

Next Door to the Soviets



Finland fought three wars between 1939 and 1945, two against Russia and one against Germany, and did badly in all of them. Seventy-nine thousand Finns were killed and fifty thousand permanently disabled—a considerable loss, to put it mildly, for a nation of four million. To the Russians, Finland had to hand over the Karelian peninsula and other areas, totalling a fifth of its farmland; three hundred million dollars in reparations; the rich nickel mines of Petsamo; the naval base at Porkkala; and quite a lot of rich timber land. A last-minute sortie by the Germans resulted in the almost total devastation of Lapland.

In spite of all this, Finland today is independent and solvent. No other ex-belligerent on Russia's western frontier, friend or enemy, can boast of as much freedom in internal affairs or as much independence in foreign relations. Diplomatically, Finland has its eye on Washington, with only occasional glances over its left shoulder at Moscow. No other nation, not even Russia, has achieved as large a measure of recovery since the war without Marshall Plan aid. Indeed, few participants in the European Recovery Program have matched Finland's progress since V-E Day.

It is a tossup which is more remarkable—Finland's recovery or its escape from the Communist trap laid for it at the end of the war. Evidences of the former hit the visitor to Helsinki first, of course. One of the most striking is Stockmann's, an eight-story department store on Mannerheim Street, with all appurtenances, from a bargain basement to fluorescent lighting.

More than thirty thousand persons shop at Stockmann's every weekday. They buy just about everything that New Yorkers can find at Gimbel's: costume jewelry, underwear, gloves, nylons, deck chairs, furniture, rugs, clothing, shoes, toiletries—and, at an up-to-the-minute soda fountain, chocolate malteds. The quality is not uniformly high, and prices are, but, as both salesladies and shoppers say: "Wages were never higher either, and we are not complaining."

In the Kaupungin Tori, the City Market that sprawls on the broad, cobbled quay of the South Harbor, the well-being of the Finns is evidenced even more vividly. Here carts are piled with vegetables, eggs, fish, and live poultry. Boatmen sell flowers, potatoes, country butter, and more fish. Only the fruit is substandard: The apples are mostly spotted, and the oranges half-rotted.

At one end of the market is a long, warehouse-roofed, brick building, divided into booths and stalls. It is fragrant with fresh bread, butter, cheese, and the pickled, smoked, spiced and sauced ingredients of Finnish smörgåsbord; sides of beef, veal, and pork, dressed turkeys, and chickens hang along its walls.

Prices, when translated into dollars, are no higher, and in most cases are lower, than in our country. A dozen and a half eggs cost a dollar; two pounds of pork chops, \$1.16; beefsteak, sixty cents a pound; soup meat, thirty cents.

Wages, even by American standards, are high. The average workman earns the equivalent of \$140 a month. If he has children, or an aged mother, or other dependents who are unable to work, he gets additional allowances. Rents are low by any standard. A two-

