

Business in the War of Ideas, 1945–1991: Conclusions from the Finnish case

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Drawing from primary sources and previous literature, the article provides an account of the political activity of business in Finland during the Cold War decades (approximately 1945–1991). The paper puts the Finnish case in a wider context by comparing the motives, means, and results of business political activity in Finland with those of other Western countries. It is argued that the Finnish case is interesting not because of its uniqueness but, on the contrary, because of the compelling similarities in the development of public sentiment toward business in various Western countries. In making the comparisons, earlier historical and social scientific research on the political activity of business is synthesised. In conclusion, the article proposes that the concept of a ‘war of ideas’ could serve as a useful general framework with which to explain the similarities found. Based on the findings of the article, fruitful areas for future research are also discussed.

Keywords: business political activity; political climate, business interest associations, Finland, Cold War

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1. Introduction

According to social scientists, the political reality of our world is, more than ever, influenced by business actors. Yet, business political power and activity have not attracted as much academic attention as one might assume (Fuchs, 2007; Wilks, 2013).

Scholars have in particular stressed the need for empirical studies that give historical context to these phenomena (e.g. Lamberg, Skippari, Eloranta, & Mäkinen, 2004; Smith, 2000; Smith, 2010; Vogel, 1996). In this article, I take up this call and provide

an overview of the political fortunes of Finnish business during the Cold War decades (approximately 1945–1991).

According to political scientist Mark A. Smith, the most effective means of advancing business interest in politics is influencing public opinion (Smith, 2000). Taking Smith's proposition as a point of departure, I will examine business's pursuit of influencing public opinion in Cold War Finland. Focus is not on the actual public relations campaigns or other concrete efforts to mould the climate of ideas. Instead, I will concentrate on the motivations behind the attempts to influence public opinion. Why did business circles feel the need to shape the general sentiment in Finland, and how did these motivations change during the Cold War decades? I will argue that until the close of the Cold War era, the main motivation was the threat of socialism and state intervention in their various forms. I will also give a tentative assessment of whether business was successful in its endeavour. The Finnish business community constantly felt like an underdog faced recurring setbacks and anti-business tendencies. At the turn of the 1980s and '90s, however, business finally seemed to be winning the struggle of ideas and attitudes.

I approach 'Finnish business' through the perspective of peak organisations, i.e. *Suomen Teollisuuden Keskusvaliokunta* (STKV; the Central Committee of Finnish Industry), *Suomen Työntantajain Keskusliitto* (STK; the Finnish Employers' Confederation), *Elinkeinoelämän Valtuuskunta* (EVA; the Council of Economic Organisations in Finland), and *Teollisuuden Keskusliitto* (TKL; the Confederation of Finnish Industries).¹ Throughout the decades, these business organs were most heavily

¹ Studying 'business' through the lens of peak associations can be criticised (see, e.g. Hart, 2004; Rollings, 2007). However, in the Finnish corporatist decision-making culture, peak

involved in the campaigns to shape the Finnish climate of ideas. The perspective of peak organisations is also justified by the availability of relevant source material. It was precisely these organisations that repeatedly discussed the development of public opinion and the need to improve the image of business, therefore leaving behind written sources for historical enquiry to exploit. My interpretation is thus based on the original documents produced by the aforementioned organisations and their leaders. They are considered here as the voice of Finnish business.²

Drawing from primary sources and previous literature, I will first of all provide an account of the political activity of business in Finland during the Cold War decades. Second, my aim is to put the Finnish case in a wider context by comparing the motives, means, and results of business political activity in Finland with those of other Western countries. I argue that the Finnish case is interesting not because of its uniqueness but, on the contrary, because of the compelling similarities in the development of public sentiment toward business in Finland and for instance in the United States. In making the comparisons, I synthesise earlier historical and social scientific research on the political activity of business. The United States has been most extensively studied and is, therefore, a natural point of comparison despite great differences between the

associations have traditionally played the most central role in the political activities of business (see, also, Useem 1984; Waterhouse, 2014).

² The archival collections utilised are: the archive of EVA and the private archives of its founder and first Chairman Päiviö Hetemäki and first CEO Max Jakobson in *Kansallisarkisto* (the National Archives of Finland) in Helsinki; and the archives of the STKV, the STK, and the TKL in *Elinkeinoelämän Keskusarkisto* (the Central Archives for Finnish Business Records) in Mikkeli. At the time of collecting the data, part of the TKL's archive was held by *Elinkeinoelämän Keskusliitto* (the Confederation of Finnish Industries) in Helsinki.

political institutions and decision-making systems of Finland and the US.³ Wherever I can I shall make references to other countries, particularly to Great Britain and Sweden. To conclude, I will suggest that the concept of a ‘war of ideas’ could serve as a useful general framework with which to explain the similarities found. Based on the findings of the article, I will also discuss fruitful areas for future research to look at.

2. From disparate starting points to similar threats

During the Cold War, Finland was in the no-man’s-land between the Eastern and Western Blocs. Finland belonged in principle to the group of neutral countries but the neighbouring Soviet Union tangibly influenced both Finnish domestic and foreign policies. For most of the Cold War era, Finnish politics was dominated by the autocratic President Urho Kekkonen⁴ and the practically permanent cabinet coalitions of the agrarian-based *Keskustapuolue* (Centre Party of Finland) and the social democratic *Suomen Sosialidemokraattinen Puolue* (SDP; the Social Democratic Party of Finland). From the late 1960s onwards, tripartite agreements between the state, labour unions, and employers became a central feature of the Finnish society and economic-political decision-making process.

