hoped that government offices would provide job opportunities to local people mainly in entry-level positions, since turnover of the personnel was greatest among back-office clerical and other assisting positions. Thus new vacancies would become available to local labor force in these positions. Motivation for this was abundance of cheap labor in peripheral regions (Wincler 1990, 139-140; Marshall ja Alderman 1991, 58).

The main criteria for relocation (and later, decentralization) of functions was their relative independence and their exiguity of (face-to-face) contacts. As tables 1 and 2

show, the kinds of departments considered suitable for relocation included 1) research, accounting and statistical functions 2) departments dealing with natural resources 3) lower administrative and supportive functions. Decision-making and contact intensive functions were not considered suitable for relocation due to their need for face-to-face contacts. (Wincler 1990, 139-140; Jefferson and Trainor 1996, 38-39). The second Finnish relocation committee had the opinion that several offices or departments could be co-located into same new place. (Komiteanmietintö 1973:68, 78-79). Interestingly, research units were considered to be suitable for moving. The newly established network of regional universities were thought to provide the necessary academic contacts and relocated government units in turn would support universities.

In Great Britain, where the relocation plans *were* implemented, during the decade 1963-1973 two kinds of moves occurred: firstly, relocation of jobs consisting of few upper civil servants from London to city-centers outside London and secondly, larger employee relocations to the Northern regions. These latter jobs consisted of mainly routine tasks, which were possible to carry without personal presence in London. Thus the locational pattern of the civil service tasks followed the locational pattern of profit industries: upper officials, experts and those in managerial positions located close to the capital whereas less demanding and less esteemed routine tasks, often dominated by women, considered to be transferrable away from the capital to the regions. (Wincler 1990, 143-144; Marshall ja Alderman 1991, 59). This pattern thus consists of a spatial division of labour and a strong center-periphery aspect where key jobs remain in the center and routine jobs are transferred to the periphery, developing region. This kind of evaluation concerning the nature of the jobs and tasks is visible in Finnish relocation plans, as well.

The present Finnish relocation strategies make a point that location of the central government organizations in the capital region was earlier self-evident, both for civil service departments and for their personnel. New technological applications, aspirations to improve, renew and at the same time reshape the central government organization and its functions, and upcoming rapid retirement of the major part of the civil service personnel are the main motivations for the current relocation plans. New elements compared to former plans include a greater emphasis on human resources and the supply-side of the personnel, and a more systematical decision-making procedure

concerning location decisions. A major part of the public sector employees currently in office belong to so called “Baby boomer generation”, and thus there is expected to be a lot of natural attrition of the personnel in the coming 5 to 10 years. The idea is that the positions opening after personnel retirement could be relocated outside the capital and the new official would be recruited there, as well. This, according the strategy-makers’ view, should be easier than moving jobs with established personnel. The planners of the current relocation strategies have the view, that new technology makes decentralization of the tasks and decision-making authority easier, since it allows teleworking. The new relocation plans aim at moving customer-service, support and back-office functions, adp-intensive work, and tasks related to statistics, research, information gathering and assessment to regional contact or call centers (see Vaittinen et al. 2003, 3-7, 23, 27 and 36). Tax administration and office for alien affairs have already transferred their (telephone) counseling and arrangement-functions to Kainuu. (Hallituksen esitys 237/2001, 11).

### *3. Why relocation policies in the 1960s and 1970s failed? Causes for non-implementation*

Plans to move central government offices and departments and their personnel in the 1960s and 1970s caused immediately a strong opposition among the office personnel mainly for family reasons and due to “forced migration” to the unknown. Conditions and standard of living in new locations were considered inferior compared to capital region in terms of fewer cultural amenities and retail services. Moving from capital to provinces was considered unnatural, as well, since the main flows of migration orientated from small centers towards bigger. These same arguments came up with both first and second relocation committee’s work.

