

Localism in Finland. The changing role and current crisis of the Finnish municipal system

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Abstract

The authors analyse localism as a precondition for developing local self-government in Finland. The point of departure for the analysis is autonomy at the municipal level, of particular interest are variations in autonomy between key historical periods. For a long time, in fact until the 1990s, rural localism strongly affected the development of Finnish municipal self-government. However, the analysis shows that the developments over the past ten years represent a fundamental paradigm shift, particularly concerning localism as a value for pursuing societal reforms. Localism is largely abandoned, both as an historic legacy and as a potential resource in facing current challenges of rural and out-migration areas. The authors argue that the paradigm shift will have deep-reaching consequences for local democracy in general and for rural development in particular.

Keywords

Local democracy, local self-government, rural development, localism, autonomy

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Introduction

In Finland, as in most other European countries, the municipal system is a reflection of considerable historical continuity, but is also the result of extensive changes and reform waves. Over the last decades, the welfare system characteristic to Finland and all other Nordic countries has been under considerable pressure, with implications particularly for sub-national self-government (Henricks & al. 2011, 738). Finland is currently experiencing an extensive reform wave, the aim being to increase the size and financial strength of the municipalities in order to secure more efficient provision of welfare services. Despite such major reforms, an important expression of historical continuity is that localism as a value for pursuing societal reforms has been present in all historical periods of reforming Finnish local self-government, although varying in importance from one time to another. The basic argument of this article is, however, that the current Finnish reform wave, compared with earlier historical periods, represents a fundamental shift of paradigm in the sense that localism has largely been abandoned. In this particular context, we interpret *localism* as a recognition – especially from the central state – of a municipal autonomy that allows local variations and expressions of local identities through the local democratic system. In the article, we analyse how this recognition has changed over key historical periods and the

drivers behind the paradigm shifts. Finally, we scrutinize the consequences of these changes on the democratic qualities of future local self-government.

Departing from normative political theory, local self-government is usually seen as a fundamental component of broader democratic structures. The justifications for local democratic structures are several, well-known and deeply rooted in nineteenth century political thought (cf. Stoker 1996, Pratchett 2004, Hendricks & al. 2011). Democratic structures provide means for a diffusion of power within society; they support diversity and local responsiveness, especially in unitary states characterized by uniform central policies. Finally, local democracy provides means for developing political skills and enhancing participatory forms of democracy. The most important functional prerequisite for local democracy is autonomy, i.e. the local institutions must have some degree of power to act.

Pratchett (2004, 362 ff.) distinguishes between three dimensions of autonomy, the first being *freedom from*, that is the degree of discretion that local authorities have vis à vis central authorities. This dimension represents the conventional approach to analyses of state-local relationships. Emphasizing the second dimension, *freedom to* achieve particular outcomes, means that we expect the presence and activities of municipalities to make a difference; they should have an independent impact on important matters (Wolman & Goldsmith 1990, 3; Pratchett 2004, 365). Third, and particularly important in this context,

is autonomy understood as a *reflection of local identity*. This dimension recognizes that autonomy is not only a matter of formal institutional relationships but also a question of how local identity can be expressed through local politics and participatory activities.

In empirical terms, autonomy is a highly relative phenomenon, varying considerably from one time to another. Thus, the three dimensions of autonomy also affect the possible expressions of localism in a system at a given time. In the following, we utilize the three dimensions in order to highlight important differences in autonomy and localism between key historical periods of Finnish local self-government.

Localism in Finnish municipal self-government – key historical periods

The pre 1917 period: The rise of the Finnish nation and the coalition between the centre and the periphery

In the following, we will describe the historical antecedents of the local self-government in Finland, prior to its independence from Russia in 1917. We will also portray the nation-

building process that was a prerequisite for the independence. This nation-building process was based on a coalition between Swedish-speaking civil servants and intellectuals in the Southern parts of the country and the Finnish-speaking peasantry in the inner and Eastern and Northern parts. For the peasantry, the small local municipalities were a crucial base for their political empowerment.

The "birth" – wherever we want to locate it in history – and development of any society (nation) are components of an enormously complicated process. This is also the case for Finland. The area and its inhabitants were prior to the twentieth century subordinated to, the Swedish and then the Russian empire. The land was sparsely populated, to a large extent by Finnish speakers, and Finland's economy was poorly developed and included the following activities: fishing, hunting, slash and burn, and other forest-related livelihoods such as tar burning. To a large extent, Finland was peripheral to the Swedish and Russian empires; at the same time, however, it was a crucial buffer between the two empires.

