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Research for Action

**The Restructuring of
Peripheral Villages in
Northwestern Russia**

Eira Varis

Research for Action

UNU World Institute for
Development Economics Research
(UNU/WIDER)

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PREFACE

This paper, *The Restructuring of Peripheral Villages in Northwestern Russia*, explores the recent socio-economic restructuring of rural areas of the Karelian Republic in the Russian Federation. The change is illustrated by two case-study villages.

The motive for this study was to discover the development processes, social changes and everyday occurrences that take place in rural areas in the Karelian Republic. Internationally, the Karelian Republic represents the social and economic development of the former Soviet Union and the transition of Russia today. In addition, it represents the border area just in the neighbourhood of the present European Union, thus making it a fascinating object for study. From the Finnish point of view, the Karelian Republic with its geographical location,¹ history and increasing cooperation with Finland is a very interesting place for research.

This report links the two empirical studies of rural areas made by the author to geographical discussion and deliberates on the formation and adaptation of restructuring and articulation theories (cf. Varis 1994b).²

The completion of the study has made possible the work under the project, The Potential for Local Economic Development in Rural Resource Communities, financed by UNU/WIDER. The scientific leader of the research project, Docent Markku Tykkyläinen, has supervised this study. Professor Jarmo Eronen and Docent Heikki Jussila have commented on the manuscript. Mrs Sisko Porter has checked the English language. The contribution of the University of Joensuu, especially Mekrijärvi Research Station, Department of Geography and Regional Planning and the Karelian Institute, has been essential as both initiator and provider.

Eira Varis
February 1996

¹ Karelian Republic constitutes an area of 172,000 km² and the population of 0.8 million people.

² This report is closely linked to the author's two earlier published empirical reports, which are:

- I Varis, E. 1993. Russian Karelian Villages in Transition. In *Shifts in Systems at the Top of Europe*, edited by H. Jussila, L.-O. Persson and U. Wiberg. FORA, Stockholm. Printed in Hungary.
- II Varis, E. 1994. The Restructuring Process of Rural Russian Karelia: A Case Study of Two Karelian Villages. UNU/WIDER. Working Paper 115. February.

I INTRODUCTION

1.1 The purpose of the study

The rural areas of northwestern Russia have been confronted by intense and pronounced restructuring during the past few decades. Socialism and the ensuing turmoils and policies aimed at economic effectiveness have influenced rural areas to the point that the population in the countryside has become depleted and most of the rural villages have ceased to exist. The purpose of this regional study is to explain the socio-economic processes of restructuring, causes and consequences which have arisen in the rural Karelian Republic in northwestern Russia.³

The socio-economic restructuring of rural areas has been considered a continuous process, and the development is analysed by dividing structural change into seven periods. The analysis aims at finding the social, political and economic factors that have affected restructuring, with the emphasis chronologically set on recent developments, the perestroika period and the resulting collapse of the Soviet Union.

Rural restructuring has been studied by following the development of two case villages – the fishing villages of Virma and Gridino located on the White Sea (Figure 1). With a case study method, the aim was to find those general social processes which can be said to illustrate rural development and change throughout Karelia. Since Virma and Gridino are fishing villages, the study is conducted from this point of view. As they represent two different lines of development, it is possible to discover variations in development and outline the basic social processes (cf. Tykkyläinen *et al.* 1992). The question how changes within the economic, political and social systems are transmitted as spatial changes – social becoming spatial – is the objective.

1.2 The research approach of restructuring

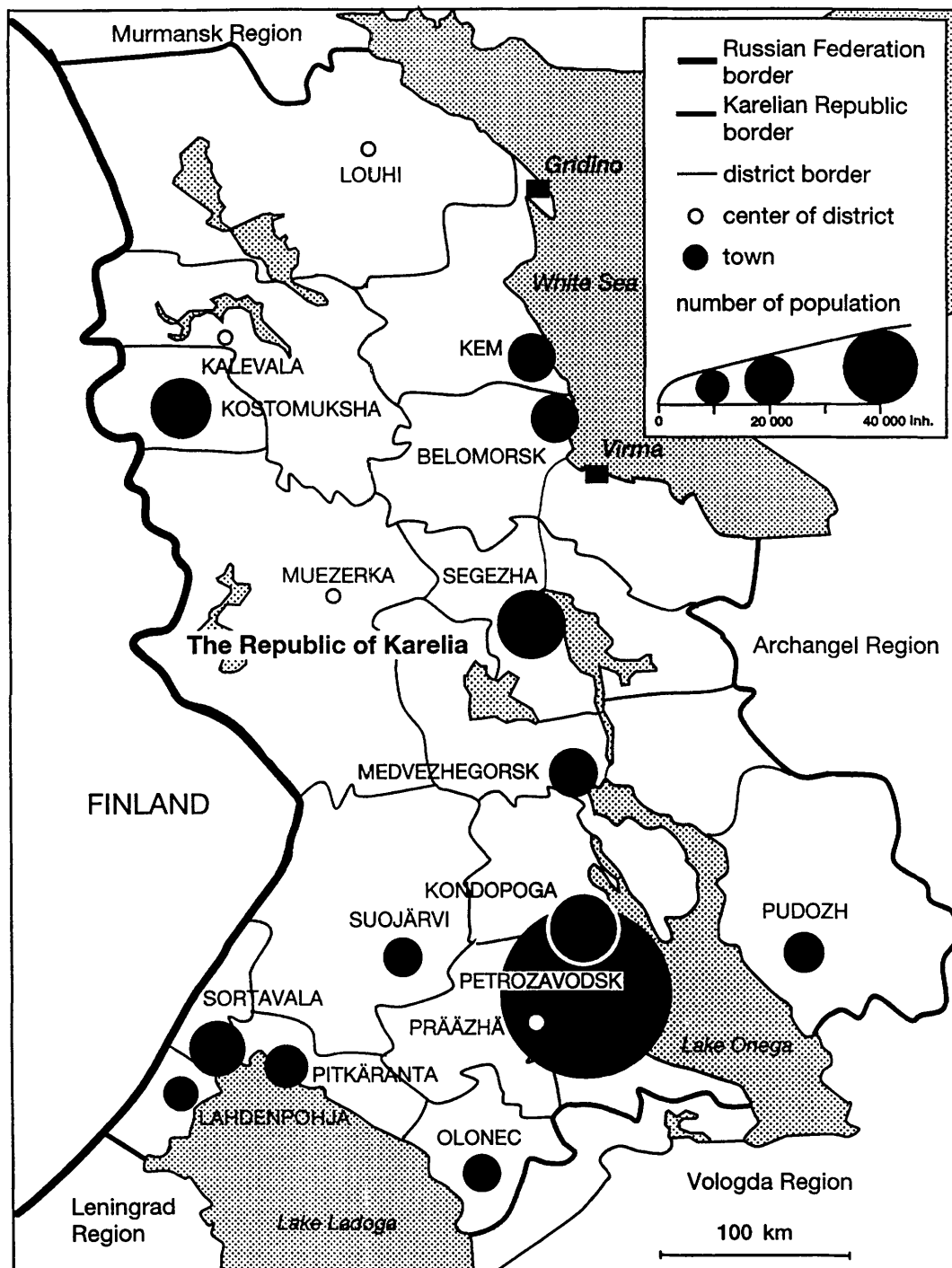
The research approach of restructuring is applied for the examination of rural Russian Karelia. It focuses on those economic, social and political processes on which the development of localities is dependent. Socio-economic restructuring comes to the forefront because, according to the principles of a command economy,⁴ the spatial

³ Karelia as a concept is very indistinct from the Finnish point of view, because a province called Karelia also exists in Finland (cf. Rikkinen 1992:124-6 or Hämynen 1994:17-27). When Karelia is mentioned in this study, it denotes present-day Karelian Republic in Russia i.e. Russian Karelia, unless otherwise stated.

⁴ The definition of command economy (vs. market economy) according to Marer is, 'In a command economy, the authority to allocate resources and make economic decisions rests with the state, which acts according to a predetermined plan. In practice, features of the command economies included public ownership, a system of physical and financial balances, planned allocation, production and distribution, and non-competitive trade and industrial organization' (Marer *et al.* 1992:3; Hansen 1993:12).

division of labour is highly developed and villages are generally specialized in one productive function. Also, the present transition of society is of great significance.

FIGURE 1
LOCATION OF THE CASE VILLAGES



Restructuring refers particularly to the reorganization of enterprises and the different sectors of production. The economic and social restructuring in localities is caused by specific changes in the national and international production. In regional studies, it is essential that restructuring includes both historical and geographical components as well. Thus, the concept of restructuring refers especially to changes in the spatial and social system (Vartiainen 1988:45). In this study, restructuring is defined as a particular series of events in which the old structure of society is replaced by a new, characteristically different system (cf. Tykkyläinen and Kavilo 1991:10).

The starting point in analysing the case villages is that restructuring in different localities is a continuous process which takes place regardless of social and economic structure and physical foundation. Changes in economic structures, and reaction at the individual level to these changes, are consequences of restructuring. Localities attempt to form and adapt to these changes according to their own potential (cf. Tykkyläinen 1993; Tykkyläinen and Neil 1995). Therefore, the development at the local level cannot be understood independently of its structural context. When separate localities are studied, their development has to be coupled with the general social structural changes.