The main arguments used in public discussion against public sector relocation were practical difficulties caused to both offices and their personnel. These difficulties included, among others, increase in travel and communication costs and fear of losing crucial contacts, especially personal, face-to face contacts. Those opposed to relocation associated it with inefficiency and disadvantageous dispersal of resources, which would only slow down the functioning of the civil service departments and would make them inaccessible, as well. The second Finnish Relocation Committee was aware of these

troubles and admitted its proposals would cause practical problems to civil servants working in those offices and departments planned to be moved. At personal level those who would agree to move with their job to a new location, needed to arrange their personal move and find a new place to live, a new job for their spouse and/or other family-member(s), arrange day-care facilities and/or schooling for their children. For those who would rather stay in the former location of their place of work needed to find compensatory work. The committee provided financial aid for moving costs, assistance in finding compensatory employment and earlier retirement schemes for those not wishing to move. (Komiteanmietintö 1974:47, 12-13). But moving to a new locality in order to get a new or better job was considered rather unusual among civil servants in 1960s and 1970s when the first and the second Relocation Committees worked. Civil service jobs were considered to be (locationally) unchangeable, and offering a life-lasting career. Mobility of the Finnish civil servants was greatest in the capital region and other major cities, but those shifting a job usually find the new job within the same region. In most cases, the change of job was connected to a civil servant's career within the same government agency and in the same location. For only a small number of civil servants job mobility meant a transfer to a new location (Lumijärvi 1992, 171-172). The relocation of civil service departments was in conflict with the idea of secure and lasting career in the same department at the same location. Representatives of the departments, who were opposed to relocation, had doubts that planners of relocation were unaware of the function and purpose of those departments they were relocating (Helsingin Sanomat 12.12. 1976). Those opposed to relocation feared that the departments that were unfamiliar and of minor importance would be relocated more easily than those that were well known and considered to be important. They protested the spatial division of functions discussed earlier. The negative aspect related to relocation is that people easily fear that management of the organization suggests relocation of the unit just to "get rid" of the unwanted persons (Mann 1973, 194).

The second Relocation Committee made a survey on civil servants and their contacts. The results showed that those in either (upper) managerial or specialist position held most contacts. Contrary to expectations also planners and researchers had significant amount of personal contacts (30 % of all contacts counted). Over 80 % of these contacts were directed to capital region, and the respondents considered these personal contacts to be non-replaceable. (Komiteanmietintö 1974:47, 27-29). Opinion texts published by

newspapers, e.g. Helsingin Sanomat, pressed the point that the civil service departments had several contacts not only among themselves, but also with other organizations located in Helsinki and communication would be aggravated in case some of the departments were located outside Helsinki. Newspaper articles stressed that the new localities for the civil service departments lacked these expert-contacts. Another, often posed argument was that most part of the most qualified body of civil servants would resign if the relocation plans were fulfilled. The result would be a decline of the standard of services and piling up work. (Helsingin Sanomat 11.5.1963; Helsingin Sanomat 15.1. 1965) However, the Relocation Committee held the view that dense transportation service and improving railway and highway networks would facilitate keeping up contacts over long distances, and that developing technology would gradually replace the need for face-to-face contacts. What the committee was not able to recognize, however, was that people not only exchanged information in these networks, but also habits, work routines and other forms of untradeable dependencies. In other words, the committee supposed that exchange of tacit knowledge (exchanged in personal contacts) could be replaced with more codified knowledge that is transferable over long distances in written form. But it is also important to note that the effects of distance on personal contacts and the impacts of the new technology are complicated. Technology does not simply omit the effect of distance, it also changes the nature of contacts. The persons that I interviewed often commented that with modern technology, e.g. e-mail, it does not matter, whether the other person is in the next room or in New Zealand, the message gets there just as fast. On the other hand, they remarked that even a short move, like 2-3 kilometers, increases the threshold for face-to-face contacts: the personal contacts do not occur as frequently, but people would shift to other means of communicating. Even a relatively long relocation 100 kilometers or more (as in the case of Agrifood Research) does not mean the end of personal contacts. Interestingly, people that I interviewed described that in the beginning, right after the relocation, contacts and work-related traffic (e.g. meetings) towards Helsinki were far more frequent than vice versa.

