

University of Wisconsin Library
Manuscript Theses

Unpublished theses submitted for the Master's and Doctor's degrees and deposited in the University of Wisconsin Library are open for inspection, but are to be used only with due regard to the rights of the authors. Bibliographical references may be noted, but passages may be copied only with the permission of the authors, and proper credit must be given in subsequent written or published work. Extensive copying or publication of the thesis in whole or in part requires also the consent of the Dean of the Graduate School of the University of Wisconsin.

This thesis by Ilona Anita Karsanen
has been used by the following persons, whose signatures attest their acceptance of the above restrictions.

A Library which borrows this thesis for use by its patrons is expected to secure the signature of each user.

NAME AND ADDRESS

DATE

FINNISH-RUSSIAN RELATIONS UNDER THE 1947 PEACE TREATY

by

ILONA ANITA KANANEN

A Thesis Submitted in Partial Fulfillment
of the Requirements for the Degree of

MASTER OF ARTS

(Political Science)

at the

UNIVERSITY OF WISCONSIN

1 9 5 4

AWM
R1312

875010

JUL 16 1954
CONTENTS

	Page
INTRODUCTION	1
CHAPTER I - THE PEACE TREATY	4
CHAPTER II - THE IMPACT OF ECONOMIC OBLIGATIONS.	14
Refugees	15
Reparations.	17
Additional Economic Burdens.	24
Fulfillment of Economic Demands.	26
Reorientation.	29
CHAPTER III - THE POLITICAL ADJUSTMENT	40
Elimination of "Fascist Elements".	44
Paasikivi: The First Balancing Factor.	48
1947: Finnish Communist Losses	50
Social Democrats: The Second Balancing Factor	54
1948: Russian Pressure Increased..	56
Finland Strengthens Her Anti-Communist Front	66
Communist Offensives To Regain Power	71
CHAPTER IV - AN EVALUATION OF THE FINNISH POSITION	81
APPENDICES	
I - Armistice Agreement	92
II - Treaty of Peace with Finland.	100
III - Pact of Friendship, Co-operation and Mutual Assistance	123
IV - Post-war Finnish Governments.	127
V - Goods Delivered Against War Reparations	128
BIBLIOGRAPHY	133

INTRODUCTION

The loss of two wars against Russia and the emergence of the Soviet Union as the only great power in Eastern Europe shifted the gravity center of Finland's international position eastward. This tendency subjected the Finnish polity to the same pressures which many other nations have experienced since World War II. Due to differences in historical background, cultural tradition, geographical location and economic status, the situation was somewhat distinct in each area. Nevertheless, countries as totally different in all these respects as Czechoslovakia and Albania have been subjected to the same total communist control. Finland, on the other hand, has managed to maintain Western-type democratic processes - free elections, freedom of the press, protection of individual rights - as well as a non-communist mode of production and distribution.

Field Marshall Mannerheim expressed the post-war feelings of the Finnish nation when he said,

Our fate is hard, now that we are compelled to give up to an alien race - a race with a philosophy and moral values different from ours - land which for centuries we have cultivated in sweat and labor. Yet we shall undertake the task

of reconstruction with firm hands, ... and, as before, we must be ready to defend our diminished Fatherland with the same resolution and the same strength with which we defended our undivided Fatherland.

We are conscious of the historic duty which we will continue to fulfill - the defense of the Western civilization which has been our heritage for centuries.¹

However, a sense of historical perspective and an ability to adjust domestically and internationally do not alone offer a satisfactory explanation of the contemporary dynamics of Finnish-Russian relations and their impact on Finland. Other ramifications which involve the very basic problems of national political freedom and power present themselves. How much reality is there in Finnish democracy? Does it live a life of its own or does it exist on borrowed time? What is the relationship between politics and economics in the Finnish situation? Will the close economic ties with Soviet Russia eventually affect Finnish domestic politics? Have they already affected the substance of the Finnish political process even though traditional forms of democracy have still been preserved? Has the Soviet Union tolerated some defiant domestic measures of the Finnish Government because Finland has faithfully complied with the heavy

¹Quoted from Hudson Strode, Finland Forever (New York 1941), p. 421.

economic burden of reparations? Why has the Soviet Union proceeded in Finland on a premise different from that applied in other Eastern European countries?

The present thesis does not attempt to seek and find any conclusive answers to these and other perplexing questions. No more than informed guesses could probably be rendered in such a fluid and complex situation. Rather it was the writer's aim to collect relevant materials which illustrate the background of Finland's present-day problems as a nation living on the periphery of militant Soviet communism, and to form some tentative opinions as they seemed warranted on the basis of the available data.

CHAPTER I

The Peace Treaty

The loss of the 1939-40 Winter War was a frustrating experience for the Finnish people. This state of mind made them receptive to Hitler's plan for a German-Finnish alliance against Russia since Germany could help free lost Karelia and defend southern Finland. Besides, it was not unnatural for the Finns to turn to Germany. Strong cultural ties existed between the two countries and the Finnish people had not forgotten that German troops aided them in their 1918 war of liberation against Russia.

The German-Finnish military pact signed by President Risto Ryti in 1942 proved to be an effective alliance. Simultaneous Finnish and German offensives forced Russians to flee from Hango and Karelia. So successful was the campaign that even Leningrad was besieged.

This threatening Finnish-German military alliance forced the Allies to take action against Finland. In 1943 the British declared war on Finland and seized Finnish credits in England. The United States broke off diplomatic relations and seized Finnish credits in the U.S. in June of

1944.

When the successful Allied offensives forced Germany to succumb, Finland's defeat was likewise evident. By September 1944 Germany was so hard pressed that Finland could expect no further aid from her. In the west the Germans were about to lose occupied France; in Italy they had only the northern portion in their possession; Rumania had surrendered; Bulgaria declared her intention to seek neutrality; Russia had regained her 1940 boundaries almost everywhere and in some sections advanced beyond them.

Finland could resist no longer and sued for peace, asking Sweden to act as a go-between. It was fortunate for Finland that she sought an armistice eight months before Germany's final defeat because Russia at that time had no troops to spare for occupation.

Material concerning the negotiation of the armistice is very scarce,¹ but one documentary source reveals that the armistice was not a result of negotiations. It was a dictated agreement based on the "right" of the victor. On the evening of September 18, 1944, Molotov demanded the signing

¹"Ever since the Allied (Soviet) Control Commission began to preside over Finland's activities in the autumn of 1944, conditions were such as to prevent the publication of serious, objective studies of Finland's part in the war. Russian sensibilities could not be hurt or suspicions aroused."

John H. Wuorinen, Finland and World War II (New York 1948), p. 3.

Prof. Wuorinen obtained a translated Finnish document, however, which he believed to be an objective account of the years 1939-44 in Finland. The article was never published in Finland and the author necessarily remained anonymous.

of the armistice by noon of the following day at the latest. He threatened that if this were not done, all of Finland would be occupied and hinted that the occupation was already being prepared. The Finnish Parliament was alerted for a secret session and felt that it could do nothing except approve unanimously the Finnish Government's suggestion that the necessary powers be granted.²

On September 19th Finland signed the armistice agreement in Moscow by which she withdrew from the war between the Great Powers. The 1940 boundaries were restored, heavy reparations were demanded and Finland was to take the responsibility of ousting the remaining German troops from Finnish territory.³

The process of forcing the German troops to retreat took place from September 1944 to April 1945, a period during which Finland was a de facto co-belligerent of the United Nations. The fighting was heavy, thousands of Finnish lives were lost and the Germans laid waste nearly all of the northern third of the country.

The armistice formalized Stalin's plans for Finland which had already been revealed at Teheran. Churchill states in "Closing the Ring" that Stalin thought the Finns

²Ibid., p. 180.

³See Appendix I.

should be given a lesson and was determined to get compensation. Stalin insisted that, "Within, say, five or eight years the Finns would be able to make good the damage they had done to Russia by supplying her with paper, wood and many other things."⁴ When conversation turned to territorial details, Stalin expressed his desire to obtain Petsamo and the Karelian Isthmus.

Stalin's ideas had not altered when the foreign ministers of the Big Four met in Paris in April of 1946 to draft the peace treaties with Finland, Italy, Bulgaria, Rumania and Hungary. Differences of opinion among the negotiators at Paris proved so great that a number of renewed conferences were necessary before any real progress was made.

Finland was represented at these conferences by a delegation whose task turned out to be merely the delivery of the requested statements of opinion on the propositions. Some circles in Finland had hoped that amendments to the armistice agreement's territorial clauses and war reparation conditions would be effected.

Carl Enckell, the Finnish foreign minister, asked for \$100 million reparations' reduction and some alleviation of the territorial terms, referring to the grave losses and disturbance of population involved in the cession of Karelia.

⁴Winston Churchill, Closing the Ring (Boston 1951), p. 397.

When the treaty was discussed the United States delegation proposed Enckell's reduction.

Senator Arthur H. Vandenberg protested before the Peace Conference that the reparations demanded from Finland were "unjust and ill advised", being out of all proportion to Finland's ability to pay. He reminded the conference, "We dare not forget Finland's reduced production capacity due to the cession of territory, property damage and deterioration, reduced man power, and pronounced shortage of raw materials and electric power".⁵ His plea went unheeded and what he called the "rubber stamp of 300 million" demanded from Axis satellites was upheld. Vandenberg expressed fear, along with many economic experts in Finland and abroad, that the Finnish economy might collapse under the reparations' burden.

The Finnish Peace Treaty was signed on February 10, 1947. The Russian demands had been upheld. Finland lost Karelia and the sea ports of Petsamo and Porkkala. She was also to pay the \$300 million worth of reparation goods.⁶

It was difficult to reconcile the Finnish Peace Treaty with the lofty ideals of the Big Four. The transfer of

⁵Arthur H. Vandenberg, "U.S. Proposes Reduction in Finnish Reparations", Department of State Bulletin, Vol. XV, 1946, p. 744.

⁶See Appendix II.

large and important areas inhabited by Finns revealed the compromises of the Great Powers. In the Atlantic Charter (August 1941) the signatories had declared their desire "to see no territorial changes that do not accord with the freely expressed wishes of the people concerned" (Article 2), to see sovereign rights and self-government restored to those who had been forcibly deprived of them and "to respect the rights of all people to choose the form of government under which they live" (Article 3). In the treaty of alliance between Great Britain and the USSR the parties had agreed to "act in accordance with the two principles of not seeking territorial aggrandisement for themselves and non-interference in the internal affairs of other states". The United Nations Charter stipulated that "members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state" (Article 2 Section 5).

Finland's troubles had originally begun because of a deliberate attack by the Soviet Union in 1939. Finland's alliance with Germany had been purely military with no political stipulations. Fascist ideology had not penetrated into Finland. Claims of Gestapo infiltration into Finnish governmental organizations were completely without foundation and the position of those Jews who were Finnish citizens did not suffer the slightest change during the war.⁷

⁷Wuorinen, Finland and World War II, p. 122.

Finnish Premier Hackzell asserted in the fall of 1944 that, "During the whole period of collaboration relations between Finland and Germany have been based solely on mutual military interests without any political agreement."⁸ Finland had actually participated on the side of the Allies when she ousted the German troops from her territory. These circumstances seemed to have been completely ignored during the Peace Treaty negotiations.

Italy, whose moral position as a Fascist aggressor was indefensible and whose population amounts to 45 million, was charged \$360 million in reparations. She was given two years to begin deliveries and Russia was to supply the raw materials.⁹ Finland, on the other hand, with a population of 4 million was charged just \$60 million less in reparations. Payments were to begin immediately and Finland was to obtain her own raw materials from somewhere.

It would seem that Finland could have voiced legitimate complaints concerning the Peace Treaty. Yet when the Italian, Bulgarian, Rumanian, Hungarian and Finnish treaties were signed, Finland was the only nation that did not present a note of protest.¹⁰

⁸Keesing's Contemporary Archives, (London), Vol. V, (1943-46) p. 6719.

⁹"Peace at Paris - 1946", Current History, Vol.II (1946) p.177.

¹⁰Hugh Shearman, Finland - The Adventures of a Small Power, (New York 1950), p. 103.

The effecting of the Peace Treaty meant a great deal to the Finnish people. The clauses which dealt with material considerations, such as the war reparations and territorial losses, did not essentially differ from the original clauses enumerated in the armistice. The distinguishing feature of the Treaty was in the principle which it recognized. It marked the end of the period of armistice which had lasted for two and a half years and the beginning of a new era in Finland's history. It placed squarely on the shoulders of the Finnish people themselves the responsibility of their own fate as an independent nation.

Finnish-Russian relations and Finnish international relations with the rest of the world were redirected into normal channels. In Finnish internal affairs, with the dissolution of the Soviet Control Commission the validity of so-called "security law" expired, and the authority to arrest and imprison citizens was once again governed by the usual peace-time statutes and censorship disappeared.¹¹

Secretary of State James Byrnes recognized the meaning of this transition when he referred to the signing of the peace treaties with Italy, Bulgaria, Rumania, Hungary and Finland.

¹¹ Fredrik Valros, Finland - 1946-1952 (Helsinki 1952), p. 7.

The treaties were not written as we would write them if we had a free hand, but I was convinced that they were as good as we could hope to get by general agreement for a long time to come. They did represent an important step in the restoration of stability. As long as the armistice terms remained in effect, all five of these countries were subject to uncertainty and interference in every phase of their national life. No planning for the future, particularly in respect to economic development, was possible under these conditions. ¹²

The Russian opinion of Finnish-Russian relations at this time was expressed in a speech delivered at the Paris Peace Conference by Viacheslav M. Molotov, Soviet Minister of Foreign Affairs. He, of course, referred to Leningrad and how it had been threatened because of Finland's joining with Germany. He also mentioned that Russia had been lenient in not occupying Finland. Then he continued,

Basing itself on a desire to establish a beneficial policy in relation to democratic Finland, and understanding that the old Czarist Russia was responsible for many sins in relation to the small Finnish state, the Soviet Government has confined itself to imposing the minimum obligations on Finland in respect of reparations, which can only compensate for a very small portion of the enormous damage done by her. The Soviet Union carried out, and will in the future continue to carry out, in relation to Finland this good neighbor policy in so far as Finland herself will carry out a similar policy in relation to the Soviet

¹²James F. Byrnes, Speaking Frankly (New York 1947), p. 154.

Union and in so far as Finland will not again act as a weapon in the hands of anybody against the Soviet Union... There may be people who would like to take advantage of the differences of opinion between the great powers on different points. We would not advise our neighbor Finland to be carried away by plans of this nature, and we would not advise her to lend herself to any pressure in this direction. The experience which Finland has had of being used as a tool in the hands of powerful nations was very unfortunate for Finland. This should not be forgotten.¹³

Finland's view was stated in a speech by R. Sveto of the Finnish Foreign Office at the solemn peace festival on the day of the Paris Peace Treaty's signing. He stated,

We, on our part, promise to you with whom we have been at war, that we will never abandon the road of friendship and close co-operation which we have adopted towards the Soviet Union, and that we will continue to maintain friendly relations with Great Britain; that we will not tolerate any attempts on Finnish territory to conspire against the cause of peace; that we will not oppose the imperative norms of the new international law as agreed upon jointly by the Allied nations.¹⁴

¹³Viacheslav M. Molotov, "Challenge to United States Principles", Vital Speeches, Vol. XII (1946), p. 679.

¹⁴Urho Toivola (editor), Finland Year Book of 1947 (Helsinki 1947), p. 214.

CHAPTER II

The Impact of Economic Obligations

The Finnish Republic that the Soviet Union attacked in 1939 was a prosperous nation. Finnish industry had been rapidly expanding, foreign trade had impressively grown, approximately 5% of the national income was spent on social reform and welfare efforts and the foreign debt had been reduced to approximately \$30 million.¹ The 1938 trade statistics revealed a balance of trade with imports accounting for 8,607,000,000 Finnmarks and exports tallying 8,398,000,000 Finnmarks.²

After the three-phase war Finland's manpower was reduced. 85,000 men were killed, additional thousands wounded and many incapacitated for life.³ By the stipulations of the Paris Peace Treaty Finland lost 12% of her total territory (17,780 square miles), 13% of forests, 1/3 of installed

¹John H. Wuorinen, "Democracy Gains in Finland", Current History, Vol. XXI (1951), p. 327.

²Keessing's Contemporary Archives, (London), Vol. VI, (1946-48), p. 7962.

³Valros, op.cit., p. 29.

hydro-electric capacity, 30% of fisheries, 10% of the paper industry, 11% of agricultural land, 10% of industrial production, valuable nickel mines and the ice-free port of Petsamo.⁴

The country was confronted with a food shortage, inadequate transport, a lack of many essential supplies of everyday life (particularly soap, shoes, coffee, tobacco, cattle fodder, gasoline and coal), a vigorous black market and many homeless Karelian refugees and air-raid evacuees.

Refugees

Over 400,000 members of the Finnish population refused to remain in territory ceded to Russia, left their homes in Karelia and moved into Finland. Even before the war there had been a housing shortage and the resettlement of the population from ceded territory intensified the problem. Of these people who had to be housed and provided with a means of livelihood, farmers constituted the majority and town dwellers and industrial workers the minority. It was estimated that 286,000 hectares of cultivated land divided into 35,000 independent holdings had been ceded.⁵ It was necessary, therefore, to compensate for losses by intro-

⁴G. M. Gathorne-Hardy (editor), The Scandinavian States and Finland (London 1951), p. 115.

⁵Valros, op.cit., p.31.

cing a land reform and the Land Acquisition Act was put into effect for this purpose.