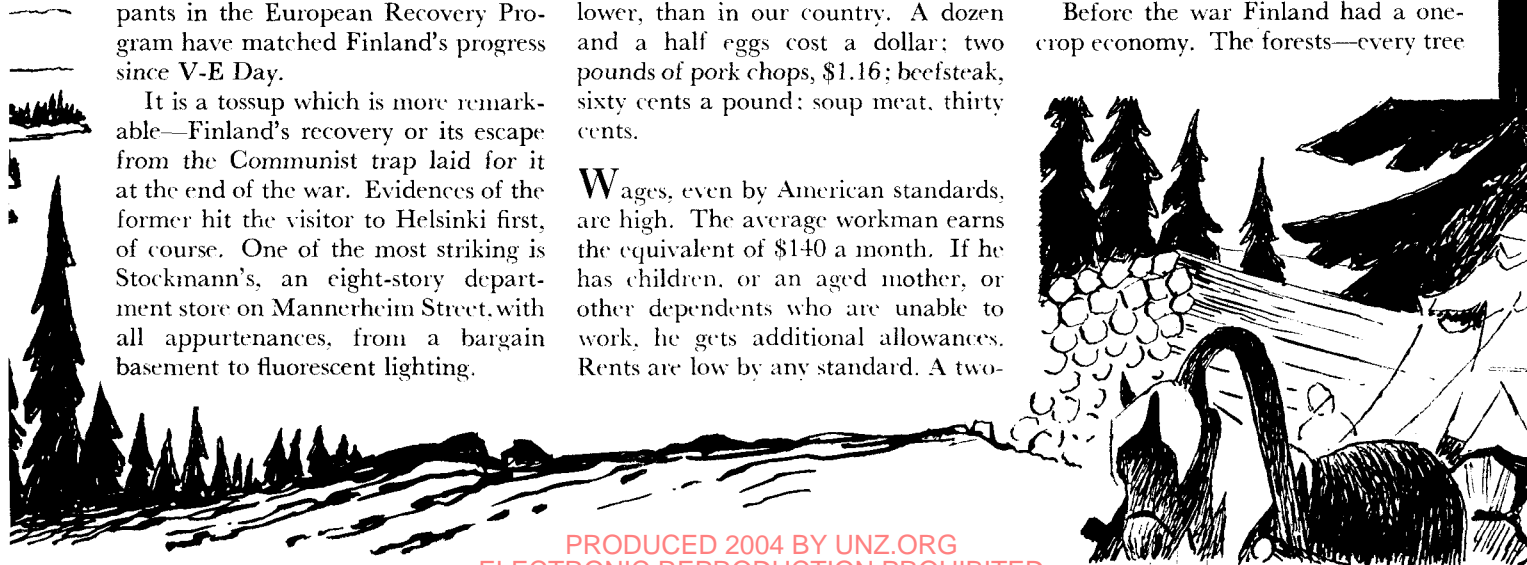
bedroom apartment in a prewar building costs twenty dollars a month. Newer ones, which are still exceedingly scarce, bring somewhat higher rentals.

Finland did not escape inflation. After the war, prices increased about ten times over. But the Finnish government, unlike other European governments, raised wages to keep pace with prices. Last year, as production increased, and goods and food became more abundant, prices began coming down. When they have dropped five and a half per cent, wages can legally be lowered accordingly.

Throughout the inflationary spiral, which began in 1943 and continued until the beginning of 1948, Finns kept their faith in their currency. They salted it away in banks, not, as some of the French and Italians did, in cookpots and socks. Bank deposits increased from twenty billion Finnmarks in 1939 to 110 billion in 1949. Depositors had considerable encouragement from the banks, which paid—and still do—six or six and a half per cent interest on savings and two per cent on checking accounts.

The Finnish sense of economy is evident not only in the family but on a national scale. The country even managed to turn the burden of reparations into an economic asset. Here is the story:

Before the war Finland had a one-crop economy. The forests—every tree



that is cut is replanted—provided what the Finns call the Green Gold of their foreign trade. They exported lumber, pulp, paper, and mine-timbers to the United States and the United Kingdom for dollars and sterling. Green Gold financed ninety per cent of Finland's imports of machinery, oil, and textiles, and its exportable surpluses of meat, butter, and eggs bought most of the rest. The Finnish industrial plant consisted mainly of a few textile mills.

When the reparations question came up, Finland offered timber. "*Niet*," said the Russians. "We want trawlers, prefabricated houses, complete saw-mills, packaged sulphite plants, plywood, machinery, locomotives . . ."

So the Finns expanded and retooled some old munitions factories. Their credit was good in Sweden, the United States, and Britain. They borrowed wherever they could, and bought industrial equipment so rapidly that at times, according to an official of the Bank of Finland, "we had as little as eight hundred dollars left in the till."

Now, thanks to Russia, Finland no longer has a one-crop economy. Its metals industry accounts for a quarter of its production, instead of about a twentieth, as before. If Finland manages to avoid depression, it will be due to the new diversification of its economy. This has already saved the nation from serious unemployment. There was a seller's market in wood and pulp products when the war ended, and Finland prospered almost from the moment the last shot was fired. But American and Canadian pulp and paper production have increased, and prices have come down. In the last year, Finland has had trouble competing, because of the high cost of its product. Pulp and paper manufacturing has been reduced. Fifty-one thousand men were unemployed in March, but by the end of May many of them had found jobs in the mining and metal industries, which now employ eighty-two thousand, twice as many as before the war.

