

The Diplomacy of the Petsamo Question and Finnish-German Relations, March–December 1940

The rôle of the Petsamo nickel question in Finland's foreign policy between the end of the Winter War and the start of the Continuation War has never been the object of a comprehensive scholarly study. Most of the many Finnish political and military figures who wrote about their wartime experiences in postwar memoirs ignored the question entirely or passed over it lightly with a few perfunctory remarks. The only notable exception was the late President Paasikivi, who devoted a full chapter to the Petsamo question in the second volume of his memoirs.¹ The handful of scholars who have produced works on Finland in World War II also tended to relegate the question to the background of events, and only two of them have concentrated their attention on the 1940–41 period. Of these, Professor Korhonen was concerned primarily with the rôle assigned to Finland by Germany in the plans for the invasion of the Soviet Union, and the Petsamo question entered into his discussion only to the extent that it was relevant to the central theme.² Mr. Upton's more recent account relied heavily on Korhonen's book and the published Finnish and German diplomatic documents in tracing the Petsamo question, and it did therefore not contribute anything new.³

¹ JUHO KUSTI PAASIKIVI, *President Paasikivis minnen. II. Mellankrigstiden – Som sändebud i Moskva* (Helsingfors 1959).

² ARVI KORHONEN, *Barbarossaplanen och Finland* (Tammerfors 1963).

³ ANTHONY F. UPTON, *Finland in Crisis, 1940–1941: A Study in Small-Power Politics* (Ithaca, N.Y., 1965).

One is left with the impression, imparted either deliberately or unintentionally by the memoir literature and the monographs, that the Petsamo nickel question was simply another of the many irritants facing the Finns after the Winter War, a minor affair which does not warrant the concentrated attention of scholarly investigation. Indeed, a number of Finns who served in official capacities during the war have insisted to the author that the question played a relatively unimportant rôle in Finnish diplomacy during 1940-41. This is clearly a gross understatement which must probably be seen in the light of an understandable reluctance in Finland since the war to stir up sleeping dogs. The very close relations with Germany which developed after the summer of 1940 are still by many remembered with a certain sense of embarrassment, if not forgotten.

A more accurate yardstick for measuring the relative importance of the Petsamo question in Finnish-German relations seems to be provided in the published Finnish and German diplomatic documents. Of the 74 documents included in the Blue-White Book published by the Finnish government in 1941, 26 deal with the Petsamo question. Even more significantly, of the 93 documents indexed under "Finland" in volumes IX, X, XI, and XII of the State Department publication of German documents, Series D, no less than 50 or so deal exclusively or primarily with the Petsamo question, and further references to it are found in many of the remaining documents. And in the tens of thousands of captured German documents on relations with Finland which have not been published, no question looms larger than Petsamo, at least if one excludes the military documents in the files of the *Armeeoberkommando Norwegen* (AOK 20).

The purpose of this article, and of a second article to follow, is to trace the diplomacy of the Petsamo question in 1940-41 and its impact on Finnish-German relations, Finnish-Soviet relations, and, incidentally, German-Soviet relations. The great

bulk of the primary source materials have been taken from the unpublished German records of the *Auswärtiges Amt*, the *Oberkommando der Wehrmacht* (OKW), and the AOK 20.⁴ Hence the findings and conclusions are bound to reflect the German point of view to a considerable extent, and they can only be regarded as tentative. The Soviet side of the story may never be revealed, but the records of the Finnish Foreign Ministry, which should soon be available, may well make necessary certain revisions of statements made in these two articles.

These obvious reservations notwithstanding, the author is inclined to believe that the German records provide a fairly accurate basis for a study of the Petsamo question. A number of factors point to such a positive evaluation of those records. Throughout the history of the Petsamo question up to the early summer of 1941, the Finns were consistently trying to use Germany as a shield against the Soviet Union. It was in their interest to keep the Germans well informed of all developments, and they did so. During the months of protracted Finnish-Soviet negotiations in the question, the Finns and the Germans maintained close contact, and there was a constant exchange of information between them. Numerous Finnish diplomatic telegrams and memoranda are found in the German files, and there are no important discrepancies between the versions of the Petsamo question emerging from the published Finnish documents and the German records, respectively. The only exception is that some of the documents in the Blue-White Book had been edited to remove embarrassing references to Finnish-German relations whose publication would not have been opportune in 1941. It is also noteworthy that Paasikivi's account tends to confirm the German version of the Petsamo question,

⁴ In the footnotes, documents obtained from the Foreign Office Library in London are identified by their microfilm serial and frame numbers (example: 6434/Ho66789); those obtained from the General Services Administration in Washington are identified by their microcopy number, roll and frame numbers (example: T-312/110/9205469).

as does Korhonen's references to it. As is known, Korhonen was able to see the records of the Finnish Foreign Ministry when he prepared his monograph.

I

Many interests converged in the Petsamo nickel question, including those of three great powers. A 40-year concession to exploit the nickel resources at Kolosjoki in the Petsamo area had been granted by the Finnish government in 1934 to The Mond Nickel Company of England, a wholly owned subsidiary of The International Nickel Company of Sudbury, Canada. Mond Nickel subsequently transferred the concession to its Finnish subsidiary, The Petsamo Nickel Company (Petsamon Nikkeli Oy.). By the outbreak of the Winter War, the Anglo-Canadian trust had spent a total of \$ 6,723,908 on the development of the mine, and a smelter and a hydroelectric power plant were under construction. In the spring of 1940 it was estimated, taking into account the war damage to the facilities, that it would cost an additional \$ 3.5 million to bring the Kolosjoki mine to the point of actual production. However, as President Robert C. Stanley of International Nickel told the company's stockholders in late April 1940, in view of the drastically altered political situation in Europe "the future of this property in Finland is problematical."¹

The Soviet Union had indicated an interest in the Petsamo area during the negotiations with Finland in the fall of 1939, but primarily on the basis of military considerations. When the Finnish-Soviet "negotiations" were resumed in March 1940, Molotov again told the Finns that Soviet military circles wished to see the area annexed to the Soviet Union. Nevertheless, the Petsamo area stayed with Finland under the terms of the Treaty

¹ JOHN F. THOMPSON and NORMAN BEASLEY, *For the Years to Come: A Story of International Nickel of Canada* (New York & Toronto 1960), p. 256.

of Moscow, and there was no hint of any Soviet economic interest in it. The German conquest of Norway shortly afterward obviously caused the Soviet leaders to regret their generosity, however.

Germany's interest in Finnish nickel also dated back before the Winter War. The Finnish-German trade agreement of October 1939 envisaged the early exploitation of the nickel resources at Nivala in Oulu province, and the nickel to be extracted was to be sold to Germany. In return, the Germans were to deliver, among other items, 134 anti-aircraft guns, and 50 of these actually reached Finland before the war began.²

As soon as the war ended, the Germans again cast covetous glances in the direction of Finland's nickel resources. At the end of March, a conference of six officials of the *Auswärtiges Amt* and the *Reichswirtschaftsministerium* discussed the prospects. They agreed that no nickel could be expected from Nivala in the near future; besides, the Finns would probably insist on delivery of the 84 anti-aircraft guns to which they were entitled under the provisions of the trade agreement of 1939. The Germans did not think that arms deliveries to Finland were politically expedient just then. But no obligation to deliver arms attached to the nickel at Petsamo. Since it was not expected that the Anglo-Canadian concessionaires would resume operations at Kolosjoki for the time being, Germany should try to persuade the Finns to open the mine themselves and sell the nickel to Germany. The six officials all thought that Germany was in very great need of all the nickel it could get from Finland, and they regarded the problem of getting it as "the most difficult question" in the forthcoming trade negotiations with Finland. They also expected trouble with the Soviet Union over

² "Aufzeichnung über die Sitzung betr. Finnland am 28. März 1940. 18 Uhr," 2110H/456728-32; also in *Documents on German Foreign Policy 1918-1945*, Series D (1937-1945), IX (Washington 1956), pp. 32-35. This series will hereafter be referred to as *DOCUMENTS*.

the nickel.³ According to reports in the Swedish press, noted by the *Auswärtiges Amt* a week earlier,⁴ the Soviet government was planning to “eliminate England’s influence in the Petsamo area” in the scheduled trade negotiations with the Finns. The Germans suspected that they would not be welcome in the area either.

2

Although the Germans anticipated the strain which their desire for Petsamo nickel could place on their relations with the Soviet Union, they decided that they had to get the nickel regardless of the consequences. Dr. Hilger van Scherpenberg, Counselor in charge of Northern Europe in the *Wirtschaftspolitische Abteilung* of the *Auswärtiges Amt*, discussed the economic and political implications of the Petsamo question in a lengthy memorandum on April 2.¹ He described the nickel as of the greatest importance to Germany, but in view of both the Anglo-Canadian and Soviet interests in the area he also thought that Germany could get Petsamo nickel only by exerting “the strongest political pressure or by the granting of considerable return favors.” Still, he recommended that the acquisition of the nickel be given the highest priority in the impending trade talks. The recommendation was accepted, and a memorandum prepared in van Scherpenberg’s department on April 1 or 2² was forwarded on April 11 by State Secretary Ernst von Weizsäcker to Minister Wipert von Blücher in Helsinki.³ It described the

³ *Loc. cit.*

⁴ Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 144, 21.3.1940, 6434/Ho60041.

