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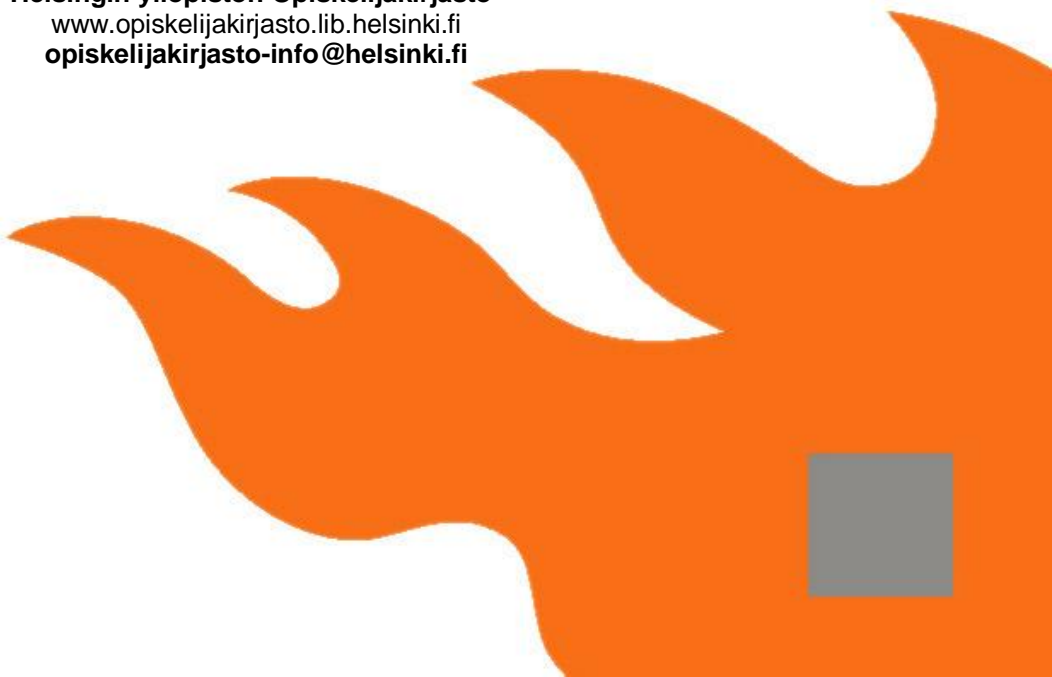
# The Limits of Sovereignty. Finland and the Question of the Marshall Plan in 1947

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# The Limits of Sovereignty

## Finland and the Question of the Marshall Plan in 1947

Mikko Majander

There are two ways to approach the question of the Marshall Plan and the situation in Europe in 1947. A scholarly view from above with an accepted right to wisdom after the fact may emphasize the structural level. Was the old continent really living on the edge of economic collapse or did the massive aid programme only help in safeguarding and expanding the general post-war goal of welfare state, as Alan S. Milward has asked in his famous study?<sup>1</sup> This thought-provoking claim has mainly been criticized for neglecting the psychological atmosphere in 1947. From the point of view of political actors as well as general public of the time the European situation looked different than in the statistics of the economic historian forty years later.<sup>2</sup>

Thus, the other way to approach the Marshall Plan focuses more on the decision-making in different countries. On both sides of the Atlantic Ocean it was widely assumed that only US dollars could save the old continent for democracy. No matter what the real intentions of the Soviet Union were, a lot of people in Europe were clearly afraid that either the Red Army or national communism would use a suitable opportunity to seize power. True or false, these hopes and threats, even worldviews and mentalities, affected the decisions taken with regard to the Marshall Plan. It is important to understand that people were acting in circumstances where the future was open and uncertain.

In historical research, structures and action are naturally interdependent and overlapping. Also, in the analysis on the Marshall Plan larger perspectives and long-term strategic objectives merge in with acute evaluations of the statesmen and other actors, as, for example, the works of Michael Hogan and Melvyn P. Leffler beautifully prove.<sup>3</sup>

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<sup>1</sup> Alan S. Milward, *The Reconstruction of Western Europe 1945-51* (London, 1984), for example pp. 463--466; see also his article "Was the Marshall Plan Necessary?", *Diplomatic History* vol. 13 (1989), pp. 231-253.

<sup>2</sup> Lawrence S. Kaplan, "The Cold War and European Revisionism", *Diplomatic History* vol. 11 (1987), pp. 147; Wilson D. Miscamble, *George F. Kennan and the Making of American Foreign Policy, 1947-1950* (Princeton, New Jersey 1992), pp. 43-45.

<sup>3</sup> Michael J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952* (New York, 1987); Melvyn P. Leffler *A Preponderance of Power. National Security, the Truman Administration, and the Cold War* (Stanford, Ca., 1992).

The purpose of this article is to examine the case of Finland and its decision not to participate in the Marshall Plan. For the most part I will reconstruct one July week of high politics in Helsinki and thus remain on the level of actors. Behind the narrative, however, lies a fundamental problem: how did the question of the Marshall Plan fit into the overall picture of Finland's foreign policy and its international position after the Second World War? I will return to this structural dimension in the concluding chapter.

## 1.

In 1945-1946 the radical left was in a position to set the political agenda in Finland. The Communists felt self-confident and strong, ever advancing on their way to the ultimate goal of a socialist society. Even though the Communists, together with their allies, only had six seats out of 18 in a coalition government with the Agrarians and the Social Democrats, they lived in the illusion that they already controlled the political processes. With mass support from the working class, the mighty Soviet Union as a neighbour and a Russian-led Control Commission in Helsinki, there were no prospects of retreat or fears of losing ground.<sup>4</sup>

After the final peace treaty was negotiated in September 1946 and signed in February the following year, there was a change in the political climate in Finland. Even though the treaty was not yet ratified, the non-Communist parties felt relieved from the iron grip of the Soviet Union. It was time to pursue a more independent policy without any special obligations to the views of the extreme left.

