Nordic local government: a success story, but will it last?

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Abstract

Purpose – The Nordic narrative on local government highlights municipalities' role in social consumption, a model, which is often considered a success story. The purpose of this paper is to apply Gerry Stoker's (2011) theory on local government roles in society to critically analyse the sustainability of the Nordic model.

Design/methodology/approach – Drawing on literature review, documents and statistics of Nordic public authorities', the author formulates exploratory theoretical propositions on the sustainability of the Nordic model of local government.

Findings – The emphasis placed on welfare task has made Nordic local government overloaded and vulnerable to central government intervention and reforms, resulting in a cumulative process towards an ever narrowing conception of local government.

Research limitations/implications – The research results are exploratory. Comparative empirical research is needed to verify the idea.

Social implications – The legitimacy of Nordic local government may be challenged because of municipalities’ weakening possibilities to discharge their welfare role in a manner that would satisfy citizens’ growing needs.

Originality/value – The paper is a critical analyses of the sustainability of local government system in Nordic countries. It discusses the possible negative consequences of the overemphasis of the welfare role of local government.

Keywords Local government, Decentralization, Local government reform, Amalgamations, Nordic model

Paper type Research paper

Introduction: local government as a success factor of Nordic societies

In this paper I review the strong degree of local democracy, the local government system as a central element of the "Nordic model". I will use Stoker’s (2011) theory on local government roles in society to critically analyse whether the system will work effectively also in the long run.

The Nordic model is often considered a success story. As The Economist (2013) wrote in its wide special report, the Nordic countries place near the top “on any measure of the health of a society – from economic indicators like productivity and innovation to social ones like inequality and crime”. And indeed, Danish, Finnish, Norwegian and Swedish societies rank amongst the top countries in many international surveys, when it comes to low levels of corruption, high levels of trust and government effectiveness (see Eurobarometer by European Commission, 2012; Government at Glance by OECD, 2013; Corruptions Perceptions Index 2013 by Transparency International, 2013; Worldwide Governance Indicators of the World Bank, 2011).

Social democratic welfare state, willingness to distribute income and social security are often handled as explaining factors of the Nordic model. But they are – after all – characteristics typical to also many other countries than the Nordic ones. What is unique is local government, which has traditionally played a strong role in the Nordic countries and is probably an important factor explaining the Nordic countries' accomplishments in many areas of social and economic development. In this Nordic
model, which Rose and Ståhlberg (2005, p. 83) called “the local welfare state” and Baldersheim and Rose (2011, p. 297) “the welfare municipality”, most of the political decision-making and service-provision is done by local government, which is the cornerstone of Nordic societies[1].

The paper will start with the role of welfare as a determinant of Nordic local government and connect two ideas central to all local government systems: the societal roles and the legitimacy of local government. Then, some key features of the Nordic model are described, particularly those related to the prevailing culture of decentralization and trust. Thereafter I analyse two interrelated issues, which have been typical of the local government systems in the Nordic countries for about 50 years now; namely, overload due to continuous increasing of welfare functions, and the sensitivity to reform, which has many positive but perhaps also some negative connotations. At the end of the paper, I develop the idea that in spite of the many strengths and the apparently good prevailing situation of the Nordic local government model, there are dark clouds looming for the future of the model.

Framework of analysis: local government roles and legitimacy
A key issue for every societal system is mission: what is the purpose for which it exists? What are the main tasks of the system? What role does it play? Who are the people and groups that the system serves when carrying out these tasks?

In 2011, Gerry Stoker (2011) presented a new analysis of local government roles in society. There are several theoretical approaches to the right role and tasks of local government in society (see e.g. Tiebout, 1956; Maas, 1959; Ostrom et al., 1961; Marshall, 1965; Sharpe, 1970), public choice theory as one of the most commonly used. But what is specific in Stoker’s theory, is that it provides a new perspective, and gives tools – not only for comparison of different features of local government systems – but also for assessing their viability.

In his typology, Stoker divides local government tasks into four types: expression of identity, social investment (economic development, industrial policy), social consumption (welfare tasks) and post-material aspects (community coordinator). The four functions each connect to a social base, but that connection can have both a benign and more controlling face. Because of societal and economic changes, each task type is also threatened in some way. The strongest democracies are those in which municipalities have a number of different functions. Failure in one or two roles does not necessarily demolish the entire system of government.

