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Culture, Institutions and Power:
Institutionalisation of cross-border
co-operation as a municipal development
strategy in Northern Finland

Fredriika Jakola

ACADEMIC DISSERTATION

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Abstract

Culture, Institutions and Power: Institutionalisation of cross-border co-operation as a development strategy in Northern Finland

Jakola, Fredriika, Geography Research Unit, University of Oulu, 2019

Keywords: regional development, municipal planning, cross-border co-operation, state transformation, institutions, power, trust, identity, Cultural Political Economy, discourse, Finnish-Swedish border, Tornio Valley, Kemi-Tornio region

A predominant academic question is how and why the development paths of municipalities and regions take certain forms. In recent decades, geographers and economists in particular have investigated the dynamics of how local institutional conditions and their local mobilisation can affect development outcomes and how development is determined by “structural” forces such as state- and EU-based regulations and globalisation of the economy. Thus, the notion that historical sensitiveness and context-dependency are essential factors in local and regional development and growth has gained credence. Then again, municipalities and regions are not “islands” of development but integral parts of complex socio-spatial relations and processes. From this viewpoint, border municipalities and regions are eminently interesting research contexts as they are sites where different scalar political interests, institutional structures, and development discourses are continuously manifested, materialised and contested in the daily practices of local and regional actors.

Nevertheless, this thesis argues that the existing mainstream studies investigating the development paths and prospects of border regions and municipalities are, firstly, overly EU-centric and, secondly, have an overly limited perspective on the institutional environment and legacy in which local and regional actors operate. The main attention in this regard has often been on the institutional differences between states and nationalities. In order to understand the development prospects of border areas and the preconditions of transnational regionalisation, municipal planning of border areas needs to be approached not only from the perspective of EU-driven cross-border co-operation and building of “transnational” scale, but more comprehensively. Accordingly, the present research on the Finnish-Swedish border area, which is an internal border area of the EU, takes a more historically and contextually sensitive institutional approach in this regard. Investigating the structural and discursive dynamics related to the institutionalisation of cross-border co-operation as a development strategy in the context of municipal planning enables not only identification of the conflicts and intersections between state-, EU- and local/regional-level development interests and institutional structures, but also provides room for recognising the diversity of the existing interests, strategies and motivations of local and regional actors and different interest groups involved in these institutionalisation processes.

This thesis suggests that the concept of policy transfer and problematisation of the dynamics of how and why certain development strategies, policies and discourses become selected, implemented and sustained at the border municipalities offers a fruitful theoretical and political framework for examining the abovementioned issues. Accordingly, the thesis studies the intertwined relationship between local agency and the mobilisation of scalar institutional structures in regional planning and policy transfer processes by applying the Cultural Political Economy approach and strategic-relational theory on institutions (see Jessop & Sum 2013) as theoretical-methodological lenses. The thesis consists of three original research articles that form a scalar and temporal continuum. The empirical research is based on interviews conducted with key municipal and regional actors (i.e. planners, politicians, project managers and entrepreneurs), historical document material reaching back to the 1930s, as well as supplementary policy documents produced at various governmental levels. Both critical discourse analysis and content analysis are used as analysis methods. As the dynamics of municipal planning are reflected primarily against the formal institutional planning system in Finland, the study focuses on the Finnish side of the border – the Finnish Tornio Valley and the Kemi-Tornio sub-region.

The results underline that the institutionalisation of cross-border co-operation as a key development strategy has been a long path-dependent process in which policy transfer processes and local mobilisation have become intertwined. While the “large-scale” development follows the Finnish national development – the transition from state-led, top-down politics to a more bottom-up, region-based development model – the investigation of these policy transfer processes also shows that the border location and the mobilisation of both the “border region identity” and the EU’s cross-border co-operation policy discourse have had a marked impact on the development path. Accordingly, they have furthered the development towards cross-border regionalisation. Moreover, border municipalities are challenging the state’s authority and the subordinated municipality-state relation by invoking this development. This development, however, is regionally contested and exemplifies the power relations both between municipalities with/without state border as well as between public and private sector actors. In the end, which development strategies become dominant or discarded in a particular context depends on how different actors and interest groups mobilise their privileged positions in relation to surrounding formal and informal institutional structures, such as municipal autonomy, EU cross-border co-operation funding schemes, trust relations, regional identity, and prevailing norms and customs. This research stands as an illustrative example that it is crucial not to consider these context-specific “soft” matters as somehow secondary to “rational” economic reasoning when investigating courses of action and economic development paths.

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List of original articles

This synopsis is based on three independent research papers published in international peer-reviewed journals:

- I Jakola, F. (2016). Borders, planning and policy transfer: historical transformation of development discourses in the Finnish Torne Valley. *European Planning Studies* 24:10, 1806–1824 (cited in the text as Article I).
- II Jakola, F. (2018). Local responses to state-led municipal reform in the Finnish-Swedish border region: conflicting development discourses, culture and institutions. *Fennia* 196:2, 137–153 (cited in the text as Article II).
- III* Jakola, F. & E.-K. Prokkola (2018). Trust Building or Vested Interest? Social Capital Processes of Cross-Border Co-operation in the Border Towns of Tornio and Haparanda. *Tijdschrift voor Economische en Sociale Geografie* 109:2, 224–238 (cited in the text as Article III).

*The introduction and theory sections were written together with Eeva-Kaisa Prokkola. The author was responsible for collecting and analysing the research material, and also for writing the analysis and conclusions.

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ii Article is under a Creative Commons Attribution 4.0 International License. Original published in *Fennia* 29 November 2018. Available online: <<https://fennia.journal.fi/article/view/69890>>

iii Reprinted with permission from Wiley. Original published in *Tijdschrift voor Economische en Sociale Geografie* © 05 September 2017. Available online: <<https://onlinelibrary.wiley.com/doi/full/10.1111/tesg.12279>>

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In Oulu, August 2019
Fredriika Jakola

1 Introduction

1.1 The changing development discourses of the European border regions

Local and regional governments have an important role in transforming the European economy and the everyday life of European citizens; almost 70 percent of public sector investments are made by local and regional governments (Council of European Municipalities and Regions 2016: 1). It is seldom recognised that a great number of local and regional governments operate in the EU's internal border regions, which cover 40 percent of the whole European Union (EU) territory (European Commission 2017: 2).¹ Due to the "rise of regions" as a part of global capitalism and European integration, the political-economic role of border municipalities has changed radically during the past three decades, especially in terms of increased mobility (people, capital, information, etc.) (Paasi 2019; O'Dowd 2003). While border municipalities and regions were formerly seen as peripheral and marginalised, in recent decades border locations have come to be seen as offering development opportunities and resources, such as the utilisation of markets on both sides of the border or the exploitation of financial resources from EU regional policy schemes (Blatter 2004; Sohn 2014).

Local governments have a central role in regional development and planning, yet they operate and become manifested within the bounds of state sovereignty and its institutional form. In many states, such as the Nordic countries, local governments have a long list of statutory responsibilities concerning public services which may date back decades and even centuries. With its strong tradition of municipal self-autonomy, Finland is one of the most decentralised OECD countries (Andre & Garcia 2014) and each of the country's municipalities is obligated to supply the same services to their residents regardless of whether it is the smallest municipality with less than one hundred residents or the capital city with over 640 000 inhabitants (Tilastokeskus 2019). In Finland, as in many European peripheral border areas, however, the economic and social challenges faced by local authorities, such as ageing population, changes in economic structures, and decreasing state subsidies, threaten the ability of local governments to fulfil these juridically determined tasks (Jäntti 2016). At the same time, border municipalities and regions have become particular policy objects as the practices of local and regional planning in border regions are increasingly directed by the EU through various regional policy schemes such as European Territorial Co-operation (ETC), better known as Interreg (European Commission 2019). Regional co-operation, co-funded by these policy schemes and programmes, has become a crucial and normalised part of planning, commonly

¹ Including EFTA countries: Norway, Switzerland, and Liechtenstein. Iceland has only a marine border with the EU.

following the idea of economies of scale, that is, the notion that bigger service units with combined resources are understood to operate more effectively and to produce economic savings. The quotation “for small countries to become more competitive, the increasing globalisation requires them to co-operate regionally” from the ongoing Interreg VA Nord programme (Interreg Nord 2014: 6), implemented in the North Calotte area, captures very well the dominant development discourse and prevailing conditions under which local and regional planning, both in transnational and national settings, are being conducted by local and regional authorities today.

Local-level mobilisation and development in the border regions is seen to reflect several major trends related to nation states and various policies such as denationalisation and the diversification of governance practices through rescaling processes (Jessop 2002: 42; Brenner 2004). These rescaling processes of the state’s political economic space have become an appealing research topic for scholars, which is manifested in the increased interest in studies on European border regions too (see Johnson *et al.* 2011; Newman 2011). However, in recent years European border municipalities and regions have witnessed counter-processes as well; that is, the notion of “open” and “integrated” border regions has been questioned, for instance during the securitisation of borders during the migrant and asylum-seeker influx of 2015 (see Paasi *et al.* 2019; Prokkola 2018). In addition, Europe is currently facing new questions about disintegration, protectionism and the rise of nationalism that are impacting the development of border regions. In the border area between the Republic of Ireland (EU) and Northern Ireland (UK), for instance, local- and regional-level mundane issues have brought the negotiations between the EU and the UK to a temporary standstill (Hayward 2018). An interesting question is, in what ways are local and regional authorities, entrepreneurs and people affected by these ongoing changes but also, importantly, how are these changes coped with and how do they materialise.

The changing premises of local and regional development in European border regions are intensively studied within the framework of EU regional policies, not least because the EU has become a powerful actor in developing and promoting the concepts and best practices used in planning (Jensen & Richardson 2004). Many studies have investigated the processes of reterritorialisation and rescaling through transnational regionalisation and the building of cross-border institutions – either on the regional formal institutional level or the grassroots level – focusing typically on actual project implementation (e.g. Blatter 2004; Deas & Lord 2006; Hansen & Serin 2010; Jensen & Richardson 2004; Johnson 2009; Knippenberg 2004; Perkman 2002; Prokkola 2011; Prokkola 2008a; Popescu 2011; Leibenath & Knippchild 2005; Stoffelen *et al.* 2017; Mirwaldt 2013; Jacobs & Kooij 2013; Koch 2018a). Although not necessarily referring to the concept itself, cross-border co-operation studies can be regarded as *policy transfer* studies as they examine the dynamics of adopting and implementing EU policies and development strategies at the local and regional levels (see Dolowitz & Marsh 1996; Prince 2012; Johnson 2009).

Often examined and discussed in the context of “internationalisation”, “neoliberalisation” or “Europeanisation” of policy regimes, etc., policy transfer refers to the mobilisation of planning and development ideas and concepts (see Prince 2012; Peck & Theodore 2001; McCann & Ward 2013). The aim of this thesis is not, however, to approach policy transfer processes from the “wide” perspective of institutional change per se, but to examine it from the perspective of planning and the development prospects of local governance. This appears as a crucial question especially in border areas, as they are sites where different scalar political discourses, strategies, ideas and institutional structures meet and, oftentimes, collide. An interesting question is, why and how are certain development discourses and strategies selected, implemented and materialised, and how do these decisions affect the development trajectories of these areas and reflect the contested and changing power relations between different governmental levels, such as municipalities, states and the EU?

Previous studies that have examined the rescaling processes and the constitution of new transnational scales of governance in the political-institutional context of cross-border co-operation have been rather critical, showing that cross-border co-operation initiatives have not been particularly successful from the governance perspective (e.g. Perkman 2002; Blatter 2004; Knippenberg 2004; Löfgren 2008; Popescu 2011; Jacobs & Kooij 2013). Cross-border co-operation is often dominated by the national scale, and the question of transition is more of the institutional flexibility of state government structures than the actual rescaling of power to a new operational scale (e.g. Hansen & Serin 2010). Accordingly, the ideas of the “borderless world” and of the move from a state-centred system towards a world of regions as the natural outgrowth of the collapse of the Soviet Union (see Ohmae 1995) have been strongly questioned (Paasi 2019).

In much research, the EU has been the main context for studying the changing nature of local and regional planning in border regions. The EU regional policies represent an important – yet only one – dimension of the development discourses in its border regions, where EU policies become intertwined with national- and regional-level policies and local interests (Johnson 2009; O’Dowd 2010). It has been shown that from the perspective of state development strategies, the EU’s border region policy is rarely the key strategy but appears more as a supplemental and secondary strategy against national ones (Article I; Stoffelen 2017). States intervene in the regional development of border regions through the existing institutional structures, such as a state border, and importantly also through regional policies which may be implemented in a national framework and may simultaneously subsume border regions and local actors. The ongoing reform of the Finnish municipal system is a fitting example of this kind of development process. Research has pointed out that although the municipal reform and cross-border co-operation schemes are not contradictory on a rhetoric level, from the perspective of the daily practices of local governmental actors conflicting interest seems to play a major role (Article II).

The local everyday practices and discussions of planners and politicians constitute an important context for studying how different development discourses and strategies

are played out as well as for revealing the unbalanced power relations not only between different governmental levels, but also between actors within the regions (Jensen & Richardson 2004). As Prince (2010) points out, policies and ideas are often formulated to fit local circumstances, which emphasises the role of local agency and mobilisation. A key question is, how and why in certain local contexts are particular development policies, strategies, ideas and ideologies that are created (or reproduced) (see also Fairclough 2010a) at the state- or the EU-level selected and implemented more “easily” while others are contested? In different border municipalities regional planners may utilise development discourse in different ways. The starting point in this study is that local institutional conditions, and the ways in which local actors strategically mobilise these to promote their own interests, have a crucial role in the formation of paths of regional development and possible conflicts of interest.

1.2 Towards a contextually sensitive regional development approach

In the last decade, we have seen a number of arguments underlining the need for context-dependency and historical sensitiveness in studies on the construction of economic spaces (Gualini 2006; Moulaert *et al.* 2007; Bristow 2010). Moulaert *et al.* (2007:196) have criticised how market-led neoliberal regional development discourse overly abstracts actual development trajectories and many times overlooks the fact that development is deeply historical and place specific and takes place in concrete institutional settings (see also Gualini 2006). Historical embeddedness is crucial to policy transfer processes; border regions need to be approached as path-dependent historical processes (Paasi 1996; Paasi & Prokkola 2008). Still, in the mainstream studies on the institutional development of border regions, which can be understood as policy transfer studies, there is a tendency to emphasise spatiality over temporality (O’Dowd 2010: 172).

While scholars and policy makers have been trying to understand why the returns from the implementation of top-down and universal development strategies and policies across the world have been relatively modest, growing attention has shifted to the influence of institutions on economic development (Rodriguez-Pose 2013: 1036; see also Tomaney 2014; Bathelt & Gluckler 2014). Thus, institution has become one of the key concepts in explaining the processes and outcomes of economic development both in development theory and policy, from the 1990s onwards (Bebbington 2017: 2; Farole *et al.* 2011; Dale 2002; Wood & Valler 2004). As Wood and Valler (2004: 1) emphasise, this so-called “institutional turn” or “contextual turn” (Dale 2002) refers to both theoretical and empirical work which entails an understanding of how economy is “embedded in formal and informal institutional, social and cultural conditions and practices” (see also Bebbington 2017). For instance, “regional identity” has become one of the key concepts in this regard, along with many other “endogenous” concepts (Tomaney & Ward 2000;

Raagmaa 2002; Paasi 2013). From the perspective of regional planning and policy transfer processes, the concept of *regional identity* can be regarded both as a planning idea which is “transferred” and as an explanatory factor that determines the extent of policy transfer, depending on the perspective from which the concept is approached and how it is conceptualised. Thus the building or mobilisation of regional identity, or more specifically *identity of a region*, referring to the socio-cultural characteristics of a region that differentiate it from regions, has become a key means for improving the competitiveness of regions (Paasi 2013; Stoffelen & Vanneste 2017). It has become a widely used concept both among policy makers and planners. Then again, regional identity, as a shared regional consciousness (Paasi 1996), is part of institutional legacy, which for its part affect the adaptation and implementation of certain development discourses, such as EU’s cross-border co-operation policy discourse.

The research strand and policy discourse emphasising especially local and regional institutions, as opposed to state-level institutions, is regarded as “new regionalism”. Developed by economic geographers, institutional economists and economic sociologists, it focuses on regions’ ability to develop and sustain indigenous assets and resources which would improve their capacity to adjust to the changing circumstances of the globalised economy (Pike *et al.* 2006: 102). These indigenous institutional assets are seen to enable knowledge creation, learning and innovation through which economic growth is seen to be accomplished. Harrison and Growe (2014: 22) call this scheme “capitalism’s new afterfordist form”. The roots of this research harken date back in the 1970s when the structural challenges caused by globalisation and economic recession challenged comprehensive national policies based on the values of equalisation and territorial cohesion and the local and regional scale started to gain both academic and policy attention (Hadjimichalis 2017).

As Hadjimichalis (2006: 690–691) argues, institutionalist regional approaches have opened valuable debates within the academy; there now exists a strong awareness of the importance of different institutional, cultural and evolutionary aspects in social life. Accordingly, it is these insights that have boosted the regional policies promoting endogenous regional growth of the European Commission, for instance (Avdikos & Chardas 2016). Although it was introduced as a “third way” between state-led Keynesianism and market-led neoliberalism (see Amin 1999), it is argued that the bottom-up institutionalist approach is actually embedded in the so-called neoliberal logic of rationalisation (Lovering 1999; Harrison 2013). Regions are in a way obligated to adapt to the socio-economic changes caused by globalisation and neoliberalisation of markets through learning and innovation (Cumbers *et al.* 2003).

Institution and regional development, however, are not unproblematic notions. There exists a number of contested issues related not only to their relationship but also to the concept of institution itself. There is wide academic consensus on the slippery nature of the concept of institution, and there is no comprehensive and agreed upon definition for it (Rodriguez-Pose 2013; Tomaney 2014). According to a prevailing general agreement, however, institutions are complexes of social practices that have certain characteristics:

for instance, they are regularly reproduced they are linked to defined roles and social relations, and they have a major impact on social order (Jessop & Sum 2013: 34–36; see also Bebbington 2017). In this sense, family, religion, markets, the state, etc. can be regarded as institutions.

Accordingly, in this thesis institutions are seen as relatively stable and enduring “rules” that govern human behaviour and, importantly, legitimise certain practices, ideas and strategies in particular contexts (Hodgson 2007: 331; MacKinnon *et al.* 2009). MacKinnon *et al.* (2009) add that institutions not only enable and constrain human behaviour but they also have the capacity to change human aspirations. Moreover, two important analytical distinctions with regards to institutions need to be made – the distinction between an institution and an organisation, and the distinction between formal and informal institutions. In everyday language, and in some research literature, institution is taken as a synonym for organisation (Edquist & Johnson 1997; Rodriguez-Pose 2013). Nevertheless, as Jessop and Sum (2013: 34–36) point out, it is important not to confuse institutions with their particular actualisations. For instance, while municipality is a formal institution built on many subordinated social practices, such as self-governance and zoning (also regarded as institutions themselves), a particular municipality with town hall and employees is not an institution as such. North’s (1990: 5) much-cited definition illustrates this well: “while institutions are the rules of the game, organisations are the players”.²

Similarly important is the distinction between formal and informal institutions. While formal institutions are “written” societal rules and regulations, informal institutions are “unwritten” communal norms, habits and beliefs (Rodriguez-Pose 2013). Martin (2000) has also noted the useful division between institutional arrangement and institutional environment. What is common to both formal and informal institutions is, on the one hand, their endeavour to control and restrict but also to enable action with certain uncertainty (Storper 1997: 268). Institutions embed a normative understanding of what is meaningful and “right” in certain spatio-temporal contexts. They are not unproblematic but indicate a hegemonic way of thinking and acting at certain scales (community, region, nation state, EU, global). As Tomaney (2014: 136) emphasises, institutions do not merely establish technical conditions for development but also represent social and political values of *development*.

In addition, a wide range of methodological problems arise from the difficulty of operationalising the term. This applies especially to informal institutions. One is the tautologous nature of institutions and regional economic development: institutional structures are seen to affect economic development but are also in part the outcome of economic development. This coevolution and mutual reinforcement make the prediction of the direction of causality at any given time or place very difficult (Rodriguez-Pose 2013: 1041). However, there exists a rather firm consensus that the absence of basic

² However, although most of the institutionalists agree with North’s definition on a general level, it is commonly associated with rational choice institutionalism and New Institutional Economics (Sorensen 2018), which differ greatly from other schools of institutional analysis (see chapter 3.1.).

formal institutions (education systems, juridical system, etc.) has a negative effect on economic development (Farole *et al.* 2011). Still, institutions are spatially and temporally dependent, and different institutional arrangements in different geographical contexts can lead to similar economic outcomes, which challenges researchers to investigate the role of institutions (Rodrigues-Pose 2013: 1038).

Institution is a widely used term in studies of cross-border regions. In the context of Europe, cross-border co-operation itself is defined as a “process of institution building” in local and regional planning (Perkmann 1999: 665). Thus, for instance, cross-border co-operation projects strive to build cross-border institutions, both formal and informal. Presently, there is a growing interest in studying the role of more informal communal institutions, such as trust (see e.g. Häkli 2009; Mirwaldt 2013; Grix & Knowles 2003; Medeiros 2014a; Koch 2018b; Article III) and regional identity (Prokkola 2008; Prokkola *et al.* 2015; Stoffelen & Vanneste 2018), in the framework of border region governance. Accordingly, there exist a wide knowledge on how different, both formal (laws, bureaucratic differences, etc.) and informal (language, cultural differences, etc.), institutions act as obstacles to building cross-border institutions and transnational regions (e.g. Perkmann 2003; Fabbro & Haselsberger 2009; Prokkola 2008a; Mirwaldt 2012; Smallbone *et al.* 2007). In much research, the empirical emphasis has been on state borders and national divisions, whereas little attention has been paid to the dynamics between other interest groups such as public-private actors and surrounding municipalities.

Institutionalisation can be understood in a very broad and general manner as a process in which values are formatted through habits (routines, practices) (see Dale 2002: 6). A process which every institutional structure must go through. However, in the context of planning and governance, it can be seen as a wider spatio-temporal process which entails various formal and informal institutional dynamics and scalar agencies. Accordingly, it takes place when certain development ideas, values and ideologies are gradually “built” into organisational and governmental structures and regulations and, ultimately, normalised (cf. Jessop & Sum 2013). When interrogating the institutionalisation process of a new development strategy at the local and regional level, it oftentimes appears to take place through policy transfer processes. However, the policy transfer and recontextualisation processes are themselves highly context-sensitive and dependent on local and regional agencies, which makes the institutionalisation of a certain development strategy or discourse in a particular context a process both inwardly and outwardly oriented. Moreover, institutionalisation is not a linear or straightforward process but complex and contested. However, through the path-dependencies of institutional structures, it is historically contingent.

2 Framing and positioning the thesis

2.1 The aim of the thesis and the research questions

This thesis aims to contribute to the contemporary discussion on the transformation of border areas and their regional development possibilities, of which cross-border co-operation is increasingly seen as an important tool. In order to understand the development trajectories of border municipalities and provinces, it is crucial to examine the local and regional planning in the context of border areas not only in the framework of the EU's regional policies and implementation of cross-border co-operation projects, but more widely through the changing state and regional development discourses. Accordingly, to be able to understand better, how and in which kind of political, economic and cultural circumstances the institutionalisation of cross-border co-operation takes place, we cannot focus solely on the practices of cross-border co-operation themselves. The goal is to, on the one hand show how the state actively guides, facilitates and also challenges the operations of border municipalities through its regional development policies. On the other hand, the aim is to illustrate how the dynamics of cross-border regionalisation are defined not only by state-related institutional structures but also by more local and regional motives as well.

