

Finland

The Customer Satisfied

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Introduction

1

FINLAND IS ONE OF THE TWO NORDIC CASES IN THIS BOOK. In Finland, most municipalities have only few inhabitants, but cover a large area. Particularly in the northern part of Finland, we find many large but thinly populated municipalities. More than half of the Finnish municipalities has less than 4,000 inhabitants; only 10 percent of the Finnish municipalities have more than 20,000 inhabitants. Moreover, there has only been a modest decline in the number of municipalities, which shows that there is little support for increasing the scale of local government (Niemi Iilahti, 1995: 279).

Given these small population sizes, one might speculate that in the majority of the small municipalities the relations between the citizens and local government are direct and personal. People are likely to know their politicians and civil servants personally and can probably easily communicate with them. In the larger municipalities, which are the subject of this study, the distance between citizens and local government is probably larger. This chapter deals with two of these large municipalities: Helsinki and Hämeenlinna.

Helsinki

The Finnish capital has a population of more than half a million people, while in the whole metropolitan area, which includes a few other municipalities, more than one million people reside. All in all a fifth of the Finnish population lives in this area, which makes it comparable to many European capitals. Also, the population of Helsinki continues to grow, since many people migrate from the northern parts of Finland to Helsinki. Although this internal migration may give rise to tensions, generally speaking, Helsinki is a rather homogeneous city. There are only a few minority groups. Apart from the Swedish minority (6.6 percent of the population of Helsinki) the percentage of inhabitants with a foreign background amounts to little more than 4.7 percent of the population from Helsinki (City of Helsinki, 2000). Of these immigrants, a considerable part comes from the former Soviet Union. Although the official figures may underestimate the actual number of immigrants, it is clear that there are relatively few immigrants in Helsinki.

Helsinki's economic situation is not that good, but not bad either. In the early 1990s, Finland was in a deep recession. The current economic situation is somewhat better. The economy, in particular the economy of Helsinki, is growing. However, unemployment is still rather high. In 1999, 7.3 percent of the workforce was unemployed (City of Helsinki, 2000), which is below the national average of 10.1 percent (European Macro Data, 2000), but clearly higher than in countries like the Netherlands, where 3.6 percent is unemployed.

The largest political party in the local council of Helsinki is the conservative National Coalition. This party holds 26 of the 85 seats. Two other large political parties are the Social Democratic Party and the Greens with 21 and 18 seats respectively. Besides these large parties, there are six smaller political parties.

Hämeenlinna

Hämeenlinna, a picturesque town located 100 kilometres north of Helsinki is much smaller than Helsinki, but, with over 45,000 inhabitants, it is still a relatively large town in Finland. The administration of this town has carried out significant reforms in local government, which is why we included it in this study. The governmental reforms, known as the 'Hämeenlinna model', have made the town famous in local government circles. The city was nominated for the prize of

the German Bertelsman Stiftung for the quality of local government. Although Hämeenlinna did not win, it became well-known for its reformist energy, which led to its participation in the international network for better local government, also organised by the Bertelsman Stiftung.

The economic situation of Hämeenlinna is not that good. The most important indicator of this is that a large share of the workforce, 14.3 percent, is unemployed. This rate is much higher than the already high national average of 10.1 percent. It is therefore not difficult to understand why many inhabitants of Hämeenlinna work in other towns. Some people even commute to places as far away as Helsinki and Tampere.

As to local politics, the Social Democratic Party and the National Coalition are the largest political parties, with the Social Democrats in the lead. These two political parties govern the local municipality in close co-operation. Together they are represented by 9 of the 11 members in the executive board. Of the 51 seats in the local council, the Social Democratic Party holds 20 seats and the National Coalition 18. The other political parties in the council are much smaller.

Local government in Finland

2

History and tradition

2.1

During the first half of the nineteenth century, local affairs in the countryside were arranged by a church board headed by a vicar. In 1865, when Finland was still an autonomous grand duchy in the Russian empire, a local municipal board was installed as well. The new municipal boards, whose members were elected at meetings of taxpayers, arranged the non-religious affairs of the municipality. The board members were usually landowners. The board was headed by a chairman who was assisted by a secretary. Following the example of Sweden, these municipalities got a large level of autonomy. However, since tax revenues were low, the institutions did not have their own staff or much room to develop their own policies. Sometimes, there was not even money for a part-time clerk (Modeen, 1995: 286).