¹ “Aufzeichnung,” e.o.W.V. 1130, 2.4.1940, 5382H/E361680-85.

² No. e.o.W.V. 1129/40, probably prepared on April 1 or 2 as suggested by the document number, though an illegible date may be read as April 11, 5382H/E361678-79.

³ Weizsäcker to Deutsche Gesandtschaft Helsinki, tel. no. 166, 11.4.1940, 6434/Ho60017-18.

matter of “delivery of Finnish metals, especially nickel ore from Petsamo,” as “particularly urgent” for Germany. Blücher was asked to obtain permission for Minister Karl Schnurre and Counselor Ludwig to come to Helsinki within the week to talk with Prime Minister Ryti about it.

Ryti agreed immediately to receive the two German diplomats,⁴ but for some reason they did not arrive until three weeks later. What they accomplished in Helsinki was briefly reported by Schnurre to a meeting of the Handelspolitische Ausschuss on May 16. As van Scherpenberg had thought, the Finns were willing to deliver metals—though nickel was not mentioned—if they could get German arms in return.⁵ An inquiry by the OKW revealed that Hitler was not ready to supply arms to Finland “for the time being.”⁶ This was not to prove a serious obstacle, however.

On June 7, the Finnish trade delegation left for Berlin. It was headed by the banker and statesman Minister Rainer von Fieandt, a man whom Blücher described as “being friendly to Germany.”⁷ He was named by Foreign Minister Rolf Witting after the Germans objected to the man originally chosen.⁸ Before the delegation departed, Blücher, after two talks with Fieandt, reported to the Auswärtiges Amt that the German demands on Petsamo nickel were “not rejected any more,” and

⁴ Blücher to Auswärtiges Amt, tel. no. 178, 12.4.1940, 6434/Ho59593.

⁵ “Sitzung des Handelspolitischen Ausschusses am 16. Mai 1940. Nr. 15. Streng vertraulich,” W.H.A. 762. The 3-page report was signed by Minister Carl Clodius, Deputy Director of the Wirtschaftspolitische Abteilung in the Auswärtiges Amt. 5382H/E361672-73, -77. See also Schnurre & Blücher to Ritter, tel. no. 219, 5.5.1940, 6434/Ho59544-45.

⁶ Memorandum by van Scherpenberg, e.o.W. 2711 g., 21.5.1940, 2110H/456733.

⁷ Blücher to Auswärtiges Amt, tel. no. 268, 25.5.1940, 6434/Ho59497-98.

⁸ Ritter to Deutsche Gesandtschaft Helsinki, tel. no. 221, 21.5.1940, 6434/Ho59956. Ritter’s telegram contained the following statement: “The designation of Solitander as chairman of the delegation is regarded by us as a heavy burden on the impending negotiations. Since the opening of the negotiations . . . is not urgent, we will give the Finnish government an opportunity to alter its decision by postponing the negotiations.”

the Finns would even let Germany acquire the mining concession should the Anglo-Canadian concessionaires renounce it. The Finnish government was prepared to reorient its economic policy to the German orbit.⁹ In view of the strongly anti-German public opinion generated in Finland by Germany's policy during the Winter War, Blücher found this so remarkable that he first recommended the establishment of a German consulate in Petsamo,¹⁰ then urged that the German occupation of Norway be extended at once to Kirkenes since "the German colors in Kirkenes would obviously strengthen the accommodating tendencies of the Finnish government" in the nickel question.¹¹

Little is known about the details of the Finnish-German trade talks in Berlin.¹² The formal trade treaty was signed by the representatives of the two governments on June 29,¹³ but the quantity of nickel which Finland was to deliver was not determined in it. The German government had asked for 75 percent of the output of the Kolosjoki mine, but the details were left to be ironed out in private contracts between the two com-

⁹ Blücher to Auswärtiges Amt, tel. no. 300, 6.6.1940, 6434/Ho59468-71, and tel. no. 305, 7.6.1940, 6434/Ho59463-65. In his draft of tel. no. 300, Blücher wrote that Ryti was ready for a "radical change of mind," but he struck the word "radical" from the final version. The Finnish readiness for an economic reorientation was explained by Blücher in several telegrams. Thus he wrote on May 22 (tel. no. 258, 6434/Ho59503): "The feats of German arms in the West have made the deepest impression everywhere in Finland" and "pave the way for the realization that a new balance of power in Europe is in the making." And on June 4 (tel. no. 295, 6434/Ho59472-74) he wrote: "Events in the Western theater of war are opening eyes in widespread circles to the errors of a British-oriented foreign policy." Consequently he could say, in the telegram referred to at the top of this note (no. 300) that Finland was ready for "the most extensive (*weitgehendst*) adjustment of its economic policy to Germany."

¹⁰ Blücher to Auswärtiges Amt, tel. no. 309, 8.6.1940, B19/Boo3608.

¹¹ Blücher to Auswärtiges Amt, tel. no. 329, 14.6.1940, 6434/Ho59433.

¹² Cf. DOCUMENTS, X (Washington 1957), p. 25. See also Foreign Relations of the United States. Diplomatic Papers, 1940, I (Washington 1959), pp. 330-31. Hereafter referred to as FOREIGN RELATIONS.

¹³ DOCUMENTS, X, pp. 65, 83-85.

mercial firms involved, the Petsamo Nickel Company and the I. G. Farbenindustrie. The first of these contracts was signed on July 23, 1940, while the last of them was not signed until February 19, 1941. But even before the trade treaty of June 29 was signed, the Soviet Union had already come into the picture with demands of its own, presented to Minister Paasikivi in Moscow on June 23. Much of the subsequent diplomacy in the Petsamo question was to turn on this fact. The Russians were to make much of the fact that they had put in their bid before the Germans had established any rights to the nickel by virtue of a treaty. The Finns and the Germans were to argue that they had reached their agreement before the Russian demands were made, although the formalities of signing it had been postponed for purely technical reasons.

This Finnish-German claim was probably true. It is quite clear, at any rate, that the two parties had no difficulties reaching agreement on the essential points at issue.¹⁴ A German diplomatic communication dated June 26 referred to the negotiations in the past tense, as if they were already completed, adding: "The Finns had already promised Germany the major portion of the nickel ore production, but they now say that the Russians too had put forward demands and are asking whether Germany would be content with a lesser quantity."¹⁵ A copy of this communication was sent to Blücher with the added note: "The signing of other agreements has been temporarily postponed here until the Petsamo matter has been further clarified."¹⁶

Whatever the merits of the German and Soviet claims of

¹⁴ On June 17, Witting told the American Minister in Helsinki that the negotiations in Berlin were proceeding well, and the Germans "were showing very considerate spirit." *FOREIGN RELATIONS, 1940, I, p. 331.*

¹⁵ Weizsäcker to Deutsche Botschaft Moskau, tel. no. 1088, 27.6.1940, B19/Bo03628.

¹⁶ Schnurre to Deutsche Gesandtschaft Helsinki, tel. no. 288, 27.6.1940, 6434/Ho59890.

priority may have been, the only really significant point that needs to be made is that the Soviet leaders did not then or later recognize the German claims for nickel deliveries as determined in the Finnish-German agreements.

3

On June 23, Foreign Commissar Vyacheslav Molotov called Paasikivi to the Kremlin and demanded that Finland "grant the nickel concession to the Soviet Union, or agree to the establishment of a Finnish-Russian company, or make some other arrangement."¹ Paasikivi was astonished.² It did occur to him that the fall of France and the completion of the German occupation of Norway might have increased the strategic value of the Petsamo area to the Soviet Union, but to the end of his days he continued to harbor a lingering doubt about the real motives behind this Soviet move.³ His initial reaction to Molotov's statement was to refer to the legal rights of the Anglo-Canadian trust, which the Finnish government was not at liberty to violate. But he suggested that Finland would probably just as gladly sell nickel to the Soviet Union as to any other state within the limitations prescribed by existing agreements, including the Finnish-German agreement currently being concluded in Berlin. To Helsinki he recommended that the Finnish government give the most favorable consideration to the Soviet wishes in the matter.⁴

¹ Finland Reveals Her Secret Documents on Soviet Policy, March 1940-June 1941. The Attitude of the USSR to Finland After the Peace of Moscow (New York 1941), pp. 50-51. Hereafter referred to as BLUE-WHITE BOOK II. See also FOREIGN RELATIONS, 1940, I, p. 332, and PAASIKIVI, pp. 162-65.

² PAASIKIVI, p. 162.

³ PAASIKIVI, p. 164. KORHONEN, p. 43, emphasizes the new strategic importance of the Petsamo area, a view supported by all the evidence, and he regards the nickel as having meant little if anything to the Soviet Union.

⁴ PAASIKIVI, p. 164, and memorandum by Witting given to Blücher on 9.9. 1940, "Inhalt: Petsamo Nikkeli OY, Abschrift, streng vertraulich," sent to Auswärtiges Amt the same day as Tgb. Nr. 159 g., 6674/H090515-17.

