

Structural reforms, wicked problems and news-avoiders. Challenges facing local democracy in the Nordic countries.

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Siv Sandberg, Åbo Akademi University

siv.sandberg@abo.fi

Introduction

Questions to be addressed at the Democracy Summit in Stockholm:

1. What, in your view, are likely to be the biggest challenges facing democracy in the next five to ten years?
2. What impact do you think these challenges will have on local government and local democracy?

This paper addresses the challenges facing local government and local democracy specifically in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). Although local democracies all over the world share many common features, and are challenged by similar circumstances, it is necessary to narrow the scope of analysis in order to avoid the catchword trap so often associated with texts including words like “future” and “democracy”. For the same reason, the story told in this paper is one of several minor, interconnected factors challenging local democracy, rather than distinct big events or circumstances. Democracy is a complex phenomenon. The focus in this paper is on challenges facing local representative democracy.

Local democracy depends on two kinds of legitimacy: legitimacy from above and legitimacy from below. Local government is part of the national political system and thus dependent on changes in the rules of the political system. On the other hand, local government and local democracy depends on the local citizens, their lives, attitudes and behavior. This paper addresses some of the institutional and behavioral changes affecting Nordic local government on three symbolic arenas: *the national scene*, *the town hall* and *the market square*. The section “*The national scene*” analyses the changing interdependencies between different levels of the political system and how this affects the scope of local democracy. In the section “*The town hall*”, I discuss challenges for local political

decision-making. The final section, “*The market square*” penetrates the preconditions for local citizenship in a world with seemingly endless possibilities of communication and commitment.

The National Scene: Structural reform

1. Present reforms challenge the role of Nordic local authorities as corner stones in the welfare state
2. The legitimacy basis of local government – the welfare commune - has to be renegotiated if responsibilities for services like schools, social services and health care are gradually transferred to national authorities and/or the market

Comparative studies describe the Nordic countries as decentralized unitary states. Nordic local government is marked by a built-in tension between national standards and local discretion. The basic elements of the traditional Nordic model of local government can be summed up in a few words. The system is *unitary*, which means that all local authorities in the respective countries have identical rights and duties (taxation, representation, duties). Local government consists of *generalist* authorities with a broad portfolio of statutory and voluntary responsibilities. The financial system includes elements of considerable local *discretion*, as well as an element of *solidarity* between richer and poorer municipalities. Local decision-making is *collective*, based on political parties and multi-member bodies. Finally, central-local relations are *elastic*. The distribution of responsibilities and finances between central and local government are subjects for constant re-negotiation.

Reforms during the past ten years have challenged some of the building blocks of the model. Even if the position of local government in the Nordic countries is still robust, a number of reforms initiated during the last 10–15 years have relocated some of the elements in the Nordic model of local government. Signs of centralization may be observed in all the Nordic countries.

Overall, national reforms are driven by a growing concern for differences in service standards and outcome between municipalities and regional authorities, disregarding whether the source of variation is different preconditions or different political priorities. The focus in the legislation has gradually shifted from government duties to individual rights. Demographical realities – urbanization, unfavorable demographical structures in small municipalities – challenge unitary–generalist Nordic local government. A *de facto* asymmetry is emerging at least in Finland and Norway (and maybe

Sweden). Even if all municipalities have identical responsibilities, the policy scope of the smallest municipalities is shrinking, whereas the task portfolio and responsibilities of large cities is growing.

National policies toward structural reform are driven by two sets of arguments. All Nordic governments stress the importance of citizen rights and equal access to public services. In addition, financial arguments drive public sector reform in Finland and Denmark. During the last ten years, the Nordic countries have adapted varying reform profiles. The main traits in the reforms are *larger local authorities* (Denmark, Finland and Norway), *redistribution of responsibilities* (Denmark, Finland, Norway probably Sweden) and *introduction of market-like solutions*. The reforms challenge different dimensions of local democracy (see figure 1 below). Democracy is a complex phenomenon with many potential trade-offs. Reforms may affect the discretion of local politics (self-government, representative democracy) in a harmful way, but may on the other hand strengthen the position of individual citizens (equality, freedom of choice, new channels of voice, exit and loyalty).

Larger local authorities. Denmark implemented a large scale amalgamation reform in 2007, reducing the number of local authorities from 271 to 98. Finland has implemented gradual voluntary amalgamation reforms from 2005 on, reducing the number of local authorities by approximately 100, the number of municipalities now being 320. The Norwegian government launched an amalgamation reform in late 2013. Amalgamation reforms aim at strengthening the system capacity of local government and the policy scope of local decision-making. According to evaluations of the recent Danish and Finnish reforms, amalgamations change the relationship between citizens and local government. There are signs of weakened political efficacy in amalgamated municipalities, which indicates that citizen participation should be taken seriously – and probably needs other channels – when local authorities grow larger.

