

The Director-General and Finnish Civil Service life

TRANSCRIPT

06.11.2000

The year 1997 and an ordinary Friday afternoon: At 1 pm, the Rotary Club of Kallio finishes its usual lunch meeting in a restaurant in Helsinki. The club president pulls out a credit card - the bill is being paid by the government this time.

VOICEOVER: -Of course, it is obvious that Rotary cannot be financed with taxpayers' money.

PAAERMAA: -You'll have to ask the Director General.

KARPIO: -I don't believe that this kind of thing happens.

The position of Finnish civil servant has traditionally been associated with the length and narrowness of bread: a secure livelihood throughout life, counterbalanced by refusals of offers from the private business world. In the old days, the ideal of the civil servant was one of absolute fairness and integrity: the interests of the state took precedence over one's own interests.

(ARCHIVE - Timo Relander, Director General of Statistics.)

The most glorious end of many a career is as director-general of a large central government agency or institution. Directors-General are the elite of the civil service.

RELANDER: -Yes, you could say that, along with some other groups, and I don't see that as a negative thing in any way. If I belong to the elite of the civil service, I am very proud of it.

The world is changing. First it was the Director-General of the Tax Administration who was arrested, then it was the Director-General of the Maritime Administration who went to jail. The top official of the Patent and Registration Office is under police investigation, and where are we when the Director-General of the Academy is caught trying to pay for his birthday party with state money? Is there a serious breakdown in official morale?

RELANDER: -I don't know, I'm relying on press reports, I don't have any insider information, but perhaps it's worth noting that no director-general has been convicted of anything in recent years.

VOICEOVER: -Of course they are worrying things in themselves, but it may be that it is too hasty to conclude that morale in general has been weakened or that morale at the top has been weakened. Yes, I think we must also remember that control has become tighter, and that it is precisely these transparency requirements and media monitoring that are directed at those in power in society. It is quite different from what it used to be, and the public's attitude is also different.

The best way to take a look at the practices of the 1990s is through the eyes of Martti Enäjärvi, Director General of the Finnish Patent and Registration Office, the number one man among the Finnish directors-general. The Chairman of the Directors General Association's activities seamlessly combine official and leisure time, according to a recently completed tax audit report that has come into our hands.

(ARCHIVE 17.11.87 Joensuu seminar.)

Many others also had problems remembering the name when the unknown Martti Enäjärvi was unexpectedly appointed Director General of the National Board of Patents and Registration in 1986 by Minister Urpo Leppänen. Behind him, however, was a career in university politics and legal advisor at the Ehrnrooth-controlled Kymmene Corporation. But even before that, at home, his father Jaakko, the Chancellor of Justice, had taught his son not only the difference between right and wrong, but also a dose of realism.

(ARCHIVE / True story 25.10.1989: -Dishonest people always have the opportunity to lie).

The first years of Enäjärvi's career were in the old agency days. But established practices were thrown into turmoil at the beginning of the last decade. Whereas previously the most important decisions were taken in the agencies' internal management groups, the so-called colleges, by joint decision of the director-general and the heads of department, power was now centralised in the hands of the directors-general. External boards were set up to succeed them.

PAAERMAA: -The Board's contact with the day-to-day work of the Agency is relatively limited and this information comes more through the management, through the Director-General.

An illustrative example of the consequences: as a sign of new power and command, the intrinsically colourless Patent Office acquired a flashy representative car. The Cadillac North Star - a decision by the Director General and a message to the other Directors General - but at the same time as the Cadillac, a recession and bread lines hit the country.

PAAERMAA: -Of course it was more expensive than what the government used to buy.

The justification sold to the board was the State Department's heavy use of the car to transport state visitors. The supervisor is surprised to hear now that the actual requirement for this purpose was only 5 times a year on average.

PAAERMAA: -No, not very much..

Whereas agencies and institutions used to receive operating grants from the state, they now have to earn their own money. That, in turn, requires business skills on the part of the director-general.

RELANDER: This activity must be profitable. We are in a pretty strong market situation in many respects.

Although a patent can only be approved in one place in Finland, and although you cannot compete between different offices to register your company, the Patent and Registration Office has now started to run an extensive stakeholder tax system with the right authorisation and to put up with a lot of pressure from customers.

THE PAASIKIVI SOCIETY

(ARCHIVE/ (27.11.95) Ahtisaari & Holkeri arrive).