Empirically this is done by focusing on the dynamics and premises of municipal planning in the Finnish-Swedish border area, which is an internal border region of the EU. This region is argued to be one of the most advanced sites of European integration (Häkli 2009). Finland's busiest border-crossing point is located in the southern part of the border, in the town of Tornio (Prokkola 2018). The research has been conducted in the institutional context of the Finnish Tornio Valley border municipalities and the Kemi-Tornio sub-region. Municipalities have a long history and strong institutional role in Finnish society. In this study, they are not considered as spatial "containers" with their own endogenous logic of action but as a part of an institutional arrangement which is built both on state and currently also on EU-level development discourses. Moreover, local governments are considered as sites where both formal institutional arrangements and the development discourses and policies they "represent" intersect with the informal institutional environment, which has its own power relations and logic of action. As Dannestam (2008: 364) points out, local politics involves creating meaning, and by studying and problematising the political struggle "behind" the political decisions and the implementation of different scalar development strategies that are established "in the name of the region", it is possible to gain understanding of the development trajectories of border municipalities.

The Finnish regional structure is three-layered, based on municipalities, regions and the state, with autonomous power divided between state and municipalities. The representatives for parliament and the municipalities are elected every fourth year. Municipalities have a

strong institutional role in people's everyday life as municipalities presently provide a wide range of statutory services: besides social welfare and comprehensive and upper secondary education, municipalities are responsible for land use management and infrastructure such as water and energy supply, road maintenance and waste management, but also strategical development (Zimmerbauer & Paasi 2013; Kuusi 2011). Currently, municipalities' wide autonomous position in Finland is in a state of transition, however. If the state-led reform plan is realised, the responsibility to organise social and welfare services will be transferred from municipalities to the regional counties (Finnish Government 2019a).³ This would change the municipality's role significantly.

The main objective of this thesis is to study:

Through which kinds of structural and discursive dynamics the institutionalisation of cross-border co-operation as a municipal development strategy has taken (and is taking) place in the northern Finland border context?

The wider research objective is approached through the following five sub-research questions:

- RQ1: How are border municipalities, as institutional structures, positioned in relation to the state transformation and rescaling of local and regional development practices in the Finnish Tornio Valley?
- RQ2: How are the development interests between and across different socio-spatial entities (municipality, state, EU) manifested and materialised in the Finnish Tornio Valley and Kemi-Tornio regions?
- RQ3: How are local/regional institutional legacy and regional identity intertwined with policy transfer and institutionalisation processes?
- RQ4: How do different interest groups (municipalities with/without state border, public/private, Finnish/Swedish) exercise power in regional planning and policy transfer processes?
- RQ5: How are different interest groups empowered and/or constrained by institutional structures in the Tornio Valley and Kemi-Tornio municipalities?

In terms of theory, this thesis brings together the literature of institutional economic geography, geographical political economy, strategic-relational theory on institutions, as well as policy transfer and cross-border region studies. There are two, somewhat

³The implementation of the reform plan is currently at a standstill. The former Prime Minister Juha Sipilä submitted his government's request for resignation on 8 March 2019 due to failed efforts to move the reform acts forward through Parliament (Finnish Government 2019b). In accordance with the Sipilä government's programme, counties would have become autonomous regions that have the right to levy taxes. The new parliamentary elections were held on 14 April 2019. According to the new programme of Prime Minister Antti Rinne's government, the reform plan will go forward (Finnish Government 2019c).

overlapping, theoretical discussions to which this thesis aim to contribute (Figure 1). First, the discussion on the transformation and development possibilities of border areas and, in particular, how the changing power structures between local-, state- and EU-levels in development and planning are manifested and materialised within border municipalities. Second, the role of institutions in local and regional development, which has become an emerging question among regional development scholars during recent decades.

In recent years, geographers have emphasised that policy transfer processes depend on local institutional conditions. Accordingly, *policy transfer* serves as a concept through which the two abovementioned theoretical discussions are brought together. Thus, it offers a theoretical and political context through which to approach the development and planning of the municipalities studied here; in addition, it offers a framework for the empirical context, that is, the local responses to state- and EU-level regional policies in the municipalities of the Tornio Valley and Kemi-Tornio region. *Response*, through which policy transfer is manifested and materialised, is understood here widely to consist of processes of adaptation, implementation, contestation, etc. It is important to understand policy transfer as a processual phenomenon, with no exact beginning or end (Peck & Theodore 2010). This enables us to gain understanding of the wider social processes that constitute it, rather than having the actual “transfer” as the object of the study (see also McCann & Ward 2013). Methodologically (and ontologically) these questions are approached by applying the analytical viewpoints of Cultural Political Economy (CPE) and Strategic-Relational Approach (SRA) on institutions. The policy transfer processes in the border areas are viewed through the lenses of CPE as well as its evolutionary sub-concepts of *selection*, *retention* and *reinforcement* (see chapter 4.2. for explicit introduction). Although the potential of applying CPE in the study of the mechanisms of policy transfer has been emphasised by Jessop (2004), conceptual and empirical studies applying CPE and the policy transfer concept have nevertheless been scant.

The thesis is inspired by the “institutional turn” in regional development studies, which embraces local agency and the path-dependent nature of local operational environments. Accordingly, the institutionalist economic geography approach has formed the starting point for the theoretical framework. Endogenous approaches, however, have been criticised for their tendency to approach municipalities as static and given “islands” of development (Tödtling 2010), a notion that is seriously taken into account in this research. The thesis follows the argumentation of more critically engaged political-economic urban and regional development scholars (see e.g. Cumbers *et al.* 2003; Pike *et al.* 2016; MacKinnon *et al.* 2002; Harrison 2013; MacLeod 2001; Jones 2008; Jessop 2001; Hadjimichalis 2006; Oosterlynck 2012) who insist that institutionalists should put more emphasis on the questions of politics, power and scale. Hence, CPE has been applied as a theoretical-methodological approach in order to respond to this criticism in particular.

It is in many ways a problematic task to combine “endogenous” institutionalist ideas and geographical political economy as they draw on different ontological standpoints as to what constitutes economic spaces – for instance regarding what the role of the state is (Cumbers

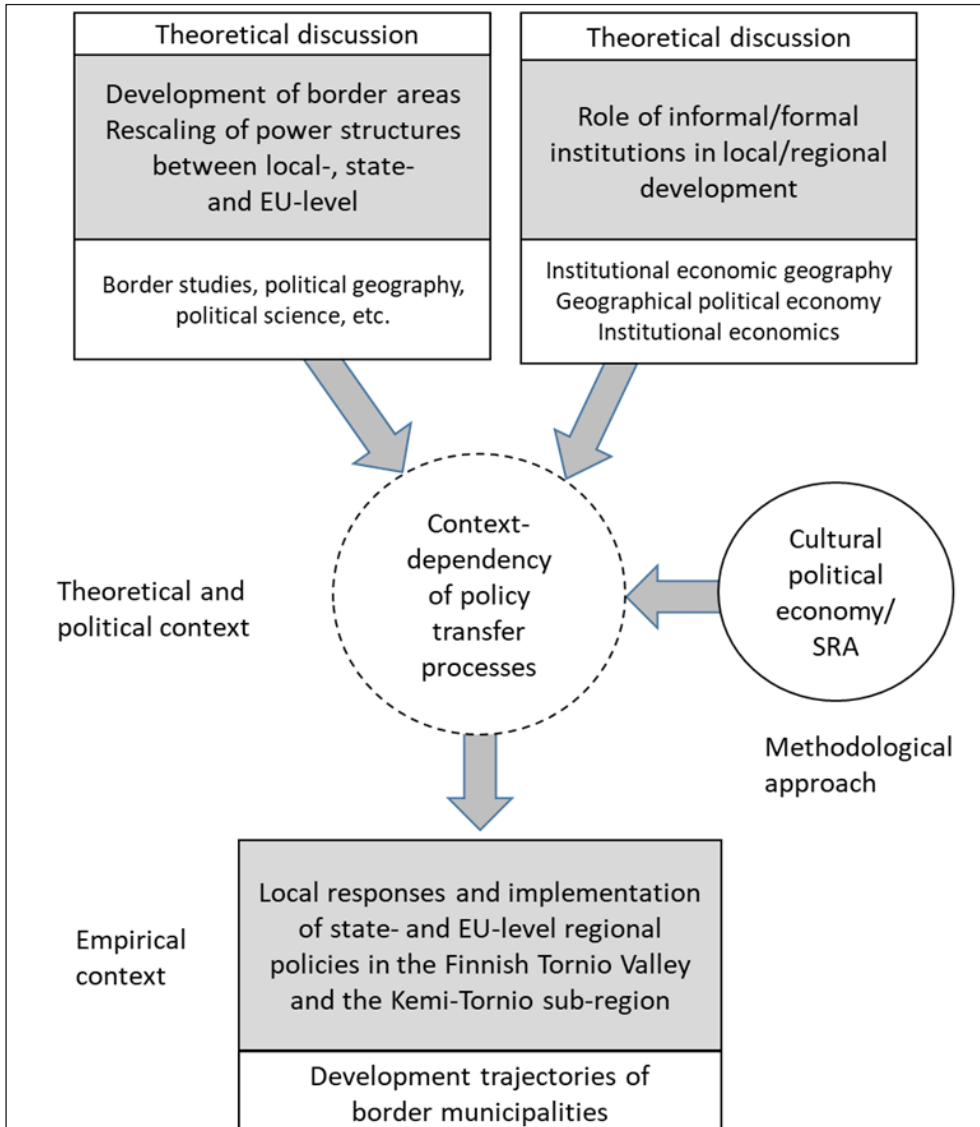


Figure 1. The methodologic-theoretical study frame.

et al. 2003). In the thesis, this is seen as an important theoretical challenge and as a question to take forward. Dialogue between geographical political economy and the institutional regional approach allows us to gain a more nuanced understanding of the role of socio-cultural environment and local agency in the construction and rescaling of economic spaces, but also of the contested relations between different governmental levels that are involved and participate in these processes. It is precisely at this theoretical intersection

that the CPE approach (Jessop & Sum 2013) offers a theoretical-methodological bridge between the different research strands. In this study, Jessop's theory on the spatiality and temporality of institutions, and their heuristic potential (Jessop & Sum 2013: 67–68), is seen as a potential and fruitful framework for developing a dialogue between these two theoretical approaches (see also Wood & Valler 2004; Cumbers *et al.* 2003). CPE as an analytical approach helps to understand the spatio-temporal dimensions and particularly the role of formal state-related institutions and state power in the transformation of regional economies (Jessop & Oosterlynck 2008), and respectively provides an effective approach for studying how and why the development trajectories of border areas take particular forms. However, while in CPE institutions are discussed mainly in the framework of formal institutions (see, however, Oosterlynck and Jessop's 2008 discussion on identity, language and religion in the context of Belgium), this thesis gives particular emphasis to locally and regionally dependent informal institutions such as regional identity, trust, habits and norms.

Bristow (2010) describes CPE as an approach that examines why and how particular development discourses and strategies emerge, evolve and become materially implicated in everyday life practices and policy choices. CPE is mostly used to unnormalise the structures and subjectivities of development strategies, such as competitiveness or knowledge-based economy, and to study through which kinds of processes these have become hegemonic on a global scale (Jessop & Sum 2013; Bristow 2010). CPE thus criticises the politically created “self-enforcing” view on neoliberal capitalist processes. The potential of CPE in the investigation of processes at the local and city level has also been acknowledged (Dannestam 2008; Gonzales 2006; Moulaert *et al.* 2007). Studying local responses to top-down regional policies through the lenses of CPE enables an examination of how local planning and politics is subject to the “logic” of neoliberal capitalist processes, on the one hand, and on the other, how local culture and local agency contribute to the development trajectories of regions, and consequently, to the processes of capital accumulation. This thesis has two main contributions to the research on border regions and regional development: The thesis develops a nuanced and comprehensive understanding of the regional development possibilities of border regions. This is done by examining the long-term institutionalisation process of cross-border co-operation in a particular region through which it is possible to identify how scalar politics becomes manifested at the border and how it relates to the institutional legacy and identity of the region. Secondly, the study further develops the theoretical dialogue between institutional economic geography and the geography of political economy.

2.2 Institutional perspective on the Finnish-Swedish border area

The institutional legacy of the Finnish-Swedish border area is rich and interlinked with different scalar dimensions. The area offers a fruitful research context in which different (geo)political processes such as nation state building and European integration merge and take particular forms due to the areas of common cultural history and local mobilisation. Historically, the region has formed a culturally, economically and politically coherent region from the 11th century until the beginning of the 19th century. At that time, the Kingdom of Sweden ceded Finland to the Russian Empire in the Treaty of Hamina (1809) and a new border was drawn along the Tornio and Muonio rivers. In the past, villages and towns had been established in the vicinity of rivers due to the logistical and cultural benefits they offered the local population. The rivers between Finland and Sweden were acknowledged as uniting factors rather than natural objects of division. The newly established border divided these communities (Lunden & Zalamanns 2001; Teerijoki 1991).

During the 20th century the border area has experienced geopolitical changes and tensions. Finland gained independence in the aftermath of the Russian Revolution of 1917, which significantly strengthened the processes of national socialisation and state building (Paasi 1996). In general, the “hardening” of state borders after World War I was a European-wide phenomenon (Hurd 2010) and the Finnish-Swedish border was no exception. During the Cold War, the border area was positioned as a frontier between the East and the West (Koivumaa 2008). However, despite the geopolitical tensions and border restrictions of the 20th century, the official and mundane interaction and mobility across the border has remained relatively free and vigorous (Paasi & Prokkola 2008; Prokkola 2008b).

The Finnish-Swedish border area has been an appealing research site not only in the field of geography and regional studies (e.g. Prokkola 2007, 2008a, 2008b, 2008c, 2010, 2011; Paasi & Prokkola 2008; Pikner 2008a, Häkli 2009; Lunden & Zalamanns 2001; Veemaa 2012; Jukarainen 2001; Ridanpää 2015, 2017, 2018; Jakola 2013; Löfgren 2008) but also in the fields of history (Elenius 2001, 2008), international relations (Koivumaa 2008), sociology (Waara 1996), ethnology (Ruotsala 2011), linguistics (Vaattovaara 2009; Winsa 2007) and tourism research (Weidenfeld *et al.* 2018). Most of these studies have been conducted from the early 2000s onwards, which shows the increasing academic interest towards border regions in general and their revival in the wake of the “new regionalist” discourse and European integration.

Previous studies have shown that there exists a wide knowledge on the both formal and informal institutional legacies of the border drawing and the building of the Finnish and Swedish nation states. The border drawing has divided the area through national socialisation, for instance through education systems and other formal state institutional structures such as language policies (Elenius 2001). However, it has also created a framework for a unique informal border-crossing cultural landscape with its

own distinctive features such as shopping habits, cross-border marriages and a tradition of petty smuggling (Prokkola 2008a, 2008c), as well as a unique context for institutional cross-border co-operation which strategically utilises the simultaneous “existence” and “non-existence” of the border (Prokkola *et al.* 2015; Jakola 2013) (see Figure 2). Accordingly, although the state border is relatively invisible in daily interactions (shopping, commuting, visiting friends and family), the “market value” of cross-border co-operation is nevertheless based on the existence of the juridical, administrative and cultural layers of the border (Article III). These cultural features are both uniting and separating. Before the border drawing, people in the Tornio Valley shared the same language/dialect: Meänkieli (“Our language”) (in addition, Sami is spoken in the northernmost part of the border area). As Ridanpää (2017: 5) notes, people on the Finnish side of the border usually recognise Meänkieli as a Finnish dialect while the Swedes acknowledge it as a minority language with its own legitimate status. Multilingualism forms a basis for cross-border co-operation and interaction in general (Article III; Prokkola 2008b).

Van Houtum’s (2000) widely cited typology of border studies literature, in which he divides border research into three strands – *people* approach, *cross-border co-operation* approach and *flows* approach – is helpful for categorising the research that has been conducted on the Finnish-Swedish border area. There are *people* studies focusing on the everyday life of the inhabitants living in the border area and problematising the still prevalent informal



Figure 2. The “invisible” state border between cities of Tornio and Haparanda is made “visible” through an artwork (Source: Author 3/2019).

institutional “obstacles” such as national identity and identification, language, as well as exploring beliefs and attitudes towards the border and cross-border interaction (Lunden & Zalamanns 2001; Jukarainen 2001; Ruotsala 2011; Waara 1996; Weidenfeld *et al.* 2018). For instance, in her thesis Jukarainen (2001) produced a comparative analysis of youth perceptions of the border and “the other side”. She concluded that in the Tornio Valley region socio-spatial consciousness is framed by national identity and identification. Lunden and Zalamanns (2001) come to a similar conclusion in their study on people’s daily practices in the context of Tornio and Haparanda. They divided the people of the Tornio Valley into four groups (Finland Finns, Sweden Swedes, Tornedalians and Sweden Finns) and concluded that as a result of state-centric language and education policies and national socialisation, the daily practices in the region follow “national logic”. Thus, it is mainly the Swedish Tornedalians (who speak Meänkieli and Swedish), and the Sweden Finns (who have born in Finland but are living on the Swedish side and speak both languages), that are able to fully utilise the possibilities (services, media, etc.) on both sides of the border (Lunden & Zalamanns 2001).

This notwithstanding, in recent decades the Finnish-Swedish border area has become acknowledged as one of the forerunners of transnational regionalisation and integration. Scholars, policy makers and the media have especially highlighted the advanced bilateral co-operation between the cities of Tornio and Haparanda. Moreover, there are numerous studies focusing on the dynamics of institutional cross-border co-operation and networking in the “urban” context of the twin cities of TornioHaparanda (see e.g. Häkli 2009; Pikner 2008a; Kosonen *et al.* 2008; Heliste *et al.* 2004; Veemaa 2012; Eskelinen 2011). The cross-border co-operation between Tornio and Haparanda has been referred to as a “model” of advanced public sector co-operation and integration of services and infrastructures (e.g. Joenniemi & Sergunin 2011; Eskelinen 2011; Löfgren 2008).

The co-operation between the cities dates back to the 1960s when Tornio and Haparanda concluded their first agreement on public services (Nousiainen 2010). Since then the co-operation has been developed gradually (see Article III). The most advanced cross-border co-operation project has been the “On the border” project in which the cities are building a common city centre. This still ongoing project, which started in 1996, has been co-funded through Interreg A funding schemes. Both Häkli (2009) and Pikner (2008a) have studied the project by applying actor-network theory. While Pikner examined the project from the perspective of urbanisation and city planning, Häkli utilised the concept of social capital and studied how the Tornio River has facilitated the building of trust relations within the On the border project. Pikner also (2008b) mentions the importance of trust from the perspective of institutional capacity (see Healey 1998).

Due to the different theoretical and empirical focuses, these research strands in a way tell two different narratives on the development of the Finnish-Swedish border region: On the one hand, it is concluded that the state border still strongly defines people’s socio-spatial understanding through the national division of “us” and “them” (Jukarainen

2001; Lunden & Zalamanns 2001; Weidenfeld *et al.* 2018). On the other hand, there exists a relatively coherent and more “positive” narrative about advanced cross-border co-operation and transnational integration in which local actors have in many ways overcome the institutional obstacles of the state border due to strong political will as well as trust and social capital among city planners (Häkli 2009; Heliste *et al.* 2004; Pikner 2008; Jakola 2013; Löfgren 2008; Joenniemi & Sergunin 2011; Veemaa 2012). The cross-border co-operation studies in the context of the Finnish-Swedish border area are relatively “local” and cannot directly be classed with the “technocratic”- and administrative oriented cross-border co-operation studies which do not factor in people’s everyday lives (cf. Perkman 2002). In the specific context of Tornio and Haparanda, the cross-border co-operation studies concentrate on the development of organisational structures and co-operation institutions, often drawing their theoretical framework from the literature on twin/border cities (see for instance Heliste *et al.* 2004). Cross-border co-operation studies are usually discursively oriented and utilise policy documents as the research material, for instance, in the study of the development of cross-border co-operation and “institution building” (Perkman 2003). The use of document materials provides an understanding of policy strategies and transfer; however, it does not provide access to the differing interests, conflicts or unbalanced power relations related to cross-border co-operation (see e.g. Prokkola *et al.* 2015).

In her research Prokkola (2007, 2008a, 2008b, 2008c, 2010, 2011) has brought these two research traditions (Van Houtum 2000) together. Prokkola has studied cross-border regionalisation processes through grassroots-level co-operation practices and narratives of “cross-border work” in cross-border co-operation initiatives in the border municipalities of Ylitornio, Pello and Övertorneå (SWE) in order to understand the actualisation and materialisation of co-operation beyond the political discourses and institutional framework. She concluded that although the grassroots-level cross-border co-operation initiatives increased regional consciousness and created networks and common resources among the participants, the state border still determines the dynamics of the co-operation, which largely follows the “national logics” (e.g. Prokkola 2008a, 2011) and, consequently, is in line with the results gained in the *people* research strand discussed above.

The Finnish-Swedish border area has been studied intensively in recent decades. While the previous research has focused empirically on the border and/or cross-border co-operation, employing either what Scott (2011) terms a critical perspective (for instance Lunden & Zalamanns 2001; Prokkola 2008a, 2011; Jukarainen 2001) or a pragmatic perspective (for instance Pikner 2008a; Heliste *et al.* 2004), this study widens the focus beyond the border. It is strongly acknowledged that the border between Finland and Sweden certainly “still exists” and forms an important part of the institutional environment and arrangement – if not in terms of physical barriers but at least in people’s minds and in (in)/formal institutional differences. However, although cross-border co-operation is manifested largely following the national logic and the logic of the EU, it

develops despite and *because* of the border. This thesis emphasises the fact that there is wide regional variation in the depth and scope of co-operation in border areas, and also in the Finnish-Swedish border area, which cannot be explained solely by the state border.

It has been applied that in the Finnish and Swedish border municipalities cross-border co-operation is preferred over co-operation in the national or regional setting (Heliste *et al.* 2004). This kind of dynamic between cross-border co-operation and regional co-operation in the national setting has not been thoroughly studied, neither in the Finnish-Swedish context nor within the EU in general. In the context of the Kemi-Tornio sub-region, the historical border between these two cities is culturally significant. The sub-region has formed a national frontier between Finland and Sweden since the time when Finland ceased to be part of the Kingdom of Sweden. Also notable is that the border between Kemi and Tornio parishes served as the border between the bishoprics of Uppsala (SWE) and Turku (FIN) (Julku 1991: 9). Viewing the regional development of this border area, and of the wider Bothnian Bay area in particular, against this historical background enables us to challenge the prevailing and often “taken for granted” standpoint of the state border as the main determinant, resource or obstacle for regional development. In order to achieve a more nuanced understanding of how institutions affect the development trajectories of the border areas, the empirical focus needs to move beyond the border and the national divisions. In this research, this is done by shifting the focus onto the development and planning in the wider *contexts* of the border areas, and not focusing on cross-border co-operation per se. This kind of broader regional development approach enables us to identify more diverse institutional dimensions and their strategical mobilisation by local actors and also to gain knowledge of how cross-border co-operation as a development strategy is positioned in relation to the state’s regional policies as well as domestic municipal co-operation.

