



# Transparency Suomi NATIONAL INTEGRITY SYSTEM ASSESSMENT

## *Highlights*

### **COUNTRY PROFILE**

*a) To what extent are the political institutions in the country supportive to an effective national integrity system?*

Assessment: Excellent

Finland's political institutions are, in relation to the national integrity system, characterised by three central development traits: 1) legalistic and parliamentary state tradition, 2) the Nordic model of the welfare state, and 3) integration into Europe and the global markets. All these traits affect the activities of political institutions.

Finland is a member state of the European Union and has a relatively long tradition of parliamentary form of government. Finland is emphatically a constitutional state, where use of political authority leans on a strong legalistic tradition. The country has moved past the politically restless era of the 1930s and the period from the end of the Second World War to the collapse of the Soviet Union which was characterised by a special foreign-policy relationship with the Soviet Union that gained some politically unusual aspects.

At present, Finland takes part in most of the central international democratic organisations and is an active participant in the United Nations.

Finland's socio-political stability is perhaps best understood with the development of the welfare state and wide-scale social security. The strong development of the welfare state reigned from the 1950s to the 1980s and still has a significant impact on the value foundations of Finnish society. Only in the past few decades have globalisation, world markets, and international competition called into question the state-funded welfare model and its benefits, which are guaranteed to all citizens regardless of financial situation or place of residence. Adapting to a more market-driven and stripped public welfare model has not happened without concerned reactions from citizens or occasionally intense disagreements between political parties.

In the early years of independence, Finland's Constitution was based on a relatively strong executive authority of the highest government bodies when it came to division of power. The Parliament was the highest government body, but the president held significant powers over not

only foreign policy but over domestic policy as well. The president played a central role in forming or dissolving governments and in several other domestic policy matters such as using naming powers.

Since the 1980s, the Constitution has been modernised in a more parliamentary direction, which has emphasised the role of the Parliament as the leading government body. Due to so-called majority parliamentarism, a political majority government has a strong position in socio-political decision-making. Joining the EU has led to reforms in the positions of the highest government bodies. One of the greatest changes has been shifting the task of maintaining relations with the EU from the president to the prime minister.

All political parties are on the same starting line when a political majority government is being put together after general elections. No political party with parliamentary seats is automatically excluded from government negotiations and consequently excluded from government responsibility.

It is also very typical for Finland that government coalitions nowadays are multiparty governments which cross the boundaries of the traditional divide into the left and the right. Since the late 1980s, governments have sat for the entire parliamentary period of office which is four years. This has promoted a certain predictability and stability in socio-political decision-making.

The central rights and freedoms of citizenship are secured in the Constitution. Government interference in the life of citizens is strictly regulated. Legislation ensures that citizens have the right to file complaints on decisions of officials. There have not been any great political scandals in the past few decades to shake the political-administrative system or significantly weaken its legitimacy. According to a Freedom House assessment in 2010, Finland is a free country and the civil and political rights of its citizens are well protected. The Heritage Foundation Index of Economic Freedom ranked Finland in place 17 and as the eighth freest country in Europe.

Based on the World Bank Governance Indicators<sup>1</sup>, Finland's political-administrative system is stable and fulfils the requirements of good administration and the quality of governance is quite high when compared with other countries. Finland ranked in the 90<sup>th</sup>-100<sup>th</sup> percentile with each indicator.

Strong street protests or movements are relatively rare in Finland. There have been occasional threats of a general strike in order to speed up labour negotiations between unions and employers. Otherwise the right to strike is often used in attempt to gain benefits or speed up agreements between the two sides.

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<sup>1</sup> 1) Voice and Accountability  
2) Political Stability and Absence of Violence  
3) Government Effectiveness  
4) Regulatory Quality  
5) Rule of Law  
6) Control of Corruption

Despite the facts that voting activity has somewhat decreased in the past few decades and that for example young people have little interest in politics or the actions of political parties, Finnish citizens continue to trust social institutions and consider public services important.