II THE SPATIAL STRUCTURE OF RUSSIAN KARELIA

2.1 The settlement structure of Russian Karelia

Russian Karelia has undergone intense urban development during recent decades and as a consequence, the population living in the countryside has been depleted. Since the 1950s, the population has been concentrated in the capital of Russian Karelia, Petrozavodsk, and in the cities along the White Sea and the Baltic Canal; Kondopoga, Medvezhegorsk and Segezha. Another big town is Kostomuksha, located near the Finnish border. Over half of the whole population of Russian Karelia lives in these five towns (cf. Figure 4).

In 1993, as much as 26 per cent (208,000) of the Karelian people lived in a rural environment. The largest concentration is found in the surrounding districts of Petrozavodsk. The rural populations of the Prionega, Pudozh and Olonec districts make up a third of the total rural population of Karelia. Also, the rural population is proportionally bigger in the Prääzhä district near Petrozavodsk, and in the two peripheral districts of Muezerka and Kalevala. The distribution of urban and rural settlements by districts is presented in Table 1 and the location of districts in Figure 4.

2.2 The concept of the village

Statistically, rural areas are defined by their administrative status within Russia. A rural population constitutes those who do not live in towns or urban settlements (Klementev 1994).⁵ A rural area consists of administrative villages and village soviets.⁶ In the administrative hierarchy, they are at the two lowest levels, villages being at the bottom (Varis 1993a).

The countryside in Russian Karelia (and in Russia in general) has a low population density with people concentrated in villages⁷ and in only a few scattered

⁵ The concept of rural area changed at the beginning of 1994. Prior to that, rural population was defined by the urban population. 'The urban population is population which is living in the towns and urban settlements, and which is not working in agriculture' (Moskvin 1991:121). According to the definition, other population was rural population. Because of the change in definition, occupation no longer influences the categorizing of the population. Earlier, in towns (as an administrative unit) might also live rural population if they worked in agriculture. At the beginning of the 1990s, the proportion of the rural population was 18 per cent. There were administrative changes in Karelia in 1993, which resulted in 31 urban settlements changing their category to that of a rural village, simultaneously their population was automatically redefined as rural. Because of this statistical redefinition, the rural population increased to 26 per cent in one year. This increase is therefore mainly the result of a statistical administrative change, and not due to large migration to the countryside.

⁶ The village soviet is an administrative unit consisting of several villages. It is a local authority ruled by a village council.

⁷ The average population density in Karelia is 4.6 inh./km² (in 1993). The population density varies greatly between different districts. The population concentration is the densest by the shore of the White

settlements. Only 2.5 per cent of the whole population lives in settlements of under 200 inhabitants (cf. Rannikko and Varis 1994). Since rural life is concentrated in village centres, statistically the village is a distinct unit of measurement.

TABLE 1
POPULATION OF DISTRICTS IN THE KARELIAN REPUBLIC, 1993

District	Population (1000)	urban %	rural %
Karelian Republic	799.6	74.0	26.0
Petrozavodsk	279.7	99.8	0.2
Kostomuksha	32.4	98.2	1.8
Sortavala	38.1	77.2	22.8
Belomorsk	30.9	55.7	44.3
Kalevala	11.7	45.3	54.7
Kem	26.5	69.1	30.9
Kondopoga	49.2	76.4	23.6
Lahdenpohja	19.7	55.3	44.7
Louhi	24.8	57.7	42.3
Medvezhegorsk	46.4	63.8	36.2
Muezerka	20.4	22.6	77.4
Olonec	30.9	39.5	60.5
Pitkäranta	27.7	53.4	46.6
Prionega	24.6	-	100
Prääzhä	22.2	40.5	59.5
Pudozh	31.7	37.2	62.8
Segezha	55.8	88.2	11.8
Suojärvi	26.9	60.2	39.8

Source: Chislennost... 1993

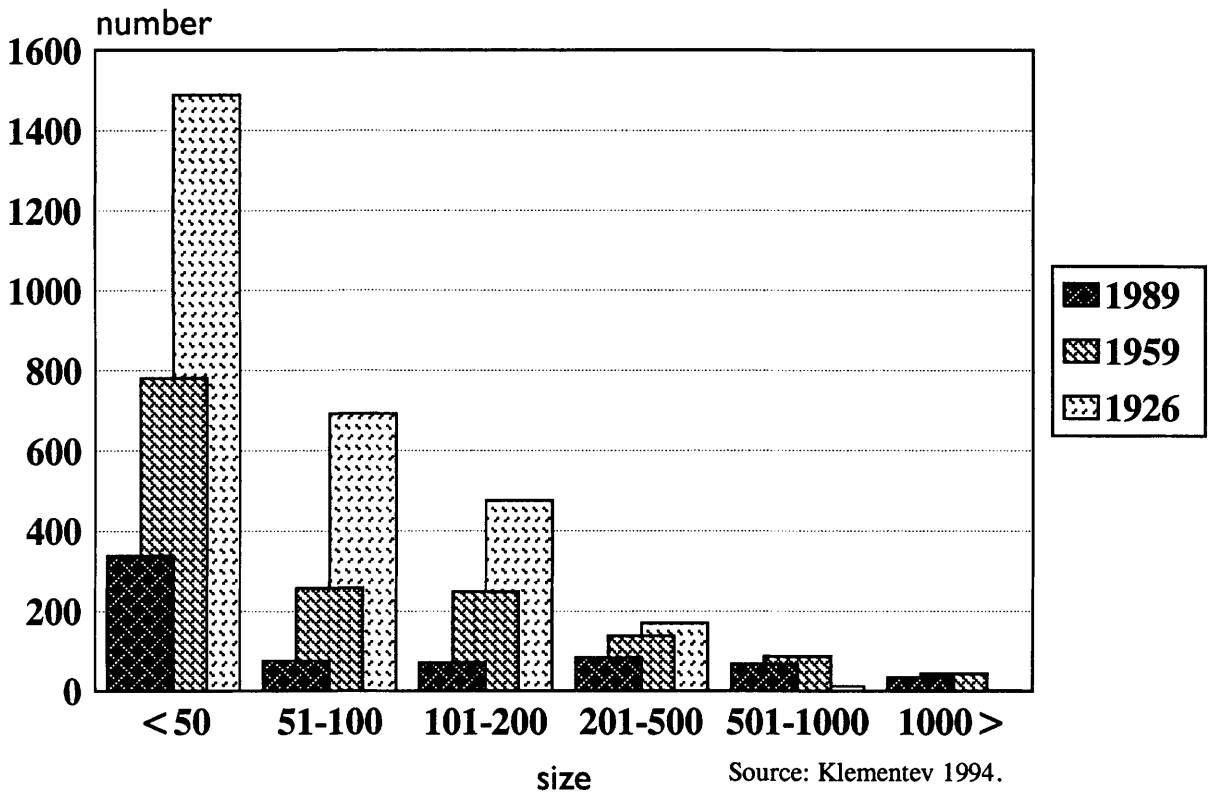
The general development of rural areas can be seen through the decreasing number of villages and village soviets. Figure 2 presents the number of villages in Karelia by size in 1926, 1959 and 1989. According to Russian statistics, size categories represent the number of inhabitants in each village. The number of villages has diminished by over half in the decades since the Second World War and only a fifth of the villages that existed at the end of the 1920s remain today. According to statistics, in 1990 there were only 668 rural villages linked to 100 village soviets. While the total number of hamlets has rapidly diminished, the proportion of larger villages has comparably increased. Thus, the majority of the rural population has been directed to larger, over 200-inhabitant communities.

The spatial division of labour in Russian Karelia was clearly determined on the bases of natural resources by the authorities, and every village, whether agricultural or industrial settlement, still has a defined productive task in the Karelian economy (cf

Sea - Baltic Canal, Lake Onega and Lake Ladoga. The fringe areas have a very low population density, for example in the Kalevala district in northern Karelia it is only 0.7 inh./km².

Popova 1995). Food industries are concentrated in agricultural settlements (total number 375). Industrial settlements (total number 293) are responsible for forestry and harvesting timber or other forms of resource-based production, such as mining (cf. Oksa 1994). Some of the villages operate also as administrative centres for village soviets (total number of 100). Only three of the industrial villages are operating as centres of fishing *kolkhozes*. Actually except for these three, there were no other *kolkhozes* (collective farms) in Karelia during the summer 1993 when the empirical part of this study took place.⁸ The production was taken care of by *sovkhoses* or state farms in agricultural settlements or state-owned companies in industrial settlements.

FIGURE 2
THE NUMBER OF THE KARELIAN VILLAGES BY SIZE IN 1926, 1959 AND 1989



⁸ For further information on the structure of the agricultural sector in the Soviet Union see, for instance, Sutela 1983:63-70.

