

Planned economy in Soviet Karelia 1928–1941. The role of the local level in the industrialisation of the Soviet Union

Soviet Karelia was tied to the economy of the Soviet Union through economic plans, whereby the significance of the region as an independent agent disappeared. During the 1930s it became part of an extensive collective whose primary objective was the industrialisation and modernisation of the Soviet Union. For Soviet Karelia the move from the NEP to the planned economy in the early 1920s spelled change – the imposition of a new economic system and the disappearance of the region’s own goals and hopes for development. In practical terms the change resulted in a loss of economic autonomy and the gradual disappearance of typically Finnish characteristics. The outcome was a Soviet Karelia seamlessly linked to the Soviet economy and shaped by a leadership whose ideas concerning development paralleled those shaping the collective development of the Soviet economy as a whole.

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In 1920 a local combination called the Karelian Workers’ Commune was established in the north-western part of the Soviet Union, the regions inhabited by Karelians from the provinces of Aunus and Archangel. Finnish communists who had fled from Finland in 1918 constituted a significant part of the Karelian Workers’ Commune administration, to whom the Soviet Russian leadership delegated the task of developing the commune in terms of economic policy. The area boasted ample forest resources, and the economy of the whole region was based on exploiting the forests, with the sawmill industry dominating. In 1923, the Karelian Workers’ Commune became the Karelian Autonomous Soviet Socialist Republic (KASSR), joining the Soviet Union as part of the Russian Soviet Federated Socialist Republic (RSFSR). Soviet Karelia had administrative autonomy confirmed by statutes as well as extensive economic autonomy and budgetary rights. Economic autonomy gave the Soviet Karelian leadership the right to control all sectors of the national economy and to control local revenues, the most important coming from forestry.

In the 1920s and the 1930s the economic and political development of Soviet Karelia reflected the development of the Soviet Union as a whole in an interesting way. As a small area with a single economic focus – forestry – it responded quickly to economic policy changes at the national level. The extensive economic autonomy of Soviet Karelia and the NEP, which supported administrative decentralisation and private enterprise, gave rise to strong economic expectations, especially among the Soviet Karelian Finnish leader-

ship, who firmly believed in economic development based on forest resources and depending upon extensive economic autonomy. The point of conflict for the Finnish leadership was how Soviet Karelia, with a highly developed forest economy, would contribute to the economic development of the Soviet Union as a whole.

Neighbouring Finland, a capitalist country having achieved important economic advances through the use of forest resources, served as a model for development. Finland, far removed from the European growth centres, had nevertheless become quite a modern industrial country by the early 1920s. The majority of the Finnish communists, who had fled from Finland and were members of the Soviet Karelian leadership, had been educated in Finland; and several of them, such as the chairman of the Karelian Council of People's Commissars, Edward Gylling, docent of statistics at Helsinki University, were very highly educated. Their education and experience gave them firm ideas about the requirements of economic development and how to achieve it. Thus, they took an approach to economic development fundamentally different from most of their colleagues elsewhere in the Soviet Union.

Forests were the natural choice for the economic foundation of Soviet Karelia, since forestry had provided the economic basis for the region ever since the Tsarist era (*See tables in the section 1.a) Forest resources*). The proximity of St Petersburg, on the one hand, and the centralisation of the Finnish forest economy near the Karelian border, on the other, both supported the development of forestry. The role of Soviet Karelia changed after the Russian revolution and particularly after the Tartu Peace Treaty of 1920 when it became a kind of a buffer zone against the capitalistic world: it was important to the Soviet Russian leadership primarily because Finland was also interested in the region. Arguably, an economically successful Soviet Karelia would have offered a powerful propaganda weapon for the Soviet Russian leadership.

Lenin's faith in Soviet Karelia's Finnish communists in the early 1920s resulted in extensive economic autonomy being granted to the local leaders, whereby they had the opportunity to develop the economy of the region quite freely. Extensive felling commenced, and the leadership drew up extensive plans for forestry development. This faith in vigorous and rapid development was indeed characteristic of the 1920s, but the early 1930s saw a drastic change in the situation. The Soviet Union's move to a planned economy in 1928 and the choice of rapid industrialisation in the following year resulted in changes analysed in this research through the case study of Soviet Karelia. The analysis of Soviet Karelia as a distinctive locality has made it possible to analyse in depth the planned economy of the Soviet Union between 1928–1941 – even on a regional level.