*b) To what extent are the relationships among social groups and between social groups and the political system in the country supportive to an effective national integrity system?*

Assessment: Good

Generally speaking, Finland is considered to be a democratic welfare state with small class divisions. However, there is still a danger that the citizens are being divided into so-called class A and class B citizens, in other words the well-off and the not so well-off citizens. In the present day, discussion about social classes is dominated more by the great wealth of certain professional groups rather than the poverty of the working class. This, however, also increases the inequality between social classes in 21<sup>st</sup> century Finland.<sup>2</sup>

If the realisation of democracy in Finland is assessed through international comparisons and different democracy indicators, it can be stated that Finnish democracy functions on a high level and supports the citizens' participation and ability to influence things.<sup>3</sup> However, the citizens' trust in democracy has been weakened, and they feel that politicians have become estranged from ordinary citizens. Many feel that election results do not have enough impact on the direction of politics. Voting activity has remained at approximately 70%. Even though political participation and influencing matters through party activities have been in decline, the citizens have utilised new methods of participation, such as appeals and boycotts.<sup>4</sup>

A research project named *Eettinen hallinto ja kansalaiset* (Ethical Governance and Citizens, 2008-2010) delved into the ethicalness of the political-administrative system from the citizens' point of view. According to the citizens' assessment, injustice in Finnish society will increase in the future. The citizens had fairly low levels of trust in politics.<sup>5</sup>

While the citizens have quite a lot of trust in the judiciary, the Parliament and the political parties are not considered very trustworthy. In fact, almost 40% of citizens felt that political parties are the most corrupt political institution in Finland. Finns place a lot of trust in institutions connected to security such as the police, the defence forces, and the judiciary.<sup>6</sup>

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<sup>2</sup> Erola, Jani (2010). Luokaton Suomi: Yhteiskuntaluokat 2000-luvun Suomessa. (Classless Finland. Social classes in the 21st century Finland.)

<sup>3</sup> Norris, Pippa (2011). *Democratic Deficit*. Cambridge University Press.

<sup>4</sup> Borg, Sami (2006). Suomen demokratiaindikaattorit. (Finnish democracy indicators)

<sup>5</sup> Salminen & Ikola-Norrbacka (2009). Kuullaanko meitä? *Eettinen hallinto ja kansalaiset*. (Are we being heard? Ethical governance and citizens.) Proceedings of the University of Vaasa. Research papers 288, Administrative Sciences 37.

<sup>6</sup> Global Corruption Barometer (2010).

Finnish welfare society is strongly supportive of gender equality, and there are efforts towards an even more equal society. Nevertheless, women still earn less on average than men, which is a serious problem for equality.

There is also room for improvement in the equality between immigrants and the original population. According to a study by the Ministry of Education, immigrants are more often in danger of being left outside of post-graduate education.

The results of the spring 2011 Parliamentary elections reflect the dissatisfaction of the Finnish people in current policies and the state of social conditions. The rise of the True Finns (Perussuomalaiset) to the position of the third-largest party indicates that the citizens view for example EU policy and immigrant policy as key issues that need to be addressed.

*c) To what extent is the socio-economic situation of the country supportive of an effective national integrity system?*

Assessment: Good

The uncertain condition of the public economy and the economy in general poses a challenge for the functioning of the national integrity system. Even though Finland's current socio-economic situation creates a good foundation for an integrity system, it is possible that the rapidly increasing economic inequality will weaken the citizens' trust in basic social institutions.

Financial growth is predicted to slow down in Finland following the general European trend. The economic growth forecast for 2012 has decreased significantly. Slower economic growth will also have a notable negative impact on employment. Consumers' trust in the economy, for example, was significantly weaker in 2011 than the year before.<sup>7</sup>

Income disparities have increased considerably in Finland in the 21<sup>st</sup> century. Even though income disparities in Finland are still fairly small compared to the OECD countries, the disparities are characterised by increasingly rapid growth.<sup>8</sup>

Unemployment has remained at a fairly reasonable level despite the problems caused by the economic crisis of 2008. In July 2011, unemployment was at 6.9 per cent, which is 0.6 percentage units less than the previous year. Male unemployment was at 7.2 per cent and female unemployment was at 6.6 per cent. At the same time, the unemployment of young people aged 15 to 24 was at 13.7 per cent.<sup>9</sup> This indicates that Finland's employment rate is below European average, but youth unemployment and consequently young adults' prospects for the future are a cause for concern.