Redistribution of responsibilities. A number of reforms have transferred responsibilities away from local and regional government to centrally governed or financed bodies. The most prominent examples of this trend are the hospital reforms in Norway 2002 and Denmark 2007. In Finland, a reform of social and health care administration is likely to transfer responsibilities for health care and social services from 320 local authorities to 5 large social and health care districts, dramatically changing the role of local authorities in the Finnish system. In Sweden, some political parties advocate the re-nationalization of schools and hospitals. The effects on local democracy are unclear. The task portfolios of local authorities have varied over time. Redistribution of responsibilities can be seen both as a relief (more room for real local politics) and a problem (narrows the scope of local politics). The legitimacy of Nordic local and regional government is, however, intimately connected with the role of local authorities as service producers. A development dismantling the local

authorities of their responsibilities for schools and health care urges for reassessment of the basis of local self-government.

Introduction of market-like solutions. This trend has been most prominent in Sweden, where customer choice has been a central element of the school and health care systems since the 1990's, but is gradually paving its way into the other Nordic countries as well. Market-like solutions strengthen the exit-channels of the political system. Simultaneously, they affect the focus of local politics, moving the emphasis from decisions concerning service contents to general strategic principles.

	Consequences for the local political system	Consequences for citizens
<i>Larger local authorities</i>	Strengthens system capacity of local government	Changes relationship between citizens and local government Signs of weakened political efficacy in amalgamated municipalities
<i>Redistribution of responsibilities between levels of government</i>	Unclear Legitimacy of local/regional government strongly tied to service outcomes	Role shift from citizen (voter/taxpayer) to consumer Accountability
<i>Use of market-like solutions</i>	Affects the scope of local policies	Strengthens exit-dimension of citizenship

Figure 1: Changes in the position of local government in the Nordic countries. Potential consequences for local democracy.

The Town Hall: Wicked problems

1. Local government has to face the discontent and needs of its citizens, disregarding the source of the problem (local, national, global). Local government is often faced by hard and unpopular decisions.
2. The cohesion of the Nordic model of local government is challenged by increasingly different preconditions for local democracy in different part of the country.

An increasingly interdependent world challenges the problem-solving capacity of the political system at all levels. Both national and local decision-makers seem toothless facing wicked problems like financial crisis, unemployment, environmental pollution and refugee problems. The limited problem-

solving capacity in combination by the impression that the political system is introvert harms the legitimacy of representative government. Furthermore, the political institutions are better suited for times of growing public finances than for times of retrenchment.

Local decision-makers have to confront the discontent and needs of the local citizens, even though the source of the acute problem is the new policy of a global company or a civil war on another continent (Loughlin, Hendriks & Lidström 2011).

In his thought provoking book “If mayors ruled the world”, the political theorist Benjamin R. Barber claims that the future of (Western) democracy is in local government, namely big cities. Where national governments fall short due to internal and external reasons – partisan conflicts, bureaucratization as well as the pitfalls of national sovereignty in a globalized world – the pragmatism of local government is, according to Barber, the key to problem-solving. Pragmatic and interdependent, big cities have the potential of counterbalancing the deficiencies of national representative democracy (Barber 2013).

In the Nordic countries, local government has traditionally played a fundamental role in implementing national political ambitions. It is fair to claim that local issues to a large extent influence the national political agenda. It is hard to imagine a parliamentary election campaign in Denmark, Norway, Sweden and Finland without discussions about social security or education, that is, local issues. Many of the assets of local democracy Barber refers to are inherent parts of the Nordic welfare model, for example the equality of access to cultural facilities, or the efficiency of basic infrastructure like water supply and waste management.

Even if the observation of the pragmatism of local government is true, local decision-making has become increasingly bureaucratic and technocratic. According to recent Finnish and Swedish studies, trust in local politicians is lower than trust in national politicians, even though trust in the outcomes of subnational government (health care, education) is on a high level (Kunnallisalan kehittämissäätiö 2014), SOM-undersökningen 2013). Local politicians lack the halo surrounding presidents and prime ministers.

Barber’s big city perspective, on the other hand, is both interesting and problematic from a Nordic point of view. The Nordic system of local government is unitary, which means that all local authorities, disregarding size, have identical responsibilities. Furthermore, it includes an element of solidarity between rich and poor municipalities. The cohesion of the system is, however, challenged by the fact that a growing share of the Nordic population lives in the largest cities. An important

future challenge is to better recognize the different preconditions for local democracy in urban areas and small municipalities, still maintaining adequate national cohesion.

Running local government in Stockholm (900 000 inhabitants) is partly easier, partly much more complex than running local government in Sottunga, a small island municipality with 100 inhabitants in the Åland islands. Small local democracies in sparsely populated areas still can rely on many the traditional vices of local government – propinquity, commitment and identity. On the other hand, small local authorities are often vulnerable to changes in national policies and have recourse to only a small repertoire of policy tools.

Large cities enjoy a multitude of assets and a broader repertoire of alternatives, but also face larger risks. The scale of problems and possibilities is wider than in small towns and rural communities. The myriad of possible interactions in urban regions fosters creativity and innovation. Simultaneously, citizens are more anonymous to the decision-makers and vice versa, which needs more sophisticated techniques for involving the citizens in local affairs.