In April this bolder attitude led the country to a governmental crisis against the expressed wishes of the Russians. After six weeks of negotiations with no results the old coalition did agree to continue, but the Communists were now clearly forced into the defensive. This was even more the case in the struggle for the "souls" of the workers. The Social Democrats, who had recovered from the setbacks and party splits they had faced immediately after the war, were creating a new fighting spirit in their rank and file to challenge the extreme left. After an aggressive propaganda campaign they succeeded in saving their majority in the important Central Organization of the Finnish Trade Unions, which the Communists had hoped to control.<sup>5</sup> No wonder Hertta Kuusinen, one of the leading figures in the

<sup>4</sup> The Years 1944-1948 have been one of the most researched periods of Finland's recent political history. Hermann Beyer-Thoma, *Kommunisten und Sozialdemokraten in Finnland 1944-1948* (Wiesbaden, 1990) is a detailed study in German which covers well the shifts in the domestic politics. The standard work in English on Finland seen from the point of view of great power politics is Tuomo Polvinen, *Between East and West. Finland in International Politics, 1944-1947* (Helsinki, 1986). In Finnish, see for example Osmo Jussila, *Suomen tie 1944-1948. Miksi siitiä ei tullut kansandemokratiaa* (Juva, 1990) and the literature mentioned in its introduction. As the archives of the former Soviet Union are now beginning to be at scholars' disposal, research also on this period is entering a new phase. Some foretaste of the new possibilities was given in a *Seminar on the Relations between Finland and the Soviet Union. 1944-48* in Helsinki, 21-25 March 1994, in which the first draft of this article was presented. I take this opportunity to thank my colleague Cay Sevón for the many discussions we have had on questions related to the Marshall Plan and for her valuable comments on this article.

<sup>5</sup> Beyer-Thoma, pp. 332-351; Polvinen, pp. 268-270.

Finnish Communist Party, stated to her party comrades in early June that the general situation in the country was shifting to an open struggle against communism and the Soviet Union.<sup>6</sup>

This is the political background on which Finnish attitudes toward the Marshall Plan in the summer of 1947 have to be analysed. From an economic point of view the situation is somewhat different. The Soviet Union had demanded as war reparations goods worth 300 million dollars in 1938 prices. These deliveries were a heavy task for the Finns, who at the same time had difficult domestic problems to solve. In order to gear up their production, Finnish industry, exhausted but not destroyed during the long war, had a crying need for raw materials, machines and replacement parts. These could only be obtained on credit until Finland was able to win back her old export markets. With the help of substantial foreign loans, however, by the summer of 1947 Finland was well on her way to reconstruction.

Secretary of State George Marshall's speech at Harvard University on 5 June went almost unnoticed in Finland. It was not until a week later, after the British Foreign Secretary Ernst Bevin had delivered his view on the American initiative, that the Finns reacted. From then on the question of the Marshall Plan remained on the front pages of Finnish newspapers.

The extreme left, echoing Soviet views, opened its propaganda campaign with fierce accusations of dollar imperialism. Mr Marshall's "new gospel" was said to pave the way for the reactionary forces in Europe and to prepare for war against the Soviet Union.<sup>7</sup> The non-Communist circles appeared quite pessimistic in general. If only a part of Europe was included in the aid programme the gap between East and West would evidently deepen. It was obviously feared that the development of two antagonistic blocs would make Finland, against her own wishes, a member of the Eastern one.<sup>8</sup>

At the first sight President J. K. Paasikivi thought that Finland would grasp any possibility to obtain relief, which would also be natural according to the political position of the country. The main argument was that from an economic point of view Finland could not afford to overlook any United States aid. The big question was the final attitude of the Soviet Union. Could Finland risk a conflict if the East European countries, which the Russians treated as their satellites, were forced to abstain from the programme?<sup>9</sup>

The participation of the Soviet Union in the preliminary talks with France and Britain brought a brief sense of optimism in Finland. The disappointment was

<sup>6</sup> Minutes of the Politburo of the Finnish Communist Party, 4 June 1947. Kansan Arkisto, Helsinki, file 1 B Cc 2.

<sup>7</sup> See a causerie "Marshallin evankeliumi" (Marshall's gospel) by pseudonym Justus in the radical left wing daily *Vapaa Sana*, 21 June 1947.

<sup>8</sup> A detailed study on the main Finnish newspapers and their comments on the Marshall Plan can be found in Osmo Apunen, *Kansallinen realismi ja puolueettomuus Suomen ulkopoliittisina valintoina - tutkimus Suomen ulkopoliittisen toimintaohjelman rakenteesta ja funktioista. I Osa: Paasikiven linja* (University of Tampere, Institute of Political Science, Research Reports vol. 28, 1972), pp. 95-129.

<sup>9</sup> *J. K. Paasikiven päiväkirjat 1944-1956. Ensimmäinen osa 28.6.1944-24.4.1949* (The Diaries of President J. K. Paasikivi, 1944-1956, Part I), edited by Yrjö Blomstedt and Matti Klinge (Porvoo-Helsinki-Juva, 1985), pp. 462-463 (19 June 1947).

even more deeply felt when the Russian delegation withdrew from the Paris negotiations. It was generally felt that Europe was inevitably splitting into Eastern and Western blocs. Not many observers had the nerve to expect that some countries would be able to cooperate with both parties divided by the Iron Curtain.

## 2.

On Friday, 4 July, the representatives of France and Britain in Helsinki had an audience in the Finnish Ministry for Foreign Affairs. On behalf of their respective governments Ministers Daniel Levi and Francis Shepherd invited Finland to a meeting in Paris on 12 July in order to discuss the requirements of European reconstruction and coordination with American aid.<sup>10</sup>

There was only one summer week to formulate Finland's stance. Foreign Minister Carl Enckell travelled immediately to the President's summer residence to discuss the question and to outline the first actions for the Government. A clear view was needed with respect to the economic situation and the future prospects of the country. It was agreed that key ministers and leading economic experts would gather in Helsinki on the following Monday, when some additional background information would also be available.<sup>11</sup>

From Saturday on the Finnish Foreign Ministry was busy with the preparatory work, which was coordinated mainly by Enckell with Asko Ivalo, the Head of the Political Department, as his top official assistant. Besides the political elite, journalists and diplomats accredited to Helsinki were also naturally eager to hear the views of the Government.<sup>12</sup>

Among the many visitors was the French Minister Levi. Enckell expressed his regrets that the small countries were drawn into a great power conflict. Finland was dependent on her relations with both East and West and did not want to be placed on either side of the Iron Curtain. On the other hand, Enckell was not overly pessimistic about the attitude of the Russians. They could not forbid the countries in their interest sphere from accepting the American credits without risking a widespread general opinion that the Soviet Union was slowing the pace of recovery work and the rise of living standards. Levi on his part was very cautious in his remarks but affirmed the French Government's will to ease the position of Finland.

The most important guest Enckell had to see on that Saturday was A. N. Abramov, the Soviet envoy to Helsinki. Like many of his colleagues in other European capitals, Abramov presented the Finnish Government a carefully worded note, in which the Soviet attitude to the Marshall Plan was stated. Behind the smokescreen of generosity the Russians saw the United States interfering in the

<sup>10</sup> The letter of invitation with appendices, Ulkoasianministeriön arkisto, Helsinki (UMA) file 7 D2 1.

<sup>11</sup> Paasikivi, pp. 465-466 (4 July 1947).