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<sup>7</sup> The data is based on Statistics Finland's consumer barometer for which 1446 persons living in Finland were interviewed between August 1 and August 19.

<sup>8</sup> OECD 2010.

<sup>9</sup> Statistics Finland 2011.

The government's plans to merge more municipalities due to the financial situation have faced strong resistance from the municipal sector due to fears that the plans might lead to forced consolidations. Some municipalities have organised resistance against the planned reforms and in a way rebelled against the plans. Generally speaking, municipalities have meagre resources, and in the future there will be even more cause to worry about retaining the ability to provide quality services equally for all citizens.

*d) To what extent are the prevailing ethics, norms and values in society supportive to an effective national integrity system?*

Score: Excellent

A society with enough common and shared values creates a good foundation for an integrity system. Avoiding conflicts of interest is essential for strengthening the system.

The results of Sami Borg's study *Suomalaiset World Values -tutkimuksissa*<sup>10</sup> (Finnish people in the surveys of World Values, from the 1980s to the early 21st century) indicate that the values of Finnish citizens have shifted in an increasingly individualistic direction. The results of the citizen survey also show that perception of justice depends significantly on the rights and freedoms of the individual. Finns continue to have a great deal of trust in the central social institutions. The greatest trust is placed in the police, the defence forces, and the judiciary. The church is the fourth most trusted institution together with the United Nations and the Finnish Government. According to the survey, 63 per cent of Finns trusted the church, which was the highest percentage in twenty-five years. The section of the population who trust the church increased by six percentage units in five years.

Finns value honesty and legality, and indeed honesty and scrupulousness are often considered to be a part of the Finnish national character. Citizens have traditionally had great amounts of trust in institutions and public organisations. It can be said that in general, the current societal values create a strong foundation for a national integrity system in Finland.

The *Kansalaiset ensin* (Citizens first) project of the University of Vaasa (funded by the Academy of Finland in 2008-2010) mapped the citizens' views on ethical governance. One of the key results of the citizen survey<sup>11</sup> (with a total of 2010 respondents) was the citizens' worry of increasing injustice in Finnish society. Despite the fact that the citizens trust public organisations, the survey responses highlighted the importance of continuing investment in openness and transparency and the need for politicians to take more responsibility for the decisions they make.

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<sup>10</sup> Borg, Sami (2007). Uskonto, arvot ja instituutiot. *Suomalaiset World Values-tutkimuksissa 2001-2005*. (Religion, values and institutions : Finnish people in the surveys of World Values, 2001-2005.)

<sup>11</sup> Salminen & Ikola-Norrbacka (2009). *Kuullaanko meitä? Eettinen hallinto ja kansalaiset*. (Are we being heard? Ethical governance and citizens.) Proceedings of the University of Vaasa. Research papers 288.

A study by Taloustutkimus, a private market research company, highlighted a similar worry of increasing inequality. Respondents were also concerned about bureaucracy, unemployment, and the uncertainty of future prospects. These results demonstrate that the citizens are very worried about the future of the welfare state.

It is justified to conclude that if feelings of inequality and injustice significantly grow within a society, this will lead to decreased trust and weaken the system's integrity. If the citizens feel that their financial status affects the services they receive and defines their ability to have an impact on social or local matters, it is likely that their assessment of integrity will weaken as they gradually lose their trust in public institutions and services.

## FINLAND'S CORRUPTION PROFILE

Corruption has its national characteristics, and the process of defining corruptive traits is always tied to a time and place<sup>12</sup>. Forms of corruption that are typical to Finland include the old boy network, politicians' and officials' excessive ties to business, and different aspects of bad governance<sup>13</sup>. The old boy network is considered particularly problematic, especially in municipal politics.