The Paasikivi Society is a civic association for foreign policy. Although the state-supported and financially rich Paasikivi Society is gradually fading and its membership is shrinking, it has been a good stakeholder for the Patent and Registration Office.

In September 1994, the Helsinki Paasikivi Society makes a trip to Ireland. Director General Martti Enäjärvi leads the trip. Dublin in autumn is beautiful and there is plenty to see.

In Helsinki, Mr Enäjärvi then compiles the travel bill, but after many years the rude taxman interprets this trip as a holiday. Enäjärvi is deemed to have wrongly charged the state for travel and entertainment expenses and daily allowances to the tune of FIM 7000.

Similar trips were made to Prague, Warsaw, Moscow, Budapest, New York and Washington - but Enäjärvi did not charge travel and subsistence expenses for all of them. Of course, there were always credit card bills to the state - including tax-free wine and spirits.

ROTARY CLUB

The Rotary Club was originally patented in America, but in this case the royalties and support fees are paid by the Finnish taxpayer. On 7 May 1998, the ex-president of the Kallio Rotary Club invites the brothers of Kamp to visit his office - at a cost to the government of FIM 2300. Travel to Estonia, meals in the most expensive hotel in Helsinki.

MOT: -..and the state eurocard just squeaks?

SPEAKER: -Well, I don't know about such a situation, so I can't comment on it. Of course, it is clear that Rotary activities cannot be financed with taxpayers' money.

MOT: -I can imagine that this will cause anger among ordinary citizens.

SPEAKER: -Yes, I can well imagine.

TENNIS

MOT: -Do you pay your personal tennis or Rotary friends with state money?

RELANDER: -no.

MOT: -there's no need for that?

RELANDER: No. First of all, I don't play tennis and I'm not a Rotarian.

MOT: -Does this tennis activity and the main leadership of the PRH get mixed up?

PAAERMAA: -I don't think so. I don't have that impression.

Tennis is a hobby for many chief executives - for a chief executive it is a passion. Apart from playing, it includes positions of trust in the management of tennis companies and clubs. For the state, this involves a lot of expenditure on negotiating in restaurants.

SPEAKER: 7 October Talin Tennis Cafe, catering FIM 1660, Kalastajatorppa, negotiation expenses FIM 330, Vierumäki Country Club, FIM 422, Restaurant Ukko-Munkki, FIM 216 ...

MOT: -Do you have any information about such an Upper Field 16 Association and how it relates to the PRH?

PAAERMAA: -No further information.

MOT: -What does this have to do with?

PAAERMAA: -No, I guess it has to do with tennis.

One example of the activities of the tennis association chaired by Director General Enäjärvi: In July 1996, the Director General and other members of the association travelled with his official car in a PRH minibus to a two-day tennis tournament in Tampere. The match was against Tampere Raatimiehet. After the games, the Director General continues in his Cadillac to the Savonlinna Opera Festival. Of course, all the expenses - including the driver's overtime - will be paid by the state.

Enäjärvi has made many friends through tennis, but one is the most precious - at least for the state in terms of representation expenses. Retired bank director Martti Jokinen is also an essential link in the criminal investigation that will be completed in the coming weeks, in which our director-general is being investigated for aggravated bribery and aggravated abuse of official position.

Five years ago, the National Board of Patents and Registration rented these new premises in central Helsinki from the then United Bank of Finland. In the middle of the negotiations, Enäjärvi's friend Jokinen entered the picture, and his company charged the bank a commission of FIM 240 000 for services rendered in bringing the bank and the PRH together. Enäjärvi denies that he knew of the payment to his friend: Jokinen was only acting as a facilitator.

PAAERMAA: -The Board receives verbal reports mainly from the Director-General and there has been no reason to take any concrete action on the basis of these reports.

Not everyone has been convinced by the explanations. Juha Karpio, Member of Parliament and civil registrar, conducted a parliamentary inquiry into the situation of the Patent and Registration Office a year ago. The minister's answer was equally vacuous, he says, and wonders why the Director General of the Tax and Maritime Administration has been suspended pending investigation but not his counterpart at the Patent Office.

KARPIO: -No two cases are exactly alike, one to one. And these details, which have now been investigated by the police authorities, are not known to me. But at the same time, I do

wonder why this is the way things are done, that in this case there has been no reason for any action by the authorities and superiors against the PRH.

