

COMPETITION AND MARKET: SWEDISH VIEWS ON ESTONIA'S AGRICULTURAL DEVELOPMENT AND BUTTER EXPORT 1918–39

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This article gives some views on interwar Estonia's butter export development from a Swedish perspective. The main questions concern whether the Swedish views underwent any changes during the period, and if so – how these changes were visible. Estonia's relatively successful export performance on the markets in London and Berlin is suggested to have affected the opinions. Sweden wanted to expand on the Baltic agricultural machinery market and in this regard the yearly reports and messages of the Swedish Agricultural Attaché in Riga reveal some interesting views.

INTRODUCTION

In Estonian historiography the peasantry has been regarded as the driving force in the build-up of a national consciousness. Rural conditions, land issues and the long-lived feudal subjugation to foreign masters since the 13th century have been thoroughly studied.² Agricultural issues thus seem to be well covered and integrated in most Estonian historical works. In Sweden, relations with the Baltic countries and agricultural issues have been explored from various perspectives. *Studia Baltica Stockholmiensia* has published a number of relevant articles throughout the years, e.g. Nordlund (1994)³, who concentrated on the

¹ The author would like to thank *Borgerskapets Fond för Geriatrik och Ekonomi* and *The Swedish Institute* for benevolent financial support that has enabled research in Stockholm and Tallinn.

² See **Kahk, J.** Historical roots. – In: *Barons and Farmers. Continuity and Transformation in Rural Estonia (1816–1994)*. Eds. Abrams, R. & Kahk, J. University of Gothenburg, Göteborg, 1944, pp. 9ff.

³ **Nordlund, S.** Temporary partners or permanent connections? Scandinavian responses to the Baltic-State markets, 1918–1940. – In: *Emancipation and Interdependence. The Baltic States as New Entities in the International Economy, 1918–40*. SBS, 1994, 13, 213–260.

development of Scandinavian–Baltic trade. In a previous study, Nordlund (1992) had focused on the Swedish relief credits.⁴ Specific agricultural issues have been thoroughly studied by Köll (1994)⁵, foremost focusing on the Estonian interwar land reform (1919–26), the growth of co-operative associations and butter export performance. In a recent anthology from Finland, edited by K. Hovi (1998)⁶, a wider perspective on the Nordic–Baltic relations during the 20th century is applied. This contains contributions from Finnish, Danish and Swedish scholars.

The aim of this essay is to give a survey of Swedish views on interwar Estonia's agricultural export orientation, foremost from the perspective of butter export. The primary question concerns how Sweden judged and interpreted Estonia's export orientation and market development. Another question is related to the first: to what extent did these views undergo changes? It is reasonable to assume that competition from the Baltic States created a somewhat dual attitude, not only in Sweden, but also in the other Nordic countries since they were exporters of similar products. To the Danish producers, Estonian or Baltic products hardly constituted any threat. But Sweden and Finland might have interpreted the marginal export shares conquered by the Baltic butter and meat exporters differently. In this paper, however, only the Swedish views are discussed. Yet, Estonia will in some regards be compared to its contemporary Baltic Sea competitors: Denmark, Sweden, Finland, Latvia and Lithuania. In essence, the years 1924–38 are suggested having been of most importance for the study. Despite the fact that the growth of agricultural co-operative associations and the implementation of a radical land reform were contributing forces to Estonia's export development, this is only briefly elucidated in this essay. The same is true for most of the political development.

W. SILFVERHJELM AND THE SWEDISH VIEWS

In September 1924 Kungliga Lantbruksstyrelsen (the Royal Agricultural Administration Board in Sweden) employed Emil Fredrik Waldemar Silfverhjelm

⁴ Nordlund, S. Who helped who? The international relief credit programme after the First World War. The case of Sweden and the Baltic countries. – In: *The Politics of Transition in the Baltic States. Collection of Papers from the Pärnu Seminar 16–19 January 1992*. Eds. Dellenbrandt, J.-Å. et al. Institute of Political Science, University of Aarhus, 1992.

⁵ Köll, A. M. *Peasants on the World Market. Agricultural Experience of Independent Estonia 1919–1939*. Almqvist & Wiksell International, Stockholm, 1994.

⁶ See for instance Köll, A. M. Marginal markets and friendly peoples. – In: *Relations Between the Nordic Countries and the Baltic Nations in the XX Century*. Ed. Hovi, K. *Publications of the Institute of History*, 15, University of Turku, 1998, pp. 53–80.

as Agricultural Consultant over the three Baltic States and Poland.⁷ Three years later he was appointed Agricultural Attaché at the Swedish Consulate in Riga where he stayed until he retired in 1939. As an official he had thus served for 15 years within an administrative realm that covered Estonia, Latvia, Lithuania and Poland. However, his experiences of the region went back to 1897 when he, as a rather fresh dairy consultant, began to work in the Baltic States.⁸ By following the yearly reports and messages that he sent, foremost to the Department of Foreign Affairs in Stockholm, interesting opinions on the state of Baltic agriculture, export development, market situation and internal affairs can be traced. Judging by his reports, Silfverhjelm seemed to have been well aware of the international division of labour. In spite of the relatively large production of milk, meat, and cereals in the region and the non-complementary character of goods in trade he believed in a continued exchange with the Baltic States.

Silfverhjelm had two primary missions: to improve the level of production and quality within the region and to facilitate the export of Swedish breeding stock, seed and agricultural machinery.⁹ He thus delivered information to the governmental authorities, i.e. the Foreign Department in Stockholm and as he was the extended eyes and instrument of the government he supplied information for the decision-making body in the form of convincing arguments, opinions and figures. Occasionally, however, his twofold missions may have appeared as a contradiction, especially regarding the insecure relations in trade and the severe international competition that characterised the interwar period. From the latter part of the 1920s processed milk and meat from the Baltic States also evidently competed with Swedish products on the German and British markets. Further, agricultural production was facing overproduction and increased overseas competition. Since interwar trade agreements had a short-term duration and

⁷ In the 18th century a Swedish consulate was established in Riga and for a short period during the 19th century an office existed in Tallinn as well. Formal diplomatic contacts with the Baltic States were, however, not established until independence. In 1921 Tallinn was chosen as a joint centre for the Swedish missions in the Baltic States. However, within six months, perhaps due to its geographical location, Riga was regarded as a better choice as the recognition of Lithuania was expected to be made by Sweden. See **Carlgren, W. M.** *Sverige och Baltikum. Från mellankrigstid till efterkrigsår. En översikt*. Publica, Stockholm, 1993, pp. 17 & 22–24.