The centre/periphery approach provides the theoretical apparatus in which to conceptualise the agents in this study. This theoretical framework has also shaped the structure and agenda of the work. The centre/periphery approach is extremely broad, embracing several different schools and suggesting a myriad of applications. This work does not set out to test centre/periphery theory; instead it bases its analysis primarily on an empirical approach.

The starting point for the study is that Soviet Karelia was a ‘periphery’ having the preconditions to develop due to its natural resources (forests) and the environmental factors supporting their usage (waterways). The Soviet Union was the ‘centre’, whose politics and objectives determined the activity of the Soviet Karelian periphery at any given time. This study analyses a theoretically conceptualised Soviet Karelia both as an independent agent and as an example of a local level within the Soviet Union. In this way, Soviet Karelian development between 1928-1941 illustrates the role of the local level in the industrialisation of the Soviet Union and provides an example of the modernisation of the national economy.

The research is based on original material collected from various Russian archives and analysed with the help of both historical-quantitative and historical-qualitative methods. The reliability of quantitative data has always been a crucial topic for research in Soviet economic history. The problem is the unreliability of statistical material produced in the Soviet Union. This unreliability is particularly visible in “official statistics” concerning the shape of the Soviet economy, for example. Such materials had obvious propaganda purposes when sent abroad. Their significance in this study can only be indicative, as propaganda is not the topic under analysis here.

Statistics became especially unreliable in the years when the fulfilment of the plans became mandatory. The deception was not necessarily conscious in all cases – the data was simply ambiguous. Statistical errors were not always deliberate; instead, they might be simple spelling or arithmetic errors that could be corrected by comparing information from different organisations (*See e.g. table 6 and its explanations*). The attitude towards production results and, first and foremost, towards the failure to fulfil the goals was still relatively truthful on the local level at the end of the 1920s and the early 1930s. As the planned economy progressed, however, various factors affecting the reliability of statistics began to emerge. Showing that the plans were being fulfilled in accordance with the centre’s instructions became the most important consideration, so the end result was always what the centre expected. In this research major discrepancies have been resolved through a comparison of local and central materials.

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At the beginning of the 1920s, the central motivation of the Soviet Karelian Finnish leadership in the construction of the Karelian Workers’ Commune and later the Karelian ASSR was the promotion of economic development in the region. Finnishness gave their economic thinking a distinctive character. This distinctiveness reflected more than merely the cultural differences between Finns and Russians – it drew upon experience to forge a different approach. The Finnish leadership of Soviet Karelia set out to realise a Soviet Karelian process using Finland’s industrial development as a model. Immediately after the revolution the Soviet Union’s leaders, for their part, pursued a path of economic development for which they had only a theoretical model. The points of

departure were similar in Soviet Karelia and in Finland. With Finland's forestry industrialisation, the country had become modernised and the economic foundation had become wider despite the long distance to Europe's growth centres.

This precedent provided the Soviet Karelian Finnish leaders with a distinct goal: to make their own region economically developed. The Soviet Union's central organs had already given the Karelian Workers' Commune the task of exploiting the ample forest resources and overseeing the consequent economic development. Economic autonomy and the NEP, aiming at more extensive economic development through the fostering of smaller units, supported this goal. Until the end of the first five-year plan, leaders in Soviet Karelia made determined efforts to develop precisely the local economy and industry. The Finnish leadership asserted that the whole Soviet Union could develop via the development of local regions. However, the promoters of the planned economy aimed at overall development through exploiting, but not necessarily developing, local areas. In the planned economy, local areas were combined into a single whole and power was centralised in Moscow, where the Soviet Union's central organs, the party and state leadership, made decisions in the best interests of the nation. The regions lost the power to make decisions concerning local issues, and the decisions made by the centre gradually took local goals less and less into consideration.

The merger of Soviet Karelia with the Soviet economic system had its roots in the early 1920s when the centre created a network covering all of the Soviet Union's economic areas (*See map 4.*). The economic areas were designed to promote a system of specialisation linking areas producing raw materials with industrial areas in order to best serve the development of industrial production. Soviet Karelia was linked to the northwest economic region/Leningrad region as a producer of raw materials. When the shift to the planned economy took place, Soviet Karelia was already part of the economic specialisation system and was assigned the task of providing timber to meet local demands as well as the Soviet Union's export and domestic requirements.

