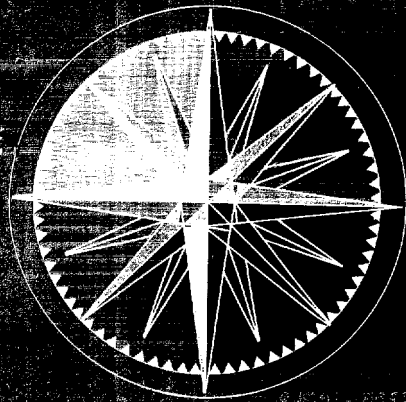


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SPECIAL REPORT

FINALND'S AGRARIANS SQUABBLE ON EVE OF PARTY CONGRESS

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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5 June 1964

FINLAND'S AGRARIANS SQUABBLE ON EVE OF PARTY CONGRESS

The biennial congress of Finland's dominant Agrarian Party, set for 12-14 June, will be held at a time when the party is increasingly troubled by internal dissension and by indications of waning electoral support. Although no leader has come forward to challenge directly President Kekkonen's tight control of the party, the cleavage between the pro- and anti-Kekkonen factions is widening. Moreover, Moscow's continued interest in Finnish politics is most recently evident in a Pravda attack against Agrarian Party Chairman Sukselainen which may have been in response to appeals from Kekkonen supporters for help in discrediting the man who represents a rallying point for the anti-Kekkonen group.

Background

The Agrarian Party was founded in 1906 as the Country People's Union designed to serve the interests of the largely landless rural population. As the farm population dwindled in the exodus to the cities, the party increasingly sought to develop a broader base. The image it now wants to cast is that of a center party which is not only responsive to the needs of rural constituents, but able to attract the vote of the urban labor population as well. The Agrarians' major rival for votes, especially among the small farmers and landless farm laborers, has been the Communist-front Finnish People's Democratic League (SKDL).

To picture itself as a broadly based center party, the Agrarian Party is considering a proposal to change its name to "The Agrarian Union--the Democratic Center." This proposal,

however, has drawn derisive criticism from other Finnish parties who claim that the Agrarians are neither "democratic" nor "center." They also assert that the Agrarians are and always will be farmer oriented.

For 20 years the Agrarians shared government responsibilities with the Social Democrats in a series of so-called "Red-Green" majority coalitions. In 1957, the Social Democrats became a divided party, and also fell from President Kekkonen's favor when they elected Vaino Tanner, considered an archenemy by the Soviets, as party chairman. Since 1958, the Agrarians have been the dominant party in the government and have kept the Social Democrats in political isolation, largely on the charge that they do not support the foreign policy line of Fenno-Soviet friendship. The regular Social Democrats and the splinter Skogist party, however, now are

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on the brink of reuniting, and hope to be in a position to challenge the Agrarian hegemony in the municipal election this fall and in the next national election--which is scheduled for 1966.

Kekkonen's Role

Urho Kekkonen has been the Agrarian Party leader and its chief policy-maker for more than three decades. His controversial personality has both attracted and repelled allegiances and has split the party into pro- and anti-Kekkonen factions. By tradition, Finland's president remains above party politics, but this has not prevented Kekkonen from playing a primary role in party affairs since his election to the presidency in 1956.

Kekkonen's conviction that the USSR is destined to become the dominant power on the European scene was formed during the war years and immediately after, when he was beginning his own rise to power in Finland. He worked closely with J. K. Paasikivi, president of Finland from 1946 to 1956, and the originator of the Finnish policy of living as a friendly but neutral neighbor to the Soviets. The "Paasikivi Line," as it became known, now has become the Paasikivi-Kekkonen Line, but Kekkonen has modified and reshaped the policy toward more outright accommodation to the USSR and suppression of anti-Soviet sentiment at home.

Kekkonen prides himself on the power role he plays on the

Finnish scene. And because he has staked out such a dominating role for himself, there is presently no heir apparent either in the Agrarian Party or elsewhere on the political scene. He has shown himself to be ruthless in brooking no threat to his leadership, and freely uses his position in relation to the Soviets as a means to silence opposition both within and outside his party.

His supporters emphasize Kekkonen's unique position by recalling the crisis in Soviet-Finnish relations in 1961 when Moscow invoked the 1948 Treaty of Friendship and Mutual Assistance and called for military consultations because of the "threat" of West German activity in the Baltic. Kekkonen went to Moscow for personal talks with Khrushchev, and as a result, the consultations were deferred. It is generally accepted that the episode was contrived by Moscow primarily to ensure Kekkonen's re-election early in the following year. Such tactics, however, enable Kekkonen to claim that his Agrarian Party is the only one which can govern Finland in a manner acceptable to the Soviet Union.