In terms of societal organization, Finland was a part of Sweden from the Middle Ages to 1809, when it was ceded to Russia after Sweden had lost the Finnish War (1808-1809). However, historical Sweden was not a "nation" in the current, organized and comprehensive sense of the word; rather, it was a loose empire in which the king tried to tie

the different parts together with the poor means at his disposal at that time (Sjöstrand 1994). Thus, steering resembled in *some* parts contemporary governance, where the king with middlemen and brutal methods secured the compliance of local and regional formations that largely followed their own logic and traditions. Nevertheless, the local mode of organizing in Finland, as well as in Sweden, was carried out through a close cooperation between the “state” and the church. Since 1686, there were, through the church law, written rules about parish meetings, and this institution, amended by the priest privileges in 1723, stayed in effect until 1865, when the rural municipality law was enacted (Hyyryläinen 2012).

However, as mentioned earlier, Finland was ceded to Russia in 1809, which means that “the Swedish system” stayed in effect also after the change of flag. Actually, this is crucial for an understanding of the subsequent development of the Finnish society and nation, essentially till the present. The emperor of Russia, Alexander I, was liberal, which probably helped Finland to stay relatively free and “untouched” in the new situation – it became under Russian rule an autonomous grand duchy, with its own constitution and steering apparatus, although intermittently threatened by “russification” and oppression (Kan 2008). However, there were probably also more general causes behind the degree of freedom granted to Finland: it had historically been a part of Sweden and it was both

impossible to integrate it firmly – the means later available to the Soviet Union were still unheard of – and illegitimate to do so given the ideologies and rules of behaviour of that time. Later, the Soviet Union could, for instance, disguise oppression behind the salvation rhetoric of “communism and freedom”.

As part of the Swedish system, the Swedish-speaking intelligentsia and upper class retained its position during Russian rule. This was the only feasible alternative: the Swedish-speaking civil servants and professionals knew the country and the system, and even more important, they were at least to some extent bilingual and could “unite” the Finns. These Swedish speakers did not hesitate to take advantage of the situation, together with the leading Finnish speakers: they launched, in accordance with the nationalistic currents of the time, a programme to nationalize and “make Finland Finnish”, essentially through the education and involvement in societal affairs of the hitherto unprivileged Finnish speakers (Lindgren et al. 2011). The Russians, at least partly, applauded this programme since it would alienate Finland from its former mother country Sweden. However, the sword was double-edged, a fact that especially the Finns were strongly aware of.

Regardless of its implications for the final independence from Russia in 1917, which were very strong, the coalition between the Swedish-speaking civil servants in the

Southern parts of Finland and the Finnish-speaking peasants in the Northern and Eastern parts of the country became one of the most crucial foundations for the new Finnish nation, forming it throughout the centuries (Alapuro 1993). This coalition defined the relations between the centre and periphery, between the rural and the urban, and the characteristic tension that can be found between central top-down steering and bottom-up mobilization in Finnish political life.

Table 1. Number of municipalities and their average population in Finland in 1917-2011.

Year	Total population	Number of municipalities	Average size
1917	3 134 000	532	5 890
1940	3 695 000	602	6 140
1960	4 446 000	548	8110
1980	4 787 000	464	10 320
2000	5 181 000	452	11 460
2011	5 375 000	336	16 080

The rural municipality law in 1865 was instrumental for the above coalition. It gave the Finnish-speaking peasantry a platform for its new activities and empowerment nationwide (Hyyryläinen 2012). The words of the well-known former president Urho Kekkonen, one

of the leaders of the Agrarian League (later Centre Party), which served as the main voice of Finnish peasants, are revealing: “the rural inhabitants engagement in municipal affairs became decisive for the societal and political socialization of this group” (authors' translation) (Kekkonen 1940, 1). However, from the beginning the tension between central steering and local self-determination played a crucial role in the municipal institution and its relation to the central state. The rather embryonic municipalities of the nineteenth century were quite free and unbridled by the central power; on the other hand, they had extremely limited tasks and competence compared with municipalities in later periods. In addition, the key state institutions in Finland were still in the hands of the Swedish speakers, many of them with liberal ideas and far removed from the Finnish-speaking peasants, socially and culturally. With growing tasks for the municipalities, both locally generated and imposed by the central government, the control and steering of the municipalities increased (Kekkonen 1940). However, this coincided also with the at least partial rise of empowered Finnish speakers to central administrative and political positions – the state government and the local municipalities spoke, at least theoretically, with much the same voice.

