

Finland

Self-rule

INSTITUTIONAL DEPTH AND POLICY SCOPE

Finland has two levels of intermediate governance: six *aluehallintovirastot* (regional state administrative agencies) established in 2010, and eighteen *maakuntien* (regions) from 1993. Finland also has one special autonomous region, the Åland Islands. Between 1974 and 2010, Finland also had a metropolitan region, the Helsinki Metropolitan Area Council (*Pääkaupunkiseudun yhteistyövaltuuskunta*).¹

Six *aluehallintovirastot* replaced *läänit* (provinces) which had existed since 1634 and were reduced from twelve to six in 1997 (Council of Europe: Finland 1998; Law No. 1159/1997; Lidström 2001b). Like *läänit*, the newly created *aluehallintovirastot* represent deconcentrated outposts of state ministries and are not equipped with significant authority. *Aluehallintovirastot* execute and oversee central legislation in their respective territory.² Some tasks in the areas of business, labor force, transport, infrastructure, and the environment were taken over by fifteen *ELY-keskukset*, which is an acronym for centers for economic development, transport, and the environment. *ELY-keskukset* also administer subsidies from the EU (Council of Europe: Finland 2011; Hörnström 2015). While *aluehallintovirastot* are clearly general purpose, *ELY-keskukset* are conceived as task-specific.^β

In contrast to *aluehallintovirastot*, *maakuntien* have some autonomy (Law Nos. 1135/1993 and 1159/1997). *Maakuntien* constitute joint municipal authorities with administrative competences in economic development, regional land-use planning, and voluntary tasks which they fulfill on behalf of their member municipalities (Council of Europe: Finland 1998, 2009; Kettunen 2017; Kettunen and Kungla 2005; Law No. 365/1995, Arts. 76–87, No. 132/1999, Art. 25, No 7/2014, Art. 5 and 17, No. 410/2015, Art. 8; Lidström 2001b; OECD: Finland 2005; Sandberg 2010). These are competences that lie with local government and, at their discretion, have been delegated upward.³

¹ A constitutional reform in 1991 gave the Sami, an indigenous community in the north of Finland, the right of linguistic and cultural self-government (C 1999, Art. 121). A law adopted in 1995 defined the borders of Sami Homeland and created a Sami parliament with direct elections held every four years (Law No. 974/1995). The Sami parliament functions under the jurisdiction of the ministry of justice. It is entirely dependent on the central state for its budget and it can only draft proposals and issue statements—it thus not take decisions (Law No. 974/1995, Arts. 1–2 and 5). The 1995 Law introduces some consultation rights for the Sami because it requires authorities to negotiate with the Sami parliament on community planning, land management, culture, and language in schools (Law No. 974/1995, Art. 9). The Sami parliament has no executive and falls just short of meeting our minimum criteria of regional government (Arter 2001; Josefsen 2010; see also Sami Parliament 2010).

² Regional State Administrative Agencies. “Frontpage.” <<http://www.avi.fi/en/web/avi-en/frontpage#.U9dvdbeEQM1I>>.

³ A regional reform proposal envisaged that the current 18 *maakuntien* will be transformed into county

Between 1974 and 2010, the *Pääkaupunkiseudun yhteistyövaltuuskunta* (Helsinki Metropolitan Area Council) governed the area comprising the capital Helsinki and the municipalities of Espoo, Vantaa, and Kauniainen. These four municipalities established the Helsinki metropolitan commission on the basis of an agreement in 1970 and a law adopted in 1974 established a council with members appointed by the constituent municipal councils and with a chair elected annually by the council (Council of Europe 1996; HSY 2010; Law No. 978/1973 and No. 1269/1996, Art. 5). The Helsinki Metropolitan Area Council's main responsibilities comprised public transport, regional planning, air pollution, and refuse collection and disposal (Council of Europe 1996; HSY 2010; Law No. 1269/1996, Art. 2). In 2010, the Helsinki Metropolitan Area Council was abolished and its tasks were taken over by the Helsinki Regional Transport Authority (*Helsingin seudun liikenne*) and the Helsinki Region Environmental Services Authority (*Helsingin seudun ympäristöpalvelut*) which are single-purpose public authorities established and governed by the participating municipalities (Council of Europe: Finland 2017).⁴

In 2005, Finland set up a pilot program which gave the *maakunta* of Kainuu additional authority and a directly elected council (Council of Europe: Finland 2009, 2011; Haveri, Airaksinen and Jänti, 2015; Law No. 343/2003). Kainuu's regional council executed additional powers in health care, social welfare services, and secondary education that elsewhere were exercised by the *läänit* or by municipalities. The self-governance experiment was terminated on 31 December 2012 and Kainuu became a regular *maakuntien* (Council of Europe: Finland 2011; Law No. 343/2003, Art. 54; Kettunen 2017; OECD 2014: 105).