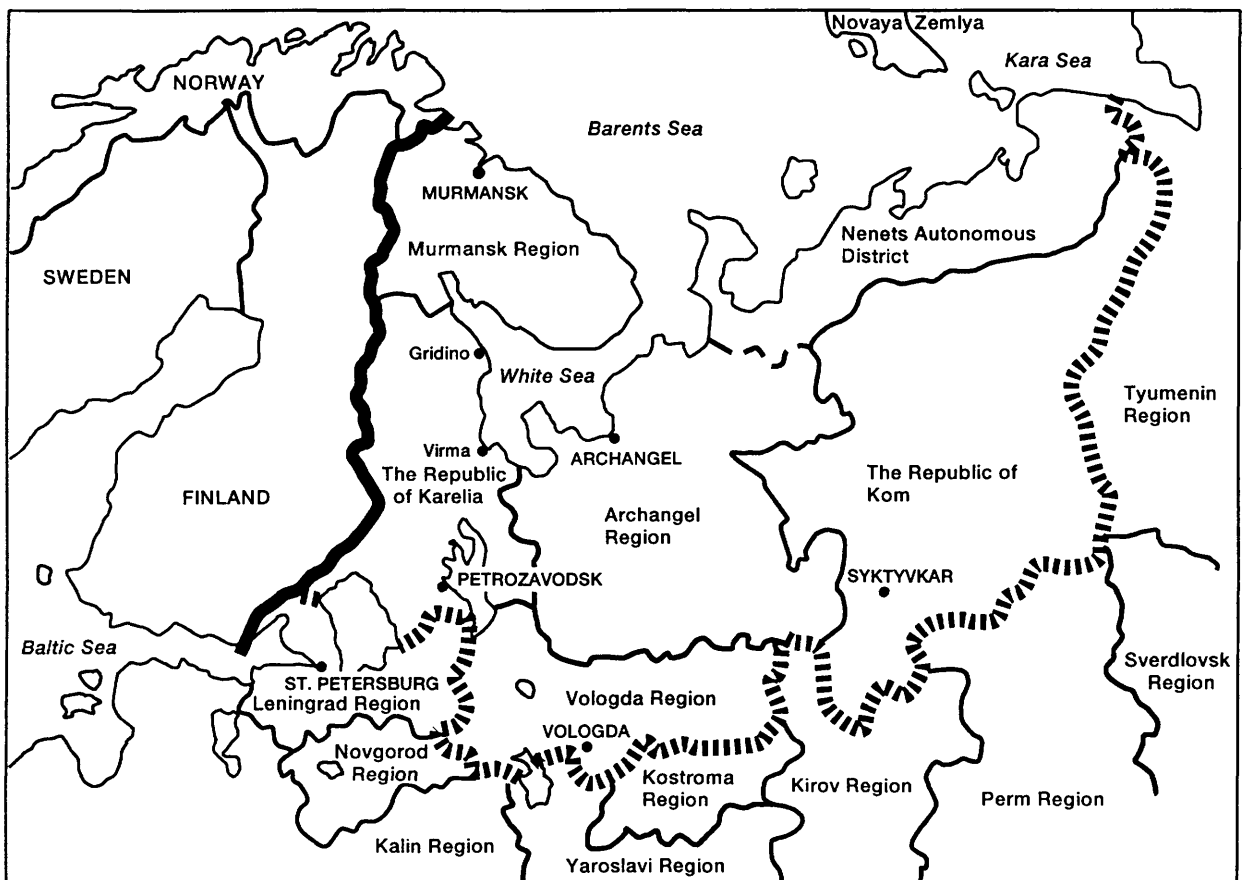
2.3 Spatial structure of production

2.3.1 Economic regions

The spatial division of labour was adopted as the leading principle when the economic regions (*krupnyi ekonomicheskij raion*) were formed in the Soviet Union (see Figure 3). Economic regionalization reflected two factors: the demands of rapidly changing economy for a rational division of productive facilities between various regions after the Second World War and the changing attitude of Soviet government towards economic criteria in the determination of optimum locations (Mathieson 1975:60).

The function of the economic region was determined by the state economic plan which was based on overriding national interests. The economic relations within each region were organized with the model organization of *complex*, meaning not just one farm, one branch of industry, or one factory, but the *totality* of economic relations, a totality of economic exchange, even if only in a small locality' (Nekrasov 1974:15).

FIGURE 3
THE NORTHERN ECONOMIC REGION OF RUSSIA



During the existence of the Soviet Union, the economic regions formed the basis for the planning units at the national level. At the same time, they were used as a tool for organizing production spatially (cf. Varis 1988). In the 1980s, twenty economic regions existed in the Soviet Union. The Karelian Republic⁹ was, with the Archangel, Murmansk and Vologda Regions and the Komi Republic, a part of the Northern Economic Region (Figure 3). The most important natural resources of this region were forest and mineral resources, forming its economic foundation (cf. Severnye... 1992 and Sbornik... 1993).

The *complexization* of production took place at the end of the 1950s. The use of a method of economic planning was primarily seen in the territorial organization of production sectors based on raw materials (cf. Kolossovsky 1961). The utilization of natural resources and the processing of raw materials in each economic region were organized according to the system of collective production, so that all production sectors work for the same corporation.

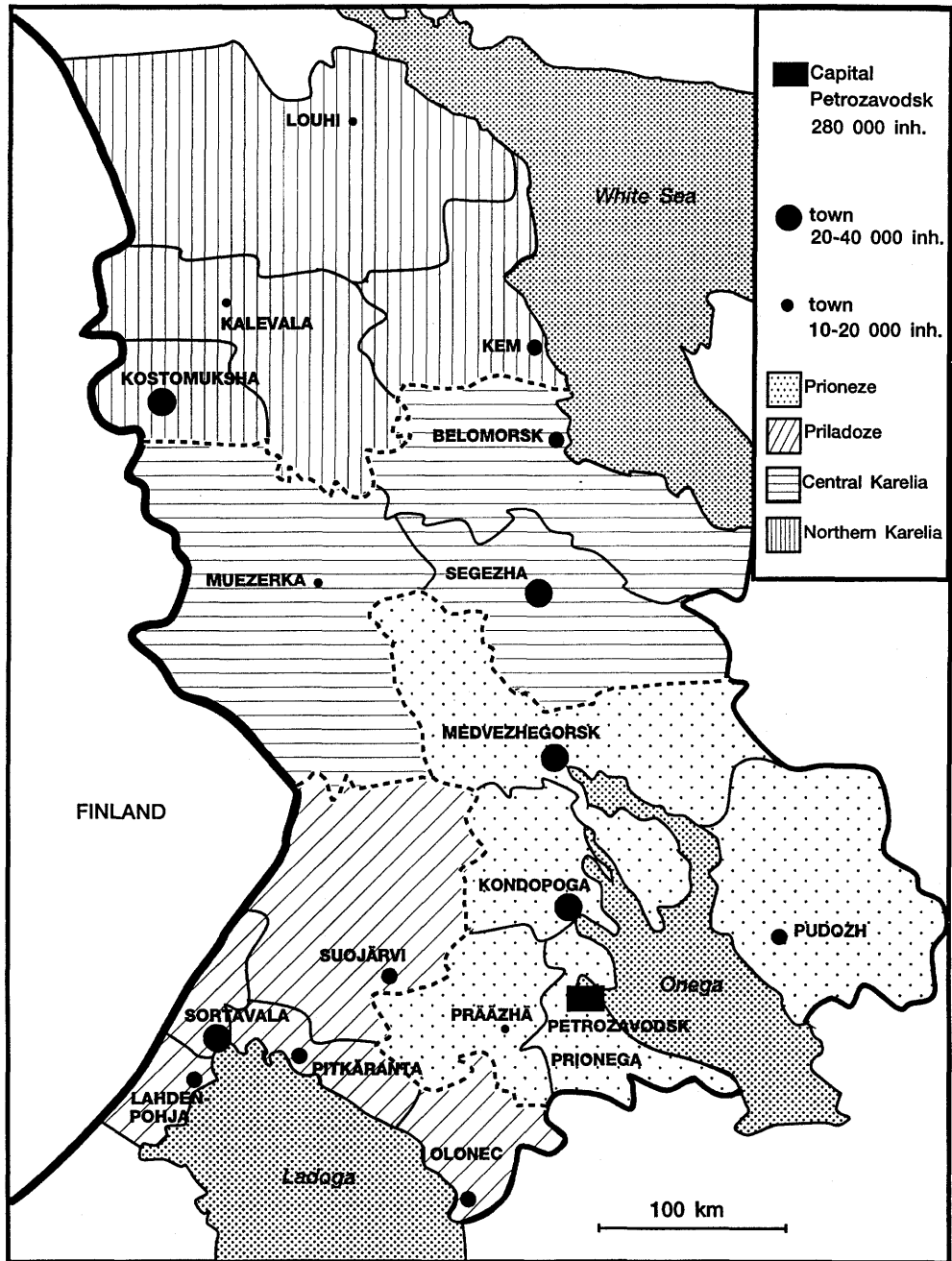
2.3.2 *Economic districts*

The development of the economic region was transformed to the local level (here, to villages) through the economic district planning. Economic districts (*ekonomicheskij raion*) cover small or relatively small areas within regions or republics. The aim of economic planning was to establish the integrated and efficient organization of the production. In order to maximize economic efficiency, economic planning aimed for the gradual elimination of rural and urban differences in productivity (Paul 1994). This was achieved by concentrating the rural population in larger settlements. The economic district planning consisted of the location of the production interlocking with the population distribution in the district. The plan was to develop and specify the basic principles of the territorial organization of the economy and provide instructions and forecasts for investment activities. The aim of district planning was to design and construct large-scale industrial and agricultural complexes, towns, roads, ports, etc. (Nekrasov 1974:41).

Russian Karelia has been divided into four economic districts (see Figure 4). The economic district of Prioneze includes the administrative districts which are located in the proximity of Lake Onega: Kondopoga, Medvezhegorsk, Prionega, Präähä, Pudozh and the capital, Petrozavodsk. The economic district of Priladoze includes the districts around Lake Ladoga: Lahdenpohja, Sortavala, Suojärvi, Pitkäranta and Olonec. The administrative districts of Belomorsk, Segezha and Muezerka form the Central Karelian economic district and the most northern parts, Kalevala, Kem and Louhi form the North Karelian economic district. After World War II due to the hard conditions, the economic districts of Priladoze, Central Karelia and Northern Karelia were afflicted with a shortage of labour for the forestry sector and therefore a migration policy was implemented in order to increase population in these areas.