The development towards a municipal system largely controlled by the central government – that is a common interpretation in Finland (Mennola 1999) – was, however,

far from straightforward in looking at the events more closely. In 1917, in association with Finland's independence from Russia, a new municipal law was enacted (Hyyryläinen 2012). This law gave the municipalities a freedom far exceeding what had previously been the practice and what would be the practice later. It was based on a coalition between the agrarian party and the social democrats, the new political power “disturbing” the peasant-civil servant coalition and arising from the emerging industrialization. However, the new law was followed by a complicated and tragic civil war between rightists and leftists, with alleged and real interference by Russian (now Bolshevik) troops and later by German troops. In the aftermath of the war, with rightist rule and oppression, the defeated leftist laws like the municipal one were discarded and replaced by much more authoritative ones, emphasizing law and order and central steering. The Finnish people had proved unreliable locally and could not be entrusted with the kind of freedom and self-determination that the radical laws had given them.

To summarize, we have here described the nation-building process that started in the nineteenth century and that eventually led to the nation's independence in 1917. This nation-building was based on a fruitful cooperation between the Swedish-speaking civil servants and intellectuals in the South and the Finnish-speaking peasants in the inner parts of the country. From the middle of the nineteenth century, the municipalities were crucial

in this nation-building process, as they gave the rural inhabitants a political base and platform for socialization and empowerment. However, although free to decide on their own affairs, the municipalities had in this period very limited functions and tasks. From the point of view of our analytical framework, the autonomy of the municipalities in terms of *freedom from* was strong in the sense that the central-local relationship was not yet fully developed, but weak in terms of *freedom to* due to the embryonic character and limited resources of the municipalities. Autonomy, as an expression of local identity, was important already at this stage, as the municipal system became the main instrument for the societal and political socialization of the rural population.

From independence to the 1960s: consolidation of an agrarian localism

In this section, we will describe how the newborn Finnish nation from independence to World War II consolidated the system of small municipalities, based on rural communities and with obvious linking functions between the centre and the periphery. We will further provide a description of how the same system, in some respects, was even strengthened until the 1960s, a period when most comparable nations had already abandoned the agrarian path and turned towards urbanization and industrialism.

Finland was very rural at the beginning of the twentieth century, and the development and the political mechanisms described above strengthened rather than weakened the rural character of the country. In accordance with striving to make the country “Finnish”, the agrarian cadres tended to rise to leading positions rather than upper echelons, thereby making an impact on lower classes and rural inhabitants. Or as was the case initially, the upper classes took the language of the Finnish farmers and raised their culture to a dominating position (Alapuro 1979). In the same way, the logic of societal conduct generally came to be the agrarian one. Thus, when social problems arose at the beginning of independence, they were met with programs aimed at allotting land to poor and landless people and giving them possibilities to establish themselves as free farmers, although on very small plots of land (Allardt 1987). Admittedly, the rural areas produced their own social problem as the improved health conditions resulted in overpopulation in relation to the existing farms; industrialization was also very modest and there were few resources for a non-agrarian social policy. Nevertheless, the Finnish society took a rural turn in the first half of the twentieth century that was to a considerable extent policy-driven.

The depth of the rural fortification is revealed by the allotment of land becoming the principal demographic measure also after World War II, during the restoration process after the devastating wars with the Soviet Union. The approximately 400 000 inhabitants

evacuated from Karelia after the province had been ceded to Russia were relocated through the partition of smaller pieces of land from larger farms in different parts of the country. However, old forest land was also cleared and the allotment of land not only concerned the Karelians with refugee status but was extended to groups such as soldiers serving in the front lines. In some parts of the country, the colonization actually continued until the middle of the 1960s (Kärkkäinen 1970). The relocation of the Karelians was an emergency measure, but the other parts of the colonization process are difficult to understand without taking into account the special position of the Finnish peasantry in political life. The strong position was achieved through the old coalition and through the extremely strong political basis in small rural municipalities. Thus, the epithet “Peasant State” (Granberg & Nikula 1995) suits Finland more than most comparable developed countries.

To simplify, Finland was until the middle of the twentieth century steered by the axes between the center and the periphery based on a strong position of farmers in numerous small municipalities and, as a consequence, on an increasingly influential role of the Agrarian League in national politics. Power was shared with more urban-based parties on both sides of the left-right continuum, although also with strong connections to nineteenth century Finnish nationalism. However, it should be noted that for a long period of the late twentieth century the right-wing National Coalition Party was excluded from

power under the pretext that it would hurt relations with the Soviet Union. The gatekeeper was, however, the long-standing president Urho Kekkonen from the Agrarian League, and it is not farfetched to hypothesize that he partly outmanoeuvred the National Coalition Party in order to preserve and fortify the position of rural and agrarian interests in the sensitive Finnish political system with its balances between center and periphery and left and right. One consequence of the peasant state is that Finnish local government has remained a one-tier system without a directly elected meso-level government (Mennola 1999). State-level policies have throughout history been formulated with a strong reliance on the legitimacy provided by ground-level mobilization in the numerous small municipalities, and the municipalities have been the main instruments for implementing these policies.

