MUNICIPAL CONSOLIDATION TENDENCIES IN FINLAND: CHALLENGES AND PERSPECTIVES

INTRODUCTION
The topic of the enlargement of municipalities is increasingly heard from the lips of officials and experts. The main motive for continuing work on the enlargement of municipalities is the consolidation of financial and administrative resources in order to manage the united territory and create conditions for socio-economic development more efficiently.

In this regard, it will be relevant to refer to the experience of Finland. This country has not only succeeded in developing and applying the legal regulation of the issues of municipal enlargement, but also assigned the solution of these issues to local authorities.

RESEARCH QUESTION
The problems that arise during the enlargement of municipalities are of a universal nature, therefore, they are typical for all countries without exception. Finland’s advantage as a developed country is that they have learned to solve these problems.

MUNICIPAL REFORM IN FINLAND: PROBLEMS AND PROSPECTS
A characteristic feature of local self-government in Finland is that local affairs are decided on the basis of a representative body, whose members are elected by the population. The elections of candidates to local self-government bodies are held by voting among the population. Members of authorized local self-government bodies elected to positions form commissions and committees. In local government there is a council of delegates, its competence includes the formation of a management committee. He also appoints the head of the administration. The work of the administration is provided, among other things, at the expense of council members authorized in local self-government bodies. This model of organizing local self-government has been familiar to us since the times of the USSR, nevertheless, it continues to be successfully used on the territory of Finland. The Finnish model of organizing local self-government provides for a separate post of head of administration. It is he who is assigned the function of executing the decision of the council authorized in the structure of local self-government bodies (KETTUNEN, 2007, p. 17).

In Finland, the enlargement of municipalities is a voluntary process. Nevertheless, at the level of public administration, there is a policy of protectionism in relation to the enlargement of municipalities. The decision to enlarge municipalities by merging them is taken by local authorities. At the highest level, decisions on the enlargement of municipalities cannot be made if the communes themselves speak out against the enlargement.

On the part of the government, only a few incentive tools are envisaged, with the help of which municipalities can be pushed towards the idea of unification. The activities of municipalities are regulated in accordance with the legislation on municipal division, the last changes were made in it in 2009. The main provisions of the law about municipal boundaries № 1698 of December 29, 2009 are reduced to the fact that the existence of prerequisites for a change in the municipal division is recognized, the possibility of preparing and implementing a decision on the merger of municipalities.

The unification of municipalities takes place on the basis of the conclusion of an appropriate agreement. It also provides for the protection of municipal employees from dismissal in the implementation of the merger decision, the allocation of state aid to compensate for the costs associated with reducing the share of state subsidies in the municipal budget (MOROSHKINA, 2016, p. 569).

With the merger of municipalities, the problem is that the pension provision of municipal employees and former civil servants can change significantly. The legislation only indicates that pension provision should be based on general principles, which are not specified by the

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Legislator. Under Finnish law, incentive measures are provided for the unification of municipalities. Incentives boil down to facilitated opportunities to accept and consider a possible merger. As such incentives, it is necessary to highlight:

- covering the costs of conducting a study in order to establish the risks and prospects of integration;
- compensation for the falling share of the state share in the municipal budget;
- conducting a survey on issues of municipal division;
- subsidizing expenses directly related to the merger;
- ensuring the protection of the rights and interests of municipal employees by preventing their dismissal (TUOMO, 2021).

One of the main problems of the enlargement of municipalities is that the costs of conducting an integration survey are only partially compensated, payments are made after the costs incurred. Therefore, the main source of funding must be found. Considering the fact that most of the municipalities have a deficit budget, it is problematic to find such a source of funding.

Moreover, it is necessary to convince the funding source that integration in general is possible and will go, among other things, to satisfy the interests of the funding source. Therefore, it is necessary to find a dialogue with large taxpayers, conduct explanatory work with them and talk about the advantages of integration. Finding a source of funding for the survey is difficult without dialogue.

The law provides that as a result of the enlargement of the municipality, municipal employees are provided with protection against dismissal for 5 years after the merger. What happens after this period depends on the specific circumstances.

Practice shows that more than half of municipal employees are to be laid off 5 years after the unification of communes. There are no programs for retraining and retention of human resources. Both young specialists and more experienced managers are being laid off. For them, this marks the end of a career. The transfer from local government to state government was not widely used. But translation is practiced in the reverse order (MALMBERG, 2021).

