Kuvaario

Combating Corruption

The Finnish Experience

Ministry for Foreign Affairs of Finland

Contents

Introduction

Finland is not a country that is absolutely free from corruption. But the consistently high rating for relative freedom from corruption that Finland receives in international surveys nevertheless indicates certain strengths that Finnish society has gained in following its historical path to development. The purpose of this booklet is to outline and explain some of the factors that contribute to current Finnish strengths in preventing corruption. These factors integrate many, though not of course all, of the prerequisites that are necessary for success in the fight against corruption, and consideration of them constitutes a form of "added value" that Finland can offer to national and international anticorruption efforts.

Some of the factors discussed in this presentation have been the subject of considerable scholarly study and research, and many benefit from the analysis and shared views of people and organisations in Finland who are prominent in the field of combating corruption. In the absence of a comprehensive scholarly study of Finland's anticorruption strengths, and of the historical stages in the acquisition of these strengths, the outline that follows will remain to some extent subject to change if new information emerges. It thus represents a truthful, honest and carefully considered contemporary view – the best we have at present. Our strong points have in fact come to light after scrutinising our weaknesses.

It must of course always be remembered that each country has its own path to development and its own unique set of circumstances. Thus the Finnish example must not, and cannot, be directly copied. However, everyone who is interested in combating corruption may well be able to gain from studying Finland's historical journey and the factors contributing to the development of Finnish society, in order to apply some of the general lessons that can be learned and thus also to avoid some of the setbacks that Finland has encountered along its path. By sharing our learning we in Finland may help others walk a straighter path than our own.

Defining corruption

In this outline analysis, corruption is defined in general terms as *the exploitation of a position of influence for private benefit.* This definition encompasses both direct and indirect corruption, and both petty and grand corruption. It also includes the exploitation of people's positions within private enterprise and the abuse of public offices by the private sector, for example in the form of bribery. Bribery, under this overall definition, represents only one – albeit commonplace – form of corruption, and by no means precludes the existence of other forms. In addition to active and passive bribery, the UN Convention against Corruption also specifies embezzlement, misappropriation of property, trading in influence, abuse of functions and illicit enrichment as criminal offences.

Finland's strengths today

The comparatively low level of corruption in Finland is the outcome of a process of development that has spanned almost two centuries. The historical decrease in corruption has been part and parcel of the overall and comprehensive development of Finnish society, from being an uneducated, poor, agriculture-based dependency of a foreign imperial power to becoming an independent democratic republic, a modern industrialised country and a well-educated information society. In the case of Finland, the historical diminution of corruption cannot be attributed to any specific reforms undertaken in specific sectors. The establishment and maintenance of a social order that provides very barren ground for corruption to take root can be itself considered as constituting Finland's main strength. But the Finnish social order is characterised by number of specific strengths that can be considered to be of special added value in international anticorruption efforts. Four such strengths are particularly worth noting and emphasising:

A value base that includes moderation, personal restraint and the common good

Finland's key strengths in combating corruption include the moral and legal condemnation of power centralisation and socio-economic disparities, combined with the promotion of a culture of governance fostering the common good. A sincere embrace of the values of moderation, restraint and the common good puts important limits on the pursuit of private gains at the expense of others. These values also serve to build mutual trust. A number of studies have shown a positive correlation between a high degree of trust among members of a society and low corruption levels.

Finnish experience also suggests that the moral example provided by officials and decision-makers in executive positions is indispensable for the development of an ethical culture of governance. When people see that senior colleagues in an organisation behave ethically and responsibly, they are likely to follow their example. A culture of accountability in public administration can be built up and reinforced by officially


Päivi Mähönen

Finnish experience suggests that the moral example provided by officials and decision-makers in executive positions is indispensable for the development of an ethical culture of governance. Paula Lehtomäki, Finland's Minister for Foreign Trade and Development at her desk.

declaring ethical values to be the basis of public service. The Personnel Policy of the Government of Finland defines public service as value-based.

The values of "best practice", accountability, honesty and fair play have also long been upheld in the Finnish private sector. Training in ethics has come to form an integral component of Finnish business management training. Some 90% of Finnish company executives consider the observance of laws and regulations to be an essential part of accountable corporate activity. International comparisons have established a strong correlation between high competitiveness and low corruption. For several consecutive years Finland has ranked both as the most, or second most, competitive country in the world and as the world's least corrupt country.