<sup>12</sup> Together with Paasikivi's diary and his other papers the basic narrative of the political events in Helsinki, 5-10 July 1947, are based on Enckell's detailed notes, Valtionarkisto. Helsinki (VA), Carl Enckell Papers, file 102. For the next paragraphs, see Enckell, 5 July 1947.

sovereignty of the European countries in order to bind their economics to serve the American interests.<sup>13</sup>

The Soviet dislike of the Paris Conference thus became officially known, but the very aim of Abramov's *démarche* remained unclear. He did not give any kind of recommendation on how Finland should reply to the Anglo-French invitation. In fact Enckell and the Soviet Minister discussed the Marshall Plan and the development of the relations between the two countries in general in very friendly tones. Enckell assured that the Finns were not going to participate in any intrigue against the Soviet Union. The Finnish economy, however, badly needed connections with all countries East and West. He assumed that for economic reasons Finnish representatives would attend in Paris as simple and passive observers. According to Abramov, Finland's participation in international cooperation had been in harmony with the policy of the Soviet Union, and he made no effort to sharpen the written standpoint of his Government. Enckell got the impression that each country was allowed to act the way that suited it best. In any case the Soviet Minister did not consider the situation to be very serious, as he was planning a tour in Northern Finland from the following Monday on.

By deciding to go ahead without the Russians, Britain and France had put Finland in an unpleasant and difficult position. This applied also to the Scandinavian countries, who still wished to continue their policies of neutrality and bridge-building between East and West. Participation in the proposed conference and cooperation without the Soviet Union would clearly imply a formal choice in favour of the West no matter how categorically the Scandinavians rejected the idea of political or military bloc directed at any other state. Furthermore, as at least the governing Social Democratic parties in Sweden and Norway had some misgivings about the American capitalistic economic system, the Marshall Plan was seen to complicate both the foreign and the domestic political situation of these countries.<sup>14</sup>

The Finnish Government naturally monitored closely other European reactions to the Anglo-French invitation. The Foreign Ministry intensified its acquisition of information, especially from the countries in the grey zone between East and West.<sup>15</sup> There were two potential alternatives which could ease the political pressure on Finland and soften the possible consequences of her decision. First, if some of the neutral countries, the Scandinavian neighbours or Switzerland, were to refrain from the Paris Conference, Finland could do likewise without an indi-

<sup>13</sup> A copy of the memorandum (and a translation in Finnish) which Abramov presented to the Finnish Government, 5 July 1947, is in VA, J. K. Paasikivi Papers, file V: 16.

<sup>14</sup> Helge Ø. Pharø, "Bridgebuilding and Reconstruction. Norway faces the Marshall Plan", *Scandinavian Journal of History* vol. 1 (1976), pp. 130-133; Leon Dalgas Jensen, "Denmark and the Marshall Plan, 1947-48: the Decision to Participate", *Scandinavian Journal of History* vol. 14 (1989), pp. 73-74. 82; Yngve Möller Osien linden. *En biografi* (Stockholm, 1986), pp. 292-296. In general, the fears of American interventionism in the domestic policies of the Scandinavian countries proved exaggerated. See Geir Lundestad, *America, Scandinavia, and the Cold War 1945-1949* (Oslo-Bergen-Tromsø, 1980), pp. 162-165. Cf. Leffler p. 158: "Policymakers in Washington understood that prospective partners across the ocean had to satisfy domestic constituencies if they were to be able to stay in power and align their nations permanently with the United States. Tension would always exist between their domestic needs and America's international goals."

<sup>15</sup> Foreign Ministry to legations, 5 July 1947, UMA 7 D2 1.

cation of being a Soviet satellite. For example, Eero A. Wuori, the Finnish envoy to London who considered the Marshall question to be as important for Finland as the armistice treaty in 1944, stressed particularly Sweden's importance for Finland's decision.<sup>16</sup>

On the other hand, if some of the countries neighbouring the Soviet Union in Eastern Central Europe decided to participate, Finland could follow their lead. The Finns cherished hopes especially on Czechoslovakia and Poland, both of which had promisingly shown some eagerness to negotiate on the Marshall Plan and European reconstruction.<sup>17</sup> On 5 July Enckell met the new Czech envoy to Helsinki Josef Pavlovsky, who had no doubt that his Government was going to be present in Paris. In this question the two countries clearly had common interests, so Pavlovsky promised to keep the Finns informed about the development of the situation. Two days later the Polish minister in Helsinki had no up-to-date information from Warsaw but he personally was certain that Poland would continue to take a positive stand to the planned conference.<sup>18</sup>

### 3.

The Finnish decision-making process on the governmental level truly started after the President had arrived in Helsinki on Monday evening, 7 July. Paasikivi immediately began discussions with Enckell as well as with Prime Minister Mauno Pekkala and Assistant Foreign Minister Reinhold Svento, both representing the leftist Finnish People's Democratic League, an alliance organization of the Communist Party. Pekkala, whose Government for a long time had faced deep internal conflicts, was considered to be a weak politician with no special ability to lead the country. Especially in dealing with the Russians he wavered between the policy preferences of the President and the extreme left.

Pekkala had assured Hertta Kuusinen the previous day that he would prevent any accession by Finland, direct or indirect, to the Western bloc. The Prime Minister intended to consult Soviet representatives and not to resolve the issue without their advice. In his interpretation, though dollar credits were needed, Abramov's note implied that the Finns ought to abstain from the Paris Conference. Thus Pekkala shared the waiting attitude of the Communists. For the time being it was enough to delay the Finnish decision while being ready, when necessary, to advocate a refusal to the Anglo-French invitation.<sup>19</sup>

In his first cautious reflections Paasikivi had considered it to be best if Finland could secure American dollar aid without participating in the Paris Conference.

<sup>16</sup> Paasikivi, 4 July 1947 (p. 465); Memorandum by T. O. Vahervuori on a telephone conversation with Wuori, 4 July 1947, UNIA 7 D2 1; Nuori to Paasikivi, 3 July 1947, VA Paasikivi Papers V: 16. For Wuori's role in Finland's foreign policy, see his biography by Jukka Nevakivi, *Linnasta linnaan. Eero A. Wuoren (1900-1966) poliittinen elämäkerta* (Keuruu, 1992), pp. 294-298 dealing with the Marshall Plan.

<sup>17</sup> Ibid; see also Järnefelt from Warsaw, 27 June and 10 July 1947, UMA 7 D2 1.

<sup>18</sup> Enckell, 5 and 7 July 1947; Paasikivi, 8 July 1947 (p. 467).

<sup>19</sup> Mikhail Narinski "The Soviet Union, Finland and the Marshall Plan", paper presented in the seminar mentioned in footnote 4, p. 14; Enckell, 7 July 1947.

