



Finland Report

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Sustainable Governance Indicators 2018

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Executive Summary

Finland's mature system of governance allows stakeholders to identify problems, formulate solutions and advance social well-being, earning the Nordic country top marks in international rankings. Freedom House has repeatedly awarded Finland the highest ranking worldwide on political liberties and civil rights. Since 2008, the country has also on several occasions topped Reporters Without Borders' World Press Freedom Index; in the 2017 ranking, Finland places 3rd, after Norway and Sweden. After a 2008 scandal concerning party and electoral campaign financing, Finland dropped from the top position in global anti-corruption rankings. In 2017, the country ranks 3rd on Transparency International's Corruption Perceptions Index. Legislation requiring the disclosure of donations to candidates and parties has been introduced. Modest electoral system reforms introduced in 2012 have improved the proportionality of the system. Additionally, a participatory mechanism introduced in 2012 now enables citizens to propose legislative reforms online.

While Finland's economy in past years has numbered among the most stable in Europe, its recent standing has been less favorable. The economy has been in a recession for several years, public debt is increasing and the labor market continues to shrink. Recent developments suggest a turnaround for the better. Optimistic forecasts notwithstanding, unemployment, particularly among youth, is alarmingly high.

Public attitudes toward immigrants have hardened in recent years. The main political parties have hesitated to challenge this shift in part because of growing support in recent years for the populist and anti-immigration Finns Party (formerly referred to in English as the True Finns party). However, public support for the party has radically diminished under the current government. Attitudes toward the Swedish-speaking minority have also hardened, despite Finland's official bilingualism and constitutional protections. The present vivid and largely uncontrolled inflow of refugees and asylum-seekers into Europe has helped to generate a deeper understanding of the need to adopt a more generous and responsible immigration policy.

Prime Minister Jyrki Katainen's government (2011 to 2014) featured a broad coalition of six parties. Following the withdrawal of two parties from the

governing coalition and cabinet reshuffles in 2014, a new government under Prime Minister Alexander Stubb took charge until parliamentary elections in spring 2015. Following these elections, a three-party (Centre Party, National Coalition Party and Finns Party) government under Prime Minister Juha Sipilä was installed in late May 2015, commanding 124 of the 200 seats in parliament. In summer 2017, a split within the Finns Party became evident; a more moderate group of MPs formed Blue Reform, commanding five ministerial chairs while representing only about two percent of the electorate.

Developments under Sipilä have been far less than encouraging. As tensions across government departments have persisted, the leadership has appeared rudderless. Most notably, the government and labor market organizations have been battling over the direction of economic policy. A recent reform designed to introduce business practices into higher education has largely failed. Meanwhile, the central government's attempts to restructure local government, in part by amalgamating local government services, has met with resistance within local administrations and among the public, ultimately leading to a compromise solution with no clear prospect of success. Also, beleaguered by disputes over environmental principles and ongoing problems with mining sites, Finland's environmental management and policy framework is less effective than expected.

Beyond reforms targeting a reorganization of regional government, health care, and social services, no other large-scale institutional reforms enhancing governance and decision-making have been undertaken during the assessment period. A earnings-related pension reform addressing the financial sustainability of statutory pension provision came into force in January 2017. The government has retained much of its system of program management and strengthened its strategic-planning procedures. The lack of additional large-scale reforms does not necessarily evince a failing of government but may rather underscore the quality and comprehensiveness of the existing system. The economic and governance challenges facing Finland today are surmountable, though many of these challenges are rooted in problems beyond the government's control. The effects of European and global economic and political crises present challenges to the economy and have undermined public sympathy for EU values and the EU's political agenda. Still, recent security developments, most notably numerous obtrusive displays of Russian military and political power, have generated a palpable rise in pro-EU and pro-NATO attitudes among the public.

Key Challenges

Although Finland's political system has long represented a model polity, current trends regarding democracy are less encouraging. Overall, public faith and trust in Finland's democratic institutions have weakened, evidenced by relatively low electoral turnouts and declining membership in political parties. Survey data indicates that public trust in central political institutions such as parliament and government can certainly be improved. These lower levels of participation and institutional trust result in part from the instability of recent governments. This instability has been due to the necessity of coalition governments (made up of several political parties) to achieve a working parliamentary majority. The broad and unstable nature of such governments undermines government accountability and transparency as well as limits the public's ability to fully understand and engage with the processes of policymaking. Expectations that the three-party composition of the present Sipilä government would result in a more efficient and transparent governance style have not been met. Instead, tension and a lack of direction characterize everyday politics within the cabinet; even more so in the wake of the summer 2017 split within one of the government parties (i.e., the populist Finns Party). Innovative measures and political engineering will be required to reverse the erosion of democratic participation. Revitalizing representative democracy in Finland will require the input of new participatory institutions (e.g., binding referendums). Some progress has been made in this respect. A relatively new mechanism, the so-called citizens' initiative, obliges parliament to debate any petition that receives at least 50,000 signatures. As of the time of writing, several initiatives have undergone or are awaiting parliamentary consideration. Notwithstanding, while this mechanism marks a step in the right direction, the citizens' initiatives are non-binding; parliament retains the right to reject any initiative.

National security, internal as well as external, and foreign policy present substantial challenges for Finland. Given Russia's political and military intervention in Ukraine as well as the deteriorating relationship between Russia and EU member states, concerns about Finland's proximity to Russia have increased pressure on the government to form alliances with international partners. Political and public attitudes toward EU and NATO membership, which were increasingly critical before the recent security crises, are now more favorable. Current constitutional arrangements divide responsibility for foreign affairs (excluding those related to the EU) between the president and government. The indistinct basis for this duality as well as the active foreign

policy leadership assumed by President Sauli Niinistö creates uncertainty about doctrine and policy both abroad and domestically.

The long-term increase in the longevity and the stagnating fertility rates of Finland's population create a strong demand for migrant workers. This economic demand, however, conflicts with negative public attitudes toward immigration, represented and exacerbated in particular by the Finns Party. As evident in recent polls, however, the fractured party is now losing ground and will likely face defeat in upcoming elections. Nonetheless, the party's previous capacity to rapidly garner support has left the major parties hesitant to pursue policy initiatives that would significantly increase immigration. Still, at the time of writing, the massive inflow of refugees and asylum-seekers to Europe and, to a lesser extent, to Finland, appears to have had a moderating effect on public opinion.

The government's executive capacity remains strong. The programmatic framework works reasonably well and forms the basis for strategic planning and implementation. Strategic governance is also promoted by effective interministerial coordination, the government office's ability to independently monitor and evaluate policies, and the evident oversight capacities of cabinet committees and working groups. Interest associations and civil society groups are widely consulted when legislation is drafted. Notwithstanding, the executive capacity of local governments is undermined by inadequate funding. Reforms intended to amalgamate and restructure local government administrations have had mixed success. Importantly, plans to restructure administrative boundaries have not sufficiently taken into account the impact this will have on the constitutionally protected rights of Finland's Swedish-speaking population. Generally, there appears to be a lack of appreciation for the contextual nature of the public-policy challenges that now confront Finland. There is no one-size-fits-all policy solution; rather, any successful solution must draw upon combinations of policies rooted in a division of responsibilities between local and central governments.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Over the past years, the Finnish economy has experienced a slowdown. In fact, the economy has contracted for several years now. Even as the other Nordic countries have emerged from recession, Finland has faced negative growth due to a decline in export competitiveness, weakened investment and subdued private consumption. The impact of the recession on public finances has been so strong that a full recovery will not be achieved for some time. Fiscal policy has been a particular concern, as public debt has been growing and will probably continue to grow until 2019. Government spending accounts for over half of GDP, among the highest ratios in the EU.

Government efforts to restore economic growth, increase competitiveness and reduce public debt have continued to be at the top of the policy agenda. With the aim of restoring fiscal sustainability, the government has placed a priority on greater budgetary prudence and balancing the budget as well as sought to raise the minimum statutory retirement age, while improving incentives for people to continue working into later life. While the Finnish economy continues to perform fairly well in several measures of economic freedom, the country's overall performance has been in decline. Finland's economy was ranked 19th worldwide in the Heritage Foundation's 2015 Index of Economic Freedom, slipping several places from its 2012 rank of 16th; in 2016 and 2017, Finland was ranked in a mediocre 24th place. This decline can again be attributed to deteriorations in fiscal freedom, business freedom and the management of government spending. Still, recent economic forecasts concerning the annual GDP growth rate and several other economic indicators engender optimism. According to the Economic Survey of the Ministry of Finance in September 2017, the economy is projected to grow at 2.1% in 2018. As such, the rate of economic growth in 2017 will clearly outperform that of 2016, after which the projected growth rate will slow to around 2%. The GDP

growth forecast for 2017 is 2.9%, but robust economic growth notwithstanding, due to falling private consumption, GDP growth is projected to slow to 2.1% in 2018. In 2019, GDP is forecast to grow by 1.8%.

Citation:

“OECD Economic Survey of Finland 2016”, <http://www.oecd.org/eco/surveys/economic-survey-finland.htm>;

“The Heritage Foundation 2016 Index of Economic Freedom”, <http://www.heritage.org/index/ranking>;

“The Heritage Foundation 2017 Index of Economic Freedom”, heritage.org/index/country/Finland;

Ministry of Finance, “Finland’s Economic Growth will Remain Subdued”, http://vm.fi/en/article/-/asset_publisher/suomen-taloukasvu-jaa-vaisuksi-ennustaa-valtiovarainministerio;

vm.fi/en/article/-/asset_publisher/suomen-talous-on-nopeassa-kasvuvaiheessa;

Labor Markets

Labor Market
Policy
Score: 7

A deep depression in the Finnish economy in the 1990s resulted in a rapid and dramatic increase in unemployment rates. While the employment situation gradually recovered from this 1990s recession, unemployment has again become a serious challenge in recent years, aggravated by the European economic crisis. Little by little, however, positive signs are now discernible. Polls of employers suggest the strongest hiring intentions in five years. The unemployment rate was 7.5% in July 2017, down from 7.8% in July 2016. The number of unemployed jobseekers in July 2017 was 49,400 less than a year earlier and an increase in staffing levels is anticipated for the fourth quarter of 2017. However, recent achievements in stemming long-term unemployment, youth unemployment and low-skilled unemployment are not entirely satisfactory, with the high level of youth unemployment a particular cause for concern. In the area of active labor-market policies, recent government strategies have included efforts to improve employment subsidies and labor-market training, and youth unemployment has been specially targeted. While Finland maintains a system of minimum wages and collective agreements, more attention is needed regarding worker-dismissal protection. Globalization has become a threat to labor-market strategies, as companies have sought to reduce their costs by moving production abroad. In many sectors, the amount of temporary work contracts has been increasing. Importantly, the Sipilä government has initiated a reform of the unemployment benefit system, with first amendments coming into force 1 January 2017. The first part of the reform cuts the duration of earnings-related unemployment benefits from a maximum of 500 to 400 days, sets stricter conditionalities for the unemployed in accepting job offers and seeks to personalize employment services by interviewing job-seekers regularly. The reform marks a shift from passive to more active labor-market policies.