⁹ At that time, the Karelian Autonomous Socialist Soviet Republic.

FIGURE 4
THE DISTRICTS AND THE ECONOMIC DISTRICTS OF RUSSIAN KARELIA



2.3.3 The spatial organization of fishing production

Since the early 1990s the Karelian fishing industry bears the organizational marks of a production complex. The fishing *kolkhozes* of Karelia all come under the umbrella of one production organization, the Fishing Company of Karelia, Karelrybprom (Figure 5). The organization is responsible for all phases of the fishing industry from catching to processing – and it handles the fishing administration of the Karelian Republic. Karelrybprom is a part of a larger company, Sevryba (Northern Fish) which operates outside the administrative border with its centre in Murmansk. It is a huge fishing organization with over 80,000 employees, and its sphere of operation includes the Barents Sea and the White Sea (see Baerenholdt 1995).

FIGURE 5
THE POSITION OF KARELIAN FISHING PRODUCTION IN THE EARLY 1990s

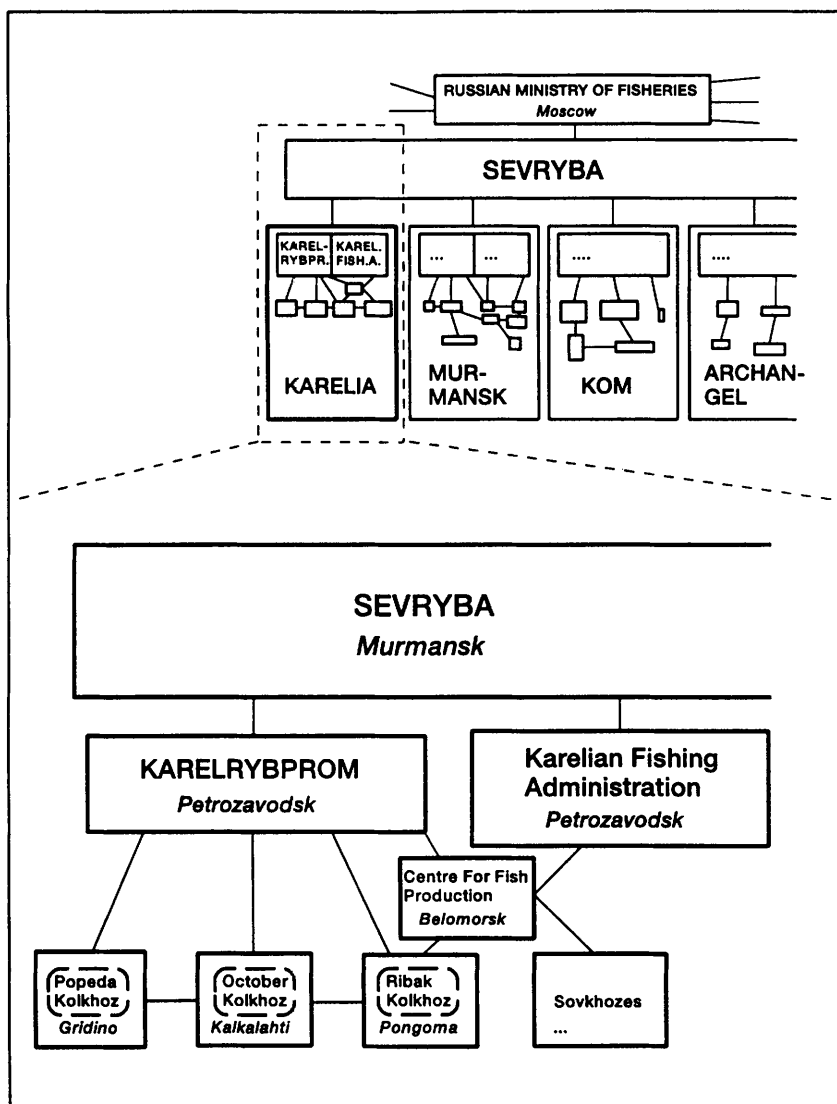


Figure 5 schematically indicates the position of fishing production in Karelia within the fishing complex system for the northern areas. The complex is a hierarchic business network operating at different territorial levels. At the local level, fishing *kolkhozes* are the smallest production units of the fishing complex. A *kolkhoz* is largely responsible for the activities of the village. The relationship between *kolkhoz/sovkhov* and village is discussed in detail in sections four and five.

III THE PERIODS OF RURAL RESTRUCTURING IN RUSSIAN KARELIA

Particular economic and sociopolitical events have decisively affected rural restructuring and adjustment. The most significant events have been the collectivization of agriculture, the Second World War, the impact of the growing forest industry, the period of stagnation, *perestroika* and, lately, the collapse of the Soviet Union (cf. Figure 6). In this study restructuring is analysed from a historical and geographical perspective. Attention has been focused on social decisions by dividing the history of the Soviet Regime into seven periods. The periods have been named by the author.

The analysis of this study follows the restructuring processes chronologically from the 1930s to the present time, with special focus on the periods after World War II. The collectivization of agriculture before the Second World War and the war period are presented in order to understand the background of the development processes in recent decades. It is not the intention to define the periods into exact years, but rather to specify a certain social era which has been of great significance from the point of view of the case villages, Virma and Gridino. The transition of the rural areas of the Karelian Republic is reflected in the development of the case villages.

3.1 The period of the collectivization, 1928-38

The Five-Year Plans for the national economy of the Soviet Union were implemented for first time in 1928 and soon after, agriculture and other rural industries, such as fishing, were collectivized (1929-30). The fishing *kolkhozes* were established in both case villages in 1930, and their economy and production were organized according to the principles of collective economy. Private property was collectivized, land ownership was transferred to the state and most households joined the *kolkhoz*. It is said that so-called *kulaks* (peasant farmers) who were also forced to join the *kolkhoz*, lived in the village of Virma.

The *kolkhozes* took care of the economic activities in the villages, e.g. fishing, and they also handled the general functions of the hamlets, such as housing, trade, retail and social services. The *kolkhozes* were the centres of the villages and the villages received their recognition through their production. Simultaneously, according to the dictates of ideology, the churches were closed in the both villages, icons removed and religion forbidden. Life and work in the *kolkhozes* were strictly governed by rules and mobility was controlled by passport restriction for which legislation became effective in 1933 (Jussila 1994). The *kolkhoz*, however, did not work as an idealistic model of collective economy, even though the highest decision-making authority was held by the general soviet of the unit. In practice, this authority remained with the chairman of the *kolkhoz* appointed and controlled by the local bureaucracy (Jussila 1994:4); the period of collectivization can be characterized as the period of hard work and social control.

The Stalinist standardization policy of the 1930s with its tight grip and forced relocation, was destructive (Nevalainen 1993:293-4) and minorities in particular suffered. In Karelia, the policy was directed at Finno-Ugric nationalities, such as Karelians, Vepsians and Finns, and their numbers declined dramatically. The case villages are traditional Russian villages, which usually were spared persecution (cf. Laine 1994).

3.2 The period of the impact of the war, 1939-44

During the Second World War, Karelia was partly a war zone. As a consequence, some significant changes in the territorial structure of Karelia were made. Areas ceded by Finland were mainly incorporated into the Republic of Karelia (then known as the Karelian-Finnish SSR) and new districts of Lahdenpohja, Sortavala, Suojärvi and Pitkäranta were formed (see Varis 1993a and 1993b). The former Finnish areas had been vacated and there was immigration by mainly Byelorussians and Ukrainians (cf. Laine 1994).

The case villages of Virma and Gridino were located outside the war zone and they were not evacuated (cf. Nevalainen 1993:294). The war, however, did not leave any place untouched, and in both villages there are memorials to the deceased. During the war, production in the state was in confusion and it was dominated by the war industry. No centrally-directed Year Plans were made and the *kolkhozes* did not operate as they were supposed to. Women took care of the village life while the men were off fighting.

3.3 The period of the impact of the growing forest industry, 1945-55

Karelia became one of the most important producers of forestry products in the Soviet Union in the 1950s, because the forest was the most important natural resource of the territory. The capacity of the forest industry was also increased by obtaining production plants from Finland. Special forest settlements (*lesopunktiin* Russian) were built.

The forest settlements were populated by people from two primary sources. As the agricultural *kolkhozes* of Karelia were suspended from the beginning of the 1950s onwards, the old villages were emptied and their inhabitants relocated to the new forest settlements. There was also influx of totally new settlers and particularly working-aged male Russians, Byelorussians and Ukrainians moved to work in the forest industry in Karelia. Many Ingrians returned from Siberia and Estonia. The population of Karelia reached its pre-war level of 478,000 in 1954.

The centralization of production was achieved through the closure of the agricultural *kolkhozes* and a reduction in the number of fishing *kolkhozes*. The labour force released from the *kolkhozes* was relocated to the forest and urban industries. The forestry sector became the heart of production in Karelia.

A large part of the inhabitants of Virma and Gridino also went to work in the forest industry or moved into the cities. A forestry unit was established in Sumskij Posad, a village neighbouring Virma, and it was populated from nearby areas. Work in forestry was considered tempting because of its better wages. Gridino with its functioning *kolkhoz* and prevailing passport restrictions, however, did not lose very many residents. Movement from Gridino was directed to the Louhi district forest settlements, to the quarry in Chupa or the district capital, Kem.