Whether this was really possible was another matter. Finland wished to continue economic cooperation and trade with various countries and to play her role in European reconstruction both as a giving and receiving partner. This was why the President soon adopted a more courageous position. Contrary to the Russians, he accepted the British and French assurances that the proposed organization would not interfere in the internal affairs of the participating states and that no action would be taken which could be regarded as a violation of their sovereignty. On these premises, Finland could provide information about her economy and send a representative to Paris to find out the details of the European programme. For political reasons the Government would reserve the right to decide later whether Finland was to take part in the realization of the common plan.<sup>20</sup>

Paasikivi's stance was based and further encouraged on a couple of memoranda, in which the economic tasks and credit requirements of the country over the next few years were analysed. According to these calculations, Finland was forced to rely on loans or other foreign aid because she was not able to balance the necessary imports with her free -exports. To manage, among other reconstruction work, the war reparation deliveries and settlement of the Karelian refugees, Finland needed at least 100-180 million dollars in 1948-1949. A common European plan could not affect or alter this national programme. It was an economic necessity for the country to participate in the proposed cooperation because later it would be much harder, if not impossible, to get a share of the US credits. A position outside the joint organization could also harm Finland's trade with Western countries.<sup>21</sup>

In the Monday meeting with his key ministers, Paasikivi treated the Marshall question as if it were solely economic. Even the more careful proposition of Enckell about sending an observer to Paris was not enough for the President. If Finland did not participate, she would miss the opportunity to receive American aid and credits which she badly needed for her reconstruction programme. Enckell regarded Paasikivi's arguments as naive but did not have the courage to question them. He himself feared no discrimination in access to dollar credits even if Finland decided to refrain from the European organization. Even in the future, he believed, the Americans would consider the loans separately in relation to each country's ability to repay them.<sup>22</sup>

Without further persuasion the ministers passively accepted Paasikivi's formulation. The proposed reply seemed to take into consideration the political aspects in regard to the Soviet Union and to emphasize the national character of Finland's participation and her independence vis-à-vis the influence of the United States.<sup>23</sup> Pekkala and Svento, however, were playing another game behind President's back. On that same Monday they both separately went on to ask Abramov

<sup>20</sup> The evolution of Paasikivi's stance can be traced in his diary, 4-7 July 1947, (pp. 465-467). See also his comments written on a copy of the Anglo-French invitation and numerous drafts for the Finnish reply, VA Paasikivi Papers V: 16 and UMA 7 D2 I.

<sup>21</sup> Memorandum on the economic tasks of Finland in the next 4-5 years, 7 July 1947, and Memorandum by Br. Suviranta on the credit needs of Finland, 8 July 1947, VA Paasikivi Papers V: 16. There are indications that Paasikivi's own role - being himself an old banker - in sketching the first memorandum was central. See Paasikivi, 4 July 1947 (p. 465) and Enckell, 5 July 1947.

<sup>22</sup> Paasikivi, 7 and 10 July 1947, (pp. 467, 471); Enckell, 7 July 1947.

<sup>23</sup> Ibid.

for unofficial and confidential instructions, on whether the Finns should participate in Paris and what stand they should take there. Pekkala paid his visit to the Soviet Minister together with Hertta Kuusinen and her husband Yrjö Leino, the Minister of the Interior, who was a central link between Moscow and the Finnish Communists. The Finnish Prime Minister agreed to the Soviet wish that his Government would delay the final decision until 10 July. Pekkala promised to do his best to ensure that Finland would take a negative stand on the Anglo-French Plan.<sup>24</sup>

The "friendly advice" Abramov gave Pekkala and the Communist leaders came from Moscow. In this sense Finland was treated in the same way as the Soviet satellite states in Eastern Europe. These rather vague instructions indicated that the Soviet Union faced big difficulties in drawing a tactical policy line. Should the countries in the Soviet sphere of influence boycott the Marshall Plan from the beginning, or would it be better to let them first attend the Paris Conference only to withdraw demonstratively later.<sup>25</sup>

When the question of the Paris Conference was presented to the Finnish Government, Pekkala was careful enough to apply the Soviet instructions, even though the atmosphere was very much in favour of the Marshall Plan. With public opinion as well as the authority of economic experts behind him, Paasikivi had no difficulty in assuring the ministers to back his compromise. It was viewed as only natural for Finland to follow the Scandinavian countries who by this time were practically certain to participate in Paris. It was, however, agreed not to rush the formal decision but rather to wait and see how the situation would develop, keeping an eye especially on the East European countries. Surprisingly, even the Communist ministers made no further reservations.<sup>26</sup>

#### 4.

The decisive turn for Finland took place on Tuesday afternoon, 8 July, when Prime Minister Pekkala was asked to visit the Allied Control Commission. In accordance with the instructions he had just received from Moscow, the Acting Chief G. M. Savonenkov notified shortly but sharply that the Soviet Union expected Finland to refrain from participating in Paris. The Russian Lieutenant General emphasized the confidential character of his announcement, which was not to be used as a line of argument in the negative reply of Finland, nor should it leak to the press.<sup>27</sup>

<sup>24</sup> Narinski, pp. 15-16.

<sup>25</sup> Narinski, pp. 13-14, describes the instructions that were sent from Moscow to the Communist Party leaders of Albania, Bulgaria, Czechoslovakia, Finland, Hungary, Poland, Romania and Yugoslavia. Cf. also William O. McCagg Jr., *Stalin Embattled 1943-1948* (Detroit, 1978), pp. 263, 393, footnotes 7-9.

<sup>26</sup> Minutes of the Foreign Affairs Committee of the Government, 8 July 1947, VA Paasikivi Papers V: 1; Paasikivi, 8 and 10 July 1947 (pp. 467, 471); Enckell, 8 July 1947. Although the Scandinavian countries made their formal decisions later, in practice they were early to accept the Marshall Plan. See Dalgas Jensen, p. 62; Pharo, p. 136. The Finnish legations reported this accordingly to Helsinki. Telegrams from Copenhagen, Oslo and Stockholm, 4-7 July. UMA 7 D2 1. See also, for example, the daily *Uusi Suomi*, 4 July 1947 and *Helsingin Sanomat*, 5 July 1947.

<sup>27</sup> Paasikivi, 8 July 1947 (p. 468); Enckell, 8-9 July 1947. A month later the Finnish envoy to Stockholm G. A. Gripenberg visited Helsinki and Enckell gave him a lengthy description of the Marshall Plan process. See Gripenberg's diary, 6 August 1947, VA Gripenberg Papers VAY 3457-3458. Cf. also Beyer-Thoma, p. 362 and footnote 2401.