The Market Square: Audience democracy, news-avoiding behavior and the complexity of local government

1. In the new mediatized political landscape, local government stands out as complicated.
2. Changes in the access to and consumption of news media include risks of even skewer interaction between the citizens and local government.

The French political scientist Bernard Manin describes present day western democracies as *audience democracies*. The audience democracy is characterized by more personalized linkages between the voters and their representatives and by an increasingly important role for media in the political process. Only few citizens are active subjects in the political process, for example party members. The majority of the citizens are spectators of the political game and consumers of its outcome. Personalization of politics refers to a process stressing the role of individual politicians (prime ministers, party leaders, presidents, mayors) rather than collectives like parties, parliaments and cabinets (Karvonen 2010, 5).

Given the central role of media in the political process, the dynamics of the media landscape and the media consumption of individual citizens, affect the preconditions of local democracy. Democracy depends on active and educated citizens. Beside the school system, news media are important

channels for civic education and engagement. On the other hand, local media are there to scrutinize local politics and are thereby play an important role in the process of holding local politicians accountable.

In the Nordic countries, news media consumption has been high and stable. Subscribed morning papers, often local, together with public service radio and television, have provided important preconditions for the democratic dialogue (Strömbäck et al 2013). Local newspapers are important mediators of local identity across social cleavages. Inhabitants in municipalities lacking own news media, for example local authorities in the outskirts of metropolitan areas, have dramatically poorer access to information about local affairs. This may in the long run affect the political efficacy of citizens and the accountability of local government (Nygren 2005).

The media landscape is undergoing dramatic changes. While the total number of available news and communication channels is exploding, traditional local media face a severe crisis. Most printed newspapers have experienced a drastic decline in the number of copies and some media, both daily papers and local TV-channels, have even been discontinued. Media consumption is becoming increasingly segregated between news-seekers and news-avoiders. Political interest predicts media consumption to a larger extent than it did before. Those interested in politics and social affairs find even more channels of information and interaction than before, those not interested in politics pick news about, for example, sports or celebrities instead (Strömbäck et al 2013).

Audience democracy, personalization of politics and the new media landscape challenge the way local politics and local democracy works:

1. *Local politics is complicated!* Especially in larger local authorities, the communication between the voters and the local politicians depends on media coverage. The simplification and personalization of audience democracy does not suit local democracy especially well. Local democracy is complicated. The conflict lines are seldom clear and the political leadership is collective, even if mayors and chairmen to an increasing extent personify local politics. There is obviously a link between how understandable the rules of the political game are and how much interest people take in politics.

One illustration to this phenomenon comes from Finland. Turnout in local elections is much lower (58 % in the local elections 2012) than in parliamentary (71 % 2011) and presidential elections (73 % 2012). While citizens are attracted by the simple game plan in the presidential elections – a race between two candidates in the final round – local elections are complicated. A voter in the 2012 local elections in the Finnish capital Helsinki, on the other

hand, faced the challenge of picking one of the 1 064 individual candidates representing 16 different parties or groups. Preferential voting (voting for a specific candidate) is compulsory in Finland.

2. The increasingly individual and decreasingly local media consumption (figure 2) has potential long-term effects on local citizenship and the foundations of local democracy. News-avoiding behavior in combination with discontinuation of local newspapers and broadcasting channels may create situations of voluntary segmentation and media shadow. In the first case, people voluntarily opt out of news concerning local affairs, in the second case there is no or poor media coverage of local politics and local government affairs. Local government can easily correct the information bias resulting from a thinner local media structure through social media and newsletters, but the accountability bias resulting from the lack of objective coverage of local politics is harder to cure. News-seeking behavior is benign for the democratic dialogue, but if news-seekers to an increasing extent are those already actively interested in politics and local government affairs, it may skew the attention of the political system.

		Media consumption (individuals)	
		News-avoiding	News-seeking
Local media structure	Thin	Media segregation	Media shadow
	Thick	Voluntary segmentation	Active citizens (potential bias in citizen participation and political attention)

Figure 2: Changes in local media structure and the media consumption of individuals

Summary

1. The present national political agendas in the Nordic countries disapprove of self-governmental solutions.

2. The legitimacy of local government is strongly tied to welfare services like education and health care. If the responsibility for welfare state services is nationalized or privatized, the *raison d'être* of Nordic local government may have to be re-negotiated.
3. The possibilities of problem-solving through political decision-making are restricted in all parliamentary democracies.
4. Local government will face the discontent and needs of the local citizens, disregarding the source of the problem (local, national, global). Local government is often faced by hard and unpopular decisions.
5. Cities are becoming increasingly important actor on the global democratic scene.
6. The cohesion of the Nordic model of local government is challenged by increasingly different preconditions for local democracy in different part of the country.
7. The personalization of politics and the individualization of citizen activities challenge interaction between citizens and local government.
8. In the new mediatized political landscape, local government stands out as complicated.
9. Changes in the access to and consumption of news media include risks of even skewer interaction between the citizens and local government.

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