Financial crimes and different forms of black economy are estimated to cause considerable financial losses to society as well as to business and private consumers. The construction industry and the restaurant industry in particular are seen as problematic fields when it comes to preventing dealing in receipts and black economy. The construction industry is also a target of interest for organised crime. On the other hand, there have been decisive efforts to increase and improve oversight of the construction industry.<sup>14</sup>

Bribery of officials that has come into police attention has traditionally been one of the key areas of corruption. However, corruption cases are rarely clear-cut and often cross sector boundaries.<sup>15</sup> A total of 680 instances of corruption crime came into police attention between the years 2000 and 2008.<sup>16</sup> The overwhelmingly most common corruption crimes are abuse of authority and gross abuse of authority. There have been over 500 of these cases between 2000 and 2008. Almost 80 cases of bribery (or gross bribery) came into police attention during the years in question.

Despite the small total number of corruption incidents, 21<sup>st</sup> century Finland has seen corruption cases and corruption offences, crimes, and suspicions that have been classed as severe. Cases (indictments) have been connected to fraud or tax evasion, abuse of authority, accepting or giving bribes, embezzlement, and neglect of duty. Cases have come to light in universities, local government, civil society, and public business.<sup>17</sup>

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<sup>12</sup> Isaksson, Paavo (1997): *Korruptio ja julkinen valta. (Corruption and public authority)* Tampere: University of Tampere

<sup>13</sup> Salminen, Ari & Rinna Ikola-Norrbacka (2009). *Kuullaanko meitä? Eettinen hallinto ja kansalaiset. (Are we being heard? Ethical governance and citizens.)* Proceedings of the University of Vaasa. Research papers 288.

<sup>14</sup> Kankaanranta, Terhi & Vesa Mutttilainen (2010). *Kuittikauppa rakennusalan talousrikollisuutena. (Dealing in receipts as an economic crime in the construction industry)* Reports of the Police College of Finland 86/2010.

<sup>15</sup> Juslén, Jenni & Vesa Mutttilainen (2009). *Korruption ydinalueet 2000-luvun Suomessa: Havaintoja sääntelystä, piilorikollisuudesta ja poliisin tietoon tulleista rikoksista. (Key areas of corruption in the 21st century Finland: Observations on regulation, hidden crime, and crimes that have come into police attention.)* Reports of the Police College of Finland 84. Tampere: Police College.

<sup>16</sup> Viuhko, Minna & Martti Lehti (2009). *Corruption on the Finnish-Russian Border: Experiences and observations of Finnish and Russian officials and businesspersons on corruption between Finland and Russia.* <http://www.heuni.fi/text/Etusivu/Publications/1247667407829>

<sup>17</sup> Salminen, Ari & Rinna Ikola-Norrbacka (2010). *(Corruption as an ethical problem in the political-administrative system.)* *Hallinnon tutkimus* 29: 3, 195–207.

In the corruption index published annually by Transparency International, Finland has long been among the least corrupt countries. In 2009, Finland was ranked in sixth place<sup>18</sup>. The rarity of corruption in the public sector has strengthened the reputation of the service society in the eyes of citizens. Finnish Business and Policy Forum EVA's 2009 report *Global Scenarios – Playing Fields of the Future* presented a goal of returning Finland back in its former position as the least corrupt country in the world.

The old boy network appears to be the most widespread form of unethical activity in Finland.<sup>19</sup> In the old boy network, services are not paid for with money. These networks operate through strong personal and informal connections. In a questionnaire study by the Public Management unit of the University of Vaasa, citizens estimated Finnish old boy networks to be a widespread and pervasive problem. The old boy network was seen to be the elite's way of conducting business. The overwhelmingly most worrying assessments involved the old boy network, nepotism, and conflicts of interest in business.<sup>20</sup>

All in all, 60% of citizens felt that the old boy network is a very typical form of corruption in Finland. This is a very large percentage. Even though networking and maximising the advantages of networking has been a central idea behind the reforms of the political system and administration, this result speaks of something entirely different: a twisted type of networking in Finnish society.<sup>21</sup>

Furthermore, 45% of the respondents felt that there were too many ties to business. Poor and indifferent treatment of citizens was an issue that divided the respondents' opinions. Approximately one in four respondents felt that this kind of treatment occurred often. However, an equal number of respondents felt that this type of treatment was rare. Approximately half of the respondents felt that it occurred occasionally. In any case, excessively close ties to business create an appearance of unreliability and may endanger impartial decision-making. Excessive ties to business often signal to citizens that activities may be dishonest.<sup>22</sup>

However, one must keep in mind that networking and connections are not always a sign of corruption. They may be indicative of a system that functions well and cooperates across sectors.

