

METHODS AND PROBLEMS IN COMPARATIVE URBAN HISTORY, SEARCHING FOR NEW INDICATORS OF SUCCESS AND BACKWARDNESS OF TOWNS

Industrial Communities in Comparison – The Complexity of Factors and Indicators of Success and Decline

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Introduction

All over industrial world old industrial communities have undergone major changes over the past decades. The first signs of deindustrialization and restructuring process of industrial areas were already seen in the late 1950s. In Finland restructuring of industry begun to have major effects especially during the 1970s. The phenomenon of deindustrialization and declining industrial towns have been investigated in many fields all over the world but the complexity of the process has not been totally researched. The aim of this paper is to investigate two Finnish industrial communities, Karkkila and Kuusankoski, from the 1970s to the end of the 1990s and to try to shed light on the deindustrializing and restructuring process by examining the complexity of indicators of success and decline. The paper consists of two themes. The first theme derives from the problems in comparing industrial towns and their deindustrialization process and its implications. Many industrial towns could be defined declining by using statistics of unemployment, loss of manufacturing jobs etc. However the process of deindustrialization is far more complex and could also be investigated by using indicators of productivity in industry and service sector but also by investigating the standard of living of people still having jobs. By investigating these factors in the paper town of Kuusankoski the result of the analysis can show different indicators of success and wealth. Local industry seems to have gone through a successful process of deindustrialization and the industry and community have also several indicators of success instead of decline.

The second theme focuses on the role of the voluntary sector, different associations etc. in the iron industry town Karkkila. When comparing industrial towns you might meet very contradictory implications of development. At the same time, when the town might have severe economical and social problems caused by the deindustrialization process, there might be a very active voluntary sector usually in the cultural field connecting local people and newcomers and promoting industrial heritage and identity of the community and town. Investigating this theme could give a different

light on analysing the process of industrial towns and in focusing on their future possibilities. The problem is however, how to measure the impact of the voluntary sector to the local development and what are the indicators of the impact.

Karkkila's history begins in the 1820s as a small and quite insignificant ironworks 60 kilometres northwest from Helsinki. The metal factory and foundry begin to grow rapidly during the last two decades in the 19th century when a small foundry of 100 workers becomes a significant industrial community with 700 workers and their families. The heyday of the foundry begins in the 1930s when the wood processing corporation Kymiyhtiö bought the metal factory and foundry. With Kymiyhtiö's international resources and increased demand for foundry products Karkkila's mill becomes the leading metal factory in Finland and the second largest foundry in the Nordic countries already before the Second World War. The significance of the whole industrial community begins to grow at the same time, when the industrial heart of the municipality of Pyhäjärvi is separated to a new independent municipality. When the global deindustrialization process reaches Karkkila with its full power in the beginning of the 1970s there were almost 2000 workers in the factory. Their number was reduced to 550 in 10 years. In a town with 9000 inhabitants, most of them related somehow to the factory, the situation was unbearable and Karkkila was denounced as a catastrophe town for the first time. During this first catastrophe period the role of the voluntary sector becomes evident and meaningful for the first time in trying to develop Karkkila and its image. The second time Karkkila was denounced again as a catastrophe town – and this time also as a nation wide warning – in the beginning of the 1990s. The metal factory and foundry had found a new reliable owner but not new jobs. Karkkila's municipal leaders and decision makers made a unanimous decision to create new industrial jobs by a new Industrial Park Company. After a devaluation of the Finnish mark in the beginning of the 1990s the Industrial Park Company and also the town were near a bankruptcy. In this situation the role of the voluntary sector became important again in trying to create a more positive image to Karkkila.

In Karkkila the iron works was established in the middle of an agrarian area but in Kuusankoski the paper and wood processing mills were established in the middle of forest in the valley of River Kymi in Southeast Finland. The municipality of Kuusankoski grew around the mills as they grew bigger. Kymiyhtiö – the same company that owned Karkkila's metal factory and foundry – became a global paper and wood processing corporation already in the 1930s when new paper mills were bought in England. The paper mills in Kuusankoski still hired large numbers of workers during the economic boom years of the 1960s, but in the recession of the 1970s the company began to

streamline its operations by reducing the number of employs. At best the Kuusankoski mills employed 6,000 people in the 1970s, including summer employees and holiday substitutes. By 1994 the number had decreased to less than half, approximately 3,000. In a locality with a population of roughly 20,000 the situation was an immense change, but the company revised its operations in a quite gentle sprit. Most of the discharged employees were employed in new capacities or pensioned. At the same time, however, a serious problem of long-term unemployment arose at Kuusankoski. It was still prominent in the 1980s and again during the recession years of the 1990s, when Kuusankoski was again one of the worst areas of long-term unemployment in the Kymenlaakso region.

KUUSANKOSKI

Indicators of success and decline

Until 1974 the paper mill corporation Kymiyhtiö in Kuusankoski employed more and more employees since the Second World War. The recession in 1974 and global deindustrialization process began an opposite process of decreasing the number of employees - the process is still going on in the corporation. To some extent newspapers and even some researchers have had a good reason in denouncing Kuusankoski as a declining industrial town because of reducing the number of employees. But the whole picture is far more complicated, if we compare the figures of employees and unemployed people to the production level in the mills, the wage trends in paper industry and to the development in the municipal economy.