By July 1 of this year Finland had paid 170 million dollars in reparations to Russia. Russia has forgiven or cancelled about seventy-five millions' worth of reparations, which leaves Finland with only fifty-five million more to pay, and until 1952 to pay it.

Then there may be economic trouble. Finland will need to find markets for the products it is now sending Russia, unless Russia buys about the same quantities it is now getting free. Finnish industrialists are fairly sanguine, for Russia has begun to order more goods

outside the reparations agreement, and other countries are showing interest in Finnish goods.

But what if Russia should say, in 1952: "No, thanks—you have filled all reparations contracts and we don't need anything more from you"? The thought scares Finland. By such an action, Russia could literally export unemployment. Elections are scheduled for 1951, just about the time that Russia will be making up its mind whether to continue buying from Finland or not, and the Communists would very likely stand to gain from unemployment. Russia might then have some success in doing what it had failed to do, or refrained from doing, so far—Russifying Finland.

For various reasons, not all fathomable, the Russians have not taken on the role of conquerors and/or "liberators" in Finland, as they have, with such gusto, in Poland, Roumania, Hungary, and Bulgaria. Finland is definitely outside of Russia's satellite bloc.

The Finns very literally encounter the Iron Curtain when they travel from Helsinki to Turku and back. The railway enters the area of Russia's heavily fortified Porkkala naval base at a point that is about ten miles west of the Finnish capital. The train is stopped. Red Army guards screw iron plates over all windows and doors, and sentries hop onto the platforms. The train then proceeds the length of the Porkkala region, about eighteen miles. The plates and sentries are removed at the other side of the naval base, and the train is permitted to proceed to Turku. The Finns call this "the longest tunnel in Europe."

Aside from the train guards at Porkkala, Russians haven't been much in evidence in Finland since the fighting ended. A Russian Control Commission was quartered in the Tornio Hotel



in Helsinki, until February, 1948, but its two hundred or so members kept to themselves—and got no protests from the Finns. The commission consumed about \$650,000 worth of lodging, gasoline, food, and vodka every year, and sent the bills to the Bank of Finland.

The presence of the Russians at Porkkala does not seem to disturb the Finns at all. They have freedom of worship, speech, and the press. Finnish editors refrain from attacking the Soviet Union just for the fun of it, but they do publish critical comment. When Moscow complains, as it sometimes does, that Finnish journals print too much news from the West, the editors simply reply that the Kremlin's Tass agency is neither as objective nor as extensive as the American press associations, which pipe their reports into the big Helsinki papers. One of Helsinki's leading newspapers, *Helsingin Sanomat*, recently published a full list of "inventions" claimed by the Soviets, alongside a list of the names and nationalities of the real inventors.

Back in 1905-1917, when the Red revolution was brewing, Finland, which had resented Tsarist domination since it had become a Grand Duchy of Russia in 1809, found the Bolsheviks a natural ally. It gave refuge to Red agitators and organizers, and became a headquarters for the movement which finally overthrew the last of the Romanoffs.

Today the situation is different. Finland has two enemies: a renascent Russian imperialism and that imperialism's new weapon of conquest, Communism. Most Finns are determined not to be conquered by either, but they know that they must proceed prudently. "A small nation," an old Socialist told me in Helsinki, "must have a large sense of proportion. Our great problem is to fight Communism within Finland and maintain good relations with the Soviet Union, Communism's central power station, at the same time."