To summarize, we have thus described how the agrarian features of the Finnish nation were clearly strengthened during the period from independence to World War II. Alongside with this strengthening is a fortification of the specific municipal system, based on small rural municipalities serving as a power platform for the rural political parties as well as nursery schools for rural politicians. A contra-intuitive feature of the period was the continuation of the agrarian fortification up till the 1960s, which may be interpreted as a historical time lag.

In terms of autonomy, all three dimensions were strengthened from independence until the 1950s, mainly due to the gradual expansion of municipal tasks, although the state-local relationship remained relatively undeveloped. In terms of autonomy as an expression of local identity, it is important to emphasize the gradual rural fortification and the strengthening of the political position of the Agrarian League, which resulted in local policies being essentially based on rurally defined policy solutions.

From the 1960s to the new Millennium: transforming the agrarian municipality system into a rural welfare system

In the following section, we will describe how the agrarian system faced a deep crisis in the 1960s due to rapid agricultural restructuring, but how it through an interesting transformation regained its strength in the following decade when the universal welfare model was integrated into the existing municipal system. The new system emphasized small units, decentralization, and equal access to welfare services regardless of place of

residence. The rural welfare system was, however, temporary, as the continuing agricultural restructuring eroded the economic base of the decentralized welfare system.

The previously described development based on a strengthening of the agrarian character of Finnish society up till the 1960s suddenly turned in the opposite direction (Granberg 1986). By the middle of the 1960s, Finland had undergone a rapid industrialization, not the least through war reparations paid to the Soviet Union in kind (industrial products). Agriculture in Southern Finland was also rapidly mechanized in the 1950s and the need for manpower decreased as the size of farms increased, in accordance with development in agriculture generally. Colonization of forest land by small farmers in the peripheral parts of the country had to a large extent been motivated by the forest industry's need for raw material and manpower (forestry has been the backbone of the country's economy since the late nineteenth century). However, by the middle of the 1960s, tractors and chainsaws had radically reduced the need for this kind of labour (Källtorp 1979). The political steering of the events had a special push and pull character: on the one hand, new regional policy laws and support systems were created, aiming at supporting industrialization (and modern economic development) in the rural areas; on the other hand, a "heretic" policy of anti-agrarianism was pursued with the aim of luring small farmers away from their industry (compensations were paid). The latter measures evoked

opposition among the rural population towards the upper echelons in Helsinki, giving a special rural populist party, the Vennamoites, air under their wings (Katajamäki 1988).

Table 2. The economically active population in Finland in 1970-2006 (%).

Industry	1970	1980	1990	2000	2006
Agriculture, forestry, and fishing	20.3	12.6	8.5	5.1	3.9
Manufacturing	25.9	26.3	21.8	20.7	18.7
Construction	8.3	7.1	7.2	6.0	6.4
Trade	18.9	19.1	26.1	27.9	30.3
Transport	7.1	7.9	7.1	7.5	7.3
Community services	18.1	24.8	27.0	31.2	32.5
Unknown	1.4	2.2	2.3	1.6	1.0
Total	100	100	100	100	100

The development above was quite problematic for the political axis and coalition described at length earlier in this article. However, the stewards of this construction, not the least the long-time president Urho Kekkonen, proved to master the situation. For instance, there were municipality mergers in the late 1960s (which followed the logic of the development in Scandinavia generally). They were, however, few and the number of municipalities remained large, securing the type of rural power-base that has been discussed above. In concrete figures, the number of municipalities shrank during 1960-2000 from 548 to 452 (Table 1). The national governments managed to secure a special

“trickling down” effect of the industrialization of Finnish society: they adopted the welfare model from Sweden (history repeats itself), but they did it in a rural way, that is, welfare services like public schools, kindergartens, homes for the elderly, hospitals, and even institutions for higher education were decentralized and geographically de-concentrated (Pyy 1998). The prosperity generated by the rapidly developing industrialization was to a large extent due to the expanding forest industry in the peripheral parts of the country. The Finnish politicians were thus attuned to the increasing demands for equal redistribution of welfare services, at the same time taking into account their own interests as politicians and servants of the “peasant system” described in this article. No doubt, “idealism” *happened* to serve the power interest in the Finnish case, but it is also an example of a development path where necessity becomes a virtue.

