

## SUMMARY

### **On the Structure and Functions of Economic Councils in Finland by Jaakko Nousiainen.**

Bodies, composed of leaders of interest organizations, politicians and economic experts, that are to be regarded as economic councils have existed in Finland since 1920. For a long time such organs were created on a temporary basis, when the country's economy had run into difficulties or crises which could only be overcome through coordinated and planned activity. It was not until 1954 that the Finnish economic council system was given a legislatively established basis. As early as 1933 the government considered establishing a permanent economic council, which would have been a body based on the principle of occupational representation. Parliament took, however, a rejecting stand in the matter, regarding this kind of institution as foreign to the parliamentary system and fearing that a permanent economic council might develop into its rival.

Under these circumstances, all the economic councils that have hitherto existed in Finland have been administrative, deliberative bodies; their membership has been small and they have been advisory, non-independent organs, assisting the government or the Ministry of Finance and functioning like permanent committees. Since 1954 the total number of members has been 15. According to the decree through which the economic council was founded, it should include, in addition to two representatives of the government, »representatives of economic organizations, institutions and offices that, considering their membership of otherwise, best represent their respective fields, appointed by the government for a term of two years». This principle of interest representation became prevalent only after the Second World War; previously the decisive factor in appointing the members had been their personal fitness.

Since the 1950s somewhat more than half of the members have been representatives of the most important labour market organizations and organizations for different segments of production. Since 1946 a characteristic feature of the system has been that the political parties have been directly represented on the Economic Council. Particularly the two leading government parties, the Agrarian Party and the Social Democratic Party, have placed their party-organization leaders, members of parliament and ministers on the council. A third group of members may be characterized as non-committed experts. They have in most cases been persons serving in the state administration.

The tasks of the councils have been twofold. First, they have acted as advisory expert bodies assisting the government, considering current economic problems, on request or on their own initiative, and giving reports on them. Secondly, they have had to conduct investigations and prepare long-range plans. As no organization for continued economic planning exists in Finland, the second task has been in many instances the most important one.

They quantity and quality of the performances of the councils have varied; it is generally held, however, that they have failed to meet the expectations. Moreover, it has apparently been impossible so far to fit the councils flexibly to the organization for economic policy planning and decision-making. Judging by the experience accumulated up to now, the weak points of the system have been the following: (1) the capacity of performance of the councils themselves has been low; and (2) the formal and informal communication has been deficient; i.e., the councils have been isolated from the central forces determining economic policy.

The central factor responsible for the first deficiency has been considered to be the composition of the councils. The fact, in particular, that political parties have been represented, directly and indirectly, on the councils has contributed toward making them heterogenous institutions imbued with party politics, with the result that the conflicts characteristic of the direction of Finland's economic policy have intruded into them and tended to paralyze their efficiency. However, the most problematic question after the Second World War has perhaps been the relationship between these councils and the organs primarily responsible for the country's economic policy, i.e., the government and the Bank of Finland. In extreme cases the council as a whole has fallen because of lack of cooperation; it seems that at least in the 1950 a necessary relationship of confidence could not be established.

#### **The League of Nations Convention on Financial Assistance by Aleksei Lahti.**

In accordance with article 8. of the Convention of the League of Nations, the League already began to deal with the problems of disarmament in its first assembly in 1920. During the first two years the League aimed at immediate and general disarmament, but this proved impossible because of the problem of security. With regard to disarmament and security there were two main groups of opinion within the League. One was led by its most powerful member country Great Britain, who even advocated disarmament at the cost of security: security would follow automatically once a treaty on general disarmament had been brought into effect. The other group, led by France, always insisted first and foremost on clear and strong guarantees of security.

The question of disarmament was very difficult to solve especially because of the controversy between France and Germany. Thanks to the Treaty of Locarno, however, international relations and, notably, those between France and Germany were improved in 1925. The Council of the League caught the opportunity, appointed a commission to prepare the Disarmament Conference on December 12, 1925 and decided to send it a list of seven questions concerning the problems of disarmament.

In Finland, a committee was appointed, under the chairmanship of Prof. Rafael Erich, for the treatment of this list. The committee got its work finished during the first week of May in 1926. It also prepared a scheme of financial assistance to the

victims of aggression, which was appended to the answer to question Vb in the list. This scheme was introduced by Erich in the first session of the Preparatory Commission on May 26, 1926, but Finland's proposition was considered so important that it was sent to the Council of the League for investigation.

A treaty on financial assistance was supposed to operate in three different ways. First, it would have helped the defence of the victim of aggression. Second, it would have promoted disarmament through reducing small countries need for armament industries and large military supplies. And third, it would have contributed to maintenance of peace in the world, for a country considering aggression would have had to take account of the possibility of finding the whole League among her enemies.

The members of the League generally accepted the principles underlying the scheme, but vehement quarrels between the above mentioned two power groups arose because of its security-treaty character. These centered especially on the political conditions of assistance. The most animated quarrel related to the possibility of and conditions for financial assistance even when a threat of war was imminent. Of the great powers, Germany, Italy and Japan were prepared to give assistance only after war had begun. It was decided that assistance should already be given when there was a threat of war, but only under certain conditions. Another great quarrel concerned the relationship between the treaty on financial assistance and a treaty on general disarmament when Great Britain wanted to connect them with each other. They were tied together, which meant destroying the possibilities of the former since it was impossible to attain unanimity about general disarmament.

After for years of negation the Convention on Financial Assistance was ready at last, and it was signed in October, 1930 in the Assembly of the League of Nations in Geneva by 28 countries or by somewhat more than half of the 54 member countries of the League. Of the great powers who were members of the League only Great Britain and France signed. Germany and Italy joined the Convention later, but Japan remained outside of it. The total number of signatories was to be 30, but only three small countries — Denmark, Finland and Persia — ratified the Convention, so that it never came into force.

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KESKINÄINEN HENKIVAKUUTUSYHTIÖ

**SALAMA**

Vakavarainen suomalainen suuryhtiö