Home rule is exercised by the predominantly Swedish-speaking Åland Islands, which were granted autonomy in 1920 after a tense period that nearly led to war between Sweden and Finland (C 1919, Art. 120; McRae 1997: 322–333; Rotkirch 1986). Autonomy was reinforced in 1951 (Law No. 760/1951; McRae 1997: 325–327; Suksi 2016)^a and again in 1991 (Law No. 1144/1991; implemented in 1993).⁵ Åland autonomy is strongly entrenched. The Finnish president can only veto Åland laws if the parliament has exceeded its legislative authority or if a bill would affect Finland's security, and then only after having obtained an opinion from the Åland Delegation (half Åland-, half Finnish-appointed) and, in rare cases, the Finnish Supreme Court (C 1999, Art. 58.4; Law No. 1144/1991, Arts. 19 and 55). Policy competences are extensive. The most important Åland competences are education, culture and preservation of ancient monuments, health care,

government (*maakunta*) with directly elected councils. The reform would also abolish the six *aluehallintovirastot* and fifteen *ELY-keskukset* and their competences would be transferred to the new *makuunta*. Social and health services, which currently are the responsibility of municipalities, would also be transferred to the *maakunta* (Council of Europe: Finland 2017). The regional reform proposal was put on hold in March 2019. ('Government Reform Packages. Regional Government, Health and Social Services Reform.' <<https://alueuudistus.fi/en/frontpage>>).

⁴ '*Helsingin seudun liikenne*. Decision-making in HSL'. <<https://www.hsl.fi/en/>> and '*Helsingin seudun ympäristöpalvelut*. Decision-making'. <<https://www.hsy.fi/en/>>.

⁵ A new autonomy statute is under discussion between the Åland and Finnish parliaments (Council of Europe: Finland 2017; Simolin 2018).

environment, industry promotion, internal transport, local government, policing, postal communications, and radio and television (Law No. 1144/1991, Art. 18; Rotkirch 1986). In addition, the Åland government controls right of domicile on the islands, which gives it concurrent control over citizenship (C 2009, Art. 75; Williams 2007, 2018).^β The right of domicile (*hembygdsrätt/kotiseutuoikeus*), or regional citizenship, is a prerequisite for the right to vote or stand in elections to the Åland parliament, own real estate, or exercise a trade or profession (Lidström 2001b). Right of domicile is acquired at birth if possessed by either parent. Finnish citizens who have lived in Åland for five years and, since the 1991 Act, can prove adequate knowledge of Swedish may apply for the status, but the procedure is restrictive (Williams 2007). Those who have lived outside Åland for more than five years lose their right of domicile, although the Åland government can grant exemptions (Law No. 1144/1991, Arts. 6–12). The Finnish government retains authority over foreign affairs, defense, civil and criminal law, the court system, customs, taxation, and immigration (Law No. 1144/1991, Art. 27). Åland scores 3 on institutional depth and 4 on policy scope.

FISCAL AUTONOMY

Aluehallintovirastot, like the former *läänit*, depend entirely on central government funds. *Maakuntien*, *Pääkaupunkiseudun yhteistyövaltuuskunta*, and *Kainuu* have no own income sources; they depend on contributions from member municipalities and/or central state contributions (Council of Europe: Finland 2009, 2011; Law No. 365/1995, Art. 83 and No. 1269/1996, Art. 2; OECD: Finland 2005).

The base for income, corporate, and sales taxes for Åland is set by the central government, but Åland authorities have discretion over the rate of income tax and Åland can also set the base and rate of additional regional taxes it chooses to impose (Law No. 1144/1991, Arts. 18.5 and 27.36).

BORROWING AUTONOMY

Neither the *aluehallintovirastot*, nor the former *läänit*, nor the *maakuntien*, nor the *Pääkaupunkiseudun yhteistyövaltuuskunta* may borrow (Association of Finnish Local and Regional Authorities 2011).⁶ The pilot region of *Kainuu* was also prohibited from borrowing.

The autonomy act allows the government of Åland to borrow without centrally imposed restriction (Law No. 1144/1991, Art. 50).

REPRESENTATION

Aluehallintovirastot, like the former *läänit*, are deconcentrated. The councils of *maakuntien* (*maakuntaliittot*) consist of municipal representatives from the region who elect an executive board (Law No. 365/1995, Arts. 81–82; Sjöblom 2011). The Helsinki Metropolitan Area Council (*Pääkaupunkiseudun yhteistyövaltuuskunta*) had a council with members appointed by the

⁶ In contrast, borrowing by municipalities does not require prior authorization by the central government and is not restricted by central government rules (Council of Europe: Finland 1998; Joumard and Kongsrud 2003).

constituent municipal councils and with a chair annually elected by the council (Council of Europe 1996; HSY 2010; Law No. 1269/1996, Art. 5). Kainuu was the only *maakuntien* with a popularly elected council. The region held its first election in October 2004. The council was established in 2005 and remained in place until 2012 when the constituent municipalities terminated the experiment (Kettunen 2017; OECD 2014: 105).