3.4 Commitment of policy of the large economic units, 1956-63

During the Khrushchev era at the end of the 1950s, a so-called *sovnarkhoz*-programme (national economy soviet) was implemented in the Soviet Union. The *sovnarkhoz*-programme sought to increase the effectiveness of the economy by shifting from a product-based industry to a regional division of labour based on geography (cf. de Souza 1989:79-83); large economic units were considered profitable.

The aim of agricultural and settlement policy was to increase productivity and efficiency. Low production was considered to cause high expense levels and the consequence was the rationalization of the rural settlement structure. There was an effort to eliminate the essential socio-economic differences between rural and urban areas. The traditional rural communities of small-sized units or scattered settlements were to be terminated by enlarging the size of the villages and eliminating those with no future prospects (Orfinski and Grishina 1994:126).

At the turn of the 1960s, the policy of 'no-perspective villages' (*politika likvidachij ne-perspektivnyh dereven*) was established, i.e. the policy of villages with no future. According to policy, if the villages were too small to operate economically and if the maintenance of public services was too expensive, these were to be shut down. Public services such as schools, libraries, medical centres and shops in the no-future villages were closed (Klementev 1991:47). In northern Russia, two-thirds of the villages were considered to have no future (Eronen 1993).

Poor living conditions also prompted people to move away (Problemy ekonomicheskogo... 1989). The young in particular did not want to stay in villages without any services or facilities, and the better wages in forestry work encouraged them to relocate. The rural population was actually not forced to move, but living conditions became intolerable so primarily the young left the villages for larger settlements (cf. Nieminen 1993; Raivo and Koutaniemi 1993). The depopulation of rural areas was also caused by the closure of agricultural *kolkhozes* and state farms, *sovkhozes*, were established in their place (cf. Lehtinen 1994). A part of the rural population moved to *sovkhozes* while others migrated to the cities.

The most important political decision concerning the case villages proved to be the rationalization of the fishing industry. Fishing was centralized in the most productive *kolkhozes*. The *kolkhoz* of Truzennik in Virma, together with 16 others in Karelia, was closed in 1960.

Truzennik was a 'millionaire' *kolkhoz*, that is, it surpassed its quota. Its location near the Belomorsk fish processing plant, however, was a disadvantage and led to its closure; the same fate was suffered by other fishing *kolkhozes* near Belomorsk. On the coast of the White Sea, the catch was limited and competitive units therefore had to be closed. This political decision, together with the policy regarding no-perspective villages, resulted in Virma's status as the village soviet being suspended. Life in the village began to dissipate.

Gridino, on the other hand, was considered as a village with prospects and its economic unit, the fishing *kolkhoz* of Pobeda, was saved. Even though isolated, Pobeda was important for its fish catch and know-how. The seaweed¹⁰ gathered at Pobeda was another important reason for saving the *kolkhoz*. The productive position of Gridino was strong enough to keep the village alive.

3.5 The period of stagnation, 1964-84

The Brezhnev era¹¹ has been called a period of stagnation and is generally divided into two phases (Iivonen 1989:33). The first phase, continuing until the second half of the 1970s, included relatively stable economic progress while the second phase experienced retardation of economic growth and centralization of power. In this study, the entire Brezhnev era is referred to as a period of stagnation because it is not essential to distinguish between the two phases from the point of view of the case villages.

Development, which aimed for economic growth and which was based on previously made political decisions, continued in Karelia. Rural conditions in Karelia were unstable; production was rationalized to achieve economic efficiency and the population was concentrated on the state farms, the *sovkhoses*. At the end of the 1960s forestry work declined. The volume of wood cut diminished from 19.9 mil.m³ in 1964 to 12 mil.m³ in 1980, and the need for labour was reduced, resulting in rural depopulation and increased urbanization.

The policy of no-perspective villages reduced the number of rural communities from 1553 to 1069 over the period 1959-70 and the rural population declined from 242,000 to 223,000 (Orfinski and Grishina 1994). One reason for the decline in the rural population was the abolition of the law on passport restrictions concerning *kolkhoz* workers in the Soviet Union (cf. Sutela 1987:126). Poor living conditions also contributed to the depopulation (Problemy ekonomicheskogo... 1989). The largest migration was from the districts of Suojärvi, Pudozh, Muezerka, Präähä and Belomorsk, all important forest harvesting areas (cf. Oksa and Varis 1994).

The case villages developed in their own separate ways. Virma was strongly affected by the policy of no-perspective villages and its *kolkhoz* was closed in 1960. The

¹⁰ Laminaria and fucus seaweed, which are gathered in Gridino, are used, for instance, as a raw material in food industry and chemical industry.

¹¹ Khrushchev was deposed in 1964 and was succeeded by Brezhnev.

fishermen went to work for the fishing *sovkhoz* in Belomorsk, and a farm was established for the female workers but it operated only for a couple of years. The young were tempted by the higher wages in forestry work and better services in urban areas, and gradually the population of the village moved away. This resulted in the closure of the Virma school and the kindergarten at the beginning of the 1970s. Public services were discontinued and only pensioners remained in the village.

The Gridino *kolkhoz* stayed in tact but it needed modernization which took place slowly. Some services were maintained but they were not sufficient to keep the young in the village and a willingness to move away was apparent. Poor services and lack of educational opportunities were the main reasons for relocation. Those who had received an education were not interested in moving back to their home village. Thus Gridino, too, lost some of its population, though not as dramatically as Virma.

3.6 The period of perestroika. 1985-90

Mikhail Gorbachev was elected as president of the Soviet Union and chairman of the Communist Party in 1985. It was the beginning of a new era of *perestroika* (Russian word meaning restructuring), *glasnost* (Russian word meaning openness) and democratization. The new politics aimed at consolidating the Soviet society by rationalizing the national economy and political system. The political reforms included a restructuring of the Soviet central government, the introduction of multi-candidate elections, a relaxation of censorship, and an end to the Communist Party's monopoly of political power. Among the economic changes were a reintroduction of limited private enterprise, a more flexible price structure, and decentralization of economic decision-making. The decline and cessation of economic growth that had occurred during Soviet Union's period of stagnation fortified the commitment to *perestroika*.

The early years of *perestroika* from 1985 to 1988 brought favourable development, even though some goals were not fulfilled; for example, national income increased during this period and started to decline only later. Unemployment was an unknown phenomenon and the rate of inflation was low. After 1989, all fields of the national economy began to collapse, because dismantling the old system had crippled it totally and caused a series of crises which reached political dimensions and the eventual demise of the Soviet Union (see e.g. Iivonen 1992).

The *perestroika* policy created new upheavals in the rural areas of Karelia. When the economy and the politics of the state were quickly rationalized, rural living conditions rapidly worsened. Public services in the rural areas suffered from the disruption of the distribution system caused by to the collapse of the Communist Party which had been central to controlling the service sector. Rural people suddenly discovered that not even the basic food supplies were available in their local shops and some consumer goods had to be rationed. The availability of repair services, cobblers, hairdressers, etc. deteriorated for the same reason.¹²

¹² The sector of services was taken care of by the state in the Soviet Union.

Commitment to the policy of *perestroika* manifested itself in the case villages in deteriorated services that complicated everyday life. The poor selection of goods in the shops was criticized. Previously, basic food supplies and consumer goods were available and rarer consumer goods could be obtained by order. Now some products were at times totally missing; for instance during the first field excursion in Gridino in 1991, the village shop had run out of even salt. The situation degenerated to the point that there was nothing to buy any longer. A pertinent description of the situation is this statement of one old woman from Virma in the summer of 1991:

They now make *perestroika*, but we common people do not understand who makes it for whom. There was everything to buy in the shop ten years ago, and no coupons were needed, now there is absolutely nothing to buy. We do not understand that kind of *perestroika*. Thanks to Gorbachev for making world peace, but he deserves no thanks for *perestroika*! (Varis 1993b:322).

Deteriorated public services gave rise to the effective growth of private gardening. The rural homes belonging to the elderly became essential food management centres as the older generation took care of small private gardens to grow potatoes and vegetables for the whole family, including its urban members. Private gardening is based on family cooperation, where the urban relatives help in planting and weeding, hay making and harvesting the crops for winter. Cattle are also kept to meet the needs of the whole family.

The wealthier town dwellers can afford to build new houses or buy old ones as *dachas* (summer cottages) in villages located near the cities. It is estimated that one-third of Karelian food supplies originates from small private gardens (Karkinen 1993). All households in the case villages gardened actively and produced food for the whole family. Self-sufficiency in maintaining everyday life increased remarkably during the *perestroika* period.

Reactions towards *perestroika* differed in the case villages. Virma had lost the *kolkhoz* and the status of village soviet already in the early 1960s and its inhabitants felt that they had been forgotten, because decisions concerning their livelihood were made somewhere far away. In the village, there were no representatives of the village soviet of Sumskij Posad to which Virma was administratively linked. There was even a suspicion that nobody handled their affairs. The villagers' own influence over decisions diminished.