In Soviet Karelia the centralisation of the planned economy in the early 1930s resulted in the loss of economic autonomy and local budgetary rights - in other words, the loss of all economic independence. At the same time the Soviet Union's forest economy came under federal control, and the local level lost its rights over local forest resources. The developmental aspirations of the Soviet Karelian leadership were undermined when only forests with strictly local importance were left to their control. Making the forests a general federal issue was unimportant from the point of view of the Soviet Union, but from the point of view of the local level it completely altered economic decision-making and removed the foundation of economic development from the local level.

The party's increasing interest in forests, with the adoption of the Soviet Union's rapid industrialisation programme, obliged the timber suppliers to carry out the forestry plan determined by the centre not only on economic, but also on political grounds. For the local level, the fulfilment of the plans became both an economic and a political task, whereby the local level was tied to the

party's control even more closely than before. In the centre, plans falling short of the set goals implied indifference towards party policy and decisions. The successful fulfilment of the forest plans became an obligation carefully controlled by the centre (*See tables in the section 2. FYP's in the Karelian ASSR*).

The economic goals set by the centre for Soviet Karelia had to do with the production and export of timber, and the development of the forest industry. In the early 1930s export became the crucial factor dictating local level economic development. After the adoption of the rapid industrialisation policy, export was to be increased in order to provide the centre with the currency to buy foreign machinery required by the industrialisation process. Timber exports could be organised relatively easily and with minimal investment. The location of Soviet Karelia near good communications networks, the Leningrad harbour and the world market, provided the preconditions necessary for the large-scale export of timber. The centre required as much foreign currency as possible as quickly as possible, so timber acquisition and export became even more important than before. Advancing Soviet Karelia's forest industry was abandoned because the time-consuming development of timber processing was not regarded as viable by the centre (*See tables in the section 4. Export*).

Although there was a strong demand especially for sawn timber on the world market, the low world market price made timber export disadvantageous. The centre paid the producers of sawn timber subsidies, so that losses were not excessive at the local level. At the same time, however, this meant that Soviet Karelia's timber export revenues could not support development in the region. The low price of sawn timber and the growing demand for currency directed the interest of the centre increasingly towards the export of unprocessed timber. When the sawing process itself was abandoned, it became possible to sell timber faster than before. With production costs lowered, losses were correspondingly smaller, and the centre therefore paid lower subsidies.

Since the processing of timber in Soviet Karelia was still a central part of the first five-year plan, the local government adopted a positive attitude towards plans to increase timber acquisition and export. The Finnish leadership believed that the centre would use the five-year plan to complete the goal determined for the local government when economic autonomy had first been granted. However, the centre did not follow through with its plans to invest in timber processing but invested, instead, more and more actively in increasing timber acquisition and making export more efficient. By the early 1930s the local government had come to realise that the centre did not intend to make the investment outlined in the five-year plan; it identified Soviet Karelia as primarily a raw material producer. Thus, the changed objectives of the centre undermined the local government's ambitions to develop a local sawmill industry and a paper industry.

With the move to the planned economy Soviet Karelia largely faced problems rather than the anticipated development. The major problem was a shortage of

labour, a national concern which grew rapidly after the adoption of the optimal plan in 1929. From that time on, the shortage of labour became one of the most important hindrances to economic progress. It affected the fulfilment of plans, and the fulfilment of plans in turn defined the future role of all the regions in the Soviet Union and shaped both the mutual relations among the areas, as well as, most importantly, the relations between the regions and the centre.

The role of the local level in the centre's policy was defined in part by how the centre tried to solve local problems. Labour shortages and related issues were of crucial importance to the Soviet Union's planned economy throughout the interwar period, and it became a central issue in determining the relationship between Soviet Karelia and the centre. The local government wanted to remove the causes of the labour shortage and create a wholesale solution to the problem by recruiting professional labour from other areas and thereby increasing the professional skills available in the local labour pool. This local solution demanded investment expressly earmarked for recruiting professional labour and for vocational training (*See tables in the section 6. Labour and wages*).

The centre's solution to the labour shortage required no investment and was thus often extremely short-sighted and only exacerbated the problem. Chief among their efforts was the increasing use of prison labour. Such a move did not require significant investment, and directing prison labour to shortage areas was easier than recruiting voluntary labour. Using prison labour had its problems, however: prisoners had a relatively low level of professional skills, low motivation and the harsh conditions made their work inefficient. Prison labour was employed extensively in Soviet Karelia in the early 1930s, even though the local government maintained that the measure could not satisfactorily solve the labour shortage and they continued to urge the centre to solve the problem through the use of skilled labour (*See tables in the section 5.b) GULAG*).