Citation:

Heikki Räisänen et al., “Labor Market Reforms and Performance in Denmark, Germany, Sweden and

Finland”, Publications of the Ministry of Employment and the Economy, Nr 19/2012;
 “Finnish Unemployment Rate. Forecast 2016-2020”, www.tradingeconomics.com;
 Statistics Finland 2017, www.stat.fi;
 “Työttömyysturvalakiin muutoksia - työttömyysturvan kesto lyhenee”; http://stm.fi/artikkeli/-/asset_publisher/tyottomyysturvalakiin-muutoksia-tyottomyysturvan-kesto-lyhenee.

Taxes

Tax Policy
 Score: 9

In Finland, the state, municipalities, the Evangelic Lutheran Church and the Orthodox Church have the power to levy taxes. Taxation policies are largely effective. The state taxes individual incomes at rates falling on a progressive scale between 6.5% and 31.75% (2016). Municipal taxes range from 16.25% to 21.75%, depending on the municipal authority. In 2015, the average overall personal income-tax rate was 51.50%; it averaged 52.96% from 1995 until 2016. Generally speaking, demands for vertical equity are largely satisfied. However, this is less true for horizontal equity. The corporate income-tax rate was lowered in January 2014 from 24.5% to 20%, which is less, on average, than in the other Nordic and EU countries. Adjustments in recent years have made Finland’s taxation system less complex and more transparent. Finland performs well in regards to structural-balance and redistributive effects and overall taxation policies generate sufficient government revenue. There has thus far been no major shift away from the taxation of labor towards environmental taxation; the environmental taxes’ share of tax revenues remains moderate. Taxes are generally high in Finland because the country has expensive health care and social-security systems, and also operates an efficient but costly education system. In comparison to most other countries, Finland enjoys a situation in which the public understands that taxation is necessary in order to secure the overall social welfare. In polls in recent years, 96% of respondents agreed that taxation is an important means of maintaining the welfare state, and 75% agreed that they had received sufficient benefits from their tax payments.

Citation:
 Tim Begany, “Countries with the Highest Taxes”, <http://www.investopedia.com/>;
<http://www.tradingeconomics.com/finland/personal-income-tax>;
 “Tax Rates Finland”, www.nordisketax.net;
vm.fi/en/taxation;
www.investinfinland.fi/...Taxation/92709b8f-7464-4a39-b722.

Budgets

Budgetary Policy
 Score: 8

The government agenda of the current Sipilä government builds on its predecessors’ initiatives, structural policy programs and public-finance adjustment policies. Consequently, the government’s economic policy

program has aimed at strengthening the economy's growth potential, raising the employment rate, bolstering household spending power and improving international competitiveness. Accordingly, the government is committed to an active fiscal policy that supports economic growth and employment, aims at a reduction of the central government's debt-to-GDP ratio, and tries to strike a balance between long-run fiscal sustainability and the short-term need to support domestic demand. However, the unfavorable economic environment has impeded the government's goals and ambitions. The debt crisis in Europe slowed economic growth, and the government's initial ambition to halt the growth in public debt by 2015 was not fulfilled. The Ministry of Finance's budget proposal for 2017 draws on decisions made in the general government fiscal plan of April 2016; according to estimates from then, there was little significant improvement in the economic situation. The 2017 draft budget total of €5.2 billion exceeded the 2016 budget by €800 million. The draft budget for 2018 amounts to €5.4 billion in total, with a deficit of €3.4 billion, which is noticeable less than originally budgeted for 2017. The European Commission's 2016 Stability Programme for Finland pointed to a risk of some deviation from adjustments targeting the medium-term objective of structural balance and the Commission's spring 2016 forecast confirmed these fears. Still, it must be noted that the forecasted GDP growth in 2017 is 2.9%, which is clearly a better figure than the one calculated for 2016.

Citation:

European Commission, "Assessment of the 2016 Stability Programme for Finland", http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2016/26_fi_scp_en.pdf; [Valtioneuvosto.fi/en/artikkeli/-/asset_publisher/10623/valtiovarainministerion-talousarvioehdotus-vuodelle-2018-on-julkaistu](http://valtioneuvosto.fi/en/artikkeli/-/asset_publisher/10623/valtiovarainministerion-talousarvioehdotus-vuodelle-2018-on-julkaistu).

Research and Innovation

R&I Policy
Score: 7

Finland was earlier among the forerunners in research and development (R&D) spending as well as in the number of researchers and patent applications. Indeed, in 2014, Finland had the EU's highest R&D intensity, followed by Sweden and Denmark. However, this lead position has declined in the wake of weakening economic prospects. The innovation system's low level of internationalization is a particular weakness. Moreover, the focus of R&D has been on applied research, with basic research at universities and other institutes benefiting little. Undermining commitments laid out in the government program, the Sipilä government has repeatedly carried out dramatic cuts in government spending for education and higher learning. In the long run, given the obvious dependence of applied research on basic-research developments, the heavy bias in favor of applied research and the continuing neglect of the financial needs of schools and higher learning institutions will carry negative consequences for product development and productivity.

Furthermore, the system of technology transfer from universities to the private sector is comparatively weak, and academic entrepreneurship is not well developed.

Citation:

“Research and Innovation Policy Guidelines for 2010-2015”. The Research and Innovation Council of Finland, 2010. http://www.minedu.fi/export/sites/default/OPM/Tiede/tutkimus-_ja_innovaationeuvoisto/julkaisut/liitteet/Review2011-2015.pdf

“Statistics Finland - Science, Technology and Information Society - Research and Development”, www.stat.fi

Data on R&D expenditure; <http://ec.europa.eu/eurostat/>

Global Financial System

Stabilizing
Global Financial
Markets
Score: 9

Following the collapse of financial markets in Europe and the increased vulnerability of financial markets globally, political leaders in Finland have urged the passage of stronger regulations and more coordinated market supervision. In terms of attitudes and action, Finland has presented itself as an agenda-setter, providing support to countries seeking to advance self-regulation and combat excessive market risk-taking. Finland has also pursued measures to secure its own finances. According to an assessment by the International Monetary Fund in December 2016 of the stability of the Finnish financial system, Finland’s banking system has remained well-capitalized and profitable, a three year recession notwithstanding. Also, while low interest rates have squeezed net interest income, banks have increased income from trading and insurance. Importantly, Denmark, Finland, Norway and Sweden all have sound financial systems that have withstood the impact of the European financial crisis. In 2013, the Finnish government approved the Europe 2020 National Program, which contains measures and national targets for achieving the goals of the Europe 2020 strategy. The program includes proposals to create an effective national macroprudential supervision system. With some 200 employees, the Financial Supervisory Authority is tasked with overseeing Finland’s financial and insurance sector. The Financial Markets Department of the Ministry of Finance creates the rules for financial markets and the framework in which markets may operate; the department is also responsible for ensuring that the Ministry of Finance’s international activities remain effective.

Citation:

“Finanssimarkkinoiden makrotaloudellisten vaikutusten sääntely ja valvonta”, Työryhmän muistio 32/2012, Ministry of Finance, Publications 2012;

imf.org/en/Publications/CR/issues/2016/12/31/Finland-Financial-System-Assessment-44437;

www.Springer.com/cda/content.../978146/14955352-c1.pdf?

II. Social Policies

Education

Education Policy
Score: 8

Built on the principle of lifelong learning, education policy in Finland promotes and maintains high educational standards. All people by law must have equal access to high-quality education and training, basic education is free, and municipalities are responsible for providing educational services to all local children. By and large, Finland's education system has proved successful and in recent years ranked at the top of the OECD's Program for International Student Assessment. However, while Finland remains among the top performers, the ranking of the country appears to be slipping as gender and regional disparities in student performance significantly grow. The Education and Research Development Plan, revised every four years by the government, directs the implementation of education- and research-policy goals as stated in the government program. Since 2011, the plan has focused on the alleviation of poverty, inequality and exclusion. While Finland's expenditure on educational institutions as a percentage of GDP was above the OECD average some years ago, heavy cuts by the government in the education sector have now weakened the financial conditions for designing and pursuing education policy. In 2016, new curricula for compulsory basic education was introduced, designed to increase equality in compulsory education, enhance pupil participation in goal-setting and evaluation, and integrate more technology in teaching. While the curricula reflect more thoroughly the growing needs of a knowledge society, it has been criticized for the short period of transition involved with implementing it and the lack of resources and training for teachers. Additionally, partial restrictions on the right to day care for children whose parents are not participating in the labor market undermine equal access to early education, especially in socially vulnerable families.

Citation:

Education and Research 2011-2016. A development plan. Reports of the Ministry of Education and Culture, Finland 2012:3;

"Education Policy Outlook Finland", oecd.org/edu/highlightsFinland.htm;

"The new curricula in a nutshell", http://www.oph.fi/english/curricula_and_qualifications/basic_education/curricula_2014;

oecd.org/edu/highlightsfinland.htm.

Social Inclusion

Social Inclusion
Policy
Score: 8

The Finnish constitution safeguards basic economic, social and educational rights for all people, with these rights guaranteed both by the state and by municipal authorities. However, reality does not entirely measure up to this ideal. While social policy largely prevents poverty and the income-redistribution system has proven to be one of the most efficient in the European Union, pockets of relative poverty and social exclusion still prevail. Furthermore, inequalities in well-being exist between regions and municipalities, depending on demographic composition and economic strength. In general, the economic crisis in Finland has exposed an increasing number of people to long-term unemployment and poverty.

In terms of life satisfaction and gender equality, the government has embarked on a number of programs to improve its performance. The Act on Equality between Women and Men was passed in 1986 and gender discrimination is prohibited under additional legislation. Despite this legislation, inequalities between men and women prevail, especially in the workplace. The government has placed a particular emphasis on programs for at-risk youth from 15 to 17 years old who experience social exclusion, as well as on programs to create equal opportunities for disabled individuals. Immigrants are another group that faces social exclusion, especially due to poor integration in the labor market. The explosive increase in the number of immigrants in 2016 and 2017 has certainly added to these difficulties.

Citation:

“Socially Sustainable Finland 2020. Strategy for Social and Health Policy”, Ministry of Social Affairs and Health, Helsinki, 2010.