Another major argument used in newspaper discussion in 1960s and 1970s was that manufacturing industries were considered more suitable targets for support in value for money terms. The economic spread-impacts of the service-sector were considered to be small and insignificant compared to the cost of moving and construction. But while

some wanted government to intervene to ensure regional equity, others held the view that the central government's too intensive interference to locational patterns of the industries was considered to be counter-productive for the national economy. Agglomeration of people and industries was for the latter a basic need for a healthy economy. Those against relocation of private industries and civil service departments stressed that Finland should have at least one internationally competent metropolis, which naturally would be Helsinki. Support for other centers would mean fewer resources available for the capital. This metropolis would provide locational amenities, such as a wide market-area and many kinds of contacts to industries and people alike. These locational benefits would not be available elsewhere. The mayors actively wanting to receive civil service departments stressed that their localities had good transportation networks and good provide a cheaper location for both industries and their employees.

Conflicts around relocation soon became political with a center-periphery power-axis. Those who were for relocation included the center-party with a strong pol in the countryside and generally speaking peripheral regions backed with local politicians and other actors (e.g. municipal managers, regional authorities, regional newspapers) in the localities that were promised to receive civil service departments by the relocation committee. Those against relocation included mainly leftist parties having a largest pol in the capital region, supported with actors from the capital region. (Isaksson 1989; 1992; Kolbe 2002, 194-195) Newspapers got actively involved in these opposing campaigns, but favoring the center.

The third reason for failure of the relocation plans was that the civil service organizations listed in the second relocation committee's memorandum had no strong, internal, resource-based reason to move and it was relatively easy to oppose these top-down measures. The case of those organizations that did move was different: Agrifood Research Finland needed more and better fields and new facilities. Its relocation plans were backed by actors in the receiving region. There were pushing factors, such as need for greenfields for building in Vantaa region. And finally, economic downturn in late 1970s, which slowed down migration, increased unemployment in capital region and caused fiscal problems to the state helped those who were against relocation plans.

#### *4. Conclusions*

The relocation plans opened up discussion on location in general. Before, location of the civil service departments in the capital was self-evident. Even though the relocation plans largely remained unimplemented, decentralization, which means delegating decision-making downwards to regional level and moving of functions, proceeded. The argumentation both in favour and against relocation plans clearly show the locational needs of the civil service: human resources, communication networks and the symbolic importance of the capital, Helsinki. Commentaries against relocation highlight the functional difficulties relocation would cause to civil service departments and other organizations. These difficulties included prolonged distances, difficulties in recruiting personnel and getting skillful staff, and mass resignations. In addition, of great importance were the qualities of the receiving localities, which were mainly provincial centers and towns, and the locality of the "departure-locality", capital. The former marketed their good transportation network and their nice residential environment, whereas the latter provided locational benefits related to agglomeration that were not available elsewhere. The capital had critical mass. The opponents of the relocation mainly included representatives of the capital regions (officials of municipalities and regional council in the capital region) and they labeled the provincial centers as "country-towns" with no amenities and where nobody (person or enterprise) would move. Newspapers were active in these campaigns and helped in producing a center-periphery setting between Helsinki and the rest of the country. But beyond these hegemonic (discursive) battles implementation of other regional policy measures (targeted to enterprises) proceeded. The failure of the controversial public sector relocation plans made these other measures more acceptable.

The main obstacles for relocation plans were the need for personal, face-to face contacts and the reluctance of the civil service personnel (at personal level) towards forced moves that affected their work, families and personal relations. Today mobility of the employees is far greater, differences between the capital and rest of the country smaller and telecommunication networks far better than in the 1960s and 1970s. The society then simply was not ready for the plans, and centrally planned, top-down relocation proposals were easy to turn down.



Geographical relocation necessarily means changes in the communication networks, both at organizational and personal level. But these changes do not necessarily mean the end of contacts. The receiving localities, the new sites would get human and social capital with the relocation of the civil service departments and the simultaneous move of the civil servants and their families. This would open up new possibilities for bottom-up development for the peripheral regions.

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