2.3 Structure of the thesis

The thesis is structured in the following manner. First, in the following section (section 3), the main academic discussions concerning the role of institutions in local and regional development are discussed. The section introduces first the main research interests of the different schools of institutional analysis currently in use in the social sciences and locates institutional economic geography, which largely inspires this thesis, within this discussion (section 3.1). This is followed by elaboration of the sources of “endogenous” regional development and the extensive policy implications related to this “new regionalist” development discourse from a critical, geographical political economy perspective. This insight is crucial as it not only brings the two other main concepts of the thesis, culture and power, into the discussion on local and regional development, but it also grounds the subsequent chapter on policy transfer and how it relates to the concept of institution. In that section (section 4.1), the main contributions of geographical thought to the policy

transfer literature are introduced. It is followed by a chapter on how policy transfer processes can be understood through the lenses of the strategic-relational (institutional) approach and CPE (section 4.2). The latter informs the main methodological-theoretical standpoints of this thesis and is a means to respond to the criticism directed at “endogenous” development theories. Section 5 explains how the research is conducted and introduces the research materials, analysis methods and how the three individual research papers are positioned as a part of this thesis. The analysis section (section 6) elaborates the results of the original research papers in relation to the research questions of this thesis and is divided into three sub-chapters. Finally, the last chapter (section 7) summarises the results and the contribution of the thesis to the existing research literature on regional development of border areas.

3 Placing institutions in processes of local and regional development and planning

3.1 Regional institutional theory in relation to the different institutionalist schools

For the last three decades, scholars in geography and economy in particular have contended with the perennial conundrum of in which ways local actors and local institutional conditions can affect development outcomes, and to what extent is local development determined by structural forces such as the globalisation of the economy and state- and EU-based regulations, which undoubtedly have their own agencies as well (see Pike *et al.* 2006). A strong research strand among economic geographers developed in the mid-1990s emphasising the importance of local institutional environment and local mobilisation in the determination of regional economic success. It was developed both for academic and political needs as a response to the perceived failings of neoclassical economics and comprehensive Keynesian welfare policies (see Amin 1999, 2001; Amin & Thrift 1994, 1995; Storper 1997, 2003; Morgan 1997; Raco 1998; Coulson & Ferraro 2007; Martin 2000). The fundamental touchstone was that regions were now understood as active participants with regards to economic development “rather than as passive arenas for capital accumulation” (Cumbers *et al.* 2003: 325; Hadjimichalis 2006; Amin 1999, 2001; Tomaney 2014; Hadjimichalis 2017). The idea was that through an “endogenous” approach the development challenges of less-favoured regions, such as border regions or old industrial regions, could be more profoundly responded to.

The “pioneering” research on endogenous local development was conducted already four decades ago. It was in the late 1970s that the first empirical case studies of “spontaneous” regional growth were revealed by economists from the Italian School of Third Italy’s Industrial Districts (IDs). In these studies small- and medium-sized firms initiated “bottom-up” growth without financial assistance from the central state (Hadjimichalis 2017: 2). During the subsequent two decades, the number of studies discussing dynamic regional economies and industrial districts increased. In these studies “regional competitiveness” was seen to be based on “local assets” (Amin 1999: 365). According to Hadjimichalis (2017: 2), two other path-breaking research groups emphasised the importance of local institutional environment and local mobilisation and activation; these were the French School of Milieu Innovateur (innovative local milieux), developed by the economic Research Group GREMI in the early 1980s, and the British research programme “The Changing Urban and Regional System” (CURS). The latter studied industrial restructuring in the UK in the mid-1980s and included scholars such as Philip Cooke, Kevin Morgan, Ash Amin and Nigel Thrift. A fourth research strand was formed in California by economic geographers such as Michael Storper and AnnaLee Saxenian

(Hadjimichalis 2017: 3). Besides Ash Amin, Michael Storper is probably the best-known advocate of the institutional economic approach (see MacKinnon *et al.* 2009). According to Farole *et al.* (2011: 59), economic geographers have “led the way” in developing the understanding of the relation between economy and local institutions, especially in the context of knowledge creation and innovation. Instead of the top-down and comprehensive approach with its models of regional growth, the institutional approach focuses on how economy is embedded in formal and informal social, cultural and political conditions and practices (Wood & Valler 2004: 1) and underscores the importance of long-term local and regional political decisions and actions (Amin 1999, 2001).

The development of institutional perspectives in economic geography and regional development studies reflects the growing interest in institutions and their role in political-economic processes across the social sciences (Cumbers *et al.* 2003: 326), a trend which has strengthened over the last four decades in economics, political science, sociology, organisational studies, and geography (Sorensen 2018). This so-called “new institutionalism” is not, however, a coherent theory paradigm but consists of a variety of different approaches. Thus, the extensive and heterogeneous “new institutionalism” research literature is commonly divided into three strands – rational choice institutionalism, historical institutionalism and sociological institutionalism – following the typology originally made by Hall and Taylor (1996) in the framework of political science (see e.g. Gualini 2004; Martin 2000; Sorensen 2018). Although there are nowadays other typologies as well, Hall and Taylor’s division is the most commonly used (see Sorensen 2018). In order to fill Hall and Taylor’s typology, a fourth strand titled discursive, or alternatively constructive, institutionalism has emerged during the last decade (Schmidt 2011; Hay 2011).

All the strands of new institutionalism share the argument that society is more than the sum of the actors operating in it and that institutions matter when it comes to explaining political behaviour (Bell 2002). Although there are intersections between different branches and some parallels, each branch includes competing and contradictory ontological starting points. Each has its own interpretation of the relationship between institutions and behaviour as well as how institutional change takes place (Sorensen 2018; Healey 2007; Schmidt 2011). The idea here is not to offer a comprehensive review of these vast research strands but to briefly introduce their main research focuses and ontological standpoints, and importantly, how the local/regional institutional approach presented above is positioned within these different “schools” of institutional analysis.

Rational choice institutionalism refers primarily to the so-called “New Institutional Economics” (NIE) which was developed in the last decades of the 20th century.⁴ NIE became a popular paradigm especially among economists and has been used to explain economic growth disparities between countries (Alesina & Perotti 1994; Tomaney 2014). Although the new institutional economists problematised institutions, which had been

⁴ Although rational choice institutionalism has also been applied in rational choice political science, the main ideas and concepts originate from NIE (see Sorensen 2018).

taken for granted by mainstream economists, they nevertheless explained their role and characteristics within the framework of the neoclassical paradigm (Hodgson 1993). Accordingly, institutions are studied mainly from the viewpoint of their efficiency through the concept of “transaction costs”, which means they are perceived instrumentally (Hodgson 1993). The fundamental difference compared to other “new institutionalisms” is how in this theory strand institutions are seen as external to human action. Thus, institutions, whether formal or informal, are seen as constraints on “rational” individuals (see North 1990). However, it is noteworthy that scholars drawing from NIE have in a relatively short time shown that institutions influence economic growth even more than the traditional factor endowments (such as physical and human resource endowments) (Farole *et al.* 2011: 59; see also Acemoglu *et al.* 2005; Rodrik *et al.* 2004).

While rational choice institutionalism is based on neoclassical economic models and the ideas of equilibrium and methodological individualism, historical and sociological institutionalism see economic development as an evolutionary process which cannot be separated from cultural and historical forces (Dale 2002).⁵ Institutions (such as language, money, markets, education, religion) are intertwined with the prevailing social order, and thus historical and sociological institutionalists focus on “social construction of knowledge, power and rules”, as Sorensen (2018: 251) notes. Yet, what distinguishes historical and sociological institutionalists from each other is that the latter gives more emphasis to cognitive processes and cultural characteristics and does not see them as instrumental attributes but as an integral part of social processes (Healey 2007: 66). In historical institutionalism the focus is on historical evolution and “path-dependency”. Simplistically defined, path-dependency refers to the cumulative causation in which a certain sequence of events creates unequal propensities for future events (Glückler 2007: 620; Jessop 2005; see also the in-depth review by Martin & Sunley 2006). Although the concept of path-dependency is commonly used in the “endogenous” regional studies presented above, in these studies it refers particularly to *local* and *regional* path-dependency, in the context of historical institutionalism it is usually connected to the state level, and thus, most of the studies in this research strand has been comparative studies between different national institutional systems (Healey 2007: 66).⁶ Historical institutionalism “focuses on how institutions, understood as sets of regularised practices with rule-like qualities, structure action and outcomes”; for its advocates it is crucial to interrogate how the development of institutions, their path-dependencies and unintended results have directed the historical development (Schmidt 2011: 50).

⁵ However, as Caballero and Soto-Oñate (2015: 971) note, nowadays the frontiers of NIE and OIE (original institutional economics) are blurred and NIE has “evolved toward an intense institutional content since its earliest contributions in the 1970s and 1980s” – this includes for instance the many cases acknowledging the importance of history and dismissing the idea of pure methodological individualism.

⁶ In addition to this, there is a singular research strand inside economic geography, *evolutionary economic geography*, which draws more thoroughly on evolutionary economics, Nelson and Winter’s (1982) evolutionary theory of firms in particular, and Darwinian thought (see Boschma & Frenken 2006). This differs from institutional economic geography by taking firms as basic units in studying economic development and by taking a rather individual-centred approach on human agency, thus resonating with neoclassical approaches.

Sociological institutionalists see economy and its guiding values and preferences as socially constructed. Institutions are not approached instrumentally as external to human behaviour but are seen to have cultural significance and to embody particular values (Buitelaar *et al.* 2007: 894). Thus, institutions mould and can be moulded by human behaviour (see Cumbers *et al.* 2003: 327) through systems of values that are considered legitimate (Hodgson 2006: 6). This means that institutions have capacity and power to change the aspirations of individuals and transform their behaviour, which takes place through habits (Hodgson 2006: 6; see also MacKinnon *et al.* 2009: 134). From the perspective of sociological institutionalism, it is crucial to note that institutional design – implemented through planning – and institutional evolution are not opposed but inseparable as their relationship is dialectical (Buitelaar *et al.* 2007). In this thesis, sociological institutionalism does not refer only to the branch of literature originating from the sociological subfield of organisational studies (based on Hall & Taylor’s 1996 typology) but is understood broadly to include the “Old Institutional Economics” (OIE), the so-called Veblenian tradition, as well (see also Zafirovski 2006).⁷ The OIE was a very prominent paradigm amongst US economists in the 1920s and 1930s but became a relatively marginal approach to economic growth after the so-called “Keynesian revolution” and the post-war “formalistic revolution” (Hodgson 1993: 2; Hayter 2004; Dale 2002). The paradigm started to gain notoriety again in the late 1980s. The most well-known advocate of this strand of thought has been the British economist Geoffrey Hodgson.

The local/regional institutional approach introduced in the beginning of this chapter is largely inspired by these social-constructive institutionalist approaches on economic development. This context-sensitive institutional approach draws mainly on OIE as well as on economic sociology. From economic sociology literature scholars have adopted especially the concept of embeddedness (Granovetter 1973). As Amin (1999: 366) has pointed out, both of these research strands emphasise that “economic life is both an instituted process and a socially embedded activity and therefore context-specific and path-dependent in its evolution”. This entails a strong opinion about how economic activity cannot be explained or understood by “atomistic individual motives” alone (Martin 2000: 79). All in all, sociological institutionalism has offered a framework in which it is possible, firstly, to understand policy actions and practices in certain geographical-specific contexts and, secondly, to connect local-level governance to wider structuring forces (Gonzales & Healey 2005: 2057).

In addition to the three “original” new institutionalisms introduced above, the fourth, discursive institutionalism, has emerged during the past decade in order to, as Schmidt (2011) and Hay (2011) have argued, better explain how institutional change takes place. Schmidt (2011) claims that all three of the previously mentioned “new institutionalisms”

⁷ The definitions of “old” and “new” are considerably confusing as people might assume that “new” is something currently used and “old” possibly something already “abandoned”. Nevertheless, both traditions are currently in use.

are too deterministic, whether economically (rational choice institutionalism), historically (historical/evolutionary institutionalism) or culturally (sociological institutionalism). The point she makes is that discursive institutionalism gives more space for ideas and communication in institutional change, underlining how institutions do not only constrain human behaviour but also enable agents. According to Schmidt (2011: 48), the way that institutions are created, maintained or transformed depends largely on agents' "background ideational abilities" and "foreground discursive abilities" (cf. strategic-relational approach on institutions by Jessop introduced in chapter 4.2.).

Nevertheless, although Schmidt (2011) has separated sociological institutionalism and discursive institutionalism very pointedly in her typology in the context of political science, it can be argued that in the research framework of local development and planning studies, there exists no such strong division. For instance, Healey (2007) defines these context-sensitive sociological institutionalist studies as *social-constructive institutional analyses*, underlining local agency and its role in institutional change – thus, resonating with Schmidt's claim about acknowledging the role of ideas and communication in institutional analysis. Moreover, there are many scholars who have combined the different "strands" of institutionalism (Caballero and Soto-Oñate 2015) and thus drawing simplified lines between different strands may not always be necessary or fruitful. As Martin (2000) has noted, the benefit of institutionalist approaches is their multidisciplinary. Hence, different approaches should not be seen as rival theories but as different analytical focuses (Gualini 2004: 14–15). Caballero and Soto-Oñate (2015: 949) point out that "there is not one best theory of institutional change" and that "the different theories can be useful in analysing different processes of institutional change over time and across space".

3.2 Sources of "endogenous" regional development and its critique

The majority of the literature on the relationship between institutions and development connects institutions with formal state-related institutions (Rodríguez-Pose 2013: 1038). However, institutional regional theorists have worked to develop closely related concepts that emphasise the importance of endogenous characteristics and institutional embeddedness in regional development and economic growth such as *institutional thickness* (Amin & Thrift 1994), *untraded interdependencies* (Storper 1997), *institutional capacity* (Healey 1998), and *territorial capital* (Camagni 2002). As Rodríguez-Pose (2013: 1039; see also Hadjimichalis 2017) puts it:

"[Regional] *institutionalists* believe that the greater the density of combination of 'intellectual capital' (knowledge resources), 'social capital' (trust, reciprocity, co-operative spirit and other social relations and 'political capital (capacity for collective action) [...] the greater the potential for economic development and growth."

Thus in the context of border areas, the abovementioned institutional conditions and potential are understood to play an important role in the building of cross-border organisations and networks since “it creates bases to mobilise inter-regional interests and resources” (Pikner 2008a: 16). As Rodriguez-Pose (2013) points out, most of the studies concentrating on endogenous informal institutional environments focus either on social capital, understood as “features of social organisation, such as networks, norms and trust that facilitate co-ordination and co-operation for mutual benefit” (Putnam 1993: 38; see also Bourdieu 1986; Coleman 1988), or on institutional thickness.

Amin and Thrift brought powerfully forward the concept of institutions in their article on institutional thickness in 1994. According to MacLeod and Goodwin (1999: 512), the concept was developed for both academic and political needs to explain the operation of regional economies. Institutional thickness refers to the region’s capacity to develop, strengthen and boost interaction and innovation structures and learning environments for the purposes of entrepreneurs, in particular, and it is tightly related to strong entrenchment and density of both formal and informal institutions and their consideration in planning (Amin & Thrift 1995a: 104). In the context of border regions, institutional thickness can be strengthened through the establishment of cross-border organisations and institutions, for instance. The concept of institutional thickness has been applied in numerous studies (e.g. Coulson & Ferrario 2007; Copus *et al.* 2000; Raco 1998; Keeble *et al.* 1998), not without criticism, however. Criticism has been directed especially at the “density” metaphor, as it has been noted that the total number of institutions does not actually tell much because similar institutional settings can have relatively different effects in different contexts and territories (Tomaney 2014: 133).

These two concepts are sometimes discussed together in the literature, yet this is not very common (Rodriguez-Pose 2013). According to Jütting (2003), institutional thickness is seen to increase the amount of social capital, and together they are associated with efficient governance. Advocates of the institutional regional theory have been criticised, however, for having over-optimistic and positive understanding on the concept of social capital; the concept is oftentimes regarded as an unproblematic communal resource, something that develops as an outcome of interaction between people in social networks and further promotes and reinforces the building of trust, learning, the transfer of knowledge and openness to the ideas of others (Malecki 2012).

MacKinnon *et al.* (2009: 133) note, referring to the institutional economic geography approach in general and Storper’s (1997) writings in particular, that the clear implication of the institutional regional approach is that successful regions display a greater capacity for collective action and ability to learn than “failing” ones. As noted above, these insights have had a strong effect on regional policies; they have led to the creation of a singular policy lexicon that includes concepts such as learning region, trust, social capital, networking, regional innovation system, etc. The “success stories” of endogenous growth have provided the “best practices” of local and regional planning. These are implicated through *top-down policies* implemented through *bottom-up means* by international organisations

such as the European Union and the Organisation for Economic Co-operation and Development (OECD), as well as by national governments (Hadjimichalis 2017: 2–3). The European Commission is indeed planning to increase the “empowerment” of local actors and authorities in its 2021–2027 programme period (European Commission 2018, cf. Avdikos & Chardas 2016). It can be argued that the endogenous institutionalist regional theory has not been deployed – as a theoretical approach in the studies of local and regional development – in the context of border regions to the same extent as it is embedded in the EU’s cross-border co-operation policy discourse. However, there is growing interest to apply concepts such as social capital (Grix and Knowles 2003; Häkli 2009; Clément & Lamour 2011; Mirwaldt 2012; Jakola 2013; Gonzales-Gomez 2014; Svensson 2015) and trust (Häkli 2009; Koch 2018b; Koch & Vainikka 2019) in studies of border areas. Considering the fact that trust has been seen as an important factor in promoting integration and solidarity (Kankainen 2007), the lack of research on trust and trust relations in the context of border areas is surprising.

A number of political-economic geographers have called for a more comprehensive approach to the relation of institutions and local and regional development than what institutionalist economic geography seems to offer. Thus, they emphasise the need for stronger engagement with the issues of power, the scalar dimensions of economic development, and the processes of capital accumulation (see for instance Cumbers *et al.* 2003; Oosterlynck 2012; Pike *et al.* 2016; MacKinnon *et al.* 2009; Hadjimichalis 2006; MacLeod 2001; Hudson 1994). Simultaneously they recognise the potential of sociological institutionalism, and OIE in particular, in explaining and understanding local and regional development. In a similar vein, with its view of institutions as socially constructed and subject to slow evolutionary change (MacKinnon *et al.* 2009), also the concept of path-dependency is considered a promising one. In the context of the Finnish-Swedish border area, the concept of path-dependency has been noted with reference to the institutional legacy of the border drawing and the subsequent national socialisation (e.g. Paasi & Prokkola 2008); however, it has not been employed and thoroughly discussed in the framework of regional development or planning.

Although agreeing with the institutionalist approach’s concern for the context-dependency of economic processes, political-economic geographers emphasise how “endogenous” institutional conditions should not be seen as self-organising local economic development (Hadjimichalis 2006: 690). In institutional economic geography, the methodological and agential emphasis is on the local/regional scale and on the “success stories” of endogenous renewal of old industrial districts, in particular. It is argued that these so-called “islands of development” are the consequence of taking territories, such as cities or regions, as given and as independent entities. Consequently, rather than approached as malleable and mutable social constructs under constant change and contestation (see Paasi & Metzger 2017), these entities are placed in certain given formal, and rather static, hierarchical institutional arrangements (see Tödling 2011: 340) that precludes their examination in the context of wider political, economic and social

changes (Marston 2001). Thus, little emphasis is actually given to problematisation of the *local* itself nor to its contingent historical constitution and how this takes place through both “endogenous” and “exogenous” processes (Oosterlynck 2012:160; Paasi 1996).

It is argued that taking local and *region* as given relates to a wider issue of not problematising the concept of scales and the interdependencies between them (Cumbers *et al.* 2003), an argument that is carefully taken into account in this thesis. Especially the role of the state and its ostensible interdependencies with regions, referred to as *thin* political economy (MacLeod 2001), is regarded as questionable. As Cumbers *et al.* (2003: 336) strongly point out, the problems of less favoured regions, which endogenous growth policies advanced by national governments and European Commission aim to address, are in many ways a consequence of state policies rather than simply reflecting their flawed institutional conditions. As stated by many political economy scholars, the state remains a highly relevant institution in the political framing and reproduction of the conditions for capital accumulation. A state is not articulated on one single scale but on various spatial scales, and thus scale becomes an important issue in understanding economic development trajectories (Oosterlynck 2012: 160; Jessop 2002; Brenner 2004; MacKinnon & Goodwin 1999).

An important starting point in this thesis is that local development processes and the planning practices of local actors, must be situated within broader socio-spatial relations, political-economic frameworks, and institutional structures. Whether local and regional development is defined by local-level conditions or macro-scale economic and political structural changes is not an either-or question; their relationship needs to be seen as intertwined and dialectical. Broader structures and discourses such as global markets and neoliberalisation of state regional policies shape the microscale processes and, at the same time, local-level practices affect the evolution of these broader structures with which they are intertwined. Simultaneously, the local-level practices contribute to the reproduction and transformation of these broader structures (Pike *et al.* 2006; see also MacKinnon *et al.* 2009). Accordingly, in this thesis the concept of policy transfer is understood to offer a fruitful theoretical and political framework through which to examine the dynamics between different governmental levels and institutions in the institutionalisation processes of certain development strategies or discourses and, consequently, in the construction of local and regional development trajectories. Importantly, the concept also enables empirical and analytical focus to remain on local agency and prevailing institutional conditions.

4 European border regions as spaces for politics, policies and path-dependent transformation

4.1 Geographical insights on policy transfer processes and development of border regions

Political scientists have been interested in the notion of policy transfer for several decades when studying the processes of policy diffusion, policy convergence and policy learning (Prince 2012: 191; Healey 2013). The idea of policy transfer gained additional popularity after Dolowitz and Marsh's (1996) widely cited article in which they defined policy transfer as

“a process in which knowledge about policies, administrative arrangements, institutions, etc. in one time and/or place is used in the development of policies/ administrative arrangements and institutions in another time and/or place.” (Dolowitz and Marsh 1996: 344)

The wide academic appeal of this definition, also among geographers, is explained by how it put emphasis on different actors and the manifestation of voluntary and mandatory characteristics of these processes (Prince 2012: 191). Although this research strand, which is driven by geographical insights (e.g. Peck, Theodore, Brenner, McCann, Ward), is not fully coherent, a common motivation is to emphasise the spatio-temporal dimensions of policy transfer processes and to “move beyond the overly normative, ahistorical and ungeographical accounts of policy transfer present in the political science literature” (Prince 2012: 191; see also Peck 2011).

By following the development of ideas, strategies, policies and ideologies in regard to local and regional policies after the world wars, it can be stated that there has been a transition from top-down to bottom-up regional development approaches, and moreover, from state-led comprehensive and sectoral development policies focused primarily on heavy industrial projects to a decentralised territorial and more market-oriented approach. In this approach the focus is on embracing the development potential and resources of the particular regions in question (Pike *et al.* 2006: 16–17), which are discussed in the previous section. The development and mobilisation of border regions fittingly illustrates this progression towards bottom-up development strategies.

During recent decades, EU policy making has manifested the “New Regionalist” discourse (see e.g. Harrison 2013; Keating 1997) through regional policies promoting the creation of “competitive” regions, that is, regions are understood to be the main engines of growth (see Molotch 1976). Allocation of financial resources to different forms of cross-border co-operation can be seen as the EU's effort to reconceptualise the

political-economic space, to lower state borders and to promote the functionality of the European common market (Deas & Lord 2006: 1848–1849; Veemaa 2012). This idea of endogenous development and regional growth factors is well visible in the development of border areas as well, as it is illustrated by the ongoing Interreg programmes. The Interreg V Nord programme, implemented in the North Calotte programme region, to which the Finnish-Swedish border region belongs, states:

“The Nord programme aims to influence attitudes and approaches, which will minimize the obvious border obstacles that exist for the co-operation projects, and to promote cross-border projects in order to be able to develop the region together in an innovative, sustainable and inclusive way. The goal is that different development areas will combine to form a complementary structure, where each element is regarded as a key part of an attractive and prosperous region.” (Interreg Nord 2014: 6–7)

In this regard, the concept of regional identity has been widely employed in EU regional strategies and regional development programmes (Prokkola *et al.* 2015). The building of *cross-border identities* is seen as a means to “lower” the obstacles of state borders. Accordingly, the construction of the identity of a region is argued to strengthen regional consciousness and the feeling of belonging and, consequently, to facilitate co-operation (see also Veemaa 2012). This is done to overcome the effects of strong *national* identities and identifications, which are seen to hinder the “we-feeling” and associated with vested interest, lack of motivation to co-operate, etc. (Mirwaldt 2012; Fabbro & Haselberg 2009; Luukkonen & Moilanen 2012).