The most important functions of a system define the expected outputs and therefore contribute to the output legitimacy of the system (see Connelly, 2011). Legitimacy and how the system is able to remain legitimate amongst the inhabitants and stakeholders is indeed another vital issue for every public institution. The core of legitimacy lies in the ability to make the work of public institutions natural and desirable and to give meaning to that work. The more legitimacy an institution has, the less time and power it usually needs to consume to get things done. The key advantage of legitimacy is reflected in its ability to reduce the transaction costs associated with negotiation, persuasion, monitoring and control (Suchman, 1995, p. 576).

Legitimacy is usually divided into input legitimacy and output legitimacy (e.g. Scharpf, 1997, 1999). The input side is associated with the traditional representative democracy, the most important factor being how the authority has been elected, whether the election was democratic and whether various parties have been given the opportunity to participate in the election. Another factor is decision making: the people
who make decisions, their overall reliability and whether decision making is guided by the right standards and processes are important from the perspective of input legitimacy. However, in post-modern societies, institutions and authorities are increasingly valued for their outcome, stressing the superiority of output legitimacy. Governments at national or local level no longer enjoy the same special status they had above others for a few decades; they now have to earn appreciation through their outputs.

The role of welfare as a determinant of local government

The Nordic countries often form a distinct cluster in European comparisons (see e.g. Page and Goldsmith, 1987; Lidström, 1998; Rose and Ståhlberg, 2005; Sellers and Lidström, 2007). If the Nordic municipalities are compared to the different traditions and models that exist globally, they indeed look very similar. Heavy service responsibilities, relatively broad autonomy and collective rather than individual decision-making traditions are typical of the Nordic municipalities (e.g. Norton, 1994; Lidström, 2003). The relationship between local government and state administration is the same and the countries borrow many ideas from each other when it comes to new experiments and local government reforms. A distinctive feature of local decision making and policies is related to the consensual nature of all the Nordic states. There is a strong tradition of consensus-seeking between different interests and avoidance of open conflict.

Certainly, there are also significant variations within the cluster of the Nordic countries, starting from the general culture-embedded attitude towards governance and politics (for this divergence, see Airaksinen et al., 2014). Some of the main institutional differences between the four countries can be found in the multilevel structure of the sub-national government: Finland has a two-tier structure with municipalities solving many regional tasks in cooperation. The other countries have three tiers, a local, a regional level and national level (Table I). There are also some differences in the responsibilities and strategic options of local governments in relation to other levels, hospital care being the main example (Magnussen et al., 2010).

Local governments in the Nordic countries handle many societal functions. Municipalities have a comprehensive mandate and an extensive responsibility for different policy areas relating to the welfare of their citizens. Local government has

<table>
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<tr>
<th></th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
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<tbody>
<tr>
<td>Number of municipalities</td>
<td>98</td>
<td>317</td>
<td>428</td>
<td>290</td>
</tr>
<tr>
<td>Population, millions</td>
<td>5.7</td>
<td>5.5</td>
<td>5.1</td>
<td>9.7</td>
</tr>
<tr>
<td>Surface area 1,000 km²</td>
<td>43</td>
<td>338</td>
<td>324</td>
<td>450</td>
</tr>
<tr>
<td>Second sub-national level</td>
<td>5 regions (&quot;region&quot;)</td>
<td>joint municipal authorities (&quot;kuntayhtymä&quot;)</td>
<td>19 county councils (&quot;fylken&quot;)</td>
<td>18 county councils (&quot;landsting&quot;) + 2 regions</td>
</tr>
<tr>
<td>Median size of municipality</td>
<td>43,000</td>
<td>5,900</td>
<td>4,500</td>
<td>15,500</td>
</tr>
<tr>
<td>Proportion of municipalities with less than 5,000 inhabitants</td>
<td>3</td>
<td>45</td>
<td>57</td>
<td>3</td>
</tr>
<tr>
<td>Hospital care regions</td>
<td>joint municipal authorities</td>
<td>state</td>
<td>county councils</td>
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Table I.
Some basic figures on local government systems in the Nordic countries

Source: Official web sites of the Nordic Government, 2015
traditionally served as the basis of identity and democracy. Many larger cities as well as smaller municipalities have made considerable contributions to local economic development through a variety of different strategies and practices. Municipalities also play a role in community governance, although this role has not been as noticeable as the other three functions of Stoker’s local government typology.