Health

Health Policy
Score: 7

Health policies in Finland have over time led to palpable improvements in public health such as a decrease in infant-mortality rates and the development of an effective health-insurance system. Furthermore, Finnish residents have access to extensive health services despite comparatively low per capita health costs. Yet criticisms are common regarding life expectancy, perceived health levels, the aging population and an inadequate provision of local health care resources. Also, Finland’s old-age dependency ratio is increasing substantially, although not as dramatically as in some other EU countries, and many clinics formerly run by municipal authorities have been privatized. Government planning documents outline preventive measures. For example, the 2015 Public Health Program describes a broad framework to promote health across

various sectors of the government and public administration. Similarly, the Socially Sustainable Finland 2020 strategy sets out the current aims of Finland's social and health policy. In November 2015, the government agreed on a major social and health care reform (SOTE) that will move responsibilities for social welfare and health care services from municipalities to 18 larger governmental entities (counties) beginning in 2020. Also, a planned reform envisions greater freedom for clients in choosing between public and private health care providers; at the time of writing, however, the implementation of this reform remains the subject of considerable political conflict and debate. After concerns by the Constitutional Law Committee in June 2017, the government will now issue a new proposal on the SOTE reform in early 2018.

Citation:

"Government Resolution on the Health 2015 Public Health Programme". Helsinki: Publications of the Ministry of Social Affairs and Health, 2001;

Juha Teperi et al., "The Finnish Health Care System", Sitra Reports 82, 2009;

"Socially Sustainable Finland 2020. Strategy for Social and Health Policy", Ministry of Social Affairs and Health, 2014;

<http://alueuudistus.fi/en/social-welfare-and-health-care-reform>.

Families

Family Policy
Score: 9

Family policy in Finland adheres to the U.N. Convention on the Rights of the Child, as well as other international agreements. Finland's family-policy programs aim to create a secure environment for children and support parents' physical and mental resources. By and large, family policy has been successful. For example, child poverty has practically been eradicated. Support for families has three main elements: financial support for services and family leave, child benefits, and the provision of day care services. Access to public day care is guaranteed to all children under seven years of age, and allowances are paid for every child until they turn 17. However, in recent years, as parts of structural reform packages, the Sipilä government has implemented changes in the right to day care, with potentially far-reaching consequences. Limiting the right to day care to part-time coverage will likely increase inequalities in early-childhood education and weakens the position of children in socially marginalized families.

Family policy also remains problematic with regard to gender equality. Although the employment rate and, in particular, full-time employment rate among women is among the highest in the EU, family policies have still not fully solved the challenge of combining parenting and employment. In the first half of 2017, the fertility rate fell to an all-time low, continuing a trend of last two years. In practice, although the number of fathers that take paternity leave

has somewhat increased, child care responsibilities still fall predominately on women. Also, the home care allowance of up to three years encourages Finnish women to leave the labor market after having a child for a longer period than women in other countries. Comparative examinations of Nordic family policies suggest that family policies in Finland have not developed to fully match the more flexible family policy arrangements in, for example, Norway and Sweden. The Sipilä government plans a major family policy reform. This reform aims for a more equal sharing of parental leave between men and women as well as advancing mothers' labor market participation. In general, evidence has shown that family-centered thinking is increasing among Finnish adults and within Finnish culture more generally. In short, the family has become more important for the individual.

Citation:

Katja Repo, "The Contradiction of Finnish Childcare Policies", www.ungdata.no/reassessassets/20608/20608.ppt;

Mia Hakovirta and Minna Rantalaaho, "Family Policy and Shared Parenting in Nordic Countries", *European Journal of Social Security*, Vol. 13 No 2, pp. 247-266, 2011.

Pensions

Pension Policy
Score: 9

The Finnish pension system has two schemes: a residence-based, national pension, and a mandatory employment-based, earnings-related pension. Voluntary occupational schemes and private pension savings play a minor role; still, about one-fifth of Finnish citizens report saving for old-age either in specific private pension schemes, common saving accounts, or other kinds of assets. Successfully managed by the social partners as well as the government, the overall pension policy has thus far been able to provide adequate pension provision and Finland has, by and large, avoided the classic problem of poverty in old age. However, the oldest cohorts, women and retirees living alone suffer from poverty more often than other retirees. The ongoing aging of Finland's population creates problems in terms of labor-force maintenance and fiscal sustainability and the economic crisis in Europe has added to these problems. Present strategies aim at encouraging later retirement in order to ensure that the state pension provides sufficient funding.

A major reform of the pension system in 2005 aimed at increasing pension-policy flexibility and creating more incentives for workers to stay in employment. In 2011, a national guarantee pension was introduced. While these reforms were successful, a further major reform came into effect in 2017, the main goal again being to lengthen careers and help close the sustainability gap in public finances. Major changes imply a gradual rise in the lowest retirement age, a harmonization of pension accrual, an increase in deferred retirement (to provide an incentive to stay in work life longer), flexible part-

time retirement and amendments to the accumulation rate. The European Commission has encouraged Finland to consider linking the retirement age to the extending life expectancy; in line with this suggestion, the present reform links the retirement age to life expectancy beginning in 2030. At present, Finland ranks in the middle of the EU in terms of average exit age from the labor force, but the effective retirement age is expected to reach its target level of 62.4 years in 2025.

Citation:

Nicholas Barr, "The Pension System in Finland: Adequacy, Sustainability and Systems Design", Finnish Centre for Pensions, 2013;

Agreement on the 2017 Earnings-related Pension Reform, http://www.etk.fi/wp-content/uploads/agreement_on_2017_earnings_related_pension_reform_final.pdf;

"The Finnish Pension System", http://www.infopankki.fi/en/living-in-Finland/work_and_enterprise/pension;

Susan Kuivalainen, Juha Rantala, Kati Ahonen, Kati Kuitto and Liisa-Maria Palomäki (eds.) 2017. Eläkkeet ja eläkeläisten toimeentulo 1995–2015 [Pensions and livelihood of retirees 1995-2015]. Helsinki: Finnish Centre for Pensions.

Integration

Integration Policy
Score: 7

Since the beginning of the 1980s, Finland has witnessed more immigration than emigration. From 1990 to 2016, the share of the population with a foreign background grew from 0.8% to 6.6%. Several factors have challenged the management of this inflow of immigrants. Second-generation immigrants have had difficulties entering education or finding work. There are also differences in labor-market attachment relative to migrants' countries of origin; Estonians, for example, finding their way into employment much more easily than migrants from sub-Saharan Africa.

Boosting rates of labor-market participation is one of the key targets of the government's Future of Migration 2020 Strategy and 2016 Action Plan. While Finland, in terms of a per capita ratio, has received a fair share of asylum-seekers, the country is not considered to be among the top destinations for immigrants. This is the result of various factors. Applying for a Finnish residence permit is still a complicated process, as is applying for Finnish citizenship. Finnish is a difficult language and proficient language skills are required. While sympathetic to work-related immigration, authorities' general attitude toward immigration is rather restrictive. Moreover, the Finns Party has used its platform within the cabinet to fan anti-immigrant sentiments and some demonstrations by anti-immigrant protesters against refugee accommodations have turned violent. However, according to polls, the share of favorable attitudes toward immigration among the public has slightly increased recently, which is in part due to the catastrophic refugee situation in the EU.

Citation:

Arno Tanner, "Finland's Balancing Act", <http://www.migrationpolicy.org/article/finlands-balancing-act-labor-market-humanitarian-relief-and-immigrant-integration>;

"Finland must develop its Immigration and Integration Policies", <http://www.helsinki.fi/>;

Eve Kyntäjä, "Integration Policy in Finland", h24-files.s3.amazonaws.com/62061/837056/-audb.pdf;

Henna Busk, Signe Jauhiainen, Antti Kekäläinen, Satu Nivalainen and Tuuli Tähtinen 2016. "Maahanmuuttajat työmarkkinoilla: tutkimus eri vuosina Suomeen muuttaneiden työurista" [Immigrants on the labour market – A study of the working lives of immigrants arriving in Finland in different years]. Finnish Centre for Pensions, Studies 06/2016. Helsinki: Finnish Centre for Pensions;

Elli Heikkilä and Selena Peltonen, "Immigrants and Integration in Finland", Institute of Migration, Turku.

Safe Living

Safe Living
Conditions
Score: 9

According to the 2016 OSAC report, Finland continues to be a safe and secure environment for business, tourism, and living, having one of the world's most effective police forces. The 2017 OSAC report reaffirms this evaluation. Indeed, Finland remains among the safest countries in Europe and features a very low crime rate. Still, as evident from the 2017 OSAC report, there has been an increase in the crime rate in recent years, especially in sex crimes, hate crimes and fraud-related crimes. According to polls, Finnish citizens regard the police as one of the most reliable public institutions. Following the establishment of a First Program on Internal Security in 2004, government in 2012 adopted the Third Internal Security Program, with the aim of reducing citizen's daily security concerns. The program's overall implementation has been monitored by the Ministry of the Interior. Additionally, the government has adopted or is considering national strategies for combating organized crime, the informal economy, and terrorism. Involving a collaboration between municipalities, regions, organizations, business and public administration, preparations for a new national strategy outline were initiated in August 2016 and completed in April 2017. An Implementation Programme for Finland's Cyber Security Strategy for 2017 – 2020 has been adopted and measures have been taken to increase national and international cooperation between intelligence and police authorities.

Citation:

"Turvallisempi huominen. Sisäisen turvallisuuden ohjelma." 26/2012. Ministry of Interior, Helsinki; http://www.intermin.fi/download/34893_262012_STO_III_fi.pdf;

http://www.intermin.fi/fi/kehittamishankkeet/sisaisen_turvallisuuden_strategia;
turvallisuuskomitea.fi/index.php/en/materials.

Global Inequalities

Global Social
Policy
Score: 7

Based on international humanitarian law, international human-rights treaties and laws regarding refugees, Finnish humanitarian aid is committed to aid principles as laid down by the OECD Development Assistance Committee.

However, due to severe strains in the Finnish economy, the government has been forced to decide and implement considerable reductions in the amount of humanitarian aid. In 2016, Finland spent €56 million for development cooperation, accounting for 0.44% of GNI. In 2015, the share was 0.55%. Altogether, development cooperation appropriations decreased in 2016 from the previous year by 18%. Under the 2017 budget, €81 million is reserved for development cooperation appropriations. Finland emphasizes the primary role of the United Nations in coordinating the provision of aid, and in general channels its funds for humanitarian aid through U.N. organizations. In terms of development coordination, such as work to improve the economic and social position of developing countries, Finland's contributions are implemented through various methods. The Ministry for Foreign Affairs, in conjunction with external consultants, monitor the attainment of goals and the use of funds, and in June 2014 the ministry introduced an online service enabling anybody to report suspected misuse of development-cooperation funds. The overall efficiency of Finnish efforts is not high and the country is not counted among the world's top aid initiators or agenda-setters. In terms of advancing global social inclusion, Finland is a committed partner rather than a leader.