The way how these *rescaling* and policy transfer processes take place at the local level is by no means straightforward. It is important to notice that policy transfer is not a top-down process where policies and strategies are “transferred” from one hierarchical government level to another but rather a complex multilevel process that is in many ways dependent on local economic and institutional conditions (Peck & Theodore 2001) (see Figure 3). Indeed, geographers have explicitly criticised traditional policy transfer studies in political science for viewing local and regional actors as objects of policy transfer studies rather than seeing them as the facilitators of these processes (McCann and Ward 2013: 6). In traditional policy transfer studies in political science, the focus has been on the identification and categorisation of traditional transfer agents, yet they have given little attention to the question of agency and to the wider social institutional context which shapes the behaviour of actors (see also Hodgson 2006).

Another issue that geographers have criticised in the traditional policy transfer studies is the question and conceptualization of scale (McCann & Ward 2013). The interrelations between spatial scales and the understanding and definition of the politics of scale were the primary inspiration for geographers to first engage with the concept and ideas of policy transfer. Yet geographers have criticised the “methodological nationalism” and overly strong emphasis on national scale in the policy transfer studies. Although it is acknowledged that national state is a somehow the “authority scale” when examining

policy transfer and the mobility of knowledge and ideas, it should not be understood to constitute the sole context or “ultimate reference point” against which these processes are studied (McCann & Ward 2013: 7). Scales and their logics are social constructs which are produced, reproduced, contested and transformed simultaneously at different institutional levels and locations (Paasi 2004). The adaptation and implementation of EU regional policies such as Interreg and the building of new transnational organisations and institutions are fitting examples of the manifestation of the changing power relations of policy transfer (see Prince 2012). The rescaling of governance functions can be understood to succeed when a new scale gains a sufficient degree of institutional thickness (Amin & Thrift 1995). Furthermore, new spatial scales of governance, and policy transfer related to them, give impetus for new development strategies and discourses, which can gradually become dominant.

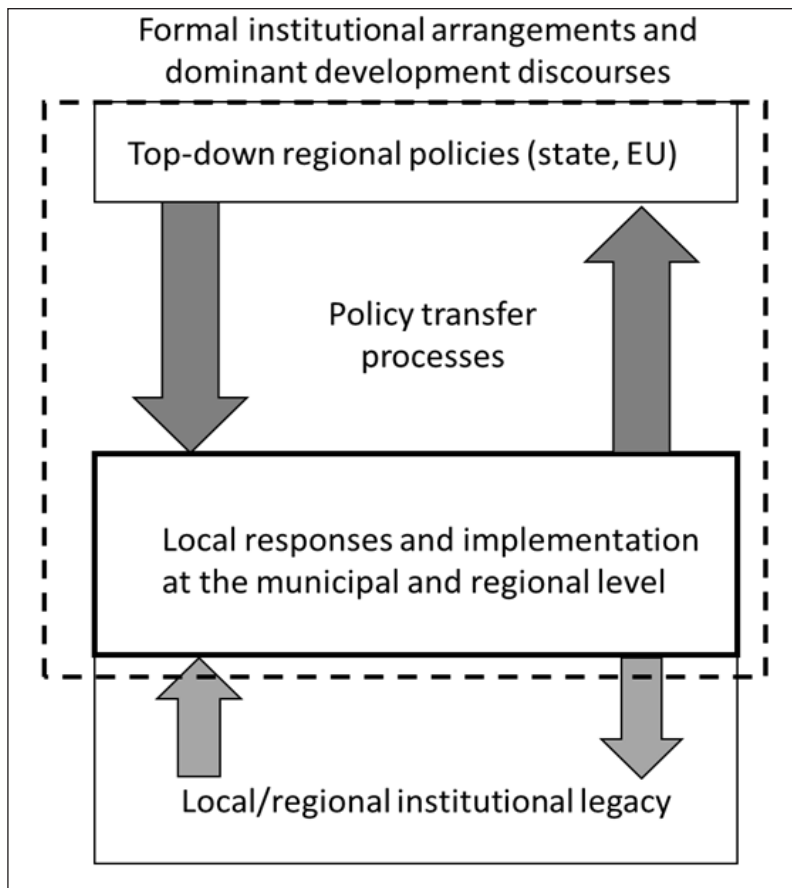


Figure 3. The conceptualisation of policy transfer processes in this thesis.

4.2 Policy transfer processes at the border areas through the lens of Cultural Political Economy

In order to understand the development trajectories of border municipalities and their changing development possibilities, of which transnational regionalisation may form one dimension, the crucial issue is determining what produces change and how and why local and regional political decisions and planning practices take certain form. The question of policy transfer is crucial in this regard as local actors are not only constantly faced with a variety of development ideas, strategies, policies and funding possibilities originating from different governmental levels, but also influenced by locally defined development strategies and the local institutional legacy – meaning locally defined enduring systems of collectively held beliefs, values, norms and rules that condition or constrain the operation of local actors (cf. Fairclough 2010a). While the previous chapter opened up the geographical insights on policy transfer processes and why these need to be seen as context-dependent, this chapter introduces the evolutionary approach of CPE, which is based on the strategic-relational approach on structure and agency (cf. Giddens 1984), to discuss the dynamics and premises of the processes as they take place at the local level.

Political decisions and development strategies developed and implemented at different governmental levels, at the state, EU or municipal level, for instance, usually manifest as certain development discourse(s) – “common sense understanding” – that constitute the premises of local and regional development, which can be defined as “ensembles of ideas, assumption and categorisations which are produced, sustained and transformed through practices” (Hajer 1995: 44). In order for a development discourse to become a dominant one in certain context it needs to become institutionalised and legitimised in planning practices that is, political decisions, selection of strategies, co-operation, investments, projects, meetings, etc. According to the CPE approach, in order for a new discourse to become dominant and hegemonic, in other words institutionalised, in society it needs to go through the evolutionary stages of *selection*, *retention* and *reinforcement* (Jessop & Sum 2013).

Accordingly, particular development strategies or discourses from a variety of “available” and existing possibilities become selected and prioritised at the local and regional level depending on their ability to interpret and explain particular events, circumstances, development challenges, etc., as well as according to how they “support” particular local interests and existing institutional structures. Following the sociological school of institutional analysis, the local political decisions are not founded on “rational decision-making” as actors are always, at least to some extent, institutionally biased and unable to comprehensively evaluate all possible policy options (see Lodge 2003: 161). Selection is followed by a process of retention in which discourses are built into institutional sites, roles and strategies. Yet, the selection of certain strategies or discourse needs to be justified and legitimised time after time in negotiations, political decisions, etc. Thus, in certain contexts the selection and retention of particular development discourses and policies related to them depends on how well they resonate with the

institutional legacy (norms, habits, identities, organisational structures, etc.) of the region (Jessop 2001). This, at least to some extent, explains the varying extent and success of the policy transfer processes of the EU's cross-border co-operation discourse in Europe, for instance. However, local and regional actors may also intentionally mobilise institutional legacy, such as the question of regional identity, to legitimise certain decisions. The final stage of institutionalisation, according to CPE, is a process of reinforcement in which these discourses are embedded in institutional structures, rules and regulations to such an extent that they become naturalised as hegemonic "common sense" discourse (Bristow 2010: 157).

However, when viewed as a recontextualisation of certain development discourses (and policies related to it), it is clear that this should not be seen as a top-down process but as largely depending on local agency and institutional path-dependency. Consequently, policy transfer from state- or EU-level strategies to the local and regional levels unavoidably results in institutional compromises and "hybrid" policy frameworks (see Bristow 2010: 6; Raagmaa *et al.* 2014) which can materialise in the local and regional institutional environments in different ways. This demonstrates how the policy transfer processes are not built on "tabula rasa" but through "interventions" into already existing institutional structures (see Brenner 2009). Sometimes the local institutional legacy resonates very well with a new development discourse, and due to already existing institutional thickness (Amin & Thrift 1994) the selection, retention and possible reinforcement of a new development discourse can occur relatively fast. A fitting example of this is the change in development discourse that took place in the Finnish-Swedish border area after Finland and Sweden joined the EU in 1995 (Article I). However, it is noteworthy that development discourses can be used as discursive resources which effect the legitimisation and normalisation of certain local strategies and political decisions (Gonzales 2006, Cumbers & MacKinnon 2011). These strategies may not be so much related to the wider policy objects of the EU or the relevant states but driven more by local interests and motives (Carter & Pasquir 2010; Johnson 2009; Luukkonen 2011; Stoffelen *et al.* 2017; Prokkola *et al.* 2015).

Political decisions are always, at least to some extent, context dependent and structured by power relations. When actors choose the course of actions and the strategies they will promote, they are always embedded in the "surrounding" institutional environment and arrangements which have different spatiotemporal scalar characteristics. In other words, the environment consists of a plethora of local, regional, national, EU and global institutional characteristics, something which becomes emphasised at the border areas. According to SRA approach, institutional structures and discourses are always strategically biased in their form, content and operation, which means that they privilege certain actors, interest groups, strategies and actions over others (Jessop 2001, 2004). Therefore, from the perspective of CPE a key question is studying this privileging and how actors, whether municipal officials, local politicians or entrepreneurs, etc., utilise this privileging through what Jessop calls (2001: 1223) *strategic context analysis*. Consequently, actors mobilise the surrounding institutional structures, whether formal or informal, which they see can

further their interests (or common interest). Actors are, however, more or less context-sensitive in evaluating this *strategic selectivity* of the institutional structures and their ability to utilise, contest and transform them (Jessop & Sum 2013: 67–68).⁸ This depends on their position in the division of labour, personal capacities, previous experiences, etc.

Moreover, examining the policy transfer processes, and the political decisions and planning practices related to them, at the local level through the lenses of CPE, enables to identify how the surrounding institutional structures privilege certain ideas, strategies and discourses over others. Secondly, it gives a framework in which the power relations between different governmental levels and institutional actors become visible and materialised. For instance, as Bristow (2010: 153; see also Bristow 2005) notes, in recent years regional development strategies, at different governmental levels, have been subjugated to the hegemonic discourse of *competitiveness* promoting the creation of economic advantage through productivity or the attraction of new firms, investors and labour. However, although today the dominant development discourses produced at different governmental levels oftentimes typically promote regional growth (instead of alternative strategies such as degrowth or environmental sustainability), the arguments about how to become “more competitive” and how the power structures between different scalar actors vary. For instance in Finland, there still exists a strong political discourse on the state being the sole legitimate actor in defining and guiding the development of municipalities. The comprehensive municipal reform plan for improving “competitiveness” stands as an illustrative example of this (Article II). In terms of this study, it is these contradictions and intersections between different development interests and policies that are specifically interesting.

Consequently, it is important to understand regions and municipalities as “policy arenas” where different strategies, agendas and interests are contested and played out (Cumbers *et al.* 2003: 332; see also Carter & Pasquir 2010). Notable differences of interests may exist not only between different governmental levels, such as state officials and local authorities and residents, but also between different municipalities, private and public sector, big international firms and local businesses (see Cumbers *et al.* 2003: 332). The next issue therefore is to examine who makes the local and regional decisions regarding regional planning and the selection of certain development strategies and in what ways institutional structures privilege certain actors and interest groups. This leads us to the question of power: How do actors exercise power through the strategic context analysis and mobilisation of surrounding institutional structures and in what ways do institutional structures empower and privilege certain actors and interest groups over others? In regional studies and economic geography, power has been traditionally understood “as a collective capacity generated in the pursuit of a shared agenda” (Cumbers & MacKinnon 2011: 255).

⁸This resonates closely with the core ideas of discursive institutionalism (see Schmidt 2011; Jessop & Sum 2015).

This is, however, as Cumbers and MacKinnon (2011: 255–255) point out, a rather old-fashioned conceptualisation compared to other social sciences and their “engagement with the post-structuralist conception of power” as a “fluid and mobile medium”. In Allen’s (2003) frequently used conceptualisation based on these post-structuralist ideas, power is defined as relational effect of social interaction. So instead of seeing power as a resource or capacity, Allen (1997) understands it as an ability to mobilise resources (money, knowledge, time, contacts, etc.) and use them to secure specific outcomes and interests. However, as Cumbers and MacKinnon (2011: 255–256) point out, the relational approach to power tends to neglect the prior historical processes and sedimentation through which regions and their embedded institutional structures are constructed (see also Paasi 1996), whereas, they argue, power can be both a *capacity* (“power over”) and an *effect* (“power to”). According to them, the usefulness of the relational approach to power is in its restoration of agency to regional and local actors as opposed to relying solely on institutionally determinist views on regional politics and development (Cumbers & MacKinnon 2011: 255–256). This thesis embraces local agency and simultaneously acknowledges the institutional and regulative facets of the municipality as an operational environment.

When considering the issue of power relations and actors’ differing capacities to mobilise institutional structures and resources at the municipal level or regional level, it is important to note that formal institutional structures create certain possible, but not deterministic, preconditions. Thus, a municipal manager or a chair of the local government most probably have better possibilities to influence the mobilisation of financial resources than a politician from a minority party. In a similar manner, the power relation of a project manager and a project participant is inevitably unbalanced in the sense that the manager has better access to information and other resources (Article III). Although the ability to mobilise resources is tightly intertwined with such “hierarchical” institutional structures, it is not anyway restricted to that. For instance, the importance of trust relationships between different actors and their role in persuading may have a significant role. Furthermore, the role of path-dependent informal institutional environment (norms, beliefs, trust, identities, etc.) and certain actors’ and interest groups’ inscribed privileged position is often a deciding factor in inter-regional co-operation between such municipalities where the formal institutional positions of actors are rather similar.

Cumbers and MacKinnon (2011: 256) write that the ways in which power is intertwined in processes of local and regional development should be studied by examining the “processes of *fixing* by which particular actors and interests groups seek to stabilise and freeze fluid power relations in order to generate and capture value within global production networks”. These processes are not, however, pre-determined but become materialised in local and regional politics through action. In the context of cross-border regions, the strategic context analysis (Jessop 2001), that is, the utilisation of power structures and resources, may lead to the “circulation of possibilities” exclusively between certain interest

groups or actors (Pikner 2008b: 215). It is argued that cross-border regions may develop an exclusive type of social capital *between groups*, which means that the social capital is not extended to wider networks (Grix and Knowles 2003: 170–171; see also Mohan & Mohan 2002). Which strategies are finally chosen and by whom as well as the way in which the implementation of these strategies takes place depends on the history, social and institutional environment and power struggles that lie “behind” these processes (see Prince 2012: 190, Peck & Theodore 2001).

5 Introducing the research process

5.1 Studying municipal planning and institutional dynamics – methodological premises

The research design follows the principles of *intensive* research in which the objective is, through contextual study, to understand how causal processes, in this case regional development paths of municipalities, develop within a particular geographical area (Sayer 1992, 2015; Cloke *et al.* 2004). While *extensive* research uses vast quantitative research data, intensive research focuses on individual agents in context, using interviews, ethnography and qualitative analysis to answer the question “what produces change?” (Sayer 2000: 19). However, it is impossible to reduce regional development to clear causal groups and processes because regions consist of “chaotic” and overlapping groups of actors, interest groups, organisations, institutions and discourses operating on different scales which are related to and influence each other in multiple ways (Sayer 1992: 250; see also Riiipinen 2008). Accordingly, the main idea of this thesis is not to identify causal processes and relations *per se* but to understand the various and multi-dimensional dynamics of regional planning in which spatially and temporally dependent causal relations may be found. However, it is important to recognise how political decisions, negotiated and implemented across different governmental levels, are made in the name of “regional development” as a whole, despite the fact that regions are in many ways relational and complex processes (see Paasi & Metzger 2017). This, as for, underlines researchers’ role in producing knowledge and understanding of these development processes to advance more sustainable and inclusive policymaking.

While regional planning consists of constant struggles over meanings and values in society (Jensen & Richardson 2004: 10), political decisions and public statements are materialisations of the discursive struggles and negotiations that take place in the political space of local and regional development of that region. This raises questions as to which kinds of political decisions are made in particular spatio-temporal contexts and what kinds of things and meanings are valued and about how different informal and formal institutional structures affect these processes. CPE’s advantage in studying the transformation of local planning strategies is that it helps to expose the strategic momentum of meaning-making (cf. Paul 2012: 383), for instance, how meaning-making matters with regard to economic development when local actors place more value on certain policy objects and co-operation coalitions rather than on others.

From this perspective, the idea of meaning-making as a way of complexity reduction (Jessop 2001, 2010; Jessop & Sum 2013) is an elementary ontological presumption of this thesis. As Jessop (2010: 338) notes, the world cannot be grasped in all its complexity in real time, and actors (and observers) must focus selectively on some of its aspects in order to be active participants. This entails a realist assumption on the causal and complex economic

relations “out there”. In order to make “best possible” political decisions concerning local and regional development, municipal actors attribute meaning to some “aspects” of the world rather than to others, which leads them to give value to and reproduce certain institutional structures and development discourses either intentionally or unintentionally (Jessop 2001). Institutional structures, both formal and informal, are relational in the sense that although they are path dependent, they are not path deterministic. Institutional structures are not pre-given or absolutely tied to a certain spatio-temporal context but, in order to continue, are always dependent on the actors who (re)produce them (Jessop 2001).

This thesis takes a methodological approach to institutions in which institutions are an entry point to overcoming a number of “well-established” and troublesome ontological antinomies (structural determination vs. social agency, holism vs. individualism, necessity vs. contingency), epistemological dualisms (abstract vs. concrete, simple vs. complex) and methodological dilemmas (bottom-up vs. top-down approach to power, global vs. local approach to spatial and scalar phenomena) in the social sciences (Jessop 2001).⁹ Institutions are social constructions that are developed over time and are in many ways contextual. However, the way they work together and materialise compared to the visions and imaginations of their original constructor(s) can be unexpected. Once they have been constructed, “they may gain a degree of independence from their constructors and from subsequent observers, though some will be more durable than others” (Sayer 2015: 107; see also Häkli 1998). These causal powers of institutions reflect the core idea of path-dependency (Gluckler 2007; Jessop 2001). Although the relationship between meanings and causality is often seen as problematic, in this study they are understood as a continuum. As Sayer (2015: 112) notes, if a cause is simply something that produces change, then meanings can be causal too. We usually communicate – share meanings – in order to produce some kind of change.

This thesis agrees with some of the critical realist arguments and sees that different objects – including people, institutions and discourses – have particular *causal powers*; they are able to effect (Sayer 2015; see Mäki & Oinas’s 2004 critical discussion on the use of realism in human geography). Embedded in the idea that institutions constrain and guide human action is the ontological understanding that unexercised causal power exists (Sayer 2000: 11). This differs from the post-structuralist view based on relativist ontology in which power is seen to exist *in relations* between individuals, that is, various regional actors (see Allen 2003). Yet, this does not mean that in social life “changes just happen” but power is always materialised through practices in which it is played out, or alternatively, “unplayed”.

As presented above, this thesis applies CPE and SRA as theoretical-methodological approaches to understand the scalar power dynamics of how and why certain development

⁹ The other two approaches to institutions are the thematical and the ontological approaches. Thematical approach refers to the “New” institutional economic approach in which institutions are understood in the framework of transaction costs (see section 3.). The ontological approach is the more radical one. According its advocates, institutions and institutionalisation are the fundamental base for collective life and social order (Jessop 2001).

strategies and discourses become dominant in certain contexts through the above-mentioned evolutionary concepts of selection, retention and reinforcement. This study examines the historically contingent process of institutionalisation of cross-border co-operation as a municipal development strategy and how in this process the different evolutionary phases (selection, retention and reinforcement) manifest and materialise. Importantly, this draws attention to how the institutionalisation is a result of the mobilisation of the local and regional institutional environment and of policy transfer processes. However, CPE do not offer specific analysis methods for actually carrying out the empirical analysis, and the empirical analysis needs to be built by the researchers themselves. Although CPE serves as a methodological-theoretical framework for the thesis (as well as for Articles I & II), the papers have their own analysis methods: critical discourse analysis in Articles I and II and theory-guided content analysis in Article III (see the next sections).

5.2 Study municipalities and research materials

Eight (8) case municipalities were selected as research areas for this study: Tornio (21 928 inhabitants in 2017), Ylitornio (4118), Pello (3510), Kemi (21256), Keminmaa (8296), Tervola (3068), Simo (3110) and Haparanda (9805). Four of these – Tornio, Ylitornio, Pello and Haparanda (SWE) – are border municipalities, which means that their municipal borders also function as state borders (Figure 4). The municipalities were chosen because they represent two partly overlapping administrative regions which were established with different motives: the Finnish-Swedish Tornio Valley and the Kemi-Tornio sub-region on the Finnish side of the border. Tornio and Ylitornio and partly Haparanda belong to both administrative regions. It can be said that while the co-operation between municipalities in the Tornio Valley draws largely on a common cultural history, the Kemi-Tornio sub-region draws more on the idea of a functional region, “hard” economic reasoning, commuting, regional industry, etc. The Kemi-Tornio Regional Economic Union (the development organisation of Kemi-Tornio since 1991) was established in the late 1960s when the municipalities wanted to harmonise and municipalities and streamline business sector efforts in order to develop the regional economy (Kemi-Tornio Talousalue liitto 1969).

All of these municipalities, like many other small- and medium-sized municipalities in northern and eastern Finland today, are coping with development challenges arising from demographic change and problems associated with regional economics and public budgets cuts. Diminishing employment opportunities (Table 1) and limited education possibilities in the region force many young and working-aged people to move to southern Finland. Thus, the population is decreasing because of low birth rates and strong outmigration (Table 2). At the same time, the dependency ratio (Table 3) is significantly increasing



Figure 4. Map of the study area.

Table 1. Population development in the municipalities 1980–2017 (Tilastokeskus 2019; Statistika Centralbyrån 2019).

Municipality	1980	1990	2000	2010	2017
Kemi	26 928	25 374	23 689	22 537	21 256
Keminmaa	7721	9143	8930	8573	8296
Pello	5624	5665	4830	3980	3510
Simo	4197	4276	3891	3489	3110
Tervola	4631	4170	3895	3444	3068
Tornio	21 076	22 879	22 617	22 513	21 928
Ylitornio	6792	6258	5535	4731	4118
Haparanda (SWE)	9672	10 517	10 412	10 059	9805

Table 2. Job development 1993–2016 (Tilastokeskus 2019; Statistika Centralbyrån 2019).

Municipality	1993	2000	2010	2016
Kemi	10 293	10 314	9669	8875
Keminmaa	2112	2258	2449	2477
Pello	1724	1515	1250	1165
Simo	853	796	663	598
Tervola	1092	1166	1157	934
Tornio	7709	8341	9202	8777
Ylitornio	1636	1699	1411	1350
Haparanda (SWE)	3200	2905	3496	3552

Table 3. Dependency ratio 1990–2030 (Tilastokeskus 2019).