In its official reply, given to Molotov by Paasikivi on June 27, the Finnish government took the same line as Paasikivi had initially.⁵ A change in the status of the concession required Anglo-Canadian agreement, and delivery of nickel required a reduction of the German demand for 75 percent of the output if the Soviet Union were to get 50 percent. Molotov retorted that this "was not an answer." The Russians wanted the mining concession itself or a transfer of it to a Finnish-Russian company, not because the nickel was of any particular interest to the Soviet Union, but because the Petsamo area was, and "for all time." As usual, Finnish compliance with this new Soviet demand would demonstrate that the Finns were genuinely concerned about maintaining good relations with the Soviet Union. Molotov was confident that if the Finns really wanted to, they could find ways and means of settling the matter in accordance with his demands.⁶

The Finnish government was alarmed. Although the Finnish Minister in Berlin, Professor Toivo M. Kivimäki, told Under State Secretary Ernst Woermann in the *Auswärtiges Amt* that no Soviet territorial interests were involved,⁷ this hardly reflected accurately the belief of his government. Witting was quick to look for outside support, and he suggested to Blücher that the nickel question ought really to be worked out jointly by all the parties concerned.⁸ Kivimäki made the same suggestion to Woermann, and in Stockholm the Finnish Minister, Professor Jarl Axel Wasastjerna, paid a visit to Counselor Carl von Below in the German Legation on July 1 and maintained

⁵ BLUE-WHITE BOOK II, p. 51.

⁶ For other accounts of the Paasikivi-Molotov conversation, see the Witting memorandum of 9.9.1940, see p. 300 note 4; DOCUMENTS, X, pp. 65-66, 87; and Blücher to *Auswärtiges Amt*, tel. no. 376, 28.6.1940, 6509/H072849.

⁷ DOCUMENTS, X, pp. 65-66.

⁸ Blücher to *Auswärtiges Amt*, tel. no. 385, 29.6.1940, B19/Boo3633; unsigned memorandum by Blücher, 1.7.1940, 6509/H072851-52; and Blücher to *Auswärtiges Amt*, tel. no. 388, 1.7.1940, 4416H/Eo83851.

that "in the nickel question it was not for Finland to decide, but the decision must be made by Berlin and Moscow."⁹

The Finnish government obviously shared the sentiments expressed by Paasikivi in his memoirs that in the Petsamo question "Finland was caught in the cross fire of the interests of three great powers," namely England, Germany, and the Soviet Union.¹⁰ But that was clearly much to be preferred to a situation where Finland faced the Soviet Union alone. With British and German interests involved, being "caught in the cross fire" had its obvious advantages, and Witting promptly attempted to utilize them. England was hardly in a position to assist Finland materially at this time, and as it turned out the British government would not even lend Finland diplomatic support in the Petsamo question, except perhaps in a negative fashion by refusing to announce its policy in the matter of the concession. Germany was in an excellent position to exert influence on the Soviet Union, however, but the Finns were to find explicit German support very difficult to obtain. The German government always insisted on its loyalty to the Soviet government within the framework of the non-aggression pact of 1939, a stand which was more official than genuine, and so the Germans would not let themselves be pinned down by any open commitments to Finland in a matter involving the Soviet Union. Furthermore, Germany's policy vis-à-vis Finland remained to be fully clarified, and the *Auswärtiges Amt* quite rightly feared that any kind of expressed support for Finland in the Petsamo question might be used by the Finns in a way designed to compromise Germany in its relations with the Soviet Union.

Still, the Germans were deeply concerned about the sudden turn of events and followed the developments in Moscow and Helsinki closely. On July 1, the German Ambassador in Mo-

⁹ Below to *Auswärtiges Amt*, tel. no. 1094, 2.7.1940, designated as "Militärattaché 593 g." for relay to OKW and OKH *Attachégruppe*, B19/Boo3636-37.

¹⁰ PAASIKIVI, pp. 186-87.

scow, Friedrich Werner Count von der Schulenburg, informed the Auswärtiges Amt that Molotov had apparently decided not to challenge the Finnish-German nickel agreement. The Russians seemed ready to let the Germans have at least 50 percent of the nickel output, perhaps even 75 percent.¹¹ Berlin was far from satisfied, since the report connoted that the Germans, while getting the nickel they wanted, would now have to deal with the Russians in the matter rather than the Finns. In short, the Russians seemed intent on sidetracking the Finnish-German agreement. To accept Molotov's view "would entail an unfavorable development in the future," Schulenburg was told, since too much would depend on "the good or bad will of the Soviet Government." Besides, the Germans knew from experience that Soviet demands were "much harder to meet than Finnish demands."¹²

One gets the impression that the entry of the Soviet government into the Petsamo question caught the Auswärtiges Amt a little off balance, in spite of the fact that some trouble with Russia had been expected. It is also possible that the Germans had read more into the agreement with Finland than the Finns did. In this telegram to Schulenburg on July 3, Karl Ritter, Ambassador for Special Duties in the Auswärtiges Amt, asserted that the Finnish-German agreement had merely been "a stopgap solution, because we would have demanded transfer to us of the entire Canadian concession at the peace negotiations at the latest." He also claimed that the Finns "had always" been aware of that and "recognized" it "in principle."¹³ It is true, of course, that Fieandt had suggested to Blücher in early June that Germany could acquire the concession should the

¹¹ DOCUMENTS, X, p. 87.

¹² Weizsäcker teletype message to "Bach" (Ribbentrop), 3.7.1940, W.V. 2462/Ang. III, 4416H/E083854-55; and DOCUMENTS, X, pp. 108-09. See also Schnurre to Deutsche Gesandtschaft Helsinki, tel. no. (?), 4.7.1940, 6436/H059873-74.

¹³ DOCUMENTS, X, pp. 108-09.

Anglo-Canadian concessionaires renounce it. It is also a fact that the Germans had actually intended to seek the concession at a future peace conference with England.¹⁴ There is no proof, however, of this ever being discussed during the Finnish-German negotiations in Berlin in June. When told of Ritter's assertion by Blücher on July 6, Witting emphatically denied it. Both of the Finnish negotiators, Fieandt and Dr. Henrik Ramsay, had told him, he said, that the Germans had not asked for "participation in the *concession*, but for a share of the *output*."¹⁵ Six days earlier, Witting had informed Blücher that Finland's contract with the Anglo-Canadian trust was such that it could not even be annulled "wegen höherer Gewalt," but only by agreement with the trust.¹⁶ Ramsay had told Blücher essentially the same thing.¹⁷ Hence Ritter's assertion, which Schulenburg passed on to Molotov, was at best a misunderstanding, possibly a deliberate misrepresentation, and it would soon cause the Auswärtiges Amt considerable embarrassment.

On July 3, Paasikivi assured Molotov of Finland's positive attitude to the Soviet demands and said that the Finnish government had initiated negotiations with the Anglo-Canadian trust in order to clear the legal obstacles out of the way. Molotov foresaw no difficulties with the Canadians, he said, but he urged that the matter be expedited.¹⁸ There is no documentary record of this conversation in the Finnish Blue-White Book, whatever the reason may be. Alarming reports reached the Auswärtiges Amt, however. Paasikivi had given an account of the conversation to the Swedish Minister in Moscow, Vilhelm Assarsson, and Assarsson passed the information on to Schulenburg, who reported it to Berlin. According to that version, a

¹⁴ See DOCUMENTS, IX, pp. 496-501, especially p. 498.

¹⁵ DOCUMENTS, X, pp. 136-37.

¹⁶ Unsigned memorandum by Blücher, 1.7.1940, 6509/Ho72851-52.

¹⁷ Unsigned memorandum by Blücher, 1.7.1940, 6509/Ho72975.

¹⁸ See Blücher to Auswärtiges Amt, tel. no. 396, 4.7.1940, 6509/Ho72941, and Witting's memorandum of 9.9.1940, see p. 300, note 4.

Finnish-Soviet agreement had been reached whereby the nickel concession would be transferred to the Soviet government “on a strictly commercial basis.”¹⁹ The *Auswärtiges Amt* immediately checked the report with Blücher,²⁰ who replied that the concession had “not yet” been transferred.²¹ Earlier he had reported that the Canadians opposed any arrangement which might result in deliveries of Petsamo nickel to Germany,²² and that the British Minister in Helsinki, Gordon Vereker, had notified the Finnish government that England would accept a reorganization of the nickel company on the condition that the total output of the mine would go to the Soviet Union.²³

This somewhat garbled information indicated to the *Auswärtiges Amt* that Germany’s interests in Petsamo nickel were seriously threatened, and a number of top officials combined their talents to find a suitable and effective solution. A memorandum prepared in the *Wirtschaftspolitische Abteilung* on July 8 revealed both the sense of urgency felt by the Germans—a handwritten annotation on it by Ritter noted that “there is danger in delay”—and Germany’s basic dilemma: how to encourage the Finns to resist the Soviet demands without at the same time implying German support for the Finnish position, lest the Finns play the Germans off against the Russians.²⁴ While waiting for Foreign Minister Joachim Ribbentrop to decide what steps to take in Moscow, a telegram was sent to Helsinki instructing Blücher to see Witting at once. He was to say that the Germans were interested “primarily in sharing the concession” and had accepted the nickel delivery agreement

¹⁹ Schulenburg to *Auswärtiges Amt*, tel. no. 1305, 5.7.1940, B19/B003640.

²⁰ Schnurre to *Deutsche Gesandtschaft Helsinki*, tel. no. 307, 6.7.1940, 6434/H059866.

²¹ Blücher to *Auswärtiges Amt*, tel. no. 403, 8.7.1940, 6509/H072974.