The amount of permanent employees in Kuusankoski paper mills was highest in 1974 when they had 5077 employees (4099 of them workers). In 2003 the amount of employees was 2181.¹

Year	Number of employees	Decrease %
1974	5077	
1980	4431	14,57
1990	3527	25,63
2000	2501	41,02
2003	2181	14,67

¹ Statistics of employed 14.10.2002. Kymin keskusarkisto.

At the same time the productivity of the mills has had quite the opposite direction. In 1974 the production decreases dramatically, but begins to grow already during the 1970s. In 1974 the paper production decreases 31,50% and it takes the rest of the decade to reach the same productivity of paper. Pulp production decreases 33% in 1974, but begins to grow very rapidly already the next year. During the last two decades the production growth has been very fast at the same time as the number of employees, especially workers, has reduced.

Years	Increase of paper production %	Increase of pulp production %
1981-1990	83,3	59,0
1990-2000	35,7	19,5

The production of paper and pulp in tons²

Year	Pulp /t	Paper /t	Total /t
1975	105 000	340 000	445 000
1981	305 000	498 000	803 000
1990	485 000	913 000	1398 000
2000	580 000	1239 000	1819 000
2003	425 000	1075 000	1500 000

The production has grown rapidly but also the wage trend in Finnish paper industry has been very positive for those still having their jobs left.³

Years	Increase of hourly wages in Finnish paper mills %
1973-1980	156,84
1981-1990	110,33
1991-2000	52,31
2001-2003	3,77

The wage trend in Kuusankoski paper mills is very much the same as the figures of the whole branch in Finland. Despite the negative development of the employee number the buying power of those still working for the corporation has increased immensely. In the 1970s, when the recession harmed the Finnish paper industry the most, the wages increased 156,84%. During the next decades the same trend has been going on.

² Statistics of production. Kymen keskusarkisto.

³ Statistics of hourly wages in Finnish paper industry 1973-2003. Forest Industries Association. The statistics of Kuusankoski mills were not allowed to use, but the wage trend is very much the same as in other Finnish mills.

This can be seen also in the tax rate figures of the municipality. Municipality's tax revenues have increased the drastically from 1980 to 1990.

Year	Total tax revenue ⁴	Increase %
1980	523 042 143	
1985	916 682 128	75,25
1990	1 472 708 446	60,6

When we come to the 21st century the economy of Kuusankoski is one of the best among Finnish municipalities. There are other reasons for the increase of tax revenues too but the most important factor is the positive income development of the inhabitants.

Kuusankoski's picture is a complexed one – there are indicators of both success and indicators of decline. One permanent – as it seems – indicator of decline is the high rate of unemployed people. In 1980 Kuusankoski became acquainted with unemployment but it was not until the recession in the beginning of the 1990's when the statistics of unemployed made Kuusankoski the worst municipality in Kymenlaakso region. The unemployed rates have decreased during the last years but still the unemployment rates are higher than in other municipalities in the area.

Year	Unemployment rate % ⁵
1992	20,1
1994	22,3
1996	20,2
1998	17,2
2000	16,3
2001	14,0
2003	13,2

It seem as if there has developed two different groups, two different worlds in Kuusankoski – the well earning employees – most of them working in the paper mills – and the long term unemployed.

⁴ Kuusankoski municipal reports 1980 – 1990.

⁵ Statistics, unemployment rates 1990-2004. Kymenlaakson TE-keskuksen arkisto.

KARKKILA

Could an active voluntary sector be an indicator of success?

Karkkila has undergone two major crises during last 35 years. A distinctive and quite unique in Finnish industrial communities has been the role of the voluntary sector in both crises.

Crisis number 1

The beginning of the deindustrialization process passed almost unnoticed in Karkkila in the end of the 1960s. Some workers were discharged but the same had happened several times before because of seasonal variations. This time the trend of discharges continued and finally in a decade the prosperous metal factory and foundry just waited for closing up.⁶

Kymiyhtiö corporation's interest was not in saving the almost empty industrial facilities and not even in saving the old dwelling houses of Fagerkulla that are situated beside the factory. At this point, at the end of the 1970s and the beginning of the 1980s, become the first local voluntaries interested in saving at least one of the dwelling house as a workers museum. The process developed almost by accident as cultural people in Helsinki became aware of the valuable historical environment and especially of the low prices Kymiyhtiö asked for the wooden semi-detached houses – they cost 15 000 – 30 000 Finnish marks, almost nothing for people living in Helsinki. At this point the newcomers and the local voluntaries took a leading role in “marketing” Karkkila and its houses to all possible people in Helsinki, most of them working in the cultural field.