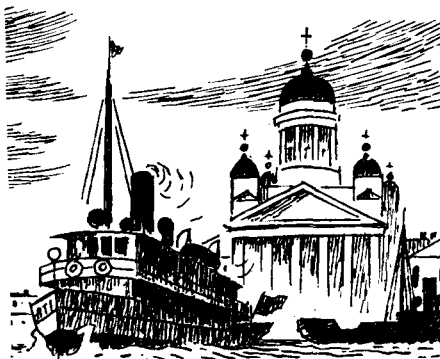
Moscow's most recent attempt to Russify Finland was made soon after V-E Day. The Communist Party, which had been outlawed until then, emerged as the Finnish People's Democratic Union, which attracted a good complement of the more leftish socialists. It polled nearly 375,000 votes out of a total of 1,700,000, obtained fifty seats in the unicameral Diet, and

formed a coalition government with the Social Democrats, who had won forty-eight seats.

The Communists got six of the eighteen cabinet posts, including the all-important Ministry of the Interior, which gave them control of the police. For the Interior post they chose youngish and dynamic Yrjo Leino, a Moscow-schooled bully-boy who is the husband of Herta Kuusinen, Finland's Ana Pauker.

Leino turned the police force into an MVD subsidiary and the Communists made some headway in the unions, gaining full control of the dockworkers' and the metalworkers' biggest locals. Communist influence, however, never extended beyond Helsinki and some of the bigger ports. In the countryside, the Socialist farmers' and consumers' cooperatives, which represent a substantial portion of Finland's internal economy, resisted all Communist infiltration.

The Communists' main difficulty was having nothing to offer the majority of Finns. The country's Social Democrats, in their thirty years of domination, had solved most of the problems for which the Communists now proposed solutions, and had done so without loss of individual liberties.



It did no good for Communists to agitate for more housing and lower rents, when most people knew that the housing shortage was largely due to two wars against the Russians, and that rents were ridiculously low already.

But the Communists suffered most from a domestic blunder. The Communists had won enough power in the longshoremen's union to maneuver an unauthorized strike in May, 1948. Finland's economic welfare depended, at the moment, on pulp and paper shipments and raw-material imports, particularly of coal. Most Finns knew this.

When the strike was called, students and women marched en masse to the docks to load and unload the ships. The work-stoppage, intended to set off a general strike, failed.

Shortly thereafter, Leino was turned out of the Cabinet on a vote of non-confidence. The Social Democrats, helped by the Farmers' Party and other conservative elements, began a systematic, nonviolent purge of Communists from government, the police, and the labor unions. In the 1948 elections the Communists lost twelve seats.

Although Finland is run by the Social Democrats, socialization for its own sake is ordinarily discouraged. The Finns, by and large, are free traders and free enterprisers, who believe in taking socialism in small doses, and only when it produces tangible economic benefits.

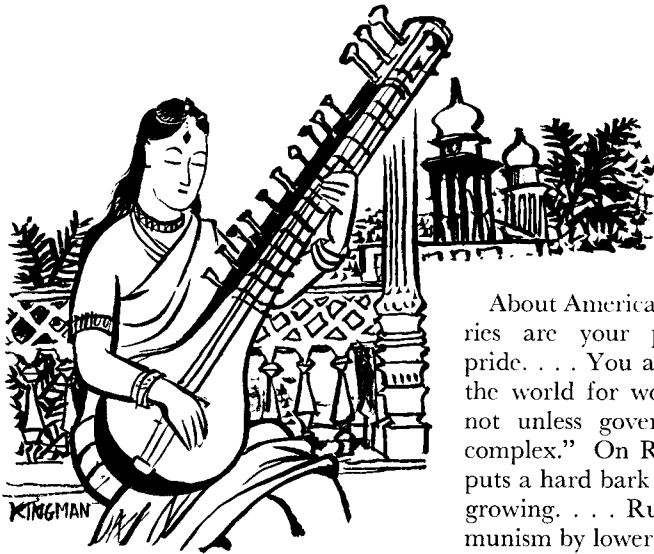
Finland has shown itself capable of turning an economic evil like the black market into an asset. In Finland the government runs the black market, which is known, therefore, as the white market. This is how it operates:

Cocoa, coffee, sugar, and tea are rationed. These, along with luxuries like nylons, bananas, oranges, and fancy canned goods, are imported by the government with dollars. Anyone wanting to augment his rations, or buy the luxury items, may do so through normal trade outlets at several times the prewar price. A one-pound can of coffee, for example, might be sold for the Finnish equivalent of three dollars or more. The difference between what the government pays for the coffee and what the merchant gets, less profit and overhead, must go to the government.