But from the point of view of the typology, it is noteworthy that the welfare function is emphasized over the other roles in all of the Nordic countries. What best distinguishes the Nordic countries from other decentralized systems is the focus on the political governance of welfare through locally elected political bodies. All of the Nordic countries have developed wide-ranging welfare systems that share several structural and institutional similarities and are essentially based on local government. Municipalities and counties provide a wide range of services to their citizens. The tasks include primary education, child care and preschool, care for the elderly, and many others. The sub-national public sector represents 20-25 per cent of GDP in the Nordic countries, making them the largest and most decentralized public sector in the world. Moreover, welfare services account for a consistently higher share of GNP than the average for other European countries. Income tax is the major source of revenue, along with a comprehensive central government grant system.

Extensive municipal autonomy has been seen as a typical Nordic characteristic. Indeed, this is true if we look at such factors as planning monopoly or general jurisdiction, which mean that municipalities have wide powers to take decisions on matters concerning their own territory. On the other hand, accentuating the importance of local government autonomy reveals only part of the reality, where municipalities make policy, provide services and develop their livelihood. We can get a better picture of Nordic local government if we consider it as being autonomous on the one hand and an integrated part of the state administration on the other (Dente and Kjellberg, 1988; Sellers and Lidström, 2007). The Nordic welfare state model has been implemented in close cooperation between state and local government.

In the Nordic model, the relationship between central and local government looks complex and sensitive to conflicts. A basic objective of the welfare state is to ensure equality and the standardization of welfare services across the country, whereas local autonomy supports local variety and policy diversity. But in some strange way, in the Nordic countries this relation has proved to be to a workable and even successful solution – at least up to the present. By analysing infrastructures of local governments, Sellers and Lidström (2007) show how the Nordic welfare states stand apart, having the combination of the most decentralized governance systems in the advanced industrialized world and the most universalistic and egalitarian welfare systems.

But why has such a system of local government emerged in the Nordic countries? The Nordic model of local government is deeply rooted in the region’s history, culture and difficult geography. The welfare municipality’s evolution in the Nordic countries has many similar features, and some current characteristics of the system can be understood as part of this (common) history that led to the development of similar institutions. The Nordic countries share common traditions and norms, and the language barriers are low.

One important consideration from the point of view of the formation of local government institutions is the Nordic history of a common free peasant society, which created the conditions for the further development of the autonomous municipalities, with emphasis on the welfare function and a tradition of collective leadership. Unlike peasants in Continental Europe, peasants in the Nordic countries have always been
relatively free and independent. Feudalism – and one of its central institutions, serfdom – never gained a foothold in Finland, Sweden or Norway. Thus, at the beginning of the 1600s, peasants in Sweden received the right to participate in the parliament, an event which met with great amazement throughout Europe (Ylikangas, 1990, p. 8). At the same time, local self-government was already practiced in parish meetings, which were collectively responsible for the poor and the sick, oversaw the ways of the people concerned and even taught reading (Lokal demokrati – möglighet eller hot, 1995; Wetterberg, 2004).

What is perhaps more important from the point of view of developing local government institutions, is the idea of delegating functions to collective bodies rather than to single public servants. Peasant collectives were ordered to take responsibility for their community and economy and they had to reach consensus in order to make decisions – which strengthened the culture of collective decision making and consensual policy (Wetterberg, 2004, p. 21). This tradition for broad negotiations, cross-block alliances and compromises is nowadays an important element of the political and administrative culture of the Nordic countries, where pragmatism often trumps ideological differences.

This historical feature also created the basis for low barriers between local governments and civil society. Although the third sector voluntary sector is small when measured by the number of people employed, it is comparatively large when voluntary work is considered. In a comparison of citizens’ activity in the third sector across Europe, Sweden, Norway and Denmark occupied the three first rankings and Finland ranked sixth (Norwegian Social Science Data Services, 2004). Selle and Tranvik (2004) highlight the strength of social movements and present the culture of participation as a possible explanation for this combination of an active welfare state and a strong civil society.