The Åland *lagting* (parliament) is popularly elected every four years and selects its own government (Law No. 1144/1991, Arts. 13–16).

Shared rule

There is no shared rule for *aluehallintovirastot*, *läänit*, *maakuntien*, or *pääkaupunkiseudun yhteistyövaltuuskunta*. The Åland Islands, however, can tap into extensive power sharing.

LAW MAKING

Åland is a unit of representation in the parliament. The constitution grants it one directly elected representative (*L1*) (C 1999, Art. 25; Law No. 1144/1991, Art. 68). There is no upper chamber. The Finnish parliament is required to obtain an opinion from the Åland government on any act of special importance to the islands, but there is no provision that makes legislation conditional upon its assent (*L5*) (Law No. 1144/1991, Arts. 30–33).

The Åland government also has the right to participate in the preparation of Finnish positions preceding EU negotiations if the matter falls within its powers or has special significance for Åland (Hepburn 2014; Law No. 1144/1991, Art. 59a). The Åland parliament must give its consent to international treaties in areas under its competence, and Åland has a representative in the permanent representation of Finland to the EU (Law No. 1144/1991, Arts. 59 and 59a; Lidström 2001b; Scarpulla 2002; Suksi 2016).

EXECUTIVE CONTROL

Financial and taxation matters, as well as some sensitive issues (such as shipping around the islands), are subject to binding negotiation in the Åland Delegation, a joint organ with equal representation from the Åland parliament and the Finnish government (Hepburn 2014; Law No. 1144/1991, Art. 56). However, on most matters the constitution stipulates consultation only, so Åland score 1 on executive control.^β

FISCAL CONTROL

The distribution of the Åland share of income, corporate, and sales taxes is subject to binding negotiation through the Åland Delegation, and this provides the islands with a veto on the distribution of tax revenues affecting the region (Law No. 1144/1991, Art. 56).

BORROWING CONTROL

Åland has full control over borrowing, but does not have borrowing control.

CONSTITUTIONAL REFORM

Åland shares control over its constitutional fate with the Finnish parliament. The revision of the act on the autonomy of Åland requires a two-thirds majority both in the Finnish and in the Åland parliaments (Law No. 1144/ 1991, Art. 69; McRae 1997; Rezvani 2014; Rotkirch 1986; Suksi 2016).

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Self-rule in Finland

| | | | Institutional depth | Policy scope | Fiscal autonomy | Borrowing autonomy | Representation | | Self-rule |
|---|----------|-----------|------------------------|-----------------|--------------------|-----------------------|----------------|-----------|-----------|
| | | | | | | | Assembly | Executive | |
| Läänit | I | 1950-2009 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Aluehallintovirastot | I | 2010-2018 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Maakunnat | II | 1993-2018 | 2 | 1 | 0 | 0 | 1 | 2 | 6 |
| Kainuu | II | 2005-2012 | 2 | 1 | 0 | 0 | 2 | 2 | 7 |
| Pääkaupunkiseudun yhteistyövaltuuskunta | II | 1974-1992 | 2 | 1 | 0 | 0 | 1 | 2 | 6 |
| | II → III | 1993-2009 | 2 | 1 | 0 | 0 | 1 | 2 | 6 |
| Åland | I | 1950-2018 | 3 | 4 | 3 | 3 | 2 | 2 | 17 |

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Shared rule in Finland

| | | Law making | | | | | | Executive control | | Fiscal control | | Borrowing control | | Constitutional reform | | Shared rule | |
|---|-----------|------------|----|----|----|-----|----|-------------------|---|----------------|---|-------------------|---|-----------------------|---|-------------|----------|
| | | L1 | L2 | L3 | L4 | L5 | L6 | M | B | M | B | M | B | M | B | | |
| Läänit | 1950-2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aluehallintovirastot | 2010-2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maakunnat | 1993-2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kainuu | 2005-2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pääkaupunkiseudun yhteistyövaltuuskunta | 1974-2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Åland | 1950-2018 | 0.5 | 0 | 0 | 0 | 0.5 | 0 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | 4 | 8 | |

National legislature has: L1 = regional representation; L2 = regional government representation; L3 = majority regional representation; L4 = extensive authority; L5 = bilateral regional consultation; L6 = veto for individual region. Total for shared rule includes the highest score of either multilateral (M) or bilateral (B).

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