Small holdings were always characteristic of Finnish agricultural life and the economic and social structures were patterned accordingly. Even before the war about half of the cultivated land belonged to holdings of less than 5 hectares and 70% to holdings under the 25 hectare limit. The Government planned to provide land for the resettlement of the displaced population by partitioning the largest agricultural holdings, but there were only a few hundred of over 100 hectares. Because the surplus land of larger holdings was not enough to meet the resettlement demand, the main part was provided by partitioning farms whose size was between 25 and 50 hectares.⁶

In the spring of 1950 it was stated that 97% of the homeless Karelians were once again tilling their own land in every Finnish province except the Aaland Islands.⁷

The Compensation Act was passed to make up at least partially for the loss of property and holdings. The needed money was raised by a capital levy which taxed away about 10% of all property in Finland above a certain minimum. To describe this operation in short and somewhat simplified

⁶Ibid., p. 32.

⁷Ibid.

terms: 10% of the Finnish population lost all their property while the other 90% lost none; the compensation legislation shaved off 10% of the property of the larger group; this 10% was given to the refugees. In this way everyone had 90% of his original wealth.⁸

Reparations

According to one of the clauses of the September 1944 armistice, Finland was to pay the Soviet Union reparation goods amounting to 300 million pre-war dollars throughout the course of six years. The goods were described in very general terms as "timber, paper, pulp, ships, river craft and various machinery". In December 1944 Andrei Zhdanov, Head of the Control Commission, and Juho Paasikivi, Finland's Prime Minister, negotiated a basic agreement regarding the detailed specifications and prices of reparations.⁹ Only then did it become clear what the deliveries would actually consist of.

The reparation sum was divided in such a way that Finland was to deliver various machines and equipment up to the value of 101 million dollars, build new vessels up to the value of 60 million dollars, surrender ships of the

⁸Piltti Heiskanen, "Mrs. Havia's Race Against Time", The Survey, Vol. LXXXVII (Apr. 1951), p. 155.

⁹Olavi Lounasmeri, Finnish War Reparations (Helsinki 1953), p. 3.

existing merchant fleet worth 14 million dollars, supply timber and products of the wood-working industry worth 100 million and cable products worth 25 million. Reparations valuing 50 million dollars were to be delivered each year beginning on September 19, 1944. The annual deliveries were also itemized according to a monthly delivery program and the terms stipulated that for every full month of delayed delivery a penalty of 5% was to be charged in the form of goods prescribed by the Soviet Union. The complexity of the reparation arrangement was revealed in the fact that goods were divided into 199 groups and specifications for numerous items covered many printed pages.¹⁰

The Finnish Government appointed a delegation of six members to handle the administrative work of the war reparation deliveries. This delegation concluded agreements on behalf of the Government for the supply, manufacture and delivery of reparation goods. It insured that production was suitably organized in a beneficial way from the national economic viewpoint and issued the necessary orders and instructions for this purpose. The delegation's powers were wide in scope. It had the right to requisition any productive concern or other property, appoint the management of the concern and supervise the administration of the requis-

¹⁰ Ibid.

tioned property.¹¹

An official body known as the Board of Control of Finland's War Reparation Industry (SOTEVA) was organized to handle the business and details of the war reparation delegation, carry out its decisions and deal with other reparation matters. SOTEVA gradually developed into a large organization with a staff of 500 at its peak in 1948. Its nucleus consisted of persons who held leading positions in different fields of industry, and through them a close and harmonious collaboration with industries responsible for the actual production of reparation goods was established. The organization formed a link between industry and the suppliers on the one hand and the Russian inspectors on the other. All the numerous questions regarding technical matters, production, planning, raw materials, transport, prices, advance payments and complaints were handled by SOTEVA.¹²

SOTEVA's task was difficult because the reparation stipulations made it obvious that Finland could not pay off the war reparations with her staple articles of export (products of the forest industry). She had urgently to set up new industrial plants if she were to fulfill according to schedule the demands of her shipbuilding yards and engineering works. The basic agreement included deliveries from

¹¹Finnish Trade Review, (Helsinki), No. 69 (1952), p.133.

¹²Ibid.

engineering works totalling 186.1 million dollars or 62% of the total deliveries demanded, while deliveries of products of the forest industry represented only 33%.

The Soviet Union later agreed to two important alleviations in the original schedule. In December 1945 the delivery period was prolonged from six to eight years or up to September 1952. In the summer of 1948 one-half of the deliveries outstanding after July 1, 1948, or goods to the value of 73.5 million dollars were cancelled. The former of these alleviations meant in practice that the annual deliveries were reduced from the second payment year to about 35.5 million dollars. The latter relief principally concerned the forest industry products which disappeared from the schedule of deliveries after July 1948. For this reason the final share of the engineering works and shipyards grew to about 72% of the total deliveries.¹³

The war reparation demands were ill-suited to the structure of Finnish industry. The heavy metal industry had to double its capacity and, above all, the shipbuilding industry had to expand to an even greater extent. Finland had never previously made many of the reparation products. Besides building new factories, converting others and obtaining necessary machinery, both engineers and workmen had

¹³Lounasmeri, op.cit., p.3.

to be trained for these industries, the products themselves had to be designed and plans had to be made for continued production.

Most difficult was the delivery of equipment for more than 30 complete factories for the manufacture of plywood, paper, wood pulp and pre-fabricated houses. Machinery such as power generators, wiring, water pumps and pipe for these factories had to be supplied also.¹⁴ Some items couldn't be made in Finland and had to be purchased from the United States and elsewhere when the Finns could ill afford such purchases.

The first reparation years were exceedingly hard ones for Finland. The deliveries of the engineering works and shipyards depended on imported raw materials and requisites which were not easy to obtain on foreign markets suffering from a shortage of goods. Nevertheless, Finland managed to survive the first year even though the preliminary negotiations reduced it to nine months and the dollar value of the deliveries greatly exceeded the figures for later years as no alleviation had then been made. The Finns completed the first year's deliveries by surrendering vessels from their existing merchant fleet and making advance deliveries of timber and wood-working industry products originally intended for free export. Not all the machinery and apparatus

¹⁴Id., p. 6.

were completed, but the accounts for the year recorded a total of approximately 51.5 million dollars.¹⁵ Thus the prescribed terms were even slightly exceeded.

In so far as new ships, cables and machinery were to form the bulk of the total deliveries, the deficit in these categories seemed symptomatic of forthcoming difficulties. Before long, however, the necessary industrial plants were erected and gradually grew capable of supplying the required goods.

During the first reparation year 78% of Finnish exports were reparations. Since the remaining 22% of free exports did not balance even half of the Finnish imports, more than 59% of the imports that year were financed by foreign loans. During the second year reparation goods represented only 34% of the total value of exports.¹⁶ This made more goods available for free export, although still not enough to balance imports. During the following three years reparations constituted approximately 20% of the exports. After 1948 with the cut in reparations and the rise in production and exports, the burden became easier and Finland had overcome the worst. In the years 1950 and 1951 only about 8% of exports took the form of reparations.¹⁷

¹⁵Id., p. 4.

¹⁶Valros, op.cit., p. 27.

¹⁷"Did Finland Outsmart Stalin?", U.S. News and World Report, Aug.15, 1952, p.30.

Detailed prices in U.S. dollars had been fixed for all war reparation goods in the original basic agreement. The value of the reparations was to be calculated on world market prices current in 1938 plus 15% for machinery, equipment and vessels and plus 10% for finished products. These additions did not correspond to the rise that had occurred by 1944 in the world market prices of such articles. Nevertheless, the original prices of reparation goods were never altered despite Finland's having to obtain the necessary raw materials and requisites from other countries at the current prices.¹⁸

Some articles in the delivery schedule, particularly wooden vessels, were almost unknown on the world market. It was therefore difficult to fix their price, and only after production had begun was it clear that their prices had been fixed much too low.

The demands of the Soviet Union's inspectors regarding the quality of the goods were very high throughout the reparations' period. In many cases they were beyond the general standards of western trade usage.¹⁹ This too increased the cost of goods.

Professor Bruno Suviranta, editor of the economic quarterly "Unitas", made a special study of the economic effect of the reparations and estimated that the value of the

¹⁸Lounasmeri, op.cit., p.5.

¹⁹Ibid.

total deliveries would be approximately 570 million in 1953 dollars.²⁰ The exact value, however, would be difficult to determine. It is known what sums (expressed in marks) the Finnish Government spent each year for deliveries, but the inflation that lasted almost the entire period gave these marks differing values. Any attempt to determine some general world market value would also have to take into account the raw materials situation, the possibility of obtaining the articles, various transport costs and the possibility of producing the different articles in Finland and in other countries.

Despite all the difficulties, by the appointed date of September 19, 1952, Finland had been able to deliver in full to the Soviet Union the goods specified in the war reparations' schedule.²¹

Additional Economic Burdens

In addition to the war reparation claims Finland was bound to restore to the Soviet Union all property removed from Soviet territory during the war. The restoration of this property began immediately after the armistice and continued until May 1946 when the USSR waived its claim to the amount still outstanding. The total value of the restored

²⁰The Economist, (London), Sept. 20, 1952, p. 700.

²¹See Appendix V.

property up to that date was estimated at approximately 46 million dollars.²²

At Potsdam the United States and Great Britain conceded to Russian claims to all German "external assets" in Finland, Austria, Hungary and Rumania. Russia therefore demanded all German clearing-account balances left in Finland. The Finnish Government had already paid out a considerable amount of these funds to individuals whose property had been damaged in battles with the Germans undertaken at Russian insistence, but Russia considered such payments illegal. The Finns had to turn over approximately 17 million dollars from German funds and property which they had counted upon to re-establish their own refugees.²³

This is not all Russia obtained. During the second Finnish war Germany delivered to Finland large quantities of arms and military supplies for which approximately 30 million dollars remained unpaid at the war's end. Russia declared that this Finnish debt to Germany was a German "external debt" and therefore must be paid to the USSR. One Finnish official suggested that Russia might at least make some allowance for German arms used in fighting Germany after the armistice, but this concession was refused.²⁴

²²W. J. Scott Laing, Finland - Economic and Commercial Conditions (London 1949), p. 7.

²³Id., p. 7.

²⁴Ibid.

An additional economic loss of several thousand million marks was involved in scrapping Finnish weapons.²⁵

Russia acquired large interests in forty Finnish manufacturing concerns formerly in German hands, but the Finns avoided the complete Russian control through the "mixed companies", evidenced in other defeated nations. The Finnish Ministry of Commerce and Industry granted a number of Soviet citizens the right to be ordinary members of boards transferred to Russian ownership. This right, however, was granted with the reservation that the board could not make decisions as a result of votes unless two-thirds of the members present were Finnish citizens.²⁶

Fulfillment of Economic Demands

Finland, as a small nation in difficult economic circumstances, demonstrated a remarkable achievement by fulfilling the economic demands placed upon her after the war. This achievement would have been impossible if attempted purely on the material, economic plane. But the Finns realized that their war-time association with Germany had been a mistake. This realization made them particularly eager to purify their guilt and the fulfillment of the reparation deliveries seemed to be an important part of their

²⁵The Economist, (London) Sept.20,1952, p. 700.

²⁶Finnish Trade Review, (Helsinki), No.50 (1947), p.62.

penance. Continuous self-denial and the willingness to work hard were accepted by the nation as the price for peace.

Coupled with this sense of penance was the general belief that the effecting of the reparation deliveries of the specified commodity groups within the time limits agreed upon was the only way to safeguard independence. If the Finns could demonstrate that they could deliver material assets on their own initiative, the USSR might be satisfied and not interfere directly with Finnish internal affairs. This idea was actually a form of appeasement.

It was necessary for Finland to organize production in such a way that compulsory deliveries could be punctually made. At the same time other industries had to be allotted sufficient labor and raw materials to satisfy the basic needs of the working population. Exports had to be built up to a level sufficient to pay for those essential imports without which the reparation program would fail or the population starve. It was also necessary to build up the hydro-electric power which had been severely truncated by the Peace Treaty. This program was achieved because the reparations period was extended from six to eight years, raw materials were obtained on barter from the USSR and the West rendered valuable aid.

Economic assistance from the West was instrumental in making the Finnish post-war economic rehabilitation plan

successful. Among the first emergency measures Finland received very necessary economic assistance from Sweden, but this was not nearly enough. Britain bridged the immediate gap by agreeing to an emergency program covering foodstuffs, machinery and raw materials.

The United States also took an understanding and encouraging attitude toward the economic reconstruction of Finland and negotiations between the two countries began already in late 1945. U.S. aid took the form of supplies of food, raw materials (particularly iron, steel, cotton, rubber and chemicals), fuel and machinery. Finland was included in the Point Four program and the Export-Import Bank granted credits totalling 109,500,000 dollars. The U.S. Government waived the balance of Finland's World War I debt and used the money to create a foundation for cultural and intellectual exchanges. The Quakers conducted reconstruction in Lapland. Private credits were granted by certain American industrial enterprises and exporters.²⁷

United Nations assistance included International Bank aid of 38,300,000 dollars and the services of the Economic Commission for Europe, UNNRA, the United Nations International Children's Emergency Fund, the World Health Organization and the Food and Agriculture Organization.²⁸

²⁷Reino Rossi, "Post-war Credits Granted to Finland by the United States", Finnish Trade Review, (Helsinki) No.53, (1948), p. 26.

²⁸United Nations Bulletins, 1947-51, United Nations

When the basic Finnish program of economic rehabilitation was achieved and reparation industries had been established, more emphasis was put on gradually expanding export production so that Finland could pay her way in international commerce and relax austerity. This, too, was successful because of the world-wide demand for timber and pulp products. The Soviet Union's insistence on the major part of reparations in the form of engineering products enabled Finland to reserve a major part of her timber, pulp and paper for the world market. Finland's prosperity seemed assured when in 1947 the index of prices for exports was substantially higher than that for imports.²⁹

Reorientation

That Russian pressures were influencing Finland's economic politics was specifically revealed when Finland was invited to participate in the conference on the Marshall Plan to be held in Paris. The Finnish press discussed the pros and cons of the matter for several days. Although Parliament was in recess at the time, its Foreign Affairs Committee met and announced that the majority was for participation. The Government, however, decided not to accept,

Yearbooks 1951-52, Catalogs of the Economic and Social Projects of the United Nations and Other Specialized Agencies 1953.

²⁹Laing, op.cit., p.4.

giving as one of its reasons the fact that Finland's political position had so far not been stabilized by a confirmed peace treaty (ratification was still pending). Actually President Paasikivi knew that Russia would not tolerate Finland's participation and for this reason the delegation stayed home.³⁰

It was officially stated that Finland did not accept the invitation to the European Economic Conference because the Marshall Plan had become "a serious cause of disagreement between the great powers", and Finland "wants to remain outside international conflicts". At the same time the Government stated that it sincerely wanted to contribute to purely economic co-operation between nations, required foreign help for her reconstruction and was prepared to make available information material to the country's economy.³¹

Although not a member of the Marshall Plan, 56% of Finland's so-called free trade (other than reparations, restitutions and ex-German assets) in 1947 was with "Marshall" Europe (including overseas possessions), 26% with the western hemisphere and 13% with the Eastern European bloc.³² Finland had no difficulty in finding buyers for her most important export products. The world-wide shortage of timber, news-

³⁰ Valros, op.cit., p.9.

³¹ Keessing's Contemporary Archives (London), Vol.VI (1948), p.8711.

³² Laing, op.cit., p.2.

print and other wood products provided economic salvation.

These favorable conditions began to disappear when signs of a sharp decline in the prices of cellulose, paper and timber on the international market were discernible in 1948. The international shift from a buyers' market to a sellers' market cut Finnish trade. In 1949 prices were still declining, some Finnish mills were closed, in others machinery was idle for more than half the week, stocks were too high and unemployment was rising. Finland was unable to compete on favorable terms with Canada for the newsprint market in the United States. Finnish prices for all timber products advanced far above world market prices.³³

The first quarter of 1949 revealed that only 8.6% of Finland's total exports was going to the United States in contrast to 18.7% during the first quarter of 1948. Finland devaluated her mark twice in 1949 in an effort to restore equilibrium between Finnish export prices and those quoted by competing countries. These devaluations did give some impetus to exports to the United States.³⁴

In 1950 Finland joined the General Agreement for Tariffs and Trade with the hope that mutual tariff concessions under this agreement would bring about more trade between the United States and Finland. The concessions

³³Finnish Trade Review, (Helsinki), No.54 (1948), p.9.

³⁴Keesing's Contemporary Archives, (London), Vol.VII, (1948-50), p.10098.

benefited a wide range of United States exports with the most extensive coverage found in the fruit, automotive and machinery groups. The United States agreed to reduce duties on Finland's granite, cutlery, birch plywood, spools, doors and certain wood pulp items.³⁵

Despite these efforts the statistics for 1952 revealed a balance of trade for Finland that was not favorable.³⁶ She needed desperately to export her products and buyers could not be found in the West. Under these circumstances Finland was forced to turn eastward for trade.

Evidence had already suggested that Russia had an interest in the Finnish economy for other than compensatory reasons. During the reparation period Russia was receiving valuable goods from Finland for Russian reconstruction. There was good reason for Russia's not wanting the Finnish economy to collapse. To keep Finland going agreements were made on a barter basis by which the Finns obtained essential coal and wheat from Russia, 2 million dollars of 2.5 million dollars in fines were cancelled, the reparation delivery terms were extended and the scope of reparations was reduced.³⁷

³⁵"Countries Accede to General Agreement of Tariffs and Trade", Department of State Bulletin, Vol. XXII, (1950), p. 815.

³⁶Finnish Trade Review, (Helsinki), No. 69 (1952), p.133.

³⁷Id. Finnish Trade Review, (Helsinki), No. 53, (1948), p. 30.

It should be noted, however, that similar alleviations were granted to Hungary and Rumania and the reduction may have been compensation for the loss of American aid via the Marshall Plan. It is also generally believed that the reduction was timed to influence the 1948 elections.