Paasikivi was furious and disappointed. His initial reaction was to demand that Savonenkov's outrageous action should immediately be made public. The President felt that the basis of his policy, not only regarding the Marshall Plan but also in general, had failed. The Paasikivi foreign policy line had been based on the assumption that as long as Finland took notice of the strategic interests of the Soviet Union and fulfilled the treaty obligations accurately, her great power neighbour would remain a reliable partner respecting Finland's independence. However, after this unpleasant incident one had to ask of what use was an appeasement policy that eroded the sovereignty of the country. Paasikivi found it particularly irritating that the Soviet pressure behind the scenes fully contradicted Molotov's statement earlier in Paris.<sup>28</sup> The two-faced behaviour of the Russians was further exposed by the international news agencies, according to which the Soviet Union did not prevent any of the invited countries from sending representatives to Paris.<sup>29</sup>

Trust in fair play with the Russians was so deeply rooted in Paasikivi that at first he did not want to believe Savonenkov's message. He had no great confidence in Pekkala and suspected that the Finnish Communists were behind this manoeuvre. A long discussion with his friend and private adviser, former President K. J. Ståhlberg did not ease the pressure. Ståhlberg held strictly to the viewpoint that for political and economic reasons the time was ripe for a stand against the wishes of the Soviet Union. If Finland wanted to be regarded as an independent country, she had to limit her concessions. Paasikivi, who was susceptible to others' opinions, had to struggle with himself and, as often in complex and difficult situations, even threatened to resign from office. Enckell did not take these extreme reactions too seriously and knew how to conciliate the ill-tempered President by praising the wisdom of his foreign policy.<sup>30</sup>

A more pragmatic measure taken by Paasikivi was to make sure that the Control Commission had no legal ground for its intervention. Enckell feared that the Russians could appeal to the stipulations of the Moscow Peace Treaty of March 1940, reaffirmed in September 1944, by which Finland was obliged to stay outside coalitions directed against the Soviet Union. The President did not regard this way of reasoning as juridically sound; there was absolutely no way to justify Savonenkov's act legally.<sup>31</sup>

The Kremlin was not, however, a court of law, as Paasikivi had once put it. The Russians could cause Finland many hardships, though Savonenkov, it seems, did not make any concrete references to Pekkala in these lines. Beside difficulties in war reparations, the main threat was a further postponement of the ratification of the final peace treaty, which would keep the Control Commission in Helsinki and cause Finland to remain a semi-sovereign country. A few political processes were still open, such as arms dumping and war criminal trials, in which the Russians might intervene. It was for the Finns themselves to consider what consequences they risked if they challenged the Soviet Union.

<sup>28</sup> Paasikivi, 8 July 1947 (pp. 467-68); Enckell, 9 July 1947.

<sup>29</sup> See a United Press news cable from Paris in *Helsingin Sanomat*, 9 July 1947.

<sup>30</sup> Paasikivi, 8 July 1947 (pp. 468-469); Enckell, 8-9 July 1947.

<sup>31</sup> Ibid.

After the first heated reactions Paasikivi and the Finnish Government turned to a cool and moderate realism: they were not ready to face a conflict with the Soviet Union in an international dispute. Foreign Minister Enckell was the one to mark out most consistently a new orientation to the Paris Conference. In his view there were no advantages to revealing the Russian pressure publicly; by evoking a scandal Finland would harvest the rage of the great power, including possible retaliatory measures. Enckell finally expressed the doubts he had had even earlier. As the export industry was running hot, he saw no economic reason for exaggerated pessimism. Furthermore, there were no signs that the West would discriminate against countries not participating in Paris and, in any case, Finland could manage even without foreign credits for a while. Her absence in Paris would be properly understood abroad as a consequence of pressure.<sup>32</sup>

The Russians were prepared to make their expectations absolutely clear without committing themselves officially. The Soviet Legation Attache to Helsinki M. G. Kotov approached Asko Ivalo privately and in strict confidence. As an old acquaintance he was eager to hear the impressions of the Finnish Government. When Ivalo vaguely stated that the mood was for participation, the Russian diplomat burst several times into a severe criticism of the Western plan. The American initiative was not purely economic but included some "dark goals": a desire to extend political influence over the sovereignty of small countries and to divide the continent. As his personal view Kotov recommended that a country in Finland's position ought not to take part in the Paris Conference.<sup>33</sup>

## 5.

Finland's participation in Paris had to be considered in a very uncertain international situation. State and security systems as well as economic and trade arrangements were in process of transition. In fact the proposed reconstruction programme was only a verbal initiative in the form of general promises with no specific content - in July 1947 there actually was no plan. The decision had to be made on the basis of assumptions; there was no firm knowledge of future developments, only more or less informed guesses could be made about the future of Europe.

After World War II Britain had consistently encouraged Finland to conduct a conciliatory policy towards the Soviet Union. The governmental crisis in the spring of 1947 was seen as an unfortunate if not foolish demonstration of defiance.<sup>34</sup> The difficult position of the country was fully appreciated also in the Marshall question. Foreign Secretary Bevin decided not to lobby Finland or other European countries, which in his view were more likely to participate if left free from pressure. The

<sup>32</sup> Enckell, 9 July 1947; Paasikivi, 9 July 1947, (pp. 469-470).

<sup>33</sup> Memorandum by Ivalo on his conversation with "Mr K", 9 July 1947, UMA 7 D2 1; Enckell, 9 July 1947.

<sup>34</sup> See Shepherd to Attlee, 18 March 1947, Public Records Office, London (PRO) FO 371/65919/N3529/159/56; cf. Minutes by R. M. A. Hankey, 12 May 1947, on Finland's governmental crisis: "All very foolish.... I hope Mr. Shepherd will put sense into them!" FO 371/65921 /N5246/ 159/ 56. A summary on Britain's general policy towards Finland is in Polvinen, pp. 282-284.

British, of course, hoped that as many countries as possible would join, but they left Finland to make her own decision.<sup>35</sup>

The Finns had difficulties in gathering reliable information for their deliberations. In London the Finnish envoy Wuori had good connections with the Foreign Office and was thus in the key position. Wuori was a skilled analyst on international relations and he had already reflected on the situation profoundly from various angles before the Anglo-French invitation. According to his view, for political reasons the Finns could not take part in Western cooperation for American aid. Deepening division of the continent also brought dangers to foreign trade. Wuori, however, dared to be quite optimistic about the possibilities of continuing the commercial and credit relations between Finland and the Western countries.<sup>36</sup>

Before the final decision was made, encouraging messages were received at the Finnish Foreign Ministry both from British and French sources. Wuori had understood that bilateral trade would continue, unaffected by a Finnish refusal. In his short telegram to Helsinki he referred to a statement by Roger Makins from the Economic Section of the Foreign Office that abstaining from Paris would not harm commercial relations and no discrimination would follow. According to Enckell the French had reflected along the same lines.<sup>37</sup>