⁸ Silfverhjelm got his first degree at the Agricultural Institute in Alnarp, Sweden, in 1895. A year later he took another degree specialising in dairy production and from 1897 to 1907 Silfverhjelm worked as a consultant for a Baltic dairy organisation. Thereafter he and his brother-in-law began to sell Swedish agricultural machinery and seeds on the Russian market. For a few years they had in addition an information service, education and marketing of Swedish breeding stock at the manor Dammenhof in Riga. But due to World War I and the inflation of the rouble all assets were lost. Silfverhjelm then went back to Sweden for a period of eight years working for a Swedish farmers' economic association in the County of Värmland until 1924 when he returned to Riga (UD:s arkiv, dossier P1, Silfverhjelm, E. F. W. Utdrag ur tjänstematrikel).

⁹ UD:s arkiv, 1920 års dossiersystem, H 72, Riksarkivet (RA) Stockholm. Silfverhjelm, W. *Ångående åtgärder för främjande av svenska lanbruksalsters avsättning i de baltiska staterna, skrivelse 129, 1929*, pp. 1–2.

agricultural products were exposed to strong price fluctuations, countries advancing by exporting from their primary sector thus experienced quick shifts in their foreign trade. Among Swedish politicians and investors there was a cautious and hesitant attitude, which was linked to uncertainty concerning the economic and political future of the Estonian market. Of far more importance was the future of Finland.¹⁰

When Silfverhjelm had been in office for a few years it was obvious that his judgements on the state of Baltic agriculture were somewhat mixed. On the one hand, he felt dejected due to the hardships of implementing new and scientifically composed methods in breeding and cultivation. Even though he had discovered some interest in applying methods that were appreciated in Sweden this interest was mainly to be found among what he called “practical farmers”. Influential people in leading positions, he meant, did not understand the importance of improved exterior status and production quality.¹¹ On the other hand, his fear might have been a sign of the times. During a few years Sweden had increased the import of Estonian meat and according to Silfverhjelm these products were certainly cheap, but of inferior origin.¹²

According to Nordlund, Sweden and Denmark basically looked upon the Baltic market as marginal – or as a temporary substitute.¹³ Between 1922 and 1923 Swedish goods only contributed 1 per cent of the total value of Estonian import, while the corresponding figure for German goods was 57 per cent.¹⁴ Sweden was interested in selling from its diversified production of industrial capital goods and Denmark was highly dependent on its agricultural export to Great Britain. But due to the composition of Baltic export neither Sweden nor Denmark had any stronger confidence in a large exchange under these conditions. Still, in retrospect, the judgements that were made on the Estonian development were somewhat dual.

Despite the non-complementary character of goods in trade, the Baltic market was of major importance for some individual Scandinavian enterprises, e.g.

¹⁰ See Larsson, U. *Svensk socialdemokrati och Baltikum under mellankrigstiden*. – SBS, 1996, 17, 89–90 and Nordlund, S. *Temporary partners*, p. 292.

¹¹ UD:s arkiv, 1920 års dossiersystem, H 72, RA Stockholm, Lantbruksattachérapporter. Silfverhjelm, W. Bilaga till beskickningens i Reval, skrivelse 70, 1927.

¹² Silfverhjelm wrote in 1927 to the Ministry of Foreign Affairs about his fear of the increased import of Estonian meat: “For the Swedish farmer it is, however, not indifferent if the Swedish market from time to time is submerged by emaciated animals sold at a loss. In Sweden years of competent work, which have been costly for both the government and for individuals, have brought forth more resistant and healthy animals. It would be fatal if these achievements were to be jeopardised by competition with foreign inferior meat products and emaciated cows, which do not correspond to the requirements that are made on the Swedish farmers’ products.” Translation from the report by Silfverhjelm, W. Bilaga till beskickningens i Reval. UD:s arkiv, 1920 års dossiersystem, H 72, RA Stockholm, skrivelse 70, 1927.

¹³ Nordlund, S. *Temporary partners*, p. 243.

¹⁴ See *Svensk Export*, 1923, August, 740, p. 187.

producers of agricultural machinery, and throughout the interwar period Estonia withheld the position as Sweden's major Baltic export market.¹⁵ This trade, foremost based on Swedish industrial goods and agricultural machinery, was helped by the so-called relief credits that were offered after independence. These long-term credits were therefore necessary, due to the importers' incapacity of paying, non-convertible currency and the trade deficit regarding Sweden.¹⁶ Danish ambitions of a similar strategy were revealed but never fully realised. But due to the size of the Estonian economy imports from Sweden only accounted for 4.1 per cent of the total Estonian import in 1924 and 8.2 per cent in 1938. Corresponding figures for Estonia's total export to Sweden were 5.2 per cent in 1924 and 4.3 per cent in 1938.¹⁷

PRECONDITIONS FOR EXPORT ORIENTATION AND INFLUENCES FROM THE NORDIC SPHERE

The export-orientated agricultural production that became a cornerstone of interwar Estonia's relative success is a story of gradual development. The build-up of a national consciousness and struggle for land during the 1860s was followed by the growth of co-operative associations during the late 19th century and crowned with the implementation of a radical land reform (1919–26). This contributed to an overall social revolution, which became the point of departure for a Scandinavian inspired farming system, based on a mixture of free market and co-operative farming.¹⁸ However, in the eyes of the policy makers, the inherited large-scale Russian industrial sector still constituted the initial hope for national economic recovery at the time of first independence.¹⁹ The agricultural sector was expected to contribute to industrial growth and agricultural policies were mainly concerning land reform issues.

¹⁵ Nordlund, S. Temporary partners, pp. 217–218 & 248.

¹⁶ The aim of these credits was to counteract an expected breakdown in East and Central Europe by supplying grant credit in the form of commodities. Initiatives to the foundation of the International Committee for Relief Credits, *ICRC*, came from the US and British governments. Except for Germany and Austria, most West European countries were asked to join the programme. The *ICRC* was not based solely on utilitarian principles. Expectation of a deep economic crisis and the Russian revolution raised doubts on the future of capitalistic development and trade. Besides, Eastern Europe was expected to be a growing long-term market. The participating countries could choose where to direct commodity credits and Sweden chose Estonia. But for several reasons the relief credits were not used until 1927. See Nordlund, S. Who helped who?, pp. 290–291 & 294.

¹⁷ Nordlund, S. Temporary partners, pp. 217–218.

¹⁸ Hope, N. Interwar statehood: Symbol and reality. – In: *The Baltic States. The National Self-Determination of Estonia, Latvia and Lithuania*. Ed. Smith, G. Macmillan, Houndmills, 1994, p. 48.

¹⁹ Köll, A. M. Marginal markets, pp. 32–34.