"Finland's Development Policy Programme 2012", Ministry for Foreign Affairs of Finland, 6/19/2012; Ministry for Foreign Affairs of Finland, <http://www.formin.fi/public/default.aspx?contentid=251855>.

III. Environmental Policies

Environment

Environmental
Policy
Score: 8

Finland faces quite specific environmental challenges in terms of climate change and population growth; yet the country's contribution to larger efforts in combating climate change have to date been fairly modest. Still, after being ranked 18th out of 178 countries in Yale University's 2014 Environmental Performance Index, Finland was top-ranked ahead of Iceland, Sweden and Denmark in 2016. Water pollution is a major challenge in Finland. While pollution emissions from large industrial facilities have to a large extent been successfully curbed and polluted lakes and rivers have been cleaned, waterborne nutrient emissions generated by farms remain a pressing problem. According to calculations, some 1,500 lakes are in need of more active restoration measures to combat eutrophication. Finland's most valuable natural resource is its forests. The overall annual growth rate of trees in the forests exceeds the total timber harvest, a result of institutionalized protections. Separately, efforts to halt an ongoing decline in biodiversity have proved insufficient, though the government has created networks of protected areas.

The environment and natural resources are among the responsibilities of 13 centers for economic development, transport and the environment. The Ministry of Employment and the Economy supervises the general administrative work of these centers. Recent research suggests that in environmental matters in which economic factors play a key role there is a trend towards restricting the rights of citizens to be informed about and influence decisions.

Jari Lyytimäki, "Environmental Protection in Finland", <http://finland.fi/public/default.aspx?contentid=160041>;
 "Finland's Environmental Administration", http://www.ymparisto.fi/en-US/Finlands_environmental_administration;
<http://archive.epi.yale.edu/epi/country-rankings>;
 Sebastian Frick and Luis Marin Morillas, "Environmental Policies in Finland", <https://prezi.com/x6yy6xidpwaj/environmental-policies-in-finland/>;
 Siina Raskulla, "Ympäristöperusoikeus politiikkainstrumenttina ja kansalaisoikeutena", pp. 280-297, *Politiikka*, 2016, Nr 4.

Global Environmental Protection

Global
 Environmental
 Policy
 Score: 8

International regimes are often sector-specific. The core of each international regime is formed by international regulatory and administrative systems, which are created and implemented through formal agreements. While Finland is certainly committed to observing many multilateral and bilateral environmental agreements concerning climate change and air pollution, Finland is not among the primary agenda-setters with regard to the advancement of international regimes. However, Finland has received ratings ranging from "good" to "satisfying" in international comparisons of environmental-protection standards, such as the Environmental Sustainability Index. Finland is chairing the Arctic Council from 2017 to 2019, an obligation that will certainly strengthen the international position of the country. Under her leadership, Finland will strengthen Arctic cooperation and continuity at the highest political level. In operational terms, Finland will work to promote the implementation of the Paris Agreement on climate change and the UN's sustainable development goals. The Ministry for Foreign Affairs has developed guidelines on how to arrange environmentally sustainable meetings, conferences and seminars.

Katrina Running, "Examining Environmental Concern in Developed, Transitioning and Developing Countries", *World Values Research* 5 (1): 1-25, 2012;
 "Exploring Common Solutions - Finlands Chairmanship Program for the Arctic Council 2017-2019", Ministry for Foreign Affairs, 2017.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

The electoral process in Finland is free and fair, and the country's constitution grants Finnish citizens the right to participate in national elections and referendums. Registered political parties have the right to nominate candidates, though all voters have the right to influence the nomination process. Electoral associations of at least 100 enfranchised citizens also have the right of nomination. However, the role of these associations has been marginal. Candidates for presidential elections can be nominated by any political party that is represented in parliament at the time of nomination. Candidates may also be nominated by associations of at least 20,000 enfranchised citizens. President Sauli Niinistö, running for reelection in the 2018 elections, has preferred to be nominated by a voters' association rather than a specific political party and collected thus more than 150,000 supportive signatures.

Presidential candidates must be Finnish citizens by birth, while young people under guardianship and those in active military service cannot stand as candidates in parliamentary elections. The procedure for registering political parties is regulated by the Party Law of 1969. Parties which fail to elect representatives to parliament in two successive elections are removed from the list of registered parties. However, by gathering signatures of 5,000 supporters, a party may be re-registered.

Citation:

Dag Anckar and Carsten Anckar, "Finland", in Dieter Nohlen and Philip Stöver, eds. *Elections in Europe. A Data Handbook*, Nomos, 2010.

Media Access
Score: 10

The access of candidates and parties to media and means of communication is fair in principle, but practical constraints, such as the duration and breadth of a program's coverage, restrict access for smaller parties and candidates to televised debates and other media appearances. Given the increased impact of such appearances on the electoral outcome, this bias is somewhat problematic from the point of view of fairness and justice. However, the restrictions reflect practical considerations rather than ideological agendas. Access to newspapers and commercial forms of communication is unrestricted, though in practice it

is dependent on the economic resources of parties and individual candidates. Candidates are required to report on the sources of their campaign funds. Social media play an increasing role in candidates' electoral campaigns, as these outlets now attract a growing share of voters.

Citation:

Strandberg, Kim (2012): Sosiaalisen median vallankumous? Ehdokkaat, valitsijat ja sosiaalinen media vuoden 2011 eduskuntavaaleissa. In: S. Borg (ed.), *Muutosvaalit 2011*, Helsinki: Ministry of Justice, 79-93.

Voting and
Registrations
Rights
Score: 10

Electoral provisions stipulate universal suffrage for all adult Finnish citizens, a secret-ballot voting method, a minimum voting age of 18, non-compulsory voting, an entitlement to vote for expatriated Finnish citizens, and the exclusion of non-Finnish nationals resident in Finland from national elections. However, non-Finnish permanent residents may vote in municipal elections. The population registration center maintains a register of persons eligible to vote, and sends a notification to those included in the register. Citizens do not need to register separately to be able to vote. A system of advance voting has been in place for several decades now, and the proportion of ballots cast in advance has risen significantly. Electronic voting was tested during the 2008 municipal elections, but has not been adopted in subsequent elections. However, the government has declared internet-based voting methods as a policy objective.

Citation:

Dag Anckar and Carsten Anckar, "Finland", in Dieter Nohlen and Philip Stöver, eds. *Elections in Europe. A Data Handbook*, Nomos, 2010.

Party Financing
Score: 9

New campaign-finance legislation was implemented between 2008 and 2009, in the wake of several political financing scandals. This legislation requires politicians to disclose funding sources, and has provided for independent and efficient monitoring. There are now bans on donations from foreign interests, corporations holding government contracts and anonymous donors. In addition, there are limits on the amount a donor can contribute over a time period or during an election. Candidates are required to report on the sources of their campaign funds and these reports are filed with ministries and auditing agencies as well as made public. Financing scandals involving parties and candidates continue to attract media coverage, and studies indicate that parties are likely to lose electoral support if they are involved in finance scandals. As a result of the new rules, the quality of party financing has improved and public opinion polls indicate that the credibility of politicians has increased.

Citation:

<http://www.idea.int/parties/finance>;

Demokratiapuntari 2012: Yhteenveto. Ministry of Justice/MTV3/tnsGallup, 02/2012;

Mattila, Mikko and Sundberg, Jan 2012: Vaalirahoitus ja vaalirahakohu. In: Borg, Sami (ed.): *Muutosvaalit 2011*. Oikeusministeriön selvityksiä ja ohjeita 16/2012. Oikeusministeriö (Ministry of Justice), pp.227–238.

Popular Decision-Making
Score: 6

In 1987 government incorporated referendums into the Finnish constitution. The provision, laid down in the Law of Procedures in Advisory Referendums, enable advisory referendums to be called by parliament by means of special laws that specify the date of voting and establish the alternatives to be presented to the voters. There are no minimum participation rates or required vote majorities specified. Since that time, only a single national referendum has taken place, in 1994. This addressed Finland's entry into the EU.

While this mechanism does not enable direct citizen participation in public policymaking, a constitutional amendment in 2012 introduced a popular-initiative system. This system requires parliament to consider any petition that receives 50,000 signatures or more within six months. However, citizens do not themselves have the opportunity to vote on the initiative issues, as the right of decision and agenda-setting remains with the parliament. The first initiative to receive enough signatories to be submitted to parliament was on the prohibition of fur farming; it was subsequently rejected. A later initiative concerning same-sex marriage also received a sufficient amount of signatories and was approved by the parliament after a heated debate. In 2016, an initiative concerning the indexation of pension benefits was prominently and controversially debated in the media and among the public and ultimately dismissed by the parliament. Since its establishment, about 670 initiatives have been brought up, of which 18 were submitted to the parliament for debate. As of the time of writing, about 30 initiatives are lining up to be considered by the parliament. The Ministry of Justice maintains an online platform for citizens' initiatives.

The Finnish system also allows for citizen-initiated municipal referendums. However, municipal authorities determine how such referendums are conducted and results are non-binding.

Citation:

Dag Anckar, "Finland", in Bruno Kaufmann and M. D. Waters, eds. *Direct Democracy in Europe*. Durham, N. C.: Carolina Academic Press, 2004.

Online platform for citizen initiatives; <https://www.kansalaisaloite.fi/fi>

Henrik Serup Christensen, Maija Karjalainen and Maija Setälä, *Kansalaisaloite poliittisen yhdenvertaisuuden näkökulmasta*, pp. 435-456 in Kimmo Grönlund and Hanna Wass, eds. *Poliittisen osallistumisen eriytyminen*, Helsinki: Oikeusministeriö, Selvityksiä ja ohjeita 28, 2016.

Access to Information

Media Freedom
Score: 10

Media independence is a matter of course in Finland. Media independence is guaranteed by the Act on the Exercise of Freedom of Expression in Mass Media from 2003, and supported by public and political discourse. A free and pluralist media is considered an important contributor to debate among citizens

and the formation of public opinion. Finland has been ranked at or near the top of the Reporters Without Borders' World Press Freedom Index since 2009; in 2016, Finland took first place, for the sixth year in a row. In 2017, however, Finland ranked 3rd, after Norway and Sweden. Several factors contribute to this rather unique success. Media consumption rates are fairly high in Finland. The rate of media consumption guarantees a strong market and healthy competition, promoting high quality journalism. In addition, the Council for Mass Media in Finland has successfully managed a system of self-regulation among media outlets. Furthermore, as Finland is one of the least corrupt societies in the world, the government has in general not sought to interfere with press freedom. However, at the end of 2016, prominent journalists at the national broadcaster YLE resigned following a dispute over Prime Minister Sipilä's email complaints about the broadcaster's coverage of a mining company in which Sipilä's relatives are stakeholders.

