SIX PERSPECTIVES ON FINLAND'S:
POSTWAR RELATIONS WITH THE SOVIET UNION

by

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Abstract

The purpose of this thesis is to investigate Finland's postwar relations with the Soviet Union from six different perspectives (systemic, strategic, domestic political, personality, economic and cultural) in order to (1) achieve a better general understanding of this unique situation in international relations, and (2) make a systematic analysis of the variables which are most salient in describing and explaining this relationship.

The study is approached mainly from the Finnish point of view, although Soviet factors and perspectives must obviously be included, especially in discussing systemic and strategic variables. It is hypothesized that the critical phase in postwar Finnish-Soviet relations was the 1944-48 period. Once Finland's status as a sovereign and independent buffer-state was established, the development of her relations with the Soviet Union can be characterized by (1) her constant striving to widen her maneuverability in international relations, and (2) the Soviet Union's increasingly lenient attitude towards Finland as the international situation improved and as the Russians became more certain of Finland's intention to maintain friendly relations and a credible neutrality. These developments are discussed in the context of each of the six perspectives.

The thesis concludes with an assessment of the relative importance
of the perspectives in analyzing Finnish-Soviet relations and a discussion of the relevance of the Finnish model in studying small power-great power relationships and neutral buffer-state policies.
# Table of Contents

I. **Introduction** ................................................................. 1

II. **Historical Developments** ............................................. 13  
   A. 1944-48 ................................................................. 13  
   B. 1949-56 ................................................................. 21  
   C. 1957-61 ................................................................. 28  
   D. 1962-present ......................................................... 34  
   E. Summary ................................................................... 43

III. **The Systemic Perspective** ............................................ 45  
    A. The General International System and Political Framework .................................. 45  
    B. Soviet Strategic Imperatives in Europe ............................................................... 48  
    C. Finland's Role as a Neutral Buffer-State in European Politics ............................. 57

IV. **The Strategic Perspective** ........................................... 66  
    A. Soviet Strategic Imperatives in Northern Europe .................................................. 66  
    B. Finnish Responses to the Strategic Conditions ....................................................... 74  
       1. Neutrality Strategy .................................................................................. 74  
       2. Nordic Strategy ...................................................................................... 77  
       3. Defense Strategy ..................................................................................... 82

V. **The Domestic Political Perspective** .............................. 87  
   A. The Finnish Political System ................................................................. 87  
   B. The Finnish Government ........................................................................... 90  
   C. Finnish Political Parties ................................................................. 96  
   D. Domestic Politics and Relations with the Soviet Union .................................... 103
VI. The Personality Perspective .......................... 109
   A. Decision-Makers and Personalities ................. 109
   B. Two Finnish Presidents ............................. 113
      1. Juho Paasikivi ................................. 113
      2. Urho Kekkonen ................................. 116
   C. Other Actors ...................................... 120
      1. Mannerheim ..................................... 120
      2. Stalin ......................................... 120
      3. Khrushchev .................................... 121
      4. Kosygin-Brezhnev ............................... 122

VII. The Economic Perspective ............................ 124
   A. The Finnish Economy ................................ 124
   B. War Reparations and Reconstruction .............. 129
   C. Foreign Trade .................................... 133
      1. Trends and Developments ........................ 133
      2. The Soviet Union ................................ 137
      3. Economic Integration ............................ 142
      4. Future Prospects ................................ 147

VIII. The Cultural Perspective ........................... 149
   A. Finnish-Russian History ........................... 149
   B. Some Aspects of Finnish Culture and Society .... 156
   C. Finnish National Character ........................ 163

IX. Conclusion ........................................... 167
   A. The Multi-Perspective Approach .................... 167
      1. The Advantage of the Approach ................. 167
      2. An Assessment of Our Six Perspectives .......... 170
   B. The Finnish Model ................................ 173
This thesis is dedicated to my wife
Raila as an expression of my deep
respect for her homeland
Lodged in the cold northeastern corner of Europe, it is far removed from the mainstream of world affairs, yet it is peculiarly affected by the slightest changes in the political and economic policies of the great powers. It is the least advanced of the Scandinavian welfare states, yet it hums with prosperity and enjoys one of the ten best standards of living in the world. Above all, it is a stubborn, individualistic, indomitable, resilient, resourceful and courageous nation, magnificent in its loneliness.

Donald Connery
The Scandinavians
I. Introduction

Finland's relations with the Soviet Union are unique in postwar international politics. The Republic of Finland is the only European country having a considerable land frontier with the Soviet Union in which the latter has tolerated a Western parliamentary democracy and a mixed capitalist economy. Despite Finland's physical vulnerability, she has successfully preserved her sovereignty and independence, and the Soviets have even supported and encouraged her policy of neutrality in conflicts between the Great Powers. In contrast with her East European neighbors, Finland today presents the image of a prosperous Scandinavian country whose citizens enjoy the liberal freedoms and rights so highly valued in Western society.

While few observers question the existence and strength of Western social, political and economic values and institutions in Finland, there is some controversy over how much independence and neutrality she really enjoys vis-à-vis the Soviet Union. Several
writers feel that Finnish neutrality is too controlled to be credible, that her independence rests fragiley on Soviet whims, and that her internal political life is constrained and limited. These arguments are repeated with various inferences about the "feudal" nature of Finnish relations with the Soviet Union. However, the majority of authors do not view the situation so pessimistically. Some, for example, believe that while Finland is allowed complete control over her internal politics, the simple imperatives of geography place her within the Soviet sphere of interest in the "classical nineteenth century way," i.e., she is limited in her total foreign policy by the need to maintain good relations with the Soviet Union. Others point out that while Finland now enjoys considerable latitude in her external and especially her internal affairs, the Soviets are able to penetrate and influence Finnish activities in several key issue-areas closely related to Soviet defense interests; Finnish policy has thus been to eliminate controversy in these sensitive areas. And many authors, certainly the Finns themselves, feel that Finnish freedom, independence and neutrality are established facts, and that while they are based on the cooperation and understanding of the Soviet Union, Finland's advantageous situation will not change as long as she continues to recognize the Soviets' legitimate defense interests in Northern Europe. They point out, furthermore, that such recognition does not imply ideological, political or economic subordination, and that since 1948 all Finnish decisions
regarding Soviet affairs have been made by the Finns themselves, rather than having been imposed from outside.

The more negative assessments of the Finnish situation have apparently been written in reaction to incidents where the Soviets have made their influence felt in Finland, or are based on rigid views of the Soviet Union as an inherently aggressive, disruptive and expansionist power. But Finnish-Soviet relations have been remarkably calm during the last ten years—with no serious Soviet influence or pressure—despite political and economic crises within Finland herself. The situation is now quite stable in Northern Europe. All major powers have recognized Finland's neutrality. And her unique situation seems to have acquired a degree of permanency in Soviet eyes that would belie any sceptical observations or pessimistic predictions. The abundant literature available in English also reinforces the image of Finland as an independent neutral: (1) studies on pluralism in the Finnish political system, on Finnish democracy, on Finnish elections, on the dwindling importance of the Communist Party, on foreign policy, on neutrality, on voting patterns in the United Nations, and on economic and trade relations; (2) statements and observations by Finnish and Soviet political leaders and analysts; and (3) the many non-political but informative travel documentaries and impressionistic descriptions. As Tornudd notes, "It may be said that Finland is the only European state to have achieved the situation envisaged
by the Western powers during World War II, when they recognized the legitimacy of the Soviet desire to have friendly neighbours while stressing that these states should be democratically governed.\textsuperscript{16}

Of course, the situation was not always as clear-cut as it appears today. In the immediate post-World War II years, defeated Finland faced a difficult future at the hands of her Soviet victors. The critical phase in postwar Finnish-Soviet relations was the 1944-48 period. From the day the Moscow Armistice was signed in September 1944, ending the Continuation War between the two countries, to 1948, when the Treaty of Friendship was signed in April and the Communists were successfully excluded from the Finnish Cabinet in July without strong Russian protest, few observers could predict with certainty in what direction Finnish-Soviet relations would move. Since that time, the development of these relations has not been completely smooth and crisis free. But once Finland's postwar status as a sovereign and independent buffer-state was established, the basic trend became a gradual but constant improvement in Finland's position.

Amidst all the confusion of postwar developments, Finnish relations with the Soviet Union have followed two basic lines: (1) convincing the Soviets of Finland's friendly intentions and her desire to remain out of Great Power disputes, and (2) attempting to achieve greater latitude and maneuverability in her internal and especially external political and economic life. At the same time, the Soviet Union's attitude can be characterized by an increasing leniency towards
Finland as the international situation has improved and as the
Russians have become more certain of Finland's ability to maintain
friendly relations and a credible neutrality.

The authors who have investigated these developments, in
searching for explanations and causal relationships, have posited various
factors and variables as being the salient determinants of Finnish-
Soviet relations. Some writers, for example, have tended to emphasize
the interrelation of nation-states on the European continent—or in
the Nordic region—as determinants of Finland's present situation; they
have emphasized the course of the Cold War, the postwar European balance
of power, or the strategic interplay between North European countries. Others have tended to place emphasis on Finnish national or internal
factors as being prime determinants of Finnish-Soviet relations; they
have noted how the Finns themselves—through their domestic political
institutions and foreign policy diplomacy—have been able to direct
the fate of their nation. But in general, the determinant variables
posited in the literature have been used in a rather unsystematic fashion.
A disjointed "thicket of theories" about causal relationships has thus
grown up which seems to prevent us from having a clear, overall view
of the situation.

It would seem possible, however, to group these disparate sets
of variables and determining factors into what might be termed conceptual
categories, or perspectives, in which related variables are organized,
discussed and analyzed. The purpose of this thesis is to use six such perspectives in an investigation of Finnish-Soviet relations in order to (a) achieve a better understanding of this unique situation in international politics, and (b) make a systematic analysis of the variables which are most salient in describing and explaining this relationship. The six perspectives are: (1) the systemic, (2) the strategic, (3) the domestic political, (4) the personality, (5) the economic, and (6) the cultural.* They have been consistently—although unsystematically and often unexplicitly—posited throughout the literature as the most important in Finnish-Soviet relations; in this thesis I have organized them as follows:

(1) The Systemic Perspective. In this "world politics" perspective, postwar Finnish relations with the Soviet Union are placed in the context of the global arrangement of interacting nations, the international system—providing a picture of the general political framework in which Finland has had to operate.

*The bureaucratic perspective, put in vogue by writers such as Allison, is not used in this thesis. While such a perspective could conceivably include important and interesting factors—focusing as it would on Finnish foreign policy as the output of competition among bureaucracies and standard operating procedures within bureaucracies—there is at present a scarcity of source material in English.
The interrelation between nations within the system, especially between the Great Powers, is discussed, and Finland's situation is analyzed as part of general Cold War developments. In particular, Finnish-Soviet relations are placed within the context of postwar developments in the European sub-system.

Soviet domestic politics, foreign relations and strategic imperatives in Europe are also investigated as determinants of Finland's relations with the Soviet Union.

Finally, the concept of Finland as a neutral buffer-state in European politics is discussed. This section treats Finland's position as (1) part of a cordon sanitaire of European countries around the Soviet Union, set up by the Russians after World War II as a protective shield to absorb the first blows of a possible land-based attack from the West; (2) part of a neutral zone, along with Sweden, physically separating the NATO and Warsaw Pact blocs--serving as a military barrier and thereby helping prevent friction; and (3) part of what I term the "political buffer-state" role of many nonaligned countries which, through the sponsorship of programs of peaceful coexistence, mediation and
negotiations between opposing military blocs, can help modify or lessen the political impact of confrontation or competition between the Great Powers.

(2) The Strategic Perspective. In this perspective, Finnish-Soviet relations are placed within the context of strategic imperatives in the North European regional sub-system. The security and status within this region of Russia, Finland and the other Nordic countries are emphasized as determinants of Finnish relations with the Soviet Union.

As in the systemic perspective, Finnish domestic influences are abstracted from consideration here. The nation and all its groups and individuals are collapsed into a unitary actor which calculates foreign policy in regard to external conditions. Unlike the previous perspective, however, our strategic perspective emphasizes the security and status of Finland and her neighbors in the North European context—stressing the political, diplomatic and military relationships within this area and discussing the balance of power between Nordic countries and the Soviet Union.

In this light, Russian strategic imperatives in Northern Europe are first analyzed as determinants of
postwar Finnish-Soviet relations; for example, the controversy over Soviet offensive or defensive intentions is discussed. Secondly, Finnish responses to the strategic situation are investigated: i.e., Finland's neutrality as a strategy for maintaining independence; her policies for remaining an essential part of the Nordic strategic balance; and the defensive military plans designed to maintain her sovereignty and the credibility of her neutrality.

(3) The Domestic Political Perspective. This perspective emphasizes the Finnish domestic political system, form of government and political parties as determinants of Finnish relations with the Soviet Union.

Unlike the two previous perspectives, the variables here are of an internal nature. For example, the strength of Western constitutionality in Finland, the organization of Finnish foreign policy decision-making, and the influence of the country's partisan party politics are discussed.

In addition, Soviet influence on Finnish domestic politics is analyzed as a factor in the relations between the two countries.

(4) The Personality Perspective. Two main factors
are emphasized in this perspective: (a) the key role of high-level personal diplomacy in Finnish-Soviet relations, and (b) the importance of the two postwar Finnish presidents—as well as several other Finnish and Soviet leaders—in determining the tone of relations between the two countries.

Because of the relatively limited scope of this thesis and the paucity of biographical material on Finnish decision-makers in English, our personality perspective does not include a study of the psychological structures or cognitive processes of the leaders in question. There is no extensive biographical information or operational-code study. Instead, we limit our investigation to the "political personalities" of various decision-makers as they relate to Finnish-Soviet relations; that is, we discuss aspects of their political backgrounds and philosophies which seem to make them important individual determinants of these relations. Above all, our perspective emphasizes the attitudes of the Finnish presidents towards the Soviet Union, and the effect of these attitudes on their ability to deal with Russian leaders and influence Finland's postwar developments.

(4) The Economic Perspective. This perspective emphasizes economic factors as determinants of Finnish relations with the Soviet Union. Finland's economic
system and framework are discussed, her postwar recovery is investigated, and the present state of her economy is evaluated.

The importance to the Finnish economy of foreign trade forms the main body of this perspective. In this context, we study the effect of Finnish-Soviet relations on Finland's trading patterns, as well as the specific question of economic and trade relations between the two countries. Finally, we review Finland's relationship to Western economic integration.

(6) The Cultural Perspective. This perspective emphasizes such factors as Finnish-Russian history and the Finnish national character as determinants of Finland's postwar relations with the Soviet Union. Several other aspects of Finnish culture and society are also briefly investigated, such as the effect of Finland's Western cultural orientation on relations with Russia, and the role of the country's newspapers in the conduct of foreign affairs.

The multi-perspective study is preceded by a review of the historical developments since World War II. The thesis concludes with a summarization of our multi-perspective approach; an assessment of the relative importance of the different perspectives in analyzing
Finnish Soviet relations; and a discussion of the relevance of applying the Finnish model to studies of small power-great power relationships and neutral buffer-state policies.
II. Historical Developments

A. 1944-1948

The Moscow Armistice, signed in September 1944, ended the so-called Russo-Finnish Continuation War, which had begun soon after Germany's Barbarossa invasion. It was a curious war. It was tacitly assumed—even by the Soviet Union—that Finland was a "co-belligerent," not an ally, of Germany. Her war aims were limited to the recovery of territory she had lost during the 1939-40 Winter War, which had been fought partly because of her refusal to cede strategic areas near Leningrad to the Soviets. And she had no quarrel with Russia's allies, although she was technically at war with Great Britain. With Soviet troops engaged against the Germans, Finland soon regained control over the Karelian Isthmus, but wisely refused to take part in other Nazi operations such as the destruction of Leningrad. The Finnish Army settled down to a cautious three-year holding operation.
After Stalingrad, the Finns saw which way the wind was blowing, and started putting out peace feelers. They had never been on very amicable terms with Germany (in part because of Hitler's internal policies); and there was now a growing feeling that Finland's fate depended on some sort of accommodation with the Russians. In June 1944 the Soviets attacked along the Karelian frontier and penetrated approximately as far as during the Winter War, where they were temporarily stopped by the hard-fighting Finnish Army. Finland sued for peace. The Soviet Union, preoccupied with the Germans to the south, was only too glad to avoid a costly invasion. The Armistice was signed in September. The Red Army moved no further into Finnish territory, and Finland became one of the few European nations involved in the Second World War to avert a foreign occupation.

Finland emerged from the War a crippled but still independent nation. However, the terms of the Armistice were particularly difficult, presenting four major problems whose solution was essential but at times doubtful:

(1) The Finns were required to expel the 200,000 German troops stationed in northern Finland. After bloody fighting the Germans were driven out in April 1945, but they completely ravaged Finnish Lapland in their retreat.

(2) The Russians annexed Petsamo province, thus cutting off Finnish access to the Arctic Ocean; they annexed the Karelian Isthmus--
one-tenth of total Finnish territory, including Vyborg (Viipuri, the second largest city) and 13 per cent of the country's national wealth; and they took over and fortified the naval base at Porkkala, only several miles west of Helsinki.²

(3) Finland was required to pay reparations in kind to the amount of 300 million 1938 dollars; two-thirds of the payment was to consist of ships and machinery for which Finland had no existing industrial capacity. This had to be done in the face of a war-wrecked economy, a demolished Lapland, and a re-settlement problem involving some 443,000 Finnish refugees (10 per cent of the population) from Karelia.³

(4) The most formidable problem was the political task of setting up a government which would not only be friendly to the Soviet Union, but would seem so in Soviet eyes. Finnish independence depended on the success of this venture. To this end, President Risto Ryti resigned shortly before the Armistice, and in his place Parliament elected Marshal Karl Gustaf Mannerheim, the conservative Army Commander who had nevertheless advocated accommodation with the Soviets in the late 1930s. In November, Juho Paasikivi became Prime Minister and formed a new caretaker Government. Paasikivi was one of the outstanding figures in postwar Finnish-Soviet relations; although a conservative anti-communist, he had for decades favored a conciliatory attitude toward the Russians, and was trusted by them. In 1944, he advocated a policy of friendly relations with the Soviet Union, but not to the
point of sacrificing Finland's freedom.

One of the conditions of the Armistice was the legalization of the Finnish Communist Party. To bolster their strength, the Communists combined with dissident leftist members of the bourgeois-oriented Social Democrats to form the Finnish People's Democratic League (SKDL). In the March 1945 parliamentary elections, held without interference from the Soviet Union, the SKDL won 49 seats out of 200. Their strong showing in a country recently at war with Russia can be partly explained by the fact that the SKDL represented the only leftist political expression of the Finnish workers' movement. As a result of the elections, three Communists, including Minister of the Interior Yrjö Leino, were included in the new Cabinet. **

* The Social Democrats, while appealing to workers' interests, had developed a bourgeois orientation in the 1930s. Other factors involved in the SKDL's relatively strong showing will be discussed in the chapter on domestic politics.

** To clarify any future misunderstandings, it should be noted that Finnish parliamentary elections are normally held every four years, and the presidential election is held every six years. The two elections are thus separate political happenings. The Parliament is chosen through direct regional voting. The President is chosen by an electoral college system. The President selects a Prime Minister from among the Members of Parliament, and the Prime Minister in his turn forms a Cabinet. Due to the Finnish multi-party system (there were 8 parties in the January 1972 elections), the Cabinet is usually a coalition of some kind, reflecting political strengths in Parliament.

In case of a political impasse in the Government, which occurs rather frequently, the President may dismiss the Cabinet, appoint a new Prime Minister, or dissolve Parliament in an extreme case and order new elections.

Although the Cabinet contains a Foreign Minister, the President is directly responsible for the conduct of foreign affairs. This places Finland's foreign relations partially outside partisan political infighting, and also gives the President great power in international situations.
Early in 1946, Mannerheim resigned from the Presidency due to ill health, and Parliament elected Paasikivi in his place. The new President appointed as Prime Minister Mauno Pekkala, a non-Communist member of the SKDL, and along with Leino and four other SKDL men, the 18-member Cabinet had a definite pro-Communist tinge. The now "classic" pattern of Communist domination in Eastern Europe seemed to be slowly developing in Finland. Old-line Finnish Communists were returning from exile in Moscow; the reorganized State Police was being molded into a Communist-controlled force; and many of the political strings in Helsinki were being pulled by the Allied (Soviet) Control Commission, headed by Andrei Zhdanov. To many observers, it seemed that the Soviets were bent upon sabotaging Finland's economic efforts in an attempt to sow internal disruption. The war reparations, already a heavy burden for a country struggling to feed and clothe itself, were strictly controlled: delay fines on scheduled reparation deliveries were rigorously imposed, and quality specifications became unreasonably rigid. In addition, the Finns were obliged to comply with the humiliating demands of the Control Commission: wartime leaders were tried in Finnish courts for "war crimes" and sentenced to five and ten-year prison terms, and anti-Soviet or fascist-tinged politicians were requested to remove themselves from the Finnish political scene in the interest of "national security."

But by 1947, despite much ominous foreboding, the situation
seemed to have changed in democratic Finland's favor. In February, the Peace Treaty between Finland and the Allied and Associated Powers was signed in Paris, and after it was ratified by Moscow in September, the Control Commission became defunct. The political scene was relatively stable and quiet, relations with the Soviet Union were better, and reparation deliveries were proceeding fairly well under more relaxed controls. Most significantly, the SKDL lost heavily in the December municipal elections. Popular Communist support was waning, and it was becoming apparent that the only realistic possibility for Communist consolidation would be through Soviet invasion or a coup from above. But this was indeed a danger. We have noted how the SKDL held key posts in the Government and the State Police (but not the regular police forces or the Army). And 20,000 Soviet troops were stationed at the Porkkala naval base. 1948 was to be the pivotal year.

In February, just one week after the coup in Czechoslovakia, Stalin sent Paasikivi an ominous note virtually commanding him to negotiate a military treaty along the lines of the Hungarian and Rumanian mutual defense treaties. This was a clear hint of impending disaster, and it was not the only indication. General Savonenkov, who was known to favor the communization of Finland, returned to Helsinki as Soviet Minister. Hertta Kuusinen, old-guard Communist Otto Kuusinen's daughter and Leino's wife, declared publicly in March that "the role of Czechoslovakia is the role for us." And in mid-March the

* Otto Kuusinen, who lived most of his life in exile in the Soviet Union, had led an abortive Finnish provisional government in Karelia during the Winter War. He later became a member of the Soviet Presidium.
Communists stepped up their heretofore low-key pressure on the government through violent street demonstrations and occupation of non-Communist newspaper offices.

It is not known to this day whether the Communists actually planned to stage a coup in March. It is known, however, that at a crucial point, on March 19, Leino secretly visited General Aarno Sihvo, the Finnish Army Commander, and advised him of a forthcoming campaign of violence. Strong security measures were immediately taken: army garrisons were secured, State Police arsenals were taken over, and tank units were moved up to Helsinki. The possibility of a forced coup from within was eliminated.

Meanwhile, the Finnish negotiating team was preparing to leave for Moscow. Many thought the hour of Soviet expansion had come. Parliament would not freely accept a military pact, and the negotiators were preparing themselves for tough talks. Their chief purpose was to limit Finland's commitments to the basic minimum required to remove Russia's historic fear of a northern attack through Finland, and to avoid any military alignment. Soviet intransigence would probably mean disaster.

However, the Russians made an apparent volte-face. The Finns found the Soviet leadership quite responsive and even understanding. The treaty that ensued, far from being a military pact, was based on Finnish proposals and a Finnish draft. The Finnish-Soviet Treaty of Friendship, Cooperation and Mutual Assistance, signed on April 6th, effectively ended the crisis in Finland. It differs greatly from other East European treaties. Its military terms are precise and limited, placing Finland under the obligation to defend only herself should
Finland—or the Soviet Union through Finland—become the object of an aggression by Germany or any state allied with Germany. If Soviet assistance is ever required, it can be given only with the agreement of both parties. And the preamble expressly recognizes Finland's desire to keep out of "contradictions of interest" between the Great Powers. The treaty is not a document of alignment or mutual defense. And in Soviet eyes, it became accepted as the guarantee of Finland's neutrality and independence.

This agreement seemed to banish many ambiguities with regard to Soviet intentions in Finland. The Soviet Government appeared satisfied with having secured its defensive interests on the northwest frontier behind the Finnish buffer-state, and it did not press for any ideological concessions. This attitude was further demonstrated in the denouement of the domestic crisis. In May, Interior Minister Leino was accused of irregularities in several 1945 deportation cases, was censured by Parliament, and dismissed by President Paasikivi. Deprived of the Ministry of the Interior and the State Police, the Communists attempted a general strike through their rank and file labor organizations. It failed. There seemed to be no mass revolutionary following. Far from being upset over this turn of events, the Soviet Union in June cancelled half of the remaining war reparations, thus easing Finland's economic burden and freeing her goods for trade with the West. In July, the SKDL lost 11 seats in the new parliamentary elections; the new Cabinet, excluding the SKDL, was formed under
Prime Minister Karl August Fagerholm, a Social Democrat. Although Moscow was opposed to Fagerholm's Government, no serious measures were taken to reinstate the Finnish Communists. The Soviets were unwilling to apply the strong pressures at their disposal, and they seemed to have accepted the basic status quo in "bourgeois" Finland.

The political atmosphere had changed considerably by mid-1948. From a situation which seemed to be moving in a classical Communist takeover pattern, the picture was altered to such an extent that radical leftist elements were excluded from the Government and other influential posts. This was indeed a dramatic turn of events. Finland was of course not free from the restrictions implicit in her situation; her reluctant refusal of Marshall Plan aid in August was ample evidence of this. But although Finnish-Soviet relations would be clouded over by subsequent incidents and mini-crises, Finland's basic status as a sovereign and independent buffer-state was now established.

B. 1949-56

Fagerholm's minority Social Democratic Government soon attracted the enmity of both the Soviet leaders and the local Finnish Communists. The Prime Minister realized the necessity of maintaining an attitude of friendliness toward the Soviet Union, and repeated his assertions that Finnish-Soviet relations should conform to the spirit and letter of the 1948 Treaty. But his independent actions, as well as the firm stand he took against the SKDL, resulted in strong Communist denunciation of his Government. He was criticized for allowing his policies to be
dominated by the "ex-servicemen's junta" of Social Democrats who had fought in the War, and the Soviet press charged him with responsibility for the continued existence of ad hoc paramilitary counter-insurgency organizations which had sprung up after the War and still functioned under the guise of "hunting societies" and "shooting clubs." In addition, Fagerholm released the last of the "war responsibles" from prison in May 1949, and also purged and later abolished the State Police.

The Government's continued pressure on Finnish Communists still in influential posts brought about strong retaliation, at first in the form of wild-cat work stoppages in late 1948. The labor unrest developed into full-scale strikes and local riots by mid-1949, and once again the Army was alerted for fear of a political coup. By September, however, the strikes lost their momentum, and the internal crisis was over. The Finnish Communist Party was once again defeated by the lack of mass revolutionary fervor, the firm action taken by the authorities, and the reluctance of the Soviet Government to provide anything more tangible than propaganda support.

On the international scene, Moscow accused Fagerholm of weakening Finland's relations with the Soviet Union when he attempted to increase contacts with Scandinavia and the West. In January 1949 the Soviets' distrust of Finnish intentions, plus the negotiations of Denmark and Norway for entry into NATO, caused many to fear that Moscow might invoke the "consultation clause" of the Treaty of
Friendship—thus seriously endangering Finland's nonaligned status. But these fears proved groundless, and the unease surrounding the international situation was dissipated at the same time the Communist-led strikes were broken.

Nevertheless, the rhetoric in the Soviet and Finnish Communist press continued. The general deterioration of Finnish-Soviet relations was reflected in the criticisms levelled at Paasikivi himself during the February 1950 presidential election—despite the President's efforts to maintain Soviet confidence by staying aloof from the political unrest in his country.

Paasikivi won the election by a sizable majority. In accordance with parliamentary procedure, Fagerholm's Cabinet resigned. Paasikivi immediately called upon Dr. Urho Kekkonen, leader of the centrist Agrarian Party, to form a new Government. Kekkonen, who in subsequent years was to play a prominent role in Finnish-Soviet relations, was much more acceptable to the Russians. The new Prime Minister had not compromised himself in Soviet eyes during the War, and he was a political opponent of the Social Democrats. He had played a key role in the 1948 Treaty negotiations, and was closely identified with Paasikivi's foreign policy. Though Kekkonen led the comparatively conservative, anti-communist Agrarian Party, he fulfilled the basic requirements for getting along with the Russians.

Kekkonen's minority Agrarian Government was beset with
internal economic and political difficulties, and he was soon forced to form a coalition Cabinet with the Social Democrats. A series of short-lived minority and caretaker Governments followed during the next six years, although Kekkonen and his supporters retained a dominant influence. Despite the frequent vacillations and changes of Cabinet, however, the Soviets seemed more and more satisfied that the Finns were intent upon maintaining good relations. Finnish foreign policy, after all, was in the hands of Paasikivi, who remained in over-all control of the domestic situation yet managed to stay aloof from partisan party squabbling. In addition, the Soviets were beginning to trust Kekkonen as much as they trusted the aging Finnish President.