A transformed agrarian structure was, however, evident. When the co-operative organisations were given state support, from 1924 on, a triangular relation between the farmers, the government and the co-operatives was established. This constituted the backbone for the successful agricultural export orientation. Prior to independence the spontaneously developed co-operative export organisations were, however, a product of several factors.²⁰ Influences from Finland and Denmark and idealistic work by agricultural reformers like C. R. Jakobson, enhanced the importance of the work of co-operative associations.²¹ Two leading newspaper editors of peasant background and later politically opposed to each other, Jaan Tõnisson and Konstantin Päts, were influential from the late 1890s on. Their newspapers *Postimees* and *Teataja* gave impetus to nationalist and political aspirations, which could be seen as decisive for the continuing nationalist movement.²² The expansion of dairy production also led to the establishment of *P.K. Estonia* (The League of Estonian Dairies) in 1911. Via the export to Russia *P.K. Estonia* thus constituted an embryo for the export organisation it was to become after independence.²³ During the 1920s a rapid expansion in terms of admitted members and export took place. By 1920 dairy farming, flax and bacon had also become the chief source of income for the farmers.²⁴

Estonian butter export was organised by the peasants' organisations and in particular the co-operative dairies. Investment capital was first collected from the members of the co-operatives, but for investments into sophisticated machinery these resources were insufficient.²⁵ In 1924 the government's industrial policy evidently failed when industrial production proved unable to retake the pre-war

²⁰ During the 1870s competition from overseas grain producers had increased due to the improved transportation possibilities and organised marketing. When the railway to St. Petersburg connected major Estonian cities with the Russian market Estonian products could reach a densely populated area in which the demands for milk and meat products were increasing. Simultaneously, land sales on the estates were more frequent and freeholders were helped by the idealistic work performed by agricultural reformers. One of the most prominent, C. R. Jakobson, formulated a blueprint around 1880 that suggested a transition from the common cash crops such as flax and cereals towards more profitable – and suitable for family farming – dairy production. In this effort the co-operative associations and influences from the Nordic countries had a major role. **Köll, A. M.** *Peasants*, pp. 29–32.

²¹ **Teistre, U.** Agricultural education in Estonia in the beginning of the 20th century and the role of Finland. – In: *The Baltic Countries 1900–1914*. Ed. Loit, A. SBS, 1990, 5:2.

²² **Rauch, G. von.** *The Baltic States. The Years of Independence. Estonia, Latvia and Lithuania 1917–40*. C. Hurst & Company, London, pp. 10–11.

²³ The aim of this Agricultural Central Organisation was to promote the export of dairy products. As the years went by *Estonia* supplied consultants, advisors and controllers for the co-operative dairies and their dedicated work encouraged the shift towards dairy farming. See *Kooperatören, Tidskrift för Kooperativa Förbundet*, 1925, 12, 299–300.

²⁴ *Agricultural Central Organisation. Estonia*. Tallinn, 1935, pp. 3–6.

²⁵ **Köll, A. M.** *Peasants*, pp. 68–69.

production volumes. This was due to structural factors such as the cut-off from the Russian market and war damages, which forced the government to initiate a shift in the support to the agricultural sector.²⁶ From now on economic recovery was to be based on export-oriented dairy production. A policy of *Denmarkization*²⁷ was applied, based on the government's belief in both the efficiency and the role of family farms. By supplying investment credits for quality and technical improvements to the farmers co-operative associations' export orientation was facilitated and in 1924 butter export became the most important factor for redressing a negative balance of trade. According to Köll, the interesting aspect in this development was, however, that 'this policy seems to have been accepted first when industrial policies had failed, and secondly after the export success of butter had redressed the balance of trade'.²⁸ The government's concern of agriculture was directed towards improvements on various levels like technical improvements and means of facilitating maintenance of machinery.²⁹ However, the Estonian parliamentary political situation was not characterised by stability. Major political matters were connected to disputes concerning the range of governmental intervention in the development of agriculture.³⁰

Co-operative efforts put on quality improvements, feed consulting and breeding were conducive to milk production. On average, milk production per cow in controlled herds rose from 1256 kg in 1923/24 to 1950 kg in 1934/35. During the same period the number of cows increased from 320 000 to 407 000.³¹ Between 1921 and 1927 the number of controlled herds rose from 1.6 per cent out

²⁶ See Köll, A. M. Economic policy and industrial development 1919–34. – In: *Economic Nationalism and Industrial Growth. State and Industry in Estonia 1934–39*. Eds. Köll, A. M. & Valge, J. SBS, 19, Almqvist & Wiksell International, Stockholm, 1998, pp. 32–34.

²⁷ After the war with Germany in 1864 Denmark had lost its southern territories and faced with the crisis of the 1870s even lost its competitiveness in grain production. This meant that a structural change was necessary. However, in contrast to the large forests and mineral reserves in other Nordic countries, Denmark had a *one-sided resource endowment* that supplied no alternative to agricultural production. Thus, the structural shift was to be made within the realm of the vast farming lands. Animal production became a cornerstone of a new export industry in which processed milk and meat products had a major role. See Senghaas, D. *The European Experience: A Historical Critique of Development Theory*. Berg Publishers, New Hampshire, 1985, p. 82f.

²⁸ Köll, A. M. *Peasants*, p. 59 & quotation on p. 70.

²⁹ In 1927 the parliament was suggested to accept a law which would imply the establishment of a control station for the imported agricultural machinery. The aim was to reduce the numbers of manufacturers in order to increase quality and advantages of scale. Thus, importers were obliged to investigate and control their goods before allowing any sales. See *Svensk Export*, 1927, October, 850, p. 217.

³⁰ Arjakas, K. Political situation in Estonian agriculture 1918–1940. – In: *Mis saab Eesti maast? Eesti Agraarökonoomistide Assotsiatsioon*, Tallinn, 1997, p. 45.

³¹ *Agricultural Central Organisation*, p. 4.

of the total to 9.1 per cent.³² The radical land reform (1919–26) implied not only the establishment of a large group of small and medium-sized farms (with an average size of 24 hectares), but also increased areas under cultivation. A higher rate of utility per land unit further reduced the area under fallow. This reduction was most significant among the small and medium-sized farms of up to 30 hectares. Between 1919 and 1939 the fallow areas fell from 26.8 to 11.1 per cent.³³ Due to the increased protectionism during the late 1920s and the 1930s, which put severe restrictions on trade and reduced world market prices, the extended land was used for feed and food grain cultivation.

THE DEVELOPMENT OF EXPORT 1923–38

Estonia's post-war recovery must be seen in relation to the vulnerable situation that was caused by the fluctuations in prices of agricultural products during the 1920s. Agricultural products were also the first to suffer during the economic depression of 1929–34.

Table 1 shows the distribution of Estonia's exports in 1923–38. The share of agricultural export increased up to 1927 and held its relative position until 1932/33. But the world market price for the most important export product – butter – started to fall in 1928 and by the end of 1933 it had declined by 50 per cent. This meant that the share of butter export in the total export value fell from 37 to 17 per cent between 1929 and 1934.³⁴

In terms of nominal export values the pre-crisis years 1927–29 were relatively good (see Table 2). A sharp decline followed during the 1930s. The fall in the price paid for milk, meat and cereals combined with increased agricultural duties levied by most countries during the depression affected both the amounts and values of exports. By comparing import and export figures we can see that the increased export of agricultural products contributed to a positive balance of trade during half of the period 1923–38. By 1939 the total export and import values were 118.2 and 101.4 million Estonian kroon (EEK), respectively. Thus, with

³² Kungliga Lantbruksstyrelsen. Administrativa byrån, 1929, EIV:b 237, RA Stockholm. Silfverhjelm, W. Berättelse från Jordbruksattachén i Riga 1928.