Save for the strong position of the president, Finland’s political institutions and decision-making system differed considerably from those of the United States. While the international status of Finland in the Cold War world was precarious, the US was a

³ According to Mark Blyth, who has conducted a comparative study on the United States and Sweden, these kind of differences make the similarities found all the more interesting (Blyth, 2002, pp. 262; see, also, Useem, 1984, pp. 7-8).

⁴ In power from 1956 to 1981 (officially, 1982) and succeeded by President Mauno Koivisto in 1982.

mighty superpower and the undisputed leader of the Western camp. Nevertheless, there seem to have been intriguing similarities between the two countries if we look at the development of public attitudes toward private enterprise and market economy during the Cold War. Their starting points after World War II were, however, disparate.

The war had revitalised American industry after the Great Depression of the 1930s. Every other major economy came out of the war severely damaged, but the American economy was strengthened by wartime industrial expansion. Growth continued after the war and secured the United States' position as the centre of post-war world economy (Tassava, 2008). Finland and the Finnish economy, on the other hand, were badly crippled by the war. The Finnish army was able to resist Soviet occupation and the country retained its independence, but had to pay a high price for the defeat to the Soviet Union. Finland lost a tenth of its territory – along with several productive units – and had to resettle hundreds of thousands of displaced citizens. In addition, war reparation payments of 300 million (pre-1939) US dollars had to be made to the Soviet Union. However, reconstruction, resettlement, and the reparation payments stimulated the Finnish economy into brisk growth. Finland joined the World Bank, the International Monetary Fund, and the Bretton Woods agreement in 1948 and the General Agreement on Tariffs and Trade (GATT) two years later, thus becoming a member of the United States-led world economy (Eloranta & Kauppila 2006; Hjerpe & Jalava, 2006).

In both Finland and the United States, World War II strengthened governmental regulation of the economy and improved the societal status of the labour union movement. The same was true for practically all of the Western countries. To organise the wartime economy effectively and to ensure that it produced all the necessary goods, governments tightened their grip on the economy through the control, regulation, and

planning of business activities. In addition, the crucial significance of workers' support to the war effort increased the influence of organised labour in national policies (Friedman, 2008; Tassava, 2008; Sassoon, 1997). During the exceptional conditions of war, business leaders were willing to – grudgingly – accept government intervention and the appeasement of labour. But as soon as the war ended, both of these developments became a menace in the eyes of business leaders, who wanted the trends repelled.

In retrospective, it seems evident that the American business community was successful in countering the threats: wartime regulation of the economy was quickly dismantled, and the power of labour unions soon diminished, too. However, favourable future development was not self-evident to American business leaders in the immediate post-war years. In 1945, anti-government and pro-free-market ideas held a marginal place in American politics. Business felt itself vulnerable in the face of public attitudes that considered government controls on the economy and public provision of welfare protection both necessary and desirable. An unprecedented strike wave in 1946 only aggravated businessmen's concerns (Carey, 1995; Fones-Wolf, 1995; Friedman, 2008).

Determined to turn the tide, the American business community launched an aggressive PR campaign targeted against labour unions, New Deal liberalism,⁵ and government regulation. The campaign's rhetoric associated social planning and welfare with 'creeping socialism' and identified interventionist governments and strong unions with tyranny and oppression. Free-enterprise system, on the other hand, was linked with core American values such as freedom, democracy, and patriotism. While it is difficult

⁵ New Deal liberalism refers to a belief in big government that is active in regulating the economy and society.

to establish direct causality between business's campaign and the shifts in the political and societal climate, the American business community nevertheless gained strength and political victories in the post-war years (Carey, 1995; Fones-Wolf, 1995).⁶ The strike wave of 1946 provoked a strong counter-reaction against labour unions and, in 1947, the so-called Taft-Hartley Act was passed to give employers new powers against strikers and unions. The previous year, a conservative Republican majority had been elected to Congress, 'dashing hopes for a renewed, post-war New Deal' (Friedman, 2008; see, also, Fones-Wolf, 1995). All in all, 'between 1946 and 1948, a full-scale mobilisation of business and conservative forces decisively blocked unions from reshaping the post-war political economy along social democratic lines'. American business succeeded in stemming the post-war threats, and the 1950s has been depicted as a period of consensus over the priority of economic growth and general understanding over productivity gain-sharing (Fones-Wolf, 1995, pp. 3). Furthermore, the 1950s was characterised by increasing public suspicion toward governmental regulation (Vogel, 1996).

The post-war shift to the Left was even more pronounced in Europe. Thanks to their pivotal role in resistance movements during the war, Communists enjoyed unprecedented electoral success around the continent in the first post-war elections. In most European countries however the popularity of the Communists was short-lived and the outbreak of the Cold War pushed them to the margins again. Social Democrats, on the other hand, were able to establish a more permanent foothold by taking the lead in the construction of European welfare systems. While the Social Democrats pushed

⁶ As Fones-Wolf points out, the campaign was originally launched already in the late 1930. It was temporarily suspended during the war but pursued with ever greater vigour during the post-war years (Fones-Wolf, 1995).

substantial social reforms, outright revolution was not on their agenda. Instead, they adopted a belief in social welfare under capitalism and put their faith in economic growth, industrial prosperity, and rising standards of living. Accordingly, European welfare states were founded on a combination of state intervention and social security along with capitalism and competitive industrial production. All in all, the post-war leftist surge had abated already by the turn of the 1950s. The leftist *Zeitgeist* gave way to conservative, pro-market and pro-capitalist views in the 1950s. Leftist radicalism was cast aside as capitalism seemed better suited to deliver economic growth, full employment and rising purchasing power to the Europeans (Eley, 2002; Sassoon, 1997). As Donald Sassoon has characterised, the real political issue of the 1950s was ‘[h]ow to achieve the European version of the American consumer society’ (Sassoon, 1997, pp. 207).