FINNISH CLUB

Right from the start, the newly rented Innotalo needed, among other things, a lift renovation. The lift renovation, costing FIM 300,000 , provided access to the office's front floor - making life easier not only for passers-by but also for the members of the Helsinki Finnish Club, who are regular users of the building.

READER: ...to the organizational meeting of the board of directors. The meeting will be held at the premises of the Patent and Registration Office, Arkadiankatu 6 A. Meet at street level, where the guides will take you inside.

(ARCHIVE /TV-News 17.10.96 20:51:53 -We will take the flag of the Finnish Club).

VESIKANSA: - There are 2000 members here, that's a very diverse crowd.

MOT: -Would it be fair to say that this membership is in a way the elite of society?

VESIKANSA: -No, of course it is, but as I said, there are also very ordinary people here, if you want to put it that way.

MOT: -But no women at all?

VESIKANSA: -No, those are the rules.

(ARCHIVE / TV news 17.10.96 / Enäjärvi: -We usually assume that Club members influence matters at their own workplaces, in their own way).

Martti Enäjärvi has been a good chairman for his Club. In just a few years, the members' contribution to the government bill has reached tens of thousands of marks. An example of a bill from the Club's board of directors to the PRH at the beginning of January '96: drinks from Alko for 7,300 marks, food from the supermarket for 1,500 marks.

KARPIO: -I am a Rotarian myself, a member of a club, a member of the prestigious Jyväskylän Club, but of course I have no experience of this kind as head of the local register office, and I also do not understand the need for this kind of representation in the central government office if there is contact and normal interaction with these clubs.

The presidency of a wealthy club gives the opportunity to do favours that may be returned - in difficult times. Until last December, the club presided over by Enäjärvi owned half of this house in the centre of Helsinki. Until these days it accommodated, among other things, the head office of the (liberal conservative) Coalition Party. The other half of the house was owned by the National Coalition Party Foundation, headed by Counsellor of State Harri Holkeri [a former Prime Minister]. The deal was done, the Finnish Club bought the other half for twenty million marks and the problems of the indebted Coalition Party were largely solved.

BUSINESS

Today, the life of a Director General is also defined by business relations and the ability to deliver results. In recent years, the President has regularly travelled to Ylläs in winter as a guest of Kari Eklund DM Oy, a company that runs a holiday home in Ylläs.

PRH is one of the firm's clients: it regularly produces PRH's annual reports and other presentation material. The Director-General's meals, per diems and travel expenses are, of course, paid for by the state. From Kari Eklund DM OY's guest book, the inspectors have concluded that this is a genuine leisure trip - the Director-General's justification for travelling is peace of mind: in Ylläs, the telephones do not disturb.

MOT: -Why, for example, does the production of the PRH's annual report have to be negotiated in Ylläs?

PAAERMAA: -No, if I have no idea whether there have been negotiations in Ylläs. If there have been negotiations, there must have been other reasons for going to Ylläs.

A larger group of people - including the spouses - have been on a seminar trip to Saariselkä in a couple of springs, and the agency has paid for it. The accommodation has been provided by TT-Tieto - now Tieto Enator - a company which in practice handles the PRH's IT affairs.

When the agency needed a presentation video for its communications, help was close at hand: the Club. The video was produced by Manifestum Ltd. It was made by former party secretary and TV director Aarno Kaila - the agency's Eurocard invoices suggest that the video required unusually intense groundwork and development.

SPEAKER: 19 August Manifestum, Finnish Club FIM 1786, 3 people, 18 November working lunch FIM 514 ...

THE DIRECTORS GENERAL

For the 50th birthday celebration of his friend [Finnish politician ILKKA KANERVA], Director-General Enäjärvi brings three presents - one from the Association of Directors General. The gift from the Association - as presented by Enäjärvi - is a drink, namely Four Lions whisky.

ENÄJÄRVI: ...to a good and honest friend...

RELANDER: - Directors General have a lot in common. We have this kind of - whether it's an association or not - a meeting of the board of governors, which meets 3 or 4 times a year to deal with these kinds of common issues, pay policies.

The Directors General have a full 100 % organisation rate - the annual membership fee of FIM 1 500 is not deducted from salaries - it is paid by the [Patent] Office on behalf of Enäjärvi.

ALKO / East Pasila: -The Four Lions brand of whisky has been discontinued.