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<sup>18</sup> Transparency International (2009a). Corruption Perceptions Index. Saatavissa: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009), 3.12.2009.

<sup>19</sup> Korruptiotilannekuva (2008). Korruptiotilannekuva. (Report on the Corruption Situation 2008) National Bureau of Investigation. Jenni Klemola. URL: [http://poliisi.fi/poliisi/krp/home.nsf/files/Korruptiotilannekuva%20PDF%202008/\\$file/Korruptiotilannekuva%20PDF%202008.pdf](http://poliisi.fi/poliisi/krp/home.nsf/files/Korruptiotilannekuva%20PDF%202008/$file/Korruptiotilannekuva%20PDF%202008.pdf) (In Finnish)

<sup>20</sup> Salminen, Ari & Rinna Ikola-Norrbacka (2009). Kuullaanko meitä? Eettinen hallinto ja kansalaiset. (Are we being heard? Ethical governance and citizens.) Proceedings of the University of Vaasa. Research papers 288.

<sup>21</sup> Ibid.

<sup>22</sup> Salminen, Ari & Rinna Ikola-Norrbacka (2009). Kuullaanko meitä? Eettinen hallinto ja kansalaiset. (Are we being heard? Ethical governance and citizens.) Proceedings of the University of Vaasa. Research papers 288.

## ANTI-CORRUPTION ACTIVITIES

Anti-corruption activities refers mainly to practical measures taken to prevent corruption. Even though corruption has not been unambiguously defined in Finnish legislation or preparatory documents, anti-corruption regulations are aimed to safeguard the legality and impartiality of government activities.<sup>23</sup> Especially openness in society must be improved through regulation. It is extremely difficult for structural and severe corruption to develop in a society that is transparent and open.<sup>24</sup> Finland is a member country of GRECO and has ratified the anti-corruption agreements of the UN, the Council of Europe, and the OECD.

### *Anti-Corruption Legislation*

Finnish anti-corruption legislation consist of numerous different laws. Unlike many other countries, Finland does not have only one anti-corruption law.

The Finnish Constitution (731/1999) safeguards the foundations of the system of government, civil rights of citizens, rule of law, and oversight of legality. The most important civil rights include equality before the law, the right to life and human dignity, the principle of legality in criminal cases, and freedom of religion and conscience. These rights form the core of civil rights, which cannot be curtailed even under special conditions. The Constitution counts as civil rights not only the traditional political civil rights (such as freedom of association, assembly, speech, and religion) but also the so-called economic, social, and cultural rights that include the right to receive an education regardless of financial situation, the right to social security, the right to one's own culture, and the right to work. The realisation of all civil rights is safeguarded by the right to have one's case heard by an impartial legal body. This is why citizens have the right to file a complaint on any official decision connected to their rights or duties. The principles of good administration are included in the Constitution.

The purpose of the Administrative Procedure Act (434/2003) is to implement and promote good administration and legal protection in administrative matters. The law is also meant to enhance the quality and performance of administrative services. The Administrative Procedure Act contains regulations on the principles of good administration and the procedures that are followed in administrative matters. The law applies to government authorities, municipal authorities, independent agencies pertaining to public law, parliamentary offices, and the office of the president of the republic. The law also applies to agencies and offices, independent associations pertaining to public law, and private persons when they are performing official administrative duties.