Party Dissension

The quarrel now going on in the Agrarian Party on the eve of its congress is obviously not new, centering as it does on issues that have been a source of intramural contention for many years. Resentment at Kekkonen's arbitrary use of the presidency to dominate the party,

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and at his overriding concern for foreign affairs at the expense of a viable domestic policy, have angered and alienated the more conservative Agrarians who control the party's parliamentary group.

A major irritant is the continuing effort by the pro-Kekkonen faction--the so-called "K-liners" --to unseat the party's chairman, Vieno Sukselainen. This group, which includes former prime minister Ahti Karjalainen, former party secretary Arvo Korsimo, and Matti Kekkonen, the President's left-leaning son, tried at the 1960 and 1962 party congresses to unseat Sukselainen and replace him with someone more amenable to Kekkonen's wishes. Both attempts failed and Sukselainen was returned to his post by a comfortable margin.

The campaign against Sukselainen now has moved from intra-party and behind-the-scenes maneuvers to the pages of Pravda. Sukselainen's appearance before Estonian exile groups in Sweden and the United States triggered Moscow's accusation in early April that he was undermining Finnish-Soviet relations, and thus, by implication, endangering the cornerstone of Kekkonen's foreign policy. Following the appearance of the article, the suspicion has grown in Finland that the Soviet move to discredit Sukselainen at this time was initiated by the K-liners.

Ultimately, the Soviet attack probably will have strengthened instead of weakened Sukse-

lainen's position; indeed, many elements, including much of the Agrarian press, have already rallied to his support. Although resentment over Moscow's tactics served to bring the anti-Kekkonen Agrarians together, further Soviet allegations prior to the congress might be enough to upset the balance and end Sukselainen's tenure. The K-liners, however, are probably reluctant to see this effort pushed too far, since it might result in a permanent division of the party.

The 58-year-old Sukselainen, a former prime minister, has been party chairman since 1945. Since 1954, he has also served as director of the National Pensions Institute. In 1961, he was indicted in a state investigation of the Pensions Institute, and although he was subsequently cleared, he resigned as prime minister. One inconsequential question not fully settled during the investigation remains as a threat to his job as party chairman and could be revived at this time by his opponents as a measure to discredit him.

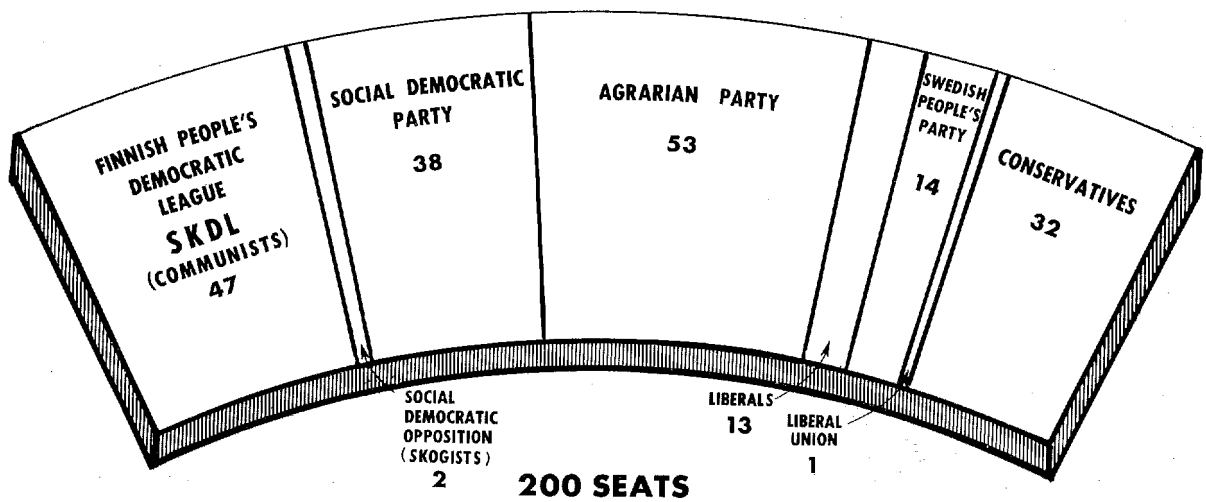
The man most frequently mentioned as a contender for Sukselainen's position is party Vice Chairman Johannes Virolainen, who was elected to his post over a K-liner. Virolainen, a former agriculture minister, is considered acceptable to Kekkonen--at least until such time as Kekkonen can maneuver a closer supporter into the job.