The centre made another important attempt to solve the problem by tying the kolkhozes to forest work in Soviet Karelia in 1934. Its decision to do so was dictated by the contemporary situation since no other alternatives remained. The use of prison labour in Soviet Karelia had been centred in the collective canal combine of the Baltic-White Sea area, and the arrival of American Finnish immigrants had ceased by 1934. After the collectivisation of agriculture, the kolkhozes formed an unused labour reserve. Almost all of the local labour reserves had been transferred to the kolkhozes and it was possible to employ them efficiently in forest work. The forced employment of local labour in forest work was the only arrangement at the centre's disposal, as it was still reluctant to invest in the recruitment of skilled labour or in extensive education.

Tying the kolkhozes to forestry also underscored the specialisation of the regions. Since Soviet Karelia was primarily a forested area, agriculture was subordinated to the forest industry both in terms of production and labour. On the national level, regional specialisation spelled an increased commitment to the common endeavour, the industrialisation of the whole country. The task of Soviet Karelia in that national endeavour was to produce timber for the Soviet Union's domestic and export markets while the task of regions specialising in agriculture was to produce a sufficient amount of grain to feed areas that were

specialised in other tasks. The centre supervised the allocation of products to the regions needing them at any given time in accordance with the principles of central planning. Therefore, Soviet Karelia's own efforts to produce grain received no significant support from the centre (*See e.g. table 84*).

However, the local level and the centre did agree on some efforts to solve the problem of labour shortage. In 1931 both supported the acceptance of immigrants, although for slightly different reasons. The centre regarded immigration primarily from the point of view of increasing know-how and technology, and thus from the perspective of the Soviet Union's modernisation. The centre's decision to recruit immigrants did not indicate that it had listened to the pleas of the Soviet Karelian leadership: accepting immigrants was also in the best interests of the centre. To the Soviet Karelian leadership immigration primarily meant an opportunity to expand occupational skills among the local labour force and thereby solve the fundamental problem of the labour shortage. In this respect the arrival of the immigrants provided a clear solution to local problems and, at least in theory, opened up developmental opportunities that the move to the planned economy had foreclosed. In this way, the influx of skilled immigrant labour forwarded the modernisation goals of the centre at the same time as it worked to resolve labour shortages in the periphery. Immigration thus became useful both from the traditional national-political point of view as well as from the local point of view

While the Soviet Union's policy of supporting local national characteristics and related nationalities policies advocated increasing the share of Finnish and Karelian inhabitants in the area, and while the Soviet Karelian leadership expressly wanted Finnish immigrants, economic realities also determined the nature of Karelian immigration. Investment in skilled Finnish labour made more likely the achievement of economic development since achieving that goal required hard work and significant contributions also from the ordinary populace. A strong desire to build socialism would not ensure success; that success also required "blood and guts", a real investment in occupational skills as well. By investing in Finnish immigrants, the Soviet Karelian leadership looked to the group it knew best. From the perspective of the local level, then, the immigration question brought together both economic realism and nationalities policy.

Finnish immigrants were positioned in essential development fields and were appointed to the most important posts in those fields until the situation changed in the mid 1930s. In 1934, the centre gave up its emphasis on special local characteristics, adopted a Russification policy, and halted immigration to Soviet Karelia. Nationalities policy became an excellent tool for the centre, now wanting to rid itself of the Finnish leadership in Soviet Karelia. Stalin's accusations of spreading nationalism in Soviet Karelia culminated in the removal of the Finnish leadership in 1935 and their replacement with a leadership more loyal to the centre, and later also of Russian descent. The purges were also directed against ordinary citizens and especially those of Finnish nationality many of whom were being imprisoned between 1936–1938. As

the Finnish special characteristics disappeared from Soviet Karelia, so did the stated objective of developing the region's economy.

From the mid-1930s, the policy of the centre was based on the assumption that Soviet Karelia's difficulties in meeting the objectives of the plans were due to poor government, not to labour shortages or lack of resources, as the local government claimed. According to this view, the change of leadership should have resulted in significant economic recovery in Soviet Karelia. This recovery failed to materialise, however. Problems only deepened, and later the new government was itself replaced. The purges adversely affected production results, because an important part of the skilled labour force was purged, and the people's motivation to work flagged in the atmosphere of insecurity and fear.