In many respects, Finland followed suit. After World War II Finland, too, moved to the left as the outcome of the war consolidated the clout of the political left and labour unions. *Suomen Kommunistinen Puolue* (SKP; the Communist Party of Finland) had been underground since its establishment in 1918 but was legalised in 1944. The SKP became the mainstay of *Suomen Kansan Demokraattinen Liitto* (SKDL; the Finnish People’s Democratic League), founded in 1944 as an umbrella organisation of the radical left. The Communists won a quarter of the seats in the parliamentary elections of 1945 and were welcomed to the cabinet (Jensen-Eriksen, 2013). They also gained ground within the trade union movement. In order to stem the radicalisation of unions, the employers had to submit to collective bargaining, which they had fiercely

opposed for decades (Mansner, 1981; Mansner, 1984).⁷ During the war, close ties had developed between right-wing Social Democrats and non-socialists. Their so called ‘brothers-in-arms cooperation’ remained important even after the war as a means of containing radicalism and communism. On the other hand, the SDP wanted to push through extensive reforms and called for instance for new social legislation, the nationalisation of large private companies, and increased government regulation of the economy (Jensen-Eriksen, 2013).

Similarly to their American counterparts, Finnish business leaders were genuinely worried about the future of their companies and, indeed, of the fate of private enterprise in Finland. Their anxiety was naturally aggravated by the neighbouring Soviet Union. During the post-war period of 1944-1948, often called ‘the years of danger’, many non-socialists were afraid that Finland would turn into a communist country through a Soviet occupation or a leftist coup. While the threat of a downright revolution soon waned, the prospect of ‘creeping socialism’ through legislation remained plausible for longer. In February 1946, the Finnish government constituted a Socialisation Committee. The committee’s task was to study and plan the nationalisation of certain suitable industries or other ways in which government influence over business could be increased. The purpose of the committee, even according to some of its members representing the political left, was just to bury the issue of nationalisation in piles of paper. Nevertheless, the Finnish business community took the threat seriously. The Central Committee of Finnish Industry launched a counter attack, which included the founding of a joint anti-nationalisation fund and the

⁷ ELKA, Suomen Työnantajain Keskusliitto (STK), Minutes of the STK’s executive committee 1919–1944, STK executive committee meeting 2 June 1943 and 17 September 1943.

establishment of a research institute with the task of producing and disseminating pro-business propaganda. In the following years, increasing amounts of content produced by the institute was published in the newspapers, warning the general public about the dangers of nationalisation to the country and its economy (Jensen-Eriksen, 2013; Mansner, 1984; Pihkala, 1999).

Already in the 1930s, the Central Committee of Finnish Industry had repeatedly discussed the need to intensify the propaganda – called, in later decades, more discretely ‘economic education and information’ – efforts of business through the press, radio, and the cinema. First of all, the Committee had felt it necessary to remind the general public about the focal role of private enterprise in creating economic growth, prosperity, and social welfare. Second, the Committee had wanted to prevent the political left from strengthening or, put more precisely, from gaining the majority of seats in the Parliament. These fundamental goals remained unchanged in the 1940s and throughout the Cold War decades. Only the external conditions in which they were pushed through varied.⁸

The post-war ‘years of danger’ passed in Finland without the Communists ever even attempting a coup.⁹ The nation focused on reconstruction, and social unrest and strikes quieted down. After some soul-searching, the Social Democrats decided to pursue a ‘third way’ between US-style free capitalism and Soviet command economy,

⁸ E.g. ELKA, STKV, Minutes of the STKV 1937–1938, 1945–1946, and 1947–1948, STKV meetings 29 November 1937, 14 January 1938; 9 May 1946, 21 January 1947, and 17 February 1947.

⁹ One of the main reasons was that the Communist Party of the Soviet Union never really pressure the Finnish Communists to do so. The Soviets benefited more from a capitalist Finland who was able to supply Soviet Union with (relatively high-quality) goods first as war reparations and later through bilateral trade.

i.e. a combination of state-regulated economy, private enterprise, and free society (Jensen-Eriksen, 2013). Non-socialist parties recovered and began to advocate deregulation and a return to free market economy. An aggressive campaign was organised to reverse the leftist trend and the expansion of the welfare services and state intervention in the economy. In reality, however, the Finnish economy remained state-regulated for years, even decades: for instance, rationing lasted in some form until the mid-1950s and price controls until the 1980s. Both the business community and the labour union movement became integrated into the regulation system through tripartite negotiations and agreements (Bergholm, 2005; Pihkala, 1999). Thus, at the turn of the 1950s, Finland was more corporatist than before. Nevertheless, the immediate post-war threats to the capitalist economic system had passed and the most radical leftist reform plans had been effectively watered down. Instead of turning Finland into a communist country, the 'years of danger' set the country on a path toward a Nordic welfare state with increasing wage levels and an incipient social security program (Jensen-Eriksen, 2013). From then on, the challenge to private enterprise thus came in the form of an expanding social welfare system and increasing public spending rather than outright communism and the nationalisation of companies.