³³ From 1919 to 1939 the total area used for grain cultivation increased by almost 30 per cent, from 454,195 to 590,044 hectares. This included food grain, which went up by 43 per cent during the same period. The increase in feed grain was more modest. Field hay also had a considerable expansion. In order to make Estonia self-sufficient in grain production, the structural change thus implied that grain cultivation increased at the expense of other crops and land under fallow. However, due to fodder shortages in the 1930s the number of livestock had to be cut, which reduced potential butter export. See *Konjunktuur*, 1940, March–April, 64/65, pp. 147 & 230.

³⁴ Köll, A. M. *Peasants*, pp. 92–93.

Table 1. Estonia's exports 1923–38. Type of goods and distribution (%)

	1923	1924	1925	1926	1927	1928	1929	1930
Agriculture	39.8	44.5	45.0	46.8	49.6	46.1	47.1	45.0
Raw materials and manufacturing	41.1	38.5	41.9	38.6	36.3	35.4	38.4	43.6
Timber	18.8	16.5	12.5	13.8	13.2	16.9	12.5	9.9
Other	0.3	0.5	0.6	0.8	0.9	1.6	2.0	1.5
Total %	100	100	100	100	100	100	100	100

	1931	1932	1933	1934	1935	1936	1937	1938
Agriculture	51.6	54.5	45.2	38.7	49.6	52.2	46.1	52.3
Raw materials and manufacturing	38.4	37.8	40.8	41.3	38.1	36.5	37.7	36.9
Timber	8.0	5.6	12.0	18.4	10.7	9.4	14.5	8.6
Other	2.0	2.1	2.0	1.6	1.6	1.9	1.7	2.2
Total %	100	100	100	100	100	100	100	100

Source: **Ahde, P. & Rajasalu, T.** *On the Economic Structure of Estonia and Finland Before the 1990s*. ETLA, No. 422. Helsinki, 1992; *Eesti majandus. Vihk XXI: Väliskaubandus 1938. a.*, p. 7; **Pihlamägi, M.** Integration of Estonia into the European economic system in the 1920s and 1990s. Forthcoming in Falk, P. & Krantz, O. (eds.). *Transformation and Integration in the Baltic Sea Area and the Barents Area*.

Table 2. Estonia's exports and imports 1923–38 (in current prices, mill. EEK)

	1923	1924	1925	1926	1927	1928	1929	1930
Total export value	61.8	75.3	96.6	96.2	105.8	127.1	117.5	96.4
Total import value	101.0	78.5	96.5	95.6	96.4	131.4	123.0	98.4
Agricultural export value	–	33.5	43.4	45.0	52.5	58.6	55.4	43.4

	1931	1932	1933	1934	1935	1936	1937	1938
Total export value	71.1	42.6	45.6	69.0	80.1	82.2	106.0	103.9
Total import value	61.2	36.9	39.0	55.3	68.8	86.8	111.1	107.2
Agricultural export value	36.7	23.1	20.6	26.7	39.7	43.4	48.8	54.3

Source: **Ahde, P. & Rajasalu, T.** *On the Economic Structure of Estonia and Finland Before the 1990s*. ETLA, No. 422. Helsinki, 1992; *Eesti majandus. Vihk XXI: Väliskaubandus 1938. a.*, p. 7.

regard to balance of trade the recovery was close to retake the nominal pre-crisis export value of 1928.³⁵

In 1931 export losses were evident when Estonia's most important export market, Britain, abandoned the gold standard and its free trade policy. Estonia followed Britain's decision in 1932, which in fact meant a devaluation of 35 per cent. Thereby, terms of trade with Britain were in balance, but with Germany – still relying on the gold standard – the measure gave a drastic improvement due to the cheap Estonian products. In order to counteract the inflow of goods Germany imposed tariff and quota restrictions, which led to a reduction in the import of Estonian butter from 9000 to 3500 tons between 1930 and 1933. This setback forced the government in Tallinn to restrain imports and make attempts of increasing the export quantities by entering new markets like Belgium. Trade was from now on dependent on the bilateral trade agreements based on inter-governmental contracts, which implied that export producers had to co-operate with central state authorities.³⁶

In 1932 Estonia held inter-governmental negotiations with Belgium, which had imported 184 tons of Estonian butter in 1930. This import had increased to 1467 tons in 1931 and was expected to rise during the forthcoming years as Estonia was about to import a large amount of fertilisers from Belgium. However, there were problems that needed to be solved: the long transportation (10 to 11 days), irregular supply, and deviations in price paid per unit due to the fact that Britain offered cheaper Estonian butter via second-hand trade, which affected prices in a negative way.³⁷ Sweden was affected by these inter-governmental agreements as well. Until 1931 Sweden had held the position of the major exporter of mowers and combines to Estonia, amounting to 1/3 of the total machinery import.³⁸ But from then on the major buyers of Estonian butter and meat, Britain and Germany, were given larger market shares.

JUDGEMENTS ON BUTTER EXPORT QUALITY AND COMPETITION FROM ABROAD

Denmark was the major exporter of butter to Britain and during the first post-war years its share increased steadily. Thanks to the growing demand from other

³⁵ Ahde, P. & Rajasalu, T. *On the Economic Structure of Estonia and Finland Before the 1990s*. ETLA, No. 422. Helsinki, 1992, p. 91.

³⁶ Köll, A. M. *Peasants*, pp. 90–93.

³⁷ UD:s 1920 års dossiersystem H 72, RA Stockholm. Silfverhjelm, W. Estlands åtgärder för beredande av nya avsättningsmöjligheter för mejerismör, skrivelse 338, 1932.

³⁸ Kungliga Lantbruksstyrelsen. Administrativa byrån. EIV:b 267, RA Stockholm. Sammandrag av rapporten över lantbrukets ekonomiska läge i de baltiska staterna och Polen under 1932.

parts of Europe and the US combined with the sensitiveness for consumer preferences a high price could also be upheld. In 1925 Danish butter was paid 40–50 shillings more than its New Zealand counterpart, indicating that preferences among British consumers were based on quality and brands. This was not irrelevant information for the Estonian producers who wanted to increase their share on the British market.³⁹ However, as the consumption of butter was dependent on the level of incomes among the large British and German working class it was also sensitive to changes in prices.

In comparison with Denmark, which had retaken its pre-war levels of butter export to Britain in 1924, Sweden was far from this achievement (see Table 3). This may have been due to less Swedish butter production as a whole, but obviously it was also a result of both competition and marketing. One explanation pointed to the irregular supply and the mixed quality of Swedish butter. Another explanation pointed to problems of marketing. British shops did not sell the butter as a Swedish brand. Rather it was included under names such as "Colonial Butter" or "Best Butter" and so forth.⁴⁰ On the German import market Swedish butter was treated in a similar way.