Media Pluralism
Score: 10

Finland's media landscape is pluralistic and includes a variety of newspapers and magazines. Moreover, the conditions in which Finland's journalists operate are said to be among the most favorable in the World. In addition, Finland still boasts an impressive newspaper readership, despite a definite decline in circulation numbers in recent years. However, newspapers do face the prospect of long-term decline due to the rise of the electronic media and increasing economic pressures due to a loss of advertising share and increasing costs. Indeed, during the last decade, user-generated content and online social-media platforms have revolutionized the media landscape. As a rule, newspapers are privately owned but publicly subsidized. The ownership structure is therefore fairly diverse. The position of regional newspapers remains comparatively strong, and they provide a variety of print media at the national and regional level. Internet use is open and unrestricted, the share of Internet users in the population aged 16 to 74 exceeds 90%, and broadband internet access is defined by law as a universal service that must be available to everyone. According to Official Statistics of Finland, the Internet has become an established source of information concerning elections. The national broadcasting company, Yleisradio, operates several national and regional television and radio channels, and supplies a broad range of information online. Although state-owned and controlled by a parliamentary council, Yleisradio is viewed as unbiased. Yleisradio is complemented by several private broadcasting companies.

Official Statistics of Finland (OSF): "Use of Information and Communications Technology by Individuals" [e-publication]. ISSN=2323-2854. 2011. Helsinki: Statistics Finland.
http://www.stat.fi/tup/suoluk/suolu_k_kulttuuri_en.html#newspaper;
Ville Manninen & Heikki Kuutti, "Media Pluralism Monitor 2015 - Results - Finland", monitor.cmpf.eu.eu/mpm2015/results/finland

Access to
Government
Information
Score: 10

The public's access to government information is in principle unrestricted. In accordance with the Finnish constitution, every Finnish citizen has the right of access to public documents and recordings. This right includes access to documents and recordings in the possession of government authorities, unless their publication has for some compelling reason been restricted by a government act. However, special categories are secret and exempt from release, including documents that relate to foreign affairs, criminal investigations, the police, security services and military intelligence. Such documents are usually kept secret for a period of 25 years, unless otherwise stated by law. Finland was among the first countries to sign the Council of Europe Convention on Access to Official Documents in 2009. The 1999 act on the openness of government activities stipulates that persons asking for information are not required to provide reasons for their request, and that responses to requests must be made within 14 days. Appeals of any denial can be taken to a higher authority and thereafter to the Administrative Court. The Chancellor of Justice and the Parliamentary Ombudsman can also review the appeal.

Civil Rights and Political Liberties

Civil Rights
Score: 10

Civil rights are widely respected and protected in Finland. The country has received the highest possible rankings for civil rights in Freedom House's annual rankings since the early 1980s. The law provides for freedom of speech, which is also respected in practice. Furthermore, Finns enjoy full property rights and freedom of religion, with the government officially recognizing a large number of religious groups. Freedoms of association and assembly are respected in law and practice, while workers have the right to organize, bargain collectively and strike. In November 2014, after long and contentious discussions, parliament voted to provide marriage rights for same-sex couples, and adoption-rights legislation for same-sex couples became effective in March 2017.

Political Liberties
Score: 10

Political liberties are effectively protected in Finland. The country has for decades received the highest scores concerning political liberties in Freedom House surveys. Finnish law provides for freedom of speech, and this freedom is upheld in practice. Finns also enjoy freedom of religion, freedom of association and assembly, and the right to organize, bargain collectively and strike. A large majority of workers belong to trade unions, although the share of membership in trade unions has been decreasing. Women enjoy rights and liberties in Finland equal to those of men. The criminal code covers ethnic agitation and human trafficking. The constitution guarantees members of the indigenous Saami population, who comprise less than 1% of the population,

Non-discrimination
Score: 8

cultural autonomy and the right to pursue their traditional livelihoods.

Rights of ethnic and religious minorities are as a rule well protected in Finland, and the criminal code provides penalties for anyone who incites violence on racial, national, ethnic or religious grounds. The rights of the Swedish-speaking minority in Finland are widely respected, with Swedish recognized as an official national language. However, reforms to public administration at the local level, which are still pending at the time of writing, may violate important rights of the Swedish-speaking population. In addition, some segments of the population, primarily represented by the so-called Finns Party, have turned hostile toward Finland’s Swedish-speaking population. The Aland Islands, whose inhabitants speak Swedish, have historically maintained an extensive autonomy and a home-rule parliament as well as one permanent seat in the national legislature. Finland has often been seen as a forerunner concerning its efforts to maintain an effective minority-protection policy. Still, although cases of discrimination are rather few, ethnic minorities and asylum-seekers report occasional police discrimination; an immigrant background additionally increases the risk of encountering discrimination. Roma individuals, who make up a small proportion of the population, are marginalized, and the Finns Party, which split into two parts in 2017, one of which is a government party, encourages discrimination against ethnic minorities and asylum-seekers.

Rule of Law

Legal Certainty
Score: 10

The rule of law is a basic pillar of Finnish society. When Sweden ceded Finland to Russia in 1809, the strict observation of prevailing Swedish laws and legal regulations became one of the most important tools for avoiding and circumventing Russian interference in Finnish affairs. From this emerged a political culture that prioritizes legal certainty, condemns any conflation of public and private interest, and prevents public officeholders from abusing their position for private interests.

Judicial Review
Score: 9

The predominance of the rule of law has been somewhat weakened by the lack of a Constitutional Court in Finland. The need for such a court has been discussed at times, but left-wing parties in particular have historically blocked proposals for the creation of such a court. Instead, the parliament’s Constitutional Law Committee has assumed the position taken in other countries by a constitutional court. The implication of this is that parliament is controlled by a kind of inner-parliament, an arrangement that constitutes a less than convincing compensation for a regular constitutional court. In addition, although courts are independent in Finland, they do not decide on the

constitutionality or the conformity with law of acts of government or the public administration. Instead, the supreme supervisor of legality in Finland is the Office of the Chancellor of Justice. Together with the Parliamentary Ombudsman, this office monitors authorities' compliance with the law and the legality of the official acts of the government, its members, and the President of the Republic. The Chancellor is also charged with supervising the legal behavior of courts, authorities and civil servants.

The present Sipilä government was recently criticized for not taking the concerns of the Chancellor of Justice into full account when preparing bills. In consequence, several bills put forth by the Sipilä government have been subject to heavy review by the Constitutional Law Committee.

“Hallituksen painostus jyräsi oikeuskanslerin pyrkimykset korjata ongelmallisia lakiesityksiä – oikeustieteen professorit tyrmistyivät”; <http://www.hs.fi/politiikka/art-2000005011266.html>

Appointment of
Justices
Score: 5

There are three levels of courts: local, appellate and supreme. The final court of appeal is the Supreme Court, and there is also a Supreme Administrative Court and an Ombuds office. The judiciary is independent from the executive and legislative branches. Supreme Court judges are appointed to permanent positions by the president of the republic. They are not subject to political influence. Supreme Court justices appoint lower-court judges. The ombudsman is an independent official elected by parliament. The ombudsman and deputy ombudsman investigate complaints by citizens and conduct investigations. While formally transparent, the appointment processes do not receive much media coverage.

Corruption
Prevention
Score: 9

The overall level of corruption in Finland is low, with the country offering a solid example of how the consolidation of advanced democratic institutions may lead to the reduction of corruption. The 2016 Corruption Perceptions Index by Transparency International ranked Finland in 3rd place out of 176 countries; the country ranked 3rd place in 2014 and 2nd place in 2015. Several individual mechanisms contribute to the Finnish success, including a strict auditing of state spending; new and more efficient regulations over party financing; legal provisions that criminalize the acceptance of bribes; full access by the media and the public to relevant information; public asset declarations; and consistent legal prosecution of corrupt acts. However, the various integrity mechanisms still leave some room for potential abuse, and a 2014 European Commission report emphasized the need to make public-procurement decisions and election funding more transparent. It is also evident that positions in Finland are still filled through political appointment. Whereas only about 5% of citizens are party members, two-thirds of the state and

municipal public servants are party members. Recently, several political-corruption charges dealing with bribery and campaign financing have been brought to light and have attracted media attention.

Hung-En Sung, "Democracy and Political Corruption: A Cross-National Comparison", *Crime, Law & Social Change*, Vol. 41, 2004, 179-194.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 9

Strategic planning has considerable influence on government decision-making. The strategic goals contained in the government program are recorded in specific government-strategy documents. These strategy documents cover a one-year period and include a plan for pursuing priority goals, a notice of intent for upcoming key decisions and indicators for evaluating government performance. The implementation of the government program is assessed by a report halfway through the cabinet's tenure, which defines how strategic goals should be attained through the rest of the cabinet's time in office. The Prime Minister's Office assists the prime minister and the government in their work and is responsible for the planning of social policy legislation that does not fall within the competence of any other ministry. The government often launches policy programs to ensure its key objectives are met. Meanwhile, the preparation and monitoring of programs is delegated to ministerial groups. In addition, the Committee for the Future deals with future-related matters. As a former entrepreneur, Prime Minister Sipilä has given the government program an even more strategic turn. For some of its policy objectives, the government utilizes trial projects to assess reform impacts. The basic income trial project, which will be run with 2,000 participants nationwide in 2017 and 2018, is an example of this kind of new strategic evidence-based planning.

Citation:

Basic income experiment; <http://www.kela.fi/web/en/basic-income-experiment-2017-2018>

Scholarly Advice
Score: 7

The government predominately organizes the collection of scholarly advice informally, for example, by consulting scientific experts on committee report drafts. Some formal bodies, such as temporary working groups, ad hoc committees and permanent councils, also exist. In general, various permanent and non-permanent committees play an important role in structuring scholarly advice in government decision-making. An example of a permanent group that

advises the government and ministries in research and technology matters is the Research and Innovation Council. A government resolution on a comprehensive reform of state research institutes and research funding was adopted in 2013; it aims to make more efficient and focused use of sectoral research to support governmental decision-making. Implementation of this resolution was underway from 2014 to 2017. The Prime Minister's Office makes a yearly plan for realizing strategic research objectives and calls for the systemic use of research projects and data for decision-making, steering, and operating procedures. Projects under the government's strategic research goals are managed by the Strategic Research Council at the Academy of Finland.