A culture of governance that upholds the values of common good and shared

responsibility naturally reflects the ethic of the entire population. Finnish public officials represent, by and large, the common values of the Finnish people. Moreover, a broad consensus among the citizens with regard to the foregoing values, combined with an active and concerned civil society, has been the key to generating the pressure necessary for the emergence and consolidation of an accountable culture of governance. Independent media have proved to be indispensable for creating civil society pressure, strengthened by the exceptionally wide readership of newspapers in Finland. Even minor abuses of official functions are newsworthy in Finland – sometimes at the expense of more important news –and thereby quickly evoke a reaction of public disapproval.

Legislative, judicial and administrative structures that closely monitor and guard against abuse of power

The prevention of corruption also requires a comprehensive system of legislation, a well-functioning judiciary, efficient law enforcement and proactive monitoring of abuses, as well as up-to-date and transparent financial management. Finland's constitution stipulates that good governance must be guaranteed by law. Finnish laws proscribe a wide range of specific abuses and treat them as criminal offences. The main laws that safeguard against corruption include the Constitution of Finland, the Administrative Procedure Act, the Act on the Openness of Government Activities, the Penal Code, the State Budget Act, the Accounting Act, the Auditing Act and the Public Procurement Act. The Finnish judiciary also includes the Office of the Parliamentary Ombudsman, the Office of the Chancellor of Justice and administrative courts. The Chancellor of Justice and the Parliamentary Ombudsman monitor the actions of public servants at the very highest levels. Both are independent officials vested with the authority to investigate the actions of members of parliaments, ministers and the head of state. The efficiency and high public profile of their offices also helps to prevent abuses.

The Finnish Constitution requires any exercise of public powers to be based on law. Anyone who is dissatisfied with an administrative decision pertaining to his or her rights or obligations may challenge the lawfulness of that decision before an administrative court. The right of appeal in such cases is mainly covered by the provisions of the Administrative Judicial Procedure Act. This Act contains a provision placing the administrative courts under an obligation to ensure that each case is properly examined. Parties to the proceedings are therefore usually able to pursue their cases without professional legal help, which facilitates the lodging of appeals

Finland's constitution stipulates that good governance must be guaranteed by law.

and access to legal remedies. The Supreme Administrative Court is the court of last resort in administrative cases.

Finland draws on a strong legalistic tradition which is upheld by clear qualification requirements, the obligation to provide public argumentation for decisions, an efficient correctional system, up-to-date criminal investigation methods, and modern budgetary, accounting and auditing practices. Abuses have a high likelihood of being detected because of these factors, backed also by public access to official documents and a free press. Professional criminal investigation ensures that the likelihood of finding and apprehending perpetrators of corruption is high. The obligation to provide public argumentation for decisions increases transparency and public trust in governance, and prevents partial and partisan decision-making. The long-established referendary (rapporteur) system in Finnish public administration has also served to prevent abuses since it decentralises the powers of individual public servants. Likewise, the devolution of powers to subsidiary institutions has proven an important means of increasing efficiency in governance and avoiding the pitfalls of over-centralisation.

Prominence of women in political decision-making

According to studies that have conducted by the World Bank, the representation of women in parliaments and higher public offices correlates with lower corruption levels and a culture of accountability in governance. This correlation highlights the significance of gender equality in the prevention of corruption.

Over a third of the members of the Finnish parliament and of municipal councils are women, and nearly half of the members of the present Finnish cabinet are women.

Women have long been relatively prominent in Finnish public administration. In 1906, Finland became the first country in the world to grant women both the right to vote and the right to stand for elections. The 19 female parliamentarians elected in Finland's first parliamentary elections in 1907 were the first such representatives in the world. Finland has continued to maintain its ranking in the top league of the world's nations in terms of female parliamentary representation. Over a third of the members of the Finnish Parliament and of municipal councils are women, and nearly half of the members of the present Finnish cabinet are women. Gender quotas have been used to ensure a more balanced representation of women at all levels of public service.

GORILLA

Low income disparities and adequate wages

A number of studies suggest that adequate wages and small income gaps are conducive to a decrease in corruption. Higher incomes increase job satisfaction and reduce the propensity to accept bribes, while smaller income gaps curb economic greed in career-building. Global comparisons show that the wages of Finnish public officials are reasonable and their income disparities are among the lowest in the world. The moderation of income disparities amongst Finnish public servants reflects the overall pattern amongst Finnish wage-earners.