Municipality	1990	2000	2010	2017	2030
Kemi	45.1	49.3	52.4	66.3	85.6
Keminmaa	52.8	50.5	55.1	68.8	86.5
Pello	50.1	56.6	63.2	88.9	135.5
Simo	50.4	52.1	63.9	82.4	112.9
Tervola	55.7	66.9	74.3	79.4	107.8
Tornio	51.5	49.4	51.2	65.2	78.9
Ylitornio	58.5	63.6	67.6	83.8	120.3
Lapland	48.1	50.2	52.2	64.2	82.6
Finland	48.7	49.4	51.6	60.1	69.2

as the big post–WWII generations are aging.¹⁰ The demographic situation hinders the possibilities for developing the business sectors and creating new jobs. Although the development trend is generally worrying across all of the abovementioned municipalities, there are regional variations in socio-economic indicators between the municipalities. For instance, the population of Tornio increased between the years 1990 and 2010 while Kemi, previously the largest city in terms of population within the area, has suffered from a steady decline in inhabitants over the last four decades due to the loss of industrial jobs.

The economic structure of the municipalities varies (Table 4). In general, the area is dominated by the (mainly public) social and health care sector as well as industry and trade. The industrial sector is based on wood and steel processing distributed across the largest cities: two wood processing manufactories in Kemi, a steel processing company in Tornio and a mine in Keminmaa that produces chrome for a steel company in Tornio. These manufactories are important employers also in the nearby Swedish municipalities, especially Haparanda. Many people commute across the border daily (Pohjoiskalotin Rajaneuvonta 2014), although there exists no detailed statistics on this. Nowadays the area, especially the commuting area of Kemi-Tornio, is highly dependent on industries that are very sensitive to economic fluctuations. Consequently, this makes the area vulnerable and weakens local and regional resilience when responding to economic shocks (cf. Bristow 2010).

On the national level, the Kemi-Tornio area is known as an “industrial intensive” region (Ministry of Finance 2012). In recent decades, however, the development of trade and shopping tourism has been relatively strong in Tornio and Haparanda. The increase in retail jobs is inseparably related to the cross-border co-operation between Tornio and Haparanda and their joint effort to build a common city centre at the border. Thus, the decision of the Swedish furniture company IKEA to establish a store in Haparanda in 2006 in the vicinity of the border encouraged other investors to settle in these municipalities. Nevertheless, although the retail sector in Haparanda and Tornio was enhanced by IKEA’s presence, this has not led to significant socioeconomic development in either municipality.

The trade sector, however, is in a period of transition and development. Tornio had been a major trading hub since the 16th century, when it formed an important hub for the fur trade from Lapland to Russia and Western Europe (Mäntylä 1971). Established in 1621 by Gustav II Adolf, the King of Sweden, during a political atmosphere of rising mercantilism, Tornio is the oldest city in northern Finland. The border between Sweden and Finland was drawn in 1809 when the Treaty of Hamina was signed between Russian Empire and Kingdom of Sweden. Although the city of Tornio was located on the “Swedish side” of the river (see Figure 5), the treaty effectively annexed Tornio to the Russian empire. Consequently, Haparanda was established in 1821 to replace the lost city of Tornio in 1821. The initiative for establishing the new market town originated from Swedish merchants and tradesmen. As a result, Haparanda soon received its own city charter, in 1842. Trade was the main business sector for Tornio until the early 1970s,

¹⁰ Dependency ratio means how many young or elderly people there are per 100 working-aged persons.

Table 4. The five biggest employment sectors in each municipality in 2016 (Tilastokeskus 2019; Statistikal Central Byrån 2019).

Kemi	Social and health care services	1673	Tervola	Social and health care services	167
	Industry	1404		Industry	159
	Whole sale and retail trade	723		Agriculture, forestry and fishery	130
	Transportation and storage	510		Construction	73
	Administrative and support service activities	496		Education	68
Keminmaa	Industry	668	Tornio	Industry	1950
	Social and health care services	634		Social and health care services	1357
	Whole sale and retail trade	354		Whole sale and retail trade	852
	Construction	218		Education	623
	Education	211		Administrative and support service activities	481
Pello	Social and health care services	252	Ylitornio	Social and health care services	283
	Agriculture, forestry and fishery	120		Agriculture, forestry and fishery	164
	Whole sale and retail trade	114		Whole sale and retail trade	131
	Transportation and storage	105		Construction	118
	Public administration and defence	86		Industry	109
Simo	Social and health care services	245	Haparanda*	Human health and social work establishment	727
	Industry	170		Trade	637
	Construction	97		Educational establishment	433
	Whole sale and retail trade	70		Construction industry	310
	Transportation and storage	67		Professional, scientific and technical companies	263

*Information from Haparanda is based on the Swedish standard industrial classification, which is not fully comparable to the Finnish classification.



Figure 5. A picture taken from the Finnish side of the Tornio River. The city centre of Tornio in the background (Source: Author 3/2019).

when the steel processing company Outokumpu was opened and Tornio became an industrial city.

Compared with Tornio, Kemi has a longer tradition of heavy industry. Kemi was established in 1869 by Alexander II of Russia as a trade and harbour city. However, after the regional amalgamation of two big wood processing factories in 1931, Kemi became an industrial intensive city. To this date, the wood processing industry has remained the biggest employer in the private sector. The surrounding municipalities of Keminmaa and Simo are dependent on the workplaces in Kemi and Tornio, as their own employment self-sufficiency is low. The other research municipalities, Tervola, Ylitornio and Pello are more self-sufficient in this regard. At the same time, the trend of the dependency ratio is very worrying as the portion of the over 64-years old is significant.

In terms of research materials, methodological triangulation (see Yeung 1997) has been applied in this study. Triangulation refers to a research strategy in which different research materials and analysis methods are combined in order to gain a comprehensive understanding of the studied phenomenon, in this case the role of institutions in regional planning and policy transfer processes. The next chapters introduce, justify and operationalise the main research materials (see Table 5) and methods of analysis.

Table 5. The division of the research materials between municipalities and administrative regions.

Municipality	Administrative region		Research material	
	Tornio Valley	Kemi-Tornio sub-region	Documents*	Interviews
Kemi		X		X
Keminmaa		X		X
Pello	X		X	
Simo		X		X
Tervola		X		X
Tornio	X	X	X	X
Ylitornio	X	X	X	X
Haparanda (SWE)	X	X**		X
Municipal co-operation organisation				
The FCTVM	X		X	
The Committee of Tornio Valley	X		X	X
The Kemi-Tornio Development Organisation		X		X

* Documents refer here to the historical document material of the study. The included documents were collected systematically from the selected organisations.

**Haparanda has been a “silent partner” in the Kemi-Tornio Development Organisation

5.2.1 Historical document material

As Prior (2004: 345; see also Wodak & Meyer 2009) points out: “without documents there are no traces”. In order to understand the path of regional development and the planning history – how the dominant local and regional planning discourses and how the power relations between municipalities and the state, in particular, have changed in the Tornio Valley – documents were collected reaching back until the 1930s. This research material was used in Article I. The examination and collection of the material focuses on the five different but cognate organisations: municipal-based development organisations of the Finnish Committee of Tornio Valley municipalities (Tornionlaakson kuntain toimikunta) and its bi-national successor The Council of Tornio Valley (Tornionlaakson Neuvosto), as well as three Finnish border municipalities, Tornio, Ylitornio and Pello, which were the original founders of the Finnish Committee of Tornio Valley.¹¹ Founded in 1923, the Finnish Committee of Tornio Valley (FCTMV) municipalities was the first locally initiated municipal-based co-operation organisation established in Finland. The

¹¹ In addition to these three, the municipalities of Karunki and Alatornio were also original founders of the FCTVM. These two municipalities were merged with the city of Tornio in a municipal amalgamation in 1972.

legislation for these kinds of municipal alliances was set only in 1932, which emphasises the pioneering character of the Committee (Rantakokko 1993). The shared cultural and economic features together with similar regional development challenges and possibilities inspired the establishment of the Committee (Junes 1928). Additionally, the border location and the particular socio-economic, as well as geopolitical, juxtaposition between the Finnish and Swedish Tornio Valley region represented significant factors not only for the local actors to initiate the co-operation but also – perhaps even more importantly – for the central government to support the establishment of the Committee (Junes 1928; Rantakokko 1993; Koljonen 1985). The key local actors (such as significant farm owners, cultural figures and municipal officials) sought to combine their resources when lobbying the state officials; at that time municipal administrations employed only one or two persons and limited time and economic resources made lobbying and delegation trips to central government institutions in Helsinki a challenge (Rantakokko 1993).

The selection of the Finnish Committee of Tornio Valley Municipalities (FCTVM) as “representatives” of municipalities was justified on the basis of the particular regional interests. At that time, municipalities in Finland were not yet an integrated part of the state’s planning system, and hence, the FCTVM had an important role in setting the guidelines and main challenges of local and regional development within the Finnish Tornio Valley. Therefore, the FCTVM offers a fruitful platform for studying the outset of the local and regional planning system after Finnish independence. As the municipalities’ institutional role and legal responsibilities with respect to regional planning strengthened after the 1960s (Jauhiainen & Niemenmaa 2006; Moisio 2012; Vartiainen 1998), the role of the Committee also changed. It became increasingly concentrated on advancing the interests of the border region and its inhabitants. The next step was that the FCTVM united with its Swedish counterpart, the Swedish Committee of Tornio Valley Municipalities, to become the Council of Tornio Valley (CTV). The selection of the five abovementioned organisations (the FCTVM, the CTV, Tornio, Ylitornio and Pello) as research focuses enables us to gain understanding of the transformation of the premises of local and regional planning in the Finnish Tornio Valley since Finnish independence in 1917.

The study material consists of altogether 143 documents written in Finnish, including all available key strategic documents related to regional planning: annual reports from the FCTVM and CTV as well as municipal plans and development plans from the studied municipalities. The annual reports created by the FCTVM and the CTV form a relatively consistent series from the 1930s until the year 2013 and offer a good base for transhistorical analysis. The municipal documents become more numerous as time goes by, particularly after the 1970s (see Article I). The increasing number of documents illustrates the strengthening of regional governance and planning in Finland.

The document material was collected from different locations during summer 2013. Apart from the most recent documents (mostly 2000 onwards), the documents exist only in hard copy form in archives. During the collecting process, the material was photographed

at the archive locations and printed afterwards for analysis.¹² Photographing instead of writing notes served also the research design and questions, which developed during the research process. Although the total number of documents collected was rather large, the earliest documents in particular are relatively short. This facilitated photographing the material as a whole. The documents of the FCTVM are located in the regional archives of Oulu in Oulu; the documents from the Council of Torne Valley are located in Haparanda at the Office of the Council of Tornio Valley; and the municipal documents are located in dedicated archives in the municipalities. The author conducted a fieldtrip to collect the material in Haparanda, Tornio, Ylitornio and Pello in June 2013.

5.2.2 Other policy documents

In addition to the above-described document materials, different supplementary policy documents were collected in order to understand the institutional and political context of both the municipal reform (see Article II) and the cross-border co-operation implemented through the EU's Interreg policy scheme (see Article III). These policy documents included local-, state- and EU-level documents such as project documents, policy reports, press releases and programme documents. The state- and EU-level documents were available as Internet sources while local project documents were mainly requested directly from the project managers. Some materials, such as policy brochures and some locally collected statistics, were given to the author during interviews.

5.2.3 Interviews

The main research material of the study consists of qualitative interviews (see Rapley 2004; Legard *et al.* 2003). Interviews provide excellent research materials and the method is particularly useful when the aim is to examine a phenomenon in depth – “to explore and understand actions within specific settings, to examine human relationships and discover as much as possible about why people feel or act in the ways they do” (McDowell 2016: 158; see also Sayer 1992; Cloke *et al.* 2004). When examining institutional and discursive dynamics of policy transfer processes at the municipal level through the lens of CPE, the methodological emphasis needs to be on actors and “how they interpret and make choices within their institutional environment”, and furthermore, on how ideas and discourses interact with institutional settings (Bell 2002: 13). Through content-focused semi-structured interviews it is possible to gain insights into different meanings, opinions and experiences as well as on practices and motivations (see Dunn 2016: 150) related to regional planning and development. Interviews not only expose contradictions between

¹² The use of digital cameras in collecting document materials has made archives more approachable and also cost-effective for human geographers in general, not only for historical geographers (Roche 2016).

existing opinions, meanings and practices but also disclose consensus and rationales “behind” them.

In this research, semi-structured interviews were chosen as a method. As a research method, the interview is based on certain themes on which the interviewer has prepared either complete questions or only keywords or themes she/he wishes to discuss. In this study the interview questions focused on the dynamics of regional planning and inter-regional co-operation. Qualitative semi-structured interviews follow the main idea that the interview situation should be conducted in a free-flowing manner; it is thus less formal and closer to a discussion (Sayer 1992: 245). Interviewers, however, have the responsibility to constantly direct the content and to ensure that the desired information, themes and topics are covered during the conversation. When planning interviews with regional planners, politicians and entrepreneurs, in particular, it is important to take into account that the interview time is often limited. Therefore, the interviewer needs to guide the discussion if it strays from the relevant issues with respect to the research questions. By virtue of not being an “interrogation” but an informal situation of collaboration (McDowell 2016: 162), “the researcher has a much better chance of learning from the respondents what the different significances of circumstances are for them” (Sayer 1992: 245), and what is relevant for them (Dunn 2016:151).

The interview material was collected in two phases: the first series of interviews was conducted in spring 2012 and the second during summer 2014. Altogether, 33 interviews were collected; 10 in 2012 and 23 in 2014.¹³ Of the interviewed actors, eight were tourism entrepreneurs, 12 key municipal officials and 13 municipal politicians (see Table 6). Because of the original research problem of the thesis, and the aim of situating regional development work conducted in the border region within the wider context of Finnish state policies and planning, the interview material is mainly focused on the Finnish side. Geographically, four interviewees worked in Haparanda, 25 in Finnish municipalities or firms, while four public sector actors were employed by both the cities of Tornio and Haparanda. Most of the public sector interviewees were selected beforehand based on their office or trust position. The selection of the interviewed entrepreneurs, on which Article III is based, was justified by their participation in an Interreg co-funded project called “Development of experience industry in the region of Haparanda-Tornio” (or the “Destination” project). The main object of the project was to increase the attractiveness and competitiveness of Tornio and Haparanda as a tourism attraction. The project was implemented in 2009–2012 by the cities of Tornio and Haparanda.

In second phase of the interviewing, in 2014, a few public sectors interviewees were selected based on the *snowball method* (see Bertaux 1981), which means that after an interview the interviewee had suggested that “you should interview person X, as she/he knows a lot about these issues”. These persons were either intensively working on municipal development or cross-border co-operation. This follows the idea of intensive research, which offers a flexible research design to develop during the research process.

¹³ The interviews included two phone interviews and one email interview.

This was a prudent choice as it is difficult to identify the all actors with “causal powers”, meaning those who have an impact on the phenomenon which is being studied, before the research is initiated (Sayer 1992: 244).

Table 6. Collected interview material.

2012		
Municipality	Sector	Number of interviews
Tornio	Entrepreneur	5
Haparanda (SWE)	Entrepreneur	3
Tornio and Haparanda (SWE)	Public official	2
In total		10
2014		
Municipality	Sector	Number of interviews
Tornio	Official	2
	Politician	2
Kemi	Official	1
	Politician	2
Keminmaa	Official	1
	Politician	2
Tervola	Official	1
	Politician	2
Simo	Politician	2
Ylitornio	Official	2
	Politician	2
Haparanda (SWE)	Politician	1
Tornio and Haparanda (SWE)	Official	2
Municipal co-operation organisation (FIN)	Official	1
In total		23
Total number of interviews		33

The interviewees were first contacted via email and then via phone if email communication proved impractical. With the exception of two phone interviews and one email interview, all interviews were conducted face-to-face at locations suggested by the interviewee, usually at their workplace but occasionally at the interviewee's home or in a public café/restaurant. All interviewees (with an exception of one) gave a permission to record the interview. The researcher made notes during the interviews and, in addition, afterwards wrote down a few overall thoughts reflecting on the general research questions. The length of the interviews varied between 20 and 90 minutes, while the average length was around one hour. The entrepreneurs' interviews were slightly shorter on an average than those of the public officials and politicians. The recorded interviews were transcribed word-for-word for the most part; some parts that were irrelevant with respect to the research problems were excluded. The main content of those sections were still written down in the transcript files for possible future need.

As already stated, the interview material was collected in two phases. The question catalogues for these two fieldwork trips varied to some extent (Appendix 1). While the interviews with tourism entrepreneurs focused more on the cross-border co-operation projects they had participated in and the dynamics between actors and interest groups in these projects, in the second fieldwork phase the question catalogue was broadened. However, this was done in such a way that it was possible to examine the interview material all together. The themes in the interview catalogue were *Regional planning and dynamics of municipal co-operation and actor's own position and role*, *Border and cross-border co-operation as a part of regional planning* and included specific case topics: *Municipal reform* and *Development of tourism industry*. The questions were ordered according to a hybrid of funnel and pyramid structure (see Dunn 2016: 155–158), meaning that the order of the questions varied between simple easy-to-answer questions and more abstract and reflective questions. The sensitive or difficult questions concerning problems in municipal co-operation and distrustful relationships were left until the end. This question catalogue was tested in one pilot interview with a person who had a long experience in local politics.

The interview questions were formulated in such a way that they concentrated both on discursive dimensions as well as on concrete practices. While focusing on the way how interviewees construct their arguments and how they emphasise certain opinions and issues, it is equally important to gain information on the actual practices related to these matters. For instance, when discussing municipal co-operation and its possibilities and challenges, secondary follow-up questions might be “how often do you meet with these collaborators/when did you meet last”. While the interviews with entrepreneurs concentrated on cross-border tourism-development projects and the border was “given” in the study setting by virtue of its focus on *cross-border* co-operation, in the second phase the notion of border and border location was intentionally brought forward as late as possible in the interviews in order to see how the interviewees construct their understanding of municipal co-operation and whether they see cross-border co-operation as a part of it or not. Nevertheless, there were significant variations between interviewees; for some

informants, cross-border co-operation appeared highly meaningful and they raised the issue already in the very first warm-up questions where the interviewees were asked how they see the state of regional development. For others the issue did not come up before the researcher broached it. Moreover, through so-called warm-up question it was possible to gain information on how the interviewees primarily understand or define the “region” they are developing. This enabled the interviewee to offer a first impression about the perspective from which he/she approaches regional development and co-operation. Nevertheless, the interview situations developed in an informal dialogic manner and often the order of the question catalogue changed.

Mutual trust and a feeling of ease during the conversation between interviewee and interviewer, referred to as *rapport* (Baxter & Eyles 1997; Pile 2010; Dunn 2016), is a crucial part of the success of any interview situation. In a cross-border context, language is often a key issue influencing the creation and maintenance of rapport. The Tornio Valley research area is bilingual and the role of the interview language needed to be carefully considered and reflected on. Hence, the interviews were conducted in Finnish/Meänkieli and partly also in Swedish. Although all Swedish interviewees were Tornedalians who spoke Meänkieli (see Lunden & Zalamanns 2001), the interview questions were nevertheless translated into Swedish. This was needed because Meänkieli is primarily an oral language and because the Finnish “professional” vocabulary of Meänkieli speakers can often be limited. Thus, the author complimented the Finnish interview questions with Swedish translations.¹⁴ This was after an agreement with the interviewees that Finnish/Meänkieli would be the primary language of the interviewer but the interviewees could mix Finnish/Meänkieli and Swedish according to their preference.

Moreover, for Meänkieli speakers it is typical to change fluently between Meänkieli and Swedish (see for instance Ridanpää 2015) and thus, in Meänkieli itself there are many loanwords from Swedish. The Swedish interviewees sometimes changed to Swedish or used Swedish words without disrupting the flow of their answer. Despite the author’s positive experience creating and sustaining the rapport, Finnish/Meänkieli was the primary language of the interviews and this might have affected the interviewees and their answers. It is noteworthy that there were not any Sweden Swedes (Lunden & Zalamanns 2001) among the interviewees, which might have changed the dynamics of the rapport (Smith 2003). In addition, the mixing of languages may make it challenging for the interviewer to analyse what is being said and if there is need for follow-up questions or clarification (see Dunn 2016: 165).

¹⁴ Author posed the interview questions with her Finnish Tornio Valley dialect which is similar to Meänkieli but does not include Swedish loanwords.

5.3 Content and critical discourse analysis as methods

This thesis agrees with the argument that analysis is an ongoing process which starts long before the researcher conducts the first interview or reviews the first stack of policy documents (see Rapley 2004: 27). The process of analysis starts when the initial research idea emerges and evolves and the researcher begins to read relevant literature related to the topic. This review process, along with researcher's own personal background and possible previous studies, shapes the initial methodological premises of the research in question. The empirical frame and methodological perspective are developed together with the analytical choices, which are based on the research material. Such questions include, for example, which kinds of documents are going to be collected, who will be interviewed, who or what is being excluded, which kind of interview questions will be asked and, importantly, what does the research material "present" to the researcher (Rapley 2004: 27). Although the interview material used in this thesis consists of the abovementioned 33 interviews, the author has conducted 24 interviews in Tornio and Haparanda with public and private sector actors in 2010 as a part of her master's studies. This provided important background knowledge and also, inevitably, shaped the particular phrasing of the research aims and questions of this study.

For Articles II and III critical discourse analysis was applied as an analysis method, while theory-guided content analysis was the main analysis method in Article III. These two analysis methods, content analysis and critical discourse analysis, are based on slightly different philosophic-methodological understandings of language and reality. Content analysis approaches the interview material from a more realist perspective – how the talk of the interview participants reflects their "real" opinions, experiences and practices related to the phenomenon in question (see e.g. Koch 2018a). In critical discourse analysis, the emphasis is on language and how through rhetorically oriented analysis it is possible to identify how power relations between different discursive "truths" are negotiated, contested and materialised. The way how different ideas, meanings and strategies are formed through language (e.g. in interviews, strategic documents, speeches, negotiations) is seen to have a crucial role in constructing the "reality" in which the agents operate (see also Prokkola 2010).

As Dittmer (2010: 275) notes, if a researcher is interested in the ways in which knowledge is formulated and validated by society as truth, then discourse analysis is likely an excellent methodology to use. Critical discourse analysis, however, is not a uniform or unproblematic method but has different variations and applications that stem from critical realist (Fairclough 2010a) and post-structuralist (Howarth & Griggs 2012) traditions (Fairclough 2010b). As it supports and embraces the political-economic theory of CPE, the variant of critical discourse analysis (hereafter CDA) applied in this thesis draws on the standpoints of Fairclough. In spite of their differences, concerning for instance understanding of language, CDA and CPE share a dialectical understanding of discourse and practice (Fairclough 2010b); development discourse constitutes practices while at

the same time it is constituted by them (De Cillia *et al.* 1999: 157; Hajer 1995) – without practices neither discourses nor institutions would have any meaning (Cresswell 2013). Dominant development discourses and their related institutional structures are relatively long lasting, especially in the case of formal institutions such as laws and regulations. At the same time, dominant discourses are constantly contested, and in order to sustain, they require continuous reproduction and repair (Bristow 2010).

In this thesis, the focus is not on how certain development discourses and related development policies become hegemonic on the national or global scales. Instead, the research interest is guided by the processes of recontextualisation that take place at the local and regional levels. How are different development discourses and certain development policies adapted and implemented, or alternatively contested, and by whom? Critical discourse analysis is applied to understand the relationship between language and power in the transformation processes that are taking place in Finnish society – both in the long-term political-economic transformation of society (Article I) and also in one particular transformation “project”, that is, the municipal reform (Article II). Accordingly, the evolutionary concepts of selection, retention are of high importance (see section 4.2.).