Perhaps reparations may be the key to Russia's general policy toward Finland. The type of reparations she forced on the Finns raises questions as to what she actually wanted to achieve. Since the forest industry had contributed about 90% of the products for Finland's export trade, the forced increase in the capacity of the metal working industries was not a normal development.³⁸ The problem of disposing of the output of this greatly enlarged metal industry when reparations ceased was difficult. Production costs were too high to enable competition in normal markets, particularly with the larger German and British metal industries also vying for trade.

Two organizations were formed to deal with the metal industry problem. The Adaption Committee of the Industry studied the readjustment of the capacity and production of the metal industry to the existing and future needs of the home market. The export organization of the metal industry, METEX, studied production suitable for the export market

³⁸Gathorne-Hardy, op.cit., p.5.

and acted as a commercial body for this branch.³⁹

Since Finland had no traditional foreign markets for metal goods and since the industry was already geared to Russian needs, obviously Russia was the most likely customer. Eastern Europe was another possibility because it was within reasonable transport distance and its own production capacity had been reduced by the war.

This situation may very well have been a part of planned Russian strategy. There were no bidders other than Russia for the products of the newly developed Finnish factories. It would even be possible for the USSR to create an economic crisis by merely turning off its buying power.

When Dr. Urho Kekkonen formed his cabinet in 1950 the notable change was the appointment of a non-party liberal, Sakari Tuomioja, as foreign minister. Tuomioja, the Governor of the Bank of Finland, had been the Minister of Trade and Industry in the former cabinet. This appointment no doubt reflected the importance which foreign trade assumed in Finland's external affairs.

A trade agreement concluded with Russia for the years 1951-55 provided a solution to the problem of what to do with the inflated metal and shipbuilding industries and appeared to have guaranteed the necessary market. Finnish

³⁹Pekka Mannio, "The Problem of Adaption Facing the Metal Industry", Finnish Trade Review, (Helsinki), No. 53 (1948), p. 18.

exports under this trade treaty had practically the same structure and shape as the war reparations. Finland sent ships, barges, schooners, industrial and timber working equipment, cables, pumps and vehicles. In return she received wheat, sugar, oil, petrol, rye, bitumen, industrial chemicals, steel billets, ferro-manganese, cars and machinery.⁴⁰

The total value of trade under this five-year agreement was to be 352.5 million dollars. The proportion of Finnish exports of machinery and ships was planned on a rising scale, representing 40% of the total turnover in 1951 and over 70% in 1955. This provided an outlet for the increased capacity of the Finnish metal and shipbuilding industries after the end of the reparation deliveries in 1952.⁴¹

In 1953 Finnish commerce with the USSR, which was practically non-existent before World War II, ran to almost one-third of Finland's total foreign trade. Finland sent 150 million dollars worth of goods across the Russian border. In return she received 112 million dollars worth of Russian goods. In this same year trade with the West dropped 30%.⁴²

⁴⁰Keesing's Contemporary Archives (London), Vol. VIII (1950-52), p. 10830.

⁴¹Ibid.

⁴²Oliver C. Clausen, "Moscow's New 'War' on Finland", New York Times Magazine, Nov. 15, 1953, p.14.

Russia drove a hard bargain. Knowing that Finland could not find other markets, she paid less than Finnish producers needed to make exports profitable. Russia compelled Finland to take more of a product than she could use. The extra grain the Finns could not eat, for example, had to be exported to West Germany at a loss.⁴³

Russians made themselves competitors both within and outside Finland. They dumped goods on the Finnish market that the Finns made themselves and priced them as much as one-third below the amounts prevailing in Moscow and considerably below those of the competing Finnish products. Outside Finland they made every attempt to undersell Finnish wood products in Western Europe.⁴⁴

An analysis of the Soviet press gives hints on the Soviet Union's views of the Finnish economy. The Russian press has emphasized that Soviet good will was expressed in shipments of grain, fuel, raw materials and fertilizers; that the reduction in reparations made several billion marks available for raising the standard of living and expanding industry; that the cut was possible because the USSR had managed to rehabilitate its own economy and was therefore in a position to increase economic assistance to friendly neighboring countries. The 1951-55 trade agreement was hailed as a move that would expand economic relations on

⁴³ Ibid.

⁴⁴ Ibid.

the basis of mutual interests, create a firm foundation for long term trade and guarantee tens of thousands of Finnish workers job opportunities for a long time.⁴⁵

From the Russian press it was more than obvious that Russia did not like Finland's contacts with the West. It praised Finland for not joining the Marshall Plan and thus saving her national interests from the "expansionist plans of American aspirants to world domination." It warned that American imperialists and Finnish capitalists were exerting all their efforts to bind the Finnish economy to the United States economy and its subordinate "Marshallized" countries of Western Europe. The visits of American bankers to Finland were vehemently denounced. The International Bank and International Monetary Fund were called "well-known organs of American financial capital". The Soviet press interpreted Finland's monetary devaluations as measures put through for the wishes of big capitalists, thereby disorganizing national finances and starting the steep rise of prices. It claimed that as a result of the steady rise in prices and the race of capitalist monopolies for unlimited profits, the position of the working class in Finland had grown worse. A familiar, continually reiterated theme was that the capitalist world was on the brink of economic

⁴⁵ Cf. various items in the Current Digest of the Soviet Press, New Times (Moscow), Soviet Press Translations.

collapse and Finnish trade should be oriented on states free from such crisis. States free from crisis were, of course, interpreted as the Soviet Union and countries of the "people's democracies".⁴⁶

Finland has concluded a series of typical Russian-initiated multilateral trade agreements. One involves Finland, Poland, Czechoslovakia and the USSR. Finland sends timber houses, copper cables, timber products, tugs and wooden fishing boats to the USSR. The USSR sends foodstuffs and other products to Poland. Poland sends coal to Finland. The USSR sends goods to Czechoslovakia. Czechoslovakia sends sugar, machinery and chemicals to Finland.⁴⁷

Another trade agreement involves Finland, Communist China and the USSR. Finland sends pulp, cellulose, newsprint, paper and cardboard to China. The Soviet Union sends wheat, petroleum products, cars, scrap iron and iron billets to Finland. China sends certain unspecified products to Russia.⁴⁸

Finland has not yet been drawn into the tightly knit economic bloc of the Council of Mutual Economic Assistance which consists of Soviet Russia, Bulgaria, Hungary, Poland, Rumania and Czechoslovakia. Finland fears, however, that

⁴⁶Ibid.

⁴⁷Keesing's Contemporary Archives (London), Vol. VII, (1948-50), p. 10135.

⁴⁸Keesing's Contemporary Archives (London), Vol. IX, (1952-54), p. 12491.

increasingly tight economic organization on the part of the West would isolate her to an even greater extent. This could easily force her completely within the Russian orbit.

CHAPTER III

The Political Adjustment

In March 1945 Finland became the first combatant nation in Europe to hold a general election after the war. Proof that this election was free by Western standards was indicated by a United States State Department announcement:

After studying all available reports the Government of the U.S. has concluded that the Finnish Parliamentary elections of March 1945 were freely conducted and expressed through secret ballot the democratic wishes of the Finnish people. Accordingly the U.S. representative in Finland has been instructed to propose to the Finnish Government the establishment of diplomatic relations between the U.S. and Finland.¹

The election results were as follows compared with the standings in 1939:

¹"Proposed Renewal of Diplomatic Relations with Finland", Department of State Bulletin, Vol. XIII (1945), p. 283.

	<u>1939</u>	<u>1945</u>
Social Democrats . . .	85	50
People's Democrats . . .	0	49
Agrarians	56	48
Conservatives	25	29
Swedish Finns	17	15
Liberals	6	9
I.K.L.	7	0
Others	4	0
Total	<u>200</u>	<u>200</u> ²

The Social Democrat Party was founded in 1899 as an offspring of German Social Democracy and has had a record of moderation in Finnish politics. In the 1945 election the Social Democrats lost because their left wing went over to the Democratic League.

The Finnish People's Democratic League was a "united-front" party, consisting of Communists, who realized they could not make an effective showing if they ran their own ticket, and left-wing Social Democrats.

The Agrarians are in Finland the classic center party. Having almost a monopoly of representation in their sphere of activity, they sometimes pursue sectional interests to the detriment of the national interest.

The Conservative Party is the lineal descendant of the Old Finnish Party. It has a conservative middle class approach. Its importance is not in formulating policy or wielding political weight, but in balancing factions. Prime

²Shearman, op.cit., p.100.

Minister Paasikivi was one of its leaders.

Swedish Party members have a bond of common tongue, but it is not enough to withstand economic and sectional interests. Workers often shift to the Social Democrats and farmers to the Agrarians.

The Liberals are descendants of the Young Finnish Party of pre-1917. Although representing liberal and democratic elements, they, for one reason or another, feel unable to support the policies of larger parties.³

The 1945 elections were important because they indicated to what extent the Finns had reconciled themselves to their new position vis-a-vis Russia. The future of Finnish-Russian relations depended to some extent on the outcome of the voting. An electoral victory for the Social Democrats who tended to side with Vaino Tanner, their wartime leader, might have led to sharp Russian reaction. Pravda stated bluntly that this election was not merely a Finnish internal affair and accused the "leaders of certain old parties" of regarding friendship with the USSR as "transient and temporary".⁴ So although the election was free, Russian pressure was evident in her hints that the election of new men would be the best way of demonstrating Finland's friendly attitude toward Russia.

³Gathorne-Hardy, op.cit., pp. 102-11.

⁴The Economist (London), Mar.17, 1945, p.340.

Juho Paasikivi, the Prime Minister, and M. Vuori, the Minister of Labor, realized Finland's precarious position and made appeals in favor of electing new men.⁵ The elections did indicate a distinct swing to the left, but it was less extreme than in other countries. With a larger left-wing bloc in Parliament, Prime Minister Paasikivi began reshuffling the Cabinet. Most important was the naming of Yrvo Leino, pre-war secretary of the Finnish Communist Party, to the Ministry of Interior. The Communists also held the positions of deputy ministers of transport and social affairs and their collaborators in the Democratic League held the ministries of defense and education and deputy ministry of foreign affairs. The eighteen-man Cabinet had ten out-spoken leftists.

At this time the prestige of Russia and communism was high. The folly of antagonism to the USSR across the border had been proved to the satisfaction of the vast majority of Finns. The Soviet Control Commission under Zhdanov had been comparatively lenient. The USSR had acquired a certain respectability owing to her war-time association with the Western powers. No Czechoslovak coup d'etat had yet taken place to put the Finns on guard. The Marshall Plan and the lining up of Scandinavia and Western Europe in an anti-communist front were events in the future.

⁵Ibid., p.340.

Although the swing to the left in the popular mood was genuine, it did not upset the political structure. Parties of the center and right were still strong enough to play a very important part. Alone of the defeated nations Finland had maintained throughout the war the parliamentary system, though in a somewhat muffled form. A danger did lurk in that the deadlock-like alignment in Parliament might pave the way for extra-parliamentary or even anti-parliamentary experiments. A coalition on a national basis with a suspension of strict party politics was needed and achieved.

With the composition of the Government decided upon, the political implementation of the Peace Treaty could begin.

Elimination of "Fascist Elements"

The Peace Treaty demanded the dissolution of all fascist-type organizations as well as those conducting propaganda hostile to the USSR or any other United Nations members.

Finland's responsibility to wipe out "fascist-minded" organizations was extended to unnecessary limits. She was compelled to abolish the National Guard (the cornerstone of the nation's entire defense system) and such voluntary organizations doing social work as Lotta Svard and the Veterans' League, which had nothing to do with Hitlerism and fascism.⁶

⁶Wuorinen, Finland and World War II, p. 181.

On the other hand, the Peace Treaty guaranteed complete freedom for Communists to propagate their cause. Dozens of those revolutionaries who had been in exile in Russia returned triumphantly to their homeland. These trained party organizers quickly infiltrated the labor unions and war veterans' clubs and created a variety of new associations like the Finnish-Soviet Friendship Society.

Russia demanded that certain Finnish politicians who had taken a leading part in co-operating with Germany during the war should be punished. The Communist-dominated minority bloc in the Diet also clamored for this purge.

The question of war criminal trials was a bitter one. A large body of public opinion was outraged by the victimization of these men whose policy, whether mistaken or not, had been pursued with honorable motives and public approval. On the other hand, some individuals were psychologically satisfied in getting someone on whom they could lay the blame for their troubles. Eventually there was a general consent that the trials were essential in order to assure Russia.

In November 1945 a number of prominent individuals were arrested: Risto Ryti - former president, Johan Rangell and Edwin Linkomies - both former premiers, Vaino Tanner - former finance minister and leader of the Finnish Social Democratic Party, M. Reinikka - former minister of finance, Henrik Ramsay - former foreign minister, M. Kukkonen - former minister of education and M. Kivimaki - former premier and am-

bassador in Berlin. Marshall Mannerheim added his own name to the list of war criminals, but the Communists did not include him. As Finland's greatest war hero he was too popular.⁷

The arrested men were found guilty on charges of promoting the entry of Finland into the 1941 war and preventing conclusion of the peace. They were sentenced to imprisonment for a number of years, but continued to be respected by most of the Finnish people. Tanner, for example, was in prison for five years, but maintained a powerful influence in the Social Democratic Party.⁸

The legal proceedings for the war criminal trials were rendered possible by a special act of Parliament. Actually a political exigency, similar to that which occurred in the case of the war reparations, had to be faced. "The fact that we had accepted the Armistice Agreement, with its Article 13, made the settling of this question on the agenda a political necessity", wrote Mannerheim in the second volume of his Memoirs.⁹ That the right of the President to grant an amnesty was set down in the special Parliamentary act was a consolation; so was the absence of death sentences.

The amnesty right was actually used with effect. By the law a prisoner could be released on probation after

⁷Keesing's Contemporary Archives (London), Vol.VI (1946-48), p. 8919.

⁸Ibid.

⁹Valros, op.cit., p.6.

half his prison term had elapsed, provided his conduct had been good and if there were reason to believe he would properly conduct himself outside of prison. After the peace between Finland and the Soviet Union had been formally concluded, three of the prisoners were released. These first releases created no sensation, but when Professor T. M. Kivimaki was released in August 1948, the event was given great publicity in the communist press. The Communists regarded the release as an indication of the political sympathies of the Social Democrats then in power. The later releases of Risto Ryti and Vaino Tanner made an even greater stir, but the law was explicit and impartially applied in all cases.

The Finnish political scene was necessarily patterned by such tendencies of ideological appeasement as the war criminal trials and disbanding of "fascist" organizations. There were other persecutions and heresy hunts against "fascist elements". The Minister of the Interior, Yrvo Leino, rounded up several thousand White Russians (refugees in Finland since the 1917 Bolshevik Revolution) and, even though most of them claimed Finnish citizenship, he deported them to Russia. One thousand army officers and civil servants whom the Finnish Constitution protects from removal without trial were reported arrested for conspiracy in an "arms

concealment" plot.¹⁰

Finland's obligation to return prisoners of war and Russian citizens evacuated to Finland was not reciprocal. This made it possible to commit all sorts of crimes against the Finns without punishment and resulted in only a small portion of Finnish prisoners of war returning from Russia, half-dead from hunger and maltreatment.¹¹

Paasikivi: The First Balancing Factor

In March 1946 Prime Minister Juho Paasikivi was elected President by a 159-41 parliamentary vote. The Parliament functioned on this occasion as an electoral college since Mannerheim, the Marshall of Finland, had announced his decision to resign office as head of the state because of ill health. Consequently, the Paasikivi Government had to be dissolved and a new Government formed. The premiership was intrusted to Mauno Pekkala, a People's Democrat. His Government list was composed of representatives of the three major groups - People's Democrats, Social Democrats and Agrarians. The Swedish Party was represented by one man, while the non-party Minister for Foreign Affairs, Carl Enckell, retained

¹⁰Lisa Sergio, "Finland - An Unwilling Satellite", The Nation, July 23, 1949.

¹¹Wuorinen, Finland and World War II, p. 181.

his office.¹²

The new Pekkala Government "expressed its intention of maintaining friendly relations with all democratic countries"; announced that all "war mongering" elements in Finland would be rendered harmless, the political life of the country would be purged, all chauvinist and "undemocratic" groups would be removed from cultural activities and all "fascist traces" would be eliminated from public life, thus leading to a "complete reorientation of popular thought in foreign politics"; announced a reorganizing of the army and judicature to make them in the future "pillars for democracy"; and declared its determination to maintain a balanced economy.¹³

The character of Paasikivi was important as a stabilizing influence during this time when the Finnish Cabinet was headed by a member of the People's Democratic Party. Paasikivi, like Czechoslovakia's Edvard Benes, had practically made a career out of getting along with Russians. He had faded out of public life during the actual armed conflicts, but always reappeared as a negotiator at the conference table. He understood Russia and Stalin well. Finnish history might have been different without him. In November 1944 he had been called to preside over a Government under a strong left-wing influence and he had succeeded in securing

¹²Valros, op.cit. p.5.

¹³Keesing's Contemporary Archives (London), Vol. VI, (1946-48), p. 7816.

the free 1945 general elections.

In stating his policy Paasikivi declared, "I have only one policy - expediency". In practice this policy meant: to keep on neighborly terms with Russia - a vital necessity, carry out the Peace Treaty to the letter for Finland could survive only if she fulfilled her obligations, attain economic development within the new frontiers and resist aggression from whichever direction it might come. This last point meant that Finland would also refuse bases to the West.¹⁴

1947: Finnish Communist Losses

From early 1945 to 1948 the coalition ministries of Social Democrats, Agrarians and Democratic Leaguers were united in the vague policy of furthering good Russian relations, observing the Peace Treaty punctiliously and rebuilding the shattered economy. Disagreement on the best means of achieving these ends arose early. The Communists accused the other two parties of insincerity and half-heartedness in their attitude toward Russia.

Curiously enough, Zhdanov and the Russian Control Commission did not aid the Finnish Communists' attack. During the immediate post-war period Russia did her best to avoid direct interferences with Finnish internal affairs.