The cities had a more developed administration. The main administrative bodies of the cities were the magistrates, headed by a mayor. Since 1873, these officials

had been elected by the townspeople. The members of the magistrate often also served as members of the city court. Furthermore, there were a finance committee and several other local committees. These other local committees managed specific policy areas such as school affairs or relief for the poor (Modeen, 1995: 286-287). In 1927 the municipal board of rural districts was also introduced in the towns.

In the same year, the city manager became the main administrator of the cities. The city manager was the chairman of the municipal board, headed the administration and had general powers to run the city. Later on, the city manager was also introduced to the rural districts. In 1977, the city manager lost the chairmanship of the municipal board to a politician. Until 1995, the service term of the city manager was not fixed and he could not easily be removed. Since 1995, councils can choose whether they appoint a city manager for a fixed or unlimited period. Whatever the term decided upon, the local council can remove the city manager if a majority of the council wishes to do so (Modeen, 1995: 287).

Finland is also characterised by a tradition of consensus building. During the Cold War, the country united to resist the continuous threat of the Soviet Union. Careful diplomacy and strict neutrality ensured that Finland could indeed remain independent. Within Finland, the foreign threat had as an effect that political disagreements became relatively less important. All parties co-operated together. Especially at the local level this consensus model still works and is further stimulated by a political system of which proportional representation is a crucial characteristic. All political parties are meant to be represented in the executive board and the important political positions are divided among the large political parties. Both in Helsinki and in Hämeenlinna, the two main opposing political parties, the Conservatives and the Social Democrats, work actively together.

Local Autonomy

2.2

One of the characteristics of the Scandinavian state tradition to which Finland also belongs is the autonomy of local government (Loughlin and Peters, 1997: 54-55). The autonomy of Finnish local government is safeguarded by section 121 of the Finnish constitution. First of all, the autonomy of local government is proclaimed. "Finland is divided into municipalities, whose administration shall be based on the self-government of their residents" (Finnish constitution, section

121). Moreover, the constitution guarantees that Finnish municipalities have the right to levy their own taxes. Local government is not only legally but also financially autonomous. The Finnish pay 17.5 percent of their income to local government. On average this constitutes half of the budget of local government.

A large part of the budget is spent on social and welfare services. Of Helsinki's total expenditure, 56 percent is spent on welfare services and 23 percent on education (City of Helsinki, 1999). This money is devoted to goals set by the central government. There are national guidelines about what kind of social services, health care and education should be provided. Local government spends on these policy fields most of its money, which is partly raised by local taxes, but does not have a say in the way it is spend. With respect to these policy sectors local autonomy consists mainly of the execution of tasks set by the central government. The local government has the responsibility to execute and manage policies, but does not have much influence on the content of these policies. The high formal-legal autonomy seems seriously limited by this obligation to execute nationally defined tasks while using up the overwhelming part of the local budget.

In addition, local government is controlled by external organs. As the Local Government Act states, the Ministry of the Interior should monitor "the operations and finances of local authorities" (Local Government Act, 1995, Section 8). Furthermore, the financial independence of local government is limited by the fact that the national government gives subsidies to municipalities with few revenues from local taxes and redistributes money from rich municipalities.

There is no formal regional level of government in Finland. However, there are different government institutions operating between the national and the local level. Firstly, municipalities can and do work together. They are not only allowed to perform each other's functions, they can also create joint municipal boards. In these joint municipal boards common affairs of the participating municipalities are dealt with. The people who participate in the boards are elected by the municipal councils of the municipalities. A second form of regional government are the regional offices that have been installed by the central government to take over some of the central government's functions. These offices exist at different levels. The country is divided in 19 regions and 5 provinces.