Perestroika was viewed differently in Gridino. A new chairman was appointed who began to modernize the *kolkhoz* and the village. New ships with refrigeration equipment were bought, making long fishing trips to the White Sea and the Barents Sea possible. The impact of the fishing stations of the Gridino *kolkhoz* located along the coast decreased. Services also improved when the village was supplied with electricity, and a new road from Engozero was opened. Earlier there had been no road to the village and the year-round transport was by water routes or by helicopter. The *kolkhoz* was very

important in every aspect of village activity, and the everyday lives of the villagers were in harmony with *kolkhoz* decision-making. The influence of the village soviet was only marginal compared with that of the *kolkhoz*.

3.7 The collapse of the Soviet Union, 1991-

Following the collapse of the Soviet Union and Yeltsin becoming president in 1991, the system of society started to develop towards a market economy. The policies aimed at creating a doctrine of market economy: the ownership of land, the privatization of production, and the democratization of the political sphere. A commitment to the policy of privatization (*privatizatsiya*) began to appear, and in the autumn of 1993 a law concerning land reformation which made the private ownership of land possible, was enacted.

FIGURE 6
THE RESTRUCTURING OF RURAL RUSSIAN KARELIA
FROM THE VIEWPOINT OF THE CASE VILLAGES

level time	General	Sectoral	Locality	Individual reaction
1929-30	Collectivization of agriculture Passport restriction law 1933	Collectivization of fishing	Local resources - based production Foundation of fishing kolkhozes Workers' bonding to kolkhoz	joining kolkhozes kulaks social control "strict" work
1939-45	Period of War	Production stopped	Kolkhoz does not work Men at war women take care of livelihood Relocation out of war area	stress and loss due to war
1950	Impact of forestry Politics of large economic units	Territorial division of production and specialization Rationalization of fishing production	Millionaire kolkhozes V. kolkhoz closed, workers to sovkhos closeness of Belomorsk	living and welfare by working
1959-60	Politics of non-perspective villages	Centralization of production	Village soviet suppressed V. Importance of seaweed G. isolated location	urban services and better wages of forestry attract young people
1960	Period of stagnation Passport restriction abrogation	Modernization of production	Depopulation Aspiration for modernization G. V. dissipates rural and urban differences	weakened services
1985	Perestroika	Technological development	Summer village process begins Public services weaken importance of transport connections Social problems increase Road and electricity G.	living conditions worsen self - sufficiency grows modernization G. new families G.
1991	Collapse of the Soviet Union	Reorganization of production Privatization	Privatization of plots Reorganization of kolkhoz Western consumer goods	confusion, uncertainty soc. problems, lack of discipline

V = Virma G = Gridino

At the local level, the collapsed former system and its consequences caused anxiety about the future. The move towards a market economy created upheavals and some people took advantage of the confused economy. Since there was no tradition of private ownership or private enterprises, a new way of thinking started to develop. For the common people, especially the old, it was difficult to understand privatization. They did not know what to do with the privatization cheques (*voucher*) and most have given their vouchers to their children or sold them to outside buyers. Attitudes towards privatization varied slightly in the case villages in the summer of 1993. In Virma, the feeling was mainly unfavourable as villagers did not understand what privatization meant. Gridino had more active-aged population and a more positive viewpoint towards privatization. But also in Gridino, the elderly were negative. Everyday life had become more difficult because of the reforms, and many, mainly negative impacts, such as reluctance to work, empty shop shelves and increased alcohol abuse could be seen. Obtaining Western consumer goods was not considered essential, and they were also too expensive.

During *perestroika*, the Gridino *kolkhoz* was actively developed by the chairman and its significance as a fishery and a seaweed producer remained. But, on the other hand, modernization also met with resistance because people felt that the chairman was using the *kolkhoz* for his own personal benefit by buying cars with *kolkhoz* money for his own use (see Varis 1994:58). Consequently, even though some villagers did support him, he had to leave the village. The change in the society system shook the stable order of the village and caused many social problems.

IV FACTORS OF RESTRUCTURING – A GEOGRAPHICAL THEORY

The development process of the case villages demonstrates how the local level reacted differently to restructuring. The development periods include the restructuring process in the different social factors which have decisively affected development at the local level (cf. Tykkyläinen 1993:63). Figure 6 presents the relationship between the periods of rural restructuring in Karelia and the social levels from the viewpoint of the case villages (for village comparison studies see Varis 1994a:14-6). The factors, however, are not distinct; many of them overlap at the different levels.

Four different levels where factors occur, can be presented. First is the general social level, understood as a policy of the *logic of socialism*. The second specific level refers to the *social activity* that occurs in fishing production and can be observed at every level of society. Third, the locality is important when determining the productive function of each place, and it is also important for the *maintenance of everyday life*. The fourth level is the *reaction of individuals*. This level describes how individuals respond to political decisions through their own actions.

4.1 General decision-making

In the background of the development process of the case villages is the decision-making mechanism accordant with socialism – centrally-planned economy in which effective economic development was the most important objective. In socialism, rural areas were to be the source of raw materials and labour. Their importance as locations of human settlement and social environment was not considered (cf. Sutela 1987:123). An attempt was made at reducing the socio-economic distinction between rural and urban areas. Standardization was also the objective of the policy concerning the different nationalities.

Karelia is on the periphery of the 'Moscow-centred' society and as such, it has been seen as a fringe region whose the main function was to produce forestry products. Other products have mainly supplied local needs. Karelia has not been agriculturally self-sufficient and grain, for example, has to be imported. In food production, only the fishing industry has had any significance outside Karelia. The strategic location of Karelia on the frontier of Western Europe has been reflected in the evolution of the area. After the war, although these depopulated regions were off-limits to the Finno-Ugric nations, they had to accept inhabitants from the southern part of the Soviet Union. There is also a wide, totally uninhabited and unused border zone. In general, centrally-planned decision-making was extended to all areas of the state. When the Soviet Union collapsed in 1991, the creation of a new state and society system began; privatization is progressing and taking shape as the new structures of society develop.

4.2 Specific factors of the production sector

Sectorized production meant that every locality had its own particular productive task, and this, in turn, determined the status of the locality within the community structure. Achieving efficiency in the fishing industry was the objective which determined the development of the case villages. Consequently, as a result of the rationalization of the fishing industry at the turn of the 1960s, the villages suffered.

The hierarchic decision-making system meant that there was no way to influence decision at the local level. Even though the *kolkhoz* of Virma surpassed its quota, it was still closed down. This ended in the dissipation of the whole village. The *kolkhoz* of Gridino was spared, although productively it was not the one of the best. The production system aimed optimally at operating as a single entity, and there was no room for local development initiatives.

Nowadays, the Gridino *kolkhoz* is becoming the centre of the fishing industry for the neighbourhood, and there are plans to combine other operating fishing *kolkhozes*. The Gridino *kolkhoz* traditionally has strong know-how, and the neighbouring villages have working-aged and able people; the plan is to achieve a new, more effective production system and privatization.

In addition to the above-mentioned organizational factors, the limited fish catch promoted the centralization of the production. The most important fishing areas are located in the Murmansk region, where the fishing company Sevryba has its headquarters (cf. Figure 5). There were enough units to handle fishing along the White Sea coast and production was centralized.

4.3 Local features as a basis of production

Local characteristics, such as location, good waterways and sheltered bays, make both villages natural choices for the fishing industry and other sea produce. Fishing stations, built on islands and inlets on the coast, were operated year-round. One work duration lasted about two weeks but was in the summer even longer. At their peak, both villages had several dozens of functioning fishing stations. Now, no one lives at the fishing stations permanently; they are instead used as support bases for fishing expeditions or places to stay overnight occasionally.

Both villages are traditionally old pomor communities and despite the standardizing policy, some features of the culture have remained.¹³ Old traditions have been passed from grandparents to grandchildren, and traditional ways of the villages have been preserved (cf. Klementyev 1993). This is seen in different fields such as religion, architecture and handicraft traditions. Without exception each house has a corner reserved for icons although they generally are in rather poor condition. Costume traditions have also been preserved because the old women have retained the 'sarafan' as a form of festive dress.

¹³ Pomorians are a tribe living by the White Sea.

Standardizing policies have brought a clubhouse to every village. A club is the recreational centre where also the official meetings, such as those related to *kolkhoz* matters, take place. In Virma the clubhouse no longer functions, whereas in Gridino it is actively used and there are even plans to build a new one.

Virma is connected to road and railway transportation services. The Belomorsk-Sumskij Posad road passes through the village and the Murmansk-Archangel railway is a few kilometres away. The road from Engozero to Gridino is only a few years old. Accessibility has not, however, contributed to the preservation of the case villages. In fact, Virma was located 'too near' the Belomorsk fishing industry and competed for the same catch while the isolated location of Gridino seems to have been its saviour.

4.4 The reaction of individuals to general decision-making

Village operations, influenced by *kolkhoz* decisions, were based on their productive task, and changes taking place in the *kolkhoz* affected all activities. For the individual, the activities of the village influenced the way of life, decisions to move, education, livelihood and even setting up a family (Varis 1994a:27-30, 41-4 and 46-9).

The *kolkhoz* operated at the core of the village and the livelihood of the hamlet was centred around it. It also functioned as part of a larger fishing organization and this influenced the administration of the village. Most of the villagers were members of the *kolkhoz* in the early 1990s and they have had some influence in decision-making through their *kolkhoz* leader. However, the *kolkhoz* has been an authoritative unit and the role of individuals has mainly been adapting to the changes.