The first concrete evidence that the Russians were willing to do business with Kekkonen was the resumption in June 1950 of trade negotiations which had bogged down under Fagerholm; the ensuing agreements helped assure a commercial market for Finnish shipbuilding and heavy industry at a time when war reparation deliveries were almost completed. These agreements were re-negotiated in 1952 and 1954, to Finland's economic advantage. The reparation payments themselves were completed in September 1952, and the celebration ceremonies demonstrated a new cordiality in Finnish-Soviet relations; once again the Finns had kept their word and paid their indemnity—thus earning the respect of the Soviet leaders.*

*Finland had already acquired an international reputation as a conscientious debtor: she was the only country to repay her World War I debt to the United States.
Other indications marked the improvement of relations between the two countries: the Soviet press no longer attacked the Finnish Government, but limited its criticisms to the Social Democratic Party; in April 1951, General Savonenkov was withdrawn from service in Helsinki, and was replaced by a career foreign service diplomat; Otto Kuusinen's duties in Moscow were relegated to activities unrelated to Finland; the Russians made no protest when, in the July 1951 parliamentary elections, the SKDL slightly increased its strength but was not included in Kekkonen's Cabinet; and in September 1954, Paasikivi was awarded the Order of Lenin. At the same time, the Finns were steadily whittling away at the restrictions imposed upon them by postwar circumstances. In 1952, for instance, following a United States-Finland student exchange program, an agreement between the two countries was made concerning Fulbright scholarships.

After Stalin's death, there were even more tangible improvements. Up until 1954, the Soviets had used their influence to restrict Finnish political and economic relations with the Western and Scandinavian countries. But with the emergence of Khrushchev and Bulgarin in the Kremlin, Finland was able to increase her foreign policy ventures

* As we shall see in subsequent chapters, Soviet pressure could come in many forms: the threat of invoking the "consultation clause"; the threat of sabotaging reparation payments or limiting trade relations; or the threat of diplomatic and political pressure on Finnish politicians perceived as being unfriendly to the Soviet Union, i.e., the constant criticism of such politicians in the Soviet press, or the refusal to work with them or their associates diplomatically.
in the West. A case in point was her adherence to the Nordic Council. In 1951, when the Council was first formed, Finland had remained out by choice, fearing that membership might provoke the hostility of the Kremlin. In 1954 Soviet reaction to Finnish membership was still negative. But by 1956 it was clear that the Soviet leaders had changed their minds, and in January Finland became a full member. Since then, Finnish participation in Council activities and projects has not been opposed by the Russians.

Finland's admission to the United Nations in December 1955 was also indicative of her improving situation. Although there was some opposition within the country to UN membership--due to fears that Finland might risk involvement in Great Power confrontations--she had been trying to join the organization for seven years. Her admission was part of a general Soviet-American agreement not to oppose each others' candidates for membership. And while her voting has since been cautious and neutral, her participation in UN peacekeeping forces and development assistance work has won her the respect of the international community. In 1956, her membership certainly freed her from a relative state of diplomatic isolation.

In September 1955, the world got the clearest evidence that in Soviet eyes Finland had become more valuable as an example of peaceful coexistence than as a satellite, and that the Finns had convinced the Soviet leaders of their desire to maintain friendly relations. An agreement was signed pledging the return of Porkkala
to Finland and the withdrawal of all Russian forces from the naval base by January 1956. In addition, to the satisfaction of both parties, the Treaty of Friendship was renewed for a twenty-year period. And in February, at the Twentieth Congress of the Soviet Communist Party, the Russians referred to Finland as a neutral country for the first time in an official statement. 27

The return of Porkkala, although it has been dismissed as a cheap gesture, had profound implications for Finland. In the first place, it removed Helsinki from the strain of living literally under Soviet guns. Politically, it lent support to Paasikivi's thesis that Soviet interests in Finland were defensive and that the best policy was a "prudent appeasement" of those interests. Finally, it opened the way to international recognition of Finland's emerging position as a European neutral. 28

In March 1956 Kekkonen was elected President by a one-vote majority in the 300-member electoral college, thus assuring continuation of what was becoming known as the "Paasikivi Line." 29 Internal political and economic unrest followed Kekkonen's election and the installation of a new Fagerholm Cabinet: in March, 200,000 union members and 500,000 non-union workers left their jobs in a three-week general strike, demanding either a rollback in food prices or a rise in wages. And the next few years would show that the Soviets had still not overcome their suspicions over bourgeois Finland's policy intentions. But before Paasikivi died in December 1956, he could look with
satisfaction at having led his country from a position of despair in 1944 to that of established independence, developing neutrality, and growing economic prosperity just twelve years later.

C. 1957-61

In 1957, there were indications that Finnish-Soviet relations would continue to improve. Khrushchev and Bulganin visited Finland in June—the first visit of top Soviet leaders to the West since World War II. The speeches made during the week-long stay were full of glowing references to Finnish neutrality and independence, and there were important trade and cultural agreements. Kekkonen's return visit in May 1958 was an equally cordial occasion. 30

It was also becoming clear that Kekkonen intended to move beyond the Paasikivi Line and follow a more active policy of neutrality. While Paasikivi had been intent upon a relatively passive foreign policy, Kekkonen felt that Finland's position vis-a-vis Russia could be best enhanced by increasing commercial and political ties with both East and West, and by actively contributing to the establishment of an international atmosphere of peace and coexistence. 31 This desire to increase Finnish security through promoting the relaxation of international tension was to become more evident in the 1960s and 1970s—in such ventures as the SALT talks and the proposed European Conference on Security and Cooperation. But even in the mid-1950s, a new "Paasikivi-Kekkonen Line" was emerging, with schemes such as Kekkonen's
plan for a neutral Scandinavian nuclear-free zone.

However, the years 1956-58 were marked by party disunity and a series of Cabinet crises, and these internal conflicts were to have serious repercussions for Finnish-Soviet relations, resulting in the "mini-crises" or "night frosts" of 1958 and 1961. Domestic economic questions forced the resignation of Fagerholm's coalition Government in April 1957. A number of caretaker Cabinets were unsuccessfully attempted, and the instability of the multi-party system at this time was reminiscent of the similar situation in France. In the July 1958 general elections, the disunity of the non-Communist parties made it possible for the SKDL to become the largest party in Parliament, with 50 seats out of 200. The other parties were shocked into an uneasy truce, and Fagerholm again attempted to form an Agrarian-Social Democratic Government— to the exclusion of the Communists. But the Social Democrats, under the leadership of their newly-elected chairman, Väinö Tanner, were unable to maintain good relations with the Soviet Union, and the situation deteriorated badly. Tanner, a bitter rival of Kekkonen, was viewed with extreme distrust by Soviet leaders, who felt he was one of the politicians most responsible for Finnish policy during the war years.

Moscow reacted unfavorably to the post-election situation— not so much because the Communists were out of the Government, or because of the Social Democratic platform, but because the Soviets
suspected that certain Social Democratic leaders intended to change the course of Finland's foreign policy. Despite Finnish protestations to the contrary, a freeze set in affecting many aspects of Finnish-Soviet relations: the Soviet Ambassador was withdrawn, economic and trade negotiations were ended, all bilateral talks were postponed, and so forth. At the same time, an ominous rise in tension over Berlin increased everybody's anxiety. The Finnish people were understandably divided over what to do. Many felt Finland should stubbornly assert her right to order her internal matters without outside interference. Others, including Kekkonen, felt that in order to preserve the Finnish way of life it was much more important to regain Soviet confidence in Finnish neutrality. Finally, the President's view prevailed. A new minority Agrarian Cabinet—excluding both the SKDL and the Social Democrats—was formed under Vieno Sukselainen in January 1959. A personal Khrushchev-Kekkonen talk in Leningrad broke the ice shortly thereafter, and economic and political relations were restored to normal.

From the points of view of Finnish domestic politics, Soviet tactics, and international tension over Germany, the second incident of strained Finnish-Soviet relations was actually a continuation of the first. For the February 1962 presidential election, the Social Democrats, incensed by what they felt was Kekkonen's collusion with Khrushchev in order to monopolize power for himself, allied themselves with the Conservatives to promote the candidacy of Olavi Honka. They insisted
their aim was to put an end to a corrupt regime, not a foreign policy. But Moscow, regarding Kekkonen as the guarantor of status quo stability in Finnish relations, was hostile—even though observers felt that Honka had little chance of defeating the incumbent President.

The Finnish election campaign was getting under way at a time of high East-West tension in 1961. The United States and the Soviet Union were headed for a showdown over Berlin. Rhetoric was inflammatory. Nuclear testing reached new highs on both sides. The Berlin Wall went up in August, and the Geneva disarmament talks broke off in September. Soviet fears of German aggression—real or imagined—were renewed in an ominous sense for the Finns. In October, while Kekkonen was on an official visit to the United States, he received a note from the Soviets requesting military consultation in accordance with the Treaty of Friendship and in light of an increased German "threat" in the North. The consternation must have been great on the part of the Finns. Military talks with the Soviet Union would have put them right in the middle of the Cold War, and their neutrality would have been tainted no matter what the outcome of the discussions.

Kekkonen was unperturbed, at least on the surface. He did not even cut short his American visit. He felt that all the Soviets really wanted was assurance that nothing would disrupt the friendly relations between the two countries. In November he met with Khrushchev in Novosibirsk, and was able to convince him that military consultations
would be likely to cause concern and perhaps even NATO-sponsored military preparations in other Scandinavian countries; therefore, by abandoning the military talks the Soviet Union could not only best serve her security interests in the North, but could provide evidence of her desire to follow a peaceful coexistence policy. At the same time, Honka decided to give up his candidacy in the "national interest." It is probably that both Honka's resignation and Kekkonen's diplomacy were vital to Khrushchev's final decision to postpone the military discussions.

The most important lesson in these two mini-crisis was that Soviet penetration into Finnish domestic politics is limited to two key interrelated issue-areas: Finland's general policy of neutrality and friendship with the Soviet Union, and the high-level composition of the Government that would assure the continuity of that policy. There was no attempt to impose the Communists on the Finnish people; the Russians were not promoting a change in Finland's internal situation, but were anxious to preserve the status quo. Their involvement in Finnish affairs was defensive, not ideological. They simply did not believe in the Social Democrat's commitment to the Paasikivi-Kekkonen Line. Khrushchev obviously exploited the international situation to gain advantage in Finland, but it is doubtful the Russians would have ever invaded the country. The most significant point, as Jakobson notes, is that the Finnish debate over the extent foreign
policy (relations with the Soviets) should be taken into account in
domestic matters (formation of the Government) was a free one; at all
times the decision as to what course to follow was taken by the Finns
themselves, rather than being imposed by a foreign power.*33

Still, the 1958 and 1961 incidents were at least temporary
set-backs in Finland's relations with the Soviet Union. Other develop­
ments at this time, however, showed the adroitness of the Paasikivi-
Kekkonen Line in improving Finnish-Soviet relations to Finland's
advantage. A good example was her acceptance as an associate member of
the European Free Trade Association in March 1961. Although Finland
had adhered to the General Agreement on Trade and Tarrifs (GATT) from
its inception, the Soviets had been opposed to further Finnish
participation in Western economic integration, and distrusted EFTA as
a hostile trade bloc.34 The Soviet Union was also opposed to any
economic arrangement which might threaten her most-favored nation
agreement with Finland. For their part, EFTA members were reluctant to
permit the extension of their free trade benefits to the Russians.35
But Finnish leaders were able to convince the Russians that member­
ship in EFTA was necessary to the Finnish economy and therefore to
Finnish internal stability, and that Finland's need to compete in the

* True, the Finns were at times under the threat of strong sanctions
by the Soviet Union. But as I discuss in the chapter on domestic
Politics, this does not mean that Finnish actions were ordered speci­
fically by Soviet leaders. The Finns still had a latitude of responses
to the Russian pressures.
world market was not politically incompatible with Finnish-Soviet friendship. In the economic realm, the two countries agreed to ignore the most-favored nation principle in lieu of a special tariff arrangement. The Soviet Union was satisfied, EFTA members felt that the integrity of the free trade area had not been violated, and Finland became an associate member of the organization.

International recognition of Finland's unique position was established during Kekkonen's 1961 visits to Western countries. In May, Prime Minister Harold MacMillan expressed his "understanding of Finland's policy of neutrality." And in October, President John F. Kennedy stated that the United States would "scrupulously respect Finland's chosen course." A year later President de Gaulle made similar pronouncements. In Finland, where for twenty years people had suffered from a sense of isolation, such declarations created "fresh self-confidence and faith in the future."

D. 1962-present

It has been suggested that in 1961 Kekkonen was "playing footsy" with the Russians, using the international situation to his own political advantage. But the Finns apparently approved of his actions. A greater proportion of the electorate than ever before (over 80 per cent) turned up at the presidential election in February 1962 to give Kekkonen a two-thirds majority. As Jakobson notes, "It was an impressive demonstration of national solidarity."
Although the Finns were puzzled about the motives that led Khrushchev to demand military consultations, the general feeling in Helsinki was that the Russians simply wanted assurances that there would be no change in Finnish foreign policy at a time of high European tension. Once this assurance was given, and confirmed by the election, they were no longer particularly interested in Finnish domestic politics.  

The lessons for the Finns were clear. Two conditions were necessary for Finnish security: (1) the elimination of Soviet perceptions of ambiguity in Finnish foreign policy and the intentions of high-level Finnish government personnel, and (2) the maintenance of a stable, tension-free international climate in Europe. Since 1962, the Finns have worked toward these two goals.

After relations were restored to normal, the Finnish Government continued to expand its degree of latitude in contacts with both the Soviet Union and the West. In September 1962, for example, an agreement was signed under which Finland would lease the Soviet-owned section of the Saimaa Canal, which connected Finland's interior lake system with the Gulf of Finland through the Karelian Isthmus. In January 1963, the Finns convinced the Soviets and the British that, under conditions of modern military technology, the defense of Finnish neutrality required a reinterpretation of the 1947 Peace Treaty; as a result of these negotiations, Finland was allowed to acquire air-to-air and ground-to-
air defensive missiles, balancing her purchases between East and West.*

At a Nordic Council meeting in February 1964 the Finnish President continued to press his proposals for the "Kekkonen Plan"—a Scandinavian nonnuclear zone—but again without success. And in July of the same year Finland established diplomatic relations with the European Economic Community.

However, the Finns continued to exercise caution in the composition of their Cabinets. From January 1959 until May 1966, amidst frequent cabinet changes over domestic matters such as taxation and agriculture policy, the Governments were all non-Socialist and dominated by the Agrarians.** The only Soviet pressure against a leading government official during this time involved Sukselainen, who was the object of attacks by the Soviet press for having attended meetings of Estonian refugees in the United States and Sweden in 1964.***

In the meantime, the Social Democrats were trying to get out of the political dead end in which they had been trapped. In June 1963,

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* As we shall see in the section on Finnish defense strategy, the country's defense forces are severely limited under the Treaty.

** The Agrarians changed their name to the Centre Party in October 1965.

*** Sukselainen's political eclipse had actually begun years before, during a 1961 domestic scandal involving the misuse of national pension funds, and his failure to be re-elected Agrarian Party chairman in 1964 cannot be solely attributed to Soviet influence.
after several election failures, Tanner and his supporters were dropped from the party's executive committee, and Rafael Paasio was named the new party chairman. Paasio, as events were to prove, was quite acceptable to the Soviet leaders; during several visits to the Soviet Union he made it clear that he intended to follow the Paasikivi-Kekkonen Line, and the Russians soon adopted a less critical attitude toward his Party. In the parliamentary elections of March 1966, the Social Democrats led a major swing to the Left, increasing their seats from 38 to 55. A new "popular front" coalition Government, headed by Paasio, was dominated by the Social Democrats and Centrists, and included three SKDL members for the first time since 1948.

Khrushchev's ouster in October 1964 aroused uneasiness among the Finns, to whom the ex-Soviet leader was at least a known quantity. But a series of exchange visits between Kekkonen and Kosygin soon quieted Finnish apprehension. Paasio and Centrist Foreign Minister Ahti Karjalainen also cemented personal relationships with the Russian leaders after 1966.

At the same time, Kekkonen was expanding his reciprocal visits with Western and Third World statesmen to a degree unthinkable in Paasikivi's time. He and other Finnish government representatives exchanged visits with many countries: the United States, Yugoslavia, the two Germanies, Egypt, Israel, and so forth. Finland also continued her active participation in United Nations activities: while maintaining her neutral voting posture, she contributed men and money to
peacekeeping and mediation efforts in Lebanon, Kashmir, Suez, Cyprus and Laos, and set up a stand-by armed force specially trained for UN missions; she was also a member of the Security Council in 1969-70.

Despite frequent political-economic difficulties within the country, Finland was making rapid economic progress. By December 1967, when she celebrated her 50th anniversary of independence, she was ranked 15th in per capita GNP—a far cry from her 1944 days. Through EFTA, her trade with the West had expanded appreciably, although a chronic balance of payments deficit forced her to devalue the Finnish markka by 31 per cent in October 1967; the devaluation was accompanied by rigid price, rent and wage controls supported by both labor and management, and its success further contributed to Finland's prosperity. In December the country announced that it was joining the Organization for Economic Cooperation and Development (OECD); the membership became official in January 1969.

Finland's 50th anniversary celebrations were accompanied by glowing commemorative speeches by Kosygin and Brezhnev. The foreign press talked of the "Finnish miracle," and the Finns themselves exuded pride in their role as a "bridge between East and West." These signs of good relations were followed by a series of more tangible improvements: Kekkonen's public announcement in January 1968 that negotiations had been going on for some time over the return of certain territories ceded to the Soviet Union in 1944; the official opening of
the rebuilt and expanded Saimaa Canal in August; the signing of new trade agreements advantageous to Finland a year later; and the renewal of the Treaty of Friendship in July 1970 for another twenty years.

In February 1968, Kekkonen was re-elected President for a third term. His candidacy had the active support of the Social Democrats, and he won by an overwhelming majority. The new Cabinet was essentially similar to Paasio's 1966 coalition, although he was replaced in the top spot by Mauno Koivisto, also a Social Democrat.

The invasion of Czechoslovakia in August 1968 caused some concern in Finland. The reaction of the Finnish Government was understandably mild, although Karjalainen made a critical speech to the United Nations. Kekkonen and Kosygin, conforming to an established pattern of personal high-level diplomacy during European crises, conferred in October, but there was never any sign of danger from the Soviets.

The most interesting development in August was the strong attitude taken by the Finnish Communist Party, which unequivocally branded the Soviet Union and her allies as aggressors. This condemnation revealed a deep split in the Party between the "Stalinists" and the "revisionists"—a split which continues to this day. The revisionists, who hold numerical superiority within the Party, have had to contend with a revolt from hard-liners who refuse to participate in any Government which seeks to associate itself with the EEC and
refuses to recognize East Germany. The inability of these two factions to reconcile their differences has had some economic, political and international consequences for Finland:

(1) In the economic realm, the struggle resulted in militant Communist action in February and March 1971 over the "Kekkonen Package"--an attempt to resolve a deadlock in nation-wide labor disputes--and the most serious strikes which Finland had experienced since 1956. These strikes caused an unforeseen balance of payments deficit in 1971 and hurt the country's economic growth. At the time of this writing, however, the labor-management situation appears to be stabilized, despite the current mild recession.

(2) In the political realm, SKDL disunity has been a partial cause of the steady stream of Cabinet failures and crises since the March 1970 general elections. Following the strikes, the SKDL could not maintain caucus unity in Parliament, and was forced out of the Government. But since then, the Centre Party and Social Democrats have been sharply divided over agricultural policy, and have been unable to

* Following their policy of staying out of Great Power conflicts, the Finns recognize neither East nor West Germany, although they have trade missions in both countries. With improvements in the general European situation, however, there is every indication that the policy will change. In fact, the three countries are now working on a September 1971 Finnish proposal for mutual recognition.
form a viable coalition. The old "popular front" stability is gone, and the special January 1972 elections did not solve the problem. The SKDL is still split (with 16 revisionists and 11 Stalinists in Parliament) and is unable to participate in the Government. And the Centrists and Social Democrats are still unable to come to an agreement. For several months Paasio led a minority Social Democratic Government which was recognized as only a "temporary solution." On July 19th, however, the Cabinet resigned and the situation is unresolved at the time of this writing.

(3) In the international realm, there was some confusion in Finnish-Soviet relations early in 1971. The Soviets had sent Alexei Beliakov to Helsinki as Ambassador in the hopes that he could patch up the differences within the Communist Party. But Beliakov took the side of the Stalinists and was even active in the organization of the strikes. Kekkonen was so furious that he publicly treated Beliakov "with rudeness," and the Russians soon withdrew their Ambassador for "health reasons." The Finns were angered over the incident, but most observers felt it was due more to a breakdown in the complex Soviet bureaucracy and to the mistakes of one individual than to Russian duplicity or interference. There was thus no Soviet protest over the removal of the SKDL from the Government: the responsibility lay with the Communists themselves.

The above incidents have had no real effect on the basic tenor of Finland's relations with the Soviet Union, as all political parties
have continued to support the Paasikivi-Kekkonen Line. In fact, there have been developments on the international level which have been quite beneficial to Finland. The Finnish Government, for example, played an important role in the SALT talks, which resulted in the Nixon-Brezhnev arms limitation agreements signed in Moscow last May. And following Bonn's recent ratification of the treaties with Moscow and Warsaw, as well as the Great Power Berlin agreement, the Finns are moving into high gear with plans for the European Security Conference—especially since NATO has now approved the Finnish invitation to hold the talks in Helsinki.

Finland is also pursuing her negotiations for association with the EEC. Detailed talks began in January 1971 and are continuing now, especially since the plans for NORDEK seem to have been abandoned. It appears that the Soviets have now given tacit approval to the EEC negotiations, and despite many other difficulties, the Finns are confident they can arrange an acceptable agreement.

In the last ten years, there has been a decided decrease in

* NORDEK is now considered a dead letter. It would have gone far beyond the tariff-free structure already existing under EFTA and the economic arrangements under the Nordic Council: a true Scandinavian common market. But in April 1970, as it was clear Denmark and Norway intended to negotiate for entry into the EEC, Kekkonen stated that Finland would rather "establish trade arrangements with the EEC providing this could be done without compromising Finland's policy of neutrality."
Soviet pressure on the Finnish domestic scene.* The general tenor of Finnish-Soviet relations has been constantly improving. Finland's present situation is truly remarkable if we recall her bleak prospects back in 1944. And future developments look promising. If the Finns can successfully pull off their Security Conference and their association with the EEC, we will have further proof of the viability of their hard-won independence and neutrality.

E. Summary

In the last 28 years, Finland has had to accomplish a delicate act of double-jeopardy tightrope walking. On the one hand, she has had to balance her special friendly relationship with the Soviet Union against her desire to establish and maintain an internationally credible policy of neutrality. On the other hand, she has had to balance her desire for increased economic and political ties with the West against her need to satisfy both the Soviet desire for security in Northern Europe and Soviet trade interests with Finland. In other words, she has had to use tact and diplomacy to compensate for geographic vulnerability. It is my belief that she has

* The Sukselainen and Beliakov incidents have already been discussed. A more recent example is the May 1971 Soviet press reaction to an anti-Soviet article in the conservative Helsinki daily Uusi Suomi. And prior to the recent elections, Izvestia condemned several right-wing candidates. But these have been very minor incidents.
successfully accomplished this task.

Our survey of historical developments has illustrated several points made in the introductory chapter. First, Finnish relations with the Soviet Union have followed two basic lines: (1) convincing the Soviets of Finland's friendly intentions and her desire to remain out of Great Power disputes, and (2) attempting to achieve greater latitude in her internal and external political and economic life. Second, Finland's success in these endeavors has been reflected in the Soviet Union's increasing leniency as the international situation has improved and as the Russians have become more certain of Finland's friendly attitude and credible neutrality.

But the discussion has thus far raised more questions than it has answered. Hopefully, our multi-perspective study will clarify and explain many unresolved problems.
III. The Systemic Perspective

A. The General International System and Political Framework

The smaller states of Europe are often regarded as "mere pawns on the chessboard of international politics."\(^1\) The minor states are subordinate actors on the political stage, and the object of their foreign policy is principally to adapt itself to situations created by the Great Powers.

Finland is no exception to this general rule. True, her location in a remote corner of Northern Europe has kept her out of the mainstream of high European politics; indeed, the whole Nordic region has not played an active role in the European balance of power in the last century. Unlike her small Central and East European neighbors, Finland has always lived in relative geographic and political isolation. Yet she too has been largely at the mercy
of other powers, and is strongly affected by political and economic changes in the international climate.

This dependence is clearly illustrated in the dynamic relationship between Finland's security situation and the level of post-war international tension. The first decade after World War II saw the gloomy development of Cold War antagonisms: on the international scene, the World War allies consolidated their positions into opposing power blocs, and the rigid bipolarity was accentuated by numerous wars and crises (Czechoslovakia, Greece, Korea, Berlin)—not to mention the development of nuclear capabilities; on the domestic scene, the super-powers were somberly engaged in the ideological retrenchments of the "McCarthy era" and the "Leningrad affair." The endeavors of the two power camps toward firmer organization and increased concentration of their own resources tended to isolate the non-committed nations in a precarious political limbo. Small wonder that Finland played a passive, self-effacing role. During the immediate postwar decade, her situation in regard to foreign policy was delicate and her possibilities limited. The best policy she could hope for was to lay low—to stay outside the conflicts of interest of the Great Powers.

The year 1955 was marked by what has been called the "spirit of Geneva," and the easing of Cold War tensions. This improvement in the international situation was reflected in Finland's heightened activity and increasing latitude in foreign politics:
membership in the Nordic Council and the United Nations gave her a voice in diplomatic circles, and the return of the Porkkala base gave her sovereignty and neutrality a new credibility. But the heightened tension of the late 1950s and early 1960s also affected Finland's status. International incidents such as the 1958 and 1961 Berlin crises, the U-2 incident, Quemoy-Matsu, and Cuba—that is, the brinkmanship policies of both the Soviet Union and the United States—were felt directly on the Finnish political scene.

Since 1962, however, the situation in Europe has shown a steady slackening of tension. Increasing numbers of people seem to regard the present territorial status quo as permanent and stable. No rational leader seeks to continue European diplomacy by warlike means. And with the gradual normalization and perhaps even the eventual solution of the German problem, the Great Powers are directing their main attentions away from Europe. At the same time, as we saw in the previous chapter, Finland's situation has been improving in the last decade, achieving a degree of stability and security that even goes beyond the positive developments in the European situation.

The parallel between Finnish security and the stability of the international system in general—and the European sub-system in particular—is striking. But this is not to say that Finland's fate has been solely determined by external forces. Of the many small European states whose independence dates from the collapse of the Empire structure following World War I, Finland is the only country to
have retained the same political institutions to this day. She has not been submerged by the storms of the last 55 years. And she is now actively asserting herself more and more on the international stage, making a positive contribution to the peaceful settlement of disputes. Finland's foreign policy, while inextricably linked with systemic variables beyond her control, can also be viewed as an illustration of "the significance of marginal power in international politics."

B. Soviet Strategic Imperatives in Europe

The major systemic actor affecting Finland is of course the Soviet Union. If we want to get a feel for the general political framework in which Finland has to operate, and to understand how systemic variables affect Finnish politics, we must first of all look at Soviet strategic imperatives, particularly in Europe.

This is not to imply that the attitudes and actions of Western governments are inconsequential. Finland has long enjoyed a high standing and traditional goodwill in the West, particularly in the United States. The full repayment of her World War I debts gave her a unique reputation, and her plucky stand in the Winter War won the admiration of the international community. Writers such as Ulam even feel that Western sentiment during and after World War II had a decisive influence on the Russians:
At Teheran, the Western statesmen vigorously interceded on behalf of Finland, and the subsequent relatively lenient Soviet treatment of Finland and the fact that she neither was absorbed into the USSR nor became a satellite may be traced largely to that intercession.

Strong Western reaction to the 1948 coup in Prague may also have caused Stalin to think twice about trying the same thing in Helsinki. In addition, it is clear that the postwar international stability so vital to Finnish security is as dependent on Western powers as on the Soviet Union. But nevertheless, simple geography shows that Russia is the key.

