

Justice Reform Memorandum - Why does justice not happen in Finland?

Justice reform opportunity in Porthania
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The Finnish constitution was the most modern in the world.

The Finnish Constitution had two important sections above the rest.

First of all, Article 2 of the Form of Government had in 1919 written a three-partition of power, ie. independent state organs.

Secondly, by 1906, the ingenious authors of the Finnish Constitution had already written a complicated constitutional order in the Imperial Senate's constitution. These are the texts subsequently written in Article 67 of the Constitution.

There were no such clauses in any other state. They also guaranteed a true democracy and a stable society Finland.

The aforementioned articles were a problem when President Koivisto joined the EC.

So President Koivisto deliberately organized the 1990s recession in order to get the EC adapted to the Finnish constitution in advance, even without the parliament understanding what was going on.

Mr. Kullberg's revelation

The first reference to this was an interview with Mr. Rolf Kullberg, Governor of the Bank of Finland, in Länsi-Savo newspaper on November 3, 1988:

"Demand in Finland must be forced down and, if necessary, made by creating an artificial recession in Finland, and the recession must be quite profound."

PM Kalevi Sorsa praises President Koivisto

PM Kalevi Sorsa wrote about the EC-mandated constitutional changes in NEW YORK, 1992, page 53:

"The reform projects of recent years, especially the transition to majority parliamentarism, the social and cultural civil rights under consideration, are such radical reforms that, once implemented, they will need to gain experience of the reforms - while making the changes required by European integration.

"The good question is: What kind of changes does the EC call for in the form of Government?"

Recognition of Mr. Koivisto

Koivisto himself admits in his memoirs *The Reformation of the Constitution Two Times*, 1994, on page 436:

“At the opening of the 1994 parliamentary term on 8 February, I looked at constitutional reform work over the last two terms of office. When I was elected President, I had stated that I was striving to develop the parliamentary features of our constitution. That was a reality. ”

However, Kullberg's pre-recession became too deep. Government finances were under control, as Koivisto hoped to bring the Finnish constitution into line with EC requirements.

The Consequences of a strong Finnish mark

The value of collateral for loans decreased. The Bank of Finland required banks to write down their real estate mass by 30%. The capital adequacy of Finnish banks did not meet the BIS capital adequacy ratio of 8% in accordance with the EC Directive of December 1989. The capital adequacy of Finnish banks was also examined by the EC. Thus, a special provision had been written in the annexes to the EEA Agreement for Finland to raise the capital adequacy of banks to 8% by 1 January 1995.

Thus, the **Finnish banks did not meet the euro criteria set out in the EC acquis in 1989, so the banks' balance sheets had to be brought into euro and EC by plundering the assets of the banks' loan customers and guarantors.**

In spring 1991 a top secret "Rohto" group was set up at the Bank of Finland to solve the bank solvency problem.

In January 1992, a "Top Club" group was also set up to consider ways of increasing banks' solvency, chaired by **Ms. Sirkka Hämmäläinen, who was appointed to the Executive Board of the Bank of Finland.**

The means of increasing the solvency of banks were introduced on 18 March 1992.

On the same day, the Bank of Finland sent the banks a circular concerning the introduction of a single measure, namely unilateral interest rate increases, from 1 May 1992. The EC deadline for increasing the solvency of Finnish banks expired on 31 December 1994. So the matter was in a hurry, and all the conventions had to be implemented.

Preparation of laws

Ms. Sirkka Hämmäläinen The "Top Club" group, which was set up to consider ways of increasing the capital adequacy of banks, had a nominal role, as the means had already been in the process of being drafted and had to be in force by 1 May 1992.

These included e.g. the Act on the Establishment of the State Guarantee Fund, the Bank's Stamp Duty Exemption and the Bank's unilateral interest rate hike already introduced by the Regional Savings Bank of Tampere.

The Supreme Court ruling

As the unilateral interest rate increase used by the Tampere Regional Savings Bank was retroactively enacted into law and the unilateral interest rate increase was also going to be decided by the Supreme Court, President Koivisto contacted the President of the KKO with a request that the KKO make a decision to unilaterally raise it.

According to Koivisto's conclave secret memo, Mr. Olavi Heinonen, the President of the Supreme Court, did not want to follow President Koivisto's will. As a result, on April 3, 1992, the KKO issued a 50: 1992 decision declaring unilateral interest rate increases as a means of increasing banks' solvency.

The Koivisto's Conclave

On May 6, 1992, President Koivisto organized a Legal Policy Seminar (Koivisto Conclave) in President Castle to guide the judiciary in future trials.

Quote from the opening remarks in President Koivisto's memoir:

"At the beginning of March, the discussion ended second to what I first outlined. It ended with a discussion about the credit crunch and the bank stalemate, which the government and parliament approved as such. I hope it has helped to make sure that we have not been in a deadlock situation."

Thus, "the Parliament approved the" package of measures "of the Hämäläinen's working group, i.e. laws aimed at increasing the solvency of banks. The laws came into force five days before the conclave, May 1, 1992.

Specialties of the measures in Ms. Hämäläinen's suggestion

It should be mentioned that the State Guarantee Fund Act has such a special feature that there is a pause between the first and second parliamentary proceedings of the Parliamentary Protocol and only a few minutes. The law may not come to a second reading until the third day.

Another specialty is that Bill 20 on Stamp Duty Exemption is accompanied by the 1992 VP Committee Report VaVM 11-1992, which sought further clarification of the bill:

"The committee urges the government to investigate as soon as possible the possibility of removing or lowering the stamp duty on OTC and broker-listed securities and to submit the necessary proposal so that Parliament can consider the proposal during the spring session of 1992.

The committee has taken a negative view of the initiative it is considering."