Interministerial Coordination

GO Expertise
Score: 9

As a ministry in itself, the Prime Minister's Office has the capacity to evaluate proposed policy. The primary function of the Prime Minister's Office is to support the duties of the prime minister, who directs the work of government and coordinates the preparation and consideration of government business. The Prime Minister's Office monitors the implementation of the government program and coordinates Finland's EU policy. In addition, the Prime Minister's Office is tasked with coordinating communications between the government and various ministries, planning future-oriented social policies, and promoting cooperation between the government and the various branches of public administration. The Prime Minister's Office has four departments: European Union Affairs, Government Administration, Government Ownership Steering, and Government Communications. Additionally, it has three units: the Government Session Unit, Government Policy Analysis Unit and Government External Economic Relations Unit. The Prime Minister's Office has a secretary of state, a permanent undersecretary of state and some 550 employees arranged within several task-specific departments. In addition, the steering of the Team Finland network takes place within the Prime Minister's Office. Team Finland is a network tasked with promoting international trade and relations, improving the efficiency of business cooperation abroad, and increasing the ease with which Finnish customers can access international business services.

Citation:
<http://vnk.fi/en/frontpage>
<http://team.finland.fi/en/frontpage>

GO Gatekeeping
Score: 7

The Prime Minister's Office can return items envisaged for cabinet meetings on policy grounds. As the Prime Minister's Office coordinates the drafting of proposals, and also arranges the agenda for cabinet meetings, there is rarely reason for it to return items. The rule is that ministers can place items on the cabinet's agenda even against the wishes of the prime minister. The handling of conflicts can be delicate, especially in cases when the prime minister and

minister represent different parties, and perhaps differing political interests which need to be reconciled. Yet controversial items are often discussed in informal meetings beforehand. A weekly institutionalized unofficial meeting of the cabinet led by the prime minister, called the Iltakoulu (evening sessions), plays an important function in consensual decision-making. In addition to the ministers, evening sessions are attended by the parliamentary group chairpersons of the parties in government, the Chancellor of Justice, the State Secretary to the Prime Minister and the Director of Government Communications.

Line Ministries
Score: 9

The guiding rule in Finland is that each ministry is, within its mandate, responsible for the preparation of issues that fall within the scope of government and also for the proper functioning of the administration. Given this framework, rather than line ministries involving the Prime Minister's Office in policy preparation, the expectation is that the Prime Minister's Office involves ministries in its own policy preparations. In practice, of course, the patterns of interaction are not fixed. For one thing, policy programs and other intersectoral subject matters in the cabinet program are a concern for the Prime Minister's Office as well as for the ministries, and efforts must be coordinated. The government's analysis, assessment and research activities that support policymaking across the ministries are coordinated by the Prime Minister's Office (PMO). In addition, because decision-making is collective and consensual in nature, ministry attempts to place items on the cabinet's agenda without involving the Prime Minister's Office will fail. Finland has a recent tradition of fairly broad-based coalition governments; this tradition amalgamates ideological antagonisms and thereby mitigates against fragmentation along ministerial and sectoral lines.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarisessa järjestelmässä", Porvoo: Werner Söderström Osakeyhtiö, 1992, p. 163.

Cabinet
Committees
Score: 10

Cabinet committees effectively prepare cabinet meetings. The government has four statutory cabinet committees: the Committee on Foreign and Security Policy (which meets with the president when pressing issues arise), Committee on European Union Affairs, Cabinet Finance Committee and Cabinet Committee on Economic Policy. Additionally, ad hoc cabinet committees can be appointed by the government plenary session. All these committees are chaired by the prime minister, who also chairs sessions of the Economic Council, the Research and Innovation Council, and the Title Board. In addition, there are several ministerial working groups. The primary task of these committees and groups is to prepare cabinet meetings by helping to create consensus between relevant ministries and interests. In all, a large majority of issues are reviewed first by cabinet committees and working groups.

Ministerial
Bureaucracy
Score: 10

Cabinet meetings are prepared by ministry officials and civil servants. Findings from a large-scale analysis several years ago into the internal politics and practices of the cabinet and ministries emphasized the existence of a cyclical culture of dependence between ministers and senior officials. One expression of this mutual dependence, according to the same analysis, was that ministers put greater trust in the advice of their subordinate civil servants than in the advice of ministerial colleagues. This pattern extends to all aspects of the cabinet's agenda. With regard to policy programs and similar intersectoral issues, coordination between civil servants of separate ministries happens as a matter of course. In specific matters, coordination may even be dictated. For instance, statements from the Ministry of Finance on economic and financial matters must be obtained by other ministries. On the whole, given the decision-making culture, civil servants in different ministries are expected to engage in coordination. An unwritten code of behavior prescribes harmonious and smooth activity, and ministers or ministries are expected to subject projects that are burdensome or sensitive to a collective examination and analysis.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarisessa järjestelmässä". Porvoo: Werner Söderström Osakeyhtiö, 1992, p. 128; Eero Murto, Power Relationship Between Ministers and Civil Servants, pp. 189-208 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Power in Finland, Stockholm: Santérus Förlag, 2016.

Informal
Coordination
Score: 10

Intersectoral coordination has generally been perceived as an important issue in Finnish politics, but rather few institutional mechanisms have in fact been introduced. One of these is the Iltakoulu (evening session). To a considerable extent, then, coordination proceeds effectively through informal mechanisms. Recent large-scale policy programs have enhanced intersectoral policymaking; additionally, Finland's membership in the European Union has of course necessitated increased interministerial coordination. Recent research in Finland has only focused tangentially on informal mechanisms, but various case studies suggest that the system of coordination by advisory councils has performed well.

Citation:

Eero Murto, Power Relationship Between Ministers and Civil Servants, pp. 189-208 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Political Power in Finland, Stockholm: Santérus Förlag, 2016.

Evidence-based Instruments

RIA Application
Score: 9

Systematic impact assessment is today a routine part of the Finnish legislative drafting process. Regulatory impact assessment activities have comprised, for instance, a series of evaluation reports by the Ministry of Foreign Affairs that

deal with principles of development policy, partner countries and geographic regions. Furthermore, assessments have investigated the activities of the Ministry of Social Affairs and Health, and an international evaluation of the Finnish national innovation system, commissioned by the Ministry of Education and Culture and the Ministry of Employment and the Economy, has been performed. The general framework for regulatory impact assessments is grounded in a program-management system governing intersectoral policy programs. This framework was initiated in 2007 and is still valid as a guide to impact assessment. An independent Council of Regulatory Impact Analysis was established in December 2015 at the Prime Minister's Office as part of the Sipiläs government program. The Council is responsible for issuing statements on government proposals and on their regulatory impact assessments. In April 2016, the government appointed the first term of the Council (April 2016 to April 2019). During 2016, the Council considered about twenty draft government proposals. The verdict has not been favorable as regards the overall quality of law-making, as the Council has found impact assessments to have been deficient in a significant proportion of proposals.

Citation:

"Impact Assessment in Legislative Drafting. Guidelines", Ministry of Justice, Finland. Publication 2008:4; Auri Pakarinen, Jyrki Tala and Laura Hämynen, "Regulatory Impact Assessment in the Finnish Government's Proposals in 2009", National Research Institute of Legal Policy, Research Communications no. 104; "Better Regulation", Helsinki, Ministry of Justice, 2014; <http://oikeusministerio.fi/en/index/basicprovisions/legislation/parempisaantely.html> Prime Minister's Office, Finland: "Finnish Council of Regulatory Impact Analysis", <http://vnk.fi/en/council-of-regulatory-impact-analysis>.

Quality of RIA
Process
Score: 8

Impact assessment guidelines adopted in 2007 still provide a general framework for the process of regulatory impact assessment. The Revision Bureau of the Ministry of Justice's Law Drafting Department monitors compliance with these impact assessment guidelines. Impact assessments cover the economic, administrative, environmental and social impacts of proposed legislation. The guidelines describe what kind of impact may be involved, how the impact may be assessed, and what methods and information sources are available. The guidelines also specify the extent to which this information must be provided in the assessments. For instance, assessments may deal with proposals' potential economic impact on households, businesses and public finances as well as overall economic impact. Concerning methodology, guidelines recommend the use of statistical data, questionnaire data, expert analyses and when necessary, qualitative methods. Generally speaking, the regulatory impact assessment process is well-structured and of a high quality. However, in its 2017 assessment, the Finnish Council of Regulatory Impact Analysis found deficient impact assessments in a significant proportion of the draft government proposals and recommended a more regular use of quantitative measures and more time for reworking the draft proposals.

Citation:

Ministry of Justice (2008): "Impact Assessment in Legislative Drafting - Guidelines". Helsinki, Publication 2008:4.

<http://oikeusministerio.fi/fi/index/toimintajatavoitteet/lakiensaaminen/parempisaantely/vaikutustentarviointi/saadosehdotustenvaikutustentarviointiohjeet.html>.

http://vnk.fi/en/article/-/asset_publisher/arviointineuvosto-vaikutusten-arviointien-tasoa-on-parannettava

Sustainability

Check

Score: 9

The Finnish government understands that regular and complete assessments of regulations are fundamental to the governing of complex and open societies and economies. In consequence, the country has a comprehensive regulatory impact assessment program in place. Also, Finland has formally adopted a regulatory impact assessment strategy that contains instructions to be carried out when drafting legislative proposals, complemented by separate instructions issued by ministries. Assessments involve the use of multiple indicator sets, various interests are consulted and different techniques used. Generally speaking, aspects of sustainability form an integral part of the assessment process. Variations between forecasts and actual outcomes are monitored over time.

Societal Consultation

Negotiating

Public Support

Score: 8

In Finland's consensus-oriented political system, interest organizations and associations are regularly consulted. Although the corporatist system adopted in the 1960s has now declined, the exchange of views and information with a variety of social interests is still part and parcel of the everyday activities of the Finnish government. Through various mechanisms such as committee hearings, joint-council memberships and expert testimony, bills and drafts are circulated to interested parties who are then invited to critique the draft legislation. Various laws and guidelines, such as the Act on the Openness of Government Activities, contain provisions on consultation and participation. By and large, the system functions reasonably well. Admittedly, consultation tends to favor organized groups and neglects outside participation. It is also the case that consultation is carried out mainly to build consensus rather than to gather support or assess impact. However, in the long run, this helps to generate public support for government policies. Still, recent developments indicate a weakening in the role played by the tripartite negotiation of labor-market agreements between the government, employers groups and employee organizations.

Policy Communication

Coherent

Communication

Score: 8

Since the prime minister's position is one of *primus inter pares* (first among equals), rather than one of absolute leadership, it is natural that the government's policy positions are advanced through discussion and consultation rather than through directives and commands. Furthermore, as directives and

commands would challenge the principle of freedom of speech, such communication would probably be regarded as illegitimate and foster opposition. In practice, therefore, contradictory statements are rare. However, the fact that Finland has a tradition of broad-based umbrella coalitions that accommodate diverse interests and ideological shadings serves to diversify communication. This has been true of communications from the Sipilä government, which have been notably vague and often undecided, reflecting tensions or even conflicts between the Finns Party and the other government parties. A conflict within the Finns Party in June 2017 almost led to dissolution of the government and new elections. The conflict was solved by the Finns Party parliamentary group splitting up into a radical group and a more moderate group (Blue Reform), the latter of which contained all of the party's ministers and remained in the government coalition.