The local council

2.3

The highest decision making body at the level of the community is the local council. The local council is elected by the population according to a system of proportional representation (Sandberg, 1999: 296). People vote for candidates who often belong to national political parties. Preference votes may change the order of the party lists (Kuitunen, 1999: 265). It is also possible to vote for independent candidates, but in practice there is only a limited number of candidates who do not belong to a political party.

The size of the council depends upon the size of the population and varies between 17 and 85 members. In municipalities with less than 2,000 inhabitants, the number of council members may be an odd number below 17 but higher than 12. The council can delegate some of their powers to other municipal organs by installing committees. Since the municipal budget can be as detailed as the council wishes, it is possible that the committees have an own budget, and consequently have extensive political freedom (Prättälä, 1999: 208). Through the Local Government Act of 1995 the position of the local council was strengthened. Now the council "may dismiss officials that it has elected to the organ of a local authority, a joint municipal board or several local authorities in the middle of a term if all or some of them do not enjoy the council's confidence" (Local Government Act, 1995, section 21; Prättälä, 1999). With this measure the local council was meant to become a 'local parliament'.

In practice the local council is something quite different. The most important reason for the discrepancy between ideals and practice is the fact that all members of the local council, including its chairman, are not full time politicians. Consequently, they may not have the time nor the resources to stay fully informed about local policy matters. Moreover, the council does not meet regularly: in Helsinki they meet once or twice a month and in Hämeenlinna once a month. Because of this, even if the council were fully informed, there would not be much time to discuss local affairs in detail. Like in most other countries, in practice the local council is an institution that formally approves of all policies, but is highly dependent on the civil service and the executive. Moreover, in Finland the local council delegate some of their tasks to local committees.

Committees

2.4

The local committees are installed either because they are compulsory by law or because the local authorities decide to do so themselves. The most important committees are charged with the management of welfare services such as health care, social security and education. Although the committees are mainly responsible for the implementation of national policies, they bear a 'political' character: its members are affiliated with local political parties and each party receives a proportional number of seats (Modeen, 1995: 287-288). The ad-hoc committees are usually installed to perform the less important functions of the municipal board (Modeen, 1995: 288).

The opinions on these committees differ. On the one hand they are regarded as possibilities for citizens to get involved in local affairs and as an expression of democracy. On the other hand, there have been complaints that the committees engage in too much details of the management of local affairs. It seems as if there is not much room for political decision-making by these committees. In practice, the main task of the committees is to supervise the management of services. The most important decisions are made by the national government or other local institutions. In public health, as the deputy mayor of public health in Helsinki explained to us, these committees have become channels for citizens to demand more or better services. This is not so strange, if one realises that the standard of health care is decided upon by the national government, whereas the only task of local government is to organise and manage health care.

The executive board

2.5

The local council not only delegates its tasks to committees, it also elects an executive board. This board prepares and implements the council's decisions and represents the municipality (Sandberg, 1999: 296). In practice, civil servants propose policy initiatives to this board. Afterwards, the board discusses the financial aspects of these proposals and examines whether a certain initiative fits into the general policy of the municipality. After discussion by the board, a proposal goes to the local council, where the final decision is made. The executive board meets more regularly than the local council - once a week in both Helsinki and Hämeenlinna - which reflects the closer involvement in the policy process of these boards. However, the members are also lay politicians. According to the members

of the local board from Helsinki and Hämeenlinna with whom we spoke, their activities for the local administration take approximately one day a week. The members of the executive board do not head a part of the local administration nor have they other direct contacts with civil servants.

City manager

2.6

The city manager is appointed by the city council, either for a fixed period of time or for an indefinite period. He - or in Helsinki and many other municipalities she - is the head of the local administration. Together with municipal officials, the city manager is responsible for the execution of local policies (OECD, 1997: 153). According to the Local Government Act, the city manager "directs the administration, financial management and other operations subordinate to the municipal board" (Local Government Act, 1995, section 24). In practice, the city manager is not only the head of the administration, he also represents the municipality, a task officially assigned to the executive board. Moreover, the executive board often delegates part of its decision-making power to the city manager. Therefore, the city manager is a powerful and visible local official (Sandberg, 1999: 297).