Estonian butter also had problems of irregular supply and irregular quality. Efforts to increase the Estonian share on the British market met some hindrances.

Table 3. British import of butter from selected countries 1913–28 in cwt (50.8 kg)

Year	Sweden	Denmark	Finland	Estonia	Latvia
1913	335 014	1 618 048	*	*	*
1922	16 554	1 423 796	117 274	3 201	5 886
1923	39 202	1 837 941	116 076	8 710	86 013
1924	57 654	1 734 134	134 919	22 335	32 251
1925	*	*	*	*	*
1926/27	182 679	1 924 380	196 968	*	42 519
1927/28	160 675	1 943 759	196 023	68 503	45 000

Figures for the years 1926–28 are based on financial years; computations from tons into cwt.

* No figures found.

Source: Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 212, RA Stockholm. Berättelser från Sveriges Lantbrukskonsulent i England, 1 juli 1924 – 30 juni 1925; EIV:b 237. Berättelser från Sveriges Lantbruksattaché i London, 1 juli 1927 – 30 juni 1928.

³⁹ Kungliga Lantbruksstyrelsen. Administrativa byrån. EIV:b 212, RA Stockholm. Berättelser från Sveriges Lantbrukskonsulent i England, 1 juli 1924 – 30 juni 1925, pp. 8f.

⁴⁰ *Ibid.*, pp. 16–20.

Problems of quality were foremost due to the long route of transportation, which meant that the price paid per cwt fluctuated between 166 and 220 shillings.⁴¹

In 1924 the total Estonian butter export amounted to 60 196 cwt. Thus more than 1/3 went to the British market (see Table 3). By 1925 the total export had more than doubled to 124 174 cwt. This was accompanied by an increase in the export of both bacon and smoked meat. Yet, butter and eggs were the major export articles. In 1925, Germany and Britain received 81 and 15 per cent of the total Estonian butter export respectively.

From Table 3 we can conclude that Danish butter held a strong position on the British market, increasing steadily in 1926–28. In 1928 butter export to the British market made up about 2/3 of the total Danish export. In terms of quality, Danish butter also retained a relatively high price of 7 shillings more per cwt than Swedish butter. The deviation from the major overseas competitors was 13–20 shillings per cwt. The amount of butter exported from Russian Siberia, which could be regarded as an Estonian competitor as well, was 1/3 of the Danish amount and here the difference in price paid per cwt was about 29 shillings. The foremost reason for fluctuations in prices was seasonal, especially due to the inflow of overseas butter. The relative decline for Latvian butter export to Britain was followed by a corresponding increase in the export to Germany, which also was an important market for Sweden. In 1928 Swedish total export of butter was divided equally between Germany and Britain. Despite the rising export figures for Estonian butter to Britain, Germany was still more important accounting for almost twice as much.⁴²

By 1929 Swedish butter accounted for about 8 per cent of the total German butter import, which was almost the same as the Latvian share. Danish and Dutch butter were outstanding in this regard, with market shares of 34 and 24 per cent, respectively. According to the Swedish Agricultural Attaché in Berlin at that time, G. Leufvén, Swedish butter was unfairly caught between the first class Danish produced and the lower class butter from Germany and the Baltics. Even though he meant that Swedish butter was on its way to become more appreciated, he admitted that the mixed quality from a number of different exporters constituted a hindrance to improvements. German butter importers demanded regular quotas but the seasonal and monthly variations in Swedish production

⁴¹ This made the Estonian exporters to reconsider an alternative export route via Helsinki to Hull, which was anticipated to take six days. German markets were also to become closer due to the introduction of cool freight between Tallinn and Stettin. Between 1924 and 1925 the Latvian export of butter and meat underwent a similar percentage increase as the Estonian did. But because of quality, Latvian butter was usually paid 10–15 shillings less. See Kungliga Lantbruksstyrelsen. Administrativa byrån. EIV:b 212, RA Stockholm. Berättelser huvudserier 1926, Sveriges Lantbrukskonsulent i Riga redogörelser för 1925 års verksamhet.

⁴² Kungliga Lantbruksstyrelsen. Administrativa byrån. EIV:b 237, RA Stockholm, Årsberättelse från Lantbruksattachén i London, 1 juli 1927 – 30 juni 1928.

caused severe shifts in exports. Another problem was that the Estonian, Latvian and Finnish butter, in fact, was about to become regarded as a high quality product. However, the economic depression was coming closer. Despite the 12 per cent decline in total German butter import, Sweden was the only country that actually increased its export in absolute figures during the first six months of 1930.⁴³

REACTIONS TO THE ECONOMIC CRISIS

The fall in the price paid for agricultural products during the deepening economic crisis in the late 1920s implied that many Estonian co-operative dairies experienced severe economic problems. Export incomes became insufficient to repay for loans and credits, which in many cases had been too large and calculated on a higher level of prices. When butter export revenues fell due to a lower world market price, agricultural producers searched for measures to counteract these effects. They became more engaged in domestic fodder production by increasing the areas of seed and increased the volume of butter for export. However, this strategy failed within a few years when quotas and licences replaced tariffs. In 1936 the value of agricultural production had fallen – despite an increase in production quantity of 10 per cent – to 62 per cent of the value in 1929. Indebtedness increased among most farmers during the first years of the 1930s.⁴⁴ To some extent this was a crisis for the whole co-operative movement. Not only agricultural co-operative associations were indebted, but also major companies like the Estonian Wholesale Society, *E.T.K.*, which owned a large number of consumer societies in the countryside. When the state bank withdrew their credits in 1927, this also affected many smaller associated societies.⁴⁵

The Estonian grain act of 11 July 1930 was enforced to reduce the import of rye. The act stipulated that all import of rye was to be handled by the state or by approved firms. To this was added that the amount of import was to be related to the purchased amount of Estonian rye.⁴⁶ Thus, farmers experienced restrictions on fodder imports, governmental support was given to grain growing and the domestic mining of phosphorus for fertilisers was increased. By this measure the state took a serious grip on foreign trade. Despite the increased yields for rye during the first years of the 1930s, shortages were visible in feed grain and hay. As neither butter nor milk was given subsidies, grain growing increased at the

⁴³ Kungliga Lantbruksstyrelsen. Administrativa byrån. EIV:b 251, RA Stockholm. Årsberättelse från Lantbruksattachén i Berlin för verksamhetsåret 1 juli 1929 – 30 juni 1930.

⁴⁴ See Köll, A. M. *Peasants*, pp. 91–94.

⁴⁵ *Svensk Export*, 1927, October, 848, p. 204.