While the inadequacy of resources resulted in the failure of the local level to fulfil the plans, it also led to administrative inefficiency. The centre invested more in administrative reorganisations than in allocating resources to the local level. Pointing out this wasteful imbalance at the local level was impossible, because the policy and decisions of the party were simply beyond criticism, particularly after the purges. The centre could not admit that the lack of resources was indeed the basic cause of the problems, as such an admission would challenge the entire foundation of the planned economy as well as the authority of the party.

In people's everyday lives the move to the planned economy manifested itself in a lowering of living standards and a general increase in insecurity. The Soviet Union's food shortage became, on the local level and particularly on the peripheries, actual hunger and shortages of goods. Prices increased rapidly with rationing and shortages. Wages followed rising prices, but not so rapidly. People could not afford to buy goods even if there were any for sale. In addition to declining real wages, the inability of forest trusts to pay wages became a problem in Soviet Karelia. Workers were not paid even their low wages, and in many cases living standards plummeted (*See tables in the sections 6. Labour and wages and 7. Rationing and food production in the Karelian ASSR*).

From the local point of view, the problem of the Soviet Union's planned economy stemmed from the fact that, despite all the objectives of central planning, the full range of factors affecting production and the fulfilment of the plans could not be taken into consideration. One factor that was ignored, the lack of housing construction, posed a particular problem for Soviet Karelia's forestry sites. The lack of accommodation diminished job satisfaction and resulted in a high turnover of workers. The high turnover, for its part, resulted in failures to meet the plans, and those failures had far-reaching consequences for the Soviet Karelian economy as a whole. Central policy allocated resources in accordance with how well the plans were fulfilled. Soviet Karelia suffered a lack of resources, the plans were not fulfilled, and consequently the area received fewer and fewer resources. This process resulted in a deepening, vicious circle of pauperisation for both workers and the region.

On the level of the Soviet Union and from the perspective of the centre, the economy improved significantly with the adoption of the planned economy, especially in comparison with the Western world which was in the clutches of

depression. Considering overall development, suffering at the local level was insignificant. Soviet Karelia's lot was pauperisation. The area paid a high price for the Soviet Union's development and lost the opportunity to develop its own region and economy. With the planned economy, a rift opened between the goals of the local level and those of the centre, and the width and depth of that rift varied according to the centre's economy policy goals at any given time.

The move to the planned economy changed the setting of centre/periphery relations. With planning, the unhindered flow of information between the centre and the periphery became essential, and increased attention to communications resulted. More and more distinctively, the information flowed from the centre to the periphery, with constantly upwardly revised plans being delivered to Soviet Karelia. As the plans were fulfilled, the delivery of goods to the centre began to necessitate improved transport connections, and their creation focused more on the centre than before. Communications improved and expanded, but on the centre's terms and expressly in support of the centre's objectives. In relation to Moscow, Soviet Karelia in the 1920s was on a periphery, a remote nook in the northwest corner of the Soviet Union. Its connections to the centre (Moscow) were weak both in terms of services and the flow of information. Geographical distance posed no real problems in the 1920s, when the local level had much authority. For the Soviet Karelian leadership functional connections within the region were more important than connections between the periphery and the centre, but the local government's suggestion of creating a comprehensive road and rail network to support the natural waterways inside Soviet Karelia did not receive support from the centre. Thus peripheries within the periphery were created in the areas lacking communications routes (*See tables in the section 1.b) Transport and connections*).

The objectives of the centre began more and more clearly to contradict the development goals of the local government. The Soviet Karelian leadership aimed at developing the region, while the centre aimed at development encompassing all of the Soviet Union at the expense of regional development. For example, Galtung sees the conflict of interests between centre and periphery and the birth of the conflict between objectives as a trademark of imperialism. However, Soviet Karelia was part of the Soviet Union, so the concept of imperialism is inappropriate. Its situation amounted to internal colonialism rather than imperialism.

Internal colonialism manifested itself, for example, in the fact that communications systems were constructed, not to link different areas to one another, but primarily to cater to the needs of the centre. In this way, connections fostered social and economic development primarily in the centre. The ethnic identity of the people on the periphery affected the deepening of colonialism and heightened the conflict between the periphery and the centre, particularly when ethnicities differed on the periphery from those at the centre. In Soviet Karelia the local Finns were different from the Russians in the

centre. Eventually a Russian leadership came to replace the Finnish leadership in Soviet Karelia.

