

# Chapter 85

## Current Features and Developments of Local Governance in Finland: The Changing Roles of Citizens and Municipalities

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### ABSTRACT

*This chapter discusses local governance renewals and the recent development of local democracy in Finland. Due to profound structural reforms, the role of municipalities is changing, which is challenging current local government processes, from management to citizen participation. Nordic local self-government is considered strong, despite of tightening state steering. Ruling reform politics and the increasing amount of service tasks do not fit the idea of active local governance with sufficient latitude for decision-making. To increase process efficiency, electronic services and governance have been developed nationally and locally, and solutions of eDemocracy have been launched to support participation. Developing participative, deliberative democracy during deep renewals creates opportunities but also requires investments, which create and increase variation between municipalities. From the point of view of local democracy, it becomes interesting how strong municipal self-governance and local governance renewals meet and how the role and status of municipalities are changing.*

### INTRODUCTION

Local governance structures and tasks have frequently been the focus of renewals and change of plans, as the current economic situation has led countries and local authorities to seek more actions to survive and increase public sector efficiency. This is the case in Finland as well—a country that is generally assumed to represent efficient public administration and service production. The wide range of services

DOI: 10.4018/978-1-5225-9860-2.ch085

has become too expensive for municipalities to produce, and demographic changes in population have raised expenditures in social and health care. Raising costs set demands on productivity and efficiency, demanding structural changes in many levels of public administration.

The Finnish local government consists of 317 municipalities as of 2015 and is essential for the national wellbeing, playing a crucial role in organizing public services. Local government expenditure accounts for over 30% of the total public sector expenditure and more than 65% of public consumption. Finnish municipalities have approximately 530 tasks, but their incomes are mostly based on local taxation and state subsidy. The law sets equal rights for every citizen to public services, regardless of the location or the wealth of the municipality.

During the last decade, the Finnish local government has been the focus of large renewals. National renewal policy has aimed to merge municipalities and health and social care organizations, or to seek deep cooperation in service production. Structural renewals have been connected with the development of eGovernance and eServices at a strategic level. However, the policy of concentrating on structures and quantities has raised criticism and disputes, especially from practitioners and researchers, but also from governmental agencies and influencers. The parties have been unanimous about the need to reform public sector and local governance, yet the means have been disputed. The general strategy has been to seek benefits from bigger scales, which has been the trend in many other Western European countries.

In Finland, criticism has been targeted at tightening state steering and forgetting local actors, localism, and local autonomy. The Finnish tradition of local self-governance is very strong, safeguarded by the Constitution Law, and borders in many municipalities and regions are both historical and cultural, which means local identities are considered meaningful and appreciated. Local self-government denotes the right of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility, following the interests of the citizens. Hence, local autonomy is considered to be essential power that emanates from the people.

During times of structural local governance renewals, strong local identity raises attention towards local democracy. The government of Finland is committed to systematic and long-term monitoring of the development of democracy and civil society. That is, democratic policy is based on active citizen participation, democracy education, and local democracy initiatives, and large reforms of service structures require systematic and profound development in the channels of participation and influence. Many municipalities—mostly bigger cities—have already grasped the new possibilities of eDemocracy, but there is great variation between municipalities. The challenge of developing participative, deliberative democracy during deep renewals that hit the traditional local autonomy is big and important. In municipalities, the tradition of representative democracy is strong and the political legitimacy of self-steering may affect the interest in developing new ways of democratic participation. What is interesting is the question of how local self-governance and national reforms meet, and how the municipality's role and status are changing.

Citizens and the national government constantly raise demands for municipalities' activeness and innovativeness, although in practice, the possibilities for making local choices are very narrow. The actual scope of local decision-making is tight due to governmental regulation and steering, as well as financial realities. To increase productivity and efficiency, actions of eServices and eGovernment have been launched in national, regional, and local governance. To citizens, eServices offers easy access to services and faster decision processes. Additionally, especially in the rural areas of the country, eServices may improve service quality and accessibility. Implementing new ways of service production, steering processes, and local democracy is welcomed, but leads to managerial challenges as well as demands for

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