⁴⁶ UD:s 1920 års dossiersystem, H 72, RA Stockholm. Silfverhjelm, W. Bilaga till beskickningen i Reval, skrivelse 224, 1930.

expense of dairy and livestock production. In 1930 the import of agricultural machinery was barely half of the figures of 1929.⁴⁷

During the 1930s Estonian butter export underwent some major changes. The export to Germany fell between 1930 and 1933 from 177 165 to 68 897 cwt due to German restrictions on butter import. The export to Britain fell drastically as well.⁴⁸ These decreases forced butter exporters to search for other markets. Even though figures for 1930 are absent in Table 4, the trend between 1932/33 and 1933/34 obviously indicated a lower export share for Estonia and Finland. Interesting is that Lithuania, which also had to turn away from its previous German dependence, increased its share on the British market.

Table 4. British import of butter from selected countries 1931–36 in cwt (50.8 kg)

Year	Sweden	Denmark	Finland	Estonia	Latvia	Lithuania
1931/32	211 733	2 466 070	254 071	125 384	39 532	39 555
1932/33	175 771	2 583 664	216 620	83 153	112 556	68 130
1933/34	226 777	2 519 126	133 811	83 361	146 121	104 259
1934/35	302 296	2 485 810	150 849	122 919	155 756	141 107
1935/36	165 026	2 140 066	126 797	118 474	211 724	212 560

All figures are based on financial years.

Source: Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 291. RA Stockholm. Årsberättelse till Kungliga Lantbruksattachén i London för tiden 1 juli 1934 – 30 juni 1935; Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 298. Årsberättelse från Lantbruksattachén vid svenska beskickningen i London, 1 juli 1935 – 30 juni 1936.

The fall in the price paid for agricultural products and the restrained export markets implied that Estonia had to rely on self-sufficiency. In terms of wheat production this was almost reached when import monopoly and price regulations on food grain were introduced in 1930. Dramatic decreases implied a reduction in the import of grain from 25 110 to 5 600 tons between 1931 and 1932. Simultaneously the export value of potatoes was reduced by almost 50 per cent. Flax, the most important vegetable product, fell less than 5 per cent in terms of price paid per unit, but the amount exported was reduced by more than 20 per cent. However, the most severe fall in prices paid concerned butter, which fell from 1.78 to 1.24 EEK/kg between 1931 and 1932. Despite the fall in the price paid for meat, bacon export in fact increased 25 per cent counted in tons;

⁴⁷ Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 267, RA Stockholm. Rapport över lantbrukets läge i Östersjöstaterna under 1930, skrivelse 163, Riga 12 augusti, 1931.

⁴⁸ Köll, A. M. *Peasants*, pp. 91–101.

however, this only gave the exporters a 3 per cent increase due to the lower export value.⁴⁹

The Estonian government reacted to the depression by imposing a policy of self-reliance, which reduced imports. During the first two months of 1933 the butter export counted in cwt was reduced by almost 1/3 in comparison with the previous year. The lower price paid for butter made the use of concentrated feed unprofitable for the dairy farmers and thus yields fell drastically. An additional factor was the increased domestic consumption of milk, especially in the rural areas.⁵⁰

With the deepening economic crisis the state-owned bank, *Pikalaenu Pank*, was also forced to reduce its credit to a number of dairies.⁵¹ The reason for this was both low productivity and a lack of planning and organisation of production. According to Silfverhjelm a number of Estonian dairies had over-capacity in production and had obtained loans too easily during their expansion in the 1920s. Thus, when export revenues fell the costs of interest became a burden that was followed by a fall in delivered quantities of milk. Several butcheries were facing similar problems.⁵² From 1933 important export products such as bacon and butter were given export premiums. Since price fluctuations were most severe in agricultural products the government also decided to concentrate the export of meat and milk products. The state, however, increased its activity during the 1930s by centralisation and imposed mergers between co-operative dairies and butcheries when conditions of trade worsened due to the economic depression. From 1936 the government held an export monopoly as a means of survival for the large number of small-scale co-operatives.

As can be seen in Table 5, private dairies were unable to cope with the increased international competition. The number of co-operative dairies had increased steadily from 179 to 331 between 1924 and 1929. When the international market price paid on butter and milk began to drop this development had come to an end. Rationalisation therefore became a necessary means to counteract the effects of a restrained and less profitable world market. Some co-operatives were merged, others were liquidated.⁵³ Judging by the figures in Table 5, the private dairies must have undergone the same process of rationalisation as the co-operatives did. Despite their reduction in numbers from 93 to 32, they almost doubled their production.

⁴⁹ Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 267, RA Stockholm. Sammandrag av rapporten över lantbrukets ekonomiska läge i de baltiska staterna och Polen 1932.

⁵⁰ See *Svensk Export*, 1933, 990, p. 72.

⁵¹ UD:s 1920 års dossiersystem, H 72, RA Stockholm. Silfverhjelm, W. Angående lantbrukets ekonomiska läge i de baltiska länderna, Riga 9 april 1930, No. 121.

⁵² Kungliga Lantbruksstyrelsen. Administrativa byrån, EIV:b 267, RA Stockholm. Rapport över lantbrukets läge i Östersjöstaterna under 1930, skrivelse 163, Riga 12 augusti, 1931.

⁵³ *Year Book of Agricultural Co-operation*. George Roatledge & Sons, London, 1934, p. 437.

Table 5. Co-operative and private dairies in Estonia in 1924 and 1934

Year	No. of dairies		Milk furnished to dairies (in tons)	
	Co-operative	Private	Co-operative	Private
1924	179	93	76 122	17 068
1934	298	32	329 065	31 749

Source: *Year Book of Agricultural Co-operation*. George Roatledge & Sons, London, 1934, p. 437.

Many dairies had taken on serious debts when butter prices were high and many of these were forced to merge or to close down. During the crisis small-scale producers' co-operatives had proved unable to join forces in a sufficiently large and effective export organisation. In 1936, *Võiekспорт*, a central export organisation, which covered all co-operative dairies, was founded. This governmental measure implied compulsory administration and a restructured co-operative network.⁵⁴ The state was the actor and the aim was control of the important export sector by using organisational means. To some extent the government thereby substituted the advantages of scale that could be found among Estonia's international competitors.

The concentration of the export organisation led to the fact that a fixed price was achieved for a relatively large quantity of the exported butter and pork. At the International Butter Exhibition in Berlin in 1936 the Estonian butter proved its quality, when receiving second place with 19.2 points, only passed by the Danes with a score of 19.4.⁵⁵ At this time the Estonian dairies had also begun to use export premiums and to divide the markets between them in order to produce for the certain demands in Berlin, London or Brussels. The main problem was, however, the dependence on certain markets. In terms of total export, Germany dominated during the 1920s and Britain during the 1930s. In this respect, Estonia was either too small for dividing its export between many markets or too tied to the actual partners in trade by various – and perhaps necessary – trade agreements. Yet, throughout the 1930s the co-operatives continued to expand their activities and their contribution to the national maintenance grew. Still, the agricultural export sector was able to recover from the crisis. By 1939 the total turnover for co-operative associations exceeded the Estonian state budget by 50 per cent and the co-operative sector employed 270 000 people the same year.⁵⁶

⁵⁴ Köll, A. M. *Peasants*, pp. 96–97.