The overriding concern of Soviet leaders in the immediate postwar period was their fear of Germany. The threat of German revanchism—real or imagined—was uppermost in Soviet minds. This concern was reflected, first of all, in Stalin's decision to forego the occupation of Finland and free his troops for the offensives against the Nazis in Central Europe. After the War it was clear that this latter area, which had historically been a thorn in the Russian side, would get top strategic priority as the Soviets began to build a security belt of friendly governments around their country. Stalin made it clear from the outset that the East European states should not fall under the control of hostile domestic governments, and the Western powers recognized his concern. But it is open to question whether he had a long-term blueprint for Eastern Europe at that time. His main concern was security for his country and his regime, and he played his hand with caution. Stalin was trying to cope with the
paradox of Russia's postwar position: at home, the country lay in desperate ruins, while abroad, there were undreamed-of opportunities for diplomatic and strategic success. But there were also many dangers. It was not a time for ideological or revolutionary ventures--at home or abroad; the cautiousness of his foreign policy was reflected in the ideological retrenchment within his country.

However, as the Cold War tension mounted, Stalin began to feel that the only way he could ensure undisputed Soviet influence in Eastern Europe was to apply controlled revolution from above. The fear of Germany, the trauma of the War, and a strong historical and ideological distrust of the West were dominant factors in Stalin's actions. And, in addition, the communization of the occupied European countries was ideologically justifiable and quite desirable in the minds of Soviet Marxists--both for the Soviet Union and for the international workers' movement. The interplay of Communist ideology, Russian national security and pure power politics in Soviet foreign policy is a fascinating subject for study, and still open to much dispute. But Pethybridge, I believe, puts the submission of East European states to uncomprising Soviet rule in a proper perspective:

We have noted that Stalin's primary aim in taking initiative in areas bordering on the Soviet Union was to throw a geographical security belt around his country. Communist governments in Eastern Europe in 1945-6 were more a reflection of Stalin's anxiety to protect national Russian interests than to spread world revolution. Yet this secondary aim (of Sovietization) always seemed to remain at the back of his mind, just as it had throughout the years of socialism in one country; and once his primary aim was achieved, the second one was pursued.
In the case of Finland, the Soviets achieved their primary aim, and assured their defense and security through the 1948 Treaty.* But the secondary aim, due to a great variety of factors we shall examine in this thesis, was impossible or too difficult in the Finnish context. Some of the factors working in Finland's favor were systemic: we have already mentioned the Western sympathies for Finland, especially after the Soviet-sponsored Czech coup.** In addition, the Soviets were beset by more important difficulties in the spring and summer of 1948. At a time when the SKDL was being excluded from the Finnish Government, Stalin had to contend with a crisis in the West (the Berlin blockade), as well as the first sign of rupture within his own bloc (Yugoslavia's exclusion from the Cominform). These Soviet systemic problems, along with many unique Finnish factors we shall soon study, probably helped the Finns avoid a Communist takeover of their country.

The conservative tenor of Soviet foreign and domestic policy was felt by the Finns and reflected in their activities. On the one hand, Paasikivi's passive line was a judicious foreign policy response to Soviet imperatives, and on the other hand, strong-arm Russian

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* The timing of Stalin's letter to Paasikivi in early 1948 coincided with the hardening of the division of Europe, although the proposal had been on the Soviets' agenda for at least ten years.

** And although Stalin might have approved a purely local Communist takeover in Helsinki, he had a well-known aversion for spontaneous revolution by foreign Communist parties.
tactics caused an appreciable loss of popular support for the local Communists—a development paralleled in other Western countries.

After Stalin's death in 1953, Finland's isolation continued for several years, as Soviet politics were marked by contradictory movements and a lack of direction due to the power struggle in the Kremlin. But important innovations soon began to appear. The Soviet leaders, for example, started to grant recognition to "third camp" and neutral countries. And the Geneva summit meetings of July 1955 marked a new spirit of guarded optimism in international relations, despite strong Soviet opposition to West Germany's NATO membership in October 1954, as well as the signing of the Warsaw Pact in May 1955. The Austrian Peace Treaty was also signed in May, and the Soviets began seeking a reconciliation with Belgrade at that time. In a similar spirit, Russia announced in September that the Porkkala base would be returned to Finland.

Khrushchev's famous speech at the Twentieth Congress of the Soviet Communist Party in June 1956 gave a new direction to Soviet foreign policy. Khrushchev recognized the importance of independence movements and the "peace zones" of neutral countries; he repudiated the Leninist principle that war is inevitable among capitalist nations; he said there were many roads to socialism, including the peaceful parliamentary path; and he increased his stress on the doctrine of peaceful coexistence. This shift in Soviet global policy had great significance for the Finns. As Hodgson noted in 1959:
the maintenance of the status quo in Finland is important for the propagation of the Soviet doctrine of 'peaceful coexistence.' The Soviet leaders can point to Finland and say that here is a fine example of two countries with different social systems existing side by side.9

But the "Geneva spirit" proved to be rather ephemereal. Although Finland was not seriously affected by the Hungarian Revolution (she abstained from all voting on the issue in the United Nations), she was affected by a new build-up of Soviet voluntaristic assertiveness on the international scene. After Khrushchev's victory over the "anti-party" group in July 1957, the Kremlin's new stability was reflected in decisive, confidently planned policies and an increase in Soviet prestige. Soviet ICBMs were launched in the summer of 1957. The first earth satellite went up in October. The period up to 1962 was a dynamic phase in Soviet foreign policy, punctuated by acute periods of tension in relations with the West and growing dissension within the Communist camp itself (i.e., China).

Much of the tension centred around Moscow's fears of Germany. The threat of a revived and possibly militant West Germany was instrumental in Khrushchev's November 1958 bid for the definitive recognition of East Germany and her frontiers by the West. The ensuing international crisis was closely related to the "night frost" period in Finnish-Soviet relations. And although the situation in Finland soon calmed down, the gloomy course of global events continued. In January 1959 the Soviet Union proposed a 28-nation
conference to draw up a German peace treaty; the West declined the
invitation, much to the Soviets' displeasure. Other well-known
events followed: the U-2 incident, the aborted Paris summit in May
1960, the disappointing Vienna summit in June 1961, the Berlin Wall
in August, and the resumption of nuclear testing in the atmosphere
in the same month.

East Germany, Berlin and NATO were again unquestionably the
centres of world attention when Kekkonen received Khrushchev's note
in October 1961, and Finland was cast into the midst of Great Power
politics. The note indicted NATO and Western imperialists, criticized
the other Scandinavian countries, and claimed the German militarists
were threatening the peace of Europe:

All this meant, the note argued, nascent German military
aggression threatening the security of Finland as well
as the USSR. In view of this threat, the Soviets
proposed discussions on the basis of the April 1948
treaty.

There was, however, no direct criticism of the Finnish
Government, and Finland successfully weathered the storm, as she had
in 1958. But two important points came out during these two Finnish-
Soviet "mini-crises." In the first place, the effect of the incidents

* Finland managed to avoid the conference only by stipulating
that her attendance would depend on universal participation.
on Finnish politics showed that developments in Finland gain increased importance for the Soviet Government when tension in Europe is on the rise. And secondly, the German fact clearly takes an overriding significance in Finnish-Soviet relations during periods of European instability. These points were further confirmed by Soviet actions in the months after the Kekkonen-Khrushchev meeting in Novosibirsk. The Russian Premier's failure to press home his military demands on Finland was symptomatic of a general switch in Soviet tactics: incidents between the two sides in Berlin became less frequent, the attitude of Soviet authorities became less rigid, Soviet nuclear testing was abandoned, and Khrushchev dropped his December 1961 time limit for a conclusion of a German peace treaty.

Another important result of the 1961 mini-crisis was the unwritten understanding by both governments that it is now Finland—not the Soviet Union—who will have the responsibility of invoking the consultation clause in times of possible future crisis. The implication of this tacit agreement is clear: Russia has, apparently, relinquished the threat of military talks as a lever of influence over Finnish policies. At a time of high international tension, however, this understanding might be swept away by the force of circumstances.

The 1962 Cuban missile crisis, which was outside Europe and did not affect Finnish-Soviet relations, marked the end of Khrushchev's
breakthrough strategy. And since his overthrow by the pragmatic Breshnev-Kosygin team in 1964, there has been a definite process of deradicalization in Soviet foreign ventures, with a stronger emphasis on the country's pressing domestic needs. The August 1968 invasion of Czechoslovakia showed the essential conservatism of the Soviet leadership, and at the same time it showed that even a potentially explosive European situation would leave Finland untouched if it were limited to the Soviet camp and if NATO and Germany were not involved.

In fact, despite such incidents, and despite the festering sores of Vietnam and the Middle East, there are many objective factors in the international environment causing the superpowers to cooperate in areas of common interest. The old bipolar world has now broken down into something loosely resembling multipolarity, and even the Cold War has lost its centrality—especially in Europe. These optimistic developments have undoubtedly provided a more congenial international framework for Finland's relations with the Soviet Union, and a reversal of this trend would be unfortunate. But today, it is even likely that Finnish-Soviet relations have become regularized to a degree that will transcend any possible future tension involving Soviet strategic imperatives in Europe.
C. Finland's Role as a Neutral Buffer-State in European Politics

Nations become neutral for a great variety of reasons. These reasons are usually based upon national self-interest—the need to secure sovereignty, survival and freedom—even in cases where neutrality is imposed or guaranteed by outside powers. For example, realistic appraisals of national strength and geographical position can moderate any impulse for an adventurous foreign policy and thereby lead slowly into neutrality, as in the cases of Switzerland and Sweden. Neutrality may also be a response to perceptions of an immediate threat, and it may be considered the best way to avoid the danger of war and maintain the stability and prosperity of a country. The prime motivation, especially for small states, comes from external conditions.

Every nation must fit its neutrality to its own special circumstances, and the maintenance of that policy depends on a complicated set of interrelated, interdependent variables. While no single factor has general predominance over the others, a thorough search of the literature on neutrality reveals that certain variables are consistently posited as the most salient. On the international level these are: (1) the structure of the system, (2) the general stability of the system and the character or nature of war, and (3) the attitudes, interests or demands of outside states. And on the national level they are: (1) geography, (2) military power and deterrence capability, and (3) the ability to establish and maintain credibility, including the attitudes of the population.
The definitions of neutrality have undergone considerable change since the end of the Second World War. At one time, neutrality was considered a legal status of nonbelligerency in war, based on certain fundamental rules of rights and duties. But contemporary reality and popular usage have changed the concept of neutrality in the European context. In addition to the rigidly legalistic definitions, neutrality also has a political meaning:

the peacetime policy of noninvolvement in either general or local disputes and controversies which might impair the establishment and maintenance of credibility in the desire of a state to adopt a policy and legal status of abstention and nonbelligerence in war.

The Finns define their neutrality in much the same way. Finnish definitions emphasize, in the first place, a determination "to remain outside the conflicts and controversies between the Big Powers, not only in times of war but also in times of peace." They also express the necessity of maintaining Finland's credibility by achieving "irreproachable relations with all her neighbors." But Finnish leaders never hesitate to point out that their policies in no way imply an abandonment of democratic principles and Western-oriented culture: "Neutrality is not an ideological attitude."

The establishment and maintenance of Finnish neutrality seems to be dependent on seven main variables: (1) the structure and stability of the international system; (2) Finland's geographical position; (3) the strategic imperatives arising out of the above two
factors; (4) the policies of Finnish leaders in response to the above conditions and the support of neutral policies by the Finnish people; (5) the military capabilities to defend the nation's sovereignty; (6) the economic and political stability within the country; and (7) last, but certainly not least, the belief of other systemic actors, especially the Soviet Union, in the credibility of Finnish policies. At the present time we will limit our discussion to the systemic factors.

Neutralité was not a totally new strategy for Finland in 1944.* But it is difficult to speak of Finnish "neutralité" in the first decade after World War II. True, the 1948 Treaty expressed Finland's desire to remain outside Great Power disputes. But Finland played little more than the passive role of a remote buffer-state in Russia's European cordon sanitaire. The word "neutralité" was rarely used. It was generally regarded with disfavor by the international community at the end of the War.19 And Soviet leaders certainly looked askance at neutrality policies. In the classical Marxist-Leninist viewpoint, the validity of a neutral policy depends on the character of the war or dispute in question; neutrality is impossible during an "unjust

* The Finns point out that the notion of neutrality has had an important impact on foreign policy opinion since Finland was joined to Russia in 1809. The concept of neutrality was further developed as a foreign policy line in the 1920s and 1930s, although it was unsuccessful in 1939.
war" of imperial conquest or a "just war" of liberation from capitalist bondage. 20

But neutrality saw a general revival of respectability in the mid-1950s in accordance with changing international conditions and the emergence of Third World countries. The Soviet leaders also changed their views. Extending the zone free of capitalist or Western political influence through sponsorship of neutral and neutralist policies became an integral part of Soviet policy. Soviet definitions changed, and neutrality became one form of struggle for peaceful coexistence:

Neutrality is a foreign policy course followed by a peace-loving state that pre-supposes non-participation in military blocs and groupings, refusal to grant the use of territory for foreign bases, and the establishment of friendly relations with other countries. 21

Finland, as we have seen, profited from this new development. Finnish leaders were able to change their policies from passive isolation to active neutrality. Finland was gradually able to expand her contacts with the West and free herself from Soviet restraints. This does not imply that she sought adherence to the Western camp. In the first postwar decade, Finland strived to prove that she did not want "to play the role of a Western outpost against the East." 22 This policy did not change. But since the mid-1950s, her aim has been to use her position as "a bridge between two different spheres of culture." 23 Her growing usefulness as a neutral mediator now seems to mean that her role has become that of both a physical and a
political buffer-state in international relations.

Now that Finnish-Soviet relations have become regularized, this "political buffer-state" role is perhaps the most important aspect of Finnish foreign policy. Finnish neutrality is different from that of other European neutrals in that it is founded neither on formal international agreements nor established tradition. On the one hand, it is based on the perception by all governments of Finland's desire and ability to remain nonaligned and outside international disputes and conflicts. And on the other hand, it is based on the Soviet Government's perception of Finland's commitment to uphold the practice of safeguards contained in the 1948 Treaty of Friendship in times of crisis or war.* The Finnish credibility problem thus has two different systemic aspects, as Wahlbäck notes:

(1) In 'normal' times, the Treaty, by its mere existence, makes Finnish neutrality credible to the Soviet Union by assuring the Russians that Finland will not again serve as participant or march route in an attack against the Soviet Union. If this function is understood in the West, it should not diminish the credibility of Finnish neutrality in that camp. (2) In a 'crisis' period, however, when the Russians may—as in 1961—wish to put the Treaty provisions into effect by proposing consultations, Finnish credibility in the West would inevitably be affected.24

*This is not to imply that the Finns resent the special difficulties implicit in the 1948 Treaty. They feel that the Treaty is the best guarantor of their freedom in the face of a unique objective situation; their security vis-a-vis the Soviet Union would be decreased without it, and in fact they have favored its extension in 1955 and 1970.
The relationship of credibility to systemic stability is, of course, a problem endemic to all neutral countries. And the perception of credibility by other states is also dependent on many non-systemic factors. But the systemic relationship is especially crucial to Finland. Finnish neutrality and independence depend on the perceived likelihood of activation of the Treaty, and this in turn depends on the general quality of international relations.

Against this background, it should be obvious that the improvement of East-West relations is very much in Finland's interests. The Finns do not hide the fact that their foreign policy is self-serving. But they have also seen that they can help themselves best by contributing to a relaxation of tension and to progress toward general disarmament and international arms control.25

An example of Finland's contributions can be seen in the United Nations. The objects of Finland's UN efforts have been to (1) "make her attitude to international politics unambiguous and place her beyond speculation";26 (2) "promote patiently the peaceful settlement of major problems";27 and (3) "strengthen actively world appreciation of the unaligned peaceful policy of neutrals."28 Finnish voting patterns in the UN have rigidly conformed to these goals. The Finns have abstained from Big Power conflict voting, as well as from votes involving "moral condemnation."29 In general, the whole Nordic group has displayed a consistently cohesive
voting pattern. But according to quantitative studies by Jacobsen and Kalela, Finland comes closest of all member countries to the "neutral voting position"—on both the East-West and North-South axes.  

Finland is a strong believer in the principles of the United Nations. In Chapter II we noted her activities in UN mediation and peacekeeping forces. In addition, mention can be made of her two-year term as a Security Council member, which ended in 1970; as Karjalainen notes, "Finland's unusually perceptive contribution was made possible by its neutral position." And finally, Finland has channelled most of her developmental assistance to Third World countries through multilateral UN programs.*

Mention should also be made of other Finnish "political buffer-state" activities. When the United States and the Soviet Union decided to begin their armament control negotiations, Helsinki was one of the sites chosen for the talks. Both parties felt that Finland met the requirements to be made of a neutral site for negotiations. The first phase of the SALT talks ended successfully in May 1972, when Nixon and Brezhnev signed the agreement on nuclear arms limitations.

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* In 1961 Finnish assistance amount to 888,210 U.S. dollars, or 0.02 per cent of the GNP. In 1970 Finnish assistance was budgeted for 9,294,714 dollars, or 0.1 per cent of the GNP. Until 1965 90 per cent of Finnish aid was multilateral, although recently she has also been developing bilateral programs with certain countries, principally Tunisia, Peru, Ethiopia and Tanzania. In 1969, three-fourths of the approximately eight million dollar aid program was multilateral in form.
in Moscow. Further talks will continue in Geneva.

In May 1969, Finland delivered a proposal to host a Conference on European Security and Cooperation to all European countries, including East and West Germany, and to the United States and Canada. The Finnish proposal reflected a desire to seek a peaceful solution to the unresolved differences in Europe. The Soviet Union had been actively favoring such a conference since 1966. The NATO countries, however, were initially cool to the idea; the general international climate was not yet favorable, and they wanted to see a solution to the Berlin problem first. But with the recent conclusion of the four-power agreement over Berlin, and the ratification of the Bonn-Warsaw and Bonn-Moscow treaties by the Bundestag, there is every indication that the conference will take place; NATO has now advised Helsinki of its acceptance of the Finnish proposal. 33 Of course, there is still plenty of ground to cover before the conference can start; the Finnish Government insists on making elaborate preparations through multilateral preliminary discussions over administrative, procedural and substantive problems. It stresses the need for unanimity in these preparations, and wants to take every precaution to assure the success of the actual conference itself. 34 The success of the Finnish initiative, coupled with the fruitful SALT talks, will benefit Finland in two ways: it will serve to bolster Finnish prestige and security, and it will help improve conditions of peace and security in Europe.
Finland seems to have found her place in the European constellation. On the basis of her good relations with the Soviet Union, she has built up her position as a neutral Scandinavian country. Finland's security and neutrality are of course dependent on systemic variables. But despite her size and geographic position, she is able to make contributions toward lessening the possibilities of armed conflict in Europe. The Finns realize, as one diplomat puts it, that the fate of their country "is closely connected with the fate of all Europe."35
IV. The Strategic Perspective

A. Soviet Strategic Imperatives in Northern Europe

A historical study of the political objectives of the Tsarist and Soviet governments in Northern Europe shows that traditional Russian interests have been primarily based on military and strategic considerations. The prime emphasis has been on defensive strategy. The main objective of Alexander I, for example, in detaching Finland from Sweden in 1809 was to secure the safety of Russia's northwestern frontier and its capital, St. Petersburg. Finland remained a semi-autonomous Grand Duchy. Throughout the nineteenth century and up to World War I, the object was to use Finland as a defensive base against other Baltic powers; the Imperial General Staff apparently had no plans for the extension of Russian power to the Atlantic coast.¹

There is no indication that the new Soviet rulers changed the traditional Russian defensive strategy in Finland. Their
territorial demands in Karelia in 1938-39, for instance, were not motivated by ideological expansionism, but rather by a desire to secure Leningrad against a possible Nazi attack through Finland. This Soviet fear was historically justified: in 1919, when the fate of Petrograd was in the balance, the British had used eastern Finnish ports for attacks on the naval base at Kronstadt. Soviet military men could hardly ignore this episode.

At the end of World War II, Soviet strategic imperatives in Northern Europe were not changed significantly. The primary objective was to keep that area—and especially Finland—from becoming a base for hostile military operations against important economic and military centres around the Leningrad and Murmansk regions. Since the War, Russian leaders have shown relatively little interest in seizing territory not vital to the country's defense; at the same time, they have maintained permanent vigilance that no other power should gain undue influence in that area. The purpose has been not to extend the Soviet bloc, but to keep the status quo—not to exploit the area, but to keep others from doing so.

It seems likely that considerations such as these formed the basis for Soviet thinking about Finland during the crucial 1944-48 period. We have already noted how Finland, unlike her Central and East European neighbors, did not occupy strategically significant territory on a direct line between the Soviet Union and Germany. Furthermore, Finland was located in the Nordic area, adjoining neutral
Sweden and forming along with Denmark and Norway a military weak and potentially peaceful region. There was simply no strategic need for the Soviets to occupy or control the whole of Finland. The vital areas of Petsamo, Karelia and Porkkala were sufficient—provided Moscow could be convinced of Finland's desire to fill the role of a neutral buffer zone. This shows the importance for both countries of the 1948 Treaty: Finland maintained her independence, and the Soviets obtained most of the same defensive guarantees they had earlier sought in 1938-39.

In the postwar period, Russian leaders have been extremely sensitive about strategic questions in all of Northern Europe, and this general concern has been reflected in the specific development of Finnish-Soviet relations. Soviet moderation in Finland right after the War went hand in hand with a generally conciliatory attitude toward the other Nordic countries: The Red Army, in their military operations, had occupied part of Norway's northern-most Finnmark province as well as the Danish island of Bornholm, but the troops voluntarily withdrew in the summer of 1945. However, this attitude soon changed. There was sharp Soviet reaction to events in 1948-49, when the Nordic countries were actively organizing a Scandinavian defense alliance and considering adherence to NATO. When Norway and Denmark finally joined the Atlantic Pact in 1949, the Soviets felt that northern power alignments had shifted very much to their disadvantage. In Finland, Moscow's extreme concern was reflected in its icy relationship with the Fagerholm Government, and Russian criticisms were even levelled at
Paasikivi himself during the 1950 presidential election.

Norway and Denmark, however, eased Soviet fears somewhat by refusing to allow NATO bases on their soil or to accept nuclear arms. This self-imposed abstinence, along with the development of Soviet nuclear capability in the early 1950s and the slight easing of international tension in the mid-1950s, served to reduce the strategic importance of Northern Europe in Soviet eyes. A clear manifestation of the Russians' diminished apprehension over their defensive posture in the North was the return of the Porkkala base. Apparently, the Gulf of Finland was no longer viewed as strategically vulnerable—at least to the point of requiring a naval base on its northern shores.

But the events of 1961 demonstrated that the Soviets were still sensitive to changes in the strategic situation. A study of NATO moves in the Baltic Sea area at that time shows that Soviet fears of "German revanchism" were not entirely unjustified: there was concrete evidence of closer collaboration between West German, Danish and Norwegian military units; the three countries were preparing a new joint military command in the Baltic; and the West German navy had moved its headquarters from the North Sea to the Baltic. It is of course possible that the Western moves were a reaction to the general international situation, but they did form an objective basis for the strategic concerns voiced in Khrushchev's note to Kekkonen.

The dependence of Finnish-Soviet relations on Soviet
strategic imperatives in Northern Europe and on Soviet relations with the other Nordic countries has been explained by referring to the "Nordic balance." As Orvik describes it, this is the popular term for:

a particular concept of Nordic security that revolves around (1) Finnish neutrality and the Russo-Finnish treaty of 1948, (2) Sweden's neutralist policies, and (3) the Norwegian-Danish reservation against foreign bases and nuclear weapons. The balancing mechanism is supposed to work as follows: according to the 1948 treaty the Soviet Union can ask for consultations with Finland if it feels that its security is threatened through Finland by German or... any member of NATO....

The balance theory maintains that the Soviets could be deterred from using the possibilities which the treaty offers or otherwise tightening their grip on Finland by a Norwegian and Danish threat to reconsider their reservations on bases and nuclear weapons.... Sweden might develop closer relations with the Western states, possibly consider membership in the NATO alliance.

The theory assumes that the policy of 'calculated weakness' which the reservations on bases and nuclear weapons implies is actually a position of strength. It supposedly provides the Scandinavians with a lever, a counter-threat, which they could use against the Soviet Union.

If one looks at the actual distribution of power in the North, the expression "Nordic balance" hardly seems adequate in terms of the military and economic might of the Nordic countries vis-a-vis the Soviet Union. The unavoidable conclusion is that Russia has dominant superiority. But if the expression refers to the strategic-political influence of the Nordic countries on Soviet decision-making—not as a military deterrent but rather as another variable determining Russian defensive Nordic strategy—the balance theory has some validity. For example, a Russian occupation or takeover of Finland is in no way
prevented by any military-strategic power balance in Northern Europe. But such an occupation, and an attempt to transform the country into a people's democracy, would have serious repercussions in the other Scandinavian countries. Such repercussions could hardly be regarded as opportune for Soviet defensive interests.

The Nordic balance thus does not refer to a military balance of power, but to (1) the maintenance of a psychological status quo dictated to the whole area by the geographic imperatives and security arrangements of each country, and (2) the potential upset of that status quo in a crisis situation which no country—certainly not the Soviet Union—is willing to undermine, as the consequences would be unpredictable and potentially harmful to everybody's security interests. Adherence to this interpretation of the balance theory does not contradict a belief in the defensive content of Soviet strategy—it merely gives it a broader perspective.

An additional element in the balance theory, voiced by analysts such as Hüpker and Kissinger, is the belief that the balance of power in Northern Europe is only upheld by the support of the big Western powers, and that NATO is in effect responsible for Finnish independence. If our analysis of Russian strategic imperatives in Northern Europe is not totally wrong, then policies based on such views, as Jakobson has noted, are provocative rather than deterrent. Soviet moderation in Northern Europe was, after all,
established long before NATO came into being. And as Herman Kahn said in 1968, "We have written off Finland—I would be very surprised if the United States did anything in case Finland became the object of a Soviet attack". But in another sense, this broader view of the Nordic balance does have some validity. The equilibrium in the North is part of a tenuous global balance of power. Any action anywhere which might upset that balance could have unpredictable consequences, and Soviet meddling in the North might lead, through a series of moves and counter-moves, to a situation where Soviet security would be in a precarious position. From this point of view, the Soviets must consider the equilibrium in the North as part of a larger equilibrium, and calculate their relations with Finland accordingly.

To sum up, Soviet interests in Northern Europe are primarily defensive, aimed at preventing (1) the build-up of additional Western military influence in the area and (2) a possible attack through Finland, the Arctic Ocean or the Baltic Sea. And the balance theory is only valid as a reminder that decision makers in Moscow must

*This view caused a flurry of comments, mostly sarcastic, in the Finnish press.

**The use of Murmansk and Tallin as bases for global Soviet naval operations (i.e., nuclear submarines) does not, in my opinion, invalidate the theory of defensive Soviet military interests in Northern Europe itself—any more than it proves the existence of Soviet offensive designs for world conquest.
take the interests of the other Nordic countries into account in safeguarding their own security position. If the Soviets were offensive or ideologically oriented in their Nordic policy, the Nordic balance would have had little effect on their activities—especially in the immediate postwar period.

Today, the strategic significance of the Nordic countries has diminished considerably in Soviet eyes. Military technology has outmoded the possibility of a conventional land-based attack on Leningrad; ICBMs equipped with nuclear warheads are a much greater concern. Brundtland even feels that Moscow now has little reason to fear possible NATO manoeuvres in Norway, since the exercises "have no real military value under present circumstances." Be that as it may, the status quo stability in Northern Europe seems even more permanent than in Europe as a whole, and the area has virtually ceased to be a strategic question mark. The dire warning that Orvik voiced in 1963—that the Soviets might try to probe NATO defenses in the "vulnerable northern flank" through "low-level, gradual extension of control"—has not been borne out. Fears of a Communist attack on the Northern Cap have proved as unfounded as Soviet fears of a similar attack by the West. As Brundtland notes,

mismanagement of the future affairs in Northern Europe might set off escalation processes like the one conceived of in 1961, but any such development would be hard to defend on serious strategic grounds.

The strategic importance of Finland has thus been greatly
reduced as a result of military, political and arms developments.

Pajunen rightly points out that

Leningrad's defense problems must also appear completely different today, because an attack which as late as World War II required about thirty German divisions can now be carried out with the aid of nuclear missiles high above the Baltic land and sea area. The 1962 agreement leasing the Saimaa Canal to Finland is clear proof of the diminished importance of the Karelian Isthmus for Russian defense plans.12

Geography has thus lost its former importance, and Finland's general position vis-a-vis the Soviet Union has thereby become more stable and secure.

B. Finnish Responses to the Strategic Conditions

1. Neutrality Strategy

Postwar Finnish relations with the Soviet Union have been based on the belief that (1) Soviet strategy in Northern Europe is defensive, (2) these defense interests are legitimate, and (3) the only way to maintain Finnish independence is to conduct a foreign policy that will unambiguously eliminate Finland as a security problem in Soviet defense planning. In other words, the official Finnish interpretation of Soviet interests is that they are not expansionist; provided the Russians are convinced of the security of their northwestern frontier and of Finland's determination to keep outside any alliance directed against the Soviet Union, they will pursue a policy of peaceful coexistence.