²² Blücher to *Auswärtiges Amt*, tel. no. 396, 4.7.1940, 6509/H072941.

²³ DOCUMENTS, X, pp. 136–37.

²⁴ Unsigned memorandum directed to Ambassador Ritter, zu W.V. 2550, 8.7.1940, 4416H/E083857–58.

“only as an interim solution.” The situation had changed since the negotiations in June, however. “The English-Canadian attempt to play the concession into the hands of third parties to our disadvantage can under no circumstances be accepted by us without opposition.” The Finns should realize that if they concurred in that sort of game, Berlin was bound to get the impression that they were supporting “English intrigues directed against us.” Hence Blücher should “warn the Finnish government urgently against taking any definitive steps without first having come to terms with us about them,” said the telegram from the *Auswärtiges Amt*.²⁵

It was a clumsy effort, and the Finns found this stern German warning very encouraging indeed. It implied exactly the sort of support they had been trying to obtain from Germany. After Blücher had delivered the warning, Witting happily declared that the news filled him with “deep satisfaction.” He “had heard” that Germany planned to take over the concession through its future peace treaty with England, said Witting, and he would welcome it as “a positive legal basis” for a transfer.²⁶

Witting had good reasons to be pleased for the time being. The Petsamo question seemed to have been taken partially out of his hands by the Germans and the English, and Paasikivi had informed him that the Russians were prepared to accept 40 percent of the nickel output provided the rest be delivered to Germany.²⁷ As a matter of fact, during the next seven or eight weeks the Russians were to give Witting less trouble over the Petsamo issue than the British, as the diplomatic game shifted from Moscow-Helsinki to Moscow-Berlin.

²⁵ Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 312, 10.7.1940, 6434/Ho59861. The *Auswärtiges Amt* copy published in *DOCUMENTS*, X, p. 161, has no number and is erroneously dated July 8, the date of the memorandum on which the telegram was based (see foregoing note).

²⁶ *DOCUMENTS*, X, pp. 185–86.

²⁷ *BLUE-WHITE BOOK II*, p. 54.

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Although Germany had found it necessary to take steps to protect its interests in the Petsamo nickel production, it was not at all ready to lock horns with the Soviet Union without regard for the possibly dangerous political consequences. Schulenburg received instructions on July 13 to take up the question of the division of the nickel output with Molotov and to declare that Germany also reserved the right "to make further proposals designed to safeguard German interests" in the concession.¹ But at the same time a technical representative of the I. G. Farbenindustrie was instructed to quietly find out whether the concession could be territorially divided into two separate parts, "since a joint German-Soviet concession might become a source of vexatious difficulties."² An investigation on the spot revealed that the nickel deposit could not be exploited on the basis of a split concession.³

When Schulenburg saw Molotov on July 17, the Soviet motive in the Petsamo question emerged more clearly than before. Molotov was greatly displeased about the German interest in the concession and declared that the benevolent Soviet gesture of letting Germany have 60 percent of the output ought to be satisfactory. The Soviet government regarded the Petsamo area as its "exclusive domain" by virtue of "special privileges" it had acquired by the peace treaty with Finland. No third power had any business being there, and "obviously not Germany either." The German interest in the concession astonished him, said Molotov, for Paasikivi had never told him that this had been discussed during the Finnish-German negotiations in June.⁴

¹ Weizsäcker to Deutsche Botschaft Moskau, tel. no. 1200, 13.7.1940, B19/Boo3645-46; Schnurre to Deutsche Gesandtschaft Helsinki, tel. no. 318, 13.7.1940, B19/Boo3647-48.

² Schnurre to Deutsche Gesandtschaft Helsinki, tel. no. 318 (see foregoing note).

³ Blücher to Auswärtiges Amt, tel. no. 435, 19.7.1940, 4416H/Eo83868-69.

⁴ DOCUMENTS, X, p. 237.

The assertion made in Ritter's telegram to Schulenburg on July 3 had been challenged, and it could obviously not be made again except at the risk of undermining Finland's position in the question. In a draft telegram intended for Schulenburg which Schnurre prepared on July 18, it was admitted that "German-Finnish negotiations about a German concession in Petsamo have not taken place," since "Finland would not touch the Canadian concession and we postponed the matter for future peace negotiations with England."⁵ Such a statement to Molotov would have cleared Finland of any suspicion of playing with concealed cards, but it would do nothing to strengthen the German position. Schnurre came up with a clever solution. In a draft telegram intended for Blücher, he urged that the commercial delivery agreement still pending between the I. G. Farbenindustrie and the Petsamo Nickel Company for delivery of 60 percent of the output be concluded "as rapidly as possible, and with legally binding effect."⁶ The draft telegram for Moscow was not sent, but the telegram to Helsinki was,⁷ and on July 23 the commercial contract was signed.⁸ The identical letters prepared in Berlin in late June were completed, signed, and exchanged by Schnurre and Fieandt the following day,⁹ and Fieandt also wrote a strictly confidential letter to Blücher in which he declared "on behalf of the Finnish Government" that Finland's obligation to deliver nickel to Germany was without a time limit.¹⁰

By this *fait accompli*, the German government had reestablished for itself a plausible legalistic bargaining position vis-à-vis the Soviet government in the Petsamo question. The Germans

⁵ Zu W.V. 2710/40 Ang. II, 4416H/Eo83870.

⁶ Zu W.V. 2710/40, 4416H/Eo83871-73.

⁷ Schnurre to Deutsche Gesandtschaft Helsinki, tel. no. 327, 19.7.1940, 4416H/Eo83866.

⁸ Blücher to Auswärtiges Amt, tel. no. 445, 23.7.1940, 4416H/Eo83865.

⁹ DOCUMENTS, X, p. 288.

¹⁰ DOCUMENTS, X, p. 288, note 4.

had a legal contract, backed by a Finnish government guarantee, which stood in direct contradiction to the expressed wish of the Soviet government to limit deliveries of Petsamo nickel to Germany to the year 1940, a wish which the Finns had been fully aware of. Whether the Finns were also aware of being in fact accomplices in a regular double cross cannot be demonstrated, however. They had known about the German-Soviet talks concerning the Petsamo question, and they knew that these talks were responsible for the Soviet agreement to let the Germans buy 60 percent of the nickel output. When the I. G. Farbenindustrie suddenly announced its readiness to sign the long delayed delivery contract, the Finns assumed that this was also a consequence of a German-Soviet agreement. At least this is how Witting explained it to Blücher on a later occasion.¹¹ If the Finns were indeed assuming that the Soviet leaders had consented in advanced to the contract, they were confirmed in that assumption by the failure of the Soviet government to object to the contract. Only the British government protested, but it was essentially a *pro forma* diplomatic step; the British understood Finland's dilemma and "acquiesced" in the Finnish-German nickel agreement.¹²

Armed with their new trump card, the Germans were ready to take up Molotov's challenge of July 17. Schnurre's draft telegram was finally sent to Schulenburg on July 30, with the added instruction to tell Molotov that "we will waive participation in the Petsamo concession and will restrict ourselves to the fulfillment of the contract between I. G. Farbenindustrie and the Petsamo Nickel Company."¹³ That was all Molotov should be told. He would discover soon enough that the implications

¹¹ Witting's memorandum of 9.9.1940, see p. 300 note 4 above. See also Blücher to Auswärtiges Amt, tel. no. 469, 1.8.1940, 4416H/Eo83876.

¹² Blücher to Auswärtiges Amt, tel. no. 448, 24.7.1940, 4416H/Eo83864, and tel. no. 465, 29.7.1940, 6434/Ho59324; FOREIGN RELATIONS, 1940, I, pp. 334-35.

¹³ DOCUMENTS, X, p. 368.

of the contract were far more formidable an obstacle to Soviet aspirations than he suspected.

5

There is no evidence to show that Schulenburg actually took up the Petsamo question with Molotov in early August as per his instructions of July 30. There no longer seemed to be any urgent reason why he should, for the Soviet government had since late July begun to show itself surprisingly disinterested in the whole matter. By the beginning of August, both the Finns and the Germans suspected that the Soviet Union intended to solve all of its problems with Finland by simply absorbing it in the same way as the three Baltic States were just then being absorbed by the USSR. That would make any further diplomatic pressure in the Petsamo question entirely superfluous, of course.

Alarming news to that effect had started to reach the Auswärtiges Amt on July 24 in telegrams from Stockholm and Kaunas.¹ The Kaunas telegram, which was promptly relayed to the OKW for information, quoted a "reliable military source" to the effect that "an action against Finland" was being prepared "for the middle of August." Motorized units and airplanes were being withdrawn from Lithuania and Latvia for the purpose. A week later, the German Minister in Tallinn was told by his Soviet colleague that the Soviet Union would not tolerate any revanchist provocations by the Finnish government and was capable of "putting an end to Finland in from one to two weeks" if provocations occurred.² Two days later the same Minister reported increasing rumors and signs in Estonia of a Soviet attack on Finland, possibly even a Soviet-German conflict.³ The fol-

¹ Wied to Auswärtiges Amt, tel. no. 1210, 24.7.1940, B19/Boo3660, and Zechlin to Auswärtiges Amt, tel. no. 170, 24.7.1940, B19/Boo3659.

² Frohwein to Auswärtiges Amt, tel. no. 290, 31.7.1940, B19/Boo3672.