Finland's economic recovery has not, of course, been entirely due to its citizens' fiscal astuteness. Although Russian pressure prevented Finland from joining the Economic Recovery Program—the only time since the war that Moscow directly interfered in Finnish foreign relations—it has received considerable economic assistance from the United States. Since the war, the Export-Import Bank, the International Bank, and the Commodity Credit Corporation have loaned Finland about a hundred million dollars; and Ford, Firestone, General Motors and other concerns over seven million. Finland, needless to say, pays the interest as it falls due.

—FRANK GERVASI

India Looks at China



Between Malaya and India, two thousand miles apart, the Chinese Communists begin to lose some of their capacity for scaring their neighbors. The attitude changes, along the way, from anxiety to simple and relatively tranquil awareness. Outside the British, French, and Dutch colonies, there is no one likely to say, as one gloomy British rubber planter did at Kuala Lumpur:

"Hongkong will be a test case—we shall see how far the Communists go there. If Hongkong falls, Singapore may become the Tobruk of the Far East."

At the gateway of India, in Bombay, the Chinese revolution, which seemed to have such dread implications in Indo-China, is largely an object of calm speculation. It is an event by no means devoid of interest, but the interest is diffused rather than categorical, challenging rather than imperious.

That feeling was expressed most clearly by India's Governor-General, Chakravarti Rajagopalachari, who received me in the spacious study from which British viceroys once ruled. At seventy, Rajaji, as he is popularly known, has the twinkling eye of youth. His manner is sprightly, and his speech epigrammatic.



About America, he said: "Your worries are your pride—philanthropic pride. . . . You are perhaps preparing the world for world government, but not unless government becomes less complex." On Russia: "When a tree puts a hard bark around itself, it stops growing. . . . Russia has killed Communism by lowering its Iron Curtain."

As for China, Rajaji appeared complacent about Mao Tse-tung and his régime. "If they succeed, then they ought to have influence—nobody can grudge them that. We can wait. We can let them burn their fingers and see what happens!"

To understand this spirit of placid forbearance, one must remember that China's is not the only upheaval in Asia—perhaps not even the biggest nor the most important. India itself is undergoing its greatest social revolution in centuries. The republic is barely two years old; the end of British rule has created a multitude of problems, cleared the way for innumerable reforms, and shaken the social structure not a fraction less profoundly than the transition from Kuomintang to Communist rule in China. Indian intellectuals follow Chinese developments with alert understanding, but they do not let the rumble of distant drums distract them from the revolution they are making with their own hands.

It would be folly to talk of Asiatic Communism without recognizing one elementary premise: This is the age of revolution in all Asia. For all anyone knows, Communism may be a transitory phenomenon: but the spirit of re-

volt—against domestic tradition as well as foreign imperialism—is certain to be enduring. For better or worse, the whole pattern of living is changing, and people are glad of it.

The danger is that the western world will fail to grasp the essential nature of this change. There is a tendency in the West to cry out in alarm against Communism, to focus complete attention on what may be, in reality, a side issue. There is reason to suspect that the West is guilty of self-deception, that it fears, not primarily Communism, but any revolutionary spirit, any disruption of the status quo. Among Asiatics there is no fear or distrust of revolution; there is hunger for progress, no matter what guise it wears. Communism is regarded—like any other slogan, formula, or doctrine—as a laboratory concept, to be examined, and used or discarded according to the dictates of expediency. Democracy gets precisely the same treatment.

In such an environment, mere invective against Communism is likely to be useless. The West has nothing to gain by crying wolf. Soviet propagandists can dress their promises as prettily as anyone else's; and as long as Indians have a fellow feeling for their revolutionary counterparts in other countries of Asia, the West is at a disadvantage. That disadvantage can be overcome only by acknowledging the validity of the revolutionary spirit, and by employing inducements more concrete and constructive than any that Communism has to offer.

Surprisingly enough, it is Prime Minister Pandit Nehru who seems to grasp