3. Business under attack

Throughout the Western world, the next major challenge to business came in the late 1960s and early 1970s. For instance in the United States, business enjoyed steady public approval and lacked effective political opponents in Washington until the mid-1960s. The interests of business, government, and the public seemed to converge. But in the latter part of the 1960s, the prosperous American consensus of the 1950s was replaced by increasing influence of big-government liberalism, which was dreaded by the

business community. In the eyes of the general public and decision-makers themselves, politics and politicians seemed to hold the key to curing social problems. Many American liberals wanted to turn the USA into a European-style welfare state. While the most radical visions never materialised, social welfare expenditures nevertheless increased and the regulation of corporate social performance expanded in matters such as pollution, workers' health, and product safety (Carey, 1995; Micklethwait & Wooldridge, 2004; Smith, 2000; Vogel, 1989).

At the same time, anti-business criticism intensified. In the late 1960s and early 1970s, cultural and social attitudes toward business became increasingly negative. Business was challenged from several directions: the New Left, the anti-Vietnam-war movement, consumerism, environmentalism, and the public interest movement. Suddenly, corporations had to run the gauntlet of boycotts, protests, and exposés. Public hostility came as a shocking surprise to business leaders, who considered private enterprise as the primary source of economic prosperity for the whole national economy. The pro-government and anti-business climate of ideas set American business leaders on the defensive and made them feel more politically vulnerable than for decades. Some American managers even feared that increasing regulation pointed down the path of *de facto* nationalisation. According to the gloomiest prophecies, final defeat was near and American society was about to collapse under a socialist dictatorship (Carey, 1995; Smith, 2000; Vogel, 1989; Vogel, 1996; Useem, 1984).

The political influence of business eroded for instance in the United Kingdom, West Germany, and Sweden, too (Blyth, 2002; Vogel, 1996). British businessmen were haunted by the spectre of socialism. It appeared in the shape of the increasingly powerful Labour Party and trade union movement with their demands for the nationalisation of banks and insurance companies (Useem, 1984). Labour unrest, with

large-scale striking, hit several countries in Western Europe (and even the United States). In Sweden, for example, labour militancy was among the main reasons for the business community's distress (Blyth, 2002; Phillips-Fein, 2009; Sassoon, 1997). In West Germany, business leaders' anxieties were in a class of their own. There, far-left militant groups engaged in a series of terrorist attacks, some of which were targeted against businessmen. Among the victims were Jürgen Ponto, the head of Dresdner Bank, and Hanns Martin Schleyer, President of the German Employers' Association (Colvin, 2009).¹⁰

Finland was no exception: there, too, the business community found itself in predicament. The West European radicalism of 1968 did not reach Finland, but in the early 1970s, the climate of ideas became very leftist-oriented. The workers were restless and strikes abound. A hard-left, pro-Soviet movement loudly criticised private business and called for its nationalisation, and attracted hordes of not only working- but also middle- and upper-class youth. The Social Democratic Party, too, became ever more radical and adopted hard-line socialist rhetoric. Hostility to business was not restricted to the political Left but the public opinion on the whole – civil servants and politicians included – was increasingly critical toward business. Business leaders found the media blatantly leftist-coloured and suspected that the school system from kindergartens to universities was teaching dubious attitudes to the young. In their view, destructive criticism and anti-business sentiments had reached such heights that the very social order was at risk. Simultaneously, the increasing clout of the political Left seemed to encourage state intervention to an extent that threatened the existence of a free

¹⁰ Kansallisarkisto (KA), Elinkeinoelämän Valtuuskunta (EVA), Minutes of EVA 1974, EVA meeting 4 December 1974, Overview by Max Jakobson; KA, EVA, CEO Max Jakobson 1975–1980, Max Jakobson's overview of current affairs, 28 September 1977.

economy.¹¹ The representatives of industry felt that economic policies were guided by ‘regulation mentality and emergency law hysteria’.¹² Finland was on a slippery slope to a controlled or a command economy. At the end of the road loomed the nationalisation of private corporations or even an outright revolution. Business leaders were deeply bewildered and feared that the whole society was about to stumble and collapse.¹³

Similarly to the post-war era, the situation pushed business into action. Business communities throughout the Western countries responded by mobilising their troops into defensive action. New business associations were established and old interest groups revitalised in order to intensify the political lobbying and the PR efforts of business (Blyth, 2002; Useem, 1984; Waterhouse, 2014). They launched extensive campaigns to ‘reshape the prevailing political and intellectual climate of opinion’ and to educate the general public about facts of the economy. In addition, they began to speak out for more liberal economic policies and brought forward the positive role that private business played in the national economies as the generator of wealth and welfare (quote from Vogel, 1989, pp. 193; see, also, Carey, 1995; Boswell & Peters, 1997).¹⁴

¹¹ ELKA, STKV, Minutes of the STKV 1969–1973, STKV meeting 22 January 1971 and attachment ‘PM Elinkeinoelämän tiedotustoiminnan aktivointi’; KA, EVA, Minutes of EVA 1975, Max Jakobson: ‘EVA:n repliikki tulevaa rooliaan koskevassa keskustelussa’, 24 March 1975; Kansallisarkisto (KA), Päiviö Hetemäki (PH), EVA 1973–1978, Stig Hästö to Max Jakobson 15 October 1976 and attachment ‘Eva ja sen rooli’.