The Local Government Act of 1995 made it possible to dismiss the city manager if he does not enjoy the council's confidence (Prättälä, 1999), which has weakened the position of the city manager somewhat. Nevertheless, compared to the situation in other countries, the Finnish city manager is by far the most powerful actor in local government. This strong position is, amongst other, due to the fact that in Finland political power is in the hands of collective bodies (especially the executive boards) with part-time politicians, while only one person works on a full-time basis as the head of the administrative body. While political power is diffuse, administrative leadership is concentrated in only one person (Sandberg, 1999: 296). The majority of city managers (66 percent) is affiliated with a political party, but they made their careers in local administration. In most cases, the city manager belongs to the same party to which the largest party in the local council belongs (Sandberg, 1999: 298-9).

In Helsinki the city manager is assisted by several 'deputy mayors'. These are in charge of different policy areas. There is a deputy mayor for city planning and real estate, for cultural and personal affairs, for social affairs and public health, and one for technical services (Web-site Helsinki 2000). These officials meet regularly.

During their meetings, they prepare the upcoming meetings of the executive board. The council of city manager and deputy mayors should be regarded as the de facto executive power of Helsinki. It is therefore not strange that the city manager is called 'mayor' in English leaflets on the city of Helsinki.

The relation between the city manager and the political level is complicated. Formally, the city manager is subordinate to the political level. As a survey held among city managers shows, almost all city managers declare that good relations with the political level are necessary (Sandberg, 1999). Moreover, the city managers who are members of a political party, often belong to the political party that holds the majority on the local council. On the other hand, city managers want to act independently of politics. In surveys, they state that politicians should not get too deeply involved in local affairs. Moreover, city managers agree to some extent with the statement that the city manager is primarily responsible to the politicians and only in the second place to the local population. The loyalty of Finnish city managers lies not only with the local politicians but also with the community (Sandberg, 1999: 304).

Summary

2.7

Finnish local government is dominated by professional administrators, in particular the city managers. Even though these administrators are elected by the council and politicians they behave more like professionals than politicians. Local government in Finland is basically seen as a matter of delivering services to the public, as described by the national government. As a result, a business-like approach dominates, which leaves little room for council activism. The council is said to 'govern from a distance' and leave practical issues to the local administration. Committees, in which politicians and sometimes also interested citizens meet with civil servants, assist the public officials by providing information about concrete needs and problems and discussing complaints. Formally committees decide on many issues within their domain, but again the civil service appears to dominate. This does not make the committees redundant: their assistance is needed for running the 'business of administration' smoothly.

This also applies, in a somewhat modified way, to local autonomy. Legally big and strongly entrenched in the constitutional system, local autonomy is in

practice limited: the overwhelming part of finances is used for obligatory expenditures, which leaves little room for the realisation of new creative political ideas: The legal system that defines and defends local autonomy also formulates all kinds of supervisory mechanisms and the business-like local political culture thwarts political ambitions to really make use of local autonomy.

Citizens and local government 3

The main role of citizens 3.1

There are several ways in which people can be involved in local politics. First of all, the many representative organs offer a wide range of possibilities to participate in politics. People can become members of the local council or the executive board and of the large number of committees. For every policy field there exists a committee. There is, for example, a school board and a social board. However, the members of these boards are selected by the political parties and the membership of political parties is rather small. Even though respondents said that a relatively large share of political party members participate actively in the political parties, the low membership rates make it unlikely that a large share of the population can and will become actively involved in the political parties and the local committees. Moreover, there is reason to expect that the involvement of citizens is limited, in particular in the larger cities. One of the respondents in Helsinki answered our question about the role of citizens in the governance of Helsinki without hesitation with the significant words: 'at a distance'. Moreover, especially in Helsinki, it appears that politicians and civil servants do not regard it as problematic that most citizens are not directly and actively involved in decision-making. In their culture, the idea of indirect or representative democracy dominates. People are represented by their politicians in the local council, the executive board and the different committees and they need not get directly involved themselves.