¹⁴Henry McGrady Bell, Land of Lakes: Memories Keep Me Company (London 1950), p. 227.

"Incidents" were carefully avoided. Russian control was mostly indirect in that wishes were intimated to the Finnish Government, which carried them out on its own authority. It was made clear, however, that if influences hitherto anti-Russian were allowed to stir up feeling against Russia the relations between the two countries would change. For example, during the war criminal trials a Tass correspondent expressed the view that whether Finland was to be included among the United Nations would depend upon whether the Tanner-Ryti influence was removed.¹⁵

The Finnish Communists, however correctly official Russia might have behaved, conceived their roles as the founders of Soviet Finland. The State Police, a secret security organization, had been reorganized and staffed with Communists. This seemed to be the first step in the now classic pattern followed in other countries overrun by communism. The cadres of Moscow-trained Finns were ready. Otto Kuusinen, the Russian puppet head of the Terijoki Government in 1939 and President of Finno-Karelia, was on tap in Moscow. In Finland, Leino was head of the Ministry of Interior; Hertta Kuusinen, Otto Kuusinen's daughter and Leino's wife, was an able and pushful politician; Tuure Lehen, who had been Hertta Kuusinen's first husband, minister of the interior in the Russian puppet government, a

¹⁵Eric Dancy, "Finland Takes Stock", Foreign Affairs, Vol. XXIV (Apr. 1946), p. 513.

former Russian Army brigadier and an expert on street fighting, was training barricade squads. The influx of Finnish Communist agents from Kuusinen's Karelian Socialist Republic had increased. Armas Aikia, the Finnish "Lord Haw Haw" who had broadcast from Leningrad during the war, had returned as a strike organizer. Hella Wuolijoki, who had harbored Russian spies, was head of the Finnish radio. The Communists had a following in the trade unions and actually controlled the important forest and transport workers.

The Communists spoke rashly of a contemplated coup, disregarded law and order, issued hypocritical and unbridled propaganda, abused such accepted economic weapons as the strike for political purposes and evidenced the increasingly obvious intention of repeating what was going on in the Balkans. Such actions were too much for the Finns' law-abidingness and patriotism.

The Finns viewed Russian tactics in Eastern Europe and Asia and feared the possibility of left-wing Quislings' imposing a left-wing type of fascism in system and ideology. They also noted the Western democracies' growing opposition to Russian methods.

The 1945 elections had placed Communists in the Cabinet, but the Finnish Constitution divides executive power between the President and Cabinet. In this way the President, particularly one as experienced and forceful as Paasikivi, is

always able to control the Cabinet to some extent. As a last resort he may even dismiss it. Moreover, as happened during the People's Democratic regime, the President and Parliament together helped to prevent the Cabinet from carrying out any extreme policy. This frustrated the communist technique of gaining control of the whole governmental machinery by gaining control of the cabinet.

The communist tide inland had reached its high-water mark. Since the peak in 1945 the Communists had lost ground with the Finnish people. Membership in the Finnish-Soviet Friendship Society dropped rapidly and Communists had difficulty in finding recruits to fill the Communist Training College's classes at the Party's plush confiscated country house in Tavastland.¹⁶

This anti-communist trend was clearly indicated in the December 1947 municipal elections which were fought on national not local issues. The main issues were whether Finland's collaboration with the USSR should be on communist or non-communist terms and to what extent communist principles should govern the country's internal affairs. The verdict was against communism. The Conservatives and Agrarians increased their seats by 28 and the Social Democrats

¹⁶Ralph Hewins, "Finland Breathes Again", Christian Science Monitor, May 22, 1948, p. 2.

gained 27, while the Communists lost 31.¹⁷ This was a clear reassertion of Finnish independence. The Government led by Pekkala had failed to live up to its promises. Its attempts to sell communism by offering social reforms failed because the Finns were already ahead in both quality and quantity. It was increasingly evident that communism was less a grandiose ideology and more an iron link to the user in Moscow.

Social Democrats: The Second Balancing Factor

Much of the credit for curbing communism must be given to the Social Democratic Party, which had to decide in 1945 whether or not to accept the Communists' invitation to combine with them in an united front against "reactionaries". The Social Democrats rejected the offer and relentlessly fought communism thereafter. While French and Italian socialists were deceived by similar communist methods and lost control of labor federations in their countries, the Finnish socialists never lost their hold on the trade unions. Also, after a period of uncertainty and divided counsels, they began in 1947 to regroup their forces. This renewal of confidence provided a rallying point in the Parliament against the more dangerous maneuvers of the Cabinet.

¹⁷The Economist (London), Dec.13, 1947, p. 966.

The official monthly gazette of the Social Democratic Party conducted a study of the illegal operations of the Finnish Communists. The results were published in editorials which thoroughly analyzed the activities and goals of certain communist front organizations whose real purposes were covered by such innocent sounding names as fishing and hunting clubs and youth leagues. The activities of these clubs and organizations were concentrated in cities where there were military training camps or industries connected with military forces. The articles revealed a systematic training program of young people for espionage purposes and named the leaders of these operations.¹⁸

Intensified publicity concerning communist activities forced the Finnish Cabinet to conduct an impartial investigation of the political police. A committee composed of legal experts investigated the situation. Its report established that the political police was communist-controlled, that it exercised illegal persecution and control of other political organizations and private persons other than Communists, that it was giving important information on state affairs to the Communist Party, and that it had a tendency to "color" its official information to fit communist purposes. This information was not published, however,

¹⁸ Kirsti Jaantila, Political, Economic and Social Writings in Postwar Finland (Washington, D.C. 1952), p. 7.

until Pekkala was out of office.¹⁹

It was of extreme importance that all non-Communists were united in aiding the Social Democrats' cause. For example, an unidentified leading Finnish industrial, staunch conservative and thorough capitalist deliberately aided the Social Democrats in their activities. "I abhor socialist policies", he said, "but I realize that our Social Democrats are the spearhead of our national resistance to communism and possible foreign control, and to that extent I give them all the help I can." His help in a particular instance consisted of permission to hold union elections during working hours in his factory. The result of this meant that every worker attended and the Communists, heavily outvoted, lost the control which they had earlier gained by their customary device of spinning out meetings until only Communists remained to vote on crucial issues.²⁰

1948: Russian Pressure Increased

Russia was not pleased. Active anti-Russian propaganda was growing, the Communist Party actually held only 51 out of 200 seats in the Diet, the 1947 municipal elections indicated that communism would lose even more ground in the forthcoming

¹⁹ Id., p. 8.

²⁰ Arthur Spencer, "Finland Maintains Democracy", Foreign Affairs, Vol. XXXI (Jan. 1953), p. 303.

national elections, and a large part of Finnish trade was still with Britain and the United States.

During the first two years after the war, Finland had appeared to be one of the most fortunate of the defeated nations. Andrei Zhdanov had always been a staunch enemy of Finland, but he knew the Finnish pride and stubbornness and handled the situation skillfully. Finland had been stripped of man power by two wars and militarily dismantled, but the Soviet yoke had been relatively light in comparison with its hold in other nations. Stalin had demanded heavy reparations, but otherwise had done little to humiliate the Finns.

Signs of a change became apparent in 1948. The directors of the Finland-Soviet Union Society called on the Prime Minister to demand a stop to anti-Russian propoganda. The Society vociferously advocated coordination of Finnish military defenses with the USSR and reorientation of foreign trade to bring it completely within the Soviet orbit. The Moscow radio began to repeat the history of the Russo-Finnish War and Finland's alleged crimes as a conspirator with the British and French "imperialists". Ambassador Abramov, a comparatively lenient man, was recalled and replaced by Lt. Gen. G. M. Sovanenkov, whom the Finnish radio described as a "militarily strict person". Leino, Hertta Kuusinen and the secretary of the Finnish Communist Party, Ville Pessi, visited Moscow. The Democratic League began

an offensive with demands for an alliance with Russia. Russian tourists trickled into Finland and the Finns expected the return of Otto Kuusinen at any moment. Scattered reports indicated that the revolutionary "barricade wing" of the Finnish Communist Party had gained control and planned to stage a coup.²¹

Russian intentions were finally formalized when President Paasikivi received the following letter from Stalin:

As should be known to you, of the three countries bordering on the USSR which waged war against the USSR on the side of Germany, two - Hungary and Rumania - have signed with the USSR treaties of mutual assistance against possible German aggression....

I assume that Finland, not less than Rumania and Hungary, is interested in a pact of mutual assistance with the USSR against possible German aggression. In view of these considerations, and wishing to establish conditions for a radical improvement in the relations between our countries with the aim of strengthening peace and security, the Soviet Government proposes the conclusion of a Soviet-Finnish pact of friendship, co-operation and mutual assistance similar to the Hungarian-Soviet and Rumanian-Soviet pacts.

If there is no objection on the part of Finland, I would propose that a Finn delegation be sent to the USSR for the conclusion of such a pact. If you consider it more convenient to carry on negotiations for the conclusion of a pact in Finland the Soviet Government is prepared to send its delegation to Helsinki.

²¹The Economist (London), Mar.6, 1948, p. 380.

J.V.Stalin
Chairman of the Council
of Ministers, USSR 22

This letter created the utmost anxiety throughout the world, particularly in view of the experiences of other small nations regarding mutual assistance pacts and the successful coup in Czechoslovakia.

The rest of Scandinavia and all the Western world feared that perhaps Finland was the wedge that would open the way for Russia to Sweden, Denmark, Norway and thus the Atlantic. Premiers of the three Scandinavian countries met to discuss common measures against the communist threat. The U.S. Government was disturbed, stressed Western European unity and withheld any further aid to Finland.

Beyond the threat to Western Europe, Soviet designs on Scandinavia pointed to the vital role of the northern countries in an air-age war. The area lies squarely athwart the direct air route between European Russia and North America. It was from northern Finland and Norway that the Luftwaffe harassed Allied convoys bound for Murmansk. The same region and its outlying islands could give Russia radar posts and interceptor bases to protect the Russian hinterland.

Stalin's proposed pact once again put Paasikivi's talents to a test. The entire tone of the letter indicated

22
Current History, Vol. XIV (May, 1948), p.304.

that Stalin did not intend to take "no" for an answer. Considering the pace at which Soviet diplomacy has moved, the Finns thought it would take only weeks or possibly days for Russia to expand this defense pact into demands that would provoke the same sort of internal crisis which produced the Prague coup.

Nearly two weeks after the receipt of Stalin's personal demand the Finns were still doggedly debating the pros and cons in party caucuses, committee meetings and cabinet sessions. Communists and their leftist allies in the Democratic League naturally favored signing the pact at once and to that end organized a series of none too successful workers' demonstrations. The more conservative parties from the Social Democrats rightward persisted in pointing out that friendship was one thing, while mutual assistance might be quite another.

Paasikivi finally summoned Foreign Minister Carl Enckell, the Foreign Affairs Committee and the entire Cabinet to meetings. It was decided to accept the proposal and appoint the delegation to negotiate.

Talks began in Moscow with a six-man delegation headed by Enckell. Molotov opened the sessions by proposing that the Hungarian and Rumanian treaties be used as a basis for discussion, but the Finnish delegates said their Diet would never ratify such a treaty because Finland did not want to be drawn into great power politics. Then Molotov suggested

that they follow the Czech-Soviet Treaty of 1943, but the Finns stated that their Government regarded its own 140-year old relationship with Russia as unique and had therefore prepared its own draft.

Molotov accepted six out of the eight clauses in the Finnish draft, but desired alterations in Articles 1 and 2. The Finns agreed to the proposed changes in Article 1, but Article 2 became the center of attention in the final negotiations. It seemed that the Finns felt that the Soviet amendment left the way open for Moscow to make its own interpretation of "threat of aggression" and obligated the Finns to accept the Russian interpretation. Eventually a compromise was worked out.²³ The non-communist members of the Diet insisted on scrutinizing with extreme care the changes which the Russians had made. They debated for weeks as to whether there might be some loopholes in the treaty which would facilitate Russian support for Finnish Communists. Finally the agreement was signed on April 6 and ratified in the Finnish Diet on April 28 by a 157-11 vote.²⁴

Under Article 2 of this Friendship Pact it is stated that should a threat of attack be proved to exist, the parties to the pact must confer to discuss what action should be taken. Many doubted that Finland could refuse to "feel

²³ Demaree Bess, "Finland Hasn't Surrendered to Russia", Saturday Evening Post, June 26, 1948, p. 28.

²⁴ Keesing's Contemporary Archives (London), Vol. VI, (1946-48), p. 9247.

threatened" by a coalition of the Scandinavian countries or, as has since occurred, by the participation of two of these countries in the Atlantic Pact. As a result of a ruling by the Constitutional Rights Committee, the pact obliges the Finns exclusively to hold discussions with the Russians on threats to their country; but does not require them to act on the results of such discussions without a majority vote from the Parliament, to which all such discussions must be reported. Another of the committee's rulings states that Finland's need for Soviet military aid must be confirmed by both governments and the President is given sole right to make an appeal for such military aid.²⁵

The pact was unlike those with Hungary and Rumania. The Hungarian and Rumanian pacts provided for joint military action against "aggression" almost anywhere, but the Finns had gained both points they considered vital: 1) military assistance was subject to mutual agreement, and 2) Finnish forces were to be used only for the protection of Finland. The Hungarian and Rumanian pacts were concluded for a twenty year period, while the Finnish pact stipulated ten years.²⁶

Paasikivi, when analyzing the agreement, paid tribute to Russia's understanding of the Finnish viewpoint and to the willingness shown by the USSR during the negotiations to

²⁵Elsa Kruuse, "Finland and the Tightrope Act", Christian Science Monitor, Sept. 24, 1949, p. 2.

²⁶See Appendix III.

make the agreement acceptable from the Finnish point of view. Speaking of Article 2, the President declared that "the accepted wording is exactly the same as in the original instructions to the delegation".²⁷

The most important foreign political event regarding Finland since the signing of the Peace Treaty was undoubtedly this Agreement of Friendship and Mutual Assistance with the Soviet Union. Russian hostility to a Finnish foreign policy, dictated by Finland's own preferences and interests, had been previously shown in numerous ways. It was Russian opposition that had prevented Finland from becoming a member of a Scandinavian bloc trying to fashion security arrangements for the Scandinavian area, but the very maximum Soviet diplomatic pressure was expressed in this ten-year treaty.

Domestically, communism had failed to win enough Finnish support. The registered members of the People's Democratic Party comprised only 10% of the population²⁸ and the repeated failures of communist efforts to stage successful strikes indicated a lack of interest on the part of the workers.

The Finns had also prevented communist infiltration into the regular police forces which were under the orders of local civil authorities and not the Minister of the Interior. This virtually limited the authority of Leino to

²⁷Valros, op.cit., p. 12.

²⁸Spencer, op.cit., p. 303.

Helsinki and even there his few hundred ruffians were vastly outnumbered. The attempts to expand the communist-controlled secret police had been consistently resisted by the Diet.²⁹

The Finnish Army, although small, had been expertly trained and reorganized for the purpose of protecting the state against illegal uprisings. It had been difficult for the Communists to gain a foothold within the Army. In the lower ranks there were a few Finns who had been trained as officers in the Russian Army and who were active in various ex-servicemen organizations, but among the officers there was not one communist sympathizer.³⁰

Only the active intervention of the Soviet Army would probably have been able to impose communism on the unwilling Finns in 1948 and by that time such an action might have set off a new world conflagration.

The Friendship and Mutual Assistance Pact was no doubt more of a move to strengthen Russia's outer defenses. In the west she had just concluded an alliance with Hungary and the system was being continued to Finland to cover the northwestern approach.

In reality, Russian garrisons at strategic points controlled Finland before the pact was even suggested. Helsinki was within the range of Porkkala guns, but the Russians may

²⁹ The Economist (London), Mar. 6, 1948, p. 380.

³⁰ Spencer, op.cit., p. 302.

have chosen this time to convert control into a formal alliance for various reasons. They may have felt that the Oslo Declaration of the Scandinavian foreign ministers on their full cooperation in the European Recovery Program called for some gesture of warning. Then again they may have meant to influence the Finnish vote in the forthcoming elections. Another motive behind the Russian actions and the Finnish counter-actions may be found in the agreement's preamble which specifies the consideration of "Finland's desire to remain out of the conflicting interests of the Great Powers". Finland lies off the great strategic routes of Europe and Russia may have been content to insure her neutrality.

If the Russians did ask for more it may be that the Finnish delegation made clear its readiness to fight to maintain internal integrity. A war of self-defense in Finland would not have looked good and Russia had certainly not forgotten the Finnish resoluteness displayed in the 1939 war.

The West's strong reaction to the coup in Czechoslovakia and President Truman's proposal to introduce peace-time conscription may have compelled Russia to abandon any more serious demands. The reaction of Scandinavia to the suggested pact had also been strong and it was easy for Stalin to see that the results of any further actions would stiffen Scandinavia and turn it westward. Conversely, Molotov's speech at the banquet following the signing of the treaty

drew Sweden's attention to Russia's lenient and liberal handling of Finland.³¹ This touched on a major interest of Swedish policy that Finland should remain as independent as her geography and obligations would permit.

Finland Strengthens Her Anti-Communist Front

In May 1948 the Diet's Constitutional Committee reported that the Communist Minister of the Interior, Yrvo Leino, had acted unconstitutionally in delivering twenty persons to the USSR in April of 1945 at Moscow's request. The Parliament passed a vote of censure against Leino under Article 36 of the Form of Government Act, which states that members of the Council of State "must enjoy the confidence of the Diet". When Leino refused to resign Paasikivi dismissed him.³²

The Communists desperately wanted Leino to retain his strategic position. They attempted to force the Government's hand by calling a general strike, but the majority of workers refused to walk out. Thus the Communists lost their important pivotal stronghold within the Finnish Government.