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The relatively narrow range of income distribution is largely attributable to the Finnish value base referred to above, which quite strongly condemns an inequitable distribution of wealth. In Finland, the ideal of moderation in income differentials is manifested in progressive taxation and provisions for social security. Good wages, in turn, require a strong public economy and a strong corporate sector.

The historical development of Finland's present strengths

How has Finland acquired the strengths outlined above? How does a culture of governance that promotes the common good evolve? In what ways have the values of the general population moved towards condemning centralisation and inordinate economic disparities? How could the judiciary be built up and economic growth achieved in order to safeguard adequate wages and social security? What ways have been found to improve the status of women? How does a free press evolve and how does civil society become active in following the media, understanding current events, and playing a part as an agent for social reform?

The essential answer, in brief, is that Finland's progress in these areas has been due to the values of freedom, the common good, equality and democracy gradually becoming distinctive features of the administrative culture and structures of governance, of the legislation, the judiciary, the media and the economy, and of civil society. Finnish experience seems to confirm that such a broad-based social and cultural transformation is inevitably a very long-term process consisting of several successive stages. There are no shortcuts. The following outline provides an abridged description of the historical stages Finland has undergone to attain its present strengths. Although no other country than Finland can take the Finnish road, from each of the stages below various interesting parallels may be drawn with the historical or present circumstances prevailing in other countries. The transformation of Finnish society, and Finland's achievement of a relatively low level of corruption, resulted from several factors of a general nature that may be applicable in other countries. The synopsis following these outlines concisely recapitulates these factors.

Autonomous Finland inherits Swedish structures and culture of governance

During the whole period from the early 19th to the early 20th century, the Finnish system of government was essentially a system of Swedish bureaucratic rule under a Russian yoke. Sweden ceded Finland to Russia in 1809 and Finland was granted autonomy as a grand duchy of Russia. The

The Russian Tsar Alexander I became the grand duke of Finland and promised to rule his new territory according to its old ways and laws.

Painting: Emanuel Thelning 1812.
Photo: Markku Haverinen 2005.

Russian Tsar Alexander I became the grand duke of Finland and promised to rule his new territory according to its old ways and laws. The status of autonomy gave Finland the unprecedented opportunity to govern itself in all matters except foreign policy and national defence. Finland was technically a Russian dependency but practically an independent state. At the same time, however, it was somewhat premature to speak about “the Finnish people”. The majority of Finns lived in isolation, in small farming communities far away from centres of culture and commerce. Most Finns were illiterate and earned their modest living from agriculture. The peasantry stood apart from the higher echelons of society with regard to language as well as class. Although the Russian grand duke held the ultimate reins of power, in practice the grand duchy was governed by Swedish-speaking public officials representing the upper classes or “estates”.

Political power was first concentrated in Turku and then in Helsinki, after the capital was transferred to the latter in 1812. There did not exist a "people" whose majority could even in theory be represented in national government. The bureaucratic elite of the time would not even have considered the possibility of heeding the voice of the people in elections or in the process of decision-making. Nevertheless, the situation differed from that of many other dependencies in that the legacy of public administration left by Sweden was characterised by the observance of strict bureaucratic discipline. In Finland, the culture of corruption inherited from a foreign power does not appear to have been as great a historical burden as it may be in many other former dependencies.

New ideals and ideologies inspire the Swedish-speaking intelligentsia

In the aftermath of the Napoleonic wars in the early 19th century, the ideals of patriotism, equality, constitutional government and democracy gained great prominence among European intellectuals and ideological leaders. These ideals played an important role in the nationalistic movements and liberal thinking stirring in Europe. The University of Turku and its influential Swedish-speaking academicians represented the chief national entry point for the new ideological currents. The greatest of these thinkers and reformers in Finland include J.J. Tengström, A.I. Arwidsson, J.V. Snellman and Uno Cygnaeus.

Challenges to inherited structures and the old culture of governance

As liberal and nationalistic sentiment began to spread and intensify, the intellectuals began to publicly criticise the bureaucracy, the old estate system and the economically backward and socially inequitable condition of Finland. As a result, in the mid-19th century, the estate system began to show signs of impending collapse. A tentative form of democracy emerged when the Parliament Act of 1869 ensured the regularity of parliamentary sessions, and the process of decentralisation was carried a further step forward with the granting of local self-rule by the acts of 1865 and 1873. Increased parliamentary debate and public criticism served to bring an element of external control to government.