¹² ELKA, Teollisuuden Keskusliitto (TKL), Records of spring and autumn meetings, Spring meeting 20 May 1976, Speech by Chairman Gay Ehrnrooth.

¹³ KA, EVA, Memorandums 1973–1976, MS/RIL: ‘Elinkeinoelämän ideologiaa’, 6 May 1976; KA, EVA, CEO Max Jakobson 1975–1980, Max Jakobson: ‘Suomen talouselämän linjanvetoa’, 6 June 1976; KA, EVA, Minutes of EVA 1976, Memorandum on the discussion at spring meeting dinner, 10 June 1976.

¹⁴ The various forms of propaganda included the production of television series and educational materials to be used in classrooms, professorships of private enterprise, awards to honour

Furthermore, business leaders began to give substantial funding to *think tanks* – non-governmental policy research and advocacy organisations. These think tanks played an important part in the defence by promoting pro-business ideas in public debate and by publishing research that supported pro-business, pro-market, and anti-regulation policies (Boswell & Peters, 1997; McGann, 2007; Smith, 2000; Vogel, 1989). In the USA, the most notable business-funded think tank was (and is) the Heritage Foundation, founded in 1973. The Hoover Institute and the American Enterprise Institute had existed already before but were reinvigorated in the 1970s (Blyth, 2002; Micklethwait & Wooldridge, 2004; Vogel, 1989). In the UK, funding from business circles resulted in the establishment of the Adam Smith Institute and the Centre for Policy Studies (Mitchell, 1997). In Sweden, *Studieförbundet Näringsliv och Samhälle* (SNS, Centre for Business and Policy Studies) was revitalised and a free market think tank called Timbro founded in 1978 (Blyth, 2002; Vesikansa, 2004).

Identically to their colleagues elsewhere in the West, Finnish business leaders mobilised to fight the dangerous political developments. There, too, the counter-attack was aimed at influencing both politicians and the public opinion.¹⁵ Through economic education in the press, radio, and television, business hoped to counter the hostile general attitudes and increase public recognition of business as the creator of economic growth and well-being.¹⁶ Politicians, on the other hand, had to be convinced of the

favourable reporting on business, conferences in which representatives of the media and business could meet, and advertising campaigns on contemporary political issues (see, Micklethwait & Wooldridge, 2004; Useem, 1984).

¹⁵ KA, PH, Correspondence 1974–1976, Max Jakobson to Päiviö Hetemäki, 2 January 1974.

¹⁶ ELKA, STKV, Minutes of the STKV 1969–1973, STKV meeting 27 November 1970; ELKA, STKV, Minutes of the Delegation of Finnish Industry 1963–1976, Delegation meeting 7 December 1970.

priority of economic realities instead of political necessities, and of the need for ‘reasonable’ – that is, business-friendly – economic policies.¹⁷ Business’s effort to improve its influence also entailed changes in the organisational landscape of the Finnish corporate community. The merger of the previously separate federations of export and domestic industries into the Confederation of Finnish Industries (TKL) in 1975 was, in part, motivated by the desire to improve the political clout of Finnish industry (Koroma, 2015). In addition, business leaders established the Council of Economic Organisations in Finland (EVA) in 1974. Although the concept was unfamiliar in Finland at the time, the Council was an exemplary think tank. It conducted research, produced pamphlets and discussion papers, arranged seminars, and took part in public debate, actively advocating a loud and visible pro-business stand.

The business community of each country naturally had their own agenda and strived primarily to influence national-level decision-making. Nevertheless, their agendas coincided on several key issues. Throughout the Western world, business circles gathered their troops in defence of the free market economy. The battle was mainly against the political left (or, in the USA, liberals), against state intervention in the economy, and against expansive welfare services (Boswell & Peters, 1997; Phillips-Fein, 2009; Vogel, 1989; Waterhouse, 2014).¹⁸ Benjamin Waterhouse has stated that ‘[t]he mobilisation of American corporate leaders ... provided a model for European

¹⁷ KA, PH, Speeches and drafts, 1972–1975, Hetemäki’s interview manuscript for Teollisuuslehti 12/1974; ELKA, STKV, Minutes of the STKV 1974–1975, STKV meeting 31 January 1974 and attachment ‘PM Elinkeinoelämän yhteistoiminnan tehostaminen’, 22 January 1974.

¹⁸ It has to be noted, though, that agreement on the most fundamental objectives did not always translate into unanimity about concrete policy preferences. Nor did pragmatic short-term interests and fundamental long-term goals always go hand in hand with each other.

employers' associations, which became increasingly engaged in a market-oriented political project in the 1980s and 1990s and often drew on the rhetorical and organisational strategies that American business leaders and their lobbyists pioneered' (Waterhouse, 2014, pp. 251). The Finnish case presented in this article however suggests that the business communities in Europe mobilised more simultaneously with their American colleagues than Waterhouse claims. But how well did the business communities succeed in their efforts? What was the reception of their political agenda?