The ousting of Leino was the boldest anti-communist gesture made by any free country in Europe since the war. The Finnish general elections were scheduled for July and the Finns, remembering Czechoslovakia, did not want a power-

³¹Gathorne-Hardy, op.cit., p. 114.

³²Spencer, op.cit., p.303.

ful Communist running the secret police. After Leino's dismissal Paasikivi tried to pacify the Communists by appointing another Communist, Eino Kilpi, as Minister of the Interior and Hertta Kuusinen as a minister without portfolio.

Russia proceeded to reduce reparations and this move was generally interpreted as an attempt to influence the forthcoming elections. Since similar alleviations were also granted to Hungary and Rumania, it was more likely a part of Russian strategy against the West in general and the Marshall Plan in particular. The Russian press stated that,

The Soviet Union has managed to rehabilitate her own economy since the war and is now in a position to increase economic assistance to friendly neighboring countries without any political conditions.

...One can't help but contrast this friendly policy with the harsh policy of the U.S. ruling circles who try to take advantage of the post-war economic difficulties of European countries, and under the guise of 'aid' try to impose a political course favorable to American reactionaries and capitalist monopolies.³³

During the 1948 elections all the traditional parties were on the list, the press was uncensored, the right of public meeting untrammelled and there was not the faintest doubt about the secrecy of the ballot. Each party con-

³³"An Important Decision of the Soviet Government" (Pravda, June 9, 1948), translated in Soviet Press Translations, Vol. II (1948), p. 387.

ducted its campaign separately with no radically new program. The Conservatives represented the business and professional classes and advocated private enterprise and freedom from controls. The Agrarians represented the farmers, the Swedish People's Party - the Swedish minority and the Liberal Party - the intellectuals. The Democratic League advocated better conditions for workers, higher wages and lower taxes.³⁴

Despite the reparation reduction, a communist victory at the polls did not seem likely. Disagreements between the "parliamentarists" and "activists" within the party leadership prevented an united plan for the campaign.³⁵

For these 1948 general elections the polling was the heaviest on record since the great reform in 1906. Previously less than 70% had gone to the polls, but this time 78% voted. The results continued the trend toward the center and right that had been noticeable in the December 1947 communal elections. The People's Democrats lost nearly one-fourth of the seats they had obtained in 1945. They were unsuccessful in all areas except the traditional communist strongholds in Lapland.³⁶

This decline removed the Communists from office and a moderate Social Democratic administration replaced the uneasy

³⁴The Economist (London), July 3, 1948, p. 22.

³⁵Spencer, op.cit., p. 303.

³⁶Valros, op.cit., p.62.

coalition of Communists, Agrarians and Social Democrats. Karl Fagerholm, the Social Democrats' leader, formed an exclusively Social Democratic Cabinet with the exception of Carl Enckell, who remained Foreign Minister. His inclusion indicated that the foreign policy of Paasikivi was to be continued.

The composition of this Government caused some surprise which, among the People's Democrats, flared into hard and bitter criticism. The Agrarians, who had gained more votes than any other party, also felt let down by their exclusion from office.

Fagerholm stated his Government's policy to the Finnish Diet. Regarding home affairs, he said the Government's main task would be the strengthening of the democratic order and suppression of fascist tendencies; and that it would also work for economic stabilization, the checking of inflation and maintenance of peace on the labor market. Considering the planning of the country's economic life necessary, he said the Government would develop state industrial enterprises only as far as it was necessary or inevitable in the overall interests of the country. He gave assurance that the security of the individual and the independence of the law courts would be respected. He explained that Finland in her foreign affairs would continue her orientation toward the East. At the same time, however, she would develop her contacts with the West and build up her position as a free

country on the basis of the Peace Treaty, United Nations Charter and Pact of Friendship and Mutual Assistance with the Soviet Union.³⁷

The Social Democratic administration proceeded to demonstrate its opposition to communism. The findings of the investigation into the state police were published and a thorough reform followed. Linkomies, Tanner, Rangell and Ryti were released as good conduct prisoners. Foreign trust in Finnish developments was demonstrated by increased advances of credit from the United States.

Communist Offensives to Regain Power

In 1949 when the abolition of price controls and grain subsidies had doubled bread prices and the devaluation of currency threatened a rise in other commodities, the time seemed again auspicious to Finnish Communists to try another set of strikes. The USSR did not promise direct assistance, but indicated approval of a communist bid to regain at least the positions lost in the 1948 elections.

Perhaps the most serious was the strike of the Communist-led lumberjacks, causing a huge log jam piling on the Kemijoki River, which feeds northern Finland's spruce and pine to the pulp and saw mills in Kemi on the Gulf of Bothnia. The

³⁷Keesing's Contemporary Archives (London), Vol. VII, (1948-50), p. 9441.

Communists had also set up a rigid time table for walkouts of dock, construction, food, brewing, wood-working, transport, leather, rubber and textile workers. The ostensible aim was higher wages.³⁸

The Government declared the Kemi walkout illegal and ordered the strikers back to work. The socialist-dominated Trade Union Federation threatened to expel any striking Communist unions.³⁹

Another important reserve for the communist strategists were the 55,000 metal workers. A strike of these workers held a special danger. It might delay delivery of Finnish reparations, and therefore give Russia an excuse to "intervene" under the terms of the Peace Treaty. The second phase of the communist strike barrage took place when the metal workers were called out. As a result the Trade Union Federation expelled seven Communist-led unions which disobeyed the edict that the strikes end.⁴⁰

To insure the delivery of reparation goods and counter this threat to the country's economy, Hango was declared an open port. All ships were directed there, local dock workers were forbidden to strike and troops were despatched to handle cargoes if necessary.

Eventually the walkouts were called off and the commu-

³⁸ The Economist (London), Aug.27, 1949, p. 458.

³⁹ Ibid.

⁴⁰ Ibid.

nist effort to overthrow the Government had failed. The country was shaken, but by no means paralyzed.

After the communist strike failures, political life in Finland was chiefly characterized by intensive communist attacks on the administration. The Central Committee of the Finnish Communist Party and the Congress of the People's Democratic Union published manifestos appealing to all "workers and farmers" to oppose the Fagerholm Government and bring about its downfall. They described Fagerholm as a "representative of the war policy" allying himself with the "reactionary bourgeoisie". They alleged that through his "Scandinavian outlook" he aimed at the "economic, political and military adherence of Finland to the Western sphere of influence".⁴¹ There was no end to similar slogans and resolutions directed against the Government in the two chief Finnish communist publications - Vapaa Sana and Tyokansan.

The Russian press likewise indicated its distaste for the Social Democratic administration and analyzed the situation as a battle between reactionary and democratic camps. It claimed that the Social Democratic Government was cooperating with the "United States imperialists"; that the groups of Americans which came to Finland to study social, economic and political conditions were sponsored by the

⁴¹Keesing's Contemporary Archives (London), Vol.VII, (1948-50), p. 9441.

organization administering the Marshall Plan; that American creditors demanded direct fulfillment of carefully defined instructions such as firing on the Kemi workers, persecuting "democratic" newspapers and purging the radio broadcasting system of "progressive" elements; that during the 1948 elections one of the chief arguments constantly advanced by the bourgeoisie was that "Finland will be deprived of loans from the West if the Communists take part in government"; that Finland was an active member of the organization for civil aviation which was directed by American imperialists; that many old airports located at strategic points were being reconstructed and adapted to heavy aircraft; that American "reactionaries" were trying to impose their culture on Finland; that the United States-Finnish educational exchange was only for "reliable students" free of any sympathies for the "democratic" movement, and therefore its true aim was to train cadres which would faithfully serve the aims of the American imperialists; that Western culture was being widely inculcated into Finnish educational institutions; that people incriminated in the military adventures were being promoted to leading posts in public education.⁴²

The Russian press accused the Fagerholm "reactionaries" of trying to bypass the Finnish-Russian Friendship Pact and subjecting Finland to United States imperialist aims. It stressed that friendship with the USSR was more important

⁴² Cited from various items in the Current Digest of the Soviet Press, New Times (Moscow), Soviet Press Translations.

than ever since Denmark and Norway had been drawn into the anti-Soviet Atlantic Pact, "bringing the danger of war closer to our borders". It claimed that Fagerholm's Government had worsened Finnish-Russian relations by giving American spies open access under the guise of Mormons, Quakers and tourists; sheltering and protecting war criminals; encouraging fascist activities such as the Schutzkorps organizations, which were formally dissolved and later passed under the guise of rifle clubs; taking part in the Brussels Conference of the International Association of Free Trade Unions, which decided to organize extensive espionage activity against the USSR and people's democracies.⁴³

The Soviet press further accused the Fagerholm Government of being two-faced in that it claimed to be allied with the USSR and then proceeded to turn westward. It pointed out that Fagerholm's first official trip was a visit to the Danish Social Democrats and that this visit coincided with Anthony Eden's arrival in Copenhagen. It asserted that the Information Department of the Executive Committee of the Social Democratic Party maintained a permanent contact with the Social Democratic ministers, and through them supplied the American intelligence service with copies of minutes of government meetings, data on high military and police officers and other information.⁴⁴

⁴³Ibid.

⁴⁴Ibid.

A special place was always reserved in the Soviet press for attacks on the right wing members of the Finnish Trade Union Federation. The attacks maintained that they actually supported employers and opposed trade union policies which advocated measures for the protection of workers.

Excuses for the ineffectiveness of the communist campaign in Finland were numerous. Russian editorials stated that the Finnish rightist parties stopped at nothing to discredit the People's Democratic League and subject it to slanderous lies; Finland's "young democratic forces" had only emerged into public life since the war; they had not been able to build up a press that could effectively counteract the poisoned propaganda which took advantage of the political immaturity and deep-seated prejudices of the population; about 90% of the Finnish press deliberately suppressed truth about the USSR and filled its columns with unscrupulous anti-Soviet slander; the supply of foreign news was practically a monopoly of the large international news agencies such as United Press, Associated Press and Reuter.⁴⁵ Such were the continual ragings of the communist press.

With the approach of the 1950 presidential elections, the communist press shifted its polemics to Paasikivi. Hertta Kuusinen called him a "lackey of capitalism" and

⁴⁵Ibid.

"traitor to peace and democracy".⁴⁶

The Soviet Union actively tried to influence the 1950 election. In December 1949 Andrei Gromyko sent a note to the Finnish envoy in Moscow demanding in strong terms the extradition of 300 alleged war criminals. The Finnish Government was accused of issuing forged papers to these "elements". The Finnish reply admitted that refugees had been supplied with false identity papers shortly before and after the armistice, but also stated that those responsible for these actions had either been punished or fled the country. The note reiterated Finland's desire to fulfill the Peace Treaty obligations.⁴⁷

Finland's conciliatory gestures, made in the form of affirmations of friendship with Russia in Paasikivi's 1950 New Year message and opening speech in Parliament, found no response in Moscow. In February 1950 a second note repeated the charges and accused the Finnish Government of violating the Peace Treaty and Friendship Pact. A sudden economic blockade by the USSR caused even more perturbation and all Finnish trade negotiations in Russia came to a standstill.⁴⁸

⁴⁶ Keesing's Contemporary Archives (London), Vol.VII, (1948-50), p. 10790.

⁴⁷ Alfred J. Fischer, "Finland and the Kremlin", Contemporary Review, Vol.CLXXVII (1950), p. 283.

⁴⁸ Ibid.

These threatening measures were intended to frighten the Finns into supporting Mauno Pekkala and not Paasikivi for the presidency.

When the Finns cast their votes for President they challenged the wrath of Russia by re-electing Paasikivi. The public gave Paasikivi 171 electoral votes, Pekkala 67 and the Agrarian leader, Urho Kekkonen, 62.⁴⁹ Although the Communists won a larger popular vote than in the 1948 parliamentary election, the right wing Conservative and Liberal parties gained even more.

Paasikivi began his second term as President in March 1950. Since it is a political tradition in Finland for the Government to place itself at the disposal of the newly elected President, the Fagerholm Cabinet resigned and a new Government was formed by Kekkonen.

Kekkonen wanted to form a Cabinet with three People's Democrats, but both Agrarians and Social Democrats refused to co-operate with Communists. He, therefore, formed a minority Cabinet representing only three center parties - Agrarian, Swedish People's and Liberal. The formation of this Cabinet was a more than friendly declaration to Russia. Six members belonged to the Finnish-Soviet Society and Dr. Tuomioja, the new Minister of Foreign Affairs, possessed

⁴⁹Valros, op.cit., p. 22.

good connections with the USSR as the son-in-law of Hella Wuolijoki, who had risked her life for Russia.⁵⁰

There were no Communist attacks against Kekkonen as there had been against Fagerholm. Obviously Kekkonen was more acceptable to Moscow. During his opportunistic career he had gone from the extreme right to a point in the center from which he had even leaned toward communism when it suited his purpose.⁵¹ As an Agrarian leader his interests conflicted with those of the Social Democrats, who represented the workers' cause. Any feuds which might have prevented united action against communism suited Russian purposes.

A general deterioration in Finland's internal economic situation developed after Kekkonen took over the Government. Stern measures were necessary to curb the rampant inflation. Thus, the July 1951 general elections took place in an atmosphere of dissatisfaction and economic instability which undoubtedly supported the Communist onslaught on the cost of living. The People's Democrats recaptured some ground, although it was considerably below the strength they had shown in the exceptionally favorable circumstances at the end of the war.

⁵⁰Keesing's Contemporary Archives (London), Vol. VII, (1948-50), p.10790.

⁵¹Wendy Hall, "The Finnish Tightrope", Fortnightly, Nov.1951, p.729.

The Communist Party also used another technique which may have had some success. It accused the Government of preparing Finland for war under the direction of the legations of Western powers in Helsinki. It even alleged that 200 Finns, recruited by the Social Democrats, were fighting with the South Koreans. The claims were ridiculous. Even Hertta Kuusinen said, "They are not important really - only psychological".⁵² Nevertheless, Finnish fear of war is deeply rooted because Finns know their independence could not survive another conflict.

A diminished sense of urgency in parties of the right may also have helped the communist cause. Even if inflation was rampant and the cost of living astronomical, Finland was very prosperous on the surface. An air of plenty may have dulled some of the population into a semi-apathy. The total voting poll dropped from 78% in 1948 to 70% in 1951, and in a country where the total vote is less than 2½ million this makes a difference.⁵³

The Communists relentlessly continued their offensives. Ville Pessi, Secretary of the Communist Party, in 1952 accused the bourgeois press of propagating mistrust toward Russia and violating the Friendship Pact. To carry through this attack, the People's Democrats tried to pass a bill in

⁵²Ibid.

⁵³Ibid.

the Diet that stated:

Whoever shall, through the press, radio, cinema, or other media, publicly urge the popular masses to war or preach preparation for war, shall be liable to imprisonment. If the offense is recurrent or attended by aggravating circumstances, the penalty shall be from two to ten years of hard labor. Similar penalties shall be inflicted in the case of persons who hinder the state in the performance of obligations signed to safeguard peace.⁵⁴

The non-Communists in the Finnish Diet realized that Communists could easily extend the interpretation of such vague terms to eliminate almost any opposition. The proposal was rejected.

⁵⁴V. Khatuntsev, "Finland - Meetings and Observations", New Times, (Moscow), Jan.21, 1953, p.23.

CHAPTER IV

An Evaluation of the Finnish Position

Finland's geographical location has subjected her to East-West clashes throughout her history. Protestantism and Greek Orthodoxy vied with one another as did conflicting social and political systems. In such a contending atmosphere the final acceptance of the Western tradition and rejection of the Eastern made Finland's realization as an independent state difficult. The long struggle to maintain her choice has no doubt strengthened her resistance to Eastern advances.

Finland is one of the world's oldest democracies and her conception of the term "democracy" is synonymous with our Western meaning. Individual freedom and human rights were strongly stressed in the folk wisdom of ancient times reflected in "Kalevala" - the Finnish national epic.

Finland originally acquired Western culture and the Western conception of law and order when united with Sweden for over 600 years. During this time Finns enjoyed the same rights and liberties as Sweden's own citizens. Finns and Swedes were equal subjects under the same crown and

partners in building common political, religious and social institutions. The Finns have been as self-governing as the Swedes and have the same long tradition in the arts of government, law and administration.

During the Napoleonic wars Finland became incorporated with the Russian Empire, but as an autonomous state with her own government, parliament, judiciary, army, postal service, monetary system and customs administration. Her constitution, laws, church and religion, educational system and economic life were left almost wholly unchanged. The only links that united her with Russia were the person of the sovereign and joint administration of foreign affairs.¹

About 1890, however, the Russian Imperial Government began a Russification campaign and despite tenacious passive resistance the Finns were gradually forced under a rule more and more destructive of political and other freedoms. With the collapse of the Czarist regime in 1917 Finland was quick to declare her independence. This independence was the result of a long advance to maturity. Finland, the sovereign state, built her future on the old democratic foundations.

The Finns, despite Swedish rule, attempted Russification, invasions and conquest, developed their own culture and institutions. A religious-like nationalism and sense of common tradition and destiny saved them from extinction.

¹Wuorinen, Finland and World War II, p.5.

Perhaps the Finns were able to develop their own institutions because they are practically an island people. The swamp and forest frontier limited Russian penetration to one route across the Karelian Isthmus. The Gulf of Finland separates them from the Poles and Germans of the Baltic. Finland's fate, therefore, has been better than that of Estonia, Latvia and Lithuania.

Regardless of this geographical isolation Finland is still an extension of the Russian sub-continent to the Baltic shores. This circumstance imposes a certain projection of policy on the part of Russia. Both Czars and Commissars have sought the ultimate annexation or control of all non-Russian areas along the Baltic coast.