⁵⁵ UD:s 1920 års dossiersystem, H 72, RA Stockholm. Mejerihanteringens nuvarande läge i Estland och Lettland, Rapport nr. 2, 1937.

⁵⁶ *Estland: Landöversikt*. The Swedish Agency for International Development, Stockholm, 1995, p. 1.

THE BALTIC MARKET IN RETROSPECT

By 1921 Sweden and Denmark proposed that the relief credits should be sent in the form of fish instead of capital goods, which of course was rejected by the Baltic States.⁵⁷ This explains why the relief credits were in fact regarded as export credits and as a means to save the Nordic market from some surplus production in certain crisis sectors. To most foreign governments, however, trade with the Baltic States was negligible. The temptation in the region was instead Soviet Russia. Despite the nationalisation and expropriation that had been carried through in accordance with the revolution and hit several foreign investors' assets as well, the Russian market held some power of attraction. Thus, while waiting for a state of normalisation the Baltic States could serve as a point of departure for a future commercial expansion eastward.⁵⁸ Transit trade was a less risky business in this regard and the port in Tallinn – one out of four Baltic ports – was well established for the purpose of reaching Soviet Russia.⁵⁹ This was not a view defended only in Estonia. In fact, all three Baltic States had high expectations on economic restructuring from their role as potential transit countries.⁶⁰ The implementation of the New Economic Policy in the Soviet Union in 1921–22 might have facilitated the picture of a Baltic transit region. But already in 1923, facts spoke for themselves.⁶¹ If the Baltics constituted a springboard toward Russia, the direction of the Baltic trade activity was the opposite. It could be argued that independence in 1918 became a prompter for the search of Western substitute markets. This was especially visible in the agricultural sphere with the rising demand for adequate machinery and agricultural input goods among a large number of small and medium-sized farmers. From this perspective the Baltic

⁵⁷ See **Nordlund, S.** Temporary partners, p. 220.

⁵⁸ *Svensk Export*, 1923, December, 749, p. 279.

⁵⁹ **White, C. A.** The gateway to Russia. The Baltic States as a conduit for British and American trade with Soviet Russia, 1918–1924. – In: *Emancipation and Interdependence. The Baltic States as New Entities in the International Economy, 1918–40.* SBS, 1994, 13, p. 41f.

⁶⁰ However, during the first years of the 1920s the revenues from this transit trade were modest. Alternative strategies therefore had to be developed. Trade with other countries increased while the role of the Soviet Union decreased. Between 1922 and 1935 Estonia's trade with the Soviet Union fell from 25 to 3 per cent. For Latvia the development was similar even though a trade agreement with the eastern neighbour gave a short period of increased export during the second part of the 1920s. See **Hidden, J. & Salmon, P.** *The Baltic Nations and Europe – Estonia, Latvia and Lithuania in the Twentieth Century.* Longman, London, New York, 1994, p. 79.

⁶¹ It was discussed in 1923 whether the New Economic Policy in the USSR would facilitate the inflow of foreign capital and a corresponding increase in trade. However, as the development proved a state monopoly was evidently present. The procedure of trade likewise became a hindrance since it favoured large foreign export partners or firms and demanded guarantees of credits in the following business relations. In addition, the tax burden put on foreign businessmen and their activity held back the incentives for expansion in trade. See *Svensk Export*, 1923, June, 737, pp. 145–147.

market attracted many foreign firms and plans for establishing model farms for exhibition and training were launched.

Danish firms were dedicated to expand by supplying stocks of samples and warehouses for the marketing of its agricultural machinery and equipment. Swedish firms had similar thoughts from the early 1920s.⁶² Judging by the frequent articles in *Svensk Export*, however, Lithuania was seen as the major Baltic market in the eyes of Swedish and Danish exporters.⁶³ This might have been due to the fact that German relations with Lithuania were much weaker than with Estonia and Latvia. Another reason might have been related to the structure of the Lithuanian economy: its industry was weak and foremost concerned with the processing of agricultural products. Agriculture and forestry also retained their traditional predominance much longer than in Estonia and Latvia.⁶⁴ By 1930 Silfverhjälm thought that agricultural situation in Lithuania was sounder than in Estonia and Latvia, due to the fact that animal production was less forced forward. Even though Lithuanian farmers thereby generated less income, he said, they simultaneously avoided many of the bad investments he had seen in the other Baltic States.⁶⁵

Despite Swedish and Danish ambitions, major importers of Baltic milk and meat products like England and Germany were given more advantage in trade. Germany was further helped by the low value of the mark during the first post-war years. This was also apprehended in the US and as a means of expanding on the Baltic market some US firms transferred their agricultural machinery production – aimed for the Baltic States – to Germany. For Swedish competitors these conditions created some difficulties. Swedish agricultural machinery and equipment were regarded as essential goods for the Baltic markets, but according to the import firms these more expensive products needed to be kept in stock in order to make them competitive by means of quality.⁶⁶ Swedish agents were also said to have been less anxious to open up for trade in the rural areas where the co-operative associations were located. Rather, a small number of Swedish representatives felt confident by penetrating major cities.⁶⁷ An additional problem was adjustment to the methods used in trade. In contrast to both Sweden and

⁶² See *Svensk Export*, 1922, December, 724, pp. 278–279.

⁶³ This is obvious from the frequent reports in *Svensk Export* during the 1920s. Articles concerning Lithuanian developments were both more frequent and more extensive than those concerning Estonia and Latvia.

⁶⁴ Rauch, G. von. *The Baltic States*, p. 127.

⁶⁵ UD:s arkiv, 1920 års dossiersystem, H 72, RA Stockholm. Angående lantbrukets läge i de baltiska länderna, Riga 9 april 1930.

⁶⁶ *Svensk Export*, 1923, 730, pp. 61–62.

⁶⁷ It was, however, argued that the US strategy had a limited reach since the buyers sooner or later should become aware of the fact that brands like *Mac Cormick* or *Deering* in fact were made in Germany. In Lithuania this was the case already in 1922. See *Svensk Export*, 1922, December, 724, pp. 278–279.