Such news naturally made it easier for the Finnish to give their reply but the picture they painted of the situation was, at least in part, too rosy. When Wuori again visited the Foreign Office he was told that it was impossible to forecast whether or not the outcome of the Paris discussions would actually affect trade relations. No comment could be made on the American attitude regarding credits, but it was obvious that the countries not participating in the proposed scheme would not be able to reap the benefits which might accrue from it.<sup>38</sup> Wuori continued to be optimistic, though by the end of September he still did not seem to have new information on any of the open questions. He reflected that dollar credits might be obtained from the World Bank or from private financial institutions of the United States.<sup>39</sup>

<sup>35</sup> Bevin to H. A. Morquand, M.P. who had offered to persuade his personal friend Halward Lange, the Norwegian Foreign Minister in the Marshall question, 7 July 1947, PRO FO 371 /62410/U E5749 / 168/53; Report of a conversation between Bevin and Sakari Tuomioja and Wuori, 19 September and Scott to Bevin, 2 October 1947, FO 371/65923/N10920/159/56 and N11599/159/56 Britain, however, put some pressure on Sweden, as Foreign Office drafts prior to a conversation between Bevin and the Swedish envoy to London Erik Boheman reveal: "we hope that the Swedes will realise that they are themselves essentially a part of the Western world and that they will not associate themselves with what appears to be a Russian attempt to prevent the Western world from preventing its own disintegration. If the Swedes were to stand out at this juncture this would in effect mean that they associated themselves with the Russian point of view on this topic." Minutes by Stevens, 4 July 1947, FO 371 /62409/UE5675/ 168/53. On Boheman's role as a messenger see Möller p. 295 and Karl Molin, *Omstridd neutralitet. Experternas kritik av svensk utrikespolitik 1948-1950* (Angered 1991), p. 40.

<sup>36</sup> Report by Wuori, 1 July 1947, UMA 7 D2 1 and Wuori to Paasikivi, 3 July 1947, VA Paasikivi Papers V: 16.

<sup>37</sup> Wuori from London, 8 July 1947, VA Paasikivi Papers V: 16; Paasikivi, 9 July 1947 (pp. 469-70). The importance of Wuori's information has been stressed by Nevala, see for example his article "Independent Finland between East and West", in Max Engman and David Kirby, eds. *Finland. People - Nation - State* (London, 1989), p. 140.

<sup>38</sup> Memorandum on a conversation between Warner and Wuori, 9 July 1947, PRO FO 371 / 62413/UE6111/168/53; cf. Nevala, *Linnasta linnaan*, p. 297.

<sup>39</sup> Reports by Wuori from London, 22 July and 30 September 1947, UMA 5 C7 and 7 D2 1.

Finland did not receive any guarantees regarding the future of her trade relations. Nevertheless, the Finns had every reason to suppose that the demand for their timber products would remain at a high level in the reconstruction process. This was last affirmed in June by the French Vice Prime Minister Yvon Delbos.<sup>40</sup>

The Anglo-French invitation also clearly stated that there would be no restraint placed upon the development of European trade.

One big question was of course the attitude of the United States. The Finnish envoy to Washington K. J. Jutila, who was unable to bring any light to the matter, could only advise Helsinki to ponder the matter thoroughly before giving a negative reply and to consider the possibility of sending an observer to Paris.<sup>41</sup> Paradoxically, the Russians were the ones to most explicitly calm the nervous Finns in this question. Both Abramov and Kotov regarded the Americans as businessmen who needed ever-larger markets. Thus the United States would have an interest in maintaining and even extending her commercial relations with Finland.<sup>42</sup> Indirectly, these opinions indicated that the Soviet Union had no intension whatsoever of isolating Finland economically from the West.

## 6.

By Thursday, 10 July, the hesitant President was ready to abstain from the Paris Conference. Although the negative response would mark a tremendous blow to Finland's international prestige, the political situation did not allow any compromise; even a Finnish observer in Paris was impossible. The final decision was made subsequent to a meeting between Enckell, Svento and the Soviet Minister, which Paasikivi had insisted upon. Abramov confirmed that Savonenkov's message represented the view of his Government. He read Molotov's statement aloud, in which the Marshall Plan was seen as an attempt to build a bloc against the Soviet Union. Thus taking part in the programme would also be seen as an act of hostility.<sup>43</sup>

Resistance within the Government to appeasement of the Soviet Union crumbled. None of the ministers was willing to accept the responsibility of forcing a conflict with the Russians. In the afternoon meeting the Government unanimously approved a proposal in which the invitation to the Paris Conference was courteously turned down.<sup>44</sup> This was not, however, the end of the matter. The political parties had become closely involved in Finland's decision-making process because participation in the Paris Conference was, on the initiative of the President, to be brought to the Parliament. Owing to the holiday season, it was possible to consult only the presidium and the group leaders as well as the Foreign Affairs Committee of the Diet.<sup>45</sup>

<sup>40</sup> Johan Helo from Paris, 25 June 1947, UMA 5 C6

<sup>41</sup> Jutila from Washington, 8 July 1947, UMA 7 D2 1.

<sup>42</sup> Paasikivi, 10 July 1947 (p. 471); Gripenberg, 6 August 1947; Memorandum by Ivalo, 9 July 1947, as in footnote 33.

<sup>43</sup> Enckell, 9 July 1947; Paasikivi, 9-10 July 1947 (pp. 469-472); Gripenberg, 6 August 1947.

<sup>44</sup> Paasikivi, 10 July 1947 (p. 472); Minutes of the Foreign Affairs Committee of the Government, 10 July 1947, VA Paasikivi Papers V: 1.

<sup>45</sup> Paasikivi, 6 and 8 July 1947 (pp. 466, 467); Enckell, 5 and 8 July 1947.

It has been stated that the part the Finnish Parliament played was only a staged event, planned and conducted cleverly by Paasikivi. According to this theory the President simulated a difference of opinion between himself and the Foreign Affairs Committee, thus emphasizing his will and ability to make independent decisions in foreign policy suitable to the Russians.<sup>46</sup> This interpretation, however, fits Paasikivi's character very poorly. Just a few weeks earlier, on the 40th anniversary of the Finnish Parliament in May 1947, he had stated that even in foreign policy the general principles and goals had to be agreed and decided on by the Diet together with the President.<sup>47</sup>

The Marshall Plan was exactly such an important matter, in which the representatives of the people also had to share the responsibility. The parliamentary procedure in the first place was chosen in order to reinforce the affirmative reply to the Anglo-French invitation. By attaching the decision firmly to the will of the people Paasikivi attempted to gain strength to act decisively vis-à-vis the Russians. Savonenkov's *démarche* however, changed the situation totally. From then on there was an element of risk in the parliamentary process, which at the same time left more room for tactical manoeuvres and perspectives.