The trauma of the wartime years played a major part in
determining this attitude. Prior to that time, Finland had tried to formulate a foreign policy along neutral Scandinavian lines. But the Soviet leaders were never convinced of Finland's ability or even desire to maintain such a policy. The Finnish Government's assurances of non-alignment were hardly made credible by the antics of vocal right-wing forces (who wanted to move the Finnish borders down to the Volga), or by the obvious pro-German and anti-Russian attitude of appreciable segments of the population and political leadership. Ambiguities in Finland's official relations with Germany and Sweden did not help matters, and the Winter War clearly revealed the failure of Finnish neutrality strategy.

At the end of the War, there was only one conclusion to be drawn from the Finnish point of view: the Soviet Union had emerged as the uncontested leading power on the European continent, and the crucial national task was to ensure the security of Finland with their giant neighbor—not against it. A modus vivendi had to be found.

As we have noted, the label which came to be applied to Finland's postwar Eastern policy is the Paasikivi Line. There is nothing ideological or idealistic about this policy. It is uncomplicated realpolitik:

The causes of mistrust and fear between Finland and her Eastern neighbour must be eliminated; mutual suspicion should be replaced by friendship and good neighbourly relations. Finland's independence and national existence can be secured only by eliminating the causes of conflict between Finland and her neighbour, not by military means.
This means that the Finns must change their attitude towards the Soviet Union and—with good faith and honest mind—pursue a policy of friendship....

According to the Paasikivi Line, the most important and only really essential Soviet interest vis-a-vis Finland is geopolitical and defensive-preventive.... The Soviet Union does not, of course, anticipate any aggression from Finland, but they must be sure that their potential great-power enemies are not able to make use of Finland as a spring-board. The Finns ought to be able to give the necessary assurance to their Eastern neighbours. If the Soviet Union is satisfied with regard to this vital point, Finland has every opportunity to continue her life as a democracy of the Western and Nordic type.13

The Treaty of 1948 was essentially an official recognition of this policy. Some circles after the War considered the Paasikivi Line opportunistic and dictated by force. But in time, the permanent value of the policy became evident. A case in point is the Porkkala base: apart from the important strategic significance of the Soviet withdrawal, the political implications of the concession lent powerful support to Paasikivi's theses. Prudent appeasement of Soviet security interests was the best strategy for securing Finnish independence.

Since the mid-1950s, Finland has had improved possibilities of emphasizing her neutrality strategy. Paasikivi's cautious line is still the official foreign policy, but it has been extended considerably by his successor. The Paasikivi-Kekkonen Line, as we have seen, refers to a more active policy involving recognition by major powers of Finland's status and participation in international efforts at peace and disarmament. But the Kekkonen innovations have also included Northern strategic changes, which we will discuss in the following section.
As one Finnish writer notes, "The realization of the principles of the Paasikivi-Kekkonen Line means security and peace for the Finns." This statement takes cognizance of a fact the Finns learned painfully in 1939: the simple declaration of a neutrality policy is not sufficient to ensure credibility. The actions of the Finnish Government are even more important than its declaratory policy in influencing Soviet perceptions of Finnish attitudes. Today, through the actual realization of her stated policy, Finland has made her neutrality an essential part of the existing strategic status quo. It is unlikely that any power would now attack Finland for the sake of Finland herself, or that, barring a general European war, any country would be tempted to violate Finland's land, sea or air space. Now that Finland's strategic importance to the Soviet Union has diminished, she is able to maneuver with greater latitude than ever before, although she will always have to give reassurances of continued friendly intentions toward her giant neighbor.*

2. Nordic Strategy

In view of the historical and geographical contacts Finland

* See Appendix A for a recent analysis of Finnish neutrality and general foreign policy in a lecture delivered by Kalevi Sorsa, Finnish Minister for Foreign Affairs, on March 14, 1972. Note the references to Finnish-Soviet security in paragraph four.
has always had with the Nordic nations, it is natural that a Scandinavian orientation is the second main line of Finnish foreign policy. Nordic strategy and Scandinavian integration are important elements in Finland's relations with the Soviet Union.

Finland's position as a Scandinavian nation was emphasized by Paasikivi and other Finnish leaders, but since the early 1950s Kekkonen has sought to expand Finland's role in the North. It is in the area of Nordic strategy that he has most obviously stepped beyond the Paasikivi Line. The Finnish President believes that a policy of caution in Northern Europe is not enough—that Finland must actively develop a Nordic program. For example, in a much-publicized speech delivered as Prime Minister in 1952, Kekkonen called upon Norway and Denmark to withdraw from NATO and help form a neutral Nordic defense union. In 1955 he again renewed the proposal. His initiatives met with failure both times, but he did not abandon his desire to forge a special status for the Nordic countries.

In May 1963, several months after the Cuban missile crisis, Kekkonen publicly advocated the formation of a denuclearized zone in

* The Scandinavian countries are: Denmark, Finland, Iceland, Norway and Sweden. Some authors refer to those countries as "Nordic," while only Denmark, Norway and Sweden are "Scandinavian." But in this thesis the two words are used interchangeably—a practice quite common in the literature.
Northern Europe:

The Nordic countries already make up de facto a denuclearized zone. However, at this stage this condition rests only on unilaterally-taken positions. A strengthening of the present situation in this respect through mutual pledges as prescribed in the Unden plan would not bring about any change in the policy which the Nordic countries have adopted and would not weaken their security. Nor would it upset the present balance of power in the world and thus it would not have a damaging effect on the interests of any outside state. But I am convinced that a meaningful proclamation that the Nordic region is a denuclearized zone would stabilized the positions of all the Nordic countries.17

Kekkonen went on to propose a specific treaty with Norway concerning the Norther Cap:

It would be in our interest that no repercussions of a possible conflict between the Great Powers should threaten our security. With this in mind, Finland is prepared to consider treaty arrangements with Norway that would protect the Finnish-Norwegian frontier region from possible military action in the event of a conflict between the Great Powers.

The agreement which I have outlined would be in the interest of both Norway and Finland, as it would lessen military tension in the area of the Northern Cap in times of international crisis, and increase the capacity of both countries to preserve their territorial inviolability in the event of a conflict between the Great Powers.18

Kekkonen's initiatives met with the approval of the Soviet Union. Although the Russians seem to view the present situation as acceptable in tension-free times, they maintain that a truly stable peace

* The new Kekkonen proposal had been preceded by two similar plans: (1) in October 1957, Polish Foreign Minister Adam Rapacki proposed the establishment of nuclear-free zones in Central Europe, and (2) in November 1961, Swedish Foreign Minister Osten Unden introduced the concept of nuclear-free zones into the disarmament negotiations as one possible means by which the spread of nuclear weapons could be avoided.16
in Northern Europe can best be brought about by a weakening of NATO ties and an increase in the neutral climate of the region. But the proposals aroused opposition and even resentment in the other Nordic countries. The Scandinavian leaders claimed that such a plan would eliminate their security alternatives, that it would leave them vulnerable in case the Soviet leadership should get expansionist ideas, and that it does not include denuclearizing the northwestern region of the Soviet Union.* Therefore, despite the apparent lessening of the North's strategic importance, the Kekkonen Plan has been unsuccessful, even in neutral Sweden. The 1968 Czechoslovakian crisis served only to cement the current strategic pattern: both Denmark and Norway unambiguously confirmed their intention to retain NATO membership. 19

There are even some indications that a strong element in Finnish strategic thinking is not wholly in agreement with the rationale behind the Kekkonen Plan. Kekkonen himself, for example, used the psychological status quo of the Nordic balance to his advantage during the note crisis of 1961. In Novosibirsk, he pointed out the strategic implications of Finnish Soviet military consultations:

* Kekkonen's supporters reply that areas bordering on the Baltic in West Germany are not included either.
the Danes and Norwegians might use the option of changing their base and nuclear weapon policies. And in the opinion of many Scandinavian leaders, the solidarity of the Nordic countries at that time provided a "striking application of the balance theory." But it would be a mistake to view the situation too simplistically, for the events of 1961 had a rather complicated cause-and-effect relationship. Kekkonen's use of the "balance" argument, for instance, may never have been necessary if there had been no unsettling NATO maneuvers in the Baltic in the first place. There may never have been a 1961 note crisis in a neutral Northern Europe. But this is in the realm of speculation. What does seem more certain is that despite proposals to alter the strategic situation in Northern Europe, the governments concerned will continue to act conservatively, and there will be no basic change in the foreseeable future.*

In spite of the different security strategies of the various Nordic countries, the degree of integration achieved in Scandinavia is probably higher than in any other region in the world. This integration is a reflection of the peace and prosperity of a remarkable

*Aside from the "Kekkonen Plan" and "status quo" options, there is a third line propounded by Nordic activists: increased neutrality in all Scandinavia, altering Finland's whole orientation with the Soviet Union. This "Nordic defense union" option now has little sympathy in Finland, which in the twentieth century has "received small coins but never hard cash" from the "Scandinavian bank of security."
area where no acts of war between members have taken place for over 150 years, and where there are no territorial or ideological problems giving resort to violence. The Nordic countries, in fact, constitute an international security zone, and the effect of this stable situation on Finland's relations with the Soviet Union has been beneficial.

3. Defense Strategy

A neutrality strategy needs a relatively strong defense to be credible. If a neutral lacks the potential to defend its sovereignty, its credibility will be low in peacetime and its territory will be violated without hesitation in wartime if military necessity so dictates. The examples of Switzerland and Sweden in the two World Wars show that a high degree of military preparedness can be at least partly responsible for the success of a neutrality policy.

We have pointed out that the strategic importance of Northern Europe has diminished considerably, and that there are no objects of strategic significance in Finland herself that could be highly valued by the Great Powers. But the experience gained in the 1939-44 period showed the Finns that a mere declaration of neutrality does not suffice to protect a state against violations of her territory. The strong resistance of the Finnish Army during this period was undoubtedly a factor in the Soviets' decision not to occupy the country. And the avoidance of military occupation was one of the most important determining
factors separating Finland from the East European countries which became part of the Communist bloc.  

Finland's postwar position as a neutral buffer-state did not diminish the importance to her security of well-equipped defense forces. In 1949, a review committee on defense wrote in its report:

The task of Finland's defense forces is to create the military conditions necessary for the preservation of neutrality and necessary to remain aloof from way. At a minimum we must ensure that the nation, at least its vital areas, are not conquered by surprise attack, that life is not paralyzed, and that immediate mobilization cannot be prevented. If the nation in spite of all its efforts cannot remain neutral, if the nation is attacked, the goal of our defense forces is to win time and to create the conditions for, on one hand, receiving assistance and, on the other hand, negotiations leading to peace.

Finland's vulnerable geographical location is somewhat offset by the country's internal geography, which makes penetration difficult--as the Soviets discovered in 1939. The Finnish terrain offers few opportunities for rapid operations of armored troops. The Finnish archipelago can be made useless with the aid of mines and fortified shore batteries. Even in the most vulnerable area--Lapland--it is possible to make roads and communications unusable at river crossings and similar passages. In this latter area, where NATO and Warsaw Pact territories meet, the Finns have stationed special commando troops to discourage either side from the temptation of encroaching upon Finnish territory.

Finland contributes a relatively small proportion of her
GNP to national defense: about 1.4 per cent, or 5.75 per cent of the State budget. This modest expenditure is largely due to the limitations imposed by the 1947 Paris Peace Treaty, which restricts defense forces to the execution of tasks of an internal nature and to local defense of Finnish borders. On this basis, the ground forces may not exceed 34,400 men, the navy 4,500 men and a 10,000 total tonnage, the air force 3,000 men and 60 aircraft. Nuclear weapons, missiles, submarines and other special material are also forbidden. In Chapter II we saw how Finland managed to achieve a reinterpretation of the Peace Treaty, allowing her to acquire defensive ground-to-air and air-to-air missiles, and permitting her to maintain a credible defense of her air space. In addition, ground and sea defenses are bolstered by modern, sophisticated armaments and material. Despite the small military budget, Finland's mechanized armed forces represent, in the opinion of one military strategist, a high defensive standard "even for Scandinavia."  

The Finnish defense forces are organized on the basis of a cadre system and a territorial structure. Basic manpower needs are furnished through universal conscription. The President of the Republic is the Commander-in-Chief of the armed forces, and the military command is constitutionally subordinated to democratic political control.*

* In wartime, it was once possible for the President to turn over his command to military leaders. During the 1939-44 period, however, this led to a confusing dualism in political and military leadership. After World War II, steps were taken to concentrate the total defense of the country in the hands of civilian leaders.
Until recently, the Finnish defense system had not provoked much political controversy in the country. But a July 1971 parliamentary report on defense reflected the growing interest political parties have taken in this question. The review analyzes Finland's strategic position in Northern Europe and the present state of her defense preparedness, and concludes that while there is little likelihood of general war or limited attack, the exigencies of neutrality demand a vigilant defense posture.*

It is perhaps strange to see a renewed interest in military matters at a time when Finland is actively engaged in sponsoring international arms control negotiations. But the Finns feel that a high state of military readiness is vital to their relations with the Soviet Union, as Jakobson notes:

In a revealing remark to a Scandinavian visitor, the late Defence Minister Marshal Malinovski once pointed out that thanks to Finland's friendly neutrality only one Soviet division had to be maintained in the Murmansk region; if Finnish policy were different, he said, much greater forces would have to be kept there. No doubt he would draw the same conclusion if Finland were a military vacuum. The Soviet Marshals might then consider it necessary in a critical situation to move their defence forward into that vacuum. Such a move, apart from any other possible consequences, would immediately destroy Finland's chances of staying outside the conflict.** 30

* See Appendix B for an abridged copy of this report.

** Jakobson's point is well made, although one could question whether the Soviets really maintain only one division in that area.
It seems likely that, if the Soviet Union deemed it necessary, she could overrun Finland militarily in a short space of time (although this was also the common belief in 1939). The chances of this occurring are extremely slim, and the primary aim of Finnish foreign policy is to ensure that the possibility does not arise. But if the Soviets should invade, the Finnish armed forces—backed by more than 700,000 reservists—would probably cause considerable embarrassment to the Red Army, if only through protracted guerilla and partisan operations. The same would go for any invading army. One of the most important aspects of Finnish military defense, as we shall discuss in Chapter VIII, is the stubborn will of the people to defend the country, no matter what the odds.

Such considerations, with all their nightmarish implications, undoubtedly form part of the strategic military thinking of Finnish leaders. But in the present situation they remain very remote contingencies. The important point is that, even in the best of times, it is a paramount Finnish interest to maintain a credible defense capability.
V. The Domestic Political Perspective

A. The Finnish Political System

Finland has a strong Western constitutional and political orientation, and the Finnish tradition of democracy goes back for centuries. During most of the 600 years of Swedish rule, Finland enjoyed the status of an equal partner with the mother country, and her judicial and political systems were developed upon the same foundations. Besides participating, according to the ancient Nordic custom, in the election of the king, the Finnish people enjoyed the right to elect representatives to the Diet of the Four Estates (nobles, clergy, burghers and farmers), and to participate in the governing of their country.

The Finnish concept of individual freedom also has roots buried deep in the history of the Swedish-Finnish realm. Serfdom was
never a part of the socio-economic life. The existence of an independent class of land-owning farmers limited the influence of the nobility, and the mutual trust between the monarch and the people precluded a feudal system. Finland never suffered an actual autocracy, because the king was always bound by law. The dependence on law to safeguard individual life, liberty and property was expressed and ordained in legal statutes as early as the middle of the fourteenth century, and a deep respect for the law became firmly implanted in the Finnish mentality.¹

The separation of Finland from Sweden in 1809 did not signify her incorporation into the Russian state as a province. Finland was established as an internally autonomous Grand Duchy with the Tsar as sovereign, and the maintenance of the fundamental Swedish laws and the 1772 "Gustavian" constitution was guaranteed. Although the Tsar held a dominant position, his powers were limited as regards lawmaking and taxation.²

In 1906 there was a change in Finland's political and legislative system from the Diet of the Estates to a unicameral Parliament—purportedly the most democratic in Europe.³ At the same time, Finland became the first European country to grant suffrage to women.

The transition from autonomy to independence in 1917 was thus not a complete upheaval in the country's internal life. Finland
had been ripe for independence years before, and--because of her tradition of democracy, self-government and high popular education--she was probably the best prepared of all the states which arose out of the ruins of the Russian, German and Austro-Hungarian Empires.

The continuity of independent Finland's political institutions has never been broken by revolution or occupation. This proved to be an important factor in the period immediately following World War II. In the East European countries which soon became People's Democracies, German fascism and the effects of the War had crushed the old bourgeois state and political apparatus. The puppet administrations disappeared after the defeat of the Nazis, leaving a vacuum of political confusing. By contrast, in Finland the traditional form of government survived. The political system was so strongly entrenched that an effective, smooth Communist takeover could not have been pulled off in Helsinki.

The strength of Scandinavian legal and constitutional traditions in Finland continues today. The Finnish Constitution, for example, is the only one among those created in the aftermath of World War I which is still in force. There is a consensus on the Western-type Democratic system stretching from the Conservatives to the dominant wing of the Communist Party. 4 The deeply rooted Nordic concept of freedom is probably a factor in Soviet moderation towards Finland, as the lack of autocratic rule has made the Finns unresponsive
to totalitarian forms of social and political organization. It has also set the tone for a certain limitation in Finnish-Soviet relations: Finnish leaders have consistently pointed out that their country is not ideologically neutral, and in 1961 Kekkonen even told Soviet leaders that Finland would remain a Nordic type of democracy even if "the rest of Europe should turn communist."\(^5\)

B. The Finnish Government

Finland is a republic, and thus calls for the classical tripartition of power. Alongside the 200-member unicameral Parliament, empowered to enact laws, and the executive branch, led by the President, there is an independent judicial branch of government. The division of power is not similar to Anglo-Saxon systems, but is a combination of the presidential and parliamentary governmental structures. The President and Parliament are elected separately: the former indirectly through an electoral college system, the latter by popular regional voting through a variation of the d'Hondt system of proportional representation.* Presidential elections normally take place every six years, and general parliamentary elections every four years, except when the President dissolves Parliament in exceptional circumstances and

calls for a new election. Most of the administrative duties are the responsibility of the Cabinet, which must enjoy the confidence of Parliament. The Cabinet is nominated by the President, who selects a Prime Minister from among the Members of Parliament; the Prime Minister in his turn forms a Government. Due to the Finnish multi-party system, the Cabinet is usually a coalition of some kind, reflecting political strengths in the legislature. Because of the rather volatile nature of domestic politics and the dogmatic nature of party allegiance, Cabinets tend to be short-lived--with an average life span of one year.

Crucial political decisions are arrived at through the interaction of the President, the Cabinet and Parliament. The President of the Republic, however, has dominant power: he can appoint top officials, veto or formulate legislation, and is Commander-in-Chief of the defense forces. Although he must exercise his authority in cooperation with the other organs of government, he is in a very independent position, generally aloof from the squabbles of partisan politics and under no political responsibility for the decisions he makes (except at election time). Kekkonen's relatively great constitutional power has even led observers to call him the "De Gaulle of the North." In Finland, however, the system is not limited to a single person, but "is part of a flexible constitution based on history." The President's powers are most evident in the realm of
foreign policy. Although certain foreign relations activities require the approval of Parliament, the main leadership rests with the President. This constitutional role has important implications for Finnish-Soviet relations. The Russians are above all interested in stability in Finland's friendly attitude. Because of the precarious balance of the Finnish multi-party system, it is difficult to conduct foreign affairs from the Cabinet. The President is therefore a better representative of continuity in foreign policy, and this partially explains why the Soviets have never been unduly alarmed at the instability of Finnish Governments. Foreign policy has thus proved to be the domain where the President—especially such powerful personalities as Paasikivi and Kekkonen—has been most active and influential.

The cooperation of Parliament is sometimes necessary before a formal decision on foreign policy can be made. Parliamentary approval is required for (1) decisions as to peace and war, (2) the ratification of treaties, and (3) the granting of appropriations. The importance of the parliamentary role has been decisive at several crucial points in postwar Finnish relations with the Soviet Union. Stalin, for example, was apparently worried in 1948 that Parliament would not ratify the Treaty of Friendship, and his desire to avoid unnecessary complications in his effort to stabilize Russia's northwestern frontier may have been a factor in his moderate stance as Jakobson suggests:

Probably Stalin in 1948 had not expected to get more than what he had proposed in 1938. In any event he
knew well that anything that had gone beyond what was finally agreed would have met with strong resistance from the Finnish Parliament. On the eve of the departure of the Finnish delegation from Moscow, Molotov even expressed some doubt as to whether the treaty as signed would be ratified in Helsinki.\textsuperscript{7}

In contrast to the practices in other countries, discussions on foreign policy are rarely staged in the Finnish Parliament. The Constitution never even included provisions for a general debate on foreign affairs.\textsuperscript{8} Today, for practical reasons, Finland's relations with the Soviet Union cannot be a subject of parliamentary questioning and discussion. Nevertheless, Governments have usually tried to avoid a situation where they could be accused of neglect of the popular will. Parliament is constantly kept abreast of foreign affairs through liaison with the Foreign Affairs Committee. Since the early 1920s, in effect, Governments have been careful to secure the Committee's support for all important foreign policy matters.

As we mentioned above, the frequent changes of Cabinet have made it impossible to formulate a consistent foreign policy at the ministerial level. These changes are due to domestic disputes and Nousiainen even insists that debates over foreign affairs "have never caused the dissolution of a cabinet."\textsuperscript{9} Because of Government

\* This statement seems somewhat exaggerated; Fagerholm Governments, for example, have been weakened by their difficulties with the Soviet Union. But it does underline the predominance of domestic issues behind cabinet failures.
instability, the Minister for Foreign Affairs does not enjoy so great a measure of power, in his own field, as do his colleagues abroad. The tendency to "neutralize" the foreign affairs portfolio has been especially evident since the Second World War. Despite this diminished authority, however, it is customary to select a Foreign Minister who can maintain excellent official and personal relationships with the Soviet leaders.

The Finnish Constitution is more flexible and adaptive than many other constitutions, especially in regards to the role of the judicial branch. As opposed to Anglo-Saxon systems, the constitutionality of laws is normally investigated and determined in parliamentary committees before enactment. Traditional respect for the law and for expert constitutional opinion is so strong that, in the opinion of one Finnish jurist, it is difficult to find "a single case of conscious neglect of constitutional articles."\(^\text{10}\) Be that as it may, the Constitution does provide explicit guarantees against majority dictatorship and rash decisions; exceptional unanimity in Parliament is required to alter or change a fundamental law. Such guarantees have significant ramifications for Finnish society and Finnish-Soviet relations. For example, it would be legally impossible for a leftist majority in Parliament radically to change the structure of social, political or economic life. As Kastari points out,
It is an unquestionable fact ... that the endeavours to nationalize private enterprise, which were in vogue in Finland during the post-war years, as in many other countries, broke down entirely in the face of the protection afforded by the articles of the Constitution and by their practical application to property rights.\footnote{11}

For the same reasons, the Soviet Union, if she tried, could not legally impose a basic change on Finnish society.

The frequent change of Cabinets in Finland is peculiar in that it does not reflect general domestic instability, deep societal malaise, or economic backwardness. It is instead attributable to the unstable balance between the political parties, which we shall presently investigate. Finnish society is too deeply ingrained with a respect for law and constitutionality to be compared to France of the 1950s or postwar Italy. The dominant position of the President, who can stand aloof from the political battles and act as a unifying force, is a strong factor in the basic stability of Finnish society and the consistency of Finnish external policies. Certainly the Soviet leaders, while concerned with the composition of certain Cabinets, have never strongly reacted to the changes per se. The important point has been the stability of foreign policy. In this respect, the present system of decision-making and division of powers seems to have functioned quite well.
C. Finnish Political Parties

The Finnish party system parallels a system common to all Nordic countries, with five major traditional parties: (1) the bourgeois right, (2) the bourgeois centre, (3) the farmers and country dwellers, (4) the workers, and (5) the extreme left. In Finland these parties are, correspondingly: (1) the National Coalition (Conservatives), (2) the Liberals, (3) the Agrarian-Centre Party, (4) the Social Democrats, and (5) the SKDL. In addition, there are today three relatively minor parties: (6) the Swedish Language Party (supporting the specific interests of the Swedish population), (7) the Rural Party (a right-wing splinter group from the Centre Party), and (8) the Christian League (a fundamentalist sect dedicated to eradicating such evils as pornography). Postwar Finnish party politics have been characterized by (a) the relative strength of the Communist-dominated SKDL, (b) the see-saw battle for dominance between the Centre Party and the Social Democrats, and (c) the fact that all parties have been minority parties.

There is a fairly sharp delineation between political parties, with an unusually high level of party identification and consistency in voting. The Finns are dogmatic about party allegiance; the habit of voting for a particular party is generally passed on from father to son (which partially explains the initial success of the Communists in 1943--and also their inability to increase their following).
The sometimes passionate character of Finnish party politics has been largely limited to domestic issues since 1944. Public opinion in Finland has been slow to react on questions of foreign policy. Generally speaking, relations with the Eastern countries have not been a central subject of discussion. After the Second World War all the parties acknowledged that the development of friendly relations with the Soviet Union was a necessity (fascist-oriented parties were banned outright), and that Russia should be accorded the status of a "most-favored" nation. Since then, no group has officially claimed that this policy should be altered. The idea of absolute neutrality has also been accepted by all parties as their guiding principle. Both the Communists and the Right declare themselves supporters of such a program.

The general aim of the Paasikivi Line have thus been accepted with full unanimity. But beginning in the mid-1950s, there developed two different interpretations of the official line, and the means and details became disputed. On the one hand, the Right and the Social Democrats interpreted the line in a legalistic manner, according to which the line should be followed to the very letter, yet all the time emphasizing that the Soviet Union does not have the right to interfere in Finland's internal affairs.

On the other hand, the group led by the Agrarian-Centre Party—which in fact has determined the direction of Finland's foreign policy
under Centrist President Kekkonen—has interpreted the line from a psychological standpoint,

emphasizing that the Treaty of Friendship and Assistance is based on a Soviet confidence towards Finland, a confidence not to be shaken. Accordingly, the Soviet Union is presupposed to have the right to take care of her security interests in Finland, although this does not include ideological interests. 17

Obviously, the Soviet Union considers the latter interpretation to be correct, and many of the ambiguities in Finnish-Soviet relations—especially in 1958 and 1961—can be attributed to the Russians' lack of faith in the Social Democrats' dedication to the Paasikivi Line. Since the mid-1960s, however, the Party has changed its "dead-end" Eastern policy, accepting the philosophy of the Paasikivi-Kekkonen Line to the point of supporting Kekkonen in his 1968 re-election bid. The policy change helped the Social Democrats regain power in the Cabinet. Today, they are the largest single party in Parliament, and until July 19th Finland was ruled by a minority Social Democratic Government. 18

The present inability to form a majority coalition reveals a chronic weakness in Finnish political life. Since World War II, a solution to the Cabinet problem has primarily depended upon the relationship between the Agrarian-Centre Party and the Social Democrats. The greatest difficulty lies in the fact that the Centrists largely represent the farm producers, while the Social Democrats represent the so-called urban consumers. In a larger sense, Government stability
requires an equitable solution to the problem of rapid social and economic change from an agrarian community to a modern industrial state. Both parties, however, represent what could be called the "broad centre" of the political spectrum, and their differences are not ideologically irreconcilable.

The existence of a strong Communist Party is another characteristic of Finnish political life. In 1944, the Communists emerged from a decade of underground activity, and formed a separate electoral organization—the SKDL. In 1945, the SKDL polled nearly 25 per cent of the popular vote. We have already noted that this initial success was partially due (1) to the consistency of party identification in Finland, and (2) to the embourgeoisement of the Social Democrats in the 1930s, leaving the Communists as the only leftist political expression of the Finnish workers' movement. Since 1945, SKDL support has varied, but in the 1970 and 1972 general elections their following was down to about 17 per cent.

Recent studies have shown that there are two distinct kinds of Communism in Finland: (1) the "Backwoods" or "Emerging Communism" of the rural northeast, thriving on economic insecurity, and (2) the "Industrial" or "Traditional Communism" of the urban southwest, deeply rooted in left-wing radical traditions. Although the SKDL has obtained anywhere from 16 to 25 per cent of the popular vote, it has had no mass base among the total Finnish electorate;
both Backwoods and Industrial Communism have been limited to definite class-based segments of the society.