³ Frohwein to Auswärtiges Amt, tel. no. 298, 2.8.1940, L274/L085833.

lowing day it was reported from Kaunas that about one-third of the Soviet tank and airforce units in Lithuania had already been pulled out, and that a Soviet assault force would be combat ready on the Finnish border by August 15.⁴ The force would consist of 15 strongly reinforced motorized divisions, and once they were in position Finland could expect a Soviet ultimatum.⁵ Blücher confirmed that 15 divisions stood on the Finnish border, and on August 15 he reported that the force might have risen to 23 divisions.⁶ Washington learned from the American Embassy in Moscow that a total of 30 Soviet divisions faced Finland, including 20 divisions on the border and 10 across the Gulf of Finland in Estonia.⁷

State Secretary Erik Boheman in the Swedish Foreign Ministry told the German Minister in Stockholm on July 31 that he was "extraordinarily concerned" about developments in Finnish-Soviet relations.⁸ And Colonel Carlos Adlerkreutz, Chief of the Intelligence Department in the Swedish General Staff, came to the German Minister unannounced to express his "most serious concern" about the "imminent Russian attack on Finland" and the Soviet occupation of the Åland Islands which would obviously accompany it. He expected "a much more powerful and swift action" than had been the case in the Winter War, and he wanted to know what Germany intended to do about the crisis.⁹

Adlerkreutz received no satisfactory answer, but Germany had already decided to take certain measures to stave off a Russo-Finnish war. The German leadership had started to consider operational plans for an eastern front as early as June, and

⁴ Zechlin to Auswärtiges Amt, tel. no. 182, 3.8.1940, L274/Lo85843.

⁵ Zechlin to Auswärtiges Amt, tel. no. 187, 7.8.1940, B19/Boo3686.

⁶ Blücher to Auswärtiges Amt, tel. no. 493, 9.8.1940, 6434/Ho59292, and tel. no. 514, 15.8.1940, 6434/Ho60557.

⁷ FOREIGN RELATIONS, 1940, I, p. 340.

⁸ Wied to Auswärtiges Amt, tel. no. 1239, 31.7.1940, L274/Lo85825.

⁹ Wied to Auswärtiges Amt, tel. no. 1275, 12.8.1940, B19/Boo3702.

by July 21 Hitler had ordered the Commander in Chief of the Army to turn his attention to this problem and prepare some plans. Finland was included as one of the "gateways of attack."¹⁰ Ten days later Hitler made his first tentative decision to launch an attack on the Soviet Union in the spring of 1941. What Finland's rôle in the invasion might be "remains to be seen."¹¹ One may assume, however, that Germany was no longer willing to stand passively by and let the Soviet Union swallow up Finland, now a potential take-off area for the projected German invasion.

During the second week of August, Hitler decided that the time had come to supply Finland with arms, quietly and through private commercial channels. This news was broken to a small circle of leading Finns in Helsinki by Lieutenant Colonel Joseph Veltjens, a German arms dealer and friend of Hermann Göring's.¹² At the same time, Kivimäki and Fieandt were told by Ribbentrop that Germany stood ready to deliver modern arms to Finland. Since these arms "could not possibly be used for any other purpose than to defend ourselves should Germany's ally, the Soviet Union, attack us," the two Finns recognized that they were "experiencing a historic moment."¹³

This initial step, signifying as it did a possibly fundamental change in German policy with respect to Finland, was followed by other steps pointing in the same direction. While in Helsinki, Veltjens had also brought up the possibility of a German request for transit through Finland to North Norway of men and

¹⁰ FRANZ HALDER, *Kriegstagebuch*, edited by Hans-Adolf Jacobsen, II (Stuttgart 1963), pp. 32-33.

¹¹ HALDER, II, p. 50.

¹² See KORHONEN, pp. 87-93; DOCUMENTS, X, pp. 467, 511-12; G. MANNERHEIM, *Minnen*, II (Helsingfors 1952), pp. 251-53; ERIK HEINRICH, *Mannerheimgestalten*, II (Helsingfors 1959), pp. 228-30. A great number of German documents throw further light on these developments.

¹³ RAINER VON FIEANDT, written statement to the author, 30.4.1965; and DOCUMENTS, X, pp. 511-12.

matériel.¹⁴ By the end of August, talks were underway in Berlin, leading to agreements on September 7 and 12.¹⁵ Later, on September 22, the military transit agreement was provided with a political cover through an exchange of letters between Kivimäki and Weizsäcker.¹⁶ A significant Finnish-German arms delivery agreement was signed on October 1,¹⁷ and a supplementary troop transit agreement was concluded on November 22.¹⁸ These developments and a number of minor incidents, including a conspicuous buildup of German military power in North Norway, of which the Russians were bound to take note, may well have been the reason why the apparently planned Soviet invasion of Finland did not materialize, since the Russians could no longer be sure of how Germany would react to it. They were not to find out officially until Hitler told Molotov in mid-November that he wanted no new conflict in the Baltic area, but the signs had been conspicuous since the second half of August.

The Petsamo area figured prominently in the German deliberations in August, both for strategic and economic reasons. Numerous appeals to the Auswärtiges Amt calling for the adoption of a policy of positive support of Finland were invariably based on Germany's vital need for the Petsamo nickel. Blücher argued that this need was "potent enough to justify Germany in taking a vital interest in future developments in Finland."¹⁹ Field Marshal Wilhelm Keitel, Chief of the OKW, urged the

¹⁴ See memorandum by Schnurre of conversation with Veltjens, 23.8.1940, B19/Boo3718-20.

¹⁵ Blücher to Auswärtiges Amt, tel. no. 539, 29.8.1940, 6434/Ho60520; Leitner to Deutsche Gesandtschaft Helsinki, tel. no. 464, 7.9.1940, 6434/Ho59710.

¹⁶ B19/Boo3763 and B19/Boo3764-65. See also KORHONEN, pp. 108-12.

¹⁷ DOCUMENTS, XI. (Washington 1960), pp. 232-33.

¹⁸ "Vereinbarung zwischen der deutschen Wehrmacht und dem finnischen Generalstab betr. den Urlauberverkehr aus Kirkenes durch Finnland nach Deutschland und zurück und die dazu notwendigen Transporte," Helsinki, 22.11.1940, T-312/992/9185565-73.

¹⁹ DOCUMENTS, X, p. 405.

Auswärtiges Amt to speak "a word of restraint" in Moscow "with stress laid on our economic interests in Finland."²⁰ And a memorandum prepared in the OKW Wehrwirtschafts- und Rüstungsamt a few days later described Finland as "*indispensable with regard to nickel*."²¹ Hitler must have agreed, for on August 26 he told the Commander in Chief of the Army that if the Russians attacked the Finns, "we will occupy Petsamo."²² That did not necessarily mean, of course, that Hitler had decided to support Finland in the event of a Soviet invasion. He wished to prevent such a war altogether since it would interfere with his plans. As Colonel General Franz Halder, Chief of Staff in the Oberkommando des Heeres (OKH), noted in his war diary on August 20: "We want no new theaters of war."²³ But there is no evidence to show that Hitler would actually have prevented the Soviet Union from gathering in this last crop of the territorial harvest to which it was entitled by the terms of the Secret Protocol of the Nazi-Soviet Pact of 1939 had it dared to try it in August, or even September, of 1940. All that can be said with a high degree of confidence is that Hitler had decided to safeguard the single most vital of Germany's interests in Finland, namely the nickel-rich area of Petsamo. It is therefore logical to suggest that as of the late summer of 1940, Germany's interest in Finland was primarily economic. Only later was it to become primarily strategic.

6

The causative relationship between the apparent Soviet war plans against Finland and the developments in Finnish-German relations during August-September 1940 described above seems clear. Whether there was also a causative relationship between

²⁰ DOCUMENTS, X, p. 460.

²¹ "Bedeutung Finnlands für die deutsche Wehrwirtschaft," Wi.Rü.Amt/Wi. memorandum, 19.8.1940, T-312/1010/9205486-87.

²² HALDER, II, p. 78.

²³ HALDER, II, p. 71.

the apparent Soviet war plans and the sudden lull in Soviet diplomatic activity in the Petsamo question, on the one hand, and between the joint Finnish-German preventive measures and the Soviet resumption of the diplomatic offensive in the Petsamo question, on the other, must remain conjectural in the absence of Soviet documentary source materials. It seems to be a very plausible proposition, however. No other explanation is capable of providing an equally plausible guide to understanding the otherwise baffling non-activity of the Soviet Union in the Petsamo question for more than seven weeks, a lull preceded by over two weeks of strong pressure and followed by even stronger pressure.

Not until August 30 did Molotov ask Paasikivi about the Finnish reply to his demand of July 3, adding that he was willing to let Germany buy 60 percent of the nickel output through 1940.¹ Ivan S. Zotov, the Soviet Minister in Helsinki, reminded Witting of the matter a week later with a note of greater urgency.² The *Auswärtiges Amt*, informed by the Finns about Molotov's statement regarding the time limit, instructed Schulenburg to inform Molotov that the German claim was without a time limit. Molotov merely suggested that the Germans discuss the problem with Commissar Anastas Mikoyan, "the one competent for further conversations on this question."³ The *Auswärtiges Amt* decided not to do it, since it might imply a German willingness to discuss with the Russians what had already been established by Finnish-German agreements.⁴

Hoping for some positive results of these German-Soviet con-

¹ Witting's memorandum of 9.9.1940, see p. 300 note 4 above; BLUE-WHITE BOOK II, p. 23; PAASIKIVI, p. 166.