**FINANCING OF MUNICIPAL RESTRUCTURING**

The municipal government legislation states that the merger is subsidized from the budget. In any case, the costs will be borne by both the state budget and the budgets of the combined municipalities. The relationship between the parties in terms of financing of activities related to the merger is regulated on the basis of an agreement.

As practice shows, it is the financing issues that are the most acute and often do not allow reaching a compromise. If we are talking about two municipalities, then in order to finance the merger, they must at least have similar opportunities to bear the costs of the merger.

And no one will unite with a municipality, the financial and economic situation in which is much worse than in another. As a rule, the most economically developed territories are united to obtain a synergistic effect from the merger. Territories with a lower level of socio-economic development are not interested in unification. It just makes no sense to combine two deficit budgets into one large deficit budget.

Another problematic point from the point of view of Finnish legislation is the fact that the reduction in the share of the state in the budget of the municipality after the unification is compensated only within 5 years from the moment of unification. It is assumed that during this time, local authorities should increase the budget and find a new source of funding.

This is mainly achieved by increasing local taxes, which does not play into the hands of local residents. Of course, no one talks about the high risks associated with the increase in taxes to the population and business at the stage of discussing integration. If such unpopular measures still have to be taken, then this threatens with an increase in social tension, protest moods among business representatives. Therefore, there are not so many people interested in uniting municipalities among the common population and business representatives. In practice, situations arise in which one municipal desire has a desire to unite, but other municipalities do...
not burn with such a desire. Thus, municipalities with low indicators of such development are interested in merging with more socially and economically developed territories.

Such integration could be beneficial for subsidized territories, but it is absolutely unprofitable for successfully developing territories since integration only incurs additional costs for them and reduces the overall efficiency of territory management.

As of 2010, the amount of subsidies for integration from the state budget amounted to 70% of the costs incurred for preparation and implementation of integration. At the same time, at the level of legislation, there is a limit for subsidies, the amount of which is limited to 40 thousand euros. This is a relatively small payment that cannot cover even half of the costs of the integration process.

INTEGRATION PROCESS

In the early 2000s, integration studies began to be mainly carried out in territories with high and realizable prospects for unification. The preliminary survey addresses the challenges that communities may face in the future. And the preliminary survey does not at all provide information on the analysis of the prerequisites for unification and the prospects for the development of the enlarged territory after the unification. The preliminary survey also does not develop a draft merger agreement that could be presented for broad discussion with the involvement of all stakeholders in this process.

The Salo region should be cited as an example; in 2006, a preliminary general survey of the municipality was carried out.

All 11 communes of the municipality took part in the survey. Only after that the question of conducting an integration survey within municipalities was raised in the municipalities.

Representatives of the Somero commune expressed a negative attitude towards the unification (MAKAROV, 2012). As a result, 10 communes took part in the survey, and subsequently they were merged. This example is indicative in that several communes may show interest in integration, and only a part of them vote for unification. Consequently, the process of unification will be covered only by those who are in favor of integration.

For quite a long time there was an opportunity in Finland for a special ministerial study on integration issues. In the 90s, the municipal reform has passed and now such surveys are not carried out at the level of the line ministry in the government. Since 2008, the Ministry of Finance has been in charge of the issues of unification of municipalities. This is logical, given that the topic of finance is the most significant against the background of integration processes.

FINDINGS

The current version of the law on municipal division indicates that, given the complexity of the issue of integration and considering the presence of possible other compelling reasons, a special survey of the municipal division may be initiated. And several officials will supervise it, and the event will be financed at the expense of the state treasury.

As for the prospects for the unification of municipalities in the future, they are ambiguous. It is obvious that interest in integration against the background of the global crisis has dropped due to the pandemic. Whether he will return in the future is a big question.

Small municipalities began to appear in Finland during the agrarian years. Therefore, the state began to pursue a policy in the field of their consolidation with the beginning of the 2000s. Over the past years, many mergers have been agreed with the aim of consolidating and increasing the efficiency of local government bodies. 10 mergers were completed in 2005, 1 merger took place in 2006, in 2007 there were 14 more mergers and in 2008 1 merger took place. Several Finnish cities followed the path of merging with adjacent rural municipalities (Salo, Naantali, Lohja and others). In total, 32 mergers took place, as a result, of the 99 communes in Finland, 67 remained by 2009. In 2010, 4 mergers took place, 6 mergers occurred in 2011, another 10 in 2013. In 2015, 3 mergers took place, in 2016 there were 4 mergers. In 2017, 2 mergers took place, 1 merger took place in 2020. As a result of the policy
in the field of consolidation of municipalities, their number decreased from 444 in 2005 to 309 in 2021.