Left-wing radicalism in Finland has always maintained a peculiar balance between Marxism and nationalism—a "home grown Communism" that feeds on social protest and defiant reactions, but which is only loosely anchored in ideology. Voting Communist does not necessarily mean support of the Soviet Union; a striking continuity in Finnish political culture has been either latent distrust or clear hostility towards the giant Eastern neighbor, and the Communist electorate is not immune from this atmosphere. In 1939, for example, the Finnish Communists supported the Helsinki Government rather than the abortive Kuusinen Karelian Government. During the 1944-48 period, the SKDL was divided over tactics and basic philosophy: many members, in true Leninist fashion, believed that violence and disruption were the best means to power, while others, like Leino, were more "Menshevik" and parliamentarian in approach, and wanted a socialist but not a totalitarian Finland. When the crunch came in 1948, they "proved better Finns than Communists." Small wonder, then, that Moscow has shown a decided willingness to work with the Finnish bourgeois parties instead of giving full support to the unpredictable Communists. This willingness has been enhanced by the strong commitment of the other parties to the Paasikivi-Kekkonen Line:
Alone among the Soviet Union's pre-war neighbors to the West, Finland ever since 1944 has had among its traditional political elite a number of politicians who have been willing to satisfy basic Soviet demands and who have thus made the Finnish Communists largely superfluous from the Soviet point of view.23

In 1948 the Communist cause never enjoyed the popularity it had, for example, in Czechoslovakia and the efforts of the SKDL were directed toward making the party respectable and developing organizational work at the precinct level rather than plotting an actual government takeover.24 By 1966, the Party had clearly won a large measure of respectability, and three members were included in the first genuine "popular front" Government in Western Europe since 1948.25 Contrary to expectations, there was no panic at that time—no flight of capital from Finland, as happened in Italy when the non-Communist Centre-Left coalition was formed in 1964. There are four possible explanations for the apparent acceptance of SKDL inclusion in the Government: (1) the Finnish Constitution makes nationalization or radical changes in the social structure virtually impossible; (2) the SKDL's participation was ultimately functional for capitalism, because it provided guarantees of orderly labor discipline in the country; (3) the Finnish Communists had apparently found outdated the notion that the bourgeois state must be smashed; and (4) the "institutionalization" of Finnish-Soviet relations seemed to speak against undue Soviet influence through the SKDL ministers—who at any rate held only minor posts in the Cabinet.
Paradoxically, the popular front experience proved to be a determining factor in the recent split within the Communist Party and the SKDL's eventual exclusion from the Government. On the one hand, the minority Stalinist wing of the Party revolted against the "status quo" consequences of the popular front, and on the other hand, the reformists wanted to hold on to the reins of power, even at the expense of ideological orthodoxy. In other words, controversies similar to those of 1944-48 have returned to haunt the Party and remove it from power.

The popular front experience clearly belies Billington's assumption that once the SKDL got its feet in the Cabinet door, the inevitable result would be, with Soviet help, Communist control. There are too many factors working against such an eventuality. For instance, despite chronic Cabinet instability, all non-Communist parties are unequivocally united in their opposition to such a takeover of the country.

To sum up, the multi-party system—and its chronic imbalance—is one of the most important determinants of Finnish political life. All parties, of course, support the general theses of the Paasikivi-Kekkonen Line. But there will probably continue to be differences over detail and interpretation. It thus seems reasonable to conclude, as does Holsti, that the exact nature of future Finnish-Soviet relations will depend to a large degree upon the development of party politics in Finland.*

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* See Appendix C for tables showing party compositions in Parliament and the Cabinet, 1944-72.
D. Domestic Politics and Relations with the Soviet Union

It has become almost axiomatic to say that, in the case of small countries, foreign policy must take precedence over domestic policy. In Finland, the basic tenets of foreign policy—and especially relations with the Soviet Union—have not been a subject for general debate. However, that does not diminish their importance. Finnish-Soviet relations are a constant factor in Finnish political life that must be taken into account, consciously or sub-consciously, at all times and in all areas of political decision-making.

The security implications of domestic politics are especially crucial for Finland, because the Soviet Union continuously and carefully keeps abreast of internal developments in Finland and—when undesirable changes seem to be in sight—attempts to influence the course of events so that Finland's basic foreign policy will not be changed as the result of some changes in the field of domestic policy.28

Provided the Soviet Union is convinced of Finland's determination to maintain her friendly relations, she does not interfere in Finnish domestic politics. But any time the Russians receive information, through their own channels, that individuals or groups they perceive as wishing to change the direction of Finnish foreign policy may be near the levers of power and influence, they have been sensitive to react.
Soviet penetration into Finnish domestic politics—described by Holsti as "techniques of influence" and by Forster as "the silent Soviet vote"—have been evident at several crucial periods in postwar history. The extent of Soviet influence has varied. In the 1945 elections, for example, Soviet concern was merely reflected in Pravda articles warning that the "Finnish elections could not be considered an internal matter." Elections from 1951 to 1954, however, were free from undue Soviet influence—as they have been in the last several years. At times, the Russians have used the "carrot" approach towards Finnish domestic politics. In 1948, for instance, they tried to bolster SKDL popularity by relaxing war reparations and easing relations between the two countries. In 1955-56, the Soviet withdrawal from Porkkala, the extension of the 1948 Treaty, and Finland's United Nations and Nordic Council memberships were in part an effort to back Kekkonen's bid for the Presidency.

The two most well-known cases of Soviet penetration occurred during the mini-crises of 1958 and 1961. In both cases the volatile nature of the debates over domestic issues spilled over into the foreign policy sphere, arousing Soviet suspicions. Party leaders accused each other of infidelity to the policy of neutrality, and although the accusations had little basis in fact, they were apparently taken seriously by Soviet diplomats and correspondents in Helsinki. The tone of domestic politics in 1958 was particularly upsetting for the Russians: the SKDL was excluded from the Cabinet
although it was the largest single party in Parliament; the Fagerholm Government was dominated by Social Democrats who favored the "legalistic" interpretation of the Paasikivi Line; and the conservative National Coalition Party—which the Soviets blamed more than any other group for the conflicts of 1939-44—had scored well at the polls.*

The 1961 note crisis, as we have seen, was really a continuation of the 1958 events. Once again the Soviets were worried that Finnish foreign policy might change as a result of domestic political disputes. They wanted, according to a letter sent by Andrei Gromyko in October, political guarantees concerning the continuation of the Paasikivi Line. The presidential campaign mounting against Kekkonen, despite its lack of majority political support and despite opposition candidate Honka's adherence to established neutral policies, was viewed by the Russians as a disruptive force. Honka and his political supporters were unknown quantities or had at one time provoked Soviet displeasure. The strain in Finnish-Soviet relations was not finally relaxed until Honka resigned his candidacy.

According to Allardt and Pesonen, the existence of Finland's political system is based on two fundamental requirements:

*The Soviet Union has not been the only Great Power trying to influence the Finnish domestic scene. Allegations have been made that the CIA was also intriguing in Finnish politics at this time, supporting right-wing activists within the Social Democratic Party.
Soviet leaders have apparently taken these two factors into account in their relations with Finland. When they have felt threatened by developments on the Finnish domestic scene, they have applied pressure at carefully aimed, specific targets, such as the Fagerholm Government in 1958 and the Honka campaign in 1961. The technique has worked when the Finns perceive that (1) a certain response is desirable for Finnish-Soviet relations, and (2) the issue is not so crucial that the basic independence and cohesion of society is threatened. In other words, the Fagerholm Government and the Honka candidacy did not have such broad public support that their resignations endangered the Finnish body politic. And given the ambiguous systemic and strategic situation at the time, Soviet concern was understood and even considered legitimate by important segments of the Finnish political elite.

The Russian techniques—considering Finland's international position, strategic situation, economic value, and the high patriotism and individualism of the people—are much more rational for Soviet defense interests than the direct control or takeover of Finland. Soviet influence has thus not been ideological, but pragmatic, logically derived from their security interests.

In the light of Rosenau's contention that many domestic political issues have come to be more or less internationalized or
penetrated by outside interests in an increasingly interdependent world, Soviet involvement in Finland should not surprise anyone. The amazing thing is how limited her manipulation really has been. The Soviets have simply not tried to call the tune in most aspects of Finnish politics. There has been no attempt to impose the Communists on the country, no attempt to change the status quo.

Above all, Finnish reaction to Soviet influence has never been automatic or reflexive. As we mentioned earlier, Jakobson notes that

at all times the decision as to what course to follow has been taken by the Finns themselves, rather than been imposed upon them by a foreign power.

In a certain sense, this statement can be interpreted as being rather naive and euphoric. After all, it is undeniable that the Soviet Union has the potential for putting severe pressures on the Finnish people. The threat of strong Russian sanctions can be a powerful determining factor in Finnish governmental decision-making. The Soviet "presence" must always be taken into account. But this does not mean that Finnish actions have been the result of specific orders by Soviet leaders. Helsinki has not jumped obediently at Moscow's bidding. Jakobson seems to be pointing out that, despite Finland's political and geographical position vis-a-vis the Soviet Union, the Finns have had a fair latitude of possible responses to Soviet pressures, even in crisis situations. The actual responses have been the product
of free, often intense debates among decision-makers, and the possible alternatives have ranged from stubborn defiance to meek submission. Finnish foreign policy, I would suggest, has been a product of internal discussion and compromise among political parties and actors who have at times favored different programs for dealing with the Russians, different interpretations of the Paasikivi-Kekkonen Line, and different tactics for preserving Finnish independence; it has not been the result of dictatorial decrees imposed from outside. The result has been a rather cautious, middle-of-the-road line that has appeased the Soviets but not sacrificed Finnish independence and neutrality. The calm nature of Finnish-Soviet relations in the last decade is proof of the correctness of that line, but it is not proof that the line has been dictated from Moscow.
VI. The Personality Perspective

A. Decision-Makers and Personalities

In the postwar period, top-level Finnish decision-makers have succeeded in accomplishing things which few observers thought possible and in avoiding dangers which most observers thought imminent. When one compares present-day Finland either with other small neighbors of the two superpowers, or with the situation the Finns had to start with in 1944, it is clear that Finland has had remarkable success in her foreign policy. In my opinion, the reasons for this success go beyond external systemic and strategic factors: the role of Finnish decision-makers has been vital in establishing the present relationship with the Soviet Union. Those responsible for Finnish politics have worked with skill and good sense, and have brought home remarkable results from their encounters with Soviet leaders.
It has been speculated that the Finns, from long coexistence, knew how to handle the Russians in the years following World War II. Anyone who has studied Finland's clumsy and ineffective dealings with the Soviet Union in the 1920s and 1930s would find it difficult to reach such a conclusion. But something, perhaps the trauma of the Finnish-Soviet wars, or the absolute necessity for survival of getting along on correct terms with the Soviet colossus, seems to have brought rationality and realism into the thinking of Finnish political elites.

The importance of the political personalities of decision-makers should not be underrated when analyzing Finnish-Soviet relations. Contacts between the two neighbors have been conducted on a highly personal basis, with many official and unofficial meetings of top-level personnel. Throughout the years, Soviet trust and confidence has been directed only toward certain Finnish political leaders. And the Russians have not hesitated to indicate which other politicians are or are not "suitable" for the continuation of good relations.

Soviet penetration into Finnish domestic politics has been focused on two key interrelated issue-areas: (1) Finland's general policy of neutrality and friendship with the Soviet Union, and (2) the high-level composition of the government that assures the continuity of that policy. The connection between the Soviets' perception of personalities and Finnish-Soviet relations has been
demonstrated several times in postwar history. Fagerholm, for example, was never able to establish a viable working relationship with the Russians—neither in his 1948-50, 1956-57 nor 1958-59 Governments. The Soviets just never trusted the man, and although they would tolerate him to a certain degree, he could never bring about good Finnish-Soviet relations—despite his protestations of allegiance to the Paasikivi Line. Another Social Democrat leader, Vaino Tanner, was top man on the Soviets' list of unacceptable politicians. They believed that Tanner was one of the men who carried Finland into the Winter War and that he was responsible for leading anti-Soviet opinion in Finland in the 1950s and early 1960s. Whatever the merits of these changes, the Soviets became extremely edgy anytime Tanner or his associates came near the reins of power. Tanner was most prominent on the political scene during the unstable 1958-61 period, and the Social Democrats were only able to re-establish themselves as a Government party after his removal as party chief in 1963. After that time, the Soviets slowly changed their attitude towards the Social Democrats, and, coincidently, the party made sweeping gains in subsequent local and general elections. A final example of Soviet pressure on personalities is Honka's 1961 presidential campaign. The Russians were not so opposed to Honka himself as they were to any opposition to Kekkonen; Honka finally withdrew his candidacy because, in his own words, "A statesman's
confidence abroad is, in these times, more important than pacts and agreements." ⁴

In the past decade, there has been little serious Soviet pressure on top Finnish decision-makers. The only known cases concern isolated incidents of Soviet displeasure—such as the 1964 Sukselainen affair—and there has certainly been no interference similar to the 1958-61 years. This does not mean the Russians have relinquished their tactics of influence over Finnish political personalities, but rather that the Finns themselves—and certainly the Finnish electorate—have practiced a form of "self-veto" over their own leaders. It is obvious that any foreign policy decision-maker who cannot get along with the Russians is a bad security risk for the country—as is a political personality who is willing to make too many concessions to the Communists. Finnish leaders must thus walk a narrow tightrope. The tendency in the postwar period has been to favor politicians of centrist or moderate leanings, as leaders to the right or left of the political spectrum might be too committed, even subconsciously, to ideology or principle to successfully employ the diplomacy of consensus, conciliation, appeasement, status quo and pragmatism so vital to the maintenance of neutrality—while at the same time maintaining the non-negotiability of independence.
B. Two Finnish Presidents

The Finnish President has considerable constitutional powers in the conduct of foreign affairs. And if the office is held by a vigorous personality, those powers can be increased in depth and scope. The two principal postwar presidents, Juho Paasikivi and Urho Kekkonen, both favored a strong, dynamic role for the Finnish head of state. These two men, I would suggest, have been the personification of Finland's postwar relations with the Soviet Union.

1. Juho Paasikivi

Guidelines:

Finnish foreign policy is governed by our relations with our great neighbour in the East, the Soviet Union. This is the real problem in our foreign policy, and we have to find a solution to it, for the future of our nation depends on it. We have just signed a truce with the Soviet Union.... We are all agreed that the provisions of this truce must be conscientiously fulfilled. But above and beyond this, we must establish a relationship of mutual trust with our great neighbour. Suspicion must be banished, friendship must prevail. I am convinced that it is in the best interests of our nation that Finnish foreign policy should never be led into paths hostile to the Soviet Union.5

Prime Minister Paasikivi
December 6, 1944

Good relations with Russia are, and always will be of prime importance to Finland. Geography and history have determined this. In foreign policy we must think geographically, as I have said before, but one cannot repeat it too often. Some people so easily forget to look at the map. And what does history teach us? Although it does not always repeat itself,
as was once thought, it is true that all the military engagements that we have been involved in with Russia in the past 250 years have ended in disaster for Finland, whereas we have often achieved worthwhile results when we have met the Russians round a table. In the history of our people the pen has repaired what the sword had broken.6

President Paasikivi
July 31, 1955

The personality and values of Paasikivi played a dominant role in influencing Soviet attitudes toward Finland in the first postwar decade, and Paasikivi's basic ideas still represent the foundation of Finnish foreign policy. A conservative banker with an impeccable record of opposition to Communist ideology, Paasikivi nevertheless enjoyed the trust and respect of Soviet leaders. He seemed to combine the essential stance of conciliation toward Moscow with the stubborn Finnish qualities of shrewdness, pride and independence—the ideal person to convince the Soviets that an independent Finland could be trusted to respect Soviet defense interests.

Paasikivi, in 1944 already an elder statesman of 74, had a lifetime's experience of dealing with the problem of "reconciling Finnish national aspirations with Russian interests."7 As early as 1908, when he became a member of the Finnish Government for the first time, he was advocating a conciliatory attitude toward the Russians in order to prevent severe acts of oppression by Russian
nationalist politicians. After the Bolsheviks had taken power, he did not believe that the new regime would last, but he continued to hold that "in negotiations with the eastern neighbor Finland should be willing to make concessions." In 1920 he successfully negotiated the Finnish-Soviet peace treaty, wherein Finland's historic frontiers were recognized. In October 1939 he headed the Finnish delegation to Moscow, and it was against his advice that Stalin's demands were rejected by his Government. Out of tune with the political currents of the time, he stayed out of political office during the war years, and was consequently untainted by association with Nazi Germany.

During the crucial 1944-48 period, when he served as Prime Minister until 1946 and thereafter as President, Paasikivi was one of the few genuinely credible leaders in Soviet eyes. At the same time, the Finnish people had confidence in his integrity and nationalism. He helped negotiate the 1944 Armistice, and in 1948 Stalin readily accepted his draft for the Treaty of Friendship. By arguing that the Russian interest in Finland was primarily strategic and defensive, and that it was in the Finnish interest to accommodate Soviet security imperatives, Paasikivi was able to convince the Soviet leaders that Finland would not turn against them. He was also an effective domestic leader; he knew all the political ropes and could prevent the Communists from damaging Finland's basic democratic processes, despite far-reaching concessions to the Left.
In September 1954 Paasikivi was awarded the Order of Lenin—a reflection of the esteem and respect he had earned in Moscow. By the time of his death in December 1956, he could look with satisfaction upon his accomplishments. Important Soviet concessions had vindicated his foreign policy line, and his personal contribution as postwar leader played no small part in securing Finland's independence and way of life.

2. Urho Kekkonen

Guidelines:

Normally it would seem that when in a border country between West and East the influence of the Western world is on the increase, the influence of the East would correspondingly diminish. And in reverse, if the influence of the Eastern world grows, the West must retreat. Finland is one of the countries on the border of West and East. But in our case, the better we succeed in maintaining the confidence of the Soviet Union in Finland as a peaceful neighbour, the better are our opportunities for close co-operation with the countries of the Western World.... But we have also found that when mutual confidence between Finland and the Soviet Union for some reason is impaired and as suspicions arise, we must in our interest contract our sphere of activity in our relations with the Western world.

As you see, the task of guiding our policy of neutrality in a world of paradoxes is difficult, yet fascinating.

Neutrality, as I have said, is a way of solving our security problem. It is not an ideological attitude. I have complete faith in the lasting strength of Finnish democracy, based on respect for the individual and the idea of freedom under law.10

President Kekkonen
October 17, 1961
The foreign policy of my own country ... is defined concisely as a policy of neutrality aimed at securing for the people of Finland the opportunity of developing its own life, independent and free, within the social system it has chosen itself. I have always thought that this aim includes positive moral values also in the international sense. A policy of neutrality is in itself peaceloving, for its basic goal, to be permitted to live self (sic) in peace, contains the right of others as well to live in peace. A policy of neutrality promotes the cause of international understanding for the absolute condition of its success is broad cooperation between all peoples and all social systems. The 'open sesame' of the policy of neutrality is not the established will of a state to pursue a policy of neutrality. A decisive factor--additional to this--is that foreign countries trust in it. It is not enough that distant nations trust in it, what is most important is that the neighbouring countries do not doubt its genuineness. It is from this foundation that Finland pursues its active foreign policy. I may perhaps say without indulging in false pride: the tree is known for its fruit also in the sphere of basic foreign policy solutions.

President Kekkonen
March 27, 1972

Kekkonen's place in postwar Finnish-Soviet relations is no less significant than that of Paasikivi. We have already seen how he changed Paasikivi's cautious isolation policy to an active line of neutrality that won international recognition. Like Paasikivi, Kekkonen is respected by Soviet leaders. Unlike his predecessor, however, he was for many years unable to achieve a political consensus at home over a number of his policies. There are two possible reasons for his initial failure in rallying broad political support around himself: (1) he has been a dedicated Agrarian-Centre Party
leader, who, contrary to Finnish custom, did not elevate himself above politics when he became President, and (2) his thinking with respect to the Soviet Union underwent a rapid change during World War II, exposing him to charges of opportunism and accommodation.

Since the late 1930s, in effect, Kekkonen has been a controversial figure in Finnish politics. Although he was instrumental in banning the Patriotic People's Movement—a fascist extremist party—as a subversive organization in 1938, he was strongly opposed to making peace with the Soviet Union at the end of the Winter War in 1940. But the lessons of war soon brought him to the conviction that "Finland could not find safety through reliance on the protection of other powers against the Soviet Union." He therefore stayed out of office during the latter stages of the Continuation War. During this period, under the pseudonym Pekka Peitsi, he wrote a series of influential articles favoring Finland's exit from the war even at the cost of heavy sacrifices. These articles helped contribute to the spread of a realistic view of Finland's possibilities in the struggle of the nation ... and the achievement of Finland's withdrawal from the war."13

In 1948 Kekkonen played a key role in the Finnish-Soviet treaty negotiations: it was largely due to his intercession that the crucial preamble (expressing Finland's desire to remain out of Great Power conflicts) was included. In the following years he
became closely associated with Paasikivi's foreign policy, and as both Prime Minister and President has enjoyed the confidence of Soviet leaders. Kekkonen's role in the 1958 and 1961 mini-crises, as we have seen, was crucial. Both incidents ended as a result of personal Kekkonen-Khrushchev meetings. While the development of these "frosts" in Finnish-Soviet relations was dependent on a variety of factors, Kekkonen's considerable tact and diplomatic skill were undoubtedly important in finding successful solutions.

Kekkonen's stature has now transcended his former image as a partisan political leader. Despite earlier fears that he might "Bolshevize" Finland or "sell out" Finnish political and economic interests to the Soviets, even Kekkonen's most ardent opponents treat him with a grudging admiration.* Finland's present independent status is to a large extent Kekkonen's responsibility and triumph.**

* In the 1950 general elections, for example, the anti-Kekkonen rallying cry was: "Neither Czechoslovakia nor Kekkoslovakia."14

** See Appendix D for a copy of Kekkonen's latest annual New Year's Day Address to the Finnish people.
C. Other Actors

1. Mannerheim

In the first two years after the War, the Presidency was held by Marshal Mannerheim, whose immense authority and prestige helped ensure an orderly transition from war to peace. Mannerheim was often criticized in the Soviet press. But in 1939 he had been one of the few in Finland who advised conditional compliance in the face of Russian demands, and he was acceptable to the Russians as a transitional, apolitical head of state. Because of his status as a military leader and statesman, according to Jakobson, he was the only man able to lead Finland safely out of the Continuation War.  

2. Stalin

Stalin's ruthless domestic measures were often combined with a very cautious foreign policy, and this prudence may well have led him to a conservative, "status quo" assessment of possible Soviet gains and losses in Finland. It is generally agreed that the Soviet dictator was a cynical and cruel despot, slightly paranoid, with a strong distrust of any situation he could not totally control. However, it should be noted that some observers feel the Soviet leader might have had a "soft spot" for Finland--that he was "repaying a debt for good treatment which he received during a short stay in Finland as a political refugee in his early days."
Be that as it may, Stalin's apparently conciliatory attitude was evident both in 1918, when he was instrumental in recognizing Finnish independence, and in 1948, when he led the accommodating Soviet delegation which signed the Treaty of Friendship.

3. Khrushchev

Finland was strongly affected by the innovations of the Khrushchev era. This complex Russian leader never enjoyed the absolute power of Stalin. But his influence was felt during the short period of relaxation of the mid-1950s, when Finland was able to break out of her postwar isolation, as well as during the brinkmanship years of the late 1950s and early 1960s, when Finnish-Soviet relations were at a low point.

Khrushchev did not hide his concern about certain Finnish political figures and their "dangerous" anti-Soviet attitudes. In a September 1960 speech at a diplomatic luncheon in Helsinki, he noted:

We understand that in various Finnish circles there are different opinions toward the Soviet Union, that there are those who hold a grudge and warn (the Finns) to be on guard against us. But try to understand that in such circumstances we too have to be on guard.... It is known that in Finland not everyone approves of (Kekkonen's) policy toward the Soviet Union. You might declare that whatever occurs is your own internal affair. Naturally, these are internal affairs of the political parties. We recognize this. But to me, as a neighbour, and to our people, it is not at all a matter of indifference what policy toward the USSR
this or that party's ... representatives choose to follow—whether they espouse a policy of building friendship with their neighbor, or a policy which will damage that friendship. Naturally we do not wish to interfere in your internal affairs, but I believe we can express our opinions about certain individuals' position toward the USSR."  

Khrushchev's personal relationship with Kekkonen, however, was quite amicable. The two men exchanged informal visits and enjoyed hunting trips together. A good example of this rapport is Khrushchev's 1960 visit to Helsinki on the occasion of Kekkonen's sixtieth birthday, when among other things the "two balding and earthy sexagenarians talked and joked together in a boiling Finnish sauna."  

4. Kosygin-Brezhnev

Since 1964, Finnish-Soviet relations have continued to be conducted on a highly personal—albeit more business-like—level. Official and unofficial visits have been made at frequent intervals by Finnish-Soviet leaders on various levels. Premier Kosygin has been Kekkonen's most common interlocutor, although the Finnish President has been received several times in Moscow by the full Kremlin ruling troika—First Secretary Brezhnev, Premier Kosygin and President Podgorny—underlining Finland's (and Kekkonen's) special status.

On all evidence, Russia's present rulers seem to be motivated by prudence and caution in their foreign affairs. Through the SALT talks and the Moscow-Bonn accords, they have staked their political lives on some sort of détente with Western powers. This
policy can only benefit Finland, for the political ramifications in the West of undue Soviet pressure on the Finns would now be undesirable to the Russian leaders.

It is doubtful, in my opinion, that a change in top-level Soviet personnel will produce a radical change in Finnish-Soviet relations—at least not to Finland's disadvantage. The Soviet leadership would probably continue their present strategies, dictated as they are by historical precedent, systemic imperatives and domestic needs. It is also doubtful that the Finns will make personnel changes that would endanger their relations with Russia. There are many able leaders, such as former Prime Minister Karjalainen, who have Moscow's confidence and are dedicated to the Paasikivi-Kekkonen Line. Personal relationships will continue to play a vital role, although it now seems probably that both countries—especially Finland—will continue to choose leaders who are compatible to the other side.
VII. The Economic Perspective

A. The Finnish Economy

The greatest changes in Finnish society since World War II have been economic. Until recent times, Finland was predominantly an agricultural country. The life sustenance of the people rested on the natural wealth of the country; agriculture and forestry. Over half the population obtained its livelihood from primary production. Vast forests—often termed Finland's "green gold"—cover more than two-thirds of the country's surface, and the production of basic agricultural necessities has traditionally been Finland's largest branch of industry in terms of gross value.

However, there have been considerable changes in the past twenty years. Agriculture and forestry no longer account for an overwhelming share of the national product. Now, in the early
1970s, Finland is extensively industrialized, and the process is continuing at an accelerating rate. The metal and machine shop industries have been making rapid strides, increasing their exports by about 150 per cent in the 1960s. Other industries, such as chemicals and textiles, are becoming more important. And consumer products such as glass, furniture, ceramics, cutlery and jewellery have made Finnish industrial design famous the world over.

The Finnish economy has become increasingly dependent on foreign trade, as we shall see in the final section of this chapter. Finland's commercial policies have been important for her economic development, and trade has expanded at a faster rate than other sections of the economy.

Finland's success in international trade, structural diversification and economic growth have resulted in a high standard of living for the population. Taking per capita gross national product as the measure, Finland now ranks twelfth in the world, having overtaken Great Britain in 1970. The average annual growth rate has been 5 per cent since World War II, the increase in exports has been 8 per cent a year, and worker productivity has increased 4 per cent annually. Since, as in other Scandinavian countries, the wealth is rather evenly distributed, these rapid increases imply a high general standard of living. Finland has truly come a long way since the lean days of 1944.
A remarkable aspect of these radical changes and improvements is that they were made without foreign takeovers of Finnish industry. Finland was aided, of course, by loans from abroad. But Finnish prosperity has not been achieved as a result of massive foreign ownership of the means of production as, for example, in Canada. Finnish law forbids the purchase of Finnish land by a non-citizen, and strict legislation limits foreign control of industry and transfers of capital out of the country. Despite the Soviet Union's limited penetration into Finnish domestic politics, there is no similar penetration into the economic life. Finnish companies are not owned or controlled by Soviet interests—nor by Western capital.

The basic economic framework of the country's home-owned mixed capitalist system has never been modified. Most Finnish industry is controlled by private enterprise. It has proven constitutionally impossible to modify private property laws and transform Finland into a socialist-oriented economy. Exceptional cases exist where the government is the chief shareholder (trains, airlines, communications and so forth), but in these cases it plays little active part. Only a third of the forestland belongs to the State, and the rest is divided into small private holdings. Farms are also of limited size, and non-governmental cooperatives are active in the distribution of agricultural produce. Finland's economy thus seems less "socialized" than the economies of Sweden or Great Britain, although
the government of course helps direct the economy in conjunction with labor, management and agricultural groups. Some authors even claim that the system is so traditional that "economic power in Finland is one of the most oligarchic in the world." Be that as it may, Finland's economy is radically different from those of her neighbors in Eastern Europe.

Despite the many postwar economic changes noted above, the structure of Finnish production still differs from that of most industrialized countries. The centre of gravity is still the forest industry. The traditional Finnish specialization in forest products has for a long time meant a certain dualism between an internationally competitive export industry of goods based on wood, and other industries mainly directed toward the narrow domestic market. The Finnish economy has of course been striving to correct this structural imbalance. But the job is far from complete. And the strains of this industrialization-diversification process have been reflected in the socio-political realm. Although one-half of the population today continues to live in rural or semi-rural conditions, migration to the towns and cities has been rapid. This urbanization process, which started on a large scale only in the 1950s, has been one of the prime sources of political and economic unrest within the country.