The existence of an agreed-upon and fairly detailed government plan in principle serves to streamline communications; however, the present Sipilä government has demonstrated that different interpretations of the plan can certainly arise.

Implementation

Government
Efficiency
Score: 8

Given that Finland has lately been governed by broad or fairly broad coalition governments, the constitutional and political conditions for a satisfactory implementation of government plans have been good. A February 2013 session reviewing the implementation record under former Prime Minister Katainen (2011 – 2014) concluded that approximately 80% of the measures outlined in the government program had at that point been undertaken successfully. However, according to the review, the largest and most difficult program issues remained unsolved. Following a cabinet reshuffle, the government program under Prime Minister Stubb (2014 – 2015) was submitted to parliament in June 2014 and was fairly well received. The present Sipilä government announced its program at the end of May 2015; in comparison with earlier programs, which resembled a telephone directory in size, the Sipilä program is much shorter and more strategic and focused. The program announced five strategic priorities that are manifested in 26 key projects, the primary goal being to bring the Finnish economy onto a path of sustainable growth. An action plan for implementation was published in February 2016 and updated in April 2017; a Legislation Assessment Council was appointed in April 2016. Follow-up estimations are now web-published at regular intervals. As evident from these assessments, the government's likelihood of success in implementing its objectives remains a somewhat open question. The government has already been forced to back away from several of its proposals.

Citation:

Ville Pitkänen, “Kenen ääni kuuluu hallitusohjelmassa?”, Kanava, 2015, Nr 6, pp. 40-42;
 valtioneuvosto.fi/implementation-of-the-government-programme;
 valtioneuvosto.fi/hallitusohjelman toteutus/karkihankkeiden-toimintasuunnitelma.;
 “Finland, a land of solutions. Mid-term review. Government action plan 2017-2019.”
<http://valtioneuvosto.fi/documents/10184/321857/Government%20action%20plan%2028092017%20en.pdf/034211c9-84dd-43a7-8d7f-e5d055965a2c>

Ministerial
Compliance
Score: 8

A number of mechanisms are in place that serve to bind ministers to the government’s program. Government programs result from negotiations between the political parties forming the government; in consequence, the coalition partners and ministries closely monitor implementation. Cabinet agenda issues are generally prepared, discussed and coordinated in cabinet committees as well as in informal groups and meetings. On the whole, ministers are closely watched, and are expected to be integral parts of cooperative units. They would no doubt find it difficult as well as unrewarding to pursue narrow self-interests. Nevertheless, individual figures’ profile-raising attempts have been discernible in the present Sipilä cabinet, largely within the Finns Party.

Monitoring
Ministries
Score: 8

The government monitoring of ministries is indirect in nature and the same mechanisms that foster ministerial compliance tend to have monitoring functions as well. These include the preparation and coordination of matters in cabinet committee meetings as well as other formal and informal meetings. In general, the various forms of interministerial coordination also fulfill monitoring functions. However, these forms are characterized by cooperative and consultative interactions rather than critical interactions. While the Prime Minister’s Office does monitor ministries, the monitoring is implicit rather than explicit.

Monitoring
Agencies,
Bureaucracies
Score: 8

All ministries use results-management practices to monitor agencies in their various task areas. In many cases, a balanced score system is used. However, not all agencies are monitored to the same extent. Some agencies, such as the National Funding Agency for Technology and Innovation (Tekes), which operates under the Ministry of Economic Affairs and Employment have a high degree of autonomy, with monitoring taking place only on a general level. Other agencies are accorded a somewhat lesser degree of autonomy. However, as a rule, they do have autonomy with respect to day-to-day operations. Monitoring takes many forms and a system of political undersecretaries of state has been designed to support the individual ministers in their monitoring activities.

Task Funding
Score: 8

Municipal governments have a right to assess taxes, collecting more than twice as much as the central government in income taxes. A government grant system additionally enables local governments to continue to provide public services even when experiencing a funding gap. In essence, a portion of locally collected taxes is put into a common pool, from which transfers are made to financially weak local governments. The central government establishes strict standards and

service-provision requirements intended to cover all citizens. However, local governments are tasked with providing these services, which means that some municipalities are unable to meet the standards without increasing taxes. Given that local government units differ greatly in size and resources, they are in unequal positions in terms of capacity and performance efficiency. A large-scale reform of municipalities and services, started in 2006 and yet unfinished, has led to a considerable reduction in the number of municipalities. Among other goals, the reform aims to secure sufficient financing and an efficient provision of services across the country. The government has also introduced a further and much contested reform project to create larger entities tasked with providing social and health services in a more efficient way (SOTE). However, according to assessments, the final compromise solution of 18 social services and health care entities is less satisfactory in terms of efficient funding and democratic organization than was an original proposal for a maximum of nine to 12 SOTE regions. At the time of writing, the final shape, structure, and outcome of the SOTE reform remains open and subject to critical public discussions.

Citation:

Government press release on “Government decision on next steps in reform package on health care, social welfare and autonomous regions”, http://vm.fi/en/article/-/asset_publisher/10616/hallitus-paatti-sote-uudistuksen-jatkosta-ja-itsehallintoalueista
<http://alueuudistus.fi/en/frontpage>

Constitutional
Discretion
Score: 9

Municipalities in Finland have a long tradition of independence in specific policy areas, while also implementing policies of the central government. In particular, municipalities are responsible for the implementation of educational, health care, social and infrastructural services. Municipalities may not be burdened with new functions or with financial or other obligations, nor may they be deprived of their functions and rights, except by an act of parliament. The control that the state exercises over municipalities does not imply any general state right to intervene. Control may be exercised only in accordance with specific legal provisions. Thus, subnational autonomy is guaranteed and protected by law. Still, the autonomy of local government may be curtailed in practice by financial pressures. The still pending SOTE reform which creates autonomous regions for the organization of social welfare and health care will lead to greater complexity in terms of financing structures, accountability, and responsibilities.

National
Standards
Score: 7

Since local authorities have the constitutional right to use their own discretion, the central government has limited capacity to ensure that national standards are consistently met. Local governments are separate from the central government, with municipal authorities recognized as existing independently of the state. Still, appeals to administrative courts regarding decisions taken by local authorities are possible on grounds that the decisions were not made in proper order or were otherwise illegal. In certain and very few specific matters, such as

environmental or social-care issues, local government decisions must be confirmed by state authorities. The reform of municipalities and services now ongoing for years aims to increase the effectiveness of public-services provision in peripheral regions and improve local governments' fiscal sustainability. The extent to which these reforms can meet the stated goals remains an open and much-debated question

Adaptability

Domestic
Adaptability
Score: 9

Most important adaptations have resulted from Finland's EU membership. Finland was among the first EU member states to adopt the euro and government structures have in several instances been adapted to EU norms. The Parliamentary Grand Committee is tasked with preparing and adopting EU legislation. Furthermore, oversight of the EU secretariat, responsible for the coordination of EU affairs, has been transferred from the Ministry for Foreign Affairs to the Prime Minister's Office. A coordination system exists to ensure that Finland maintains positions in line with its overall EU policy. This system involves relevant ministries, a cabinet committee on EU affairs and various EU subcommittees. These subcommittees are sector-specific governmental organs and constitute the foundation for the promotion of EU affairs within the state's structures. Finland is a member of the MOTAN donor network, which evaluates the work of international organizations and their organizational effectiveness. Also, the National Climate Change Adaptation Plan 2022 was adopted in 2014, introducing measures to mitigate the adverse consequences of climate change. The implementation of the plan is coordinated by a national monitoring group.

International
Coordination
Score: 8

Typically, global public goods are best addressed collectively, on a multilateral basis, with cooperation in the form of international laws, agreements and protocols. Finland is a partner to several such modes of cooperation and contributes actively to the implementation of several global frameworks. Finland is committed to the United Nations Framework Convention on Climate Change, Kyoto Protocol and EU legislation in its climate policy. The Ministry of the Environment is responsible for coordinating climate negotiations, and specifically, within the framework of the EU, Finland is committed to bringing down its national annual average carbon emissions. In 2017, Finland assumed the two-year chair of the Arctic Council, announcing her commitment to promote prosperity, development and environmental sustainability in the Arctic region. In 2016, Finland was the President of the Nordic Council of Ministers and in 2017 has taken the lead in the Nordic Council. These and other commitments notwithstanding, Finland cannot be regarded a dominant actor protecting global public goals. Given its relatively high level of knowledge, research capacities, and the existence of frameworks for policy coordination and monitoring, Finland does have the institutional capacities to participate in global governance. However, the capacities are not utilized to their fullest extent.

Citation:

www.motiva.fi/en/energy_in_finland/national_climate_and_energy_strategy
http://valtioneuvosto.fi/documents/10184/1427398/Ratkaisujen+Suomi_EN_YHDISTETTY_netti.pdf/8d2e1a66-e24a-4073-8303-ee3127fbfcac

Organizational Reform

Self-monitoring
Score: 10

The monitoring and evaluation of existing institutional models forms an important element of the Finnish political and administrative system. Earlier attempts to improve the proportionality of the electoral system and alter constituency sizes are examples of how evaluation and monitoring processes in Finland mainly focus on administrative and steering issues. A system of program management that introduced new measures for monitoring the government plan was implemented several years ago. This monitoring system has been adopted as well as improved by subsequent governments. The Stubb cabinet (2014 – 2015) made monitoring data publicly available. The same policy has been followed by the Sipilä cabinet. It is now customary to report online the developments toward realizing the 26 main goals and five main reforms listed in the government plan. Reports are updated monthly. The Secretariat for Government Strategy Work assists the government and ministries in implementing and monitoring the key projects and reforms.

Citation:

<http://valtioneuvosto.fi/en/implementation-of-the-government-programme/information>;
 “Government Programme Monitoring Data”, <https://www.avoindata.fi/data/fi/dataset/hallitusohjelman-seurantadata>;
 Valtioneuvoston kanslia, “Jyrki Kataisen ja Alexander Stubbin hallitusohjelmien loppuseuranta 2015”, <http://valtioneuvosto.fi/documents/10184/321857/Hallitusohjelmien+loppuseuranta+032015.pdf/44d7de02-958c-4b1c-8633-201038a0f2f5>;
 Toimintasuunnitelma strategisen hallitusohjelman kärkihankkeiden ja reformien toimeenpanemiseksi 2015-2019. Päivitys 2016. Hallituksen julkaisusarja 2/2016.