² Witting's memorandum of 9.9.1940, see p. 300 note 4 above.

³ DOCUMENTS, XI, pp. 34-5. See also Blücher to *Auswärtiges Amt*, tel. no. 544, 3.9.1940, 6509/H072923.

⁴ DOCUMENTS, XI, p. 44; draft telegram by Wiehl intended for Deutsche Botschaft Moskau, 10.9.1940, 4545H/E146176-77; Wiehl to Deutsche Botschaft Moskau, tel. no. (1659), 11.9.1940, 4416H/E083878.

tacts in the first week of September, the Finnish government procrastinated while it sought to strengthen its bargaining position. Direct negotiations with the Mond Nickel Company, by demonstrating once again that company's unwillingness to give up its rights, reinforced the legalistic argument against a transfer of the concession which the Finns had used from the outset and were to cling to during the ensuing months of difficult negotiations. Witting also tried to involve the Germans more intimately by keeping the *Auswärtiges Amt* continuously informed of all developments and by asking its advice on how to proceed. The lengthy memorandum given to Blücher by Witting on September 9⁵ recapitulated every step taken in the Petsamo question since Molotov raised it on June 23, and particular emphasis was placed on the involvement of German interests and Finnish commitments to Germany. In his oral comments, Witting urged the speedy conclusion of the credit agreement, complementary to the purchasing agreement of July 23 between the I. G. Farbenindustrie and the Petsamo Nickel Company,⁶ which led Blücher to believe that Witting needed that agreement, notably its paragraph 10 which provided for indefinite nickel deliveries with no opportunity for cancellation before December 1, 1947, in order to resist the Soviet pressure.⁷ A further indication of Witting's tactics at this point is the fact that he cleared his instruction to Paasikivi with the *Auswärtiges Amt* before the Finnish reply to Molotov was submitted in Moscow. Kivimäki gave Weizsäcker a copy of the instruction on September 11,⁸ and he used the occasion to express his government's full endorsement of the as yet unsigned credit agreement and to suggest that it would please his government if

⁵ See p. 300 note 4 above. See also Blücher to *Auswärtiges Amt*, tel. no. 553, 9.9.1940, 6509/Ho72922.

⁶ It was signed on September 16.

⁷ Blücher to *Auswärtiges Amt*, tel. no. 557, 10.9.1940, B19/Boo3730.

⁸ Undated telegram from the Finnish Foreign Ministry to the Finnish Legation in Berlin, B19/Boo3740.

Germany were to use its influence in Moscow for the purpose of steering the Russians away from the Petsamo nickel concession.⁹

The Finnish reply to the Soviet government, submitted to Molotov by Paasikivi on September 13, made two points. It sought to explain Finland's conclusion of the nickel delivery agreement with Germany by claiming that the Finns had assumed the prior existence of a German-Soviet understanding regarding the division of the nickel output, and that this understanding had rendered the concession matter a secondary issue. And it reported that the Finnish government had acted on an earlier suggestion by Molotov to negotiate directly with the Mond Nickel Company about a possible recovery of the concession by the Finnish state, but the company had rejected the idea. Hence the Finnish government had no legal way of offering the concession to anyone else, including the Soviet government.

Molotov was not impressed by this argument. He asked whether it did not really mean that the Finns might be prepared to "arrange the matter, provided a proper legal formula is found." It was a shrewd thrust which went straight to the heart of the matter, since the Finns were indeed trying to use the existing "legal formula" of the contract with the Anglo-Canadian trust as a shield against the Soviet Union in the Petsamo question, while at the same time they hoped the Germans would manage to come up with another "legal basis" for taking over the concession from the Anglo-Canadians.¹⁰ Embarrassed, and clearly afraid that the Russians might now remove the legal hurdle by negotiating directly with the British and Canadian governments about the concession, Paasikivi quickly stated that both International Nickel and Mond Nickel had refused categorically and definitively to give up their rights. Molotov then

⁹ Memorandum by Weizsäcker, St. S. Nr. 688, 11.9.1940, B19/Boo3739.

¹⁰ See DOCUMENTS, X, pp. 185-86.

employed a legalistic argument of his own, explaining that the existing concession arrangement conflicted with the Finnish-Soviet peace treaties of 1920 and 1940. That dubious interpretation was promptly rejected by Paasikivi. As for the Finnish-German agreements, Molotov considered that they revealed "the unfriendly attitude of the Finnish Government to the USSR." He ended the "very disagreeable" conversation by requesting that the Finns reconsider the whole question in the light of the great importance attached to it by the Soviet government, and he urged that the concession be transferred to a joint Finnish-Soviet company.¹¹

The Finnish government was now beginning to feel the Soviet pressure in the nickel question, and it sought to elicit support from Germany. On September 17, Kivimäki visited Weizsäcker and suggested that without such support Finland would probably have to give the concession to the Russians, since a serious quarrel with the Soviet Union was more than Finland could afford to risk. Danger "lurked behind Molotov's word," said Kivimäki, and the present Finnish policy of stalling for time would have to be given up unless German support was forthcoming. Weizsäcker would not commit himself, but he did explain that the German government had not, and would not, renounce the Petsamo concession "in favor of Russia."¹²

This satisfied Witting,¹³ and it was decided that the best thing to do in the circumstances was to get the mining operations at Kolosjoki going as soon as possible while stalling for more time by initiating negotiations for a nickel delivery agreement with the Soviet Union, a step indicative of good will. The Executive Director of the Petsamo Nickel Company, Johan O. Söder-

¹¹ Accounts of the conversation are found in BLUE-WHITE BOOK II, pp. 61-2; PAASIKIVI, pp. 166-67; Schulenburg to Auswärtiges Amt, tel. no. 1962, 16.9.1940, B19/Boo3745; Blücher to Auswärtiges Amt, tel. no. 567, 16.9.1940, 6509/Ho72921. See also FOREIGN RELATIONS, 1940, I, p. 344.

¹² DOCUMENTS, XI, p. 105.

¹³ Blücher to Auswärtiges Amt, tel. no. 571, 20.9.1940, 6509/Ho72917.

hjälm, was sent to Moscow on September 19 with two technical advisers,¹⁴ and the Finnish-Soviet negotiations proceeded on two levels: Paasikivi-Molotov and Söderhjelm-Soyuzpromexport. On the political level, at least, the going was rough. Witting told Blücher that "Molotov is pressing hard and has intimidated Paasikivi."¹⁵

This rather disloyal and disparaging remark was the first of many comments on Paasikivi's compliant attitude to Soviet demands made by many Finnish and German officials during the Petsamo negotiations. It is true that Paasikivi, after his difficult conversation with Molotov on September 13 and the subsequent pressure exerted on him by Molotov, advised his government to adopt a more conciliatory policy than was actually adopted,¹⁶ and it is also true that the picture of the Petsamo negotiations which emerges from Paasikivi's postwar memoirs is considerably more gloomy than that which emerges from other sources. But it was he who had to live with the problem in the Soviet capital and be the immediate target of Molotov's pressure and occasional abuse. This, coupled with his great respect for Soviet power and his fear of an eventual Soviet-German accord at Finland's expense, helps to explain his attitude.

But this attitude, which was not shared by the leading men in the Finnish government, greatly irritated Witting and quickly undermined the Foreign Minister's confidence in his Minister in Moscow. By the beginning of October, Witting decided to transfer the Finnish Minister in Tallinn, P. J. Hynninen, to the Legation in Moscow as Paasikivi's special assistant with the rank of Minister-Counselor, ostensibly because of the heavy work load carried there by the septuagenarian Minister. "I was very pleased about that," wrote Paasikivi in his memoirs.¹⁷ If he

¹⁴ *Loc. cit.*

¹⁵ Blücher to Auswärtiges Amt, tel. no. 586, 23.9.1940, 6509/H072919.

¹⁶ See PAASIKIVI, p. 168.

¹⁷ PAASIKIVI, p. 34.

was aware of the real reason why his work load was thus lightened, he never admitted it. Witting explained to Blücher that Hynninen was to be sent to Moscow "because the impression here is that Paasikivi permits himself to be intimidated by Molotov."¹⁸ Paasikivi continued to carry most of the burden, however, until his position, by February 1941, became so untenable that he offered to resign and was at once removed from the Moscow scene, leaving Hynninen in full charge until the outbreak of the Continuation War.

Meanwhile the Petsamo situation was rapidly deteriorating. Molotov called for a Finnish reply to his proposal for a joint company on September 30¹⁹ and October 9,²⁰ and Paasikivi warned Witting that a "conflict of the first order" was likely to ensue should Finland fail to yield in the matter.²¹ At the same time the negotiations between Söderhjelm and Soyuzprom-export were unceremoniously ended by the refusal of the Soviet government to extend Söderhjelm's visa.²²

In the midst of this rising Soviet pressure, Finland and Germany had proceeded to erect still another barrier to Soviet ambitions, however. The so-called Veltjens Agreement of October 1, in addition to guaranteeing Finland an ample supply of German arms, also gave Germany the right of first refusal "on any concessions in Finland of interest to the Greater German Reich, in so far as the Finnish state intends to offer these abroad at all and in so far as the Finnish state is subject to no previous commitment."²³ In other words, the Finnish government, while attempting to prevent the transfer of the Petsamo concession to a joint Finnish-Soviet company by telling the Russians that it

¹⁸ Blücher to Auswärtiges Amt, tel. no. 618, 4.10.1940, 6434/Ho60443.

