
Organization and now returning to the fold, they would be able in the long run to return on their own terms without, except perhaps in a token manner, making the clean-up purges of their communist controlled executives on which the Central Organization is trying to insist. If this should happen the strength of the communists left in control would be considerably enhanced. Another assumption is the communists will succeed, and there are indications that they will, in gathering unto themselves all the credit for wage increases which were, in fact, granted in one or two industries, not because of the strikes but because they were overdue. I asked Mr. Hämäläinen what then might be the effect on communist political strength were elections to be held in the very near future. The loss of 3 to 4 seats from their present 38 was the most he would concede. He added, however, that even if his assumptions, as above, were wrong, only small losses would be attributable to the fact that Finns are slow to change and that it might take two or more elections for habitual communist voters to switch to another party even when their own was losing ground in other fields.

13. On the other hand, the Swedish Minister in Helsinki, an old and knowledgeable Finnish hand, holds the view that the communists suffered a very severe defeat in the strikes. He thinks that were there to be a parliamentary election in the near future this set-back would be reflected by the loss of up to half of their representation in the Diet.

14. The Prime Minister, Mr. Fagerholm, was not quite so optimistic. He was naturally not prepared to very forthcoming on what after all was an academic question as he made it quite clear to me that failing a real emergency, the Government had no intention of recommending dissolution to the President which is the only way an election could be held before June 1951. Mr. Fagerholm was prepared to say, however, that in his view, should an election be held within four months the communists would lose at least 8 seats.

15. I asked Mr. Fagerholm about the Presidential elections which are to be held in February or March. He said that Mr. Paasikivi had not yet announced his intentions but he (the Prime Minister) "has reason to believe" that he would be a candidate for re-election. In this case he anticipated that he would be returned by acclamation except for the communists who would not put up a candidate in opposition but would probably refrain from voting. Since my return from Helsinki, however, a small cloud has appeared on the horizon in that the Agrarian party, according to the press, has announced the presidential candidature of its leader, Mr. Urho Kekkonen, who has for long had ambitions in this direction. Unfortunately, I am not in a position to make any authoritative appreciation of the possibility that this cloud might become a real political storm. Should Agrarian support be withdrawn from the Government party as a result of Mr. Kekkonen's candidature in opposition to Mr. Paasikivi, I should think that it might.

Finnish-Swedish Relations

16. Relations between Finland and Sweden are as one might expect, close and friendly. There is but one major outstanding problem which might cause some hard feeling – the Finnish debt to Sweden. As you know, this country made very large advances in cash and material to Finland during the two wars and particularly during the winter war. The amount owing was by negotiation some time ago set at approximately 750 million kronor. The Swedes agreed to ask for no repayment whatsoever until after the completion of reparations payments to the Soviet Union. My feeling is that at this time the Swedish Government will be prepared to reopen discussions before any payments are made and possibly to make some concessions even if they are only tokens of good-will in respect of interest rates and the