On Thursday evening, 10 July, Prime Minister Pekkala tried in vain to persuade the Parliamentary Committee to his side. Despite the fact that even the President had defended the negative reply in consultations with the leading Social Democrats, the Party continued to support Finnish participation in Paris. The main architect of this policy was the active Party Secretary Väinö Leskinen, who, with like-minded "hot-heads", referred to the historical importance of the decision. Together with the Agrarians and the bourgeois parties the Social Democrats tried cautiously to combine good relations with the Soviet Union with broad economic cooperation with the West. After Savonenkov's intervention, on the other hand, the Communists had taken a firm stand against the Marshall Plan arguing that the Finnish economy was not in such desperate shape as had been maintained. After three and a half hours of discussion, however, the Foreign Affairs Committee approved Leskinen's resolution with 10 votes to 5 and 1 abstention.<sup>48</sup>

In the attitudes of the Members of Parliament there was a strong flavour of political tactics. The public sentiments as well as the business and industrial circles seemed to be overwhelmingly for securing American aid and had to be taken into consideration. The resolution adopted by the Diet was an open but rather safe protest against the Pekkala Government and, indirectly, also against the Soviet Union. The Prime Minister had stated that the Government would not change its position. This also was the case on 11 July, when the President finally confirmed the Finnish reply:

Whereas Finland's political position is not yet stabilized by a definitive peace

<sup>46</sup> Hannu Rautkallio, Paasikivi vai Kekkonen. Suomi lännestä nähtynä 1945-1956 (Helsinki, 1990), pp. 45-52.

<sup>47</sup> Paasikiven linja. I Juho Kusti Paasikiven puheita ja esitelmää vuosilta 1944-1956 (Porvoo, 1956), p. 85.

<sup>48</sup> The minority consisted of the extreme left together with the two representatives of the Swedish People's Party. Minutes of the Foreign Affairs Committee of the Diet, 10 July 1947, VA Paasikivi Papers V: 16. About the Social Democrats, see Minutes of the Social Democratic Party Executive, 10 July 1947, Työväen Arkisto, Helsinki and Paasikivi, 10 July 1947 (pp. 471-472); cf. also Hannu Soikkanen, *Kohti kansanvaltaa 3. 1944-1952* (Eno, 1991), pp. 210-212.

treaty and the matter involved has become a cause of serious disagreement between the big powers, and as Finland, on the other hand, wishes to keep out of international political conflicts, the Government of Finland deeply regrets not being able to participate in the said conference.

At the same time, Finland was in need of foreign economic support. Thus, the Finnish Government was "willing to supply all information on the economic position of the country."<sup>49</sup> This last statement was the only but important element remaining from the Foreign Affairs Committee's discussion of possible participation in the Paris Conference.<sup>50</sup> When giving the formal Finnish response to the British and French ministers, Enckell asked them to understand the difficult position of his country and added that Finland would welcome a purely economic European cooperation.<sup>51</sup>

## 7.

The negative reply to the Paris invitation reconfirmed Finland's international position politically as comparable to the East European satellites of the Soviet Union. Radio Moscow caused a further stain on Finland's reputation by rushing to make her refusal public even before the Government's formal decision. The press reactions, especially in Sweden, pointed out that the negative reply indicated the limits of Finland's sovereignty and her inability to act freely in international relations.<sup>52</sup> Not surprisingly the US legation in Helsinki noted an obvious pessimism in the Finnish people since the handling of the matter.<sup>53</sup>

On the other hand, Finnish resistance to the Russian pressure made some impact on foreign observers. The formulation of the Government's reply was regarded in the West as the best that could be expected under the circumstances.

Fear of no ratification of the peace treaty at this stage of Finland's struggle for her independence evidently weighs heavier than the fear of losing dollar credits,

as the British Charge d'Affaires Richard Ledward put it. It had to be clear that public sentiment, the majority in parliament, and those charged with the direction of Finland's economic policy were all in favour of accepting the invitation.<sup>54</sup>

According to the Americans, the attitude of the right and the Social Democrats in the Parliamentary Committee illustrated the stubbornness of the Finns in succumbing to Soviet domination. After knowing the Soviet stand and the Government's proposal, it was indicative of the increasing unwillingness of the non-Communists to obey Russian or Communist pressure.<sup>55</sup> In the Soviet interpretation

<sup>49</sup> The final wording of the Finnish reply in UMA 7 D2 I.

<sup>50</sup> O. Söderhjelm, *Kolme matkaa Moskovaan* (Tampere, 1970), p. 109; Polvinen. p. 341, footnote 27. "Ledward from Helsinki, 11 July 1947, PRO FO 371/62411/UE5887/168/53.

<sup>51</sup> Ledward from Helsinki, 11 July 1947, PRO FO 371/62411/UE5887/168/53

<sup>52</sup> For example, Göteborgs Morgonpost, 11 July and Svenska Dagbladet, 12 July 1947.

<sup>53</sup> Hamilton from Helsinki, 12 August 1947, VA microfilm USA 10, 860D.00/8-1247.

<sup>54</sup> Ledward from Helsinki, 11 July, as in footnote 51, and 16 July 1947, PRO FO 371/62415/UE6843/168/53.

<sup>55</sup> To secure American understanding, a Social Democrat, Onni Peltonen M.P. even provided the minutes of the Foreign Affairs Committee to the US legation in Helsinki. See Polvinen, p. 272.

the International Monetary Fund in 1948 and 1949 respectively.<sup>64</sup> Despite this, in comparison, for example, with the Scandinavian countries participating in the European Reconstruction Programme, the amount of American credits Finland received in the subsequent years remained very modest. In December 1948 the Export-Import Bank granted the Finns a 10 million dollar reconstruction loan and the year after an additional 12.5 million was received from the World Bank toward investment in the forest industry and power plants.<sup>65</sup>

## 8.

There are two main reasons why the Finnish economy managed quite successfully despite the Cold War bloc-building. First, in the previous two years before the Marshall Plan the Finns had received considerable credits, approximately 100 million dollars, from the United States, which had helped meet the immediate investment needs and to launch the reconstruction of the country. In a sense, Finland received her Marshall aid in advance.<sup>66</sup> Secondly, the late 1940s were commercially good years for Finland: the amount of exports rose to a post-war record level and the terms of trade were especially favourable for Finnish goods.<sup>67</sup> An important premise for the full exploitation of these advantages was that the Soviet Union did not try to prevent Finland from building commercial ties with the Western countries. In the form of reparation deliveries and trade the efficiency of the Finnish manufacturing industry and the quality of her products also served Russian interests.<sup>68</sup>

I would argue that in the Finnish case the question of the Paris Conference was most important on the symbolic level of power politics. The map of Europe was divided into spheres of political influence, non-participation indicating the range where the Russians used the ultimate right of veto. Foreign Minister Enckell was on the right track in understanding that the Nordic countries as such were not that important to either one of the blocs., their participation in Paris was more a question of political and psychological effects than economic interests.<sup>69</sup> In

<sup>64</sup> Hannu Heikkilä, *Liittoutuneet ja kysymys Suomen sotakorvauksista 1943-1947* (Historiallisia Tutkimuksia vol. 121, Helsinki, 1983), pp. 197, 210-211.