For example, the political squabbles between the Agrarian-
Centre Party and the Social Democrats have been largely the result of rapid economic changes—the transformation of a semi-agrarian to an industrial society. The Centrists have traditionally represented the rural-based producers, the Social Democrats the urban-based consumers. This conflict of interests has been responsible for much of the country's economic disruption—the strikes of 1949, 1956 and 1971, for instance—which has in turn led to the frequent changes of Cabinet. The re-emergence of the Social Democrats on the political scene in 1966 can be largely attributed to economic factors. Throughout the 1950s and 1960s, the dominance of the Agrarian Party led to an artificial subsidization of the agricultural sector at the expense of growing urban industry. But by the mid-1960s the contradictions in the economy were becoming too great, and the electorate made a strong move toward political parties willing to support the emerging urban socio-economic forces. These political changes resulted in economic reform: a devaluation in October 1967 was successful due to comprehensive wage and price controls, and a sweeping economic boom followed during the 1968-71 period.

Of course, Finland's economy is to a large extent at the mercy of international forces beyond her control. Just as she is sensitive to changes in the systemic political environment, so she is sensitive to economic fluctuations abroad. The present slump
is largely a function of the uncertainty and deterioration in international financial circles. This can have ramifications for Finnish-Soviet relations. Historically, when Finland is threatened by economic crises in the West she is forced to increase her reliance on trade with the Eastern bloc. The political tightrope Finland must walk between East and West is thus paralleled in the economic sphere. The Finnish economy is not controlled by the Russians, but it is an important variable in Finland's relations with the Soviet Union.

In spite of the difficulties outlined above, the Finnish economy has been and is basically sound. Finland's growth and prosperity has offset her short-term problems, and the constantly improving economic pattern has probably meant the difference between socio-political stability and chaos. Hence it is of great importance for Finland's security that she continue her economic development. Unstable development could result in serious political disturbances that would limit her ability to maintain a cohesive, stable society and a reasonable defense posture. 9

B. War Reparations and Reconstruction

The Soviet-Union—perhaps unwitting—was directly responsible for the postwar changes in Finland's traditional economic structure. According to the terms of the basic agreement on war reparations signed in December 1944 and officially ratified in the Paris Peace Treaty, Finland was obliged to deliver to the Soviet Union
war reparation products amounting to 300 million United States gold dollars within six years.* The goods to be delivered were classified into the following groups: (1) 100.9 million dollars or 33.6 per cent for machines, installations and complete sets of machines for factories; (2) 60.1 million dollars or 20.1 per cent for new watercraft; (3) 59.0 million dollars or 19.7 per cent for paper industry products; (4) 41.0 million dollars or 13.7 per cent for wood industry products; (5) 25.0 million dollars or 8.3 per cent for cable products; (6) 14.0 million dollars or 4.6 per cent for existing ships of the merchant marine. To Finland, this schedule came as an unpleasant surprise, for in the prewar years wood and paper products had accounted for 80-90 per cent of her total exports. Obviously, both the structure and the productive capacity of Finland's trade and industry had to be changed. Finnish workshops and shipyards—until then aimed primarily at the home market—had to accommodate themselves to large-scale export deliveries. Efficient and modern heavy machine tools had to be acquired from abroad. Electrical machinery had to be purchased, and the technical equipment in the shipyards had to be supplemented and increased. Skilled workers had to be found. At the same time, the acute shortage of raw materials in the strained postwar market and the absence of financial liquidity threatened the balance of deliveries. 

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*The valuation was based on 1939 prices, although the world market prices in 1944 were 17 per cent higher. Finland was required to pay 80 gold dollars per inhabitant, compared to 30 and 15 dollars for Hungary and Rumania respectively. At today's prices the total value of the indemnity goods would be about 600 million dollars.10
All this had to be done in the face of an ambiguous political situation vis-a-vis the Soviet Union. The Russians were hot-and-cold about controlling the reparation payments. At times during the 1944-48 period, it seemed that they might sabotage the Finns' efforts by enforcing stringent control measures. At other times, however, the creditors showed flexibility when they were convinced the debtors were sincerely trying to fulfill their commitments. In October 1945, for example, the Soviets unilaterally announced that the payment term would be extended from six to eight years.

By the end of 1947 about 60 per cent of the total reparation obligation had been met, despite the additional difficulties of postwar reconstruction and refugee resettlement. The Finnish people rightly believed that the punctual accomplishment of war reparation deliveries was one of the fundamental conditions of Finland's national independence. In July 1948 their perseverance paid off: the Soviets reduced the balance of goods due by one-half, so that the revised list contained products of the metal industry almost exclusively. This meant, among other things, that the Finnish wood processing industries were able to concentrate on free exports; the Western currency thus earned helped launch Finland on her remarkable postwar economic recovery.

By the time the last reparation payment was made, in September 1952, Finnish industry had been transformed. Paying off the war indemnities had forced the industrialization and redevelopment of the
economy, and Finland emerged as a relatively strong European industrial country. Finland's effective efforts to fulfill her obligations earned her the respect of the international community, and helped strengthen the Soviets' belief in Finnish reliability. As Jakobson notes, it was "probably the first time in history in which a nation has voluntarily fulfilled an obligation of this kind."16

The Finnish success can be attributed to three main factors: (1) the determination and perseverance of the Finnish people; (2) valuable financial support from the West, especially from Sweden and the United States; and (3) the flexible war reparation policy of the Soviet Union. The importance of the Soviet leaders' attitude should not be underestimated. They had the economic power to destroy Finland's political viability, but did not take advantage of their position. Part of the reason, of course, was that Finnish deliveries were important for Russian reconstruction: "One does not usually kill the goose which lays the golden eggs."19 The Russians also apparently realized that a free Finland would be a valuable future trading partner, with good relations between East and West and an access to Western technology.**

* In August 1948, however, Finland had to give a final "no" to Marshall Plan aid because she "did not wish to take part in an undertaking that had become a subject of controversy between the Great Powers."17 This self-denial in the face of Soviet pressure was so important that Jakobson claims: "The Marshall Plan was designed to save Europe from Communism; Finland may have saved herself from Communism by saying no to the Marshall Plan."18

** Indeed, in subsequent years, the Soviets helped the growing Finnish metal industry by concentrating their imports from Finland in this area.
But the important point, I would suggest, is that the Soviets' lenient attitude in economic matters reflected their basic strategic-defensive imperatives regarding Finland. True, the Russians exacted a heavy reparation payment, as was their right. But their primary and subsequent interest in Finland was not economic-exploitative any more that it was ideological. The development of further trade relations between the two countries has corroborated this point.

C. Foreign Trade

1. Trends and Developments

Finland's economic and material well-being are greatly dependent on foreign trade. With only 4.7 million inhabitants, the home market is very limited, and production geared to domestic needs alone can be quite expensive.\textsuperscript{20} Possibilities of advance in the standard of living thus depend to a large degree on developing good trade relations, for export makes mass production possible and increases opportunities for specialization.

This is of course true of many small countries. However, the

\textsuperscript{*}See Appendix E for Graphs I and II showing the patterns of Finnish imports and exports with her six most important postwar trading partners (Great Britain, West Germany, Sweden, the Soviet Union, Norway, and the United States) from 1953-71; and Graphs III and IV showing patterns of trade with the EEC, EFTA and the Eastern bloc since 1960.
natural conditions for industrial life in Finland make free foreign
trade a matter of prime importance. The country is rich in raw
materials, as we have seen, but these are almost exclusively products
of the forest. Finland has none of the metals and fuels necessary
for a modern industrial economy. The principal way of obtaining
these necessities is through the export of her own raw materials and
finished products. The reserves of foreign currency earned in this
way help buy foreign commodities for home consumption and raw materials
for home industry. Since exports of goods and services accounts
for nearly 28 per cent of the gross national product, Finland is
vitally interested in maintaining her competitive position in inter-
national markets.

Products from the paper and wood industries naturally
account for most Finnish exports. Finland is the third largest
exporter of wood pulp in the world, and is second only to Canada as an
exporter of paper and cardboard. But the composition of exports
has changed since the Second World War. Wood and paper represented
85 per cent of total exports in 1950, 75 per cent in 1960, and are
now down to about 55 per cent. The export of processed goods has
risen sharply, although Finland is by no means sufficiently diversified
in her trade relations. The metal and engineering sector now ranks
second on the export list, accounting for about one-fourth of the
total, compared with about 5 per cent 20 years ago. In the past ten
years, since Finland's association with EFTA, the range of "non-
traditional" exports (finished consumer goods and products of Finnish design) has also expanded considerably.\textsuperscript{24}

The composition of imports has not changed as much over the years. The majority still consists of necessary raw materials, fuels and lubricants, and investment goods. However, as Finns have grown more affluent, the import of durable consumer products has increased most of all.\textsuperscript{25}

The regional structure of Finnish foreign trade reveals a West European dominance, and the patterns today are remarkably like those of pre-independent Finland. The two largest markets for Finnish goods are the EFTA and EEC countries, with the Scandinavian EFTA members becoming more and more important. In 1971 more than 45 per cent of imports and exports were with EFTA countries, showing the importance of this preferential trade area. Exports to EEC countries formed 23 per cent of the total, and 27 per cent of the imports came from the European Community. Only about 14 per cent of Finland's exports were to Eastern bloc countries, and about 6 per cent to North America and Japan. The imports from these two areas were 18 and 6 per cent respectively.\textsuperscript{26} The regional composition of import and export

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\textsuperscript{*} See Appendix F, Table II, for a breakdown of export and import goods by type in 1971.

\textsuperscript{**} See Appendix F, Table IV, for a list of foreign trade by countries and areas in 1971.
goods is described by Viita and Lomas:

Broadly speaking, the Finnish metal and machine shop products are going East, while wood and its derivatives are going West. As regards imports, Finland is getting raw materials from the East and metal products and machines from the West. But this is only the overall picture. For example, the Western market for Finnish metal products is growing in importance.27

Coming to individual countries, Great Britain is Finland's largest customer, taking 19 per cent of the total in 1971. Next is Sweden with 16 per cent, and then the Soviet Union, West Germany and the United States. Sweden now leads on imports into Finland, with 18 per cent of the total. West Germany supplies 17 per cent, and then come Great Britain and the Soviet Union.28

The postwar years may be separated into two periods as Finnish commercial policy, with 1957 as the dividing point. The first period was characterized by strict regulation, high tariffs and quotas, and stringent currency control. The Finns were quite protectionist and isolationist economically, and the country's position in international politics did not allow direct participation in Western European economic cooperation (i.e., the Marshall Plan, and the OEEC). But, starting with a drastic devaluation of the Finnish markka in the autumn of 1957, Finland launched into a large scale change from a closed economy to a fairly open one. She became an associate member of EFTA in 1961, and a member of the OECD in 1969. By 1969, practically all imports were free from quantitative restrictions, and two-thirds of Finnish industrial imports were duty-free.29
This process of trade liberalization, combined with the general industrialization and diversification of the economy, produced severe strains and caused the balance of trade to be deficit throughout the 1960s. In October 1967 the Finns again devalued their money in an attempt to break the deficitory circle. Subsequent economic measures, such as the Government's Special Powers Act of 1968 (which, with the cooperation of management, labor and agricultural organizations, controlled price, rent and wage increases) helped ease inflationary pressure and made the devaluation a short-term success. The 1968-71 boom greatly improved Finland's overall trade balance. Today, however, the country is at the mercy of both internal economic dissension and an unstable international financial situation, and trade and economic growth have slowed down.

In effect, Finland has always had to take the general situation created abroad into account when formulating her trade policy. She has had to adapt herself to the dominant trends in Europe. In addition, she is not able to base commercial policies on purely economic considerations. As we shall see, the Finns have had to modify their foreign trade in various ways because of external political factors.

2. The Soviet Union

During the period between the two World Wars, Finnish trade with the Soviet Union was negligible. But in the postwar
years, Finland's powerful neighbor has emerged as an important trading partner. Although Finnish exports to the Soviet Union have been erratic, ranging from 25 per cent of the total in 1953 to 10 per cent in 1971, the import aide has comprised goods of vital importance for the national economy, and has shown less fluctuation (down to 14 per cent from 20 per cent in 1953). Much of Finland's demand for grains, oil products, coal and coke, and synthetic fertilizers has been satisfied through trade with the East. Finnish exports of finished machine shop and shipyards products to Russia were especially vital in the years immediately following the reparations period, when expanded Finnish industries had not yet opened up markets in the West.

Thus, trade with the East has created new markets for products which would have been hard to sell in Western Europe, while at the same time it has supplied Finland with vital raw materials and producers' goods. Trade with the Soviet Union, in addition to being structurally important, has been a stable and profitable factor in the Finnish economy. Long-based agreements and contracts extending over several years, for example, have comprised fixed quotas of goods and have thus been removed from the fluctuations of Western supply and demand. Furthermore, the goods Finland has received have not required full payment in hard Western currency—thus helping Finland's foreign exchange problems. Finally, a general feature of
Finland's trade with the Communist countries has been its contraction during boom periods and expansion during recessions, thus absorbing some of the loss Finland might take due to cyclical change in capitalist markets.

Moscow's helpful trade policy toward Finland should not, however, conceal the fact that economic relations between the two countries can be a sensitive and potentially disruptive factor. Russia, too, has profited from trade with Finland; the import of Western technology and Finnish know-how—especially in the automation of wood and paper processing—has been qualitatively valuable for the Soviet economy. And at certain junctures in postwar history, economic relations have served as both a cause for dispute and a technique of Soviet influence. In 1958, for example, the Russians were concerned that the relative percentage of Finnish trade with the Communist bloc was dropping and showing an unmistakable orientation towards the West, especially West Germany. And a Finnish request that the accumulating ruble surplus in Finland's account be converted into Western currencies made matters worse. The Soviets responded by cutting off trade negotiations and bringing most imports and exports to a standstill—at a time when unemployment in Finland was relatively high and the Finnish economy was particularly vulnerable to trade boycotts.

In 1961, there were again clear links between Finnish-Soviet political and economic relations. As a result of Finland's adherence
to EFTA and her new open trade policy, Finnish foreign trade again showed a marked increase with Western countries (particularly West Germany), while relative trade with the Eastern bloc dropped. Furthermore, with the announcement that Finland's largest customer, Great Britain, was contemplating entry in the EEC, the Finns' interest in European integration increased. At that time, Moscow virtually equated the EEC with NATO and was suspicious of any contact between Finland and the Common Market.

In the last ten years, however, Finnish-Soviet trade relations have reflected the more relaxed international political atmosphere. Although the percentage share of Finland's trade with the Communist countries has declined, there has been no concerted economic pressure by the Soviets, nor have political relations deteriorated. This is even more remarkable when we note that trade between Finland and West Germany has more than tripled in the last decade, while trade with East Germany has remained at less than one per cent of the total. 32

There are several explanations for Moscow's apparent lack of concern over the relative decline in Finnish-Soviet trade. For one thing, the relative increase in trade with the West is not only a result of Finland's industrial diversification, but is necessary for the advance of her standard of living and the maintenance of her economic and political stability; an impoverished and unstable
Finland would be an unpredictable factor for the Soviets in Northern Europe. For another thing, despite the percentage decline in trade, the absolute figures have continued to rise. Furthermore, the qualitative aspects have become increasingly beneficial to both countries. The Russians are cooperating in the construction of two nuclear power stations in Finland and a natural gas pipeline from the Soviet Union to Finland. And the Finns are constructing highly modern, automated pulp and paper processing plants in Soviet Karelia. Many of these cooperative efforts are overseen by the Permanent Soviet-Finnish Economic Cooperation Commission, established in February 1967 to expand "the economic foundation of neighbourly relations between the two countries." More recently, in 1971, a ten-year Treaty on the Development of Economic, Technical and Industrial Cooperation was signed by the two countries. It includes the extension of the most-favored clause, and deals with the exchange of patents, licenses and technical knowledge. It is the most comprehensive economic agreement ever reached between Moscow and Helsinki.

The paradox of Finnish-Soviet trade relations is that the country most important for Finland politically is not the most important economically. Despite her geographical position near the Soviet Union, Finland is definitely Western in her economic orientation. Furthermore, the Soviet Union has not been exploitative in her trade relations with Finland. Finland is not an economic satellite. It is worth noting that the economic activity between the two countries has constituted on the whole a rare example of cooperation between two states
with different economic and social systems. 35

3. Economic Integration

In 1971, about 80 per cent of Finland's trade was with OECD countries. This figure alone shows why economic integration involving Western industrialized nations is of prime importance for the Finnish economy.

According to Tornudd, there are two economic-political imperatives that Finland must follow in her policy regarding European economic integration: (1) "Finland must not remain outside any preferential trade arrangement which includes Norway or Sweden together with any principle customer," and (2) "Finland must not disturb the credibility of her policy or neutrality." 36 In other words, she must take steps not to endanger any of her markets in the West vis-a-vis her main competitors, but at the same time she must not endanger her neutrality by adhering to a politically-based organization, and she must certainly not make any moves that would threaten the stability of her relations with the Soviet Union.

A good example of the adroitness of the "Paasikivi-Kekkonen" economic diplomacy is Finland's acceptance in 1961 as an associate member of EFTA. It is also an example of the validity of the thesis that as long as the Soviets do not feel their border security or friendly relations are being jeopardized, they will put little pressure on Finnish contacts with the West. With the emergence of EFTA in
1959, Finland's competitive position with regard to such products as pulp and paper faced a severe handicap. Without membership, for example, the quarter of Finnish exports that went to Great Britain would be underpriced by such member countries as Sweden. But Finland had to contend with Soviet opposition on both the political and economic levels. In the first place, the Soviet Union distrusted EFTA as a hostile trade bloc. And in the second place, not only did Finnish exports to the Soviet Union constitute one-fifth of her trade, but the Finns accorded her the most-favored nation principle. As an EFTA member, Finland could not maintain this trade without extending the most-favored nation benefits to the Soviet Union, and other EFTA members were understandably reluctant to permit this.

In a subtle sense, the Finns put Khrushchev's peaceful coexistence policy to a test here. They were able to convince the Russians that membership in EFTA was necessary to the Finnish economy and therefore to Finnish internal stability, and at the same time the Finns' need to compete in the world market was not incompatible with Finnish-Soviet friendship. In the economic realm, the two countries agreed to ignore the most-favord nation clause in lieu of a special tariff agreement whereby duties on Soviet imports would be reduced by the same amount as duties on EFTA imports. The Soviet Union was satisfied, EFTA members felt that the integrity of the free trade area
had not been violated, and the world got a further indication of Finnish independence and diplomatic skill.

As an associate member of EFTA, Finland has been able to develop and diversify her exports, especially in the Scandinavian market. Since 1968, all tariffs covered by the EFTA Convention have been eliminated. But the greatest challenge Finland will have to meet in the 1970s is her relations with the Common Market. On the one hand, the preservation of traditional trade is at issue, since the overwhelming majority of Finland's commercial partners will be members or associates of the European Community. On the other hand, the EEC offers new and hitherto unexploited opportunities for the development and diversification of Finnish exports.

In the latter 1960s, Finland hoped she might solve her integration problems through the formation of a Nordic common market. But by 1970, with Denmark and Norway actively seeking membership in the EEC, it was apparent that a special NORDEK organization had become an unrealistic venture. Finland had to find an alternate solution to her trading problems, while trying to avoid any situation creating tariff barriers in the North.

In November 1970 the Finnish Government announced that it was ready to seek together with the EEC some formula for mutual tariff concessions and commercial agreements which would not place Finland's traditional trading relations in question and which would be consistent with her policy of neutrality. Detailed negotiations were started in
December 1971, and are still continuing at the time of this writing. Although other "non-candidate" EFTA countries are having a fair degree of success in negotiating the Special Relations Agreements, Finland is driving for a better bargain than is being offered by the EEC. The difficulties are summarized in an EFTA report:

The crucial sector here is paper. Because of the fears of the Community paper industries, the Community is insisting on a twelve-year transitional period to arrive at free trade. Finland would be the main victim of such a regime because paper makes up sixty per cent of Finnish exports to the Communities. The Finns point out that the Community offer lacks balance because it would ask Finland to reduce its duties on Community manufactures over five years but would allow the Community twelve years to reduce its duties on paper. During that time the Community paper industries would be able to take full advantage of protection for their production. Finland is therefore asking for a maximum transitional period of eight years and is claiming that it should have even better terms in this sector than are being offered to other non-candidate countries because of the predominant position which paper plays in her exports to the Communities. Like Austria, Finland is also asking that any special Community regimes for other important sensitive products, such as ferro-chrome or man-made fibres, should be reciprocal.37

These problems have caused considerable concern in Finland. There is sharp disagreement with the terms offered, and considerable opposition to the proposed commercial ties. Critics charge that "decisions on the nature and living environment in Finland would be made in Brussels on EEC terms," and that "the big Common Market, with its 250 million people and liberal trade reputation is clamoring for more protection than Finland, with less than five million people."38

This opposition, which oddly enough unites Conservatives and Communists
(albeit for different reasons), has had strong ramifications in domestic politics, and was partly responsible for saddling the country with a minority Government in February 1972. The resignation of Paasio's Cabinet in July was directly attributable to the EEC negotiations: "The Social Democrats decided they could not alone take the responsibility of signing the free trade agreement with the European Common Market."\(^{39}\)

As with the EFTA talks in 1960-61, the attitude of the Soviet Union is important here. The traditional Russian feeling toward the EEC has been quite negative and hostile. The Soviets have claimed that (1) membership or association with the EEC implies de facto support of NATO, (2) association would endanger the sovereignty and independence of a neutral, (3) association would mean economic discrimination towards third parties, and (4) close ties with the EEC would endanger a neutral's credibility in time of war.\(^{40}\)

It is for reasons such as these that Finland cannot contemplate full membership in any trade bloc with political links to a Great Power military agreement. Yet, paradoxically, the Soviets do not seem to be opposed to the projected Special Relations Agreements at this time. For one thing, the international political situation is less threatening than it has ever been. Secondly, Finland has calmed Soviet distrust with many of the same arguments she employed during the EFTA negotiations more than a decade ago. And finally, as Neil Ulman notes in a recent Wall Street Journal article, Finland's tie to the Common Market has
already been tacitly approved by the Soviets, but is really opposed by the United States. On the one hand, the Russians do not want to jeopardize the upcoming European Security Conference with their usual denunciation of the EEC. And on the other hand, the Americans object that preferential pacts with the EEC violate the spirit of the GATT accords, and pose a further problem to the large United States balance of payments deficit.

Whatever the outcome of the EEC negotiations, a solution to the problem of economic integration remains one of Finland's most serious economic problems. The most promising point, however, is that the Finns have avoided any move that might have caused the Soviet Union to commit herself openly against an arrangement between Finland and the Common Market.

4. Future Prospects

The maintenance and raising of Finland's standard of living depends to a large degree on the future development of foreign trade. The main question today is how to uphold Finland's economic position in the whole of Europe and safeguard her competitiveness in every direction. Finland has to concern herself with increasing her exports at an appropriate rate. At the same time she must complete her program of structural diversification on order to balance her sources of income and take full advantage of widening foreign markets.
Finland's special position between two power blocs has some dangerous economic implications. It is often difficult to draw the line between politics and economics, and a commercial approach could be interpreted as implying political tendencies as well. But up to now, Finland has generally used her position to advantage. She has profited from trade with both East and West. And the Soviet Union will apparently remain unopposed to increased Western economic integration as long as it leads to a political détente in Europe. Above all, the Russians are looking to a relaxation in East-West trade restrictions to help their own economy. They need Western technology and credits to develop and modernize their domestic industry. Moscow's incredible "restraint" in the recent American blockade of North Vietnam, I believe, stems from economic considerations such as these. And every indication now points to increased trade relations between the power blocs as the result of a détente. In this light, Finland's small but not insignificant position gives the Soviet Union a vital, open link with the West.

It is therefore possible to maintain a reserved optimism about future prospects in Finland. The growing economic integration in Europe and the growing economic cooperation between East and West should improve Finland's position, both economically and politically.
VIII The Cultural Perspective

A. Finnish-Russian History

The fate of geography has been a dominant theme in Finnish history. Through centuries of precarious existence the Finns have been threatened, fought over, invaded and exchanged among powerful neighbors; with the Russians alone, for example, they have fought dozens of wars—and lost nearly all of them. The picture of Finland’s political history began to take shape early in the middle ages—a picture in which the rivalry between East and West, and the various ways the Finns tried to adjust themselves to this rivalry, became the most dominant features.¹

The province of Finland was incorporated into the Swedish state early in the thirteenth century. Inclusion in the Swedish political system meant allegiance with Rome. It also meant that Finnish society would be similar to the Swedish, permeated by the same
social and political values. In addition, Finland's status was never that of a conquered nation; in 1362 she was legally recognized as the equal of the Swedish provinces when the Finns obtained the right to participate in the election of the Swedish king.

The first boundary between Sweden-Finland and the Russian principality of Novgorod was laid down in 1323. This border, however, was indeterminate and unmarked. As Swedes, Finns, Karelians and Russians slowly migrated into the forestlands of Northern Europe, there were inevitable clashes, and the struggle between East and West in this region was to last for centuries. Finland's eastern border became a scene of bloodshed and war, and the Russians acquired the reputation of persecutors—an attitude that was to become deeply imprinted in the Finnish consciousness. The feeling began to develop that the Russians, a nation of different faith, culture and societal structure, constituted a mortal danger to Finland's existence. Defense came to mean fighting the East and peace meant peace in the East.

During the greater part of the middle ages, alternating pressures from East and West maintained themselves in a tenuous, conflict-ridden equilibrium. But when Sweden's stature as a major European power began to decline in the eighteenth century, the situation changed. Russian troops occupied Finland several times, leaving behind a legacy of torture, murder and deep hostility. By the end of the eighteenth century, however, it became apparent that Finland must accommodate herself to the dominant power in the East: the Finns had to find a modus vivendi with the Russians.
When Finland was definitively occupied by the Russian Army during the Napoleonic Wars in 1808-09, the disruption in the traditional way of life was not as great as might be supposed. Tsar Alexander I knew that the political-military situation in Europe was still unsettled, and it was important that the defeated country near his capital be pacified. This was best done by offering the Finns better conditions than they had enjoyed under Sweden. The country became a semi-autonomous Grand Duchy governed by the Finns themselves, separate from the Russian Government. The old Swedish-Finnish Constitution, laws, taxation system, societal structure, citizenship, borders, and way of life were preserved.

The Finns were understandably grateful to the Tsar for their special status: though at the mercy of power politics, they could continue to follow their own traditions. But as time went on, these traditions formed the basis for a growing movement of Finnish nationalism. In the period from about 1840 to 1870, Finnish society underwent a radical transformation. A cultural awakening, based on the untapped sources of Finnish language and folklore, came to symbolize the desire for integration of language and nationhood. A large quantity of books and poems, such as the Kalevala epic, expressed this new-found national consciousness. Both the Swedish and Finnish language groups began emphasizing specific national characteristics as distinct from the Russians. At the same time,
national liberation was demanded by greater and greater numbers of liberals and revolutionaries, and in some circles it was even suggested that Finland be proclaimed a neutral state.\textsuperscript{6}

These currents, however, became anathema to nineteenth century Russian nationalists. There was growing political pressure in St. Petersburg to incorporate Finland into Russia proper. In the latter part of the century, the Tsar sacrificed Finland's special position and restricted her autonomy. The February Manifesto of 1899 heralded a policy of Russification of Finnish society. The astounded Finns began a massive campaign of passive resistance. For several years, during the Russo-Japanese War, there was a relaxation in pressure: the Finns were able to reform their Parliament, enfranchise their whole population, and democratize their political system. But the Russians soon tightened their grip again. Parliament was disbanded, Finnish leaders were replaced by Russians, and new oppressive measures were taken by Tsarist officials. But the Finnish nationalist movement had bolstered the national spirit to such an extent that the Russification program had no real chance of success. Tsar Nicholas could temporarily impose his power by force, but only at the cost of "unrelenting hatred of the Russians."\textsuperscript{7}

The First World War and the confusion in Russia in 1917 gave the Finns their chance. They declared their independence on December 6th. Although Lenin's Government was the first to recognize independent Finland shortly thereafter, Russia remained in Finnish eyes
the natural enemy of the country's freedom. A state of war existed between the two countries for several years. The Red Army, for example, gave some assistance to the Finnish "Reds" during Finland's civil war. After the victory of the Finnish "Whites" under Mannerheim in 1918, however, the new Finnish Government gave only limited assistance to the allied intervention in Russia—mainly because the White Russians strenuously opposed recognition of Finnish independence. Peace was not restored until the Treaty of Tartu in 1920. At that time, significantly, the Soviet Government asked for additional territory in the Karelian Isthmus to provide depth to the defense of Leningrad; it was too weak to enforce such demands at that time, but the claims were not forgotten and were again taken up less than twenty years later.