The politically orchestrated trickling down of prosperity and welfare to the remote municipalities proved even more genius than the above account reveals: with extended welfare services in the rural municipalities, the population had fewer incentives to move, and thus, the population base of the municipal system remained fairly good. Further, the welfare services created local employment opportunities, especially for women, who traditionally have been the first to leave declining areas in Finland. This development created a strongly professionalized and rapidly expanding municipal administration, giving

a new voice and weight to the municipalities, not experienced even in the heyday of the 1950s peasant state (Hyyryläinen 2012).

However, “good things always come to an end...”. From the 1970s onwards, Finland experienced a continuing restructurization of agriculture and forestry, resulting in a rapidly decreasing employment in the primary sector and larger and larger production units (Table 2). To some extent, this has been blamed on the EU and CAP (Finland became a member of EU in 1995), but the truth seems more to be that the restructurization was a consequence of the general global development and Finland’s role as a small “open” economy highly dependent on foreign trade. An alternative development would have been heavily dependent on political and insulating measures, demanding both considerable economic resources and moral capital to defend a partial anti-free trade policy. However, approaching the new millennium it became clear that the restructurization of agriculture and forestry had made the economic basis of a large number of the small rural municipalities untenable.

The urbanization and industrialization of the 1960s and 1970s had been the fastest in Europe. Finnish regional policy of that time was partly successful, as there was a clear development of regional convergence in per capita income. At the same time, however, production and population became gradually concentrated in the Helsinki region and other

main centres of the country. The late 1960s and the early 1970s were characterized by rural depopulation; the period even came to be known as the era of the “Great Migration”.

People moved from rural areas to the cities and from the north to the south. A considerable part of the migration was directed at Sweden. Over the period 1950-1995, the population of the urban areas increased from 2 million to 3.5 million. At present, 40% of the population live in the six biggest city centres (Loikkanen, Rantala and Sullström 1998). After the recession years from 1991 to 1993, the concentration accelerated. Studies using municipal borders as a proxy for physical space show that over 90% of the Finnish territory constitutes an out-migration area (Hanell, Aalbu and Neubauer 2002, Tervo 2003, Sjöblom 2012).

With this development in mind, it is no wonder that the decentralized welfare model that some decades earlier seemed so successful suddenly proved to be a trap: with a large welfare system and administrative apparatus, the demand for resources was much larger than the local social and economic fabric could generate. Admittedly, this had been the case from the beginning, but the restructurization of the primary industries, combined with forced (economic crisis) and ideological (neoliberalism) national austerity eventually made the situation untenable. It is here crucial to emphasize that the municipal dilemma was not a “simple” question of overspending and corresponding cutting of costs. With the

decentralized welfare model, the politicians had made an irreversible decision: the population was depending on the system and there were no realistic retreats to alternative models, e.g. private insurances and service provisions. To make it worse, the population continued to age, especially in the rural areas, making the welfare services and their funding a bottomless pit (see, for example, Kääpi 2007).

In this section, we have seen how the political heirs of the Finnish peasant state quite skillfully managed to turn the crises of the late 1960s into a victory by adaptation of the universal welfare model to the decentralized municipal system. However, a few decades later the gains proved to be quite temporary, as the continuing restructuring of the primary industries eroded the economic base of the decentralized welfare system. The development also exposed a path dependency since the architects of the system had tied their hands to it quite firmly. In terms of prerequisites for local autonomy, the 1960s and 1970s were periods of rapid service expansion by means of a considerable increase in central state funding and regulation as well as state-controlled planning systems. These two decades represent a weakening of local autonomy in all respects, including autonomy as a reflection of local identity due to the strongly universalist approach to welfare state services. This development was followed by a shift in the 1980s and 1990s with a stronger emphasis on local autonomy manifested in decentralization and in the abolishment of

detailed state regulation and planning systems. This produced an increased recognition of diversity among municipalities and an adaptation of welfare policies to local conditions.

The beginning of the millenium: attempts at comprehensive municipal reforms

In this last historical section, we will go through the latest radical attempts to restructure the Finnish municipal sector. Acknowledging that the financial base of the decentralized welfare system had deteriorated to the extent that reforms were inevitable, the Centre Party joined in 2005 forces with the more urban-based political parties and launched, as part of the coalition government, a comprehensive municipal reform. However, the reform was voluntary and a limited number of municipalities decided to merge, despite economic incentives. Because of this, the new government formed after the parliamentary election in 2011 decided to launch a more radical reform, this time without the Centre Party, which gives the government more freedom to manoeuvre. This reform is still (2012) highly debated and controversial.