In practice the internal colonialism pursued by the centre was realised in the Baltic-White Sea collective canal combine established in the unused forest areas of central Soviet Karelia. Due to its good communication system and the centre's heavy investments in it, this area became an industrial centre within Soviet Karelia. It was directly responsible to the centre and wholly independent of the local government. Initially the combine had been established to promote the economic and industrial development of all Soviet Karelia, but soon after its establishment the centre separated its goals from local goals and concentrated on the separate development of the combine. From the point of view of Soviet Karelia's development, the essential result of this focus was that most of the centre's investment was directed to the combine or to projects linked to it. Fulfilling the plans of timber acquisition and export became Soviet Karelia's task, while a paper and a pulp industry and better means of communication were constructed in the Baltic-White Sea collective canal combine (*See tables in the section 5.a) Actions of the Baltic White Sea combine; See also map 3.*).

In Soviet Karelia this process resulted in an underdeveloped industry. No significant industry was established in the area, and what the centre did establish was focused on the Baltic-White Sea collective canal combine. The canal combine was the realisation of most of the ambitions that the local leadership had had in the early 1920s. The only difference lay in the fact that the development of the canal combine did not promote development for the rest of Soviet Karelia. On the contrary – the development of the canal combine served to underscore the backwardness of the area surrounding it.

The improvement of communications with the centre marked the end of Soviet Karelia's status as a geographic periphery, and at the same time it also exacerbated central exploitation and resulted in the slowing down and even cessation of economic development for Soviet Karelia as an independent agent. From the point of view of the Soviet Union's economic development, the lack of development in Soviet Karelia was naturally positive, and therefore the change that had taken place was only proof of the efficiency of the centre's economic policy. From this perspective, Soviet Karelia was part of a centre encompassing all the Soviet Union in a collective task of industrialisation and modernisation.

As the centre's policies dashed their plans for economic development – the founding principle for the existence of the region – the local administration experienced a growing spiritual alienation. From their perspective the industrialisation and modernisation of the Soviet Union meant that the local level manifested itself as a psychological as well as an economic and geographic periphery. The principal objective of the local level had changed to coping with the demands and problems created by the centre's policy of internal colonisation without the prospect of developing opportunities or improving the local inhabitants' living conditions.

The consequences of the planned economy are still visible in today's Russian Karelia. A one-sided economy that lasted for decades has resulted in a lack of significant economic development that continues even today, despite the fact that the planned economy has been abandoned and the Soviet regime collapsed over a decade ago. The forest sector still suffers from serious difficulties, and no sensible solutions seem to be available. The 1990s have indeed spelled a struggle for existence in Karelia in the face of increasing difficulties. Researchers and politicians alike have been trying to come up with solutions, but so far they have had no significant success. Nobody seems to be able to predict the consequences of the various alternatives.

The current situation is quite similar to the situation of the late 1920s and early 1930s. More and more unprocessed timber is exported from Russian Karelia, but no investment is available to promote the area's own processing. The region itself has no money to invest in processing and the Russian Federation has so far shown no interest in assisting the region. The total production of Russian Karelia declined throughout the 1990s, and no significant efforts have been made to improve the outdated machinery and infrastructure, so any significant increase in total production can hardly be expected.

Russian Karelia's past provides a model of the consequences of a system based on strong central government and exploitation of the region's natural resources. The lessons of the past should be taken into consideration in future plans to develop the economy through co-operation with Finland, for example, or through multinational businesses, from Russian Karelia's own points of departure.

The practices of the planned economy took shape rather rapidly after its adoption and proved in many cases untenable. Emerging problems were not dealt with immediately; instead, they had time to expand and become increasingly complex before attempts were made to solve them. When solutions were finally offered, they proved quite short sighted and led to more severe labour shortages, the diminishing profitability of several economic fields, and pauperisation at the local level. The desire for quick returns and an increasing indifference to local well-being led to choices that made the final outcome – the collapse of the Soviet Union in 1991 – not wholly unexpected.

From the Soviet Union's point of view, the development was realised in accordance with the expectations of the plans, albeit somewhat later than the centre had projected. All the same, the Soviet Union industrialised and modernised in the course of the 1930s, and the local level agents played a crucial role in the realisation of these objectives. The local level fell far short of realising its own goals, however, if we take those goals in the case of Soviet Karelia to be congruent with the goals articulated by the Finnish leadership at the beginning of the 1920s. The region has managed some economic and industrial development, but not the kind modelled on Finnish forestry industrialisation that the Soviet Karelian Finnish leadership had hoped for and which would have resulted in a broadly-based economy and industrialisation and modernisation also at the local level.

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