4. The triumph of pro-business sentiment

Over the course of the 1970s or in the 1980s at the latest, the political and economic trends of the Western world turned from Left to Right and from statism to market logic. In the US, the political pendulum shifted from big-government liberalism to conservatism. The American business community regained the political initiative and substantially increased its ability to define the terms of political debate. Business-funded think tanks had played a leading role in facilitating this change. With the help of financial backing from business, conservative think tanks such as the American Enterprise Institute and the Heritage Foundation were able to advocate their ideas more effectively than before. By the end of the 1970s, a growing number of think tanks published research that lent support to pro-business policies. This tactic proved successful, and issues such as economic deregulation and business tax reform moved to the forefront of the domestic policy agenda in the late 1970s. The main achievement of conservative think tanks was to arouse scepticism about the appropriateness and effectiveness of government intervention in the economy. By 1980, the proportion of Americans who thought there was too much government regulation had risen from 40 per cent to 60 per cent. The mood of American politics was changing, at least in part

because of the PR efforts of business. Paradoxically, downward trade cycles lent further help to the cause. The post-war economic boom ended in the so-called first oil crisis in the early 1970s and US economic performance declined. In the eyes of the public, business now appeared vulnerable and, therefore, worthy of support, which increased the power of business in American politics (Smith, 2000; Vogel, 1989).

The economic recession of the 1970s was by no means limited to the USA but the oil crisis affected all major industrial countries of the world. In Western Europe, the so called Golden Age of post-World War II economic growth came to an end. In this setting, ideas that emphasised the benefits of free market forces and the disadvantages of state intervention gained new ground. The most obvious sign of the international trend was the election of Margaret Thatcher as Prime Minister of the United Kingdom in 1979 and that of Ronald Reagan as President of the United States in 1980. The key goals of the Thatcher and Reagan governments included restricting the economic role of the state, deregulating the economy, promoting free competition, and liberating financial markets. Thatcher in particular attacked the welfare state, claiming that public welfare services violated individual freedom and frustrated economic growth. Accordingly, the public sector in Britain underwent a major reform wave characterised by the privatisation, marketisation, and retrenchment of welfare services (Schrecker & Bamba, 2015). These reforms were well in line with the political agenda of business. Not surprisingly, business leaders and organisations had played a significant role in facilitating the rise of Thatcher and Reagan and their market-led policies (Denham & Garnett, 1998; Useem, 1984).

Despite the similarities in the political agenda of business with those of Thatcher and Reagan, the relationship of the British and American business communities with the respective administrations was ambiguous. In the USA, business leaders were

disappointed by the failure of the Reagan administration to decrease the regulation controlling corporate conduct in health, safety, and environmental matters (Phillips-Fein, 2009; Vogel, 1989; Waterhouse, 2014). The Reagan administration also fell short of business's expectations regarding tax and public spending cuts. Still, business leaders saw Reagan as an ally, as someone who shared their political and economic philosophy. Besides, it was not just the president but the public in general that held more pro-business values than before. Successful business executives had become well-known and widely admired celebrities. Public opinion was in favour of private capitalism, free enterprise, and small government, and against labour unions and state welfarism (Micklethwait & Wooldridge, 2004; Vogel, 1989). On the whole, American business faced far fewer threats to its influence in the 1980s than before. Labour unions were in steady decline, and while environmentalism remained 'a formidable political adversary', it was not powerful enough to seriously challenge the pro-business overtones of federal policies (Vogel, 1989, pp. 299).

In the UK, recurring tension arose between the Thatcher government and the Confederation of British Business (CBI). The director general of the CBI even spoke publicly about a 'bare-knuckled fight' with the government. The strain was caused by the fact that while Thatcherite policies were unabashedly pro-business, the business community was not always happy about the actual policy choices. Still, despite reservations concerning some of the government's policies, the British business community saw no credible alternatives to Thatcher and was therefore willing to follow her. Besides, most corporate executives supported the overall aims of the government. They matched well the business community's goals of tax cuts, privatisation, and labour market flexibilisation. In Thatcher's Britain, the general atmosphere on the whole was receptive to ideas emphasising the advantages of private business and the free market

economy. All in all, the Thatcher era provided business with an opportunity to spread pro-market and pro-business values in the British politics and society (Boswell & Peters, 1997; Grant, 1987; Mitchell, 1997; Useem, 1984).

In Finland, too, the socialist scare was a thing of the past. The threat of nationalisation, let alone revolution, was effectively watered down by the gradual decline in the attractiveness of socialist ideas. The ‘invigorating and revitalising effect’ of market forces was increasingly acknowledged throughout Europe, Finland included.¹⁹ There, too, public opinion tilted toward the Right, and views in favour of the market economy strengthened. In the mid-1970s, private enterprise had been harshly mocked and criticised. A mere decade later, pro-business attitudes defined the general atmosphere.²⁰ The shift in sentiment was also mirrored in the field of politics, where decision-makers at both ends of the political spectrum became more sympathetic to business and its claims. Furthermore, it was not just attitudes that changed but practical economic policies as well. They became increasingly market- and competition-oriented, and the importance of pro-business goals such as competitiveness and productivity had become self-evident to politicians.²¹

¹⁹ KA, EVA, Minutes of EVA 1988, Autumn meeting of EVA, 12 December 1988, Opening speech by Chairman Mika Tiivola.

²⁰ KA, EVA, CEO Kauko Sipponen, 1987–1988, e.g. Kauko Sipponen: ‘Suomen mielipideilmasto’, 19 March 1987; KA, EVA, Minutes of EVA 1988, Autumn meeting of EVA, 12 December 1988, Opening speech by Chairman Mika Tiivola; ELKA, STKV, Minutes of the STKV 1984–1988, STKV meeting 1 September 1987.