As the story has been framed in the previous sections – and we believe we have touched on all of the essentials in Finnish political and administrative history – the agrarian Centre Party has had no incentives to diminish the number of municipalities in Finland. Representing the land-owning peasants, the party had, as described above, throughout the

independence represented a crucial nation-building force in society (Allardt 1990). The peasant-dominated Agrarian League – in 1965 renamed the Centre Party – were together with the Social Democratic Party the two key parties in the changing centre-left coalitions that ruled from World War II until 1987. In the 1987 election, conservative gains gave non-socialists their strongest parliamentary position in 50 years. The national parties strongly dominate also at the local level. Today, the three main parties (National Coalition Party, Centre Party, and Social Democratic Party) have an almost equal electoral support of roughly 20% each, and the situation has over the last decades been relatively stable (Table 3). A long-term trend is the diminishing support for the socialist parties and an increasing support for the National Coalition Party, the Greens, and most recently the populist True Finns party.

However, due to the large number of small and rural municipalities, Finnish municipal elections have been strongly dominated by the Centre Party to an extent that far exceeds its electoral support (Table 4). The Swedish People's Party has a similar position in the bilingual (Swedish – Finnish) parts of the country. In fact the position of the Centre Party in the rural municipalities was strengthened until the 2004 elections, after which mergers and a decline in electoral support have weakened its position slightly. Still, after the 2008

elections, the party had a majority of the seats in 100 of the municipalities. Thus, it is easy to understand why efforts to reduce the number of municipalities have been confined to the more “urban” parties like the National Coalition Party and the Social Democrats, which - from the point of view of their own power base and their electorate - surely have seen benefits in a reduced number of municipalities and a concentration of resources to urban centres more generally.

Figure 1. Party strength in the municipalities in 1992-2008 (%) and share of municipalities (%) where one party has the majority of seats in the council in 2004.

Two figures appr. here, side by side

However, with the economic crisis of the municipalities described earlier at hand, the agrarian minister with responsibility for the municipalities, Hannes Manninen in 2005, joined forces with the National Coalition Party and the Social Democrats and launched a reform project for restructuring the municipalities and their services (the PARAS project) (Niemelä 2008). One of the conspicuous features of the PARAS project was, on the one hand, its top-down character, reflecting the traditional top-down features of the Finnish system in a general sense. On the other hand, it combined a striking neglect for democratic

principles, with a “first strike” strategy, attacking unexpectedly and gaining some victories before a resistance is formed. Interestingly, the first strike strategy proved successful in some cases, for instance in the Western parts of Uusimaa near the capital Helsinki. However, in other parts of the country it evoked resistance, and overall the PARAS reform project has not produced the expected result, although the number of municipalities has been reduced considerably (Table 1).

Because of the allegedly weak results of the PARAS project, the new government formed after the parliamentary election in 2011 and led by Jyrki Katainen of the National Coalition Party decided to launch a new reform, one much more radical than the PARAS project (Katajamäki 2011). The crucial feature of this reform is that the Centre Party, after a defeat in the 2011 election, is left out of the national government. Thus, the government is free to launch a considerably more radical municipal reform than its predecessor. Accordingly, the blueprint of the reform has been a reduction of the number of municipalities from somewhat under 350 units to 70. The reactions to this reform, a reform still (in the fall of 2012) heavily under debate, have been interesting. The Centre Party, for its part, has strongly opposed the reform, as it should according to the logic described in this article. On the other hand, the party’s stance has been questioned and morally weakened through its engagement in the PARAS reform – which failed to treat the rural

municipalities as equals in a democratic, deliberative society. More powerful are the “free” and unorthodox reactions in the municipal field by the so-called municipal rebellions (Koskiniemi 2011). Several municipal actors have, regardless of general political stances, opposed the reform as well as the national organization of the Finnish municipalities (The Association of Finnish Local and Regional Authorities), accusing the organization of opportunistically joining the government in state-driven reform efforts.

A key parameter in the new reform is the conception that the Finnish municipalities predominately are (welfare) service-producing organizations. This deviates decisively from the view of municipalities as units for democracy and citizenship. The service-providing municipality has been an important unifying concept of the coalition between the Social Democrats proposing welfare services and the Neoliberals promoting business-like behaviour also in the public sector (Strandberg 1998). Moreover, the concept is based on a vision of municipalities as commuting areas (postmodern localities based on mobilities). By consequence, the rural anchorage of Finnish political life will definitely be lost. Already the shrinking number of rural municipalities will as such weaken the countryside’s voice in Finnish politics. More decisive is, however, the future character of the new municipalities. Service-providing organizations based on growth centres will be the ideal vision for future Finnish municipalities regardless of where they are located.