During the rationalization of the fishing industry at the end of the 1950s, the management of the Pobeda *kolkhoz* was apparently very active in saving their unit and thus the whole village. On the other hand, the previous chairman, who was not a local man, had to leave the village because he had used the *kolkhoz* for his own benefit.¹⁴ His unpopularity could also have been caused by his exaggerated modernization ideas. Since 1993, the *kolkhoz* has been led by a village-born engineer, who is known to understand village affairs and works for its best interests. The future is seen as positive or, at least, the village will remain as it is at the moment (Varis 1994a:62-4).

The village soviet in Gridino is still functioning, but its leverage on the activities of the village has been marginal. The village soviet has mainly handled the recruiting of school teachers, the functioning of the village shop and maintaining administrative statistics. The role of the village soviet is changing with privatization and there will be new tasks in organizing the public services which earlier had been taken care of by the *kolkhoz* (cf. Oksa 1994:20).

¹⁴ The Law on State Enterprise in 1987 gave employees the authority to elect their managers (cf. Kalmi 1995:41). The previous chairman was elected as a result of this law.

As a result of the fishing industry rationalization, Virma lost the *kolkhoz*, its productive function and with it, also its status of a village soviet, thus falling to the category of a rural village. Local efforts to fight the closure were too insufficient to save it. Private gardening and the role of a 'summer village' seem to be its future. There was, however, 'slight hope' to get a private fishing enterprise for the village (Varis 1994a:62-4).

The common people have reacted to the most recent changes and difficulties by increasing their degree of self-sufficiency. The subsistence of small farming, private plots and the support of relatives have become vital in the fight against the scarcity of commodities.

Natural products as fish, berries and mushrooms have become essential ingredients of the everyday diet. They are also sold to the village shop where their equivalent value can be taken as goods. The barter of self-gathered berries, self-caught fish or self-produced products between private persons or families is common. The rural products are also exchanged for industrial products between urban visitors. Because of the declining value of money, actual products or services are a valuable means of bartering (cf. Varis 1994a:50-3).

V MODES OF PRODUCTION IN RURAL RUSSIAN KARELIA

5.1 The articulation of the different modes of production

When explaining the socio-economic restructuring of a socialist society (in this study the former Soviet Union) it is impossible to build on theories based on the dynamics of capitalism, because their starting point is the influence of market forces upon society. In socialism these market forces did not exist, rather the economic system was established on a centrally planned economy and the operation of the Communist Party (cf. Paul 1992; Sutela 1984).

Consequently, it is obvious to choose the theoretical framework for research that can explain socio-economic restructuring through the historical and cultural features of the particular society. In this study this has been done with the point of view of structuralistic articulation theories. According to the theories the restructuring is the result of the existence of modes of production and the ways in which they are interrelated (cf. Taylor 1979:228).

Originally elaborated for the needs of economic anthropology, articulation theories criticize the need to understand all social relations as capitalistic (e.g. Meillasoux 1987; Alanen 1985; Taylor 1979). According to the theories, the explanation of the modes of production has to define on the one hand the specific features of the local modes of production and on the other hand the outside forces appearing at the local level (cf. Gould 1980).

The mode of production is an essential concept for the articulation theories (e.g. Amin 1976; Wolpe 1980; Alanen 1985). The mode of production includes basically labour force, means of production and objects of work, and how the forces of production correspond to relations in production (cf. Wolpe 1980). In articulation theories at least two modes of production are seen to support each other by operating together. In underdeveloped countries one articulating mode of production is capitalist and the other is based on the social relations of the individual and self-sufficiency (Meillasoux 1987:130).

In this study the articulation theory is adapted and adopted to research the ex-socialist area, because at least three articulating or 'overlapping' modes of production can be recognized (cf. Berry *et al.* 1987:407). The first mode is called *the logic of socialism*, the second one is called *the maintenance of everyday life* and the third one is called *the new market economy*.

5.2 The logic of socialism

The logic of socialism is understood in this study to be parallel to the Western-used concept *the logic of capitalism*. Essential difference of the concepts is in the operation principles of the economy of the society. In the logic of socialism, the essential item was the power of the Communist Party and collective production while in the logic of capitalism, the most essential aspects were markets, competition and profits.

The main features of the logic of socialism (cf. Sutela 1984) can be characterized as follows:

- centrally-planned economy,
- centralized management,
- 'Moscow-centred' society,
- periodical economic plans,
- hierarchy,
- state-owned land and the means of production,
- production plants subordinated to upper organs,
- centrally-commanded investments,
- centrally-determined delivery of goods,
- low authority of enterprises,
- local level services maintained by the state,
- political control,
- integrated but sectoral production units,
- strict territorial division of labour and
- the commitment of political operations to put in practice the characteristics above.

The logic of socialism started to develop at the end of the 1920s when transformations after the communist revolution took place in the society. As the society changed, it also affected the local communities. This study explains how the status and the viability of the locality have altered during the different phases, with the periods and factors of restructuring.

The logic of socialism operated as an outside influence in the case villages (cf. Gould 1980). It determined the position of the case villages in the regional division of labour according to the prevailing ideology of the country's planning system. Based on the local natural resource – fish – the villages had collective production units which formed a part of the vast Sevryba fishery complex and were hierarchically controlled from above. Production was directed by periodic plans. Decision-making and initiative of the collective members were minimal. In the case of Virma, the local level was

powerless in the face of productivity targets issued from above. The villagers lost their production unit and along with it, their livelihood. Life in the village started to decline but as a result of the 1990s restructuring, it has been rejuvenated as a summer village providing food supplies for city residents.

The Gridino fishing *kolkhoz* managed to adapt to the demands made by the hierarchy above and remained productive in spite of the rationalization of the fishing sector and the policy of liquidation of the villages. The collective production unit dominated the village life for decades and everyday life was organized accordingly. The people worked in the *kolkhoz* and were able to meet the demands of the production targets more or less successfully. Changes in the Sevryba fishing production system could be felt locally in the *kolkhoz* and through it in the everyday life of the Gridino villagers. After the collapse of the Soviet Union, the country started to move towards market economy, and privatization began to affect the fishing sector also, causing considerable uncertainty and confusion on the local level.

5.3 Maintenance of everyday life

One purpose of the logic of socialism was to create welfare in the country, in other words to ensure the reproduction of the labour force. However, unable to implement this by itself, it operated in parallel with another mode of production, which is referred to as the maintenance of everyday life in this study (cf. Roos 1985:63-6). The maintenance of everyday life means a certain family-related self-reliance among the individuals within the community. Although everyday life is not an aspect of production, the wage work, its general environment is determined by the logic of socialism (cf. Gordon *et al.* 1982).

The maintenance of everyday life had to be flexible and accommodating because the structure of the logic of socialism was changing. The relationship between the two modes of production, the logic of socialism and the maintenance of everyday life, has changed as a result of the continuous process of restructuring. This study can, however, only assess the research period and the recent history of the case villages.

During the logic of socialism, the management of everyday life in the rural villages of northwestern Russia has been safeguarded through small private but productive garden plots and small-scale livestock rearing. Nevertheless, even this mode of independent private production has been curbed by the logic of socialism in different ways at different times (cf. Lerman *et al.* 1994). It was felt that if the plots were large, the workers would spend too much time and effort cultivating their gardens; therefore the size of the plots was reduced. Also, the number of livestock was restricted, and feed for cattle had to be gathered from poor quality meadows or surplus *kolkhoz* land. In the 1980s, these restrictions were eased when it was recognized how important and productive the small plots were. As a result of the easements and the collapse of services in the rural areas, small-scale cultivation increased and its role in the maintenance of everyday life became more important than ever. In the case villages, every household had gardening plots (cf. Varis 1994a:49-53). The increased importance of the plot

cultivation has strengthened the role of Virma as a summer village for the town dwellers. In Gridino, private plots add to the everyday life of households while the fishing *kolkhoz*, the source of salaries, is struggling with restructuring.

People's own initiative and resourcefulness are important in the maintenance of everyday life. In the case villages, fish and other natural products of the land have supplemented incomes. Almost all the energy and labour of the ordinary people are spent solely on plot gardening and harvesting the gifts of the land because they supply the daily needs of the villagers and their close relatives. Therefore, partaking in the production unit's activities is getting far less attention.

5.4 The new market economy

In the last few years, a third mode of production articulating into the local economy and replacing the logic of socialism can be recognized. In this study, it is called the *new market economy*, which is the collapse of the structures of the former socialist economy and the emergence of a new one. During this phase, the new market economy has features from the old logic of socialism structures, like laws or bureaucracy, which are slowly being replaced by the new ones of a market economy.

At the time of the research, the new market economy was emerging and the accompanying privatization was taking place also in the fishing sector.¹⁵ In Sevryba, privatization was based on vouchers, which enabled the workers of the production complex to invest their vouchers in shares of the company, thus becoming owners (cf. Kalmi 1995:37-8). Naturally, privatization caused all kinds of problems, the least of which is the difficulty of the workers – and even more so of the management – to adapt to an entrepreneurial mentality (cf. Baerenholdt 1995:28-9).