²¹ Eg., ELKA, STK, Minutes of the STK’s board 1987–1988, STK board meeting 24 September 1987; ELKA, TKL, Records of spring and autumn meetings, Autumn meeting 26 November 1987, ‘Teollisuuden Keskusliiton tehtävät ja toiminta 80-luvulla’; KA, EVA, Minutes of EVA 1988, Autumn meeting 12 December 1988, Opening speech by Chairman Mika Tiivola.

The favourable development did not, however, negate the need for business's continuous PR efforts. New threats, albeit less fundamental, arose in the form of 'populist single-issue groups' such as the environmental and anti-nuclear movements. Business executives felt that it was necessary to strengthen the pro-business attitudes further to keep their interests high on the political agenda. For instance, it was crucial to make sure that environmental protection did not risk the competitiveness of Finnish export industry.²² In the 1980s, the peak organisations of Finnish business actually attached greater significance to PR work than ever before. The strategy of pressuring politicians directly lost relative importance to shaping the public opinion, which ultimately dictated the direction of policy-making, too.²³

Finnish business leaders felt that the decline of leftism had left behind an ideological void. At worst, the void would be filled with anti-growth, anti-technology, and pro-environment 'soft values'.²⁴ But at best, the void could open up an opportunity to advance pro-business ideas and interests in the Finnish society. In the 1970s, the business community had been forced to focus on fighting the threat of socialism. Now,

²² Elinkeinoelämän Keskusliitto (EK), Teollisuuden Keskusliitto (TKL), Minutes of the TKL 1980 and 1983, TKL board meeting 16 October 1980 and attachment 'Teollisuuden Keskusliiton toimintasuunnitelma 1981', TKL board meeting 13 October 1983 and attachment 'Teollisuuden Keskusliiton toimintasuunnitelma 1984'.

²³ EK, TKL, Minutes of the TKL 1982, TKL board meeting 14 October 1982; Kansallisarkisto (KA), Max Jakobson (MJ), TKL 1986–1991, Max Jakobson: 'Poliittisen vaikuttamisen kanavat ja keinot muuttuneessa yhteiskunnallisessa tilanteessa', at STKV meeting 1 September 1987.

²⁴ KA, EVA, Minutes of EVA 1981, EVA's executive committee meeting 2 November 1981; KA, MJ, TKL 1986–1991, TKL board meeting 11 October 1984 and attachment 'Teollisuuden Keskusliiton toimintasuunnitelma 1985', and Max Jakobson: 'Poliittisen vaikuttamisen kanavat ja keinot muuttuneessa yhteiskunnallisessa tilanteessa', at STKV meeting 1 September 1987.

however, the time was ripe for business to put its key objectives – free market economy, international competitiveness, and limited public sector – on top of the national political agenda. This task was well underway already in the 1980s, but the breakthrough of business interests in Finnish politics was sealed by the economic recession of the early 1990s. Statistically speaking, the recession was deeper than the infamous Great Depression of the 1930s. The severity of the slump helped to justify the necessity of pro-business policies and reforms, such as welfare and public sector cuts and the deregulation and liberalisation of the economy, which have continued even after the economy recovered (Jensen-Eriksen, 2008; Julkunen, 2001).²⁵ The development has by no means been unique to Finland. On the contrary, most West European welfare states have gone through a similar reform period from the 1980s onwards, regardless of the political composition of their governments (Julkunen, 2001).

All in all, at the turn of the 1990s the business communities throughout the Western world found themselves at a significantly better position than ten years earlier. But just like in Finland, political activity has remained important for the business communities of the Western countries. The continuous need for business political activity has been motivated by the rise of new threats to business interests, especially the environmental movement and Green parties. Combined with the erosion of the Soviet Union's strength toward the close of the 1980s, this development turned the attention of Western business communities from the 'Red Scare' of communism to the 'Green Scare' of environmentalism (Jacques, Dunlap, & Freeman, 2008). This new threat was however far less dramatic than the previous one. As a telling example,

²⁵ KA, MJ, TKL 1986–1991, Max Jakobson to Casimir Ehrnrooth 28 August 1986 and attachment 'Elinkeinoelämän tiedotustoiminta 1986–87'.

Finnish business leaders no longer talked about the actions necessary to prevent the nationalisation of private business or a socialist revolution like in the 1940s and 1970s. Instead, they for instance discussed the funding of a Finnish science center as an integral part of a pro-industry PR campaign.²⁶

The fall of the Soviet Union and the end of the Cold War at the turn of the 1990s signified the victory of the free market economy practically worldwide. Despite its considerable effects on global and national economies, the triumph of capitalism has not been just an economic but also a political phenomenon. An important factor contributing to the success of capitalism has been the lack of serious rivals in the realm of ideas since the collapse of communism (cf. Bernhagen, 2005, pp. 2-3). As far as market ideology can be identified with corporate interests and values, business has fared well during the last couple of decades. However, it would be an overstatement to claim that business now controls the general atmosphere worldwide. While business definitely enjoys a favourable global climate of ideas, the state of affairs may be temporary. It can be undermined, for instance, by economic crises or corporations' misconduct and scandals, or completely overturned in the future by a change in general political and societal values (see, eg., Fuchs, 2007; Smith, 2000).