Perhaps more worrisome is, however, the consequences for democracy. Super-municipalities covering hundreds of kilometres and comprising several middle-sized towns and population centres constitute a weak basis for local democracy, let alone citizenship and societal empowerment. Mobility and the internet can to some extent compensate for the loss of physical community, embodied in the old municipalities. Crucial is, however, the formation of units below the envisaged supersized municipalities – basic units for local democracy (and in the historical Finnish case for national democracy). The political parties have been rather silent on this issue, other than the Centre Party, which through its engagement in the PARAS reform largely wasted its political capital in this matter. Significant and sinister is the refusal of leading political actors in Finland to discuss alternatives to municipal mergers such as the creation of larger districts responsible for the provision of costly welfare services or a transfer of these services to state units, thereby restricting municipal tasks to basic services (Ryynänen 2008).

To summarize, we have in this last historical session discussed the most recent attempts to radically transform the municipal field in Finland. Two reform programmes have been launched since 2005, but there is uncertainty regarding how far-reaching these reforms will be. What is clear is that the rural character of the Finnish municipal system will largely be lost. It is also doubtful/questionable whether the elements of local democracy and political

socialization, which have historically characterized the municipal system, will be saved to a reasonable degree. Some possible remedies will be discussed in the concluding session. Current reforms are based on the concept of so-called “vital basic local authorities”, the aim being to increase the population and thereby the structural and financial strength of future municipalities. In analytical terms, the reform period would according to the logic of the reforms result in an enhancement of autonomy in terms of both *freedom from* and *freedom to*. Considerations of local identities or democratic qualities of the municipalities have not, however, been driving forces behind the reform initiatives. It is evident that extensive structural reforms would weaken the local and region-based character of Finnish municipalities. Localism is more or less absent as a value for pursuing current reform policies.

Localism is dead – long live localism! How to solve the dilemma?

Returning to the three dimensions of autonomy, Finnish long-term developments illustrate that autonomy is a highly relative phenomenon. The degree of autonomy, regardless of

which dimensions we want to emphasize, varies considerably over time. As shown in the previous section, the changes from one historical period to another have been rather dramatic. Prior to the country's independence, the autonomy of the municipalities in terms of *freedom from* was strong in the sense that the central-local relationship was not yet fully developed but weak in terms of *freedom to* due to the embryonic character and limited resources of the municipalities. Autonomy as an expression of local identity was important already at this stage, as the municipal system became the main instrument for the societal and political socialization of the rural population. In terms of the three dimensions of autonomy, the situation essentially remained the same until the 1950s, a period of gradual rural fortification, a strengthening of the political position of the Centre Party, and a gradual expansion of municipal tasks still essentially based on rurally defined policy solutions.

After the 1950s, development in Finland, as in all other Nordic countries, has been characterized by a continuous balancing between the principles of universalism and local autonomy (cf. Burau & Kröger 2004, Manninen, 2010). The 1960s and 1970s were a period of rapid service expansion by means of a considerable increase in central state funding and regulation as well as state-controlled planning systems. The period represents a weakening of local autonomy in all respects, including autonomy as a reflection of local identity due to the strongly universalist approach to welfare state services. As shown in the previous

section, this development was followed by a shift in the 1980s and 1990s with a stronger emphasis on local autonomy manifested in the abolishment of detailed state regulation and planning systems. Autonomy in terms of freedom from state regulations increased considerably. In terms of freedom to, the situation varied markedly due to the fiscal constraints that characterized especially smaller municipalities. Also the emphasis on local identity was relatively strong during this period, including several attempts to strengthen the democratic institutions as well as instruments for participatory democracy (cf. Sjöblom 2011).

Table 3. Autonomy and localism in key periods of local self-government in Finland.

Period	Autonomy: “freedom from”	Autonomy: “freedom to”	Autonomy: expression of local identity	Localism as a driving force
Pre-independence - 1917	Strong: undeveloped state-local relationship	Weak: embryonic municipal system	Strong: municipalities crucial in the nation-building process	Strong: instrument for socialization of the rural population
1917-1950	Strong: Still relatively undeveloped state-local relationship	Gradually strengthened through expansion of municipal tasks	Strong: rurally defined policy solutions	Strong: rural localism
1960-1970	Gradually weakened due to the centralistic welfare state approach	Weakened due to the increase in state regulations	Relatively strong due to adaptation of the welfare system to a rural municipal structure	Weakened due to the universalist approach
1980-1990	Strengthened by means of decentralization	Strengthened by means of deregulation and abolishment of planning systems	Strengthened by means of decentralization	Relatively strong: adaptation of policies to local conditions
2000-	Strengthened through a	Strengthened through a	Weakening of local	Absent as a driving