New ideas reach the entire population through the elementary school system

A complete and final divorce of the estate system from the received culture of governance was however impossible as long as the ideals of equality and democracy remained the personal crusade of a handful of enlightened thinkers and policy-makers.

Moreover, sporadic structural reforms to promote democracy and decentralisation were not enough in themselves to achieve a broad-based reformation of the administrative culture. The entire population had to be enlightened. Education represented the most powerful instrument to inform people and improve their conditions. Education had to encompass everyone everywhere, and to involve physical, intellectual and spiritual aspects. The realisation of compulsory and comprehensive education became the goal of, and was undertaken by, the very same Swedish-speaking academics who played a prominent role in bringing similar ideals to Finland from the rest of Europe.

It was largely due to the comprehensive elementary school system that responsible citizenship, equality and the promotion of common good gradually became natural features of the Finnish value system.

The intellectuals and ideological leaders who promoted the national consciousness of the Finns and their intellectual and moral progress generated a pressure that led to the organisation of a national elementary school system. A further blow to the old estate system was inflicted in 1858 with

the establishment of the first Finnish-language high schools. The 1866 Education Act precipitated the spread of elementary schools throughout rural Finland. In keeping with the original concept developed by Uno Cygnaeus – the author of the "folk school" system – primary education was separated from the auspices of the Church. In 1898 all municipalities became obliged to establish schools in their districts. On the eve of Finland's independence, in 1917, there were already about 3,000 elementary schools and some 70% of the population had learned to read and write. It was largely due to the comprehensive elementary school system that responsible citizenship, equality and the promotion of the common good gradually became natural features of the Finnish value system. Through such educational measures, nationalistic awareness was steadily disseminated amongst the entire population, resulting in an increased level of awareness in civil society, a yearning for independence and a critical attitude to the authorities. It was mainly because of the elementary schools that the transformation of novel ideals and values from the inspired visions of the academic elite to common people's values occurred earlier than in many other European countries. The spread of new ideological currents did not, however, displace such traditional Finnish ideals as humility, modesty and honesty, but rather served to complement them.

Governance adopts values promoted by the schools and undergoes great structural change

As education began to transform the value base of the general population, the culture and structures of governance, including the judiciary as well as the administration, were naturally reformed over the generations in line with the values and ideals, both novel and traditional, of the people. In an increasingly democratic Finland, large-scale and sustainable reform depended on there being a critical mass of educated people whose concerns and views about the state of the nation could be represented through the parliament and who could generate pressure for reform through effective channels. Finland declared its independence in 1917 largely as a result of the increased nationalistic sentiment that had been instilled in a critical mass of the population through education.

The values of the people as a whole gradually became the values of the public servants. A good civil servant, too, had to respect all the laws and be responsible, honest, concerned about the common good and, above all, humble. Good civil servants do not vaunt their powers or boast about their positions. They are prudent and well versed in the affairs of the common people. They are themselves decent citizens, which at the time at the time of Finland's attaining independence meant having

a stable marriage and family, a healthy lifestyle, and believing in patriotism and the Christian faith. With the broader popular acceptance of the ideal of equality brought about by education and public discussion, the strengths of women as leaders began to be increasingly acknowledged relatively early in the country's history. Likewise, the functioning of the rule of law came to be recognised as the backbone of governance.

The fine-tuning of governance culture and national structures through values learned in the elementary schools

Most of the ideal traits of good public officials and administrative cultures mentioned above have survived until the present day. They have become self-evident to the extent that any burden of proof is laid on those who wish to question them. All of these ideals can be said to have played a direct part in reducing corruption and keeping it at bay. Today they are further supplemented by increasing demands for public participation and inclusiveness, policy referendums, representation of minorities, transparency and openness. The 20th century can be considered to have been a period of experiment and consolidation with regard to the novel ideals about governance that flowed into Finnish in the 19th century. The ideals of the common good, accountability and moderation have been tried and tested, and the various stumbling blocks arising over the years have consistently impelled policy-makers towards still greater reform to ensure their implementation. Stumbling blocks in the form of corruption have mostly resulted from persistent legacies of bad governance that can be traced back to Tsarist rule, or from the age-old human propensity to succumb to the manifold temptations that power inevitably presents. The collective conscience created by a common value base has been the driving force leading to a wide variety of reforms in the procedures, laws and institutions of governance – often brought about by error as much as by trial. Furthermore, the spirit of reconstructing the country that arose after the Second World War lent crucial impetus to the reform processes.