England during the first post-war years, Germany was ready to expand on any market, getting whatever share it could.⁶⁸

Sweden had a somewhat dual perception of the Baltic States. In 1924 and 1925 import of Estonian meat was approved from the Reval City Official Slaughter-House and from the two export slaughterhouses *Estonia* and *Külmetus*. A year later it was evident that the appointed veterinarian in charge of controlling this business did not meet the requirements of *Kungliga Medicinalstyrelsen*, the Swedish authority that was responsible for approving sanitary standards. A few months' respite was given to the Estonian authorities to solve this problem and Estonia's Chargé d'Affaires in Stockholm got involved to hasten a positive decision. In 1927 the Swedish Consulate in Tallinn advised not to allow any exceptions to the regulations that were set up. Due to the frequency of pig plague, neither live animals nor processed meat could be exported to Sweden.⁶⁹

Silfverhjelm was involved in this decision and he meant that initiated Estonians did not understand the seriousness in this matter. They counted on the support of Swedish consumers and thought that they would not allow any limits on the import of meat. Silfverhjelm thus defended the prevailing quality requirements in Swedish meat production and regarded a continuation of this import as an obvious threat to the achieved quality improvements. He therefore wanted a ban on the import of what he called inferior Estonian meat. However, as he finally suggested, the meat was not to be allowed for other purposes than for production of sausages. By this measure he also claimed that the stipulated Swedish–Estonian trade agreement would remain intact.⁷⁰ Other problems concerned live animals. The relief credits were partly used for the import of Swedish horses, pigs and poultry for the purpose of breeding. In some regards, however, this was not approved by the Estonian Cattle Breeding Association, which either preferred other means or feared the competition from other countries like Sweden. Yet, by 1925 Estonia had spent a total of SEK 34 500 on the import of breeding animals.⁷¹

In 1929 Silfverhjelm wrote to the Ministry of Foreign Affairs and suggested a prolonged period of relief credits by means of the payments that were to be cleared in 1930. The money was suggested to create a permanent fund for further improvements of the agricultural sector in the region. This was during the period of increased protectionism and it could either be interpreted as a means to solve the crisis – even by marginal steps – or as true utilitarian aspirations. However,

⁶⁸ The English firms might have been in a similar position as the Swedish. As compared with Germany, they were not sufficiently interested in offering their goods on the small Estonian market. See **Hiden, J. & Salmon, P.** *The Baltic Nations*, pp. 83–84.

⁶⁹ Eesti Riigiarhiiv, f. 957, n. 43, s. 95.

⁷⁰ UD:s arkiv, 1920 års dossiersystem, H 72, RA Stockholm. Silfverhjelm, W. Lantbruksattaché-rapporter, Bilaga till beskickningens i Reval, skrivelse 70, 1927.

⁷¹ Kungliga Lantbruksstyrelsen. Administrativa byrå, EIV:b 212, RA Stockholm. Silfverhjelm, W. Sveriges lantbrukskonsulent i Riga redogörelse för 1925 års verksamhet.

Silfverhjelm thought that: "There are some people who are claiming that our support to the export of breeding stock and seed will only increase the new states' competitive edge on the international market where our products will meet. Such a perspective is hardly considerable, since the economic development and competitiveness of various countries is primarily due to the ability and skill of their population, and thereby our agricultural sector must search for co-operation with these countries, in order to gain from our own ability"⁷². Silfverhjelm was of the opinion that Estonia had not been able to use the credits for buying the necessary breeding stock from Sweden. Finland, however, was more active in this regard. Therefore, he even suggested that the Swedish credits should be used for refining certain Estonian export products.⁷³

CONCLUSIONS

It is no exaggeration to say that the Swedish views on Estonia's agricultural development in general, and export performance in particular, had a somewhat dual character during the interwar years. The doubts and disparaging comments that were made initially may have been reasonable in the context of the large number of small farms created by the land reform. But from a competitive perspective, in which focus is put on the shrinking market shares and the importance of inter-governmental agreements, it is more likely to find explanations. Even though Estonia was a latecomer and a small actor on the international export scene it was one out of five newly independent Baltic Sea States that had begun to search for new markets. Estonia together with Latvia, Lithuania, Finland, and to some extent Poland, had a potential to produce considerable amounts for the growing demand of milk and meat products in Europe. In a sense, Estonia's post-war recovery was therefore a part of a general European recovery, well timed to the change of consumer patterns in European cities.⁷⁴

In terms of butter export Estonia did well until the world-wide economic depression. Even though preconditions, in accordance with independence and the implementation of the land reform, were not too prosperous the governmental support to the co-operative efforts became decisive for the continuing development. In times of economic troubles during the late 1920s, however, the indebtedness could be seen as a product of too many wills coming together. According to Silfverhjelm, this was due to the struggle between the Farmers' Party and the Agrarians that had led to the establishment of too many dairies and butcheries in the search of votes from the electorate. Thereby, overcapacity was established.

⁷² UD:s arkiv, 1920 års dossiersystem, H 72, RA Stockholm. Silfverhjelm, W. Angående åtgärder för främjande av svenska lantbruksalsters avsättning i de baltiska staterna, skrivelse 129/1, 1929, pp. 5–6.

⁷³ Ibid.

⁷⁴ Köll, A. M. *Peasants*, p. 75.

When the amount of milk production decreased, due to the low world market price, import of concentrated feed became meaningless. This further affected milk and animal production – and in the end revenues. But since the rules of trade were not dictated from Tallinn, separate agreements became more important and trade was concentrated upon two major markets: Germany and Britain. In this regard the state-led organisation of export gave some advantages for the small-scale dairies.

Swedish interests in the Baltic market were initially based on the need of conquering the Russian market. Yet it was the demand for adequate machinery and equipment from a large number of small farmers that formed the basis for the relief credits.⁷⁵ When Silfverhjelm suggested a continuation of these credits he was thus either concerned about the Swedish export sector or a true believer in foreign trade as a means of creating economic growth. It can therefore be said that the Swedish views underwent some changes during the period, not the least in terms of the quality that was proven by Estonian butter on the German market. This may in fact have been due to the process of adaptation. Danes have often said that Swedish butter was too salty and if the Estonian butter was similar in this regard, the European consumers either had to get used to it or the level of salt had to be reduced. This thought is strictly a speculation, but it may form the outline for a further study in which the discussion on quality development and market adjustments can become more focused.

⁷⁵ Nordlund, S. Who helped who?, p. 293.

KONKURENTS JA TURG: ROOTSLASTE VAATED EESTI PÖLLUMAJANDUSE ARENGULE JA VÕIEKSPORDILE 1918–39

Hans JÖRGENSEN

Rootslaste vaated Eesti siseturule ja võiekspordile tegid kahe maailmasõja vahel läbi muutuse. Nagu võib välja lugeda Riias aastail 1924–39 resideerunud Rootsi põllumajandusatašee W. Silfverhjelmii aastaaruannetest, sundis rootslasi oma seisukohti muutma Eesti toodete kvaliteedi paranemine ja ekspordi edukus. Vahetult pärast Esimest maailmasõda ahvatles rootslasi Vene turg ning nad nägid Eestis eelkõige transiidimaad. 1920. aastail muutusid Balti riigid aga võistlejateks Euroopa eksporditurgul. 1929. aastal alanud ülemaailmse majanduskriisiga kaasnes protektsionismi tugevnemine ja kaubanduse sõltuvus valitsustevahelistest kokkulepetest. Eesti oli selleks liiga väike, et oma toodangut jagada mitme turu vahel. 1930. aastail muutus Saksamaa Suurbritannia asemel tähtsaimaks Eesti kaupade ekspordituruks. Uus majandussituatsioon sundis rootslasi oma seniseid seisukohti ümber hindama.