Consequently, the most important task of citizens is to vote for the political parties that are represented in the local council. However, one could speculate that in most small municipalities, (unofficial) direct interaction between the elected local politicians and the citizens does occur, since people know each other. In these small municipalities, the communication between citizens and local politicians can take place in local networks, by which informal way an element of direct democracy is introduced.

Our respondents also stated that, in spite of the low degree of participation, the relation between the citizens and local government is not problematic. This is illustrated by the fact that the Finnish people are said to be reasonably satisfied with their local governments. Even polls are quoted to illustrate this point. Nevertheless, there is also a growing concern about the expected low turnout in the next local elections. Although people are content, their willingness to vote is decreasing. According to one of our respondents, however, a low turnout should be explained as another sign of satisfaction with the local government. People will abstain from voting because they are satisfied about the services rendered by the local government and therefore see no reason to go to the polling station.

Direct democracy: The case of the referendum

3.2

Initiatives to do with direct democracy do not seem to be very popular in Finland. The lack of enthusiasm for the referendum illustrates this. The Local Government Act has created the possibility of holding a referendum. The council can hold a referendum on any matter they wish and the population can propose a referendum if they constitute at least five percent of all voters. Nevertheless, the actual decision to hold a referendum and the decision to adopt the results of the referendum can be made by the council only. Both the proposal and the outcomes of a referendum are advisory only. Moreover, in practice this instrument is hardly ever used. No more than 5 percent of all municipalities have held a referendum (www.hel.fi/english).

Both in Helsinki and in Hämeenlinna there have been several occasions on which a referendum could have been organised. The way in which the local politicians dealt with the requests for referendums illustrates the lack of enthusiasm for the referendum.

In Helsinki two examples of the referendum having been at issue concern building plans. When the local council wanted to build a museum for modern art, extensive discussion took place about the location of the new museum and many people, in particular those people living close to the designated site were dissatisfied with the decision made. A group of citizens therefore requested a referendum and managed to get the required number of signatures. Despite this, the local council decided not to organise a referendum, because the issue was judged not to be suitable for one. A few months later, a similar problem occurred. This time, a

music hall was to be build. Again people protested and gathered the necessary signatures, but again the local council decided not to hold a referendum.

In Hämeenlinna, an issue on which a referendum could have been held was the sale of the local electricity plant. This plant supplied the town with energy and was owned by the local government. The proposition had been made to sell it. However, the Green Party proposed to hold a referendum about the sale. The council's decision not to hold a referendum was motivated as the issue not being suitable for a referendum. Most importantly, the respondents argued that it was simply better to sell the plant, because the plant could not be run efficiently by the local government and selling would supply the local council with a large sum of money. The respondents trusted their own judgement on this better than the population's. A second and related argument for decision against a referendum was that the way in which the question would have been posed in the referendum, might have influenced its outcome. The respondents from Hämeenlinna were therefore pleased that the referendum had not gone through.

The Civil Service and citizens

3.3

Civil servants and the executive do involve people in the preparation of decisions. This is of particular importance in Hämeenlinna, where the new model of policy initiatives seems to be based on a close co-operation between civil servants and citizens. Co-operation with citizens can strengthen the position of the civil service: civil servants can claim to represent the people. The basis of the legitimacy of politicians, that they represent the people, is adopted by the civil service as well. In view of this, it is not strange that, originally, the Hämeenlinna model was developed by an ambitious city manager who wanted to ensure that political parties became less powerful in the policy process in Hämeenlinna. In Helsinki there is also a tendency of civil servants and the executive to involve citizens in the preparation of policies. People are invited to discuss their ideas with civil servants, who prepare and present the resulting plans to the local council and the executive board.

The Hämeenlinna model

3.4

In the early 1990s, the city of Hämeenlinna started a project of comprehensive and systematic reform of its governmental structure and policy process. In this section

we will pay some extra attention to these reforms. We do not do this because the Hämeenlinna model is typical of Finnish local government; According to our respondents in Hämeenlinna and Helsinki, the model is generally viewed as unique in Finland. In spite of its uniqueness, the model tells us something about Finnish local government in general. It illustrates in an explicit way that local officials treat local government basically as a process of service delivery. This process has to be perfected, as we live in a time of critical and confident citizens. For this reason, much stress is put on perfecting service delivery by using techniques that stimulate the input of requests, criticisms, ideas and possible solutions. Let us consider the model in detail.