The VaVM is joined by a protest signed by Matti Luttinen, Jouni Backman, Kari Rajamäki, Pentti Lahti-Nuutila and Lea Savolainen on April 14, 1992:

"Removing the stamp duty on securities trading is justified in this business cycle, however, it makes sense to completely abolish stamp duty on securities trading.

The amendment to the Stamp Tax Act that is currently under discussion is one of the bills related to the Banks Support Package and the Financial Stability Stabilization Bill. The proposal to abolish the stamp duty on securities transactions is not based on an overall examination of the stamp duty system, but on a single measure, which is cyclical but would again permanently reduce the tax base. In the absence of a comprehensive examination, we consider it more sensible to only abolish the stamp duty on securities trading until the end of 1993. Before the end of 1993, a comprehensive review of our stamp duty system is required, ... "

The good question is: How did the Bill on Stamp Duty Exemption be handled and enforced, because the law was to come into force on May 1, 1992?

I will return to the conclave documents.

There are several conclave invitation memos. The first Conclave invitation memo to a legal policy seminar was dated 26 March 1992.

Mr. Koivisto had wanted to make it clear in advance to the Supreme Court and legal scholars that the unilateral interest rate hike of the Hämäläinen's package must be decided in the Supreme Court in the bank's favor.

On page 12 of the Concluded Memorandum of Conclave, there is an introductory statement by Docent Juha Pöyhönen (now Karhu) entitled "Judging and Evaluating the Functioning of the Courts":

"I think I'm talking about this film, which has also been distributed to you."

It should be noted that this film was not found in the archive of the Office of the President of the Republic created by President Koivisto. With the help of the film, Koivisto could, without speaking, bring the purpose of the conclave to the attention of the high-ranking lawyers silently present.

On page 14, Pöyhönen says:

"It is difficult to criticize the legal outcome of the so-called interest rate case, for example from an economic point of view, when it is not mentioned in the explanatory memorandum but treated as a question of interpretation of a contractual term in a standard form."

Thus, in the defense of the Pöyhönen Supreme Court's decision, the unilateral interest rate increase of the Tampere Regional Savings Bank, KKO's decision 50: 1992, is a matter of course known to those present at the event, nothing about it.

Hufvudstadsbladet and Ilta-Sanomat revealed the nature of the conclave

The news, which revealed the nature of the event, was published on August 6, 1992 in Hufvudstadsbladet and Ilta-Sanomat. The news revealed that President Koivisto criticized the Tampere Regional Savings Bank's unilateral interest rate increase, solution 50: 1992. Full text of the Ilta-Sanomat news (from page A10):

Mr. Koivisto criticized the interest rate decision

President Mauno Koivisto is puzzled by the Supreme Court's decision that banks should not have unilaterally raised interest rates on loans. According to Koivisto, **the KKO (Supreme Court)** should have taken into account not only the law but also the economic aspects, says today's Hufvudstadsbladet.

Last April, the **KKO decided that the Regional Savings Bank of Tampere was not entitled to unilaterally increase the interest rates of two borrowers by one per cent. The bank was ordered to lower the interest rate to the previous level and to reimburse both borrowers.**

According to Hufvudstadsbladet, Koivisto met with the country's leading lawyers in early May.

At this event, according to the newspaper, he expressed his dissatisfaction with the decision. In the President's view, the difficult position of the banks and economic interests should also have been taken into account when making the decision. Koivisto had feared the consequences if all the borrowers paying the increased interest had demanded compensation.

Hufvudstadsbladet says the meeting between the president and about **35 lawyers at the presidential palace** was informal in nature."

The news of Hufvudstadsbladet and Ilta-Sanomat is clear evidence of what happened. I have microfilm images of the news of Hufvudstadsbladet and Ilta-Sanomat, published on August 6, 1992.

In his conclave, President Koivisto broke his presidential solemn declaration - The division of power in article 2 of the form of government, that is, settled above an independent court.

Article 2 of the Form of Government became a dead letter.

It is a case of a state fraud, a crime that does not expire.

It should be noted that the adjustment of the Finnish Constitution, ie the complicated constitutional order written in Article 67 of the Riigikogu and the division of power under Article 2 of the Form of Government, was the subject of conclave lawyers.

The Conclave's Secret Memorandum of April 1, 1992, was dated two days before the Supreme Court's decision (April 3, 1992 KKO 50: 1992) on the dispute regarding the unilateral interest rate increase of the Regional Savings Bank of Tampere.

Ko. the solution took away justification from one of the measures in the Hämäläinen's working group's package of measures.

26.3. The invitation memo dated 1 April and 1 April 1992 surprisingly shows that the initiative to organize a legal policy seminar had come from the Supreme Court President Mr. Olavi Heinonen.

So Mr. Heinonen wanted the attorneys invited to the event to support this KKO solution 50: 1992.

However, the situation turned out to be the second one Heinonen hoped for, namely point 5 of the invitation memo is a lot of talk:

"I suggest that Mr. Olavi Heinonen preside over the event" and that the President of the Republic meet with Heinonen or talk to him on the goals of the event well in advance of the event, and that Heinonen talk to users about content issues to best meet the President's wishes.

It should be noted that the opening speech used by President Koivisto in his conclave is also related to the economic policy seminar held in Castle on 2 March 1992, which Koivisto talks about in his book Two Seasons.

At the seminar, Mr. Björn Wahlroos had said:

"The only worry I get from these two speeches is that the reality we see around us is harsh today. **Through unemployment, through bankruptcies, we are teaching a whole generation of Finns that private entrepreneurship is not worthwhile.**"

So Koivisto's conclave is related to the existing economic situation of Finland, that is, to the second generation in time, that entrepreneurship is not worthwhile.

Similarly, the conclave is related to the current problems of banks and thus to the future of today's debtors.