The internal conflict which the advent of militant communism has forced on other states has long been familiar to the Finnish people. In different forms and with varying emphasis they have had for generations their protagonists and antagonists of closer collaboration with Russia. Finland's 1918 Civil War was the culmination of this conflict, but by no means solved the problem as has been only too apparent since World War II. It did, however, decide that the newly independent Finland would be a genuine democracy and not a puppet or component part of the USSR. This, although it left bitter memories and enduring estrangements, at least meant that Finnish politics would be free to reflect the moods and opinions of the Finns.

The Finnish people, familiar with Russian ways and habits, did not yield to Moscow demands when Russia began her most recent expansion on the Baltic. They knew they would lose their freedom and independence if they accepted the Russian promises, but they also knew their refusals would call for heroic sacrifices. These sacrifices took the form of the loss of the 1939-40 Winter War and later defeat of the combined Finnish-German offensive.

The emergence of the Soviet Union after World War II as the only great power in Eastern Europe did, and necessarily will, exercise a tremendous influence on the political and economic life of neighboring countries, quite independently of Soviet ambitions. This tendency was almost inevitable with elimination of Germany as a great power. The influence of the Soviet Union has, of course, been enhanced even more because of her apparent "expansionist" lines.

A dominant fear in this present era of expansive Soviet communism is that nations may acquire communism by contact. Actually, they do so only when current developments coupled with past history have prepared them to extend hospitality to communism.

Finland's ability to avoid extremes made her less susceptible. Her economic structure represents a middle way between private enterprise and state control. The strong co-operative movement and the adult education it disseminated through lectures and newspapers eliminated the alternative

of merely choosing between povertied peasants and Russian collectivization. Finland's own land reform, Lex Kallio in 1922, also helped to eliminate revolutionary tendencies.

Finland now as in the past is unhampered by masses of very poor people or by a clique of the very rich. Her characteristically Scandinavian form of socialism (social security and workers' welfare rather than nationalization) eased the workers' lot. The eight-hour day and adequate factory inspection bills, for example, were already passed in 1917 under an administration of Social Democrats.² It is doubtful that communism would appeal to the majority of Finnish workers on the basis of better social security.

The labor circles have, however, special problems to solve. The Federation of Trade Unions had been firmly controlled by the Social Democrats, but during the post-war years Communists brought elements into the organization. Communist-agitated labor conflicts, originally meant to sabotage war reparation deliveries, became an almost every day phenomenon.

There is lively interest in trade unions and their frictions and relations to political parties, particularly those represented in the Government. An election of representatives to a great Trade Union Congress is almost as important as a general election. Fortunately, the Social

²Gathorne-Hardy, op.cit., p. 88.

Democrats have always managed to obtain the majority of votes.

The Finnish Social Democrats have fought the Communists with their own weapons. Just as there are Communist cells and channels of information in factories, so too there are Social Democratic cells, contacts and channels through which information flows daily. The Finnish Social Democratic Party is perhaps the strongest and most resolute in the world. It constantly faces the same problems with Communists that political parties in other nations encounter in the labor unions, local and national governments and newspapers; but it seems to watch more carefully and move more decisively. Many Finns who by no stretch of the imagination can be said to support socialism have supported the Social Democrats as the front line of resistance to communism.

There are town-country antagonisms, and Swedish-Finnish antagonisms, each represented by their own party. A considerable and well-disciplined Communist Party could exploit such weaknesses. The Finns, however, not wanting to risk independence, have not pushed sectional interests in the political sphere too far. Since they no longer think of fighting Russia again with bullets, they are particularly conscious of their battle against communism with ballots. Every move since the military defeat in 1944 which the Finnish leaders have made has been designed to preserve the free electoral system.

It is clear that Finland's domestic political scene is governed now, as it has been for centuries, along Western-type democratic lines originally acquired through Sweden. When speaking at a banquet in May 1952 honoring the visit of Sweden's King Gustaf and Queen Louise, President Paasikivi declared:

Both in its cultural and judicial spheres Finland is akin to and inalienable from Sweden and other northern countries. This tradition is dear to us and we regard it as the primary condition for our progress and happiness. The supreme power of law and justice, alike in both our countries; a similar culture and social structure; the same love of freedom and the same basic democratic principles which inspire our public affairs and civic life; a similar outlook and sense of values; together with the fact that there lives in Finland an important minority whose mother tongue is Swedish - all these form a strong link between us and our sister country in the West, as well as between us and the other northern countries. In Finland we too have our problems which we must try to solve for ourselves. We have noted with pleasure that our problems and the measures which we have regarded as unavoidable in solving them have met with understanding and sympathy on the other side of the Gulf of Bothnia. Whatever direction our decisions have taken, it remains our nation's steadfast desire to maintain in our national life the existing basic principles; neither do these decisions break our traditional links with the Swedish nation, the cultural and economic standard of which is so high.³

³Valros, op.cit., p.15.

Finland wants to maintain all possible ties with Scandinavia, Western Europe and the United States, but with no formal commitments. She desires more informal co-operation and stronger trade relations.

The understanding and normal intercourse between Finland and her western neighbors has been maintained through uninterrupted and close co-operation. The tourist traffic between Finland and the countries to the west has been steadily increasing. In July 1952 passports were abolished for travel between the Scandinavian countries by their nationals. Norway, Sweden and Denmark have held numerous congresses in Finland since 1945 and Finland has sent representatives to conferences in other Scandinavian countries to discuss a variety of subjects pertaining to public and civil life.⁴

Finland's intercourse with the West indicates that no iron curtain has been imposed on the Finnish border. The USSR made it quite clear that Finland was not a satellite by vetoing the Western-supported Finnish application for United Nations membership in September 1947. Finland's later attempts for admission were also vetoed in retaliation for the United States' not supporting the admissions of Albania, Bulgaria, Hungary, the Mongolian People's Republic and Rumania.⁵

⁴Valros, op.cit., p. 13.

⁵United Nations Yearbook, 1947-48, p. 481.

Although Finland has not assumed the character of an official Russian satellite, Russia's position in regard to Finland is reasonably satisfactory. The ice-free Arctic port of Petsamo and the Baltic base at Porkkala from which approaches to Leningrad and Kronstadt could easily be sealed off are in Russian hands. The relatively free Finland linked to the USSR economically and bound by geographical and treaty considerations not to turn westward is useful to the USSR in more ways than one.

Little effort has been necessary to keep Finland from daring to associate unduly with the Western powers. As a small neighbor of Russia against whom she has fought two unsuccessful wars in five years, Finland merely wishes to be left alone to recuperate. She has no real political foreign relations except the unavoidable ones with Russia. Dealings with other foreign states are entirely economic and commercial.

She did not join the Marshall Plan because it embodied political implications. In regard to the Atlantic Treaty efforts to create co-operation among Scandinavian and Baltic countries Finland had to be cautiously neutral. She was an interested, but inactive observer. Premier Karl Fagerholm expressed appreciation of Sweden's stand for continued neutrality during the Northern Defense Union discussions.⁶ If

⁶Gathorne-Hardy, op.cit., p.115.

Sweden had officially committed herself to the Atlantic Pact it might have provoked Russia into taking a stronger position toward Finland.

Russia's Scandinavian policy on the Baltic appears to turn largely on Russo-Finnish relations. Russia has so far managed the prevention of a complete Scandinavian bloc against her. By reasonable treatment of the Finns, she may hope to keep Sweden out of the Atlantic Pact. Increased fears of a rearmed Western Germany, however, might create increased Russian pressure on Finland.

The Finns have the firm conviction that they are not concerned with what goes on inside Russia and likewise Russians should not be concerned with Finland's internal affairs. Actually the situation is probably not so simple. Even the staunchest of small countries fall prey to larger nations in this age of power politics. Finland can survive only so long as she can balance between total independence and total surrender to the East or West. This may be interpreted as appeasement, but Paasikivi calls it expediency. Finland must keep clear of all quarrels. She is bound to be misunderstood and against this she can only set her national integrity. Whatever promises she makes to conciliate either side she must keep at all cost.

In the room where the Finnish Prime Minister presides over the Cabinet there is a large colorful painting showing Czar Alexander I receiving a pledge of fealty from the

nobility, clergy, peasants and burghers - the four estates of the Finnish Diet in 1809. The scene took place in Porvoo when, at the close of the victorious war against Sweden, the Czar announced that while Finland would be incorporated into Imperial Russia it would remain politically and economically autonomous. In the corridor just outside the Cabinet room is a plaque dedicated to the memory of Eugen Schauman, a young nobleman, who in 1904 assassinated the Russian General Bobrikov, sent by Czar Nicholas II with dictatorial powers to attempt Russification. These two memorials seem to symbolize the course of Russo-Finnish relations during the last century-and-a-half. The Finns have accepted with stolid realism their geographical position, but have never hesitated to fight desperately to retain their independence and identity.⁷

⁷Raymond Daniell, "In the Forepaws of the Russian Bear", New York Times Magazine, May 22, 1949, p. 11.

APPENDIX I

ARMISTICE AGREEMENT

Between the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland, on the one hand, and Finland on the other.

Whereas the Finnish Government has accepted the preliminary condition of the Soviet Government regarding a break with Germany and the removal of German troops from Finland, and whereas the conclusion of a future treaty of peace will be facilitated by the inclusion in an Armistice Agreement of certain conditions of this peace treaty, the Government of the Union of Soviet Socialist Republics and His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland, acting on behalf of all the United Nations at war with Finland, on the one hand, and the Government of Finland, on the other hand, have decided to conclude the present agreement for an armistice, the execution of which will be controlled by the Soviet High Command similarly acting on behalf of the United Nations at war with Finland, hereinafter named the Allied (Soviet) High Command.

On the basis of the foregoing the representative of the Allied (Soviet) High Command, Colonel-General A.A. Zhdanov,

and the representatives of the Government of Finland, Mr. Carl Enckell, Minister of Foreign Affairs, General Rudolph Walden, Minister of Defense, General Erik Heinrichs, Chief of General Staff, and Lieutenant-General Oscar Enckell, duly authorised thereto, have signed the following conditions:

Article 1.

In connection with the cessation of military activities on the part of Finland on the 4th September, 1944, and on the part of the Soviet Union on the 5th September, 1944, Finland undertakes to withdraw her troops behind the line of the Soviet-Finnish frontier of 1940.

Article 2.

Finland undertakes to disarm the German land, naval and air armed forces which have remained in Finland since the 15th September, 1944, and to hand over their personnel to the Allied (Soviet) High Command as prisoners of war, in which task the Soviet Government will assist the Finnish Army.

The Finnish Government also accepts the obligation to intern German and Hungarian nationals in Finnish territory.

Article 3.

Finland undertakes to make available at the request of the Allied (Soviet) High Command the aerodromes on the southern and south-western coast of Finland with all equipment to serve as bases for Soviet aircraft during the period necessary for air operations against German forces in Estonia

and against the German navy in the northern part of the Baltic Sea.

Article 4.

Finland undertakes to place her army on a peace footing within two and half months from the day of signing of the present Agreement.

Article 5.

Finland, having broken off relations with Germany, also undertakes to break off all relations with Germany's satellite States.

Article 6.

The effect of the Peace Treaty between the Soviet Union and Finland, concluded in Moscow on the 12th of March, 1940, is restored subject to the changes which follow from the present Agreement

Article 7.

Finland returns to the Soviet Union the oblast of Petsamo, voluntarily ceded to Finland by the Soviet State in accordance with the Peace Treaties of the 14th October, 1920, and the 12th March, 1940.

Article 8.

The Soviet Union renounces its rights to the lease of the Peninsula of Hango, accorded to it by the Soviet-Finnish Peace Treaty of 12th March, 1940, and Finland for her part undertakes to make available to the Soviet Union on lease territory and waters for the establishment of a Soviet naval

base in the area of Porkkala-Udd.

Article 9.

The effect of the Agreement concerning the Aaland Islands, concluded between the Soviet Union and Finland on the 11th October, 1940, is completely restored.

Article 10.

Finland undertakes immediately to transfer to the Allied (Soviet) High Command to be returned to their homeland all Soviet and Allied prisoners of war now in her power and also Soviet and Allied nationals who have been interned in or deported by force to Finland.

From the moment of the signing of the present Agreement and up to the time of repatriation Finland undertakes to provide at her cost for all Soviet and Allied prisoners of war and also nationals who have been deported by force or interned adequate food, clothing and medical service in accordance with hygienic requirements, and also with means of transport for their return to their homeland.

At the same time Finnish prisoners of war and interned persons now located on the territory of Allied States will be transferred to Finland.

Article 11.

Losses caused by Finland to the Soviet Union by military operations and the occupation of Soviet territory will be indemnified by Finland to the Soviet Union to the amount of three hundred million dollars payable over six years, in

commodities (timber products, paper, cellulose, seagoing and river craft, sundry machinery).

Provision will also be made for the indemnification in the future by Finland of the losses caused during the war to the property of the other Allied States and their nationals in Finland, the amount of the compensation to be fixed separately.

Article 12.

Finland undertakes to restore all legal rights and interests of the United Nations and their nationals located on Finnish Territory as they existed before the war and to return their property in complete good order.

Article 13.

Finland undertakes to collaborate with the Allied powers in the apprehension of persons accused of war crimes and in their trial.

Article 14.

Finland undertakes within the periods fixed by the Allied (Soviet) High Command to return to the Soviet Union in complete good order all valuables and materials removed from Soviet territory to Finland during the war belonging to State, public and cooperative organisations, factories, institutions or individual citizens, such as: equipment for factories and works, locomotives, railway carriages, ships, tractors, motor vehicles, historical monuments, valuables from museums and all other property.

Article 15.

Finland undertakes to transfer as booty to the disposition of the Allied (Soviet) High Command all war material of Germany and her satellites located on Finnish territory, including naval and other ships belonging to these countries in Finnish waters.

Article 16.

Finland undertakes not to permit the export or expropriation of any form of property (including valuables and currency), belonging to Germany or Hungary or to their nationals or to persons resident in their territories or in the territories occupied by them without the permission of the Allied (Soviet) High Command.

Article 17.

Finnish merchant ships other than those already under Allied control shall be placed under the control of the Allied (Soviet) High Command for their use in the general interests of the Allies.

Article 18.

Finland undertakes to transfer to the Allied (Soviet) High Command all ships in Finnish ports belonging to the United Nations, no matter at whose disposal these vessels may be, for the use of the Allied (Soviet) High Command for the duration of the war against Germany in the general interest of the Allies, these vessels subsequently to be returned to their owners.

Article 19.

Finland will make available such materials and products as may be required by the United Nations for purposes connected with the war.

Article 20.

Finland undertakes immediately to release all persons, irrespective of citizenship or nationality, held in prison on account of their activities in favour of the United Nations or because of their sympathies with the cause of the United Nations, or in view of their racial origin, and will also remove all discriminatory legislation and disabilities arising therefrom.

Article 21.

Finland undertakes immediately to dissolve all pro-Hitler organisations (of a Fascist type) situated on Finnish territory, whether political, military or para-military, as well as other organisations conducting propaganda hostile to the United Nations, in particular to the Soviet Union, and will not in future permit the existence of organisations of that nature.

Article 22.

An allied Control Commission will be established which until the conclusion of peace with Finland will undertake the regulation and control of the execution of the present Agreement under the general direction and instructions of the Allied (Soviet) High Command, acting on behalf of the

Allied powers.

Article 23.

The present Agreement comes into force as from the moment of signature.

Done in Moscow the nineteenth day of September, 1944, in one copy which will be entrusted to the safekeeping of the Government of the Union of Soviet Socialist Republics, in the Russian, English and Finnish languages, the Russian and English texts being authentic.

Certified copies of the present Agreement, with Annexes and maps, will be transmitted by the Government of the Union of Soviet Socialist Republics to each of the other Governments on whose behalf the present Agreement is being signed.

For

the Governments of the Union of Soviet
Socialist Republics and the United Kingdom

A. Zhdanov

For

the Government of Finland.

C. Enckell

R. Walden

E. Heinrichs

O. Enckell

APPENDIX II

TREATY OF PEACE WITH FINLAND

(Signed in Paris, February 10, 1947)

The Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, and the Union of South Africa, as the States which are at war with Finland and actively waged war against the European enemy states with substantial military forces, hereinafter referred to as "the Allied and Associated Powers," of the one part, and Finland, of the other part:

Whereas Finland, having become an ally of Hitlerite Germany and having participated on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom and other United Nations, bears her share of responsibility for this war;

Whereas, however, Finland on September 4, 1944, entirely ceased military operations against the Union of Soviet Socialist Republics, withdrew from the war against the United Nations, broke off relations with Germany and her satellites, and, having concluded on September 19, 1944, an Armistice with the

Governments of the Union of Soviet Socialist Republics and the United Kingdom, acting on behalf of the United Nations at war with Finland, loyally carried out the Armistice terms; and

Whereas the Allied and Associated Powers and Finland are desirous of concluding a treaty of peace which, conforming to the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them, thereby enabling the Allied and Associated Powers to support Finland's application to become a member of the United Nations and also adhere to any Convention concluded under the auspices of the United Nations;

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Treaty of Peace, and have accordingly appointed the undersigned Plenipotentiaries who after presentation of their full powers, found in good and due form, have agreed on the following provisions:

PART I

TERRITORIAL CLAUSES

Article 1

The frontiers of Finland shall be those which existed on January 1, 1941, except as provided in the following article.

Article 2

In accordance with the Armistice Agreement of September 19, 1944, Finland confirms the return to the Soviet Union of the province of Petsamo voluntarily ceded to Finland by the Soviet State under the Peace Treaties of October 14, 1920, and March 12, 1940.

PART II

POLITICAL CLAUSES

Section I

Article 3

In accordance with the Armistice Agreement, the effect of the Peace Treaty between the Soviet Union and Finland concluded in Moscow on March 12, 1940, is restored, subject to the replacement of Articles 4, 5, and 6 of that Treaty by Articles 2 and 4 of the present Treaty.