In addition to the common historical development related to the free peasant society, two additional notions may help to understand the development and reforms of local government systems in Nordic countries, namely the German influence and close mutual cooperation within the Nordic area. Until the end of the Second World War, the German influence was more important than Anglo-American thinking in the Nordic countries (Niemi-Iilahti, 1992, p. 105). This meant, among other things, that Weberian bureaucracy became an important part of the public sector’s administrative culture and is still reflected for instance in the well-defined division of work between authorities, specialization, and the sharp division between the private and public spheres. The close Nordic cooperation, on the other hand, can be seen in many formal and informal practices. For example, Nordic ministers for municipal affairs and representatives of their ministries convene every year to discuss topical reforms in the field. This cooperation has led to the extensive borrowing of ideas from each other.

**Overload and sensitivity to reform as central development**

During the last few decades, the welfare task has been accentuated further at the expense of other functions. In this respect the state and municipalities have advocated a similar policy; the state has consequently delegated new tasks and responsibilities to municipalities and local governments have usually welcomed them because they have been seen to increase local authorities’ weight and influence in society. Nowadays, however, it appears more and more that this has been a double-edged sword, even a serious mistake from the point of view of local government, for two reasons. First, the ever-growing welfare task has become a burden to municipalities in the context of
growing needs and shrinking state grants. Second, the growing welfare role has made local government vulnerable to state interventions.

In its country report “Local and regional democracy in Sweden” (Council of Europe, the Congress of Local and Regional Authorities, 2005, recommendation 163), the Council of Europe criticized Sweden of increased central government intervention and especially the impacts of “rights” legislation. The Council of Europe questioned, whether the local government tasks and responsibilities decided by the state, but administered by the local authorities, are in accordance with the “funding principle”, which states that local authorities should receive adequate financial resources to carry out tasks which are required of them by the central authorities.

In Finland, the Ministry of Finance, Finland (2013) surveyed the tasks assigned to local government by legislation and the obligations relating to these tasks (Figure 1). The survey encompassed the number of local government tasks, statutory obligations, the content of tasks and services and the statutory obligations with regard to how tasks are implemented. The result – that is, the number and scale of statutory functions – was a surprise even to the civil servants who compiled the report. The number and scale of statutory local government functions had increased dramatically having doubled (from 265 to 535) in 20 years at the same time as state grants to municipalities had been halved. Similarly, municipalities now have 947 statutory obligations concerning how these tasks should be implemented. An interesting curiosity is that four months after the report was published, the number of statutory functions was increased by 30 new tasks.

In Finland, Sweden and Denmark, financial problems dominate the current discussion on the state and development of municipalities. While local citizens’ expectations of local government are increasing, the resources available for meeting them are becoming more limited. In consequence of the heavy responsibilities in welfare service provision, overload is a familiar concept in all of the Nordic countries, but Denmark, Finland, Norway and Sweden differ in both the amount and the type of pressure for new strategies in policy development. Finland faces perhaps the most severe situation because of the great number of small-sized local governments, heavy responsibilities and the most unfavourable age structure, whereas in Norway, despite the similar number and size of local governments, the pressures for change have been

Figure 1.
Tasks assigned to local government by legislation in Finland, years 1930-2012

Source: Ministry of Finance, Finland 2013
more modest thanks to the stable oil-driven economy. But balancing local government finances is a central objective in all of the Nordic countries. Effort is made to achieve balance both by increasing productivity and by cuttings costs.

Some specific trends in the Nordic societies may further increase the overload and highlight the social consumption role of municipalities. The population is ageing. In the Nordic countries, the population older than 65 years makes up 29 per cent of the population. In 2030, the figure will reach 42 per cent. Further, according to the population projection for the Nordic countries as a whole, in 2040 the share of population above the age of 80 will reach approximately 8 per cent, as compared against the current 4-5 per cent (Nordic Statistical Yearbook 2011, p. 37). Not only does the growing share of old people imply that the demand for health care services will accelerate, it also affects the types of services that will be required. Similarly, lifestyle changes introduce new health care challenges.

Citizens’ expectations of local government have risen and scientific and technological progress has yielded more possibilities for responding to citizens’ problems, whether related to illness or some other sector of life. Rapid technological and pharmaceutical developments in health care mean the use of more expensive equipment or medications and expansion of the treatment market (Magnussen et al., 2010, pp. 5-6; Willberg and Valtonen, 2007).