Kekkonen's personal preference for the party chairmanship

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FINNISH PARLIAMENT

(FOLLOWING FEBRUARY 1962 ELECTIONS)



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is said to be former prime minister Karjalainen, long regarded as his protégé and considered by some as likely to succeed him in the presidency. Karjalainen, however, has never made his mark as a strong leader, and he has very little rank-and-file support. Behind many of the pre-congress intrigues is former party secretary Korsimo, who is close to Kekkonen, but not well liked within the party. His war record as a deserter, as well as his questionable political ethics, have earned him an unsavory reputation as the President's "hatchet-man."

The Cabinet Question

Agrarian Party dissension has re-emerged at a time when domestic politics are stalemated. A nonpolitical caretaker cabinet has been in office since last December when the Agrarians failed to form a majority government. Kekkonen is opposed to an Agrarian-led minority government on the grounds that a majority cabinet would serve as clearer evidence that his policies--especially that of friendship toward the USSR--are broadly supported at home. Since he prefers to avoid an electoral challenge to the Agrarians at this time, he has also adamantly refused to consider demands of the Social Democratic Party for the dissolution of Parliament and the calling of national elections before 1966--when they will be mandatory.

The Social Democrats hope to win some votes from the Agrarians in the September municipal

elections. But in the event of Agrarian losses, or even in the case of a genuine party split, it is more probable that Communists would be the beneficiaries, especially in northern and eastern Finland where the vote is traditionally radical.

Meanwhile the Agrarians and the other non-Socialist parties which formerly made up the cabinet under Karjalainen, began early last month to reconsider the question of reviving their coalition. Since that time, prospects have improved for agreement on a majority cabinet, possibly even before Parliament's summer recess.

Outlook

Whatever the outcome of these negotiations, the Agrarian Party will continue to be the dominant force in Finnish political life for the foreseeable future because of its identification with President Kekkonen's policy of maintaining friendly relations with the USSR. Sukselainen's re-election to the party chairmanship, which now seems likely, would represent something of a setback for Kekkonen, in that Sukselainen could serve as a rallying point for the sizable group that is increasingly disgruntled over the President's handling of Finnish affairs. The chances of this group openly challenging Kekkonen, however, appear small in view of the party's domestic political interests and the practical imperatives of Soviet-Finnish relations. (SECRET)

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C O N T E N T S

(Information as of 1200 EDT, 4 June 1964)

<u>THE COMMUNIST WORLD</u>		<u>Page</u>
EAST - WEST GERMAN TRADE EXPANDING		1
Interzonal trade this year will probably exceed the record level of 1960, and long-range contracts suggest that the East Germans do not anticipate a Berlin crisis.		OK
PEIPING PRESSES DRIVE FOR INFLUENCE IN ASIA AND AFRICA		2
Looking ahead to the second Afro-Asian conference scheduled ten months from now, the Chinese Communists are stepping up their campaign to counter increased Soviet influence in the area.	WITH DELETIONS 93	
 <u>ASIA-AFRICA</u>		
COMMUNIST VIEWS OF THE LAOS SITUATION		3
All Communist regimes are seeking some sort of international conference in an effort to contrast their "reasonable" approach with alleged US plans to intervene militarily. Despite differences over procedures, their tactics all seem aimed at a negotiated settlement to legitimize military gains already made by the Pathet Lao. All Communist capitals have raised the specter of a dangerous East-West confrontation if the military situation is allowed to escalate.		OK
THE SITUATION INSIDE LAOS		5
Communists may be preparing to launch new attacks on the neutralists in the Plaine des Jarres area, and Pathet Lao leader Souphannouvong is pressing to renew talks regarding the coalition government.	WITH DELETIONS 30 th sent 85 4/21/64	OK
POLITICAL TROUBLES STILL PLAGUE SOUTH VIETNAMESE GOVERNMENT		6
The release of four generals associated with the Minh regime has helped little, and Buddhists and Catholics are at odds concerning a controversial trial. Insurgent activity has dropped off.	WITH DELETIONS 4/21/64	OK
INDONESIA'S ANTI-MALAYSIAN CAMPAIGN IN POLITICAL PHASE		7
Djakarta is ostensibly toning down its active subversion in favor of efforts to pursue its aims diplomatically through a summit conference later this month.	WITH DELETIONS 95	OK

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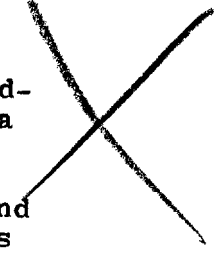
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ASIA-AFRICA (continued)

Page

SHIFTING JAPANESE ATTITUDES ON DEFENSE

The antimilitarist feelings prevalent in postwar Japan are gradually fading, and the government is slowly building up the defense establishment and working to modify a constitutional ban on armed forces as such. It will be some time, however, before the public can accept military forces commensurate with Japan's booming economy and growing role in world affairs. (Published separately as Special Report OCI No. 0334/64A)



SHASTRI TAKES OVER IN INDIA

The new prime minister faces an uphill battle to consolidate his powers as Nehru's successor.