The pluses of the enlargement of municipalities include a reduction in the number of municipal employees and the cost of paying their labor, ensuring the activities of municipal authorities, creating a consolidated budget as a result of the merger and the emergence of broader opportunities for the implementation of large projects, increasing the efficiency of local government and its role in the structure state structure. The policy of enlarging municipalities also has its drawbacks. They boil down to the fact that the priority for unification is given to economically and socially developed territories, which leads to an even wider gap in socio-economic indicators between the communes, the struggle for power and the allocated resources as a result of unification intensifies. Moreover, structural changes are taking place in the local economy. As a rule, one sector of the economy becomes more important. Therefore, the territory becomes dependent on any one direction of economic activity.

CONCLUSION

Thus, the practice of enlarging municipal territories began to be implemented in Finland after the state gained independence. A law was developed and adopted establishing the powers of local self-government bodies for their decision to merge with another municipal formation. Integration in accordance with the law is voluntary and provides for incentive payments from the state budget. These payments partially compensate for the costs of researching territories, the prospects and risks of their merger, it is envisaged to maintain the volume of subsidies from the state budget for several years after the merger. The main mergers of communes fell on the period 2005-2015, as a result, their number decreased by about a third. Currently, the number of associations is decreasing against the background of internal contradictions regarding the system of municipal government and its effectiveness.

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Municipal consolidation tendencies in Finland: challenges and perspectives

Tendências de consolidação municipal na Finlândia: desafios e perspectivas

Tendencias de consolidación municipal en Finlandia: desafíos y perspectivas

Resumo
O artigo apresentado analisa as tendências de consolidação dos municípios na Finlândia no contexto da existência de problemas e da formação de perspectivas de desenvolvimento. Os principais pontos problemáticos na consolidação dos municípios na Finlândia são descritos. A relevância do tema apresentado deve-se à existência de muitas questões problemáticas no sistema de regulação dos municípios do país em estudo. Métodos de pesquisa: método analítico, método de revisão. A reforma do autogoverno local tornou-se uma tendência característica na Rússia nos últimos anos. A organização orçamentária-territorial foi alterada por meio da unificação dos municípios. A pouca experiência do poder estatal e do autogoverno local na Rússia força os especialistas a recorrer à prática e experiência estrangeiras, a fim de avaliar a eficácia e a viabilidade das reformas. No âmbito deste estudo, voltaremos-nos para a experiência da Finlândia e a política contínua de consolidação dos municípios.


Abstract
The presented paper analyzes the trends of the consolidation of municipalities in Finland in the context of the existence of problems and the formation of development prospects. The key problematic points in the consolidation of municipalities in Finland are described. The relevance of the presented topic is due to the existence of a large number of problematic issues in the system of regulation of municipalities in the country under consideration. Research methods: analytical method, review method. Reforming of local self-government has become a characteristic trend in Russia in recent years. The budgetary-territorial organization was changed through the unification of municipalities. Little experience of state power and local self-government in Russia forces experts to turn to foreign practice and experience in order to assess the effectiveness and feasibility of reforms. Within the framework of this study, we will turn to the experience of Finland and the ongoing policy of consolidation of municipalities.

Keywords: Municipality. Finland, Problem. Consolidation. Resources.

Resumen
El documento presentado analiza las tendencias de la consolidación de los municipios en Finlandia en el contexto de la existencia de problemas y la formación de perspectivas de desarrollo. Se describen los puntos problemáticos clave en la consolidación de los municipios en Finlandia. La relevancia del tema presentado se debe a la existencia de un gran número de cuestiones problemáticas en el sistema de regulación de los municipios del país en consideración. Métodos de investigación: método analítico, método de revisión. La reforma del autogobierno local se ha convertido en una tendencia característica en Rusia en los últimos años. La organización presupuestario-territorial se modificó a través de la unificación de los municipios. La poca experiencia del poder estatal y el autogobierno local en Rusia obliga a los expertos a recurrir a la práctica y la experiencia extranjeras para evaluar la efectividad y la viabilidad de las reformas. En el marco de este estudio, nos dirigiremos a la experiencia de Finlandia y a la política en curso de consolidación de los municipios.