According to Baldersheim and Ståhlberg, the basic principles of the Hämeenlinna model are: liberalism, managerialism and communitarianism. The first of these principles manifests itself in an emphasis on "... individualistic market orientation, much in the tradition of New Public Management" (Baldersheim and Ståhlberg, 1999, 9). The second principle values decentralisation, quality management, and customer orientation. The communitarian principle is expressed in the efforts to stimulate community building. Techniques and approaches like decentralisation, neighbourhood orientation, citizens' charters, complaints systems, empowerment of the citizens (co-operative planning, forums, user boards), competition, quality management and bench-marking all are part of the model.

During our interviews with officials of Hämeenlinna, we learned that the model should be seen as an attempt to improve the functioning of local government by involving citizens. In general the links between civil servants and citizens are strengthened. Citizens are asked to provide information that can be used in the formulation of policies. Civil servants and citizens together prepare policies. Afterwards civil servants further develop these policies. The executive board is meant to examine the financial aspects of the plans and examine whether the plans fit within the general policies of the town. Finally, the local council decides. It is our impression that, in this model, citizens are used as a source of information, especially for the civil service. As a result, the position of the civil service in the governance process, in particular its position vis-à-vis the political actors, is strengthened. To illustrate this, we can refer to the observations made by one of our respondents. This respondent acknowledged that one of the intentions of the model was to ensure that political parties were no longer able to dominate small decisions, that everyday issues were left to the civil service and the politicians focused on core issues. Unfortunately, in the rather a-political atmosphere of

Finnish local government, core issues are few and far between. The Hämeenlinna model, therefore, seems to strengthen the civil service.

Our respondents summarised the model in terms of three projects. Firstly, there is a service charter in which the rights and duties of both citizens and the local government are defined. Secondly, there are so called 'feedback mechanisms'. Citizens can write their comments on cards and send these cards to the local administration. Thirdly, civil servants are asked to take a different attitude towards citizens. They are asked to involve citizens in the formulation of policies and to do their work with a different attitude. The 'communitarian element' we mentioned was hard to recognise in the way our respondents depicted the administrative model of their city. Of course, the use of neighbourhood-based techniques can be seen as an operationalisation of the communitarian principle, but that does not change the fact that the principle was not mentioned by our respondents as being central to the model.

Because the Hämeenlinna model seems heavily influenced by the ideas of New Public Management, it resembles processes of reform such as the reforms in the Dutch city of Tilburg. It is remarkable that, both in Tilburg and in Hämeenlinna, one of the results of the early reforms was that the position of the political actors was drastically weakened. In Tilburg, efforts are being made to remedy this. According to Baldersheim and Ståhlberg, the same weakness can be observed in Hämeenlinna. To conclude, the widely praised Hämeenlinna model seems to result in an enhancement of the competence of the civil service and the satisfaction of customers of public services, but also in the weakening of the position of (representative) local politics.

To be sure, this last effect is not typical of Finland as a whole. In Helsinki, the role of elected politicians, political parties and persons appointed by political parties is still substantial and not diminishing either. However, the Hämeenlinna model, demonstrates in a unique and explicit way the possible inclination to client orientation and perfecting service delivery as a characteristic of the Finnish debate on local government reform.

Conclusion

4

All in all, relations with citizens as political actors are not a high priority in Finnish local government. The most important role of citizens is that of voters in elections. Some new initiatives facilitate the direct participation of the people in the preparation of policies, but decision-making remains the exclusive right of the elected politicians. This form of citizen participation articulates problems and preferences and can be used to discuss possible solutions and proposals. Here the process stops. We found no indicators of a strong wish to transfer political decision-making to (groups of) citizens. In the domain of service delivery, however, citizen participation goes much further. There have been experiments with transferring decision-making power to organised consumers in all kind of boards and committees, such as neighbourhood committees and user boards. It is our hypothesis that this accent on service delivery can be explained by the low level of politicisation of Finnish local government.