The Swedish-speaking intellectuals of the 19th century also voiced demands for freedom of trade and freedom of speech. The realisation of the former enabled economic growth, and the growth of the latter was manifested in the emergence of a free press. In 1855 the Finnish Senate began the process of dismantling trade barriers, leading to the removal of all such barriers by 1879. Only the latter part of the 20th century, however, witnessed a rapid acceleration of economic growth and greater pro-poor growth as increasing industrialisation in the cities provided job opportunities for rural populations and the social security

system was significantly developed. The emancipation of the press from political control was also finally realised at the end of the century, although the Freedom of the Press Act was enacted already in 1919. The achievement of broad-based and effective freedom of trade and freedom of speech not only required educating people to be aware of these freedoms as being the rights of every citizen but also necessitated changes in the culture of governance. The decision-makers had to make room for the promised liberties to flourish, not only in theory but also in practice, and at the same time to maintain legislative safeguards against destructive extremes of commercial or civil society activity.

Finnish administrative culture and structures attract international interest

Holding to its commitments, Finland continues to carry out anticorruption work both domestically and internationally. Finland actively participates today in the anticorruption efforts of its long-term development partners and contributes to multilateral anticorruption programmes. Since the turn of the millennium it has signed all the relevant international conventions against corruption and bribery, such as the OECD, EU and Council of Europe conventions on bribery, the UN Convention against Corruption, and the

Some 90% of Finnish company executives consider the observance of laws and regulations to be an essential part of accountable corporate activity.

Cotonou Agreement. For the future, too, local cooperation funds coordinated by the Finnish foreign missions, the Global Programme Against Corruption (GPAC) of the United Nations Office on Drugs and Crime (UNODC), the development cooperation and civil crisis-management instruments of the European Union, and cooperation negotiations and economic partnerships, as well as Finnish membership of the UN Commission on Crime Prevention and Criminal Justice, will all provide viable instruments for combating corruption internationally. Finnish strengths in the fight against corruption have attracted particular attention in the international arena.

Synopsis

Analysis of Finnish society today reveals four particular strengths in the fight against corruption, and a number of stages can be identified in the historical path along which these strengths evolved. An examination of the country's history suggests that each of these stages has built on the accomplishments of the preceding ones. While there are no clear-cut divisions between the stages, and they naturally overlap to some extent, these stages nevertheless highlight the unfolding of an anticorruption dimension of development. Taken together the sequence of stages can be regarded as a general chronology of the corruption-deterring development that has occurred in Finland during the past two centuries.

Finland's strengths today

- A value base that promotes moderation, personal restraint and the common good
- Legislative, judicial and administrative structures that closely monitor and guard against abuse of power
- Prominence of women in political decision-making
- Low income disparities and adequate wages

The historical development of Finland's present strengths

- As an autonomous dependency, Finland inherited foreign structures and culture of governance
- New ideals and ideologies stirred the intelligentsia
- The inherited structures and culture of governance were challenged by the intelligentsia
- Ideological transformation extended to the whole population through compulsory education
- Governance adopted the values promoted through compulsory education, and underwent major structural changes
- Values acquired through compulsory education fine-tuned the culture of governance, legislation, the economy and the media, quite often by a process of trial and error
- Finland's administrative culture and structures attract international interest

FINLAND IN BRIEF

- A constitutional republic, independent since 1917
- 5.2 million inhabitants, a total area of 338,000 square kilometres and a population density of 16 persons per square kilometre
- Life expectancy at birth of 73.7 years for males and 81.0 years for females
- GNP per capita USD 26,190 (2002)
- Member of the European Union since 1995

Finland is an advanced industrial economy with a high standard of living and a functioning social welfare system.

One of the priorities on the political agenda has been to ensure that women enjoy equal rights and opportunities. The majority of Finnish women (85%) work outside the home and are active in political life. Of the 200 members of the present Parliament, 74 are women. The President of the Republic is Ms. Tarja Halonen, the first woman to hold the office in Finland.

All children receive compulsory basic education between the ages of 7 and 16. More than half of the population have completed post-primary education and 13% have a university degree or an equivalent qualification.

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