The other problem is the sensitivity of the welfare municipality model to reform. When the state assigns new functions to municipalities, it seeks to extend control over both these tasks and the entire municipal sector. The Nordic model has meant substantial growth in local government activities, making local authorities major players in public policies, but it has also resulted in central authorities’ regulation, control and reforms. Using comparative data on amalgamations from 17 countries, Camões and Tavares (2008) showed how there is a clear difference in sensitivity to reform between some state traditions and how the Scandinavian tradition particularly encouraged structural reforms. Blom-Hansen and Heeager (2011, p. 232) write about the same phenomenon in Denmark while on the basis of Norwegian data Hansen and Klausen (2002) concluded that the stronger local authorities become as service-providers, the more vulnerable they are to political interventions by the central government.

At worst, increasing overload and sensitivity to reform together can create a cumulative process that leads to the weakening of local government legitimacy, when local government becomes increasingly dependent on success in welfare role, and meeting citizens’ ever-growing welfare needs. This threat is addressed in the next few pages.

Structural reforms and New Public Management (NPM) have inspired Nordic municipalities more than local government in central Europe or countries with the Napoleonic tradition of public administration, which have shown considerable resistance to the ideas of NPM. This phenomenon can certainly be explained by many factors, starting from the general cultural tradition of administration and ending with the role of politicians and civil servants as agents of change. The strong role of social consumption in municipalities’ function may, however, be the most reliable explanatory factor, since municipalities that act as service organizations provide a better breeding ground for reform thinking than other local government contexts. Because of municipalities’ important role in service provision, issues pertaining to the size, structure and management techniques of local government have been more important in the Nordic countries than in many other European countries. The problems in
welfare services have been answered either by introducing structural reforms and increasing the size of municipalities or by adopting new management practices.

Although the issue is as politically hot as elsewhere, and despite the fact that attempts have often been made to paper over the issue, the question of municipal structure and the appropriate size of municipalities has been a continuing concern. The arguments for amalgamations have been fairly similar and have changed only slightly over the course of time (Haveri and Laamanen, 2006). One main driver has been the prospect of reduced costs and increased efficiency. Small-sized local authorities often have limited financial resources and limited professional expertise for responding to the challenges of modern society and providing services for citizens. For example, the Danish structural reform of 2007 was strongly grounded in the idea that preservation and strengthening of the decentralized service system made it necessary for local governments to be amalgamated into bigger units. “Larger municipalities can provide the basis for improved task solution where more welfare tasks are solved locally and democracy will be strengthened as more political decisions are made locally” (Agreement on a Structural Reform, 2006).

The first large-scale territorial reforms were implemented in all of the Nordic countries between the 1950s and the early 1970s, in the context of the expanding social welfare state. These reforms were driven by an idea typical of that period, which was to “modernize” the small-sized municipalities and make them administratively better able to take care of their expanding welfare tasks. Norway, Sweden and Denmark implemented extensive territorial reforms between 1960 and 1970 and Finland more cautiously in the early 1970s. In the light of demographic changes and fiscal pressures, the issue again became topical during the first decade of the 2000s. Denmark implemented large-scale local government reform in 2007. In 2005, the Government of Finland started an ambitious project to restructure municipalities and services, leading to a considerable number of amalgamations and the establishment of new inter-municipal cooperatives for social and health care. This, however, was not enough for the new government which took office in 2011, which has presented an even more ambitious plan for decreasing the number of municipalities. Also in Norway, there is currently a heated debate on amalgamations going on.

In addition to the attraction to structural reforms, Nordic local governments have, to a significant extent, sought to apply new management and organization techniques, especially NPM tools, in trying to reform their services.

Of all non-Anglo-Saxon countries, Finland is perhaps the country that has adopted the NPM ideas the most eagerly and comprehensively. NPM themes – such as the lightening of bureaucracy, the empowerment of market mechanisms, the reduction of regulation and the shift from input budgeting to a stronger focus on results – were the main means adopted during the Finnish reforms of the 1990s (Haveri, 2002). In Sweden, NPM has been the thinking underpinning several national and local reform processes aiming at the use of market mechanisms in public welfare service provision (Wollmann, 2004). Denmark and Norway have not been as keen NPM reformers, and NPM-type orientations, such as market orientation, are clearly more visible in Finnish and Swedish municipalities than in their Danish or Norwegian counterparts (Baldersheim, 2003, pp. 34-35). Norway has been a less eager reformer mainly because of low environmental pressure for reform, an incompatible cultural tradition and political turbulence caused by a series of minority governments, which has made it difficult to implement NPM reforms (Christensen and Lægreid, 2001; Olsen and Peters, 1996). However, all of the Nordic countries have implemented NPM-oriented reforms of health
care systems, the key focus areas being the changing roles of patients and fiscal efficiency areas (Magnussen et al., 2010, p. 5).