BOARD OF DIRECTORS

The external board of directors supervising the Agency and the institution is appointed by the Government of the country. In practice, its members are assembled by the Director-General of the agency concerned.

RELANDER: -Someone always has to propose the composition of the Board, and yes, it was mainly me who proposed it to the Council of State.

In the light of the tax audit report, the PRH Board has in practice been a good excuse to eat, drink and travel for one. In five years, the Board of Patents, which meets infrequently, has alone racked up bills for conference meals in the best restaurants in Helsinki - a good MSEK 37 000.

However, feeding and watering the board is a small part of the overall representation and marketing of the office: in its best year, it has spent Mk 300 000 - although the record of Mk 600 000 in the peak year set by Statistics Finland makes it even better.

PAAERMAA: -Current practice is for the Board to approve a representation plan annually. I can't remember the figures, but they are quite reasonable.

KARPIO: - So external boards in government agencies, it's very...at least they are not very developed yet and one can ask what their status is.

Possible gaps in external control in organisations are usually filled by internal audit. It is a very incorruptible tool for detecting management shortcomings and ambiguities.

MOT: -What kind of internal audit does the PRH have?

PAAERMAA: -It's quite instructed, the board has been very strict about it, that the internal audit has to be in order. And I understand that it is currently in order.

In the organisation chart of the Patent and Registration Office, the name of the internal auditor disappears at the end of 1993. It soon becomes clear that he was transferred to other duties at that time, when the new business orientation of the Office began. So for six years, until last spring, no-one had commented on the management of the Agency, no-one had written nasty audit reports. Sure, one and the same "Inspector K." often appears on the lunch buffet invoices signed by Enäjärvi - but he is the Director-General's chauffeur.

Most obviously, internal audit would also have intervened in the visits of the Office's representatives to meetings of the European Patent Organisation in Munich. The organisation has paid the travel expenses of the Finnish representatives - mainly the Director-General - who have nevertheless been paid double, i.e. they have also billed their own office.

PAAERMAA: -The internal audit could have been more effective. That is my personal view too.

FAMILY CONNECTIONS

The example of the receipt is blunt, but it tells the story: again there were family members at the office for a sauna and dinner. The visit has been corrected to a meeting of the Innosuomi management team. The Director-General has been chairman of the board of directors and a supervisor of the society. On the January evening in question, the Director-General's chauffeur's overtime did not end until after 2 a.m.

It is true that the state patent money spent on this maintenance of the family ties of one family is modest: 12 events and just under 10 000 marks.

PAAERMAA: -Of course, the family society prefers to meet away from the office. That's quite clear.

KARPIO: -This sort of thing doesn't happen, at least not that I've heard of - I mean, to entertain relatives with state money, that can't be right.

Investigating the life of a chief executive was initially quite difficult for the tax authorities. The agency refused to allow auditors into its work - the Director-General took the matter up with the Directors-General's Association and commissioned a consultancy report to support his position. A good friend, tennis player Professor Kai Kalima, wrote a statement supporting Enäjärvi and opposing the audit - and finally a bill: 21 000 marks. Even that was paid by the state.

The tax audit was carried out. When asked to respond to the findings, the agency, loyal to its Director-General, again relied on outside help. A report commissioned from a private tax consultant - against the interests of the agency, in all reasonableness - cost the state 115 000 marks.

PAAERMAA: -The Management Board can only intervene after the event. For example, there was no mention of this.

According to the taxman's calculation, Enäjärvi has benefited by almost FMK 240 000 from various private travel and representation. Tax should now be paid on that. The Director General's monthly salary is over FMK 41 000.

(ARCHIVE / TEXT).

The media has also been favourable to this active and energetic influencer. Our Director General has been able to present his ideas on patents and inventions to the press - on several occasions even in TV programmes aimed at the elderly population. The producer and editor of these programmes is now - as if by coincidence - the PRH's Director of Communications.

(ARCHIVE / Harriet Finne: We are now in the Inno House...).

VOICEOVER: -When it comes to Martti Enäjärvi, one has to ask whether his career has been too lacklustre. He has enough energy for more ambitious tasks. TG: Kauppalehti Optio 15.1.1998 @Pekka Ritvos

VOICEOVER: -I think there are people who are being witch-hunted like this through no fault of their own, Casimir Ehrnrooth says, taking Martti Enäjärvi, the Director General of the National Board of Patents and Registration, as an example. -Unfortunately, in an open society you cannot defend yourself. TG: Ilta-Sanomat 9.10.1999 @Rita Tainola

We were interested to find out whether Casimir Ehrnrooth had any particular knowledge on the matter. Now, a year after his interview, he says that his statement about the witch-hunt was just hearsay and not based on information.