<sup>65</sup> Johan Nykopp, *Kauppa ja diplomatiaa* (Hameenlinna, 1985), pp. 41-44. Lundestad, p. 161, gives the following approximations for the American assistance (in dollars) to Scandinavia in the period 1945 through 1949 claiming that by far the largest share came in 1948-1949 with the ERP: Denmark 215 million, Norway 155 million, Sweden 80 million.

<sup>66</sup> Cf. Nevakivi, "independent Finland between east and West," pp. 139-140; Rautkallio, pp. 33-35.

<sup>67</sup> Heikki Oksanen and Erkki Pihkala, *Suomen ulkomaankauppa 1917-1949* (Helsinki, 1975), pp. 39, 118; Nykopp, p. 41. For the Finnish trade policy in the first post-war years, see Tapani Paavonen, "Neutrality, Protectionism and the International Community. Finnish Foreign economic Policy in the Period of Reconstruction of the International Economy, 1945-1950", *Scandinavian Economic History Review* vol. 37 (1989), pp. 23-40.

<sup>68</sup> Jukka Nevakivi has referred many times to the Soviet interest in securing the war reparations deliveries from Finland, see for example his article "A Decisive Armistice 1944-1947: Why Was Finland Not Sovietized?", *Scandinavian Journal of History* vol. 19 (1994), pp. 109, 115.

<sup>69</sup> In Enckell's view, 9 July 1947, the great powers were mainly fighting over German industry and coal resources as well as the oil fields in the Balkans. CC According to Jefferson Caffery, the US envoy to Paris, the British and the French desired Scandinavian participation "for political and psychological, perhaps even more than for economic reasons", quoted in Pharo, p. 138.

principle, the Soviet Union treated Finland as one of her satellites. In the enemy states, in Helsinki as well as in Budapest, the Russian-led Control Commission put the pressure on local governments, while the desired impact on Poles and Czechs was achieved by rude diplomatic means as well as through the party channels.<sup>70</sup>

Carl Enckell's role in the Finnish decision on the Marshall Plan has been largely neglected, or at least overshadowed by the more famous Paasikivi, to whose character legendary and superhuman attributes are sometimes attached. After the Second World War Enckell was the President's trusted non-party man, whose experience in foreign administration and especially on relations with Russia dated back to the early years of the century. Paasikivi no doubt made the final decisions in the Finnish foreign policy, but regarding the Paris Conference his active role advocating participation ended in failure. After Savonenkov's *démarche* it was left to Enckell to ground the new policy line. In retrospect, Enckell's adjustments of the situation appear the more realistic and have proved adequate also in the long run.

On 31 June Francis Shepherd, the British Minister who was leaving his post in Helsinki, paid a farewell visit to Paasikivi. The President together with his foreign ministers Enckell and Svento were worried that the new British representative

might not at once be in a position to understand the Finnish point of view and that he might not appreciate the distinction between the position of Finland and that of the Balkan countries. This was a distinction to which the Finns attached the greatest importance although it had not been, for obvious reasons, possible for them to make any propaganda about it.<sup>71</sup>

This crucial distinction was by no means self-evident to the British. For example, still in June 1947 the Economic Intelligence Department of the Foreign Office included also Finland's statistical information in a memorandum on the foreign trade of the Soviet satellites.<sup>72</sup>

It was well understood in Finland that refraining from Marshall cooperation would further demonstrate an alignment with the Eastern bloc. To avoid this association of a Soviet satellite state was the fundamental reason why the great majority of the Finns regarded participation in Paris as extremely necessary. At least to some extent the economic arguments served as workable excuses in a situation where political grounds could not be presented. In retrospect, the economic specialists obviously dramatized the situation in their analyses on the future requirements and credit needs of Finnish economy. The pessimistic background reports provided useful propaganda as though representing pure facts and neutral or non-political views. Only economic statements were given to support Finnish participation, though the political objectives of gaining distance from

<sup>70</sup> For a comparison see reports from the British embassies, PRO FO 371/62411. especially Helm from Budapest, 11 July 1947, UE5891/168/53; cf. Beyer-Thoma pp. 364-366.

<sup>71</sup> Shepherd to Warner, 1 July 1947, PRO FO 371&659170/N7985/3/55

<sup>72</sup> Memorandum by the Economic Intelligence Department, 19 June 1947. PRO FO 371/63975/N7406/4850/63.

her Eastern neighbour and moving closer to the Western powers were barely concealed.<sup>73</sup>

On the other hand, the rejection of free dollars was of course also a difficult economic decision for Finland. The reconstruction of the country and the discontinuance of a tightly regulated economy would have been faster within the joint European programme. Based on a comparison with Norway and Denmark it has been estimated that the Finnish share of Marshall aid might have approached 150 million dollars;<sup>74</sup> in any case, aid would have been in quite a different class of magnitude than the reconstruction and commercial credits received in the corresponding years.

In retrospect, on the long-term structural level, however, Finland succeeded to combine her essential political and economic conditions satisfactorily in her decision on the Marshall Plan. As though in return for this proof of loyalty, the Soviet Union ratified the final peace treaty in September 1947. Finland escaped the fate of a satellite, the political control of the Communists faithful to Moscow, and she could hold on to her democratic traditions and connections with western countries. In fact a general model for the Finnish way of proceeding was created for the next 40 years. During the entire Cold War period the Finns secured their commercial and economic interest in the West with separate treaties, thus avoiding any form of political commitment due to Russian suspicions. Luckily this policy line was acceptable on both sides of the Iron Curtain.

<sup>73</sup> In his study on the Norwegian case Helge Ø. Pharo (pp. 135, 142) assumes that "the desire to maintain bridge-building influenced the analysis of the economic situation . . ." and thus "deliberately set the estimates (for dollar requirements - MM) low for foreign policy reasons." In Finland the same mechanism worked the other way around. The Finns aimed at re-orientating their international position, whereas in Norway the emphasis was rather on the continuance in the foreign policy.

<sup>74</sup> Juhani Paasivirta, *Suomi ja Eurooppa 1939-196. Sotien ja murren ajanjakso* (Hämeenlinna, 1992), p. 310.