Fairclough (2010a) employs discourse analysis through three levels: textual analysis, analysis of discursive practices and analysis of social practices. Textual analysis refers to the text itself: its rhetoric, its claims to authority, its organisation, etc. Discursive practices include the immediate context in which the discourse is used and contested. In the context of this thesis these refer mainly to local governmental practices such as meetings, decision making procedures and informal discussions in which the power struggles between different strategies and discourses are “played out” and materialised. The third level is that of social practices, which includes larger ideologies and broader socio-institutional context (Dittmer 2010: 279). Through this approach, Fairclough divides the analysis of *context* into meso-(discursive practices) and macro-(social practice) levels, which is seen as an important contribution for discourse analysis in general (Dittmer 2010). Content analysis can be understood *narrowly* as a technical exercise and as a useful initial tool for discourse analysis (see for instance Waitt 2016; Koch 2018a), or more *widely* as a method for compressing the crucial information and meaning of the research material and, consequently, for (critically) conceptualising certain processes or phenomena that occur in society (Tuomi & Sarajärvi 2018). Content analysis as a method has been criticised for disconnecting the research material from its social context (Mayring 2004). This is particularly the case when the narrow approach of content analysis is applied. This approach is also called as *manifest content analysis* referring to an analysis technique in which for instance keywords are identified and coded (Dunn 2016). In this research, content analysis is applied both in a narrow sense as a supplementary for CDA (Article I and II) and more widely as an analysis strategy (Article III).

Nevertheless, in social science research, regardless of the analysis method, the research material needs to be contextualised within the existing political, institutional, economic and cultural circumstances (Sayer 1992). As Sayer (1992: 248) points out, context is rarely

just background. In the analysis, the meanings discerned in the research material need to be interpreted against the wider social processes taking place at that time. Texts, whether they are policy documents or interview talk, need “to be placed within the context of a live policy process, where different interests compete for hegemony over the shape of policy, and where different development strategies are contested” (Jensen & Richardson 2004: 63). Or as Rapley (2004: 17) more bluntly puts it, “don’t rip the words out of context”. For instance, during analysis of the historical document material utilised in Article I, which covered the documents from 1930s to 2013, contextualisation was crucial. At first glance the very early planning documents looked rather insufficient; they were short and written in a listing manner – simply what has been done and what will be done in future. This, however, does not mean that the newer strategy planning documents which are based on more analytical and comprehensive approaches would be somehow more valid as research materials. The early planning documents, like the interview talk, reflect contemporary ways of understanding, talking and doing, and are also contingent on the particular spatio-temporal situation in which they were produced (Rapley 2004).

In the interpretation of the results, the possible particularities found in the sources were reflected against the broader theoretical understanding of social life (cf. McDowell 2016). For instance, the way how power relations are approached and examined reflects the different analytical lenses applied in the original research articles. The difference is in how the interview material or document material relates to these power relations. When applying the “lenses” of content analysis, the research material appears as a “window” through which those power relations can be identified (Article III); the research material is thus used as a *resource* (see Rapley 2004: 17). This does not, however, imply there is only one “truth” that can be discovered through the analysis. The analysis and results are always contextual and depend, for instance, on whose voice is heard and who is excluded, what is told and what remains silent (Roche 2016). When applying the “lenses” of CDA (Articles I and II), the interview and document materials are regarded as representations which form an integral part of the construction of power relations and “reality”. Thus, “reality” is constructed through the dialectical relationship between language (certain discursive “truths”) and material practices.

In Articles I and II, critical discourse analysis is applied as an analysis method; however, the actual analysis – how the different discourses are identified – puts emphasis on different aspects of discourses and meaning-making. With regards to textual analysis, the emphasis in Article I is directed towards the key concepts (see Hajer 1995) which were sought based on key issues related to “development discourses” formed by the author (see Article I). These different *variables of local/regional development* were: *Development objects, branch of industries; Key/responsible organisation/actor; Key local/regional means to influence local/regional development; External factors affecting local/regional development and Presentation of border and border regions*. As the aim of the paper was to examine the historical transformation, the documents were analysed in chronological order in order to identify and temporally locate the changes that took place in the municipal planning. The findings were contextualised

and interpreted against Finnish state transformation literature. Periodization was utilised in reporting the results of the analysis. In periodization, the resulting periods are not meant to represent clear-cut results but to assist in the conceptualisation of different time periods with similar kinds of development rationalities, etc. (see Jessop & Sum 2006; Moisio 2012). Oftentimes the transition between different periods cannot be explicitly defined because the transition phase is somewhat blurry.

In Article I the textual analysis focused mainly on the keywords while Article II was based on the interviews, which reflect a more diverse approach towards language. In addition to the key terms, the analysis focused on expressive conventions and narratives, as well as on the style of language, for instance, how certain things are expressed as “common sense”. When mapping the local governmental practices, analytical emphasis was put on the agents – who are included and who are excluded, as well as the formal/informal institutions, contextualisation, events, conflicts and resources that were used to legitimise particular regional development strategies (Jensen & Richardson 2004: 59). The contextualisation took place in parallel with the textual analysis and was conducted in two phases: In the first phase, the rationalities “behind” the social practice of the municipal reform were examined by carefully reviewing the main reform-related policy documents imposed by the Finnish Ministry of Finance. These were compared with the literature on municipal amalgamations and the neoliberal ideology allegedly directing these processes. In the second phase, the ways in which local actors support or contest the strategy were examined, including the question of how they utilise institutional structures and discourses produced at different scales.

In Article III, the theory-oriented content analysis and the reporting of the results were conducted in the following way. The analysis of the research material (interviews and policy documents) was based on a theoretical understanding of the processes of social capital. A thematic division between the formation of networks, trust relations and prevailing norms was applied (see Putnam 1993; Naughton 2014). Local project documents and strategies were understood to provide material for understanding the background of the initiatives and the institutional context. The interview material was read several times against these thematic topics and the subsequent analysis focused on narratives of inclusion and exclusion from networks of co-operation, articulation of trust and norms of co-operation, access to resources, as well as possible conflicts between different groups (Bourdieu 1986). Narratives refer here to stories which are approached content-wise.

5.4 Situating of articles

The articles of the thesis form a scalar and temporal continuum on the dynamics of policy transfer processes and institutionalisation of cross-border co-operation as a development strategy in the context of border municipalities in the Finnish Tornio Valley and Kemi-Tornio sub-region (see Table 7). The first article studies the historical transformation

of the dominant development discourses from the 1930s until 2013. Importantly, first article shows how the border municipalities of the Tornio Valley have been positioned as a part of these rescaling processes and how the mobilisation of local and regional border history is intertwined with this development. The second article examines more closely the contradictory interests of the Finnish state and the municipalities of the Kemi-Tornio sub-region by examining how locally driven development discourses both intersect and collide with state- and EU-led development discourses in the political context of the municipal reform plan initiated by the Finnish government in 2011–2015. The particular interest of this article is both on how local institutional structures are mobilised by different actors and interest groups and also how these institutional structures empower/constrain them. The third article aims for a more nuanced and critical understanding of the role of informal institutional structures in policy transfer processes by focusing on processes of social capital through the concepts of trust, power and norms in the context of the tourism development project(s) conducted between Tornio and Haparanda in 2009–2014.¹⁵

¹⁵ Although the municipal reform process and the Destination tourism project offer certain political and formal institutional frameworks through which regional planning and policy transfer processes can be studied, these cases are not viewed as separate or independent development projects but are seen to be intertwined with wider political-economic processes and power relations.

Table 7. Article overview.

Article	I Borders, planning and policy transfer: historical transformation of development discourses in the Finnish Torne Valley	II Local responses to state-led municipal reform in the Finnish-Swedish border region: conflicting development discourses, culture and institutions	III. Trust building or vested interest? Social capital processes of cross-border co-operation in the border towns of Tornio and Haparanda
Research Task	To study the historical transformation of dominant political development discourses within the Finnish Torne Valley municipalities and municipal-based co-operation organisations	To scrutinise the intersections and collisions of different development discourses in the Kemi-Tornio sub-region within the political context of municipal reform (2011–2015)	To study the processes of social capital in the border towns of Tornio and Haparanda with a particular focus on the formation of trust and power relationships in the context of Interreg A co-operation
Research Questions	(1) How have the dominant development discourses changed in the Finnish Torne Valley since the 1930s? (2) To what extent and in which ways are national and transnational development discourses as well as local/regional discourses connected to the restructuring processes of this border region? (3) How has the understanding of borders and border regions evolved in the context of dominant development discourses?	1) How do local actors utilise different development discourses produced at (and producing) different scales to justify or contest the municipal amalgamation in the Kemi-Tornio region? 2) How are the local institutional environment, and border location in particular, mobilised in these processes?	(1) How is social capital manifested in regional development in the context of cross-border co-operation in the towns of Tornio and Haparanda? (2) In what ways are power relations manifested in social capital processes of regional cross-border development?
Key Concepts	Border region; regional planning; discourse; policy transfer; state; Torne Valley	Regional development, local agency, CPE, municipal reform, Finnish-Swedish border	cross-border co-operation, social capital, trust, power, public-private, Finnish-Swedish
Material	143 strategic planning documents 1930–2013	21 qualitative interviews and additional document materials	16 qualitative interviews and additional document materials
Analysis method	Critical discourse analysis	Critical discourse analysis	Theory-oriented content analysis

6 Structural and discursive dynamics of the institutionalisation of cross-border co-operation in Northern Finland

The main objective of this thesis is to examine through which kind of structural and discursive dynamics the institutionalisation of cross-border co-operation as a municipal development strategy has taken (and is taking) place in the context of northern Finland's western border area. This question is answered by drawing together and further conceptualising the key results of the original research articles. Nevertheless, the empirical results do not straightforwardly follow the order of the articles but the analysis is structured based on the sub-research questions (see p. 10).

Firstly, chapter 6.1, which is divided into two sub-sections, discusses the relationship between border municipalities and changing formal institutional arrangements and development discourses. The first sub-section demonstrates the historical development of Finnish state transformation and changing power relations between municipalities and the state from the perspective of border municipalities (RQ1, RQ2). Accordingly, it elaborates how border and cross-border co-operation has been positioned as part of a wider rescaling of development strategies. The following sub-section problematises more specifically the complex power relations and conflicting development interests between border municipalities, the Finnish government and the EU, and in addition, conveys why cross-border co-operation has been selected as a key development strategy (RQ2). Chapter 6.2, for its part, discusses how the extent and "success" of policy transfer, in this case the EU's cross-border co-operation discourse, is largely dependent on the existing institutional thickness as well as on the local mobilisation of the local/regional institutional legacy, particularly regional identity (RQ3). Chapter 6.3 illustrates the political nature of the institutionalisation processes by analysing the power struggles and institutional and discursive dynamics between different interest groups with respect to implementing cross-border co-operation as a key development strategy at the local and regional level. It problematises the practices of inclusion and exclusion through processes of social capital (RQ4, RQ5).

6.1 Positioning border municipalities in changing institutional arrangements and development discourses

6.1.1 Finnish state transformation from the perspective of municipalities in the Tornio Valley

In the Finnish political context, the formal institutional relationship between the state and municipalities is close. Thus, the development paths of municipalities need to be examined

in relation to the state and state transformation (Moisio 2012). The rescaling processes that take place in the border municipalities can be seen to occur through contested “layering” processes in which emergent rescaling strategies collide with the prevailing institutional setting and with various scalar development interests (Brenner 2009: 139).

The history of the Finnish municipality as a formal institutional structure is officially seen to have started in the late 19th century when the central authority of the time, the Russian Emperor, enacted a municipal statute in which municipalities were separated from the church (Kuusi 2011), rural communes in 1865 and cities in 1873 (Heuru *et al.* 2011). The Russian Emperor had given Finland autonomous status after Sweden ceded Finland to the Russian Empire in the Peace Treaty of Hamina in 1809. By this treaty, the towns and villages of the Tornio Valley became *border* towns and villages, and later formed the border municipalities. With respect to the longer history of the intertwined and complex relation between the Finnish state and nation building (Paasi 1996), the period of Finnish autonomy is seen as an important time regarding the organisation of formal Finnish state institutions (Heuru *et al.* 2011). During the autonomous period in Finland, the formation of local governments, part of a European trend, was seen as a crucial step for improving livelihoods and establishing social mobilisation of *state* space. What separated this situation from the earlier forms of local government in Finland was that the municipality now became more fully integrated into the political system and therefore the interests of the Finnish state (Heuru *et al.* 2011: 27).

Different eras are characterised by different dominant yet contested understandings of what constitutes local and regional development, and what are the legitimate and “right” means to achieve this (see e.g. Moisio 2012). In the first decades of Finnish independence after the First World War there was no comprehensive planning system in Finland. Planning was mainly implemented through individual policy decisions concerning, for instance, the building of infrastructure (on the role of *border region policies* in Finnish Tornio Valley, see Article I). Accordingly, the preconditions of regional development were locally determined, while the relationship between the municipalities and the state was rather loose (Article I). While the presence of the state at the local level during this *areal state* phase was rather minimal (Moisio 2012), from the perspective of the border municipalities of the Tornio Valley the situation appears in a different light. Geopolitical tensions after the First World War made the state visible for local people living near the border. Moreover, it can be argued that they were not only impeded by but also benefitted from this, which will be discussed below.

The “hardening” of state borders after the wars was a European-wide phenomenon which was manifested through strong securitisation and control (Hurd 2010). As the examination of the policy documents in Article I shows, this time period was problematic for local inhabitants, who were accustomed to move and operate unhindered across the border, to trade or transport timber, for instance. The traditional habits and customs related to crossing the river had a long history and were part of people’s everyday lives. Thus, when the border was “closed” and became strongly controlled through securitisation

policies, it raised resistance among local inhabitants. The border was seen as an obstacle to local and regional development. At the local level it was emphasised that the central government “didn’t understand the traditional lifestyle of the Tornio Valley” (Article I). Accordingly, the logic of development actions was dominated by the local institutional environment, local ways of life, customs and habits, and not so much by the state-led top-down reasoning that would become dominant in later decades.

However, as Jensen and Richardson (2004: 11) have pointed out, regional planning and local politics involve constant struggles over the “best” and “most suitable” development strategies and the meanings and values related to them. It is therefore necessary to question: How are the “logics” of local and regional development and the underlying premises of economic spaces formed and by whom? The definition of local and regional development is always a context-dependent process. As Pike *et al.* (2007: 1258, 1254) emphasise, each places’ histories, legacies, institutions and other distinctive characteristics shape the way how actors define, understand, interpret and articulate what is local and regional development for them and importantly, how the “development” should be achieved. In the Tornio Valley, the local inhabitants nevertheless benefitted from the border location through, for instance, the construction of basic infrastructure (roads, railways, and ferries) and the establishment of the Committee of Finnish Tornio Valley municipalities. Both activities had geopolitical affiliations due to the strengthening of the territoriality and security of the new nation state (Article I; Paasi 1996; Paasi & Prokkola 2008; Rantakokko 1993).

The post–Second World War development from the mid-1950s to the mid-1970s, referred to as the *decentralised welfare state* phase (Moisio 2012), brought significant changes to the development discourses and practices of the municipalities. It changed, in particular, how the local actors defined and positioned the possibilities and challenges of regional development in the Finnish Tornio Valley municipalities. Through the “welfare state project” and related investments, especially in northern and eastern Finland, Finnish municipalities perceived the dominant mind set, that is, that local and regional development is mainly dependent on state policies and they are subordinated by state authority. This relatively radical change in the dominant development discourse, which was also widely perceived in the Tornio Valley, was the result of fast policy transfer (Peck & Theodore 2001). In this transfer, the welfare state project, following the Keynesian model of economic organisation led by state government, represented a nation-wide solution through which to respond to the economic, social and geopolitical challenges that were taking place Finland (in this case northern Finland) after the Second World War. It is argued that during and after a crisis, people and politicians are more open to new development ideas “as they seek to give meaning to current problems by construing them in terms of past failures and future possibilities” (Jessop 2004: 167). Accordingly, the post-war reconstruction period in Finland, which was characterised by social and economic challenges as well as geopolitical instability, enabled fast policy transfer and the legitimisation of the state-led development discourse.

This time period was significant from the perspective of the Nordic co-operation (see Aalbu 1999) – it saw the exemption of passport requirements – and it has been argued to have formed the pre-phase of formal transnational regionalisation in the Finnish-Swedish border (Prokkola 2011). At the local level, however, this Nordic co-operation do not appear so important. Examination of the development documents indicates that the border location and *border region identity* (see the next section 6.2.) was basically relegated to the background during this time (Article I) and the territory of northern Finland became the primary “space of regional development”. This idea was normalised and materialised in the national-scale political discussion and regional policies (cf. Gonzales 2006).

The late 1970s and early 1980s were important periods of transition for municipalities. During that time the mindset as to who should have the main responsibility of local regional development and planning changed. The municipalities’ institutional role in people’s everyday life strengthened gradually and the municipalities’ responsibilities, both as service providers and planning authorities, increased due to the new legislative tasks that were imposed by the Finnish government (Jauhiainen & Niemenmaa 2006). Until the late 1970s, it was common to see the state government as the only legitimate authority and the comprehensive top-down planning system as a legitimate means to respond to the economic and political challenges of local and regional development. However, more place- and region-based approaches, also across state borders, began to emerge in the Finnish Tornio Valley in the late 1970s and the early 1980s (Article I; Prokkola 2011). This reflected a wider trend in Europe in which the state’s ability to successfully govern its economic space and to create economic growth was questioned. Researchers have described this change in the role of state institutions and wider political and economic structuring as a “from government to governance” transition (Jessop 2002). The concept of governance refers to those diversified governmental practices organised by various public and private agencies and institutions that do not follow traditional scalar power hierarchies but rather rely on a heterarchy of interconnections (Jessop 1998: 29)

In the Tornio Valley municipalities, this transition was manifested in the establishment of cross-border co-operation organisations (such as the Council of Tornio Valley and Provincia Bothniensis) and in the strengthening of the idea of partnership and “regional development” as a common *transnational* question. Also, the *institutional thickness* of the transnational scale gradually strengthened in the Tornio Valley region. The process has taken a long time, which is exemplified by the changes in the regional maps, for example. Tornio and Haparanda have had co-operation agreements on public services since the 1960s. However, on the 1984 map of Tornio the Swedish side and Haparanda are ignored and represented as white, “non-important”, and the state border is bolded. In a recent map of Tornio and Haparanda tourism information centre (2018), the towns are presented as one unit and the state border is given the same kind of visual importance as roads, for instance (Figure 6). This implies that although the idea of partnership strengthened from the 1960s to the late 1980s, it was not yet materialised in marketing and image building in a similar manner as it is in the “borderless” border image created after EU membership.

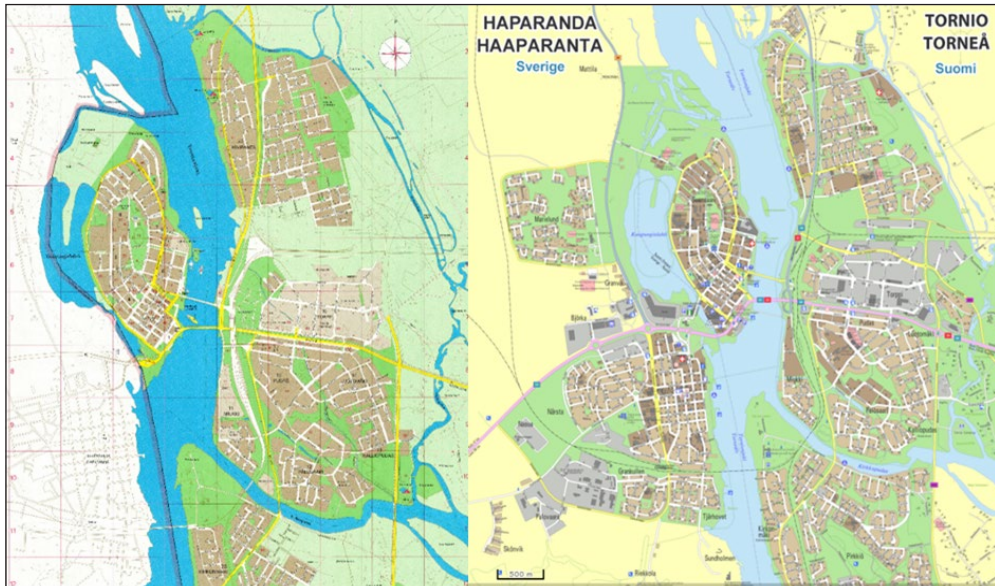


Figure 6. The map of Tornio in 1984 (on the left) and in 2019 (on the right) (Tornion kaupunki 1984, Tornion kaupunki 2019).

During the 1990s, many extensive political-economic changes took place in Finland and the relation of municipalities and regions with the state changed. The collapse of the Soviet Union in 1991, followed by a deep recession, and Finnish and Swedish EU membership in 1995 were the major reasons behind the change in the dominant development discourse (Jauhainen & Niemenmaa 2006). The dominant development ideas that characterise this period are the rise of the information society and competitiveness, the strengthening of regions as the fundamental units of economic competition, and the rise of project-based development work (Article I). These ideas go hand in hand with the “new regionalist” development discourse in which localities and regions are seen as growth engines and as sites in which global capitalism increasingly operates “independently” of nation states. The period features an ideological and institutional change from state-led Keynesianism to more monetary- and market-led planning discourse embedded with the notion of relationality and network ontology. The EU’s Lisbon Strategy 2000 can be seen as an important policy document from the perspective of these ideas, their materialisation and institutionalisation in the area of the EU (De Bruijn & Lagendijk 2005; Moisio 2012).

This transition is evident in the municipalities of the Finnish Tornio Valley as well (Article I). Both the decrease of state subsidies during the recession or the early 1990s and the restructuring of the allocation system of development resources after Finland joined the EU forced the municipalities to change their course of actions as well as their mind-set with respect to local and regional development. Accordingly, after EU membership, cross-border co-operation quickly became a key development strategy in

the Finnish Tornio Valley, especially in the city of Tornio. The adoption of the EU’s “borderless” and knowledge-based economy policy lexicons occurred relatively fast in the Tornio Valley region (Article I). A noteworthy change compared to the previous decades was that regional and local planning were understood as an important means to create a favourable operational environment for firms and investors. The shift from government to governance is manifested in the ambition to create horizontal networks between public and private organisations, and cross-border co-operation was seen as an effective means to respond to these needs (cf. Figure 7).

As the examination of the policy documents in Article I shows, this fast policy transfer did not appear out of thin air but was enabled by already established strong formal and informal institutional conditions, something that illustrates the path-dependent nature of regional development and planning. It has been shown that the adoption of certain development discourses happens more easily when they resonate with the (local/regional) institutional structures (cf. Jessop & Sum 2013; Gonzales 2006; Dannestam 2008). Moreover, the spatio-temporal features of the institutions in a given region are not accidental but illustrate what Jessop (2001: 227) calls *spatiotemporal selectivity*. In certain contexts, some development strategies or discourses are privileged while others are dismissed. Accordingly, border regions, and regions in general, need to be seen as path-dependent processes which are institutionalised through history. Also, local responses to regional policies of the state government or the EU depend strongly on history and the existing institutional base (see e.g. Paasi 1996).