Article 4

1. In accordance with the Armistice Agreement, the Soviet Union confirms the renunciation of its right to the lease of the Peninsula of Hango, accorded to it by the Soviet-Finnish Peace Treaty of March 12, 1940, and Finland for her part confirms having granted to the Soviet Union on the basis of a fifty years lease at an annual rent payable by the Soviet Union of five million Finnish marks the use and administration of territory and waters for the establishment of a Soviet Naval base in the area of Porkkala-Udd.

2. Finland confirms having secured to the Soviet Union, in accordance with the Armistice Agreement, the use of the railways, waterways, roads and air routes necessary for the transport of personnel and freight dispatched from the Soviet Union to the naval base at Porkkala-Udd, and also confirms having granted to the Soviet Union the right of unimpeded use of all forms of communication between the Soviet Union and the territory leased in the area of Porkkala-Udd.

Article 5

The Aaland Islands shall remain demilitarized in accordance with the situation as at present existing.

Section II

Article 6

Finland shall take all measures necessary to secure to all persons under Finnish jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

Article 7

Finland, which in accordance with the Armistice Agreement has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favor of or because of their sympathies with, the United Nations or because of their racial origin, and to repeal discriminatory legislation and

restrictions imposed thereunder, shall complete these measures and shall in future not take any measures or enact any laws which would be incompatible with the purposes set forth in this Article.

Article 8

Finland, which in accordance with the Armistice Agreement has taken measures for dissolving all organisations of a Fascist type on Finnish territory, whether political, military or para-military, as well as other organisations conducting propaganda hostile to the Soviet Union or to any of the other United Nations, shall not permit in future the existence and activities of organisations of that nature which have as their aim denial to the people of their democratic rights.

Article 9

1. Finland shall take all necessary steps to ensure the apprehension and surrender for trial of:

(a) Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity;

(b) Nationals of any Allied or Associated Power accused of having violated their national law by treason or collaboration with the enemy during the war.

2. At the request of the United Nations Government concerned, Finland shall likewise make available as witnesses persons within its jurisdiction, whose evidence is required for the trial of the persons referred to in paragraph 1 of

this Article.

3. Any disagreement concerning the application of the provisions of paragraphs 1 and 2 of this Article shall be referred by any of the Governments concerned to the Heads of the Diplomatic Missions in Helsinki of the Soviet Union and the United Kingdom, who will reach agreement with regard to the difficulty.

Section III

Article 10

Finland undertakes to recognise the full force of the Treaties of Peace with Italy, Rumania, Bulgaria and Hungary and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Austria, Germany and Japan for the restoration of peace.

Article 11

Finland undertakes to accept any arrangements which have been or may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

Article 12

1. Each Allied or Associated Power will notify Finland, within a period of six months from the coming into force of the present Treaty, which of its pre-war bilateral treaties with Finland it desires to keep in force or revive. Any provisions not in conformity with the present Treaty shall, however, be deleted from the above-mentioned treaties.

2. All such treaties not so notified shall be regarded as abrogated.

PART III

MILITARY, NAVAL AND AIR CLAUSES

Article 13

The maintenance of land, sea and air armaments and fortifications shall be closely restricted to meeting tasks of an internal character and local defense of frontiers. In accordance with the foregoing, Finland is authorized to have armed forces consisting of not more than:

(a) A land army, including frontier troops and anti-aircraft artillery, with a total strength of 34,400 personnel;

(b) A navy with personnel strength of 4,500 and a total tonnage of 10,000 tons;

(c) An airforce, including any naval air arm, of 60 aircraft, including reserves, with a total personnel strength of 3,000. Finland shall not possess or acquire any aircraft designed primarily as bombers with internal bomb-carrying facilities.

These strengths shall in each case include combat, service and over-head personnel.

Article 14

The personnel of the Finnish Army, Navy and Airforce in excess of the respective strengths permitted under Article 13 shall be disbanded within six months from the

coming into force of the present Treaty.

Article 15

Personnel not included in the Finnish Army, Navy or Airforce shall not receive any form of military training, naval training or military air training.

Article 16

1. As from the coming into force of the present Treaty, Finland will be invited to join the Barents, Baltic and Black Sea Zone Board of the International Organisation for Mine Clearance of European Waters and shall maintain at the disposal of the Central Mine Clearance Board all Finnish minesweeping forces until the end of the post-war mine clearance period, as determined by the Central Board.

2. During this post-war mine clearance period, Finland may retain additional naval units employed only for the specific purpose of minesweeping over and above the tonnage permitted in Article 13.

Within two months of the end of the said period, such of these vessels as are on loan to the Finnish Navy from other Powers shall be returned to those Powers, and all other additional units shall be disarmed and converted to civilian use.

3. Finland is also authorized to employ 1,500 additional officers and men for minesweeping over and above the numbers permitted in Article 13. Two months after the completion of minesweeping by the Finnish Navy, the excess

personnel shall be disbanded or absorbed within the numbers permitted in the said Article.

Article 17

Finland shall not possess, construct or experiment with any atomic weapon, any self-propelled or guided missiles or apparatus connected with their discharge (other than torpedoes and torpedo launching gear comprising the normal armament of naval vessels permitted by the present Treaty), sea mines or torpedoes of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft, motor torpedo boats, or specialized types of assault craft.

Article 18

Finland shall not retain, produce or otherwise acquire, or maintain facilities for the manufacture of, war material in excess of that required for the maintenance of the armed forces permitted under Article 13 of the present Treaty.

Article 19

1. Excess war material of Allied origin shall be placed at the disposal of the Allied Power concerned according to the instructions given by that Power. Excess Finnish war material shall be placed at the disposal of the Governments of the Soviet Union and the United Kingdom. Finland shall renounce all rights to this material.

2. War material of German origin or design in excess of that required for the armed forces permitted under the

present Treaty shall be placed at the disposal of the two Governments. Finland shall not acquire or manufacture any war material of German origin or design, or employ or train any technicians, including military and civil aviation personnel, who are or have been nationals of Germany.

3. Excess war material mentioned in paragraphs 1 and 2 of this Article shall be handed over or destroyed within one year from the coming into force of the present Treaty.

Article 20

Finland shall co-operate fully with the Allied and Associated Powers with a view to ensuring that Germany may not be able to take steps outside German territory toward rearmament.

Article 21

Finland shall not acquire or manufacture civil aircraft which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design.

Article 22

Each of the military, naval and air clauses of the present Treaty shall remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Finland, or, after Finland becomes a member of the United Nations, by agreement between the Security Council and Finland.

PART IV
REPARATION AND RESTITUTION

Article 23

1. Losses caused to the Soviet Union by military operations and by the occupation by Finland of Soviet territory shall be made good by Finland to the Soviet Union, but, taking into consideration that Finland has not only withdrawn from the war against the United Nations, but has also declared war on Germany and assisted with her forces in driving German troops out of Finland, the Parties agree that compensation for the above losses will be made by Finland not in full, but only in part, namely in the amount of \$300,000,000 payable over eight years from September 19, 1944, in commodities (timber products, paper, cellulose, sea-going and river craft, sundry machinery, and other commodities).

2. The basis of calculation for the settlement provided in this article shall be the United States dollar at its gold parity on the day of the signing of the Armistice Agreement, i.e. \$35 for one ounce of gold.

Article 24

Finland, in so far as she has not yet done so, undertakes within the time-limits indicated by the Government of the Soviet Union to return to the Soviet Union in complete good order all valuables and materials removed from its territory during the war, and belonging to State, public or co-operative organisations, enterprises or institutions or to

individual citizens, such as: factory and works equipment, locomotives, rolling stock, tractors, motor vehicles, historic monuments, museum valuables and any other property.

PART V

ECONOMIC CLAUSES

Article 25

1. In so far as Finland has not already done so, Finland shall restore all legal rights and interests in Finland of the United Nations and their nationals as they existed on June 22, 1941, and shall return all property in Finland of the United Nations and their nationals as it now exists.

2. The Finnish Government undertakes that all property, rights, and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war and without the imposition of any charges by the Finnish Government in connection with their return. The Finnish Government shall nullify all measures, including seizures, sequestration or control, taken by it against United Nations property between June 22, 1941, and the coming into force of the present Treaty. In cases where the property has not been returned within six months from the coming into force of the present Treaty, application shall be made to the Finnish authorities not later than twelve months from the coming into force of the Treaty, except in cases in which the claimant is

able to show that he could not file his application within this period.

3. The Finnish Government shall invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfers resulted from force or duress exerted by Axis Governments or their agencies during the war.

4. (a) The Finnish Government shall be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where, as a result of the war, a United Nations national has suffered a loss by reason of injury or damage to property in Finland, he shall receive from the Finnish Government compensation in Finnish marks to the extent of two thirds of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favorable treatment with respect to compensation than that accorded to Finnish nationals.

(b) United Nations nationals who hold, directly or indirectly, ownership interests in corporations or associations which are not United Nations nationals within the meaning of paragraph 3 (a) of this Article, but which have suffered a loss by reason of injury or damage to property in Finland, shall receive compensation in accordance with sub-

paragraph (a) above. This compensation shall be calculated on the basis of the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interests of such nationals in the corporation or association bear to the total capital thereof.

(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Finland but shall be subject to the foreign exchange control regulations which may be in force in Finland from time to time.

(d) The Finnish Government shall accord to United Nations nationals the same treatment in the allocation of materials for the repair or rehabilitation of their property in Finland and in the allocation of foreign exchange for the importation of such materials as applies to Finnish nationals.

(e) The Finnish Government shall grant United Nations nationals an indemnity in Finnish marks at the same rate as provided in sub-paragraph (a) above to compensate them for the loss or damage due to special measures applied to their property during the war, and which were not applicable to Finnish property. This sub-paragraph does not apply to a loss of profit.

5. All reasonable expenses incurred in Finland in establishing claims, including the assessment of loss or damage, shall be borne by the Finnish Government.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts imposed on their capital assets in Finland by the Finnish Government or any Finnish authority between the date of the Armistice and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of reparation payable to any of the United Nations. Any sums which have been so paid shall be refunded.

7. The owner of the property concerned and the Finnish Government may agree upon arrangements in lieu of the provisions of this Article.

8. As used in this Article:

(a) "United Nations nationals" means individuals who are nationals of any of the United Nations, or corporations or associations organised under the laws of any of the United Nations, at the coming into force of the present Treaty, provided that the said individuals, corporations or associations also had this status at the date of the Armistice with Finland.

The term "United Nations nationals" also includes all individuals, corporations or associations which, under the laws in force in Finland during the war, have been treated as enemy;

(b) "Owner" means the United Nations national, as defined in sub-paragraph (a) above, who is entitled to the

property in question, and includes a successor of the owner, provided that the successor is also a United Nations national as defined in sub-paragraph (a). If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law;

(c) "Property" means all movable or immovable property, whether tangible or intangible, including industrial, literary and artistic property, as well as all rights or interests of any kind in property.

Article 26

Finland recognises that the Soviet Union is entitled to all German assets in Finland transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures to facilitate such transfers.

Article 27

In so far as any such rights were restricted on account of Finland's participation in the war on Germany's side, the rights of the Finnish Government and of any Finnish nationals, including juridical persons, relating to Finnish property or other Finnish assets on the territories of the Allied and Associated Powers shall be restored after the coming into force of the present Treaty.

Article 28

1. From the coming into force of the present Treaty, property in Germany of Finland and of Finnish nationals shall no longer be treated as enemy property and all restrictions based on such treatment shall be removed.
2. Identifiable property of Finland and of Finnish nationals removed by force or duress from Finnish territory to Germany by German forces or authorities after September 19, 1944, shall be eligible for restitution.
3. The restoration and restitution of Finnish property in Germany shall be effected in accordance with measures which will be determined by the Powers in occupation of Germany.

Article 29

Finland waives all claims of any description against the Allied and Associated Powers on behalf of the Finnish Government or Finnish nationals arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after September 1, 1939, whether or not the Allied or Associated Power was at war with Finland at the time, including the following:

- (a) Claims for losses or damages sustained as a consequence of acts of forces or authorities of Allied or Associated Powers;
- (b) Claims arising from the presence, operations or actions of forces or authorities of Allied or Associated

Powers in Finnish territory;

(c) Claims with respect to the decrees or orders of Prize Courts of Allied or Associated Powers, Finland agreeing to accept as valid and binding all decrees and orders of such Prize Courts on or after September 1, 1939, concerning Finnish ships or Finnish goods or the payment of costs;

(d) Claims arising out of the exercise or purported exercise of belligerent rights.

2. The provisions of this Article shall bar, completely and finally, all claims of the nature referred to herein, which will be henceforward extinguished, whoever may be the parties in interest.

3. Finland likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Finnish Government or Finnish nationals against any of the United Nations whose diplomatic relations with Finland were broken off during the war and which took action in co-operation with the Allied and Associated Powers.

4. The waiver of claims arising out of actions taken by any of the Allied and Associated Powers with respect to Finnish ships between September 1, 1939, and the coming into force of the present Treaty, as well as any claims and debts arising out of the Convention on prisoners of war now in force.

Article 30

1. Pending the conclusion of commercial treaties or agreements between individual United Nations and Finland, the Finnish Government shall, during a period of eighteen months from the coming into force of the present Treaty, grant the following treatment to each of the United Nations which, in fact, reciprocally grants similar treatment in like matters to Finland:

(a) In all that concerns duties and charges on importation or exportation, the internal taxation of imported goods and all regulations pertaining thereto, the United Nations shall be granted unconditional most-favored-nation treatment;

(b) In all other respects, Finland shall make no arbitrary discrimination against goods originating in or destined for any territory of any of the United Nations as compared with like goods originating in or destined for territory of any other of the United Nations or of any other foreign country;

(c) United Nations nationals, including juridical persons, shall be granted national and most-favored-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Finland. These provisions shall not apply to commercial aviation;

(d) Finland shall grant no exclusive or discriminatory right to any country with regard to the operation of commer-

cial aircraft in international traffic, shall afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Finnish territory, including the right to land for refueling and repair, and, with regard to the operation of commercial aircraft in international traffic, shall grant on a reciprocal and non-discriminatory basis to all United Nations the right to fly over Finnish territory without landing. These provisions shall not affect the interests of the national defense of Finland.

2. The foregoing undertakings by Finland shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Finland before the war; and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that State.

Article 31

1. Any disputes which may arise in connection with Articles 24 and 25 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Finnish Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission,

and, failing agreement between the two Governments on the selection of this member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission and shall be accepted by the parties as definitive and binding.

Article 32

Articles 24, 25 and 30 of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations whose diplomatic relations with Finland have been broken off during the war.

Article 33

The provisions of Annexes IV, V and VI shall, as in the case of the other Annexes, have force and effect as integral parts of the present Treaty.

PART VI

FINAL CLAUSES

Article 34

1. For a period not to exceed eighteen months from the coming into force of the present Treaty, the Heads of the Diplomatic Missions in Helsinki of the Soviet Union and the United Kingdom, acting in concert, will represent the Allied and Associated Powers in dealing with the Finnish Government in all matters concerning the execution and interpretation of the present Treaty.

2. The Two Heads of Mission will give the Finnish Government such guidance, technical advice and clarification as may be necessary to ensure the rapid and efficient execution of the present Treaty both in letter and in spirit.

3. The Finnish Government shall afford the said Two Heads of Mission all necessary information and any assistance which they may require for the fulfillment of the tasks devolving on them under the present Treaty.

Article 35

1. Except where another procedure is specifically provided under any Article of the present Treaty, any dispute concerning the interpretation or execution of the Treaty, which is not settled by direct diplomatic negotiations, shall be referred to the Two Heads of Mission acting under Article 34, except that in this case the Heads of Mission will not be restricted by the time limit provided in that Article. Any such dispute not resolved by them within a period of two months shall, unless the parties to the dispute mutually agree upon another means of settlement, be referred at the request of either party to the dispute to a Commission composed of one representative of each party and a third member selected by mutual agreement by the two parties from nationals of a third country. Should the two parties fail to agree within a period of one month upon the appointment of the third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission, and shall be accepted by the parties as definitive and binding.

Article 36

The present Treaty, of which the Russian and English texts are authentic, shall be ratified by the Allied and Associated Powers. It shall also be ratified by Finland. It shall come into force immediately upon the deposit of ratifications by the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland. The instruments of ratification shall, in the shortest time possible, be deposited with the Government of the Union of Soviet Socialist Republics.

With respect to each Allied or Associated Power whose instrument of ratification is thereafter deposited, the Treaty shall come into force upon the date of deposit. The present Treaty shall be deposited in the archives of the Government of the Union of Soviet Socialist Republics, which shall furnish certified copies to each of the signatory States.

APPENDIX III

AGREEMENT

of Friendship, Co-operation and Mutual Assistance between the Republic of Finland and the Union of Soviet Socialist Republics.

The President of the Republic of Finland and the Presidium of the Supreme Soviet of the U.S.S.R.;

Desiring further to develop friendly relations between the Republic of Finland and the U.S.S.R.;

Being convinced that the strengthening of good neighborly relations and co-operation between the Republic of Finland and the U.S.S.R. lies in the interest of both countries;

Considering Finland's desire to remain out of the conflicting interests of the Great Powers; and

Expressing their firm endeavor to collaborate towards the maintenance of international peace and security in accordance with the aims and principles of the United Nations Organization.

Have for this purpose agreed to conclude the present Agreement and have appointed as their Plenipotentiaries:

The President of the Republic of Finland: Mauno Pekkala,
Prime Minister of the Republic of Finland;

The Presidium of the Supreme Soviet of the U.S.S.R.:
Vyacheslav Mihailovich Molotov, Vice-Chairman of the Council
of Ministers of the U.S.S.R. and Minister for Foreign Affairs,
who, after exchange of their full powers, found in good
and due form, have agreed on the following provisions:

Article 1.