5. Conclusion: Business in the war of ideas

During the post-World War II decades, the business communities of both Finland and the United States experienced repeated setbacks and unfavourable attitude trends. As late as in the 1970s, business leaders in various Western countries felt like political

²⁶ EK, TKL, Minutes of the TKL 1985, TKL board meeting 14 February 1985.

underdogs. Their response was to mobilise into political activity with the help of newly-established or reinvigorated business associations and business-funded think tanks. It is unclear if and to what extent the subsequent development can be credited to the efforts of business communities themselves. Toward the close of the 1970s and in the 1980s, international political trends nevertheless turned favourable to business ideas and interests, which obviously came out of the Cold War as winners. Throughout the world, pro-business, pro-market, pro-competition, anti-government, anti-regulation, and anti-welfare sentiment was strong and only grew stronger at the turn of the new millennium.

The similarities in the political fortunes of business across the Western countries are too many to be a coincidence. Indeed, I suggest that the business communities of Western countries had a joint cause: they waged a war of ideas against economic interventionism and in defence of free markets, competition, and entrepreneurship. This war was first declared by economist Friedrich Hayek after World War II when he summoned likeminded thinkers to join forces for free market capitalism and against socialism, collectivism, and statism (Hayek, 1949). The time however was not yet ripe for Hayek's message. During the immediate post-war decades, faith in the advantages of social planning, public welfare systems, and economic regulation on the contrary strengthened throughout the West. For three decades, the Hayekian campaign for capitalism and liberalism thus remained on the defensive. In the 1970s, the business communities of various Western countries mobilised their ranks in a fight over 'the minds of men' (Phillips-Fein, 2009, pp. 166; see, also, Blyth, 2002; Vogel, 1989). They joined the Hayekian battle of ideas and brought along their vast financial resources. At the same time, the war of ideas entered a new phase in which the supporters of free market capitalism began to gain the upper hand.

The business-friendly development in the climate of ideas must be primarily credited to factors beyond the control of business: international economic trends, fluctuations of the Cold War, shifts in ideological balance, societal developments, etc. were at the root of the strengthening market and business orientation. Nevertheless, several scholars have emphasised the significance of business's efforts to influence public and elite opinion. Probably, the revival of capitalism and private enterprise would have occurred in any event. But as David Vogel puts it, 'the role played by business ... was that of a catalyst'. 'Business did not so much reshape the climate of intellectual debate as it benefited from and, in turn, helped promote a shift that was already occurring' (quote from Vogel, 1989, pp. 227; see, also, Carey, 1995; Fones-Wolf, 1995; Smith, 2000; Useem, 1984). The Finnish case likewise suggests that business contributed to the change mainly by keeping its ideas persistently 'alive and available' (cf. Friedman 1962/1982, pp. viii-ix). Thus, they were readily on hand when the upheavals of the turn of the 1990s made room for the general acceptance of the anti-statist free-market policy agenda of business.

This article has aimed at pointing out similarities in the political activity and fortunes of business in various Western countries during the Cold War decades. In future research, it would be fruitful to both widen and deepen the scope of study. First, we would need more, and more detailed, national-level accounts of the political activities and agendas of business. This would allow us to draw more grounded comparisons between countries and to judge whether the similarities highlighted here were only superficial or indeed substantive (cf. Useem, 1984, pp. 7-8). If the latter is true, we should take a wider perspective and start looking for explanations for the congruence.

The similarities across countries lend further support to the primacy of structural – social, political, and economic – factors behind the change of opinions toward business. Nevertheless, it would be a fruitful area for future research to look into the significance of agency in the diffusion of pro-business and pro-market ideas. It would be particularly interesting to find out if and what kind of contacts think tanks and other heads of business’s PR campaigns in different countries had with each other. What was the role and scope of international links between business communities? How did ideas and influences travel? Did they share and spread ideas and influences deliberately among themselves? Can we distinguish an international business community that actively and in unison fought for its cause and has, at least for the time being, also won? The suggested concept of a ‘war of ideas’ also needs to be discussed. Is it applicable to other countries than the USA and Finland? Would the concept help us to move beyond narrow national foci and to observe transnational patterns in the political agenda and behaviour of business?

The Hayekian war of ideas was fought within the Western countries as a parallel battle to the international Cold War and the duel between socialism and capitalism. Both contests were resolved simultaneously at the turn of the 1990s when the Soviet Union collapsed. As a consequence, socialist ideology suffered a defeat both in the Cold War and in the war of ideas. This major victory has not, however, negated the need for business leaders to stay constantly politically active and to defend their interests from potential new threats. While the need for political activity remains, the political activity of business – whether examined on the national or the global level – is obviously a temporal phenomenon. Both the political environment in which business operates and the motives for and means of business political activity vary. The historical approach has the ability of taking into account both continuity and change in the phenomenon, in

the environment in which it occurs, and in the ways these two interact. Business political activity would make a good topic for historians to cover but has relatively rarely been taken up by general or business historians.

To conclude, I would thus like to repeat the wish expressed by Jonathan Boswell and James Peters already a couple of decades ago: ‘it is to be hoped that in the future ... historians will pay greater attention to the public policy and social ideas of business ...’ (Boswell & Peters, 1997, pp. 197). This would allow us historians to join social scientists – and the general public – in the ongoing debates about business actors’ political influence. Our particular contribution would be informing the discussion about the past evolution of business political activity and power. This would in turn facilitate more grounded judgements about their current state: is business really more politically powerful than before? If so, how and why have business actors risen to such dominance?

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