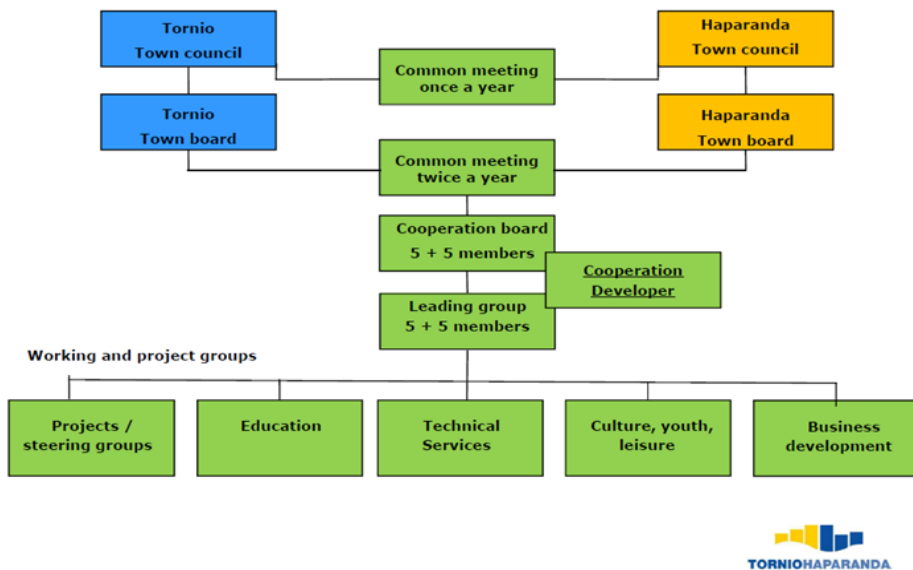


Figure 7. The cross-border co-operation organisation of the TornioHaparanda twin city (Tornion kaupunki 2018).

Many researchers argue that the (un)success of policy transfer processes related to the EU's cross-border co-operation policies and the building of cross-border organisations is caused by the fact that the resulting ad hoc regions are overly technocratic and built top-down (Perkman 2003; Luukkonen & Moilanen 2012). The development of the Finnish Tornio Valley municipalities does not fully support this argument. In the Tornio Valley, the municipalities have significantly benefitted from the EU funding schemes that have enabled the implementation of development projects, which would not have been realised without these resources (Prokkola 2011; Jakola 2013). It can be said that the border municipalities have adapted and exploited the EU's policy lexicon. However, although at the discursive level the EU-linked rhetoric was new, the substance and the institutional base for cross-border co-operation already existed in the region; they were simply 'rephrased' to align with the EU (project) terminology (Article I).

6.1.2 Selecting cross-border co-operation and challenging the subordinated municipality-state relation

The state transformation and rescaling processes of economic spaces are at any rate not straightforward or linear processes (see Jessop 2007; Brenner 2004; Moision 2012). In Europe today, the neoliberal discourse of "open borders", integrated markets and regional economic competitiveness exists in parallel with the strong and legitimate institutional structures and discourses of states, as well as with local interests and development discourses (Articles I and II; Prokkola *et al.* 2015). Moreover, there still exists a strong understanding of the state being the "best" and most legitimate actor in defining and guiding the regional development of *its* municipalities. The highlighted state-led municipal reform is an illustrative example of how the Finnish state aims to govern and control its territory as a whole. As the analysis in Article II implies, in the case of the Tornio Valley municipalities, the governance levels of the state and the EU collapsed.

Moreover, it is argued that the formal role of municipalities as planning institutions and "extensions of welfare states" (Dannestam 2008: 353) has changed along with the transformation towards the de-centralised competitive state (Moision 2012). Municipalities have become the sites where the "competitiveness" strategies, implications and actions are played out – and also where the competitiveness of the state is measured and materialised. The responsibility of regional "development" is pushed increasingly to the municipalities, and simultaneously they are the main organisations through which state power is manifested (Moision 2012). In Finland, the statutory "grip" of the Finnish state on municipalities has not decreased and the number of statutory tasks appointed to municipalities by the state government has been increasing since the 1930s (Figure 8). The relationship between state and municipality illustrates that, as Peck (2001: 447) notes, it is not a question of whether the state has become somehow "less" powerful but of how it has become *differently* powerful.

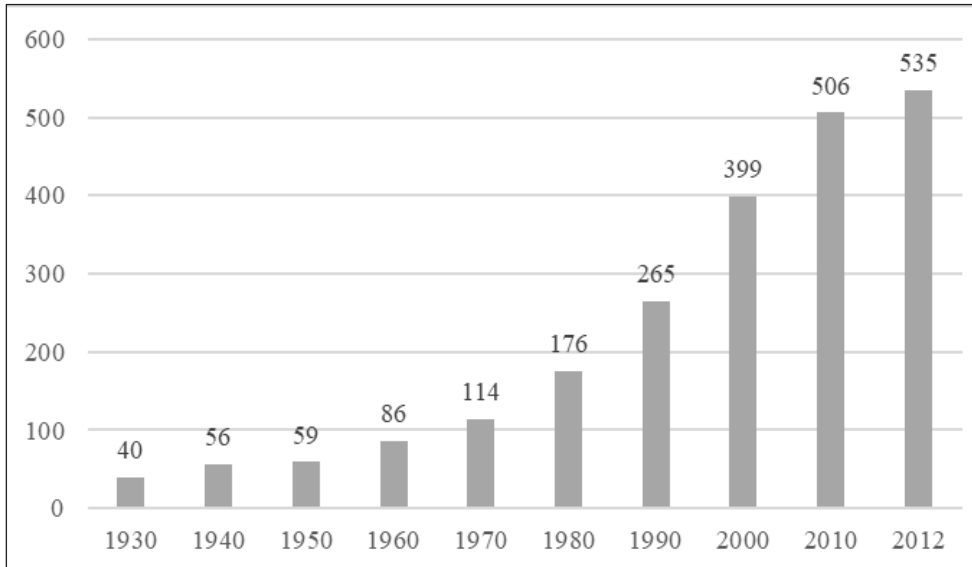


Figure 8. The development of statutory tasks of municipalities in Finland 1930–2012 (Hiironniemi 2013).

From the planning perspective, today both the regional policies of the state and the EU are primarily built on a similar kind of development ideology, emphasising how the economic “demands of globalisation” and demographic challenges can be responded to through regional competitiveness and the “openness” of economic spaces, such as networking, the information society, etc. (cf. Avdikos & Chardas 2016). Article I and II point out, however, that the immediate way how the local actors and border municipalities perceive these issues is rather different. What represents as a defining matter for municipal actors is the question of municipal sovereignty (and state and EU sovereignty) which stands as a powerful formal institution and acts as a determinant of policy transfer processes. From the perspective of the municipal actors, the state seems to often threaten the municipal autonomy, as was the case in the municipal reform process. Conversely, the interviews with the actors in the border area suggest that many actors see the EU as a formal institution that embraces local authority. It is noteworthy that, although member state legislation is harmonised via the EU’s legislation and regional development objectives, from the perspective of the municipalities the EU’s regional policy schemes appear more or less “voluntary” as they are based on the initiative of the municipality itself. In addition, in the Finnish-Swedish border area, the border enables the co-operation precisely because the border is understood to give “security” (Article II).

It has been argued that it is misleading to claim that cross-border regionalisation is somehow the opposite of state-led planning in the national setting, and that states actually promote this kind of development because it is seen to strengthen the development prospects of its regions, for instance when they receive external funding (i.e. EU regional

development funding) for their projects (Deas & Lord 2006). Schmidt (2005: 256), for example, concludes that the Øresund region has benefited from the strong involvement of the central governments of Sweden and Denmark due to its strong contribution to the development of urban structures. However, according to him, the ability to generate intense social interaction has been modest so far. The municipal reform case, reported in Article II, points out that although the state can co-fund cross-border co-operation infrastructures and strongly promote cross-border co-operation on a rhetorical level, the development discourses and institutional structures of the EU and the state often collide when viewed from the perspective of daily practices and at the level of municipalities. It is noteworthy that although Tornio and Haparanda have common infrastructures and services, this was not taken into consideration in the original reform plans by the government in Finland, regardless of the fact that the very aim of the reform was to reorganise the public service structures and to be more economically “efficient”.

In this is embedded the state-led idea that “efficiency” is manifested and evaluated above all in the national setting, something that is contested by the border municipalities in the Finnish and Swedish Tornio Valley region. The study pointed out that the municipal actors who oppose the municipal reform often intersperse their arguments about the border context with the EU’s development discourse (Article II). It is obvious that this is not done to further the cohesion goals of the “European integration project” but to use it as a discursive resource through which to legitimate local actors’ own interests and projects (see also Johnson 2009; Gonzales 2006; Luukkonen 2011). Local and regional actors can challenge state sovereignty by claiming that they are following the policy discourse promoted by the EU. For instance, for the city of Tornio cross-border co-operation does not appear as a complimentary or a secondary issue but as a primary development strategy for how to improve the “regional competitiveness”. Furthermore, it is noteworthy that in the context of the Finnish-Swedish border area the Finnish state-led municipal reform (promoting regional competitiveness within the state territory) did actually strengthen the institutionalisation of cross-border co-operation, at least on a discursive and rhetorical level.

6.2 Retention of cross-border co-operation – mobilising the border region identity and institutional legacy

In order to better understand the institutionalisation processes of cross-border co-operation as a development strategy, particular interest was given to the local mobilisation of the “border region identity” from a long-term perspective, both before and after EU membership. The research shows clearly that the mobilisation and materialisation of regional identity in the context of the Finnish-Swedish border area has been a long and path-dependent process in which people’s identification with the region, feeling of belonging, and personal histories and trust relations have become intertwined with the

economic-driven policies and planning ideas of horizontal co-operation and partnership, and later on, with concepts related to the knowledge-based economy such as regional competitiveness. Thus, the mobilisation of “border region identity” does not appear to be an example of the externally directed marketing strategy or ad hoc brand-building often criticised in the context of European cross-border regions and EU policy schemes (cf. Löfgren 2008; Hospers 2006; Veemaa 2012), but is an instance of a simultaneously inwardly and outwardly oriented, yet contested, historically contingent contextual process (see also Paasi 2011; Prokkola 2008a, Prokkola *et al.* 2015; Veemaa 2012).

In the Finnish-Swedish border area, the question of regional identity was originally brought to the sphere of regional planning through the discourse of “unite Tornio Valley”. The discourse underlines a historical narrative about the inhabitants’ traditional “border crossing” lifestyle and mentality, close relations between families and friends across the border, as well as common developmental challenges and potentials, etc. The discourse has been an integral part of the local and regional development debate, materialised and further reproduced and sustained through political decisions, strategies, negotiations, etc. (see also Prokkola *et al.* 2015; Paasi 2013). Accordingly, the discourse has been strategically utilised in the policy transfer processes that have taken place in the region and, consequently, it has influenced how the region has coped with state-driven transformation (Article I). Moreover, it has been used as a “retention strategy” to legitimise cross-border co-operation as the most “suitable” development strategy.

The document analysis in Article I shows how the “unite Tornio Valley” discourse has gradually, along with the wider transformation of the political-economic environment and context, become a part of the political and economic processes in the border municipalities. Furthermore, this development illustrates clearly the potential of CPE in studies of the relationship between discourse and material transformation (see Fairclough 2010a). In the post-World War I period, this discourse was mainly used in the context of lobbying state officials, that is, it was used discursively in negotiations, petitions and so on as well as to justify the “special” character of this border region. From the late 1970s onwards, the idea of horizontal governance and different forms of development practices gained prominence, and both the border itself and the “border region identity” started to be seen more as resources for local and regional development. During the era of the development of the “information society”, the discourse emerged as a key factor in the production of tourism business for instance. Thus, cross-border co-operation became an integral part of the “border region identity” narrative as the idea of cross-border partnership strengthened in regional planning. In other words, although the border region identity has not always referred to cross-border co-operation, its mobilisation and use as a discursive resource has provided the institutional base for the co-operation and its materialisation.

After Finland and Sweden joined the EU, the policy rhetoric and resources related to the European border regions strengthened the materialisation of cross-border co-operation, for instance through cross-border tourism and cross-border entrepreneurial

co-operation. The EU's Interreg A Nord funding scheme has enabled the implementation of many cross-border development projects in the Tornio Valley (see e.g. Prokkola 2011). Tornio and Haparanda's common "On the border" project stands as the most long-lasting and advanced example here. Nevertheless, it can be argued that in addition to concrete economic resources, the EU has also provided the cross-border co-operation and "border region identity" legitimacy and, importantly, embraced its "meaningfulness" with respect to local and regional economic development. Drawing on the EU's cross-border co-operation development discourse and the importance of inter-regional co-operation in the justification of political decisions, for instance in the context of contesting the municipal amalgamation of the six municipalities (Article II), offered a discursive strategy through which to legitimise and normalise these decisions (see Gonzales 2006).

Based on the analysis of the documents and interviews, it is obvious that the EU's cross-border co-operation regional policies and its related "borderless" rhetoric have affected the mobilisation and, importantly, the materialisation of the "border region identity" (see Articles I, II and III). Cross-border co-operation and related "transnational branding" can be seen as means to address the perceived needs of the regional economy: increasing regional attractiveness from the perspective of investors, firms, consumers and citizens – and advancing the accumulation of capital. The importance of the dialectical relationship between the discursive and material dimensions is crucial (see Prokkola *et al.* 2015) from the perspective of the mobilisation of the "border region identity". It can be argued that the mobilisation of the narrative of the common regional history after EU membership would not have been possible without the already established material development (common organisations, shared services, invested resources, etc.).

It is interesting how among the municipal actors in Tornio in particular the *cross-border* (development discourse) is seen to have a special market value and how it is considered the "best" means to increase regional "competitiveness". The bilateral co-operation between Tornio and Haparanda has gained positive publicity for being innovative and forward looking in terms of implementing co-operation. The Swedish furniture firm IKEA's decision to establish a store in Haparanda in 2006 adjacent to the state border (see Figure 9) has had a big impact on the development of the retail sectors of the cities (Jakola 2013) and for the establishment of the *TornioHaparanda* brand (and HaparandaTornio, see Prokkola *et al.* 2015). And yet it can be argued that the market value to which the Tornio actors refer is partly based on the EU's discursive dimensions on "open borders" and integration – the attractiveness of state borders and internationality are seen valuable as such. Accordingly, for the regional planners and politicians cross-border co-operation and mobilisation of the "border region identity" have become the "best possible" development strategies for promoting and engaging with the *knowledge-based economy* and *regional competitiveness* (cf. Cumbers and MacKinnon 2011).

Whose perspective the local and regional planning is viewed from is not insignificant, however; nor whose narrative on regional development and "best" strategies is told. In the planning literature on Nordic border regions, cross-border identity building and



Figure 9. A picture taken from the parking lot of IKEA. “On the border” shopping centre in the background (Finnish side) (Source: Author 3/2019).

branding are seen as important means to cope with the discourses of regional competition. Scholars have emphasised, however, that oftentimes the means of implementation are not “ideal” (Hospers 2006; Veemaa 2012). In the previous studies on cross-border co-operation between the towns of Tornio and Haparanda, the narrative of the “border region identity” is often taken for granted (see Veemaa 2012; Löfgren 2008). However, as the results of Articles I and III imply, this regional identity is a contested issue. Within the spectrum of planning and regional development different narratives of regional identity and co-operation co-exist (see also Prokkola *et al.* 2015). While the planners and politicians in Tornio (as well as in Haparanda and Ylitornio) unanimously speak for bilateral co-operation, tourism entrepreneurs and actors from the surrounding municipalities would support more geographically inclusive forms of co-operation and narratives of “regional identity” (Articles II and III). Thus, the political mobilisation of the narratives of regional identity can be understood as a struggle over the meaningful memories of history, and, as Stoffelen and Vanneste (2017: 8) put it, “is as much future oriented as historically grounded, and thereby intrinsically power-laden” (see also Paasi 2013).

It is not only the economic rationalities that shape the policy transfer processes and strategic context analysis (Jessop 2001) but also the path-dependent informal institutions, such as norms and habits, as well as trust relationships between actors and towards institutions (see the next section 6.3. and Article III). For the surrounding

municipal authorities in the Kemi-Tornio sub-region (excluding Tornio and Ylitornio), “internationalisation” appears as an exclusive process, as if Tornio would be monopolising cross-border co-operation and the state border. Despite the fact that other municipalities would also be eligible to apply for Interreg funding schemes, this does not appear to be a realistic option for them. This would seem to undercut the idea of cross-border co-operation as a manifestation of “open” borders and inclusive internationalisation and simultaneously exemplifies the path-dependent characteristics of regional development. As Jessop and Sum (2013) note, in order to be selected from the various kinds of possible alternatives, a development strategy needs to resonate on personal, organisational and institutional levels, all of which are dependent on discursive and material factors and on existing power relations. The surrounding municipalities do not see the border as a feasible development opportunity, mainly because of the geographical distance and the fact that the municipality of Tornio, in a way, stands between them. Additionally, and most importantly, the governance culture and the values, norms and beliefs concerning the border region as an operational environment are different in the surrounding municipalities compared to Tornio, which is located right on the border (Article II). Hence, the better a new development discourse resonates with the existing institutional legacy of shared beliefs, values and norms, the easier it is adapted and applied.

When examining the structural and discursive dynamics of the institutionalisation process – such as how different institutional structures affect and are strategically applied, it is important to pay attention to the scale on which the examination is conducted, whether the focus is on a project, municipality or a region, for instance. For the same person the role of the state border may appear differently when viewed against different scales (Articles II and III). While in the sub-regional context (Kemi-Tornio region), the state border is represented as an empowering matter creating security (Article II), in the cross-border co-operation project context the border takes on a different meaning, for instance in terms of how national divisions and equality gain importance (Article III, see the next chapter 6.3.). Accordingly, the state border is intertwined differently in different discursive strategies, depending on which political decisions, strategies, views or investments are to be legitimised (see Gonzales 2006). Because of the path-dependent institutional structures, some actors and interest groups are empowered and better positioned to effect local and regional development, therefore influencing how the policy transfer processes take place.

6.3 Cross-border co-operation – development strategy for whom? Trust, norms and power relations between the different interest groups

In the context of the Tornio Valley municipalities, cross-border co-operation has become a key development strategy through the mobilisation and materialisation of the “border region identity”. This was enabled not only by the EU’s cross-border co-operation policy

discourse but importantly, also by the local institutional environment and its mobilisation. At present, this path-dependent process is most clearly materialised in the bilateral co-operation between Tornio and Haparanda and their “On the border” project. As was stated in the previous chapter, this development path is legitimised by and represents mainly the public sector actors’ narrative on regional development in Tornio. Moreover, as the Tornio case shows, by legitimising certain kinds of ideas, interests, strategies, norms, regulations, etc., development discourses like the EU’s cross-border co-operation policy discourse can strengthen the power positions of some actors or organisations by increasing their potential to influence regional development (see Allen 2003; Cumbers & MacKinnon 2011). Thus, the ability of actors to define and determine the paths of regional development are affected by the local institutional arrangements and environment and their position in relation to these structures as well.

Different forms of co-operation, inter-municipal co-operation and public-private co-operation, for instance, have become vital means by which regional planning and development work are organised and operated. This is especially evident in less-favoured regions with limited economic and human resources, following the principle of economies of scale. However, oftentimes the premises of this co-operation are defined in top-down fashion through the transfer of regional policies, which raises many questions related to authority, autonomy and trust. For instance, in the EU-funded cross-border co-operation projects and in the state-led municipal reform, the ways how “co-operation networks” (i.e. project network or municipal amalgamation) need to be formed and formally operated are already fixed. Although the impetus for co-operation might arise endogenously from below, the co-operation between public-public or public-private actors and organisations is implemented and materialised within the framework of formal institutional arrangements (laws, regulations, democratic principles, public good, etc.).

Municipalities, inter-regional co-operation organisations and projects organisation, for instance, are sites which consist of different simultaneously existing complex networks, both formal and informal. The “co-operation” visible on paper – in strategies, minutes of meetings, etc. – is not the whole “truth” and does not reveal everything about the co-operation dynamics (Article III). Although not all the connections in the co-operation networks are visible, the co-operation on paper (in political decisions, investments) helps in identifying the social connections that lead some actors or interest groups to (public) resources (money, knowledge, time, etc.) and consequently improve these actors’ possibilities to influence (Allen 2003) the regional development (see De Souza 2004). Thus, in the co-operation networks, issues like domination, inclusion and exclusion, vested interest and competition are always present, at least to some extent. However, the building of project networks in the context of cross-border co-operation projects is often presented in the literature as an inclusive and unproblematic process (Mirwaldt 2013).

The concept of social capital offers a useful theoretical framework through which to approach these questions. Moreover, social capital cannot be seen as a “thing” or resource that automatically transforms into a communal asset, but ought to be understood more as

a continuously evolving process in which actors exercise power in and through network relationships (Naughton 2014) by mobilising the surrounding institutional structures and their power positions within them. Moreover, the present research points out that in particular situations and events the nature of social capital processes in co-operation networks becomes materialised through the dynamics of trust, power and norms (see also Putnam 1993, 2000; Bourdieu 1986) (Figure 10). This offers a fruitful lens through which to gain better understanding of how policy transfer and institutionalisation processes are affected by the trust relations between different interest groups and actors, path-dependent institutional environments with common norms, beliefs and values as well as certain institutional arrangements (municipal autonomy, multi-level governance, etc.) with their own power structures. Of particular interest is how the interests and voices of different groups collide and how various parallel strategies of regional development become materialised in certain kinds of development and planning paths.

In this thesis, trust/untrust is viewed as an issue which largely materialises the effects of the processes of social capital (see Articles II and III). Misztal (1996) defines trust as

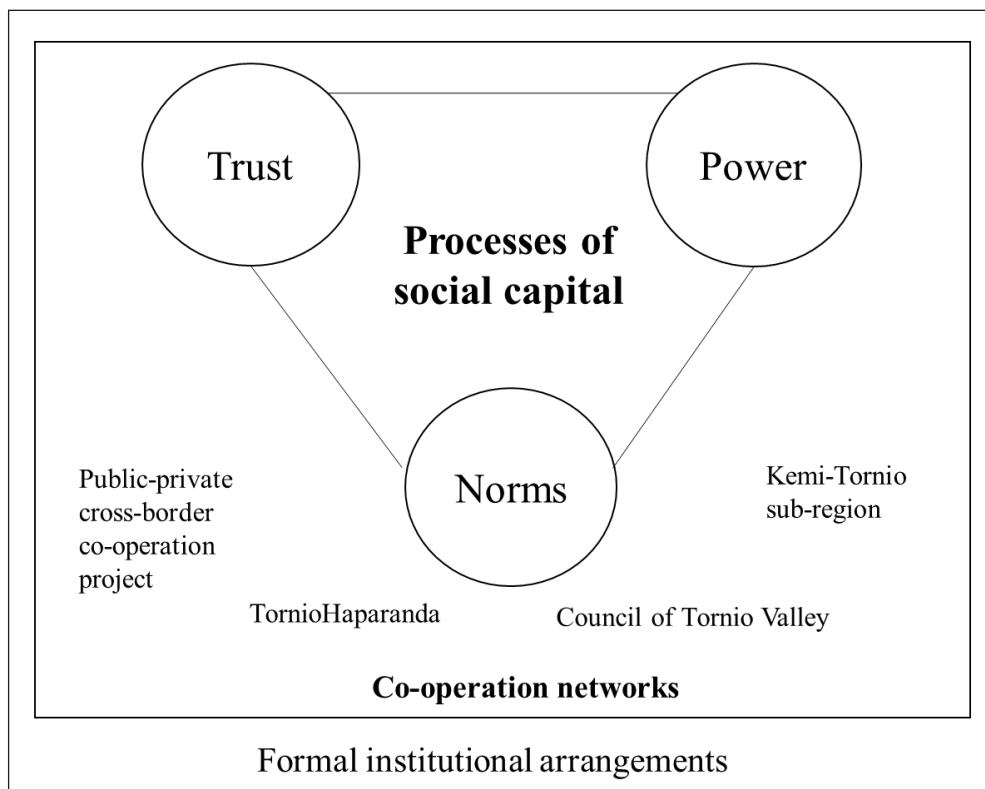


Figure 10. The elements of processes of social capital in regional co-operation networks.

a social mechanism that can be explained by people's beliefs and motivations. To trust is to believe that the results of a person's intended action will be appropriate from our point of view. Trust is a prerequisite for effective and productive co-operation as it is seen to "lubricate the inevitable frictions of social life" (Putnam 2000: 135), or as Murphy (2006) puts it, trust embeds and stabilises relationships within networks.