During the next two decades, Finnish foreign policy vacillated almost aimlessly, searching for some sort of identity. An alliance was unsuccessfully sought with the Baltic states in 1921-22, a non-aggression pact was signed with the Soviet Union in 1932, and neutrality along Scandinavian lines was proclaimed in 1935. But there was no unity and clarity of purpose. Inside the country, the political extremes of both Left and Right struggled against the Centre and the language dispute between the Swedish-speaking minority and
the Finnish-speaking majority threatened to divide the country.* The world-wide economic depression further exacerbated the internal situation.

Above all, Finland's relations with the Soviet Union were ambiguous and poorly formulated. Finnish-Soviet relations were characterized by mutual suspicion and fear: Finnish fear of a Soviet threat to her independence, and Russian fear that Finland could provide the springboard for a Western power to march on Leningrad. Ambiguities in Finland's relations with Germany and Sweden, along with an anti-Soviet, anti-Communist attitude and a lack of appreciation for Soviet fears on the part of the Finns, hardly helped make Finnish assurances of neutrality seem credible. The Soviet Union, with vital interests at stake in that unstable period, could not rationally put much faith in the Finnish Government's professed position. The events of 1939 revealed how bad a failure Finland's Eastern policy had been.

* The language controversy often reached dangerous proportions throughout the 1920s and 1930s. The people of Swedish origin in Finland, much as the English minority in Quebec, comprised only ten per cent of the population, but held a disproportionate position economically, politically and culturally. However, in the 1930s, those whose native language was Finnish gained positions of importance corresponding to their numbers, and liberal and equitable language laws were developed. Today, Finland serves as a model for bilingual nations; the problem has been solved to such a satisfactory degree that it has disappeared as a political and cultural issue.
In both the Winter War and the Continuation War, the Russians badly misread the patriotism and fighting power of the Finnish people. The Finnish forces, though heavily outnumbered, succeeded in stopping the Soviet advance in the Karelian Isthmus both times—an achievement which amazed the world and surprised the Soviet leaders, who apparently had expected an easy march into Helsinki.  

In the end, of course, the Soviet Union won the War and the security she sought. But as Mazour notes, "In the wake of its sorrowful events it left the stunned Finnish people with a burning wound that will take generations to close." One of the most incredible aspects of the immediate postwar years was that the Finns were able to swallow their pride, take their defeat with dignity, and pursue a coldly rational, emotionless policy which convinced the Russians of the viability of neutral, independent Finland as a secure buffer-state. This was a feat of major proportions: in Finland there is still a latent fear, a distrust and even hatred of the great power to the East, ingrained in the Finnish consciousness through centuries of strife and conflict. One of Finland's greatest tasks has been to overcome that attitude in the face of geographical reality. Yet the attitude has also been an important determinant in the tone of Finnish-Soviet relations. The Russians have realized that any attempt to dominate the country would meet deep resistance fed by historical experience.
Furthermore, the Finns' past has made them fully a part of the Western world as participants in Western political, social, economic, religious and intellectual developments. While the Finns like to think of their present international position as being a bridge between two cultures, they themselves are historically oriented in their internal way of life to the West and not the East---be it Tsarist or Bolshevik.

B. Some Aspects of Finnish Culture and Society

We have already characterized Finland's geographical-political location as being remote, and we have noted that for many centuries Finland was on the front line in Nordic conflicts with Russia. These facts imply more than a history of frequent wars and border displacements on the fringe of Europe. They also suggest a marked isolation and slow cultural development: on the one hand, cultural influences from the East have not penetrated deeply; on the other hand, new cultural ideas and trends have usually filtered up rather slowly from the West.

Despite Finland's proximity to Russia, archeological finds in different parts of the country show that there has always been a clear preponderance of Western influence in the spheres of material and non-material culture. The Aaland Islands, for example, were in ancient times a centre of far-reaching commercial and cultural contacts with Western peoples. Finland's main Western exchanges have been with her Nordic neighbors. Her social structure and life are Scandinavian.
By tradition, Swedes, Norwegians, and Finns tend to think in both a "Western European" as well as a "Nordic" way; this does not imply total intellectual isolation from the Continent, with which these nations are bound in many ways, but it does mean a selective attitude of a kind toward new influences. These general cultural tendencies as Evers notes,

make indisputable Finland's membership to the Western European cultural circle and are part and parcel of Finnish history and the national consciousness of by far the greatest segment of the Finnish people.

Nevertheless, Finland's remoteness from the mainstream of these cultural ties cannot be denied. This isolation was for centuries strengthened by what could be termed the "impenetrability" of the Finnish language. Finnish is not related to any of the major languages in the world. It has no Indo-European roots. The reception of impulses from abroad and the communication of the nation's achievements to others have thus been subjected to certain limitations. Until the nineteenth century, when the Kalevala epic came to symbolize a genuine emerging national identity, cultural development was slow. But even since that time, Finnish cultural achievements have developed particularly in music, architecture, design and painting--the internationally expressive arts not dependent on language.

* It is similar to Estonian and distantly related to Hungarian.
The effect of Finland's physical and linguistic remoteness is in a sense increased by the country's high degree of internal homogeneity. Finland is, of course, a bilingual country: about 91 per cent are Finns and 8.5 per cent are Swedes. But there are no deep social or racial cleavages, and the overwhelming majority of the country (94 per cent) is Lutheran. This homogeneity has helped bring the nation together during periods of national emergency, and has facilitated the achievement of almost universal consensus in the present general foreign policy line. But it has not helped the Finns achieve any semblance of cultural diversity or receptivity to outside influences.

However, especially since the Second World War, conscious efforts have been made in the field of cultural policies to offset any tendencies toward self-sufficiency and autarchy. As in other aspects of Finnish international relations, Finland was slow to progress in the field of cultural agreements with foreign countries.* However, as Siikala notes, in the late 1950s "there was a widely felt need to clarify Finland's political and economic position and thus create the understanding and good will that was considered necessary

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* The most important exception to this general passivity was, significantly, the Nordic cultural cooperation program initiated in 1946-47.
for an expansion of foreign trade, tourism and other similar activities." Questions of international cultural cooperation were thus connected with the general problem of Finland's information activities abroad. The first step Finland took in this direction was to join UNESCO in 1956.

Since that time, numerous cultural societies have sprung up within Finland with the purpose of promoting relationships between Finland and the international community. The list of societies is long: Finnish-American, Finnish-British, Finnish-Chinese, Finnish-Dutch, Finnish-French, Finnish-Hungarian, Finnish-Indian—ad infinitum. All these societies strive to promote an end mentioned in their rules: to make the country concerned and its culture known in Finland, and to disseminate knowledge of the country to the public at large. The rules of most of the societies expressly state that their aim is not to take part in political activity, although the active promotion of international cultural contacts can have political significance for a traditionally isolated country.

Most of the above programs are privately sponsored, clear from governmental ties. The more important societies, however, do receive subsidies from the State, and the co-sponsoring of cultural agreements and programs of exchange with foreign countries by the Ministries of Foreign Affairs and Education attest to the desire of Finnish Governments to break out of the traditional isolation.
The most significant aspect of this cultural activity is the promotion of relations between Finland and the Soviet Union. Apart from the private Finnish-Soviet Friendship Society and the government-sponsored Institute for Soviet Studies, there are frequent cultural agreements and exchanges involving music, dance, painting, design, programs of folk culture, and trade and commercial fairs. The best-known organization involving Finnish-Soviet relations and foreign politics in general is the Paasikivi Society, founded in 1958:

From a modest beginning it quickly rose to a position of prominence as a forum for foreign policy debate. It has been successful in obtaining eminent foreign politicians as guest speakers at its meetings, and President Urho Kekkonen has made some of his major speeches on foreign policy at these meetings also. It has no political affiliation, but many of its members consider the preservation of Finland's present line of foreign policy a task of importance.

Another important cultural aspect of Finnish society related to foreign affairs is the position of Finland's newspapers. Freedom of the press is written into the Finnish Constitution, although in 1948 prudence made it imperative to set down certain limitations, "making it a criminal offense to damage Finland's relations with a foreign state by publicly and intentionally abusing that country." This has been interpreted as limiting editorial comment on foreign events. But the main lines of the basic foreign policy have been supported unanimously by the press. And in practice, while the papers exercise prudent self-restraint in some areas, they can and do write
strongly on occasion. A study of the Finnish press certainly does not give the impression that it is stifled or censored.

Most Finnish newspapers are affiliated with the various political parties. The at times lively debate between the parties on details of foreign policy tactics and strategy takes place principally in the newspapers, and readers can get a rather diversified picture of the questions vital to Finland. During the Soviet invasion of Hungary in 1956, for example, there were three main tendencies in the Finnish press: (1) the Conservatives' Uusi Suomi and the Social Democrats' Suomen Sosialidemokraatti expressed strong disapproval of the Soviet action; (2) the independent Helsingin Sanomat and the Agrarian Maakansa reflected the cautious, neutral line taken by the Government; and (3) the Communists' Vapaa Sana gave unqualified support to the Russians. These attitudes clearly revealed the contrast between official Government policy and the opposition party views. They also had implications for Finnish-Soviet relations: what the papers wrote helped to form the attitudes the Soviet leaders later assumed toward the different parties during the events of 1958 and 1961.

Despite the new interest Finns have been taking in international relations and cultural contacts with foreign countries, Finland remains—by the very nature of her neutral position—removed from the main axes of international activity and Cold War conflict.
Few observers who have spent any time in Finland can fail to appreciate the social and psychological advantages the country has gained from such a position. The social and economic systems have not been burdened by rigid ideological immobility and the seething discontent and constraints thereby produced in both East and West. The people have not been burdened with the polarizing rhetoric of the Cold War, so stifling to free expression and thought in many Great Power and allied countries.* Above all, the average Finn is certainly no less free to pursue his own self-fulfillment as he sees fit than he would be in any other Western democracy—and in many cases he is even better off.

The inner solidarity of the Finnish nation is not an insignificant factor in the Finns' present independence. People who have the same customs, norms of behavior and attitudes toward things that are the heritage from a common past—who have made common sacrifices for the good of jointly defined aims and participated in maintaining the security of their community—have a cultural solidarity that is difficult for a potential aggressor to penetrate.23 Such factors form one of the basic strengths that have kept Finland united and independent.

*The developments in world politics, for example, seem to be followed more impartially by the Finnish press than by the press of many larger countries.
C. Finnish National Character

A discussion of national character and its relation to politics is wrought with pitfalls. The subjective nature of such an intangible factor makes it difficult to assess as a determinant of political behavior. But I feel that a brief analysis of Finnish national characteristics can bring an important element into our understanding of Finnish-Soviet relations—an element that should not be underestimated or belittled.

The Finnish Constitution decrees that every citizen shall be protected by law as to life, honour, personal liberty and property.* The individualistic tenor of these four slogan-words symbolically reflects many of the basic precepts of Finnish society. In particular, the inclusion of the word "honour" (kunnia) is a significant key to the national character of the Finns.

There are certain Finnish character traits that seem to be universally recognized in the literature. The Finns are variously referred to as a resilient, vigorous, courageous, independent, stubborn, proud, intensely nationalistic people—reserved and introspective in their remote Northern isolation and uniquely tough in their rude Northern climate. These qualities were reflected in their defiant

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*As compared to the Canadian low-key "peace, order and good government"; the American "life, liberty and the pursuit of happiness"; and the French "liberty, equality, fraternity."
attitude during the Second World War—their dogged determination to remain free people—which apparently had a strong effect on Soviet perceptions of the Finnish situation in the postwar period. In the 1944-48 years, for instance, the Finns would have put up fierce resistance to any occupation of their country, and would have created enormous difficulties for a Soviet-sponsored Communist regime. An example in point is the strong counterinsurgency movement during that period. The Finns were not about to lose to local Communists the independence they had successfully protected against the Soviets; hardened military veterans and bitter Karelian refugees, loosely organized in "target shooting" groups and controlling secret arms caches in regions of relative Communist strength, must have been frightening deterrents to many left-wing agitators.

It is no coincidence that the Finnish language has coined a special word—"sisu"—for the traits of hardiness and perseverance we have been discussing. It is also no coincidence that one of the most sacred customs in the Finnish way of life—the sauna—requires extremes of personal determination on the part of a hardened sauna goer which are not unrelated to sisu and kunnia. The severity of life in the North has fashioned the Finnish character in a unique way:

*Billington even suggests that one of the most important factors preventing a Communist takeover "was the simple element of fear."26
In the backwoods a man must rely on himself, on his strength and his own inventiveness. The Finns have not known the feeling of solidarity and strength in numbers which are common to village dwellers in the plains.... The small holdings, scattered villages, the vast wilderness, and the natural freedom of the men of the forest, have moulded a self-sufficient, independent and yet a stubborn people. The extremes of the Finnish climate—a dark autumn, bright winter snows, an explosive spring and a short summer of almost continuous daylight—have impressed upon generations of Finns the strength and immutability of the basic forces of life.\textsuperscript{27}

The Finnish character has thus been determined through more than a thousand years of written and unwritten history, and is deeply ingrained to the present day.

At the height of the Winter War, Winston Churchill wrote:

\begin{quotation}
Finland alone—in danger of death, superb, sublime Finland—shows what free men can do.\textsuperscript{28}
\end{quotation}

Today, there is no reason to doubt the tenacity and strong will of the Finnish people to resist any impingement on their basic freedoms and way of life. Some writers have suggested that the relative affluence of modern Finnish life has weakened the resolve and resistance of the people, and the policies of the Centre Party are cited as a reflection of that weakness.\textsuperscript{29} But the traumatic feeling of being utterly alone in the Winter War, of having to forego help from the West, formed an underlying psychological basis for a healthy prudence, restraint and flexibility; it did not result in a fatalistic or indolent attitude of submission. If the Russians were ever to move
into Finland as they did in Hungary or Czechoslovakia, I believe, they would meet with an active, savage resistance that would create insuperable internal and international problems. Fortunately, because of a variety of factors, there is very little likelihood that such a tragedy will ever occur. But if the Soviets have ever had such designs on Finland, their appreciation for the basic traits of Finnish character cannot be discounted as a significant restraining factor.

In their relations with the Soviet Union, the Finns face the need for two opposite qualities. On the one hand they must be stolid and immovable—"the fixed point on which both East and West can rely." On the other hand they must be flexible and adaptable—fitting themselves into changing international patterns and integrating their population into a domestic industrial society. Postwar history, I feel, has proved that both qualities are firmly part of the Finnish national character.
IX Conclusion

A. The Multi-Perspective Approach

1. The Advantages of the Approach

With the myriad of facts, data and phenomena that must be assimilated when attempting to understand political processes, a student of foreign relations must have some sort of system for simplifying, categorizing and structuring the world around him—a perspective or model for discovering patterns of regularity (and irregularity) in interaction and activity, and an approach that will facilitate the investigation of cause and effect relationships in the international community.

But since the study of foreign relations is so complex, there is in my opinion no single perspective, no matter how global or universal in scope, which can adequately describe and explain the interaction of power, control and influence between men, groups of
men and nations. A comprehensive model or perspective in the field of political science, I believe, is neither necessary nor desirable. And I doubt that it is possible. Different areas of concentration seem to require different approaches: the choice depends on what one studies, where the subject is located, the time span or epoch being investigated, whether the focus is on dynamic or static aspects, and the level of analysis.

Above all, the investigator must determine what he wants to find out about his subject—the questions he wants answered. This is where the perspective as a method for understanding is of prime importance; the results can be a direct function of the subjective biases and values that have determined the choice of perspective. The perspectives used by the various authors who have written about Finland are both prisms for simplifying and understanding reality, and tools for distorting reality to conform with their own value systems. For example, an observer who wants to underline the Soviet Union's influence in Finnish political life could concentrate on the domestic political perspective, ignoring the systemic and strategic factors which helped determine Russian actions. Or a writer who feels that Finland has been a mere pawn of the Great Powers could downplay the personality and cultural perspectives, ignoring the significance of the Finns' own actions in shaping their destiny. Basing a political study on one or two perspectives, no matter how comprehensive, can
produce an imbalanced view of politics.

Furthermore, political activity does not operate in a vacuum. While it is legitimate to separate the political from other aspects of society for analytical purposes, we must not forget that this separation is self-defeating if politics is not reintegrated into society and put into its proper place along with other determinant and co-existing forces. Beyond the basic political problems that interest us, there are other questions in international relations which must be answered: Are there forces other than the political which shape a nation's destiny, and are these forces so important that politics is secondary to them or determined by them? For example, if we are interested in understanding the power and influence relationships between nations, surely economic and cultural questions cannot be ignored. In other words, in addition to the purely political aspects of Finnish-Soviet relations, one should systematically investigate the historical, geographical, social, economic and cultural processes at work inside the two countries, between them, and within a larger international context.

The study of politics, by its very nature, seems to be inherently inter-disciplinary. No one model or perspective can produce a satisfactory explanation of political relationships. The subject is too complex, and the results of even the most objective study are subjectively preconditioned by the choice of perspective.
By systematically including a number of political and non-political perspectives in a study of foreign relations, our understanding of politics itself can become richer and more complete. Such was the aim of this thesis.

2. An Assessment of Our Six Perspectives

Postwar Finnish relations with the Soviet Union have been established and maintained through the conjunction of a complicated set of interrelated, interdependent variables, and our multi-perspective study has helped us isolate and study these variables independently, within separate conceptual categories.

It is of course important to take into account each of the six perspectives (and, conceivably, any additional perspectives which might be investigated—such as the bureaucratic) when analyzing Finnish-Soviet relations in general or an aspect of these relations in particular. This does not imply that all perspectives are equally significant. In some situations, one or two perspective might prove the most helpful in analyzing the salient determinants of Finnish and Russian actions, and might have the greatest potentiality as an explanatory or descriptive tool. In another situation, other perspectives might prove more important and valuable. But all perspectives should be considered when making an evaluation.

It would be a mistake, however, to assume a relativistic
attitude and say that the importance of each perspective in understanding and explaining Finnish relations with the Soviet Union can be determined arbitrarily or is dependent on specific events. There are, I believe, grounds for hypothesizing a hierarchical ranking of our six perspectives which would (a) form the underlying basis for the study of Finnish-Soviet relations, (b) facilitate the achievement of plausible explanations for most aspects of these relations, and (c) help lead to predictions associated with the explanations. In a general sense, this ranking was used in establishing the order of perspective presentations in the thesis. The three most important perspectives, in descending order of importance, would seem to be: (1) the systemic, (2) the strategic, and (3) the domestic political. The order of the last three perspectives is open to more speculation, although in most periods of crisis the relative ranking has been: (4) the personality, (5) the economic, and (6) the cultural.

In other words, the objective conditions in the international environment (the systemic structure, the level of international tension, and the strategic balance in Northern Europe) have had the most pervasive influence on Finnish-Soviet relations—even though the Finns have had little control over these factors. When the world has been ridden with dispute and conflict, as in the late 1950s and early 1960s, Finnish-Soviet relations have been at their worst. When the overall atmosphere has been fairly relaxed, as in
the last few years, relations have been stable and cordial. This is of course a generality; even if the international environment were peaceful, Finnish-Soviet relations could deteriorate because of unsettling political events within Finland or economic difficulties between the two countries. And one should never neglect the Finns' own actions in determining their fate. But Finland's security seems to be more threatened when difficulties arise on higher perspective levels as we have ranked them. And she can be in a potentially precarious position, as during the mini-crisis of 1958 and 1961, when problems arise on four or five levels at the same time—especially when both systemic and strategic factors are involved.

Finnish political scientists such as Hakovirta are at present investigating the related concept of threshold as it applies to the security of Finnish neutrality. They are trying to discover which variables, and to what quantitative degree, determine the point beyond which their country is no longer perceived as being stable and neutral—and what variables can and should be altered to raise the threshold level itself.

Our multi-perspective study has given us some insights into this problem. We have provided the basis for an understanding of many of the actions taken by the Finnish people in their attempt to remain on friendly but independent terms with the Soviet Union. Above all, they have been actively seeking to improve the international
political environment in Europe and the strategic stability of the
Nordic area. They have also sought to remove their domestic political
situation as regards foreign policy from the realm of doubt and
speculation, and they have exercised a prudent self-restraint in the
election of their top-level decision-makers. Finally, they have
handled their economic and trade relations with skill, and have
sought to eliminate their relative cultural isolation. Their success
in these ventures has been one of the dominant themes of this thesis.

B. The Finnish Model

Indeed, Finland has been so successful that one might
well ask whether other small countries living in the shadow of a
Great Power could follow her example. The countries of Eastern Europe
and Latin America, for example, might see Finland's neutral buffer-
state position as a viable solution to the problem of Big Power influence,
exploitation and hegemony.

There is, however, little concrete evidence to support
such use of the Finnish model in the above cases. It now seems clear
that the Soviet Union will not tolerate any form of neutrality among
her satellite neighbors, as the Hungarian and Czechoslovakian examples
proved. Latin American countries are linked to the United States economy
in a multitude of inextricable ways, and a break in these ties would
probably result in American hostility and a drift towards the Soviet or
Chinese bloc instead of towards neutrality—as we have seen in Cuba. A Western application of the Finnish model has also been suggested for Norway, but the arguments have not met with any favorable response in that country and there is no indication that alignments in Northern Europe will change in the near future.

Compared to the above countries, Finland's situation is unique. It results from a conjunction of historical and geographical circumstances difficult to find elsewhere in the world. Many variables have combined to determine Finland's present status: the balance of power in postwar Europe; the Soviet Union's strategic-defensive attitude in Northern Europe; Finland's strong Western cultural, political and constitutional orientation; the avoidance of foreign occupation after World War II; astute postwar Finnish leadership; the historical relationship with Russia; and the strength and determination of the Finnish people. Application of a Finnish-model solution to another country would probably be artificially contrived and would not readily take root unless many similar conditions were present.*

But in another sense, Finland could have much to teach other countries. The diplomatic skills the Finns have shown in adapting to their situation—the adroit tightrope walking and tenacious ability

*Some similar conditions may be present, however, in countries such as Burma or Afghanistan.
to guard against outside encroachments—might be studied and used to advantage by other political leaders. The firm support of Finnish diplomats for peaceful solutions to international problems could serve as an example in strife-torn situations. In addition, as Kuusisto notes, the generally satisfactory experience of both East and West in adjusting to Finland may have generated some faith in tolerance, if not encouragement, of alternative third-state formulae for survival and prosperity in future years.  

The tone of this thesis has clearly been optimistic. The enthusiasm expressed for Finland's future prospects has been the product of both a detailed program of research and a deep respect for the Finnish people. If I have succeeded in communicating to my readers an increased admiration for Finland, as well as a greater appreciation and understanding of the Finnish situation, the main purpose of may thesis will have been achieved.
I. Introduction


5. Ibid., p. 48.


also Ilkka Heiskanen and others, eds., Essays on Finnish Foreign Policy, Vammala, Finnish Political Science Association, 1969.

11. see Jakobson, op. cit.


II. Historical Developments


12. see footnote 14, Chapter I.


27. Jakobson, op. cit., p. 47.
32. see Forster, op. cit., p. 346.
34. Ibid., p. 59.
35. Evers, op. cit., p. 65.
37. Ibid., p. 48.
38. Ibid., pp. 81-82.
42. "Finland," op. cit., p. 17.
43. see articles by Finnish leaders in Look at Finland, Helsinki, no. 1 (1967).

46. Loc. cit.


49. Roland Huntford, "Mistaken Moves in Finland Lead to Recall of Russian," The Vancouver Sun, June 19, 1972.


also "NATO eyes East-West Stability," The Vancouver Sun, May 31, 1972, p. 17.


52. see Pentti Uusivirta, "Background to the Opening of the EEC Negotiations," Finnish Features, Helsinki, Ministry for Foreign Affairs, no. 31/71 (1971).


III. The Systemic Perspective


5. Nils Orvik, Europe's Northern Cap and the Soviet Union, Harvard University, Center for International Affairs, Occasional Papers in International Affairs, no. 6 (September 1963), p. 22.


8. Ibid., p. 118.


23. Eskelinen, op. cit., p. 60.


33. see "NATO Eyes East-West Stability," The Vancouver Sun, March 31, 1972, p. 17.

34. see "Finland and the Conference on European Security and Cooperation," Finnish Features, Helsinki, Ministry for Foreign Affairs, no. 6/72 (1972).


IV. The Strategic Perspective


2. Ibid., p. 66.


15. Korhonen, op. cit., p. 36.

also Jakobson, op. cit. (1968), p. 94.


18. Ibid., p. 27.


21. Pajunen, op. cit., p. 27.

22. see Göran von Bonsdorff, "Finland as a Member of the Nordic Community," Essays on Finnish Foreign Policy, op. cit., p. 72.


28. see Pajunen, op. cit., pp. 28-29.


V. The Domestic Political Perspective


5. Korhonen, op. cit., p. 32.


11. Ibid., p. 72.


Höpker, op. cit., p. 128.


15. Ibid., p. 184.


"Finland Gov't Quits," *The Vancouver Sun*, July 19, 1972, p. 2.


29. see Holsti, *op. cit.*, pp. 63-82.

see Forster, *op. cit.*, pp. 341-352.


VI. The Personality Perspective


VII. The Economic Perspective

3. Ibid., p. 84.
6. Konttinen and Lomas, op. cit., p. 78.
8. Erkki Mäentakanen, "Finland and Regional Economic Integration in Western Europe," Essays on Finnish Foreign Policy, op. cit., p. 81.
11. Ibid., p. 68.
12. Loc. cit.
14. Ibid., p. 94.
17. Ibid., p. 59.
18. Ibid., p. 60.
22. Viita and Lomas, op. cit., p. 92.
24. Ibid., p. 2.
25. Loc. cit.
27. Viita and Lomas, op. cit., p. 96.
29. Mäentakanen, op. cit., p. 82.
34. John D. McIntosh, Soviet Relations with Finland Since the Fall of Khrushchev: A Look at the Brezhnev-Kosygin Line, Vancouver, University of British Columbia, unpublished manuscript, 1972, pp. 10-11.


VIII. The Cultural Perspective


7. Juva, op. cit., p. 34.


11. Hyvölä, op. cit., p. 139.

12. Evers, op. cit., p. 137.


16. Ibid., p. 91.


18. Ibid., pp. 157-158.


22. Ibid., p. 211.


also Forster, op. cit., p. 352.

25. see Wuorinen, op. cit., p. 39.
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29. see, for example, Billington, op. cit.


IX. Conclusion


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APPENDIX A

Lecture delivered at the International Press Association by Kalevi Sorsa, Minister for Foreign Affairs, on March 14, 1972:

After the negotiations between the political parties had failed to produce a government with a broad parliamentary backing and the non-socialist parties expressed their unwillingness to form a government, the only alternative was to form a Social Democratic minority government. This is the third minority government formed by the Finnish Social Democratic Party. The previous two entered office with difficult economic and social as well as political problems facing them. Both held office for a relatively long time. Still, history does not repeat itself and no expectations concerning this government should be based on earlier experiences.

It is naturally dangerous to say anything about the life-expectations of this government. Complicated economic and social questions, for which solutions are essential for the balanced development and increased well-being of the Finnish people, could be better dealt with by a government with a secure parliamentary majority. Even though this proved to be impossible, the programme of the present government reflects the achievements of the thorough negotiations between the parties in January and February. We hope that the basis of this government can be broadened in due course. Until such a time, our government will set out without hesitation to translate its programme into action.

The most important tasks are, of course, on the home front. But it is equally clear that these have a direct relevance to our foreign policy insofar as stability at home is a prerequisite for the trustworthiness of any country on the international scene.

In its foreign policy the government will—in the words of its programme—carry out the policy of neutrality with peace and international co-operation as its aim, in accordance with the Paasikivi-Kekkonen line. Finland pursues a policy of good-neighbourly relations with the Soviet Union. The corner stone of these relations is the Treaty of Friendship, Co-operation and Mutual Assistance, signed in 1948 and extended in 1955 and 1970. This treaty defines the mutual security aims of the two countries and lays ground for a peaceful development in the Nordic area. Moreover, this Treaty gives the framework for a practical and and ever expanding co-operation between Finland and the Soviet Union in several fields. The nature of the Finnish-Soviet relations has once again been reaffirmed in last month's communiqué after the visit of President Kekkonen to the Soviet Union.

With regard to the further development of these relations, the
question of economic, technical and scientific co-operation is of special importance. Nearly a year ago, a comprehensive Treaty on this co-operation was signed in Moscow. We have been able to register notable successes in the field of common projects, and one of them is now in the final stage of negotiations. These giant projects mean also a new phase qualitatively, and we can say that our economic co-operation with the Soviet Union is now more extensive than ever before.