Essential promises of the NPM agenda concern the provision of increased choice for the users of local government services and the opening up of service provision to competition through user choices, the aim being to increase efficiency in service provision (e.g. Glatter et al., 1977; Gewirtz et al., 1995; Ball et al., 1995). This talk of choice and efficiency has evoked responses from customers, and service-providers’ objectives of efficiency are high on the agenda of Nordic local authorities (see Baldersheim, 2003, p. 37).

Moreover, most of the current reforms or development projects seem to share the common feature of highlighting the role of individuals as users of services. In consequence, the individual is taken as a starting point and is usually discussed as a customer, but also as a user, consumer or citizen. Increasing the choice of users of local government services and better awareness of service users’ needs are common targets of development projects. As an example, all of the Nordic countries have provided the individual patient with extensive rights to choose the hospital where he/she wishes to receive treatment.

Increasing citizens’ freedom of choice can be seen particularly well in Swedish policy (Jansson and Parding, 2011), which emphasizes patients’ freedom to choose hospital, elderly people’s right both to seek outpatient care anywhere in the country and to select between private and public care, and parents’ right to select the school their children will attend. In Sweden, the recent Act on System of Choice in the Public Sector (Lagen om valfrihetssystem (LOV), 2008), highlights the role of the individual and encourages increased competition in public procurement, for instance in primary health care, thus paving the way for more private companies to deliver services previously provided by public agencies. In addition, many projects have been established to encourage citizens’ choice; the capital region of Stockholm in particular has been a pioneer with regard to these projects. Moreover, reforms have started to pay attention to active citizenship and residents’ responsibility for their own welfare, although thus far this has been the case more at the level of rhetoric and plans.

What do these developments mean from the point of view of local government’s role and legitimacy? The Nordic countries have tried both to response to the challenges facing welfare municipalities and to secure the financing of services by increasing the size of local government units and by introducing new management techniques. Without doubt they have also succeeded in increasing the productivity and quality of public services. But these reforms have gradually affected the role of local government, decreasing the importance of all functions other than the welfare task.

Amalgamations that increase the size of municipalities affect the identity function and the relationship between citizen and municipality. In a Delphi survey on the association between values and local government structure (Haveri and Laamanen 2006), respondents thought that a smaller-sized municipality clearly supports values linked with democracy, traditions and identity whereas the citizen’s relation to his municipality is more distant and external in the case of a larger council (see also Kjaer et al., 2009, research on the effects of the Danish 2007 structural reform on local political decision making ). In smaller municipalities the power distances are smaller, people know the decision-makers and the local community is a more important factor affecting the citizen’s everyday life. This close proximity to decision-making power also makes local decision-makers accountable to voters and is associated with a reasonably high turnout in local elections. By contrast, the citizen of a large local authority will see
the municipality more often as a service-producing organization rather than as a social and political community.

Managerial reforms, which have focused primarily on public organizations, management and service processes, probably have similar, perhaps even stronger impacts, as they strengthen the idea of local government as “a service machine”. The resident of a municipality has acquired the role of customer or consumer in place of the active, responsible citizen’s role. Especially NPM ideology has strongly affected the trend of customer orientation by increasing customers’ freedom of choice and enacting laws to secure local citizens’ rights as patients, students, parents and so on. As a result, citizens are turning to their municipality as consumers and clients seeking immediate solutions to their problems and demanding high-quality public services to meet their ever-growing needs (Pollitt and Bouckaert, 2004; Jansson and Parding, 2011).

Sensitivity to state intervention has created a cumulative process where the role of the welfare municipality will be augmented further while the other roles will diminish. Baldersheim and Rose (2011, p. 296) described the situation in Norway as follows: “individuals see local government primarily as a service organization and only secondarily as a political community where citizen take part in collective decision-making”. At the same time traditional forms of citizen participation in local and regional matters are declining, fewer citizens are members or active in political parties, trade unions and voluntary organizations (Lidström, 2011, p. 272; Haveri et al., 2013; Persson, 2003).