MOT: -The most common explanation, the most straightforward explanation, is that there was a hunt - organised by the enemy. Is that too easy an explanation?

VOICEOVER:- Yeah, well, you hear that a lot but I don't know. It may be that there is a hunt sometimes when people are involved, but I think you have to sort of investigate what really happened.

Kanerva 50th birthday celebration:-...and I have noticed that there has been a huge change...

In any case, the agency is in good shape today. There are no long delays in the registers of companies, foundations and associations, patents are dealt with swiftly and backlogs have been cleared. Credit must go to the efficient Director General.

There is another interpretation. When Mr Enäjärvi took over as Director-General, the office had 350 employees - and as the state administration has streamlined and downsized, the PRH now employs a third as many, almost 500. The old manual files have been replaced by fast and powerful computers. So: perhaps the agency is succeeding in spite of its director-general - not because of him.

(ARKISTO / MOT 2.10.2000 - Why did your 60th birthday reception at the Academy cost the state 40 000 marks?

Reijo Vihko. I paid for it.

MOT: -It was first paid from the Academy's money....).

The example above tends to trickle down. The attempt to pay the birthday bill at the Academy of Finland was not unique. The Academy's director of administration had also gone the way of the director general with his birthday bill, and now he too has been embarrassingly caught..

In this light, the small detail of the PRH Director General's everyday order from Alko the other summer - as CEO of a private tennis company, he entertained his business friends on the agency's premises and, of course, on the agency's bill - is not surprising.

LEHRIMAJA: -It is clear that when public funds, tax money, are used, they should be treated a little differently from one's own money or the company's money. But perhaps this privatisation has also contributed to a change in the distinction between a government agency and a business enterprise, and this is also reflected in this kind of representation and business gifts and the like.

PAAERMAA: -Well, in Finland, this so-called civil service morale is of a very high order. In all these international comparisons, Finland is right at the top. And so, yes, I would answer that it is relatively low and I would not use a term like this as a happy go lucky. So it's a question of normal activity. It may be that there are some excesses, but yes, it is very minor.

Last winter it was revealed that some of the Director General of the State Treasury's own personal bills were in the process of being seized. Juha Vuolijoki, the director-general in charge of the state's billions in financial transactions, was not found guilty of any wrongdoing, but his integrity had suffered - the ministry issued a warning.

New apartments were built in Vantaa's Myyrmäki last winter - guaranteed VVO production. VVO is perhaps the most important non-profit developer in Finland and therefore a major user of public housing funds distributed by the State Housing Fund. VVO is also supervised by the Housing Fund.

In the summer, when the Onnenmyrrie apartments are completed, it is revealed that one of the moving loads belongs to the country's highest housing finance authority, the family of the Housing Fund's Director General, Teuvo Ijänen.

LEHRIMAJA: -The European Convention on Human Rights also stresses impartiality - not only that officials or judges are impartial, but also that they appear to be impartial. There will be this kind of objective test of whether the public can trust them to be impartial. And our traditional culture of civil servants is based on the test between the ears, that if a civil servant feels between his own ears that he is honest and impartial, fair and impartial, then that is enough. And once he has taken the oath as a judge and as a civil servant, it must be enough for the outsider as well. But nowadays this is no longer enough.

Kanerva 50th birthday celebration: - Thank you, and the invitation is still valid when Parliament opens next week, so ... either for morning coffee or a sauna or both. (laughter)

Interviewed on the programme:

Timo Relander, Director General, Statistics Finland

Lauri Lehtimaja, Parliamentary Ombudsman.

Risto Paaermaa, Deputy Chairman of the Board, National Board of Patents and Registration.

Juha Karpio, Member of Parliament (Coalition Party)

Jyrki Vesikansa, Information Officer, Finnish Club

Henri Sopenperä, Salesman, Alko Itä-Pasila

Original text in Finnish at:

<https://yle.fi/aihe/artikkeli/2000/11/06/ylipaaajohtaja-ja-suomalaista-virkamieselamaa-kasikirjoitus>