On the other hand, there are some features in the recent development of trade that lead us to seek further ways of intensifying our exports to the Soviet Union. Our position as one of the leading non-socialist trading partners of the Soviet Union is by no means something permanently established. On the contrary, Western competition as well as the development within the Council for Mutual Economic Assistance compel us to think seriously about the ways of securing future growth in this co-operation that is and has been of essential importance to us. In view of this we have initiated the first direct contacts with the CMEA. The next think is to explore the possibilities for organisational forms of co-operation between Finland and the CMEA and through its organs with the group of socialist European countries.

We find it natural and inherent in a neutral foreign policy that we should make equal efforts to ensure an equitable expansion of our foreign trade with all countries and with every part of Europe.

In the past few years, the general situation in Europe has been developing more favourably than at any time since the Second World War. The calls for a conference on European security and co-operation have led to a lively discussion in all parts of the continent. Since 1966, when the idea was put forth by the socialist countries, it has steadily approached the stage of concrete preparations. It seems that in Europe—which still carries the marks of global confrontation—there now is a basic understanding on the need for such a gathering of states. We have now arrived at stage where the next big step would be multilateral preparations for the convocation of the conference. In this respect it seems probable that this year will prove to be decisive.

Finland has played an active role in trying to make such a conference a reality. The Social Democrat Party adopted already in 1966 a positive attitude towards the organising of such a conference. In May 1969 the Finnish government offered Helsinki as a possible site for the conference. The following year, in November 1970, the government proposed that bilateral contacts between representatives of the European countries as well as the United States and Canada and Finnish Foreign Ministry could begin in Helsinki with a view to giving an impetus to this idea. It was foreseen that such contacts would then develop into multilateral preparations for the conference itself. The Finnish government also appointed Mr. Ralph Enckell in 1970 as roving ambassador on questions concerning the conference.

The answers we have received in the course of soundings and
various discussions have in the main proved to be positive. Finland has been able to note with pleasure that there seems to be a basic understanding both in East and in West, on beginning the preparatory phase in Helsinki. We, on our part, are ready for the multilateral phase. The technical prerequisites have been explored and necessary machinery can be set into motion at a very short notice. As far as the technical side is concerned, the preparatory phase—or the conference itself, to that matter—can start six weeks after the date, when an understanding about it has been reached.

A series of bilateral contacts has already taken place between representatives of a number of European countries and the Ministry for Foreign Affairs. Should the participants during the multilateral, preparatory phase so decide, we are also capable of organising the facilities for the conference itself, and if required, still in this year.

We have restricted ourselves in the initiatives we made in 1969 and 1970 as well as in the activities of Mr. Enckell purely to fact-finding work on the possibilities of a general consensus on the convening of the conference. Of course, this already reflects our conviction that a conference on European security and co-operation would serve the interests of all European countries. Our activity stresses the fact that the conference should be well prepared.

The various proposals brought forth by European countries include for instance the creation of a permanent organ for European security questions. Behind the present discussions, we can thus already discern some institutional forms of a new system of security in our continent. But all this optimism must be combined with realism and cautiousness. Many of the questions that lie behind the division of Europe are such that progress in them is liable to be slow. Some questions must be seen in global perspective and treated accordingly. This is especially true in the relations between the great powers. But in the purely European field, it should be possible to achieve a breakthrough into sensible and mutual advantageous era of co-operation.

An example of how this is possible is provided by the foreign policy of the Federal German government under the present Social Democratic Chancellor, Mr. Willy Brandt. With the treaties signed in Moscow and Warsaw—that have paved the way towards a settlement on the status of West-Berlin—and with the introduction of discussions between the two German States Chancellor Brandt has begun an era of dialogue and reapproachment across the most sensitive border-line of the cold war period. This naturally serves the interests of peace and co-operation of the whole continent. Serious ruptures in this development would certainly bring into doubt the positive results already achieved and the prospects now in front of us would grow very much dimmer indeed. This in turn would shatter quite a few of the hopes on which especially the small and neutral states have built their participation in the recent process safeguarding the peace in Europe.
After the negotiations in the heart of Europe had led to the signing of the quadripartite agreement last September, defining the status of West-Berlin, the Finnish government made an initiative to the both German states proposing a comprehensive agreement on the arrangement of the relations between Finland and the two states. In accordance with our policy of balanced relations with both states, the initiatives presupposed a factual parallelity between the proposals made to each of the two governments, neither of which has rejected our initiative. We hope that it will be possible to start negotiations with both as soon as possible, on the basis of our initiative. Already in September we considered that the time was ripe for progress in this field. It is our hope that we could enter into the phase of concrete negotiations without any undue delay.

Nordic co-operation is traditionally one of the main features in our foreign policy. The deepening of Nordic co-operation as well as the maintenance of the Nordic area outside of international conflicts is the logical aim of any Finnish government. We have well-established forms of co-operation, for instance in co-ordinating social legislation, the common Nordic labour market and the cultural field. The Ministers for Foreign Affairs of the Nordic countries consult each other regularly. In order to expand the co-operation between the Nordic countries, the Nordic Council has established a Council of Ministers, which began its work last year. The latest institutional step has been the decision on the establishment of a permanent secretariat.

On the other hand, the possible membership of Denmark and Norway in the European Economic Community may upset also the present pattern of co-operation between the five Nordic countries. Proposals concerning the development of Nordic co-operation, if an enlarged Common Market brings about changes in the market situations in Scandinavia, were presented to the Nordic Council at its last session here in Helsinki, in February. Especially the proposals by the Swedish Prime Minister, Mr. Palme, are now under study. It seems, however, that participation in West-European integration may cause certain restrictions for Denmark and Norway in further developing some central areas of Nordic co-operation. If this is the case, our economic contacts with Sweden will be of even greater importance.

Our attitude towards West-European economic integration takes into account two factors. First of all we must safeguard our consequent policy of neutrality. Secondly we have to safeguard the best possible competitive position for Finnish work if and when the market situation changes in Western Europe. The EEC, after its enlargement and after breaking up of the EFTA, will answer for an even more substantial part of our foreign trade.

The safeguarding of our neutrality is for us the starting point sine qua non. It means that full membership, association or agreements envisiageing an increasing participation in the activities of the Community and its policy making are out of the question.
We have been carrying out negotiations in Brussels for a free trade agreement for industrial goods. However, the terms so far offered by the Community and especially the proposed treatment of our exports of paper-products would mean an economic burden which is not acceptable to us.

Furthermore, the future arrangement of our relations with the Community—whatever form it might take—must be seen also in relation to our domestic markets. The possible consequences of any solution to our internal development will be thoroughly explored. The final decision will be made taking into consideration, besides the forementioned factor that is neutrality and safeguarding of our competitive position, also a balanced development of Finnish society, the prospects for full employment and a more equal distribution of income. These aspects should not be forgotten.

We stand for the abolishment of discriminatory economic arrangements. It is our hope that the improving political atmosphere in Europe would open a perspective of all-European economic co-operation as well. The conference on European security and co-operation could contribute to this process. The Economic Commission for Europe is carrying out research work in the problems of trade between East and West. The amount of this trade has been so far small, and it would be regrettable, if the West-European integration would mean further setbacks in this respect. The talks on the limitations of strategic arms between the Soviet Union and the United States have their next round here in Helsinki beginning from March 28th. There is every reason to welcome the delegations in Helsinki, especially when the course of these negotiations seems to give rise to cautious optimism.

In general, disarmament is one of the main contemporary tasks all over the world. This is not only valid for the great powers with their strategic arsenals and their programmes for the development of yet more deadly weapons. Smaller nations have come forth with initiatives for regional disarmament, and the question of a reduction in the forces and armaments in Europe is one that concerns closely all countries of our continent.

Security in Europe is in the final analysis indivisible from attempts to achieve a globally secure pattern of co-operation and co-existence between all nations. This is the chief aim of the United Nations. I think that the Finnish activity in the international field will have to be judged by the aims and the achievements we can present in realising the tasks of the United Nations Charter.

International security is also closely interwoven with the improvements of the positions of the developing countries. Besides our participation in the activities of the United Nations in this field we are also intensifying other efforts to this effect. In view of the task of overcoming the remnants of colonialism, the course of events in certain dependent areas of Africa give cause for anxiety. The endeavours
of national liberation movements to build a just and equal foundation for the unimpeded realisation of the desires of these peoples still under colonial rule deserve due support. In a world of hunger and inequality, with many peoples still living under oppression and racial discrimination, no one can permanently nurture the illusion of a static state of security.

Thus we can see the main lines of Finnish foreign policy steadily developing, in accordance with the line we have adopted. Peace and stable development, both in Europe and all over the world, are the prerequisites for the secure life of any country, and this is doubly true for the small and neutral states. Within our own framework we strive to do our best to realize the great task of promoting peace and understanding between states and their peoples.

(Source: Finnish Features, Helsinki, Ministry for Foreign Affairs, no. 12/72 (1972).)
APPENDIX B

Parliamentary Report on Finnish Defence

A Parliamentary Report on the Finnish Defence has been published, the first of its kind since the war. It stresses the primary importance of foreign policy for Finnish security policy:

1. Origins and composition of the Committee

The preparation of a parliamentary defence report was included in the official programme of the Karjalainen Government (1970-1971). Defence has been accorded more importance in the platforms of several political parties in the last few years....

In autumn 1970, a Parliamentary Defence Committee (PDC) was appointed to define "the tasks to be fulfilled by the armed forces as a part of our security policy, and the military capability of the armed forces." The report was to be submitted by April 1, but this date was later extended to July 1, 1971....

2. Features of the defence appreciation affecting Finland

The analysis of the PDC report starts with a summary of international security policy trends. The developing countries are mentioned—"a focal point of power conflicts." The United Nations is seen as a negotiating instrument and a forum of opinion rather than as an active or effective source of assistance for states in need.

Northern Europe is the basic military frame of reference for the factors affecting Finland. It does not seem to belong to the top priorities in international politics, but an unfavourable turn of events might be reflected here. Listed first among the strategic features of Fenno-scandia are the common boundary lines between the great power blocks in the southern Baltic and the North Cap (where Norway and the Soviet Union have a common frontier). The Nordic Countries are also interposed between the two economic systems of Europe, and both strategically and economically their most important territory is washed by the southern Baltic. Naval strategy plays the important role in the far North.

A fundamental feature of the Nordic security situation is the NATO membership of Norway, Denmark and Iceland and the proximity of the Soviet Union. "For NATO and the Warsaw Pact, Finland and Sweden constitute an area that is not at the disposal of either." The PDC notes
that it is in the interest of NATO to maintain its freedom of action at sea and in the air in the Baltic Sea and, in the north, towards the Barents Sea. For the Soviet Union, the security of Leningrad is now better ensured since the Warsaw Pact countries control the south-east and east coasts of the Baltic. It seems to be important for the Soviet Union to have free access to the North Atlantic from the ice-free ports on the Kola Peninsula. And the Baltic Sea can be used to protect the Central European flank of the Soviet Union. The Danish Straits and its coastal territories are of importance to the USSR only in relation to access to the high seas and the vital matter of the security of Leningrad.

The strong Swedish defence force and, even more, the consistent Swedish policy of neutrality are seen as important factors.

The PDC is of the opinion that the strategic importance of the Aland Islands has diminished, but as they form a military vacuum they still have a military significance even in a minor crisis. Finland must be prepared to defend this part of its territory as foreseen in the international agreement on Aland.

The PDC notes that Finland's position in the international political scene has improved during the postwar period. It stresses especially the importance of the Treaty of Friendship, Cooperation and Mutual Assistance between Finland and the Soviet Union. "International recognition of the Finnish policy of neutrality and Finnish foreign policy aspiring actively for the furtherance of peace have increased Finnish prestige in a way that has a direct bearing on its security policy."

Finland is further removed from areas of international crisis than before. "This has improved Finland's military possibilities of preserving its neutrality also in situations of crisis."

It is not likely that Finland would have to face a limited offensive on its own. "Should Finland be exposed to a military threat, it will inevitably be part of a crisis between the great power blocks and a potential armed conflict."

The PDC observes that an active, peace-oriented, neutral foreign policy is the best instrument of Finnish security policy. The success of this policy depends on the confidence shown in it by other states, but, again, this policy does not run counter to the vital interests of the states with a sphere of influence in this region. "This notwithstanding, the most important component of our policy is to maintain good relations with the Soviet Union. The Soviet Union must be confident that Finland will in all circumstances pursue a policy of goodwill towards the Soviet Union and react in accordance with the treaty."

The task of defence activity is to support foreign policy and, in this way, to achieve two goals: "To safeguard Finnish territorial integrity effectively, and to ensure that Finnish soil will not in an emergency be used for military action against other countries."
Great importance is attached to effective counter-measures against territorial violations. This is envisaged as safeguarding neutrality at the frontier. Third states can demand an adequate Finnish defence capability when Finnish sovereignty has been violated.

The PDC does not consider civil resistance to be a means of safeguarding the frontier or meeting the aims of a neutral policy. But the field of civil resistance is interesting and worth studying. It also shows some promise in a situation where, e.g., the armed battle has been lost.

In conclusion, the PDC specifies three main areas of possible enemy action: Lapland, the Baltic Sea (the southern part of Finland) and Finnish air space. The Defence Forces must prepare for defence of all parts of the country.

3. Doctrine and "hardware"

The Finnish defence system is not geared for a nuclear war, but neither is a nuclear war in Europe considered to be very likely.

The main problem—the horns of the dilemma—for Finnish defence appropriations is formulated as follows: "The main problem of the Finnish defence system is the need to adjust to different kinds of situations: first, to safeguard territorial integrity and neutrality; second, to repel an attack against the country or through it. The first requirement is met in time of peace, especially with the air and naval forces. For the second, the infantry plays the central role. Neither one of these two requirements can be down-graded at the expense of the other. Top priority must be given to equipping the forces to a state of preparedness for action against violations of neutrality and limited surprise attacks."

Among the possible forms of offensive mentioned by the PDC are attacks on trade routes and air raids against civic and administrative centres. A direct offensive against the country can start as a surprise attack or a major assault on certain parts of the country or the entire territory.

In the present thinking, there would be no front line in either of these eventualities. Deep penetration, fast-changing situations and surprise moves are likely, also by the defending forces. In accordance with this, the Finnish forces are made up of different categories of units. Those formed by the older age groups, some of them poorly equipped, will be assigned to defend vital points (airfields, administrative centres, factories, etc.). These are classified as local units. The young, highly mobile, well trained and well equipped units are prepared to and capable of engaging the enemy on equal terms. These are the protective units.
In the opinion of the PDC, the draft (compulsory military service) system, with certain modifications, is still the one best suited to meet these requirements. It provides a large reserve of infantry and leaves the regular forces for use only on highly sophisticated and technical assignments.

With reference to these requirements, the PDC recommends the following hardware:

New, short-range radar equipment, effective under-water control equipment and some other control instruments. The necessary procurements would amount to Fmks 70 million over a period of five years.

The air defence sector requires a reconnaissance flight, helicopters and signalling equipment. The cost of these procurements is estimated to be Fmks 160 million (Finland will receive one wing of Draken interceptors during the 1970s).

Mines, minesweepers and patrol boats are part of the naval programme. One naval unit should be available for use in the area of the Aland Islands, a second for patrolling the Gulf of Finland. Cost: Fmks 185 million.

The infantry requirements include mortars, ammunition, light bazookas, artillery pieces, radio equipment and motor vehicles. The bill is estimated at Fmks 220 million.

All in all, the new basic procurements plan implies an annual increase of Fmks 25 million in expenditure. Thus, by 1976, expenditure on this item would be Fmks 250 million higher than it is today.

Defence expenditure in the 1971 Budget amounts to 1.4 per cent of the GNP and 5.75 per cent of the State Budget. The proposed plan would bring expenditure up to 1.5 per cent of the GNP. The PDC stresses that this proposal does not imply any belief that the situation in Europe has worsened. On the contrary, tension has eased. But most European countries, both those within and those without power blocks, still maintain a very high level of armaments and the risks still exist. The Finnish plan is simply designed to close a gap already in existence because of very limited funds.

4. Increased parliamentary control

The PDC report contains a very interesting chapter on the decision-making process for defence policy and the internal problems of the army.

The PDC considers it important to place the armed forces under civilian jurisdiction in peacetime. The conflict between democracy and the military hierarchy should be minimised without jeopardising the
general defence capability. A new investigation in depth should be conducted into the internal problems of the forces.

Parliament should play a bigger role. It does not have enough say in military matters. The Government should make regular reports on defence and security policy. The annual budget estimates should contain a security analysis. The parliamentary responsibility of the Minister of Defence should be widened and the existing Standing Committees for Foreign Relations and Defence should be amalgamated into a joint security committee with two sections.

5. Dissenting opinions

Three parties wrote dissenting opinions into the PDC report. The Conservative Party members thought that the proposed financing plans were too limited. The Rural Party did not like the idea that the armed forces could be used to maintain law and order and the political system through "an order accepted by the majority of the people." Mr. Vennamo called this tinkering with the rights of the minority and contrary to the constitution. The Communists appended a long report of their own. They protest against the idea that manpower (i.e., a trained reserve) should compensate for inadequate armament, which they consider to be inherent in the current doctrine: "This cannon fodder policy is inhuman." They also protest against rising defence costs on the ground that the Treaty of Friendship, Cooperation and Mutual Assistance has solved Finnish security problems and that an independent defence by "the mobilisation of all available means" only reflects a wish from the Finnish side not to enter into consultations with the Soviet Union at the earliest possible stage in the event of a military threat.

(Source: Finnish Features, Helsinki, Ministry for Foreign Affairs, 2/72 (1972).)

<table>
<thead>
<tr>
<th>Election year</th>
<th>National Coalition Party</th>
<th>Liberal People's Party</th>
<th>Swedish People's Party</th>
<th>Agrarian Party; Centre Party</th>
<th>Social Democratic Party</th>
<th>SKDL</th>
<th>Rural Party and Others</th>
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<tr>
<td>1945</td>
<td>28</td>
<td>9</td>
<td>14</td>
<td>49</td>
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<td>13</td>
<td>14</td>
<td>53</td>
<td>38</td>
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<tr>
<td>1966</td>
<td>26</td>
<td>9</td>
<td>12</td>
<td>49</td>
<td>55</td>
<td>41</td>
<td>8</td>
</tr>
<tr>
<td>1970</td>
<td>37</td>
<td>8</td>
<td>12</td>
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<td>55</td>
<td>37</td>
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Table II. Cabinets and Their Political Composition, 1944-1972. (Sources: Official Statistics of Finland, Deadline Data on World Affairs, Keesing's Contemporary Archives.)

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<th>Prime Minister</th>
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<tr>
<td></td>
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<td>28. U. Castren</td>
<td>9.21.44-11.17.44</td>
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<tr>
<td>29. Paasikivi II</td>
<td>11.17.44-4.17.45</td>
<td>-</td>
</tr>
<tr>
<td>30. Paasikivi III</td>
<td>4.17.45-3.26.46</td>
<td>-</td>
</tr>
<tr>
<td>31. Pekkala</td>
<td>3.26.46-7.29.48</td>
<td>-</td>
</tr>
<tr>
<td>32. Fagerholm I</td>
<td>7.29.48-3.17.50</td>
<td>-</td>
</tr>
<tr>
<td>33. Paasikivi II</td>
<td>11.17.50-1.17.51</td>
<td>-</td>
</tr>
<tr>
<td>34. Paasikivi III</td>
<td>1.17.51-9.20.51</td>
<td>-</td>
</tr>
<tr>
<td>35. Paasikivi IV</td>
<td>9.20.51-7.9.53</td>
<td>-</td>
</tr>
<tr>
<td>36. Paasikivi V</td>
<td>7.9.53-11.17.53</td>
<td>-</td>
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<tr>
<td>37. Tuomioja</td>
<td>11.17.53-5.5.54</td>
<td>4*</td>
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<tr>
<td>38. Törrngren</td>
<td>5.5.54-10.20.54</td>
<td>-</td>
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<tr>
<td>39. Kekkonen V</td>
<td>10.20.54-3.3.56</td>
<td>-</td>
</tr>
<tr>
<td>40. Fagerholm II</td>
<td>3.3.56-5.27.57</td>
<td>-</td>
</tr>
<tr>
<td>41. Sukselainen I</td>
<td>5.27.57-11.29.57</td>
<td>-</td>
</tr>
<tr>
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<td>after 7.2.57</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>after 9.2.57</td>
<td>-</td>
</tr>
<tr>
<td>42. von Fieandt</td>
<td>11.29.57-4.26.58</td>
<td>-</td>
</tr>
<tr>
<td>43. Kuuskoski</td>
<td>4.26.58-8.29.58</td>
<td>-</td>
</tr>
<tr>
<td>44. Fagerholm III</td>
<td>8.29.58-1.13.59</td>
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</tr>
<tr>
<td>45. Sukselainen II</td>
<td>1.13.59-7.14.61</td>
<td>-</td>
</tr>
<tr>
<td>46. Miettunen</td>
<td>7.14.61-4.13.62</td>
<td>-</td>
</tr>
<tr>
<td>47. Karjalainen I</td>
<td>4.13.62-12.18.63</td>
<td>3</td>
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<tr>
<td>48. Lehto</td>
<td>12.18.63-9.12.64</td>
<td>-</td>
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<tr>
<td>49. Virolainen</td>
<td>9.12.64-5.27.66</td>
<td>3</td>
</tr>
<tr>
<td>50. Paasio I</td>
<td>5.27.66-3.22.68</td>
<td>-</td>
</tr>
<tr>
<td>51. Koivisto</td>
<td>3.22.68-5.14.70</td>
<td>-</td>
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<tr>
<td>52. Aura I</td>
<td>5.14.70-7.15.70</td>
<td>1*</td>
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<tr>
<td>53. Karjalainen II</td>
<td>7.15.70-10.29.71</td>
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<tr>
<td></td>
<td>after 3.26.71</td>
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<td>54. Aura II</td>
<td>10.29.71-2.23.72</td>
<td>1*</td>
</tr>
<tr>
<td>55. Paasio II</td>
<td>2.23.72-7.19.72</td>
<td>-</td>
</tr>
<tr>
<td>56. ? caretaker</td>
<td>7.19.72-</td>
<td>-</td>
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</table>
New Year's Address by the President of the Republic, January 1, 1972:

Citizens,

I begin my New Year speech with the usual review of the economy. It is to be regretted that the state of our national finances at the end of the past year was weaker than usual. Total production grew by a little over one per cent, as compared with an annual growth on the average of eight per cent during the previous two years.

This rather poor result is partly due to factors for which we were responsible, such as the strikes and shutdowns in the early part of the year and a substantial rise in living costs. But the principal reason for the regression is the deterioration in the international conjuncture. Despite the considerable expansion and diversification of this country's economy, our production and exports alike still rest on a relatively narrow basis. Our entire national economy, therefore, is highly sensitive to fluctuations in the conjuncture abroad. To reduce our vulnerability and, in general, to strengthen our formation of revenue during the next few years, we need a selective policy of growth and structural improvement in every branch of the economy.

To remedy the present shortcomings, we must raise our home production at an even faster pace. The Home Industries Commission has indeed declared 1972 as a Home Industry Year. I hope that during this Year every sector of the population will devote increasing attention to the gravity of home production in our international trade and, above all, as a means of raising employment.

Our total incomes policy in recent years has resulted generally in a steady and fairly rapid growth of real earnings. Efforts have been made, with considerable success, to improve the position of low-income groups. Even so, there are still large sectors of the population whose income has not kept pace with the generally favourable development. Such deficiencies should be remedied in the forthcoming collective agreements. These low-income groups include not only the aged, but also the tens of thousands of victims of the present wave of retrenchment who are now unemployed and have no regular income. Everything that can be done should be done to relieve the present unemployment, and to narrow down the continuing regional differences in employment.

I am not too optimistic about economic development in the coming year. It is true that the uncertainties besetting international currency arrangements were brought to an end two weeks ago and that a
gradual recovery can be expected. But it will take some time for its benefits to be felt in Finland, so we can hardly expect more than a three per cent growth in our total production in 1972. From the present prospects, it seems that the upswing in the conjuncture will not get really under way until 1973.

New income policies are needed in this country in the near future. The disputes on the distribution of incomes of past years must be settled amicably and the decisions must be based on real potential growth. Continued inflation will benefit no one, certainly not the poor. Unnecessary as it might seem, we must remind ourselves that extra incomes can only be distributed if there is extra income to distribute. Assured economic growth and international competitiveness are important for income and other policies; only in this way can we put our economy on a solid basis and secure better conditions for ourselves in the future. Growing attention has been paid in recent socio-political debate to the problem of pollution, the gradual dissipation of natural resources and the difficulties of the developing countries. It is becoming increasingly clear that, even in industrialized countries, the industrial organization is unable to satisfy certain basic human needs, and that we have failed to avoid poverty in a relative sense. Furthermore, poverty is no longer regarded purely from the viewpoint of social justice. It has been found that a society in which much of the population enjoys a measure of well-being cannot afford continued poverty, because this raises social costs too high. Thus it is in the interests of every member of the community to fight against poverty.

The experts are well aware of all these problems. The important thing now is to find solutions to them. One thing is certain in any case: the solutions will call for major financial sacrifices. It seems inevitable that industry will have to be directed more and more to satisfying these public needs by authoritative measures, and that the freedom of action of private enterprise will have to be curtailed. It also seems indispensable, among other things, to alter price structures so that the costs of anti-pollution are included in the prices of products.

The problems I have mentioned only come to the attention of the public when their gravity and extent reach a certain threshold. The question then is: will the general public realize the absolute need for financial sacrifices and restrictions of individual freedom that their solution calls for? And how quickly will this realization come? In any case there is no escaping the fact that, in the last resort, the problems are economic and, above all, political, and that their solution will not be found with out-of-date modes of thought. What is needed is a complete change of attitude.

All this may sound very radical, but it can be read in last year's OECD Report. It remains to be seen how far-reaching the changes in the so-called free market system must be for the structural alternations to the economy that I have just mentioned to be effected. An
added difficulty is that no country—least of all a small one—can achieve the changes alone. Action within an international economic organization is subject to the conditions imposed by the organization itself. More than ever before, the freedom of movement of individual States is being hamstrung by the formation of closed trade associations and the growth of big supernational enterprises.

It is, of course, possible that the necessary steps will be opposed in the name of economic freedom. If this occurs—as I assume it will—we will be in the golden age of the demagogue. But without radical measures, mankind will be moving on a fateful course. Indeed, the prophets of total destruction are growing in number.

Sometimes a poet sees the future more clearly than a politician embroiled in day-to-day problems. Here I quote from a poem written by Paavo Haavikko in 1970: "World sales of fascism are growing. They have grown." But even if fascism, with its implicit rejection of all rational thought, raises its head—and a few politicians to prominence at the same time—it cannot put a stop to inevitable development. At the most it will delay progress, to the cost of us all.

In keeping with the traditions, I wish my listeners and the whole Finnish nation a Happy and Successful New Year.

(Source: Finnish Features, Helsinki, Ministry for Foreign Affairs, no. 1/72 (1972).)
Table III. Finnish Foreign Trade by Main Product Groups, 1971.  
(Source: Bank of Finland, Monthly Bulletin.)

<table>
<thead>
<tr>
<th></th>
<th>mil mk*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exports:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural products</td>
<td>546.8</td>
<td>6</td>
</tr>
<tr>
<td>Round and hewn timber</td>
<td>88.5</td>
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</tr>
<tr>
<td>Wood industry products</td>
<td>1653.3</td>
<td>17</td>
</tr>
<tr>
<td>Paper industry products</td>
<td>3720.7</td>
<td>37</td>
</tr>
<tr>
<td>Metal, engineering industry products</td>
<td>2323.0</td>
<td>24</td>
</tr>
<tr>
<td>Other goods</td>
<td>1564.9</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>9897.2</td>
<td>100</td>
</tr>
<tr>
<td><strong>Imports:</strong></td>
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<td></td>
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<tr>
<td>Raw materials and producer goods</td>
<td>4638.5</td>
<td>39</td>
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<tr>
<td>Fuels and lubricants</td>
<td>1560.9</td>
<td>13</td>
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<tr>
<td>Finished goods:</td>
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<tr>
<td>investment goods</td>
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<tr>
<td>Finished goods:</td>
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<tr>
<td>consumer goods</td>
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<tr>
<td></td>
<td>11738.2</td>
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(*On December 31, 1971, 1 $ Canadian equaled 4.148 Finnish markka)
### Table IV. Finnish Foreign Trade by Countries and Trading Blocs, 1970-1971. (Source: Bank of Finland, Monthly Bulletin.)

<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th></th>
<th>Imports</th>
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<tbody>
<tr>
<td></td>
<td>% mil mk*</td>
<td>% mil mk*</td>
<td>% mil mk*</td>
<td>% mil mk*</td>
</tr>
<tr>
<td>OECD countries in Europe</td>
<td>70.5 6832.1</td>
<td>72.4 7163.4</td>
<td>72.7 8043.5</td>
<td>73.2 8586.6</td>
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<tr>
<td>Austria</td>
<td>0.8</td>
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(*On December 31, 1971, 1 $ Canadian equaled 4.148 Finnish markka)