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<sup>23</sup> Juslén, Jenni & Vesa Muttilainen (2009). Korruption ydinalueet 2000-luvun Suomessa: Havainnot sääntelystä, piilorikollisuudesta ja poliisin tietoon tulleista rikoksista (Key areas of corruption in the 21st century Finland: Observations on regulation, hidden crime, and crimes that have come into police attention) Reports of the Police College of Finland 84. Tampere: Police College

<sup>24</sup> Salminen, Ari & Rinna Ikola-Norrbacka (2010). Korruptio eettisenä ongelmana poliittis-hallinnollisessa järjestelmässä. (Corruption as an ethical problem in the political-administrative system.) Hallinnon tutkimus 29: 3, 195-207.

The State Civil Servants' Act (750/1994) regulates official posts. The purpose of the law is to ensure that state administration is effective and purposeful, that it fulfils the requirements for legal protection, and that officials are guaranteed a fair and equal position in relation to their employer. The Act on Civil Servants in Local Government (304/2003), on the other hand, regulates the posts of municipal officeholders. The activities of the Parliamentary Ombudsman are regulated separately in the Parliamentary Ombudsman Act (197/2002), while the activities of the Chancellor of Justice of the Government are regulated by the Act on the Chancellor of Justice of the Government (193/2000).

The Act on the Openness of Government Activities (621/1999) has a significant role in ensuring an open society. Official documents are public unless decreed otherwise. The law regulates citizens' right to be informed of public official documents, the professional secrecy of officials, the secrecy of documents, and other limitations on the right to receive information that have been put in place to protect both public interests and the interests of private persons. The right to receive information and the duties of officials are meant to support openness and good data administration in official activities. They are meant to give individuals and communities the opportunity to monitor the use to public authority and funds, freely form their opinions, and enable them to influence the use of public authority as well as look after their own rights and interests.

The Criminal Code (39/1889) prescribes punishments for fraud and for giving and accepting bribes. The Act on Preventing and Clearing Money Laundering and Terrorist Financing (503/2008) is aimed to prevent money laundering and the financing of terrorism. Its purpose is to promote the unmasking and investigation of such activities and to enhance the tracking and confiscation of criminal earnings. The law also regulates the duty to register certain activities and the requirements and oversight of these activities.

The Act on Equality between Women and Men (609/1986) prevents discrimination based on gender, promotes the equality between men and women, and improves the position of women, especially in working life. The Non-Discrimination Act (21/2004) promotes and safeguards equality and enhances the legal protection of victims of discrimination.

The Auditing Act (459/2007) is applied to audits of corporations and foundations that are accountable on the basis of the Accounting Act (1336/1997) or activities which another law or decree holds as belonging to an auditor or for which an auditor needs to give a written statement for the use of an authority or court.

The purpose of the Act on the Protection of Privacy in Working Life (759/2004) is to ensure the protection of privacy and other civil rights that protect privacy in working life. The law regulates the processing of employees' personal data, the details of tests and examinations on employees and their requirements, technical surveillance in the workplace, and retrieving and opening employees' electronic mail messages. The law also applies to civil servants and employees in a civil service relationship or comparable service relationship subject to public law.

### *Development of Anti-Corruption Activities*

Finland needs public discourse on how anti-corruption activities should be organised in order to make them as effective and appropriate for Finland's situation as possible.

There are several Finnish institutions with an obvious connection to anti-corruption work, be it prevention or oversight. These include the Parliamentary Ombudsman and the Chancellor of Justice. Oversight and audit mechanisms also work towards the same goal of preventing abuse and corrupt activities in state administration and business.

Anti-corruption work is not considered a key issue in political decision-making, possibly due to the fact that Finland has long held a high rank on lists of least corrupt countries (including

Transparency International's Corruption Perceptions Index) and the fact that there have been relatively few corruption cases in Finland.

Finland has no actual anti-corruption agency that functions as an independent unit, but a rather different arrangement. The National Bureau of Investigation has an affiliated anti-corruption project which investigates select corruption cases. In addition to the NBI's project, many other institutions are working to prevent corruption. At the recommendation of GRECO (Group of States against Corruption), an anti-corruption network was established in Finland. The network is loosely structured, consists of experts, and functions under the coordination and budget of the Ministry of Justice. Members of the network meet a few times a year to hold discussions and share information.



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