	reinforcement of the structural and economic basis of the municipalities	reinforcement of the structural and economic basis of the municipalities	character of municipalities	force behind current reforms
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Perhaps the most important lesson to be learned when reflecting on the historical evolution of local democracy in Finland since its independence is that the developments over the past ten years represent a fundamental paradigm shift, particularly concerning localism as a value for pursuing societal reforms. Until the 1990s, Finland was essentially a place-based society (cf. Katajamäki 1991). Localism, understood as recognition of a municipal autonomy that allows expressions of local identities, has been present as an important dimension in all historical periods of reforming local self-government, although varying in importance from one time to another. The focus of current reforms has, however, been on structural, administrative, and economic challenges to sub-national governance. The reforms are based on the concept of so-called “vital basic local authorities”, the aim being to increase the population and financial strength of future municipalities. According to the reform logic, this would result in an enhancement of autonomy in terms of both *freedom from* and *freedom to*. Considerations of local identities or democratic qualities of the municipalities have not, however, been the driving forces behind the reform initiatives. In this sense, localism has been more or less absent as a value for pursuing current reform policies.

Table 4. Share of population with strong perceived identification with municipalities and sub-municipal units in Finland in 1996-2008 (%).

Spatial unit	1996	2000	2004	2008
Village, neighbourhood	40,8	38,7	44,4	46,9
Municipality	46,8	42,2	47,6	50,7
Region	32,1	28,0	28,5	33,3

Source: The research programme Paras-ARTTU, Pekola-Sjöblom 2011)

It is important to recognize that the paradigm shift is not particularly well-anchored in long-term empirical trends concerning citizen identification, participation, and attitudes towards local service provision. As in most Western democracies, electoral turnout has declined also in Finland during the past three decades. According to Newton (2006), Finland is, however, somewhat exceptional in having maintained a high level of social capital while experiencing a steep increase in political disaffection. The general decline in confidence has also affected attitudes towards municipal decision-making. However, longitudinal studies indicate that attitudes towards local decision-making have grown slightly more favourable after the mid-1990s (Pekola-Sjöblom & al. 2006). Confidence is also clearly higher in small municipalities than in the largest local authorities.

Moreover, a relatively high level of disaffection should not be taken for dissatisfaction with local services. The same longitudinal studies show that local residents

in general are satisfied with local services. The changes over time are relatively small (Pekola-Sjöblom & al. 2006, Pekola-Sjöblom 2011). An important long-term trend is the increase in direct and individual forms of participation. Studies indicate that a change in civic culture occurred in Finland in the 1970s, with an increasing direct activity related to ongoing decision-making processes, especially at the local level. Several recent studies confirm the importance of individual local-level participation (Pekola-Sjöblom & al. 2006). As indicated in Table 4, survey data show that spatially related identification with municipalities and sub-municipal units has strengthened rather than weakened over time. The perceived identification is particularly strong in rural and sparsely populated municipalities. The regional differences in identification patterns are relatively small, but there is a growing cleavage between areas showing high and low levels of spatial identification (Sjöblom 2011).

Our historical analysis shows that rural localism as a heritage of the Peasant State for a long time, in fact until the 1990s, strongly affected the development of Finnish municipal self-government. Through the shift of paradigm, manifested in the current structural reforms, localism is, however, largely abandoned, both as an historic legacy and as a potential resource in facing the challenges of rural and out-migration areas. There is considerable discrepancy between the almost non-existent role of localism in the political

reform discourse on the one hand and the perceived importance of localism and local identification among citizens on the other hand. Departing from empirical developments, important preconditions for regaining localism based on local identities and on recognition of the potentials of local variations are still present and in many respects rather strong. The Gordian Knot in Finnish reform policies is to reconcile this thriving localism with national and regional political strivings that seem to look in other directions than the people they represent and the units they construct in their neighbourhoods and daily life. In our view, the increasing mobility and future challenges of the Finnish society provide good opportunities for a reformulation and recreation of the rural-relations fundamental to the Finnish nation from the beginning up till now. There are approximately 500 000 second homes in Finland located in rural areas; the increasing interactions between locals and second home dwellers could be the basis for new local and regional political communities partly through the use of Internet and other devices enabling non-physical interaction. The same goes for the intensified interactions between the energy producers and providers and farmers and forest owners that the transformation from a carbon to a post-carbon society will require. In terms of future national reform policies it is, finally, important to recognise the potential of local variations and new rural-urban coalitions as drivers for citizen participation and for innovative locally initiated strategies and solutions.

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