Institutional
Reform
Score: 7

While institutional arrangements have not changed much, the Sipilä government has continuously considered plans to promote and implement strategic aims within government and to reduce costs. These plans have included merging ministries and reallocating ministerial responsibilities, but the outcome of these efforts have been less than successful. Plans some years ago to merge the Ministry of Environment and the Ministry of Agriculture and Forestry were heavily opposed and later developments largely justified the criticism. Among other reallocation efforts, a merger of the Ministries of Justice and Employment failed to the extent that it became necessary to cancel the merger. Several factors, including the fairly high degree of independence accorded to Finnish ministries and broad nature of recent cabinets, tend to undermine policy coordination across government bodies, highlighting the need for reforms that improve coordination. The Sipilä government’s strategic goals are discussed

regularly in Iltakoulu (evening sessions), an informal meeting between ministry staffers and heads of the parliamentary groups. The sessions serve as a venue for in-depth consultation and consensus-building.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 9

Democracy requires that the public and its representatives have the means to hold government accountable. In this respect Finnish democracy is effective, though not perfect. Information on government policies and decisions is widely available online and many policy fields are debated at great length on television or in other media. Newspaper readership is still high in Finland. A weak spot, however, is the public's evaluative and participatory competencies. Surveys on the extent to which citizens are informed of government policymaking indicate that the public's interest in politics has increased, and that young people in particular are more interested in politics today as compared to the early 2000s. Trust in political institutions has somewhat increased, and the social media have had a marked impact on younger citizens' rates of participation in politics. Yet the degree of interest and participation probably varies significantly across policy issues. Whereas some issues are widely debated in the media and attract general attention, other less media-friendly or stimulating issues pass largely unnoticed.

Legislative Actors' Resources

Parliamentary
Resources
Score: 9

Parliamentarians' resources for obtaining information were greatly improved in the 1990s through the creation of a parliamentary assistant system. Currently, some 165 assistants work in a parliament of 200 sitting legislators. However, critics have recently argued that this system has become too comprehensive and expensive. The assistants perform a variety of tasks, some of which relate closely to the procurement of information and general expertise. Members of parliament are also assisted by the Parliamentary Office, whose task it is to establish the necessary conditions for the parliament to carry out its duties. Employing a staff of about 440, the office is also responsible for providing personal assistants. Furthermore, MP's are assisted by the Information and Communication Department, which includes the Library of Parliament, Research Service, and Parliament Information Office. The Library of Parliament has about 40 employees and maintains three service entities: collection services, reference and archival services, and information services. A Committee

Secretariat provides secretarial services for the parliamentary committees and handles the preparation of matters brought before the committees.

Additionally, the Research Service supplies information, documents, publications, and other materials that are required by MPs and other actors involved in parliamentary work. As legislators each serve on an average of two parliamentary committees, they also benefit from the information and knowledge provided by the various experts regularly consulted in committee hearings.

Citation:

<http://lib.eduskunta.fi/Resource.phx/library/organization/people.htx>

<https://www.eduskunta.fi/FI/tietoeduskunnasta/Organisaatio/eduskunta-tyonantajana/Sivut/default.aspx>

<https://www.eduskunta.fi/FI/tietoeduskunnasta/kirjasto/tietoakirjastosta/tekijat/Sivut/default.aspx>

Obtaining
Documents
Score: 10

Reports drafted by committees provide the basis for legislative decisions. Committees prepare government bills, legislative initiatives, government reports and other matters for handling in plenary sessions. Given these tasks and functions, it follows that the government is expected to report in full its motives for proposing legislation and that committees are able to obtain the desired documents from the government upon request.

Summoning
Ministers
Score: 10

Committees are able to summon ministers to hearings and do so regularly. Committee meetings usually begin with a presentation by a ministry representative. Ministers can take part in committee meetings and debates but cannot be regular members of the committee. Furthermore, when deemed necessary, committees invite the Ombudsman, the Deputy Ombudsman or their representatives to a formal hearing as experts on questions of legislative drafting.

Citation:

<https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/Pages/default.aspx>

Summoning
Experts
Score: 10

Parliamentary committees are able to summon experts for committee meetings, which they do so regularly and increasingly frequently. A committee starts its work with a recommendation by the committee's own experts on which additional experts to call. This may include ministerial representatives or other individuals who have either assisted in preparatory work or represent specific agencies, organizations, or other interested parties. The scope of hearings varies greatly. In some cases, only one expert may be called, but in major legislative projects a committee may hear dozens of experts. Data from earlier research shows that committees in 1938 consulted advisers in 59% of all cases on which they prepared reports. The corresponding figure for 1960 was 94% and 100% in 1983. The number of experts consulted has likewise been increasing.

Citation:

<https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/Pages/default.aspx>

Dag Anckar, "Finland: Dualism and Consensual Rule", in Erik Damgaard, ed.: *Parliamentary Change in the Nordic Countries*, Oslo: Scandinavian University Press, 1992, pp. 182-186.

Task Area
Congruence
Score: 10

A total of 15 permanent special parliamentary committees along with the Grand Committee prepare government bills, legislative initiatives, government reports and other matters for plenary sessions. Reforms of the committee system in the early 1990s aimed to improve parliamentary committees' alignment with ministry responsibilities. These reforms have been highly successful and committees are now thematically bound within the scope of a corresponding ministry. The Grand Committee is in practice a committee for the handling of EU-related matters. In May 2017, an earlier merger of two ministerial chairs (work and livelihood as well as justice) was found to be less functional and was dissolved. To cope with the workload, each government party added one minister, enlarging the cabinet from 14 to 17 ministers.

Audit Office
Score: 10

Legislative accountability is advanced by the audit office, which is accountable to parliament. Formerly, parliamentary oversight of government finances was performed by parliamentary state auditors. However, this institution has been abolished. In its place is the parliamentary Audit Committee, which was created by combining the tasks performed by the parliamentary state auditors with the related functions of the administrative and audit section of the Finance Committee. The office of the parliamentary state auditors has also been replaced by the National Audit Office of Finland, which is an independent expert body affiliated to parliament. Its task is to audit the legality and propriety of the state's financial arrangements and review compliance with the state budget. Specifically, the office is expected to promote the exercise of parliament's budgetary power and the effectiveness of the body's administration. It also oversees election and party funding. The office is directed by the auditor general, who is elected by parliament. With about 140 employees, the office is made up of a financial-audit unit, a performance-audit unit, an executive management support unit, and the administration and information units. Covering long-term objectives, operational emphasis and strategic policies, the current audit strategy covers the period 2013 – 2020.

Citation:

"National Audit Office"; <http://www.vtv.fi/en>;

"The Audit Committee",
<https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/tarkastusvaliokunta/Pages/default.aspx>

Ombuds Office
Score: 10

Parliament has an ombudsman office consisting of one ombudsman and two deputy ombudsmen. Established in 1920, it is the second-oldest ombuds office in the world and employs about 60. The officeholders are appointed by parliament, but the office is expected to be impartial and independent of

parliament. The office reports to parliament once a year. Citizens may bring complaints to the office regarding decisions by public authorities, public officials, and others who perform public duties (examples of authorities include courts of law, state offices, and municipal bodies). The number of complaints decided by the ombuds office in recent years has varied between 4,500 and 5,000 cases. A considerable number of matters have been investigated and resolved on the initiative of the ombudsman himself, who may conduct onsite investigations when needed.

Citation:

<https://www.oikeusasiamies.fi/en/web/guest/the-parliamentary-ombudsman-of-finland>

Media

Media Reporting
Score: 9

By providing a continuous flow of information and background analysis, the main print media, TV and radio stations in Finland offer substantive in-depth information on government decisions. This provision takes different forms, such as inserts in regular news programs, special features, debates between proponents of conflicting views, debates between representatives of the government and opposition parties, regular broadcasts of government hearings in parliament, and so on. Empirical information about program volume is not available, but subtracting for “infotainment programs,” between five and seven hours a week of television and radio programming is dedicated to governmental issues. Although declining, daily newspaper circulation numbers remain reasonably high, with most newspapers often providing high-quality political reporting.

Citation:

Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, *Evolution of Political Power in Finland*, pp. 335-344 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. *The Changing Balance of Political Power in Finland*, Stockholm: Santérus Förlag, 2016.

Parties and Interest Associations

Intra-party
Democracy
Score: 8

At the time of writing, three major parties hold seats in the Finnish parliament (Eduskunta). Although empirical research on intra-party democracy has so far mainly dealt with the Center Party (Kesk), there is little doubt that the findings of this research can be assumed to apply to the other major parties as well. Generally, the structure of internal decision-making systems within political parties has developed in two directions. While active party members operate in voluntary, subnational organizational units, national policy functions are decided by career politicians who constitute the party elite. This dualism places power in the hands of party elites, and most particularly the party chairs. This

has led to a marginalization of party members from the executive functions within each party. As intra-party meetings are the highest decision-making institutions within political parties, the average party member participates in party meetings only indirectly by helping to elect delegates.

Citation:

Karina Jutila, "Yksillä säännöillä, kaksilla korteilla", Dissertation, University of Tampere, 2003; Rauli Mickelsson, "Suomen puolueet. Historia, muutos ja nykypäivä", Tampere: Vastapaino, 2007; Vesa J. Koskimaa, Intra-Party Power: The Ascendancy of Parties' Public "Face", in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. *The Changing Balance of Political Power in Finland*, Stockholm: Santérus Förlag.

Association
Competence
(Business)
Score: 8

Employers' and employees' organizations became involved in a series of comprehensive income-policy agreements in 1968 concerning wages, working conditions, and social-welfare programs and legislation. While this institutional arrangement for cooperation between government and associations has since slightly eroded, it created a framework for advancing responsible, considered and expert-based policy proposals on the part of the large economic-interest associations. Other mechanisms, including associations' participation as members and experts in the committee system, have worked in the same direction. As a consequence, this corporatist setting and the consensus style of policymaking has led to reasonable policies with fairly broad support.

Citation:

Voitto Helander and Dag Anckar, *Consultation and Political Culture. Essays on the Case of Finland*, Commentationes Scientiarum Socialium, nr 19, 1983, Helsinki: The Finnish Society of Sciences and Letters.

Association
Competence
(Others)
Score: 8

Most associations' policy-relevant positions are based on expert knowledge and feasibility analyses. In this sense, associations clearly contribute to the general quality of decision-making. True, exaggeration and one-sided arguments are in the very nature of interest organizations and the ensuing negotiation process, but the prevailing style of policymaking grants access to various and often competing interests. The contribution of interest associations' expert knowledge is therefore on the whole a valuable asset that enhances the quality of policymaking. Interest associations also have a high profile in public discourse, and often help shape public opinion. The fact remains, however, that the function of interest associations is to promote certain interests at the potential expense of others.

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