8 OK

TANGANYIKA MOVES TO CONSOLIDATE UNION WITH ZANZIBAR

Steps are being taken to integrate the two regimes in the diplomatic and military spheres, but pro-Communists and their bloc advisers continue active on Zanzibar.

9



CONGO ARMY DISINTEGRATING

The army has proved completely ineffective against rebels in the Kivu area, and other dissidents apparently feel they can rebel with impunity.

10 OK

THE CYPRUS SITUATION

The British may pull out their contingent from the UN force in the face of a sharp increase of anti-British activity by the Greek Cypriots; arms continue to arrive for both communities.

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LAST SPANISH DELEGATIONS
11

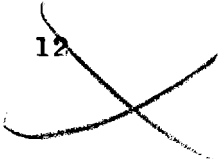
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FINANCIAL

EUROPE

BRITAIN RESUMES NEGOTIATIONS OVER BASES IN LIBYA

Talks regarding British military air-transit and staging rights at El Adem are resuming after a five-week breakdown. London is apt to make concessions to keep what it considers a vital air link with the East.

12



FRENCH-TUNISIAN RELATIONS EMBITTERED BY LAND SEIZURE

Since the abrupt nationalization of French-owned farmlands in Tunisia, Paris has taken certain economic reprisals and is contemplating further sanctions if the Tunisians persist in their present course.

13 OK

IMPLICATIONS OF THE SPANISH COAL STRIKE

The government has made wage concessions to striking miners and is considering other moves which may have long-range economic and political implications.

14 OK

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<u>EUROPE (continued)</u>		<u>Page</u>
<p>DEBATE ON ECONOMIC POLICY SHAKES ITALIAN GOVERNMENT Premier Moro's enemies in his own and the opposition parties are using Italy's current economic difficulties to attack his government. The government's failure to move forward with promised reforms is causing Moro's Socialist coalition partners to threaten to reconsider their participation in the cabinet.</p>	14	OK
<p>SWEDISH SOCIAL DEMOCRATS TO CONSIDER NUCLEAR ARMS ISSUE Prime Minister Erlander and his government are being pressed for decisions on whether Sweden should develop a nuclear weapons capability, and this issue will be a major topic at the ruling party's congress this month.</p>	16	OK
<p>FINLAND'S AGRARIANS SQUABBLE ON EVE OF PARTY CONGRESS The dissension within Finland's dominant political party centers around President Kekkonen's arbitrary use of his office to dominate the party and his overriding concern for foreign affairs at the expense of a viable domestic policy. However, because Kekkonen personally is closely identified with the imperative national policy of friendship with the USSR, no direct challenge to his leadership is likely to succeed. (Published separately as Special Report OCI No. 0334/64B)</p>		OK
 <u>WESTERN HEMISPHERE</u> 		
<p>CUBAN MILITARY DEVELOPMENTS Cuban control of the air defense system seems imminent. Ship operations reflect recent and future withdrawal of a large number of Soviet military personnel. The military alert has been relaxed somewhat. During the alert four missile sites were moved.</p>	17	OK
<p>RACIAL TENSIONS INCREASING IN BRITISH GUIANA The bitterness between the Negro and East Indian communities is creating a cycle of brutal racial attack and counterattack which will prove hard to stop. Janet Jagan's resignation as home minister may portend an effort by the ruling party to decrease the effectiveness of the police force.</p>	17	X
<p>AREA NOTE On Canada</p>	18	X
<p>ELECTION AFTERMATH IN PANAMA President Robles' election was confirmed without incident but evidence of pre-election deals with pro-Communists and others suggests his power and freedom of action may be limited.</p>	19	X

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<u>WESTERN HEMISPHERE (continued)</u>	<u>Page</u>
POSTELECTORAL DEVELOPMENTS IN BOLIVIA	20
President Paz Estenssoro won his third term as expected, but random violence in mining areas and moves by his principal opponents to unite in an effort to overthrow him suggest that the political situation will remain uneasy for some time.	OF
ARGENTINE LABOR AGITATION	21
Tension is rising as the General Confederation of Labor proceeds with its campaign to extract political and economic concessions from the government by briefly occupying business establishments.	OK WITH DELETIONS LAST SENT NG

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