Concluding remarks: Nordic model under threat
The Nordic model has proved its success in recent decades and the situation is still good, at least if we believe international rankings. In view of the fact that it combines societal roles to a substantial degree, the Nordic system could be classified a strong local government and would probably be considered very sustainable according to Stoker’s typology.

But this cannot be taken for granted in the years to come; there are black clouds above the municipalities of the Nordic countries. As Stoker (2011) pointed out “each local government is under threat because of wider societal and economic developments”. This is the case also in the Nordic countries, owing to the increasing costs and diminishing resources of the welfare function. Application of Stoker’s theory reveals us the weaknesses of the Nordic model.

The greatest concern affecting the sustainability of Nordic local government stems from the notion that the roles of local government have been reduced to the social welfare role. The modernization of the Nordic municipality has led to a situation where local authorities are increasingly often considered to be no more than “service machines”, that is, technical organizations providing residents with ready-made welfare services while residents have outsourced themselves, assuming the role of the service system’s passive customers. In Stoker’s views, a strong system of local government is likely to be one that is able to combine societal roles to a substantial degree. That has to a great extent been the situation in the Nordic countries, but many signals indicate that the welfare function is often seen as the most important – even the only important – function of local government.

The emphasis on the social consumption role makes local government more vulnerable to central government intervention and reforms. But it also means that the public will increasingly review and evaluate local authorities on the basis of criteria associated with this service-provider role. More so than before, the legitimacy of local
government will hinge on how well it succeeds in the service-provision function. This is a difficult equation in view of people’s increasing needs; local government resources have encountered great difficulties in keeping pace.

In the ongoing debate about the concept of legitimacy, the legitimacy of governing systems has increasingly often been interpreted on the basis of how organizations perform their tasks; output legitimacy as opposed to input legitimacy. Given that municipalities have great difficulties in coping with the challenges of the social welfare task, the legitimacy of local government may be in danger. It should be noted, however, that both input legitimacy and output legitimacy are complex and context-specific phenomena (Connelly, 2011, p. 942; Johnson et al., 2006), and measuring changes in these phenomena requires the use of many different indicators and variables. Measurement of this kind has not been possible in the scope of this paper and calls for further research.

With some brief exceptions, increases in local government’s welfare-related tasks have been typical of the development of the welfare state since the 1960s. The process of developing welfare societies by increasing tasks at the local level has slowed down but has not ceased. Similarly it seems ever clearer that the extensive decentralization of service tasks does not necessarily mean strong local government.

As has become evident, the status of the welfare municipality is a paradox in the Nordic countries. On the one hand, municipalities enjoy extensive autonomy and are relatively free to make strategic choices as to how they provide services or develop local economy. On the other hand, however, municipalities are “prisoners” of the welfare state; they are sensitive to changes in central government policies and especially in the financial situation, which may create overwhelming pressure in municipalities. The local welfare state is part of a system organized to implement state welfare policies. Municipalities are very dependent and vulnerable when it comes to central government interventions, and decentralization of welfare-related functions will pose continuous challenges for the legitimacy of municipalities.

The Nordic model is changing slowly, not through revolutions. For example, in the past the Swedes were fairly confident in their political decision-makers, but this has gradually shifted to distrust during recent decades (Lidström, 2011, p. 271). Norway has experienced increased “individualism” and a general weakening of collective social orientation (Hellevik and Knutsen, 2008). In Finland, the local citizen increasingly sees himself as an independent customer of a service system rather than as a responsible resident (Haveri et al., 2013). It is difficult to foresee all the implications these developments will have over the longer term. If the Nordic economies continue growing, the current model may function well in the short term and perhaps far into the future. But the gap between resources and tasks cannot widen endlessly without consequences for the legitimacy of municipalities. Better educated and less deferential citizens are judging their local governments to an increasing extent on the basis of their “policy performance” – their ability to deliver positive outcomes for society. From the point of view of legitimacy, the basic problem of overload is that new services and obligations create new expectations concerning outcomes, and the more often failure to meet citizens’ expectations is the bottom line about municipalities, the more their legitimacy will erode.

Note
1. Iceland is excluded from this study.
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Further reading


About the author
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