¹⁹ BLUE-WHITE BOOK II, p. 23.

²⁰ *Loc. cit.*; PAASIKIVI, p. 168; Blücher to Auswärtiges Amt, tel. no. 651, 12.10.1940, 6509/Ho72912.

²¹ Blücher to Auswärtiges Amt, tel. no. 631, 7.10.1940, 6434/Ho60420.

²² Blücher to Auswärtiges Amt, tel. no. 641, 9.10.1940, 6434/Ho60406.

²³ DOCUMENTS, XI, p. 233, paragraph 7.

was legally impossible, closed the door on the Soviet demand by promising the concession to the Germans whenever such a transfer might become possible. In order to acquire the Petsamo concession, the Russians would now have to go through Berlin.

For Finland this was a step fraught with danger, as the informed Finnish leaders realized. They had now decided to gamble on the availability of adequate German support should their difficulties with the Soviet Union bring them to the brink of armed conflict. The point of no return had been passed, and now they could only cross their fingers and hope, as Witting put it in a letter to Veltjens, that Germany "would lend its support in eliminating such difficulties."²⁴ But they received no explicit promises of this, as Veltjens himself emphasized five weeks later when he was questioned on this point by Ministerialdirektor Emil Wiehl, the chief of the Wirtschaftspolitische Abteilung in the Auswärtiges Amt.²⁵

7

The Auswärtiges Amt was far from indifferent to Finland's plight, however. Weizsäcker noted in a memorandum of October 8 that "an unpleasant and unfavorable situation" would be created should the Soviet Union succeed in acquiring the Petsamo concession, since the Russians could not be expected to respect the Finnish-German agreements. Once they had the concession, the Russians would also gain exclusive territorial influence in the Petsamo area and thereby create an uncomfortable military situation for Germany. Hence, recommended Weizsäcker, the Finns ought to be told that Germany wanted them to withhold the concession from the Soviet government under all circumstances. It had now become necessary, he

²⁴ DOCUMENTS, XI, p. 234.

²⁵ Wiehl to Ribbentrop, e.o.W. 5003 g.Rs., Berlin, 4.II.1940, B19/B003838-40.

wrote, "to strengthen the Finnish will to resist."¹ For the time being, however, Ribbentrop was reluctant about committing Germany to the support of Finland "any more than we have so far."² Thus, when Schnurre and Fieandt met in Berlin on October 25, all Schnurre was in a position to say was that he "considered it proper for the Finnish Government to keep the question of the concession open as long as possible."³

This the Finns tried to do as Paasikivi met with Molotov and his first deputy Andrei Vyshinsky on several occasions between October 30 and November 19.⁴ During the last of those meetings, Molotov, just back from his conversations with Hitler and Ribbentrop in Berlin, blandly proclaimed that the German government had no objections to a transfer of the Petsamo concession to the Soviet Union. On several earlier occasions, both Molotov and Vyshinsky had asserted that the British government had no objections either. Both assertions were false, and the Finns knew it. The trouble was that neither the British, nor the Germans, were willing to make their positions clear to the Russians. The British had indeed indicated that they would accept a *temporary* transfer of the concession to a Finnish-Soviet company for the duration of the war on the condition that no nickel be sold to Germany. As interpreted by Molotov, this justified his assertion about British consent. The Germans had a vital interest in the Petsamo nickel, and they had treaties with the Finns to safeguard their interest. But they did not want to become involved in an open diplomatic conflict with the Russians yet, and so they maintained silence and hoped that the Finns could fend off the Russians alone. The big question was whether the Germans would intervene openly should the

¹ DOCUMENTS, XI, pp. 270-71.

² DOCUMENTS, XI, p. 328.

³ DOCUMENTS, XI, pp. 397-98. See also memorandum by Weizsäcker of conversation with Kivimäki on 29.10.1940, St. S. Nr. 787, B19/Boo3807.

⁴ BLUE-WHITE BOOK II, pp. 73-74, 75-77, 78.

Finns be compelled to yield to Soviet pressure. Ribbentrop refused to make a decision one way or the other.

There were others, however, both within and outside the *Auswärtiges Amt*, who thought that a decision was urgently required, and Ribbentrop's staff was fairly peppered with statistical and other evidence designed to prove that Germany really had no choice but to support Finland firmly. "Petsamo's significance for Germany cannot be evaluated highly enough," wrote Blücher to Weizsäcker, pointing to Petsamo nickel, German fisheries in the Barents Sea, the safe overland route between the Baltic Sea and the Arctic region, and the necessary complement to *Mittleuropa* which the Petsamo area represented!⁵ In a joint telegram from Moscow, Schnurre and Schulenburg urged that something positive be done to help the Finns, lest Germany be completely excluded from the Petsamo area.⁶ The Reichswirtschaftsministerium provided statistical information which made clear the "decisive importance" of Finnish nickel to Germany's war economy.⁷

The evidence and the arguments so impressed Wiehl that he advised Ribbentrop and Weizsäcker of the urgent need to safeguard Germany's interest in Petsamo through a direct approach to Molotov.⁸ The only problem was how to make such an approach effectively without appearing to interfere unduly with

⁵ Memoranda by Blücher, Berlin, 31.10.1940, B19/Boo3812, and 1.11.1940, B19/Boo3832-33. See also memorandum by Weizsäcker, St. S. Nr. 812, 2.11.1940, B19/Boo3831.

⁶ Schnurre and Schulenburg to *Auswärtiges Amt*, tel. no. 2308, 1.11.1940, B19/Boo3829-30. See also Schnurre and Schulenburg to *Auswärtiges Amt*, tel. no. 2482, 18.11.1940, B19/Boo3867-68.

⁷ Letter from the Reichswirtschaftsminister (signed by Dr. Landfried) to Wiehl, "Betr.: Nickelvorkommen Petsamo," V. Ld. 8/47602/40, 5.11.1940, 2111H/456778-80; letter from the Reichswirtschaftsminister (signed by Dr. Bergemann) to Wiehl, V. Ld. 8/47602/40 II, 9.11.1940, 4416H/Eo83889-90.

⁸ "Aufzeichnung betreffend Petsamo-Nickel," W. 5099 g., 9.11.1940, unsigned but apparently written by Wiehl, 2111H/456784-86, also in DOCUMENTS, XI, pp. 506-08.

the designs of the Soviet government. Schnurre came up with a solution, and on his recommendation⁹ it was decided that the Finnish and Soviet governments should be told that Germany would not object to the transfer of the Petsamo concession to a Finnish-Soviet company provided that the Soviet government promise in writing to honor the following four conditions:

- 1) The German claim to 60 percent of the yield for an unlimited period is upheld,
- 2) the Soviet Government recognizes the existing agreements between the German and Finnish Governments with respect to these deliveries,
- 3) the payments for these deliveries may continue to be made through the German-Finnish clearing,
- 4) the Finnish-Russian concession company assumes the place of the Petsamo Nickel Company in the existing agreements between the latter company and the I. G. Farbenindustrie.¹⁰

Schnurre and Schulenburg presented these conditions to Molotov on November 25. His consternation was very apparent, judging by their subsequent report to the Auswärtiges Amt.¹¹ When that report was forwarded to Helsinki for Witting's information,¹² his reaction was, understandably enough, the exact opposite. It seemed to reaffirm his confidence in his policy of resistance to the Soviet demands so much that he blurted out to Blücher, with greater overt satisfaction than diplomatic prudence, that "the German interest in the nickel mines is now greater than the Finnish."¹³ He even felt bold enough to say that the Finnish government, though quite willing to "go along" with the Germans "in the anticipated fashion" in the further pursuance of the Petsamo matter, would not "let itself be

⁹ Schnurre and Schulenburg to Auswärtiges Amt, tel. no. 2482, 18.II.1940, B19/Boo3867-68.

¹⁰ DOCUMENTS, XI, pp. 611-12.

¹¹ DOCUMENTS, XI, pp. 716-17.

¹² Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 697, 27.II.1940, 6437/Ho63634-35.

¹³ Blücher to Auswärtiges Amt, tel. no. 746, 28.II.1940, 6434/Ho60244-46.

pushed into the foreground” or assume any kind of “categorical behavior” vis-à-vis the Russians. Then, after checking with Berlin, Witting instructed Paasikivi to propose to Molotov that Finland and the Soviet Union “begin to work out the organization of a mixed Finnish-Russian concession company.” Paasikivi was also instructed to submit the four German conditions to Molotov as Finnish conditions.¹⁴

Witting had even better reasons for being satisfied than he knew. He had been told by the Germans that it was very likely that “the Russian government was taking note of the fact that Germany did not wish any new disturbances in the North.”¹⁵ He probably understood, or at least Blücher assumed he did, that “Hitler had blocked (*in den Arm gefallen*) the Russian policy toward Finland and that . . . a new political era was beginning.”¹⁶ But Witting did not know that Hitler, during his talks with Molotov in Berlin in mid-November, had “held his umbrella firmly over Finland,” as Weizsäcker described it to Blücher.¹⁷ And he could not know that Weizsäcker had expressed himself even more categorically to an officer of the OKH General Staff. As Halder recorded it in his war diary on November 16, any further Soviet action against Finland would constitute a “casus belli” for Germany.¹⁸ Furthermore, by December 5, Hitler had decided to include Finland as a “par-

¹⁴ Blücher to Auswärtiges Amt, tel. no. 741, 27.II.1940, 6509/Ho72892-95, and tel. no. 752, 30.II.1940, 6434/Ho60234-35; Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 700, 28.II.1940, 4416H/Eo83904.