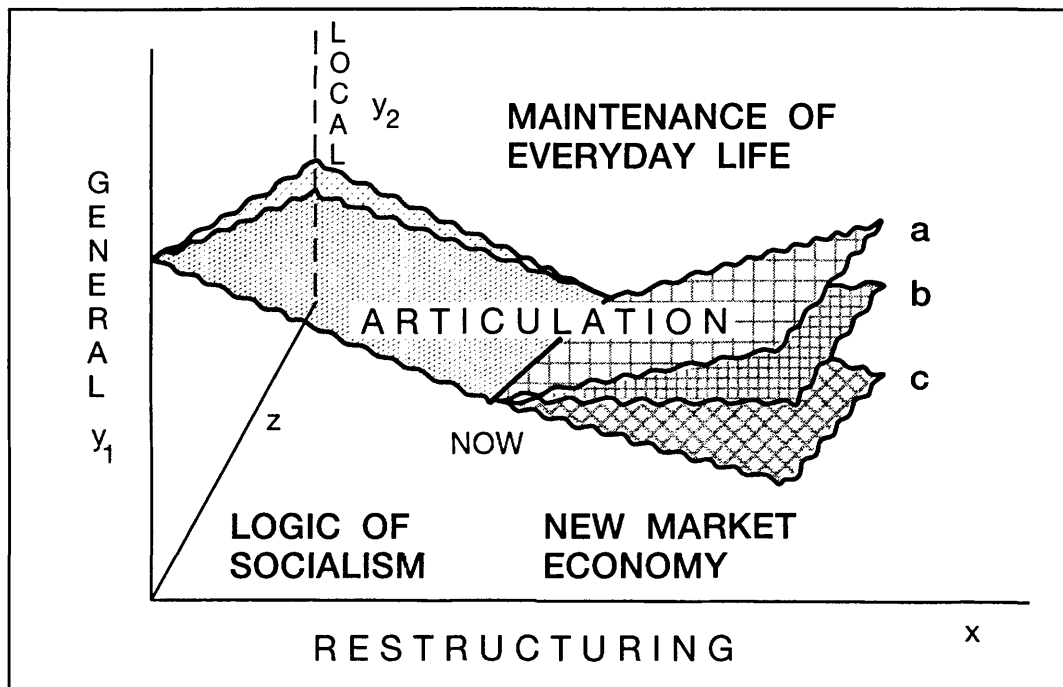
The privatization of the production unit affected fundamentally the activity of the Gridino fishing *kolkhoz* at the local level. Working methods as well as the management and control mechanisms of many generations changed almost overnight. Among the older inhabitants who make up the majority of the village, this caused considerable insecurity, and privatization was not necessarily understood or accepted (cf. Varis 1994a:59-61). The uncertain circumstances encouraged those who wanted to exploit the situation or to take advantage of it, resulting in the failure of the fundamental ideology of privatization – sharing the means of production equally. On the other hand, especially the young considered privatization to be a good scheme because it encouraged entrepreneurial activity. On the local level, the birth of the market economy manifested itself in changes in the production system, thus affecting Virma less than Gridino. Virma has evolved into a summer village to which the transition introduced consumer goods but also higher prices.

¹⁵ The Danish geographer Joergen Ole Baerenholdt studied the Sevryba *kolkhozes* in autumn 1994. According to him, most of the *kolkhozes* have remained as *kolkhozes* (cf. Baerenholdt 1995:9-11). No detailed data about the future of the *kolkhoz* of Gridino are available after the empirical study was made by the author.

5.5 The elements of socio-economic restructuring

The development of localities and regions is not an one-sided process, determined by social structure. The unique historical development of each locality with its special features and functions is an essential factor affecting local development. The logic of socialism had determined a certain productive role for localities based on their own natural resources and at the local level, this evolution has led to different routes of development.

FIGURE 7
THE ELEMENTS OF SOCIO-ECONOMIC RESTRUCTURING IN EX-SOCIALIST SYSTEM



The elements of socio-economic restructuring, as regards this study, are graphically abstracted in Figure 7. Social restructuring (x-axis) is continuous, causing effect through spatial process (z-axis). Localities (y_2 -axis) have faced varying developments, and different modes of production have been affected spatially. At the general level (y_1 -axis), the restructuring of the logic of socialism has led to the new market economy. The relationship between the logic of socialism and the maintenance of everyday life has differed at various times. The relationship can be viewed as 'articulation'.

From the viewpoint of locality, the different alternatives of articulation for the future are represented by *a*, *b* and *c*. Alternative *a* would mean strengthening of the new

market economy in relation to the share of the maintenance of everyday life. Alternative *b* would denote almost a steady state of the present relationship between the maintenance of everyday life and the new market economy. In this alternative, the role of the general economic progress would strengthen only gradually. Alternative *c* would indicate mainly social chaos, where the proportion of the maintenance of everyday life would increase and the proportion of the new market economy would decline.

The alternatives *a*, *b* and *c* can be seen also from a general viewpoint as scenarios for the future development. In that case scenario *a*, the one of fast economic changes, assumes that the transformation to a market economy continues within the Russian Federation. This will lead to political stability, provided that the economic reforms continue and the decline in production slows down and stops. In scenario *b*, the one of moderate development, the reformation of economic life continues based on unstable politics and the market relations develop slowly but inconsistently. With scenario *c*, the one of economic depression, the reformation of the economy is retarded and the society slowly returns to a centralized economic administration. The transformation to a market economy stops and privatization decreases (cf. Nemkovich 1993). At the moment, the political stabilization of the Russian Federation does not appear likely in the near future. On the other hand, the transition of the society system is progressing at such a fast rate that it cannot be held back. Therefore, scenario *b* seems to be the most probable one.

VI CONCLUSIONS

In this study, the rural restructuring process of northwestern Russia has been analysed through the development of the case villages where development has been affected by the general social processes and local conditions. Social decision-making has been based on the principles of a centrally-planned society, which has been called the *logic of socialism* to distinguish it from the Western system. The logic of socialism has extended to even the most peripheral villages. The most important factor of each place has been its productive task, its position in the spatial division of labour. Restructuring has occurred everywhere irrespective of local resources.

Specific local features have been the decisive elements in establishing the production base. The case villages of Virma and Gridino were based on fishing production which has always been natural and typical in villages by the sea.¹⁶ The case villages are situated in the operational area of the company responsible for fishing in the northern area and it also has directed the production development in the villages.

The fishing industry has undergone fierce restructuring, as proven by this study. However, the reorganization in Gridino hints at the significance of its preservation as a part of the fishing industry of the northern areas. Fishing is, nevertheless, important in the maintenance of everyday life that has become self-sufficient through the exploitation of natural resources.

The development of rural areas within Karelia has been influenced by general decision-making and interests which aimed for economic efficiency. The same policy and principles were applied to the entire countryside irrespective of the specific local features of a village. The determining factor for each locality has been the production sector decisions according to the logic of socialism. One can, therefore, talk about the spatial restructuring of socialism, because the process overlapped every area and level of society. The Russian society itself is undergoing transition, and the old society system is being replaced with a new one. At the local level, restructuring may have been very different, as with the case villages. Consequently, local level interpretations are important because they show that certain social processes, such as political decisions, do not influence all places in the similar way.

As a consequence of restructuring, the countryside now has new functions. The share of the maintenance of everyday life has grown to supplement the mode of the production dictated by the logic of socialism. A change, which is based on individual needs, is currently evolving in the villages. The state can no longer meet its responsibilities for organized food support and the significance of private gardening has increased. Within this study, this concept is explained as the maintenance of everyday

¹⁶ Principally, the production in the rural areas of Karelia has been based on forestry which is supported by agriculture.

life adapting to the restructuring of the society. People are forced to become self-sufficient, because commodities, when available, are so expensive that pensioners, for instance, can no longer buy anything more than just the most essential food products.

In the analysis of restructuring, details of the effect of general decision-making on the development of rural Karelia have been outlined. Essential to the process is the continuance of the transition. Privatization processes and the transition towards a new market economy, which are progressing at a fast rate, will have considerable influence within the near future, but the consequences can only be estimated. The economic crisis and unfamiliarity with private ownership make the transition a long and hard process, since society structures do not change that quickly.

Creating a new society system out of the remains of a former one is a difficult task. The aim is, however, to transform the society to a market economy. The changes in the society structure, legislation, social policy system and thoughts of man are slow processes. There are many reasons to ask whether Russia is really developing into a market economy, or maybe to some other kind of system of society. At the time the study was carried out, there were no markets in existence in the remote villages, and trade was mainly based on a system of barter. The poor condition of the Russian economy has caused concern in the West, and there have been fears of its total collapse. This, however, has not happened. So it can be assumed that the Russian economy, and earlier that of the Soviet Union, must have built-in structures which have helped it to adapt to a quickly changing environment. This has also been the case in Karelia. The new system is looking for its form and appears to be establishing a Russian model of a market economy, or, as named in this study, *the new market economy*.

Rural areas of northwestern Russia, as recognized in the development of Virma and Gridino, has undergone intense restructuring. Although effective transition is in progress, it would appear that mass-migration from countryside to towns no longer takes place. Neither is mass-migration of permanent inhabitants to the countryside expected because of the lack of work and poor road links.

The inhabitants of rural areas are mainly elderly, so a change in the role of rural villages in the future is likely. The communities that have lost their former productive bases are becoming summer villages. Those villages located near towns, may perhaps attract new summer residents who will build or buy their own *dachas*. The villages that have retained their productive position will have to adapt to the change in the social system. The decisive factor will be how quickly, and by which means, privatization will succeed.

Common people are nowadays living in uncertainty in the rural areas. Even the most remote rural localities are touched by social change, but recently the changes have not brought anything good. Maintaining everyday life requires all one's total energy to fight for one's daily bread. Inflation-mangled wages and pensions are too low; therefore livelihood has to be based on self-sufficiency. Instead of understanding privatization or political changes, a common rural inhabitant is more interested in whether the potato

harvest is adequate, or where he can get hay for the cattle, so that the family can be fed in the coming winter.

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