Although the notion of trust as an informal institution has been increasingly acknowledged among institutionalists and regional development scholars (Rodriguez-Pose 2013), it has been largely ignored in the context of border regions (see, however, Häkli 2009; Koch 2018b; Koch & Vainikka 2019). Also, the question of trust has not been discussed in relation to the concept of policy transfer. This is noteworthy considering the trust-sensitive character of border regions and cross-border co-operation. Furthermore, it is assumed that trust building and social capital can be effectively facilitated in cross-border communities which tend to have a common history, common rules or other mutually shared experiences that actors can utilise in the new trust-building processes (Smallbone *et al.* 2004). As MacKinnon *et al.* (2002: 308) emphasise, while new regionalist writers see trust as an important condition for regional development and economic growth, they neglect its relation with power and, consequently, overlook its sociological roots (see also Murphy 2006). In the literature of regional development, trust is seen as "a neutral or balanced outcome of social negotiations", thus ignoring "the inevitable power differentials that agents mobilise as means for achieving co-ordination or control of another's behaviour" (Murphy 2006: 435).

When examining trust-building processes and power relations in formal co-operation networks that include public resources and funding, the dynamics between the two varies depending on whether the focus is on public-private or public-public co-operation. This study shows that formal institutional arrangements set different kinds of preconditions and unbalanced power relations for trust-building processes between interest groups in planning. The three most important formal institutional structures identified and discussed in the articles in this regard were multi-scalar governance system, state border and municipal self-autonomy. Formal institutions attain different and nuanced roles when intertwined with informal institutions such as norms, beliefs and values. Nevertheless, while the trust-building processes in co-operation between public and private sector actors are primarily defined by the formal institutional arrangements, the dynamics of trust-building processes in inter-municipal co-operation are strongly based on informal institutional environment – common history and the institutional legacy (Articles II and III). This is because there does not exist a commensurate kind of imbalanced formal institutional hierarchy as in public-private co-operation.

The role of SME's in cross-border co-operation projects has not been discussed to the same extent as the dynamics between public sector actors, however. This is understandable, considering the fact that the empirical focus of the studies on the development of border regions has been on the building of cross-border institutions and "lowering" the barriers of state borders. Additionally, due to the time and economic resources, the cross-border

co-operation projects are dominated by public sector actors, which the Interreg Nord programme exemplifies (Article III). Nevertheless, the inclusion of SME's has increased gradually since the establishment of the first Interreg programme in 1991, reflecting the efforts to improve the economic results of the projects (Van den Broek *et al.* 2015). Co-operation between public and private sector actors, for instance in cross-border project networks, is usually implemented in a multi-scalar governance framework in which different public organisations define the premises of the programmes, monitor the implementation and in many cases also administer the projects. This often creates an unbalanced power relation from the outset: public sector actors have better access to resources (money, information, time, etc.) and thus have more power to influence the co-operation and the implementation of the projects (and, moreover, the policy transfer processes). As the analysis in Article III indicates, this may have a negative effect on the trust-building processes between public-private sector actors in the context of cross-border co-operation. Entrepreneurs may feel that they are partially excluded from the project's issues, information, economic resources and decision making. This exclusion is partly caused by structural issues: the fixed meeting schedules may place small entrepreneurs and officials in an unequal position, for instance. Yet, exclusion is often caused by matters which could easily be remedied, such as better modes of communication.

Accordingly, effective communication and openness are seen to facilitate trust-building processes – it is easier to trust when all necessary and expected information is received (Aulakh *et al.* 1996). The quality of the communication is regarded as a key factor for successful cross-border co-operation, and for co-operation in general (Mirwaldt 2013). Trust relations are always rearticulated in practices (see Bourdieu 1986) and, as Murphy (2006) emphasises, trust-building practices are influenced by actors' perceived power or control of the situation. The research pointed out that the SMEs' feelings of powerless and exclusion formed a key issue that hindered the trust-building processes within the cross-border co-operation project. These feelings influenced their motivation and commitment to the project. This illustrates the prevailing challenges of implementing the EU's regional policies and cross-border co-operation projects. In order to succeed and continue co-operation at the local and regional levels, the activities need to be built on informal social capital and trust between stakeholders (see Articles II and III).

When examining the trust-building processes between public sector actors, both in the transnational setting between the towns of Tornio and Haparanda (SWE) and in the nationally defined setting of the Kemi-Tornio sub-region municipalities (Tornio and Kemi, in particularly), the role of history and previous co-operation experiences were decisive. In the case of Tornio and Haparanda, the development and success of cross-border co-operation has been enabled by strong positive personal trust relations that developed between particular municipal officers, especially during the 1990s and 2000s (Jakola 2013). Accordingly, these can be referred to as *strong ties*, or what Putnam (2000) calls *bonding* social capital. This mutual trust and understanding was highly important when – before the “IKEA effect” – the relatively big economic investments of cross-

border co-operation (cf. Daunfeldt *et al.* 2017) were questioned by citizens, especially on the Haparanda side (see also Häkli 2009). Thus, what is noteworthy is how the positive personal trust relations among regional developers and planners and their materialisation have succeeded in the generation of institutional trust towards cross-border co-operation and its selection as a development strategy. This trust embeds and stabilises relationships within current co-operation networks and enables exchanges of personnel, to a certain extent (cf. Murphy 2006).

Tornio and Kemi represent two equal-sized cities in the region. Their failed co-operation efforts and experiences in the past have created mistrust between actors and towards the Kemi-Tornio sub-region itself. As one of the interviewees aptly framed it: “it is easier disagree than agree”. Moreover, the explanation and legitimacy of mistrust as a hindering issue for deepening co-operation, for instance regarding municipal amalgamation, is strengthened by reproducing the cultural narratives about the “fundamental cultural differences” of these two cities (Article II, cf. Gonzales 2006; Jessop 2001). The cultural border between the cities was seen to lie “somewhere around Keminmaa” (Figure 11). The lack of institutional trust may also be an issue for entrepreneurs in the public-private networks; previous failed experiences increase the institutional mistrust towards the projects. Moreover, the noted strong cultural border and mistrust between Tornio and Kemi for its part strengthens the institutionalisation of cross-border co-operation between Tornio and Haparanda, as the city of Tornio prefers allocating resources to cross-border co-operation.

However, it is misleading to portray the trust relations and the processes of social capital as a zero-sum game as if the co-operation would be driven *either* by trust relations and common interest *or* by vested interest. As the analysis in Article III highlights, trust-relations can also be motivated by vested interests. The cross-border co-operation between the cities of Tornio and Haparanda is ultimately driven by vested interest (see also Prokkola *et al.* 2015). Still, there exists a mutual agreement that these issues are not to be discussed in public as it would harm the twin city brand. When co-operation consists of shared commitments which are beneficial for both, such as sustaining the common brand, different parties can trust each other and that the other would act in accordance with their commitments (Casson & Della Giusta 2007). This relates closely to the question of common norms, which strongly affect trust-building processes and power relations.

Norms as informal institutions are certain kinds of “rules of conduct” which define what is acceptable and what is not. The norms affecting trust and power relations can be more universal, such as equality or reciprocity, or more local, such as the language norms in Tornio and Haparanda (see Article III). General reciprocity simply means that a person does something for another “without expecting anything specific back, in the confident expectation that someone else will do something else for him/her down the road” (Putnam 2000: 21). In this research, all interviewees, both public and private sector actors, underlined how it is first and foremost important that the organisation they represent benefit from the projects they take part in. However, in order to practice



Figure 11. The municipal border between Kemi and Keminmaa at the Isohaara bridge (Source: Author 3/2019).

the norm of equality one needs to trust the other participants. Mistrust between actors, whether between municipalities or between the public and private sector, likewise appears as an important matter and lack of trust is seen to hinder inclusive co-operation (Articles II and III). The norm of reciprocity goes hand in hand with the question of equality. In cross-border co-operation literature, national parity is seen to be a crucial norm particularly if economic benefits are involved (Prokkola 2011). Although national equality was also brought up in the interviews, the bigger concerns were equality between the municipalities, the private and public sector actors, as well as between the small and big enterprises (Articles II and III).

Social capital processes are intertwined with local norms and values as well as with strategic networking and the pursuance of specific development objectives. For instance, although cross-border co-operation appears as a key development strategy for the municipal officials in Tornio and Haparanda, and although it has had a positive effect on regional development when measured in terms of increased jobs in the retail sector, for instance, it is not anywise unproblematic but involves practices of inclusion and exclusion that influence the processes of mobilisation, engagement and trust building. Also, norms that are built to enforce the co-operation and trust-building processes can be used to exercise power and secure one's own interest (Article III). This, however, inevitably negatively affects the trust-relationships between these actors. It is therefore crucial

to acknowledge how institutional structures have no meaning outside the context of specific actors pursuing specific development strategies (Jessop 2001: 1228; Cresswell 2013), independently of the motives “behind” these strategies.

7 Reaching beyond the state border – understanding the development possibilities of municipalities in border areas

Border areas are complex and multi-dimensional sites where various formal and informal institutional structures, development interests, strategies, policies and discourses merge and become materialised through political decisions and particular development paths. This thesis has argued that the development trajectories of border regions are largely dependent on the dynamics of policy transfer processes. The selection of new development ideas, strategies, policies and discourses as well as their adaptation and implementation at the local and regional level depends on how they resonate with the existing institutional legacy (cf. Jessop & Sum 2013). It is important to note that this does not, however, entail one-dimensional top-down “transfer” processes. Local and regional actors utilise development strategies and discourses as resources to legitimise their own (locally and regionally driven) development interests, which are rarely uniform and thus often contested. Which development strategy or discourse becomes dominant in a particular context depends on how different actors mobilise “the surrounding” institutional structures and their own possibly privileged position in relation to these structures, whether formal or informal. In other words, some actors and interest groups are empowered by these path-dependent institutional structures while others are constrained by them.

Accordingly, the aim of this thesis was to understand better the development trajectories and prospects of European border areas. This was done by studying the structural and discursive dynamics of institutionalisation of cross-border co-operation as a municipal development strategy. Furthermore, one of the main motivations for the research is the criticism that, in their current form, studies investigating development prospects of border municipalities/regions and policy transfer processes are too EU-centric and therefore focus exclusively on the *transnational* scale (cf. O’Dowd 2010; Blatter 2004). Many studies on border region governance and development prospects examine the rescaling of economic-political spaces through the establishment of cross-border institutions and organisations, for example within the framework of the EU’s regional policy strategies such as Interreg (see e.g. Knippenberg 2004; Medeiros 2014b; Perkmann 2010; Hansen & Serin 2010). Often, such studies empirically focus on the dynamics of *border-crossing* (or not crossing) and how the state border becomes manifested as an obstacle, bridge or resource for more profound European integration. Nevertheless, it is argued here that by embracing an empirical focus on the border and border crossing practices when examining the changing development prospects of border municipalities and regions, the preconditions of local and regional planning are not sufficiently taken into consideration. For instance, the role of the state becomes easily represented as somewhat “static”. This does not mean that the state is necessarily understood as static or fixed itself but refers

to how its appearance is identified through the existing institutional structures including bureaucratic obstacles, laws, regulations and “national logics”. Although it is widely acknowledged that states continue to be highly relevant in the context of European border areas (see Prokkola 2011), the way how state governments actively and simultaneously guide the development of border municipalities and regions, and consequently affect the institutionalisation of cross-border co-operation, through their own regional policies is largely neglected in cross-border co-operation studies.

The other main motivation for the research was that border region development studies often lack diverse and nuanced reflections on the influence of the local and regional institutional environment and the varying interests of different groups on the policy transfer processes. It is often taken for granted that the state border represents the ultimate defining institutional structure of development prospects in these areas. Furthermore, by empirically concentrating on the establishment of a transnational scale based on the preconditions of border crossings, the role of informal institutions and their influence on the regional development of border regions is primarily discussed in terms of the inherited institutional legacy of border drawing and national socialisation. Although the cultural, social and political differences between states greatly impact the dynamics of inter-regional co-operation in the context of border areas, this study strongly shows that the division between states and nationalities represents only one dimension of the operational environment. For example, personal trust relations between public and private sector actors as well as institutional trust play a significant role.

The CPE approach (see Jessop & Sum 2013) was used as a theoretical-methodological framework to address the theoretical and empirical challenges of investigating not only the dynamics between different governmental levels and their formal institutional power relations, but also the dynamics between formal and informal institutional structures in policy transfer and institutionalisation processes of certain development strategies, policies and discourses. Importantly, this research has pushed forward the dialogue between geographical political economy and the more endogenous institutional regional approach. The study exemplifies that the “large-scale” transition from state-led, top-down politics to a more bottom-up, region-based development model where markets affect the development paths is evident in the Finnish-Swedish border area – which is in line with wider Finnish national development trends. However, examination of these policy transfer processes reveals the influence of the border location and the mobilisation of both the institutional legacy of operating across the border and the EU’s cross-border co-operation discourse. This has diverted the development towards a path of cross-border regionalisation. When viewing the institutionalisation process from a long perspective, it becomes clear that the evolutionary development is not in any way linear, neither are the evolutionary phases (selection, retention, reinforcement) clear-cut; the transition phases are fuzzy and overlapping. Although cross-border co-operation has become an important strategy, it must be selected over and over again, reproduced and justified. Although it is currently being reinforced at the local level via several agreements and local-level municipal

regulations, it cannot be argued that it would be normalised, as it remains locally and regionally contested.

In European municipalities the rescaling of governance practices takes place through the policy transfer of state- and EU-level development discourses with particular regional policy (i.e. legislative implications). Accordingly, municipalities are pushed towards a self-driven direction in which they become increasingly responsible for their own economic development and “regional competitiveness”. However, while in the state-led development discourse this “competitiveness” is still evaluated and materialised within the state territory, the EU’s cross-border co-operation policy discourse articulates regional development through transnational cross-border regions. This spatial incongruity is highly visible in the mundane practices of local actors in border areas such as the Tornio Valley where cross-border co-operation is strongly institutionalised and materialised, for instance through co-operation organisations, common infrastructure and services. As the analysis has shown, there has been political tension between the border municipalities and the state government throughout Finland’s history with regards to how the border area “should be governed”. While conflicts of interest between municipalities and state government are not uncommon in Finland (see e.g. Jäntti 2016), the conflicts in the Tornio Valley are intertwined with the state border and local actors’ contestation of state authority through the EU-supported notion of cross-border region sovereignty that is embedded in the EU’s cross-border co-operation policy discourse. It is noteworthy that the EU’s cross-border co-operation discourse has not only offered economic resources for local actors, but also “discursive resources” which have granted legitimacy to regionally and nationally contested local political decisions, such as the border municipalities’ objection to municipal amalgamation proposed by the Finnish government. These local decisions are often motivated by locally driven interests, in this case sustaining municipal autonomy, and not necessarily to be subscribed to the EU’s development objectives of “European integration” and the maintenance of the single market.

After Finnish and Swedish EU membership in 1995, local actors adopted the EU’s cross-border co-operation policy discourse and lexicon relatively quickly. This fast policy transfer was enabled by the strong formal and informal institutional base, or institutional thickness. Furthermore, this emphasises the path-dependent nature of policy transfer processes. The way how the Tornio Valley municipalities have mobilised the “border region identity” and how it has gradually materialised over the decades to become an integral part of the economic-political processes (for instance in cross-border tourism-development, cross-border entrepreneurial co-operation, building of cross-border infrastructure and branding) contradicts the widely used argument that cross-border regions are mostly top-down technocratic entities driven mainly by national interests and “national logics” without actual legitimacy at the local and regional levels (Perkman 2003; Popescu 2011). On the contrary, the examination of the co-operation in the Kemi-Tornio region illustrates how the dynamics of the selection of development strategies and co-operation partners in the border regions are based on *municipal* interests rather than national interests.

Regional development and planning is not a project with a beginning and an end but a process. Accordingly, examining the structural and discursive dynamics of policy transfer and institutionalisation processes, and regional planning in general, is not a straightforward endeavour. Municipalities and regions are not harmonic entities with common development interests and, therefore, political decisions and consequential development paths are always contested. This applies also to cross-border regionalisation and the policy transfer processes that have taken place in the context of the Finnish-Swedish border area. Thus, the critical task is to understand which actors/interest groups/development strategies are privileged by certain institutions (formal/informal) and why, as well as to examine how actors in different formal institutional positions exercise power by mobilising these structures.

In this particular context, border municipalities, and the city of Tornio in particular, are to a large extent empowered by the existing institutional structures and thus represent a powerful voice influencing development paths and policy transfer processes. On the one hand, this is interlinked with formal institutional structures, for instance how municipal autonomy “secured” their interests with regards to the state-led municipal reform plan, or how a publicly governed cross-border co-operation project creates unbalanced power relations between public and private sector actors from the outset. On the other hand, empowerment is based on institutional legacy. Cross-border co-operation related planning practices, habits, norms and values, which have been developed over decades by municipal actors with the extensive help of the EU’s cross-border co-operation policy discourse, have shaped the operational environment for municipal and public sector actors. In this region, cross-border co-operation as a development strategy has taken on a “singular form” implemented in certain ways and between particular municipalities. In the eyes of other municipalities and private sector actors this appears to be *exclusive* – something that reflects the social capital between groups (cf. Grix & Knowles 2003).

However, privileging, as well as how actors utilise privileging as a strategy, is always spatio-temporally dependent. For instance, the examination of the role and positioning of the state border from different perspectives has pointed out how the strategical role of the border is dependent on the scale and the horizon of the discussion. Accordingly, the same actors can utilise the state border as an institutional structure (both its discursive and material dimensions) in different ways depending on the development issue in question and, importantly, how the border serves their particular development interests. This applies also for informal institutions, such as trust relations and common norms: while in some situations these can be mobilised for the “common good” such as building of infrastructures, on other occasions, these may be mobilised to gain advantage in negotiations and political decisions – something that has happened frequently between Tornio and Haparanda. Hence, the way how particular institutional structures influence regional planning and policy transfer processes is never fixed.

In order to understand the development possibilities within a region, we need to understand its history – the formal and informal institutional legacy – and the logics

of how the political decisions related to regional planning are made in relation to these legacies. The empirical narrative on the institutionalisation of cross-border co-operation from the past to the present does not seek to be all-inclusive as, like long-term social processes in general, the institutionalisation processes are extremely complex. And yet, identifying the endless dialogues, negotiations, contestations and struggles “behind” political decisions and strategies is neither feasible nor possible. This research does clearly prove, however, firstly that the institutionalisation process of cross-border co-operation as a municipal development strategy has been (and still is) a long, path-dependent process. Accordingly, in order to attain a comprehensive understanding of the political, cultural, social and economic preconditions of the institutionalisation process, we need to approach regional planning from a more holistic perspective, not only in the framework of cross-border co-operation. Secondly, this research has shown that it is crucial not to consider context specifics, so-called “soft” matters, such as trust, identity, norms and values, as somehow *secondary* to “rational” economic reasoning when it comes to defining economic development paths. Such “soft” matters influence the way how different regional development ideas, strategies and policies are received and implemented. Consequently, they affect the construction of the *conditions* under which economic development is materialised. To be able to respond to the wide-ranging future challenges of local governments, both in border areas and in general, development policies need to reflect and serve the building of municipal resilience in which institutional and personal trust play a significant role.

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Appendix 1

Interview questions (Phase I/2012) (translated)

- Have you participated in cross-border co-operation project(s)? Which project(s)? Which kind of role did you have?
- Your motivation/why did you take part in the project(s)?
- Have you received new business partners through the project(s)? If yes, which kind of partners?
- Have you received new information about other entrepreneurs operating in this region, different practices, joint marketing, etc.?
- Do you think there have been enough representatives from different business sectors?
- Have you participated in the project meetings? Which kind of meetings do you prefer?
- Have you received enough information about the project(s)? Do you think the modes of communication have been adequate?
- Do you think you have received enough responsibility and resources in the project(s)?
- (Depending on the previous answer) Have the project manager(s) and the steering group(s) succeeded in their tasks? Do you think the right persons were selected in these positions?
- Have you encountered problems between project participants? Which kind of problems and between whom? Were those problems solved? How?
- (Depending on the previous answer) Have you encountered/noticed cultural differences between Finnish and Swedish actors? Were those problems solved?
- Has the participation in the project(s) changed your opinion about the potential of cross-border co-operation in tourism development?
- Do you think you have benefitted from the project(s) as an entrepreneur? How?
- Do you think the project(s) you have participated in have been successful? What it takes for a cross-border co-operation project to succeed?
- Do you think the cities of Tornio and Haparanda are supporting the tourism sector and tourism development?
- How do you think the bilateral co-operation between Tornio and Haparanda has affected tourism development?

Background questions

- (Personal) connections to Finland/Sweden (the other side of the border)?
- Language skills

Interview questions (Phase II/2014)

“Warm up” question

- How would you describe/evaluate the state of regional development in this *area*?
 - How would you define this *area*?

Regional planning and dynamics of municipal co-operation

- Could you describe the regional development work in your organisation?
- With whom is you/your organisation currently co-operating? Why with these actors/organisations?
 - Which kind of co-operation? (Meetings, discussions, frequency, who are involved and present, how is the funding organised, etc.)
 - Good/bad experiences? How these can be explained?
- Do you think co-operation between different organisations is needed nowadays? Has this changed to previous times? With whom your organisation should co-operate? Why?
- Most important co-operation organisations operating in this area? Why do you think the co-operation works well in these organisations? Any concrete examples?
- In which kind of development projects you preferably take part in? Why?
- Which kind of development issues are the most controversy and raise easily conflicts? Reasons behind these conflicts? Concrete examples? Is it possible to resolve these problems? Have new ways of doing emerged?

Actor's own position and role

- Who/what influences the development of your organisation the most? What about the development of this area? Can you name some persons? Why these persons?
- With whom do you discuss regional development most? How often?
- Do you receive enough information about regional development related issues? From who/where do you usually receive the information?
- How would you evaluate your own possibilities to influence the decisions making in your organisation? Why?
- Which political decisions (past five years) have affected most on a) your organisation, b) the business sectors and development of employment? Why? Local-, regional- and state-level political decisions?

Border and cross-border co-operation as a part of regional planning

- Do you think the border location influences the regional development and planning? How? How this become manifested in daily practices? Has this changed during the time you have operated here?
- Has your organisation co-operation with Swedish actors/organisations? Which kind of co-operation?
- Can you describe the co-operation (co-operation projects, funding, seminars, meetings, etc)?
 - Good and bad experiences?

- Do you think cross-border co-operation is beneficial for regional development? Why?
- Do you have personal connections to Sweden? Which kind?

Case topics:

Municipal reform

- What is your standpoint on the ongoing municipal reform at this area? Why?
- If some of the municipalities would/should be merged, which ones?
- What is the role of the state government as a development/planning actor?

Development of the tourism industry

- How would you describe/evaluate the state of the tourism sector in this area?
- How tourism should be developed? (Which kind of products, co-operation, funding, the role of public sector, etc.)

Background questions

- In which kind of positions have you worked/operated in this area? Have you born here? Have you lived outside of the area? Language skills?
- Why do you personally want to participate in regional development/planning?
- Are there other people you would recommend to be interviewed?