During this process three of the main dwelling house areas (Fagerkulla, Haukkamäki, Vanhakylä) were protected by a protection plan and the houses were sold one by one to new owners from Helsinki. The driving force of this process was the voluntary sector that got the company interested in selling all the historical dwelling house areas by acting like a marketing manager and also a reservation office for the house buyers. Town leaders and decision makers had always been very hostile to the company – selling the dwelling houses didn't change their attitudes, almost on the contrary.⁷

⁶ Rentola, Kimmo, Myöhemmin in Seppo Aalto & Kimmo Rentola, Karkkila eli Högforsin ja Pyhäjärven entisen Pahajärven historia. Karkkila kaupunki. Gummeruksen kirjapaino. Jyväskylä. 1992. pp. 866-867.

⁷ Interview of Tiina Valpola 27.8.2004; Valpola Tiina, Kuntakriisi ja teollinen perimä. Karkkila ja Norbergin taistelu jälkiteollisessa yhteiskunnassa. In Missä on Tässä? Ed. by Sakari Hänninen. Yhteiskuntatieteiden, valtio-opin ja filosofian julkaisuja 18. Jyväskylän yliopisto. Gummerus Kirjapaino Oy. Saarijärvi 1999. pp. 88-91.

The process and the activity of the voluntary sector got finally the town council interested in creating protection plans both for the dwelling house areas and, with the new factory owners permission, also for the old factory area. The first time the industrial heritage and identity was raised up as a possibility, not as a burden. As a result of the process part of the industrial facilities were taken to new activities – the town hall and municipal library moved to the previous factory. Even more plans for promoting industrial identity and developing new life to old industrial area were made, but they were cancelled when the new crisis begun.⁸

Crisis number 2

The devaluation of the Finnish mark in 1992 made the situation catastrophic both for the communal Industrial Park Company and for the town itself. The town was saved from bankruptcy by the state but Karkkila's reputation in the media became much worse than it had ever been. In this depressing situation the local people, of which most were newcomers, made a decision to change the disastrous image to something more positive. All forces were united and starting from the very next year 1993 high standard, nation wide and international events were created in fields of culture and science. Town has been involved with these events, but mostly they have been created and run by the voluntaries.

“There is no secretary school mentality”

How did the voluntary sector actually effect on the image and attractions of their home town?

Despite the crises and the bad publicity of the town, the number of Karkkila's population doesn't change much during these decades, in fact there are more people moving to Karkkila in 1981-1990 than moving out from Karkkila. The effectiveness of the voluntaries in marketing the empty, cheap houses to all their friends and relatives in Helsinki has definitely had some impact on the positive figures.

Years ⁹	Moved to Karkkila	Moved from Karkkila
1971 - 1980	3318	3746
1981 - 1990	3441	3232
1991 - 2001	3400	3674

⁸ Tiina Valpola : Suojelun arkea – miten toteutui tapaus Högfors. Teknillisen korkeakoulun arkkitehtiosaston tutkimuksia 1996/8. pp.1,12, 25.

⁹ Statistics, Karkkilan seurakunnan arkisto.

On the other hand the good marketing brought to Karkkila mostly artists, film directors, scientists etc. – people, who were interested in promoting the industrial identity of their new home town. The industrial environment was not too tidy for artists - as film director Aki Kaurismäki put it in an interview “there is no secretary school mentality”.¹⁰

It is also interesting to notice, how the newspaper and magazine articles begin to change because of the voluntary activity. During both crises media finally begins to write positively about Karkkila – in the 1980s they write about the renovation of old dwelling houses and about the live in the old industrial town. In the 1990s newspapers and magazines become interested in the cultural events and activities that are happening in Karkkila and about the “Bohemian life” in Karkkila.¹¹

CONCLUSIONS

A long historical time perspective is needed in analysing deindustrializing processes in industrial towns and communities. The process is still going on and it is important to try to find new indicators of success and decline. All industrial communities are also very unique - it is very important to find those indicators that are best for each.

In my paper I have wanted to describe some indicators that I have found interesting in two industrial towns Kuusankoski and Karkkila. In Kuusankoski’s case investigating the numbers of employees discharged from the mills and the unemployment rate of the municipality can give a totally different result to the analysis than when you also investigate the production levels of the mills, the wage trends of the mill employees and also the development of the municipal tax revenues. The results can be totally contradictory. Kuusankoski seems to have been quite successful in deindustrialization process. The role of the company in the community has changed totally, but the mills with huge production capacity are still part of the community. The well paid employees mean also better municipal tax revenues. On the other hand high unemployment rate is a signal of risks also in future. The role of the decision makers is important in future in creating new jobs and possibilities to Kuusankoski

In Karkkila’s case I have wanted to describe the role of the very active voluntary sector in making Karkkila more attractive for new inhabitants but also in creating new town image and promoting industrial heritage. The problem is, how to measure the impact of the voluntary sector in the local

¹⁰ Boheemielämää Karkkilassa. Image 4/1993. ”Ei täällä ole sihteeriopistomeininkiä”. Translation by A.Kuvaja.

¹¹ Id.

development. Analysing just the indicators related to the town economy gives a very grim picture of Karkkila. If you connect the role of the voluntary sector to the analysis it might be possible to find answers, why Karkkila attracted new people in the middle of economic and social crisis. It is also problematic to measure, has the activity of the voluntary sector really changed the public image of Karkkila and how long does it last, if the town authorities and decision makers don't want to take more role in the cultural field but leave it almost totally to the voluntaries.