In the eventuality of Finland, or of the Soviet Union
through Finnish territory, becoming the object of an armed
attack by Germany or any State allied with the latter,
Finland will, true to its obligations as an independent State,
fight to repel the attack. Finland will in such cases use
all its available forces for defending its territorial
integrity by land, sea and air, and will do so within the
frontiers of Finland in accordance with obligations defined
in the present Agreement and, if necessary, with the assist-
ance of, or jointly with, the Soviet Union.

In the cases aforementioned the Soviet Union will give
Finland the help required, the giving of which will be subject
to mutual agreement between the Contracting Parties.

Article 2.

The High Contracting Parties shall confer with each
other if it is established that the threat of an armed
attack as described in article 1 is present.

Article 3.

The High Contracting Parties give assurance of their intention loyally to participate in all measures towards the maintenance of international peace and security in conformity with the aims and principles of the United Nations Organization.

Article 4.

The High Contracting Parties confirm their pledge, given under Article 3 of the Peace Treaty signed in Paris on 10 February 1947, not to conclude any alliance or join any coalition directed against the other High Contracting Party.

Article 5.

The High Contracting Parties give assurance of their decision to act in a spirit of co-operation and friendship towards the further development and consolidation of economic and cultural relations between Finland and the Soviet Union.

Article 6.

The High Contracting Parties pledge themselves to observe the principle of the mutual respect of sovereignty and integrity and that of non-interference in the internal affairs of the other State.

Article 7.

The execution of the present Agreement shall take place in accordance with the principles of the United Nations Organization.

Article 8.

The present Agreement shall be ratified and remains in force ten years after the date of its coming into force. The Agreement shall come into force upon the exchange of the instruments of ratification, the exchange taking place in Helsinki in the shortest possible time.

Provided neither of the High Contracting Parties has denounced it one year before the expiration of the said ten-year period, the Agreement shall remain in force for subsequent five-year periods until either High Contracting Party one year before the expiration of such a five-year period in writing notifies its intention of terminating the validity of the Agreement.

In witness hereof the Plenipotentiaries have signed the present Agreement and affixed their seals.

Done in the City of Moscow on the sixth day of April 1948 in two copies, in the Finnish and the Russian languages, both texts being authentic.

The Plenipotentiary of the
President of the Republic of
Finland:

Mauno Pekkala.

The Plenipotentiary of the
Presidium of the Supreme
Soviet of U.S.S.R.:

V. Molotov.

APPENDIX IV

POST-WAR FINNISH GOVERNMENTS

<u>Prime Minister</u>	<u>Year</u>	<u>Composition</u>
J.K. Paasikivi.....	1944-45	All parties with the exception of the National Coalition Party.
J.K. Paasikivi.....	1945-46	"
Mauno Pekkala.....	1946-48	All parties with the exception of the National Coalition and the National Progressive Parties.
K.A. Fagerholm.....	1948-50	Social Democratic Party.
U.K. Kekkonen.....	1950-51	The Agrarian, the National Progressive and the Swedish People's Party.
U.K. Kekkonen.....	1951	All parties with the exception of the National Coalition Party and the Democratic League of the People of Finland.
U.K. Kekkonen.....	1951-53	The Social Democratic, the Agrarian and the Swedish People's Party.
U.K. Kekkonen.....	1953-	The Agrarian and the Swedish People's Party.

APPENDIX V

GOODS DELIVERED AGAINST WAR REPARATIONS

	Number Delivered	Value in Million \$
I. <u>Vessels</u>	623	80.0
1. <u>Vessels in operation</u>	105	14.0
cargo boats.....	39	
large passenger boats.....	4	
small passenger boats.....	18	
oil tankers.....	2	
sea-going and coast tugs.....	25	
ice-breakers.....	2	
steel lighters.....	14	
floating dock.....	1	
2. <u>Vessels constructed</u>	514	63.4
150 HP tugs.....	50	
400 and 500 HP tugs.....	39	
600 and 800 HP tugs.....	50	
1000 ton lighters.....	205	
2000 and 3000 ton lighters.....	55	
800 HP fishing trawlers.....	10	
2000 and 3200 ton steamers.....	11	
3000 ton motor vessels.....	3	
300 ton ocean-going schooners,	90	

	Number Delivered	Value in million \$
Special non-magnetic ship.....	1	
3. <u>Docking plants for sea-going vessels</u>	4	2.6
II. <u>Various Machines and Equipment..</u>		70.7
1. <u>Complete factories with power stations</u>	30	14.6
woodpulp and cardboard factory.	1	
prefabricated timber house factories.....	17	
plywood factories.....	9	
wood flour mills.....	2	
bobbin factory.....	1	
2. <u>Machines for chemical wood- working industry</u>		17.5
97 different main items among which may be mentioned:		
evaporation plants.....	6	
sulphate soap manufacturing plants.....	2	
glue cookers.....	39	
rag cookers.....	20	
fibre recovery plants.....	32	
blade and screw agitators.....	77	
soda boiler plant.....	1	
cardboard drying plants.....	12	

	Number Delivered	Value in Million \$
hydraulic special presses.....	22	
sorting equipments.....	168	
water separators.....	66	
various pumps.....	1,128	
fans and heat economizers.....	387	
paper and parchment machines....	6	
various valves.....	5,200	
various paper machine wires.....	95,000 sq. m.	
<u>3. Machines for mechanical wood-</u> <u>working industry.....</u>		11.2
32 different items among which may be mentioned:		
electrically operated hand saws.	2,000	
various floating chains.....	6,200 tons	
frame saws.....	221	
edging saws.....	229	
pendel cut saws.....	380	
bore chisel machines.....	200	
4-cutter planing machines.....	300	
excelsior machines.....	82	
<u>4. Electrical industry machines...</u>		9.8
13 different main items among which may be mentioned:		
current transformers.....	1,141	

	Number Delivered	Value in Million \$
oil switches.....	144	
electric motors.....	27,436 ¹	
water turbines and turbo-		
generators.....	80	
75-175 HP locomobiles.....	510	
transportable power stations...	1,000	
<u>5. Elevator and conveyor</u>		
<u>equipment</u>		16.7
narrow-gauge steam and motor		
locomotives.....	701	
narrow-gauge goods wagons.....	6,187	
goods lifts.....	103	
cranes and hoists.....	139	
<u>6. Miscellaneous machines</u>		
metal lathes.....	220	.9
compressors.....	429	
<u>III. Cable Products</u>		
bright-drawn copper wire.....	17,200 tons	12.9
power and control cable.....	2,340 km.	
<u>IV. Cellulose and Paper Industry</u>		
<u>Products</u>		34.9

¹In addition, some 25,000 motors were supplied in connection with other deliveries.

	Number Delivered	Value in Million \$
1. <u>Paper</u>	129,700 tons	
2. <u>Cardboard</u>	60,400 tons	
3. <u>Cellulose</u>	328,700 tons	
4. <u>Mechanical pulp</u>	109,800 tons	
V. <u>Timber and Wood Products</u>		28.0
1. <u>Sawn goods</u>	1,105,800 cu.m.	
2. <u>Plywood</u>	105,200 cu.m.	
3. <u>Pulpwood</u>	860,000 cu.m.	
4. <u>Piling poles</u>	117,700 cu.m.	
5. <u>Bobbins and spools</u>	530 million	
6. <u>Prefabricated timber houses</u> ...	407,000 sq.m.	
	<hr/>	
	Total	226.5

Lounasmeri, Olavi, Finnish War Reparations (reprinted from
Bank of Finland Monthly Bulletin Nos. 11-12, 1952),
Helsinki, 1953, pp. 6-7.

BIBLIOGRAPHY

- Abrahamsen, Samuel. "Scandinavia and the Atlantic Pact," The New Republic, February 7, 1949, pp. 19-20.
- "Assurances Are Not Enough", New Times (Moscow), Dec. 22, 1948, pp. 15-16.
- Axelsson, George. "Finland Watching the Shadows Deepen", New York Times Magazine, April 11, 1948, pp. 10, 26-27.
- Bell, Henry McGrady. Land of Lakes: Memories Keep Me Company. London, 1950.
- Bellquist, Eric C. "Finland and Democracy in Travail", Western Political Quarterly, Vol. II (1949), pp. 217-27.
- Bess, Demaree. "Finland Hasn't Surrendered to Russia", Saturday Evening Post, June 26, 1948, pp. 28, 118-19.
- Byrnes, James F. Speaking Frankly. New York, 1947.
- Chirkov, B. "Impressions of the Finnish Cinema", New Times (Moscow), July 25, 1951, pp. 20-23.
- Churchill, Winston. Closing the Ring. Boston, 1951.
- Clausen, Oliver C. "Moscow's New 'War' on Finland", New York Times Magazine, November 15, 1953, pp. 14, 78.
- Coates, W. P. and Zelda. The Soviet-Finnish Campaign. London, 1941.
- Cohn, David L. "Finland Under the Guns", Atlantic Monthly, April 1950, pp. 36-38.
- "Completion of Texts of Treaties of Peace with Italy, Rumania, Bulgaria, Hungary and Finland", Department of State Bulletin, Vol. XVI, (1947), pp. 183-86.
- Coomb, G. M. "Russo-Scandinavian Problems", Contemporary Review, (London), Vol. CLXXXI (1952), pp. 14-17.

- "Countries Accede to General Agreement of Tariffs and Trade",
Department of State Bulletin, Vol. XII (1950),
page 815.
- Dancy, Eric. "Finland Takes Stock", Foreign Affairs, Vol.
XXIV, (1946), pp. 513-25.
- Daniell, Raymond. "In the Forepaws of the Russian Bear",
New York Times Magazine, May 22, 1949, pp. 11,
25-26.
- Danielson, J. R. Finland's Union with the Russian Empire.
Helsinki, 1891.
- "Did Finland Outsmart Stalin?", U.S. News and World Report,
August 15, 1952, pp. 30-33.
- "Dubious Course", New Times (Moscow), May 11, 1949, page 14.
- Enckell, Arvid. Democratic Finland. London, 1949.
- "Fagerholm's Cold War", New Times (Moscow), Mar. 23, 1949,
page 13.
- "Fagerholm's Slippery Path", New Times (Moscow), Oct. 20,
1948, pp. 18-20.
- "Finland and the Freedom of International Trade", Finnish
Trade Review (Helsinki, No. 53 (1948), pp.10-16.
- "Finland Treads the Path of Peace", Finnish Trade Review
(Helsinki), No. 49, (1947), page 11.
- "Finland's Bid for Western Trade", Business Week, July 10,
1948, pp. 100-101.
- "Finland's Policy Must Be Changed", Izvestia (Moscow, Feb.8,
1948), translated in Soviet Press Translations,
(University of Washington), Vol. IV (1949),
pp. 238-39.
- Finnish Blue Book. New York, 1940.
- "Finnish Echoes of International Reaction", New Times (Moscow)
Jan. 19, 1949, page 16.
- "Finnish Loans", Fortune, Vol. XXXIII, (1946), pp. 234, 237.
- Fischer, Alfred Joachim. "Finland and the Kremlin",
Contemporary Review (London), Vol. CLXXVII (1950),
pp. 283-88.

- Fischer, Alfred Joachim. "Finland Revisited", Contemporary Review, (London), Vol. CLXXIII, (1948), pp. 165-70.
- _____. "Finland's New Way", Contemporary Review, (London), Vol. CLXVII, (1945), pp. 267-71.
- Fisher, Joseph R. Finland and the Tsars. London, 1901.
- Gathorne-Hardy, G. M. (editor). The Scandanavian States and Finland. London, (Royal Institute of International Affairs), 1951.
- Hall, Wendy. "Baltic No-Man's Land", Fortnightly, (London), October 1949, pp. 231-36.
- _____. "The Finnish Tightrope", Fortnightly, (London), November 1951, pp. 729-35.
- Heiskanen, Piltti. "Mrs. Havia's Race Against Time", The Survey, (New York), Vol. LXXXVII, (April 1951), pp. 155-58.
- "Helsinki Plays the Innocent", New Times, (Moscow), Dec. 8, 1948, pp. 17-18.
- Hewins, Ralph. "Finland Breathes Again", The Christian Science Monitor, May 22, 1948, page 2.
- Hinshaw, David. Heroic Finland. New York, 1952.
- Ilinsky, Y. "The Domestic Situation in Finland", Izvestia (Moscow, Feb. 8, 1948), translated in Soviet Press Translations, (U. of Washington), Vol. III (1948), pp. 245-47.
- "Important Stage in the Development of Soviet-Finnish Relations", Pravda (Moscow, Apr. 8, 1948), translated in Soviet Press Translations (U. of Washington), Vol. III, (1948), pp. 331-32.
- Jaantila, Kirsti. Political, Economic and Social Writings in Post-war Finland. U.S. Library of Congress, European Affairs Division, 1952.
- Jackson, J. Hampden. Finland. New York, 1940.
- _____. "Russia, Finland and Estonia", Contemporary Review, (London), Vol. CLXXXI, (1952), pp. 334-37.
- _____. "Russian Control in Finland", Contemporary Review, (London), Vol. CLXX, (1946), pp. 69-72.

- Khatuntsev, V. "Finland - Meetings and Observations", New Times, (Moscow), Jan. 21, 1953, pp. 23-26.
- Kornilov, A. "Plot Against Finnish Democracy", New Times, (Moscow), Oct. 5, 1949, pp. 9-12.
- _____. "The Political Situation in Finland", New Times, (Moscow), July 18, 1951, pp. 3-5.
- Kruise, Elsa. "Finland and the Tightrope Act", The Christian Science Monitor, September 24, 1949, page 2.
- Kuusinen, Otto. "Finland's New Foreign Policy", New Times, (Moscow), April 11, 1947, pp. 3-8.
- _____. "The Finnish Foes of Peace and Their Artifices", New Times, (Moscow), June 20, 1951, pp. 9-13.
- Laati, Iisakki Valfrid. Social Legislation and Work in Finland. Helsinki, 1949.
- "Labor in Educational Exchange", The Record, (Scientific and Cultural Division of the Department of State), Vol. VII, (1951), pp. 19-20.
- Laing, W.J. Scott. Finland - Economic and Commercial Conditions. London, 1949.
- Lammi, Elmer W. "Finland Lives and Waits", The Christian Science Monitor, September 9, 1950, page 4.
- Lounasmeri, Olavi. Finnish War Reparations (reprinted from the Bank of Finland Monthly Bulletins, Nos. 11 and 12). Helsinki, 1952.
- Mannio, Pekka. "The Problem of Adaption Facing the Metal Industry", Finnish Trade Review, (Helsinki), No. 53, (1948), pp. 18-20.
- Meiksins, Gregory. The Baltic Riddle. New York, 1943.
- Molotov, Viacheslav M. "Challenge to United States Principles", Vital Speeches, New York, Vol. XII, (1946), pp. 679-81.
- Newman, Bernard. Baltic Background. London, 1948.
- Owen, John E. "Religion in Finland", The Christian Century, Chicago, Vol. LXIX, (1952), pp. 921-23.

- Pallo, A. "Post-war Finland", The Baltic Review, (Stockholm), Vol. I (1945-47), pp. 105-109.
- "Peace Treaties with Germany's Former Allies Signed", New Times, (Moscow), Feb. 14, 1947, pp. 1-2.
- Phillips, Joseph B. "The Background of the Soviet-Finnish Case", Newsweek, March 8, 1948, page 36.
- "Proposed Renewal of Diplomatic Relations with Finland", Department of State Bulletin, Vol. XIII, (1945), page 283.
- Rolo, Charles J. "Tourist in Finland", Atlantic Monthly, July 1952, pp. 94-96.
- Rossi, Reino. "Post-war Credits Granted to Finland by the United States", Finnish Trade Review, (Helsinki), No. 53, (1948), pp. 26-28.
- Rossi, Reino. "Survey of the Economic Situation in Finland in 1947", Finnish Trade Review, (Helsinki), No. 51, (1948), pp. 37-40.
- Rosvall, Toivo. Finland - Land of Heroes. New York, 1940.
- Sergio, Lisa. "Finland - Unwilling Satellite", The Nation, July 23, 1949, pp. 75-77.
- Shearman, Hugh. Finland - the Adventures of a Small Power, (published under the auspices of the London Institute of World Affairs), 1950.
- Simon, Sir E. D. The Smaller Democracies. London, 1940.
- "Soviet-Finnish Treaty", New Times, (Moscow), Apr. 14, 1948, pp. 1-3.
- Spencer, Arthur. "Finland Maintains Democracy", Foreign Affairs, Vol. XXXI, (1953), pp. 301-309.
- Strode, Hudson. Finland Forever. New York, 1941.
- Sulkin, Sidney. "The Finnish Paradox", The New Republic, April 1, 1946, pp. 433-34.
- "Third Force", New Times, (Moscow), Aug. 18, 1948, pp. 16-17.
- Toivola, Urho, (editor). The Finland Year Book - 1947. Helsinki, 1947.

- Trukhalev, S. "A Visit to Finland", New Times, (Moscow), June 23, 1948, pp. 18-21.
- Valros, Fredrik. Finland 1946-52. Helsinki, 1953.
- Vandenberg, Arthur H. "U.S. Proposes Reduction in Finnish Reparations", Department of State Bulletin, Vol. XV, (1946), pp. 744-46.
- Walker, John. "Too Small", Time, March 15, 1948, page 33.
- Ward, Edward. Despatches From Finland. London, 1940.
- Welles, Sam. "Nobody's Satellites", Time, June 16, 1947, page 34.
- Wuorinen, John H. "Democracy Gains in Finland", Current History, Vol. XXI, (1951), pp. 208-11, 327-30.
- _____. Finland and World War II. New York, 1948.
- _____. "The Finnish Treaty", The Annals of the American Academy of Political and Social Science, Vol. 257 (May 1948), pp. 87-96.
- _____. Nationalism in Modern Finland. New York, 1931.
- Zilliacus, Laurin. "What Happened in Finland", Atlantic Monthly, May 1947, pp. 69-74.