¹⁵ Blücher to Auswärtiges Amt, tel. no. 752, 30.II.1940, 6434/Ho60234-35; memorandum by Weizsäcker, St. S. Nr. 868, 30.II.1940, B19/Boo3892; Ribbentrop to Deutsche Gesandtschaft Helsinki, tel. no. 704, 29.II.1940, B19/Boo3889; Wiehl to Deutsche Botschaft Moskau, tel. no. (?), e.o.W. 5541 g.Rs., 2.I2.1940, B19/Boo3893. See also DOCUMENTS, XI, pp. 722-23, and Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 699, 28.II.1940, 4416H/Eo83902-03.

¹⁶ WIPERT VON BLÜCHER, *Gesandter zwischen Diktatur und Demokratie* (Wiesbaden 1951), p. 207.

¹⁷ BLÜCHER, p. 205.

¹⁸ HALDER, II, p. 183.

ticipant" (*Mitbeteiligt*) in the coming war against the Soviet Union,¹⁹ and two weeks later Finland was included in Hitler's Directive No. 21 for "Case Barbarossa", the code name for the attack on the Soviet Union, as one of the "anticipated allies" (*Voraussichtliche Verbündete*).²⁰ Germany's vital economic interest in Petsamo had been superseded by an even more vital strategic interest in Finland as a whole. The Finns could now face the Russians in the Petsamo question with much greater assurance than they realized.

8

Molotov's statement to Paasikivi on November 19 that Germany had renounced its claim on the Petsamo concession had been a bluff, and the Germans had been forced to call it. When they did so by the end of the month, a temporary impasse occurred in the Finnish-Soviet negotiations, but not the complete peace and quiet suggested by the Finnish Blue-White Book of 1941. That publication contained less than one page of text and no documents at all about the Petsamo question for the period from November 19, 1940, to January 14, 1941, in spite of the significant Finnish-Soviet confrontation in Moscow between December 19 and 23.¹ The reason for this conspicuous gap would seem to be that most of the diplomatic activity during those eight weeks took place within the Finnish-German arena. Throughout the period the Finns and the Germans were primarily busy, as far as the Petsamo question was concerned, with planning their joint strategy for meeting the inevitable resumption of the Soviet diplomatic campaign.

Presumably the Russians were pondering the unexpectedly

¹⁹ HALDER, II, p. 210.

²⁰ Trial of the Major War Criminals before the International Military Tribunal, XXVI (Nuremberg 1947), pp. 47-52.

¹ BLUE-WHITE BOOK II, p. 25.

difficult problem of what sort of campaign they were now in a position to launch. Apparently they had not solved the problem when Paasikivi saw Molotov on December 3 to carry out his instructions from Witting. Molotov noted bitterly that the Finns had refused for five solid months to come to an agreement with the Russians, and yet they had been concluding one agreement after another with the Germans readily enough. That "was not good for Russo-Finnish relations," he commented. But he had no proposals or demands to make. He merely agreed, with obvious indifference, to the establishment of a mixed commission to discuss the Finnish proposal for a joint Finnish-Soviet concession company.² Subsequently the Finnish government appointed Fieandt and the industrialist Bernt Grönblom to be its negotiators on the mixed commission,³ while the Soviet government named as its negotiators Alexei D. Krutikov, Deputy Commissar for Foreign Trade, and Kurotsev, an official of the Commissariat for Foreign Affairs. The instructions to Fieandt, the head of the Finnish delegation, were issued on December 20 and represented the upshot of the Finnish-German discussions. He was ordered to conduct his negotiations "in dilatory fashion" and stay in close touch with Schnurre, who would be present in Moscow.⁴

The first session of the mixed commission was held on December 19 and revealed at once the almost unbridgeable gulf between the Finnish and Soviet positions. The Finns insisted that Finland must have a clear majority in the projected joint

² PAASIKIVI, pp. 173-74; DOCUMENTS, XI, pp. 781-82.

³ The Finnish government originally named Grönblom and the industrialist Åke Gartz, but when the Germans objected to Grönblom as head of the delegation the Finnish government removed Gartz and made Fieandt the head as requested by the Auswärtiges Amt. See Blücher to Auswärtiges Amt, tel. no. 766, 7.12.1940, 6434/Ho60210-12, tel. no. 769, 9.12.1940, 6434/Ho60205, tel. no. 782, 12.12.1940, 6434/Ho60174, and tel. no. 785, 14.12.1940, 6434/Ho60169; Wiehl to Deutsche Gesandtschaft Helsinki, tel. no. 724, 11.12.1940, 4416H/Eo83911.

⁴ Blücher to Auswärtiges Amt, tel. no. 801, 20.12.1940, 6434/Ho60133-36.

stock company, which should merely handle the marketing of nickel and exercise certain limited executive powers, while the Petsamo Nickel Company would remain in the picture in full charge of the actual mining operation. Furthermore, any transfer of the concession would depend on the consent of the Anglo-Canadian trust.⁵ The Russians, on the other hand, insisted that the new company should take over both the concession and the entire operation. The Soviet government must have 51 percent of the stock, a controlling influence on the selection of the board of directors, and exclusive control of the management.⁶

Paasikivi at once urged immediate and major concessions by the Finnish side. When Fieandt and Grönblom disagreed, he accused them of "blue-eyed optimism" and suggested that the Russians might occupy the Petsamo area if Finland failed to yield. Finland could not afford to let "such a relatively small matter as the Petsamo nickel develop into conflict," he said. He lectured them on "the problems of foreign policy," stressing the unknown factor which was always present, and adding for the benefit of businessman Grönblom that "ordinary business affairs are quite simple in comparison with this."⁷ Schnurre, in a telegram to the Auswärtiges Amt, quoted Fieandt to the effect that "Paasikivi has once again lost his nerve completely and is pressing for immediate capitulation in the Petsamo question."⁸ Fieandt, who enjoyed a close and confiding relationship with Paasikivi, could hardly have put it that harshly, but Schnurre was anxious to impress upon his superiors in Berlin the urgent need for strong German support of the Finnish position and

⁵ A copy of the instructions to Fieandt was given to Blücher by Witting and sent to Auswärtiges Amt as tel. no. 803, 21.12.1940, 6434/Ho60128-29.

⁶ DOCUMENTS, XI, p. 948.

⁷ PAASIKIVI, pp. 174-75.

⁸ Schnurre to Auswärtiges Amt, tel. no. (2801?), 23.12.1940, relayed by Clodius to Deutsche Gesandtschaft Helsinki, tel. no. 748, 24.12.1940, 6437/Ho63580-81.

could certainly be counted on to edit Fieandt's statement to suit his purpose. That Paasikivi took a vastly more pessimistic view of the situation than either Fieandt or Grönblom is quite clear from his own memoirs.

But even they realized that it was useless to continue their negotiations in the mixed commission on the basis of their original instructions, and after Fieandt had discussed the matter with Schnurre it was decided that a temporary adjournment of the negotiations should be sought so that Fieandt and Grönblom could return to Helsinki for consultations and new instructions.⁹ The chance to do so came on December 23, when Krutikov revealed the full extent of the Soviet demands. Fieandt declared that his instructions would not permit him to accept such demands, and he would have to take the matter up with his government in Helsinki. Krutikov was agreeable, and Fieandt and Grönblom departed for home the next evening. Before they left, Schnurre told Fieandt not to come back until the German-Soviet trade talks had been completed. In the meantime the Finns should maintain contact with the Russians "in a cautious and dilatory manner."¹⁰

As it turned out, the Finnish government was able to come up with plausible reasons for delaying the resumption of negotiations in the mixed commission. Dr. Henrik Ramsay was sent to London for talks with the Mond Nickel Company and the British Foreign Office, talks expected to bolster Finland's legalistic argument against a transfer of the concession. In Helsinki a special committee consisting of Fieandt, Grönblom, and Dr. Erik Castrén of the Foreign Ministry was appointed to investigate the legal implications of the Anglo-Canadian concession and the possibilities for annulling it—another measure designed to bolster the legalistic argument.¹¹ As long as both of

⁹ *Loc. cit.*

¹⁰ DOCUMENTS, XI, p. 948.

¹¹ Blücher to Auswärtiges Amt, tel. no. 4, 3.1.1941, 6440/Ho67057-58.

these approaches could be explored without leading to concrete results, it might be possible for the Finnish government to continue stalling for more time. The protracted efforts to form a new government after Ryti's election to the presidency on December 19 offered still another plausible explanation for the delay. When Minister Zotov reminded Witting on December 30 of the urgency of the Petsamo matter,¹² there was no positive Finnish response. The Finns continued to "study" the matter.

H. Peter Krosby

¹² Blücher to Auswärtiges Amt, tel. no. 810, 30.12.1940, 6434/Ho60113.