Smallcons Project

A Framework for Socio-Economic Development in Europe? The Consensual Political Cultures of the Small West European States in Comparative and Historical Perspective

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Work Package 10
Paths in Austrian and Finnish History
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Contents

Helmut Konrad, Martin Pletersek, Andrea Strutz
Paths in Austrian and Finnish history – a tentative comparison

Helmut Konrad
Periods in the History of Austrian Consensualism

Henrik Stenius
Periodising Finnish Consensus

Martin Pletersek, Andrea Strutz
A Monarchy and Two Republics – the Austrian Path
(including comparative context of neighbouring new EU-members)

Johanna Rainio-Niemi
Paths in the Austrian and Finnish history: FINLAND
(including comparative context of neighbouring new EU-members)
The smallcons-project "A Framework for Socio-economic Development in Europe? The Consensual Political Cultures of the Small West European States in Comparative and Historical Perspective" reserves a particular place for Austria and Finland because "[…] these cases suggest that the communication capacity conditional for consensualism can emerge within only a few decades." (Annex to the contract: 3). As opposed to the other project countries, the project proposal assumes that the two are the discontinuity cases whose historical paths didn't seem to point towards consensualism. In the words of Peter Katzenstein, "[…] the Austrian train was at every branch switched in a direction opposite from the other small European states." (1985: 188). While the Netherlands, Sweden, Denmark, and Switzerland developed what Katzenstein calls the corporatist compromise, Austria and Finland experienced a period of insecurity, turmoil, and even civil war.

For some reason though, both countries developed consensualist practices and attitudes during the second half of the 20th century. Austria already in the late 50s and Finland at a time when consensualism elsewhere seemed to go through a period of crisis. In order to test the project assumption and to explain the remarkable transition to consensualism the historical development of Austria and Finland has to be taken into account. As these countries’ histories are investigated with a view on the later development of consensualism, special attention is given to socio-economic development and democratisation, but also to the rifts that run through society and coined political culture.

The time-frame of investigation varies according to topic. The main starting point is 1848 for Austria, slightly earlier in the 19th century for Finland. As for the end of the period in question, a slight overlap to WP11 is created by stopping in the 1950ies for Austria (wage-price agreements, 1950 strike) and a bit earlier for Finland.

In the smallcons WP 7 report, Christianne Smit analyses the historical roots in the "old" consensual countries the project deals with – i.e. the Netherlands, Sweden, Denmark, and Switzerland – critically following the argument of Peter Katzenstein (1985). The question to what extend Katzenstein's theses can be applied for Finland and Austria is adressed by the respective papers in this workpackage. While developments in Austria and Finland are certainly different from the "old" consensual countries, they are also contrast cases compared to each other. An in-depth comparative analysis of the question of the "consensual turn" will have to wait for the results of WP 11; here, an overview of the main similarities and differences of the developments in Austria and Finland will be given:
**Similarities: parallel political breaks**

a) A shift in the geopolitical situation in the beginning of the 19th century:
   - Finland separates from the Swedish realm and becomes part of Tsarist Russia as a Grand Duchy.
   - Austria separates from the Holy Roman Empire in 1806 (the later Austria becomes part of the Habsburg Monarchy).
   - Both separate from (western) powers and become part of (eastern) empires, although with different internal positions.

b) Democratisation
   - In both countries universal suffrage (in Austria only for men though) was introduced as a result of the Russian revolution 1905.

c) Small states in a new European order
   - Both states emerge 1917/18 as a result of disintegrating empires at the end of World War I.

d) Political polarisation
   - In both countries society is deeply divided at the end of World War I. A political rift between Left and Right runs through the country that eventually leads to a bloody discharge.

**Differences:**

a) Nationalism:
   - Austrian nationalism is a German language nationalism with centrifugal effects; it cannot serve to legitimate the small state.
   - Finnish nationalism (also as language nationalism) serves to differ Finland from Russia and Sweden; it can therefore be considered an important factor in nation building.

b) Viability:
   - Finnish economy emerged as a national economy during the 19th century. Viability of the state was not questioned.
• Austrian economy was oriented towards the Habsburg empire and therefore dysfunctional for the small state. The First Republic was considered a state that would not be able to survive.

c) Civil War
• The ferocity of the Civil War in Finland (1918) can be seen as a direct consequence of the breakdown of Tsarist Russia.
• Civil war in Austria (1934) only broke out one and a half decades later after a domestic trigger.

d) The role of the Left
• The Left in Austria is united in the Social Democratic movement and committed to a reformist path. The role of Communism is marginal.
• In Finland, Communism is of significant importance.

e) Inter war period:
• In Finland, modernisation prevails with the bourgeoisie dominating.
• In Austria, society is split. Modernisation is centered in Red Vienna.

Precursors of corporatism:

• Finland: While bourgeois centre parties are open to trade union involvement, employers block any attempt at collective bargaining well into the thirties. Trade unions are closely connected to the Communists and therefore under constant suspicion. Socialists try to act through parliamentary channel and remain rather passive towards unions.
• Austria: A number of institutions that can be seen as precursors of corporatist arrangements exist but post WWI society in Austria is highly polarised, lacking the political will for cooperation. Trade unions and Social Democrats are depicted as "Siamese Twins".
**Comparative context: New EU-Member states**

The second part of the workpackage is the investigation of the political history of the neighbouring accession countries, i.e. Estonia, Latvia, and Lithuania in the case of Finland as well as Czechoslovakia, Hungary, and Slovenia in the case of Austria. According to the Annex, the work is intended to create a foundation for fruitful discussions in the workshop of WP 12 where researchers from these countries will discuss the relevance of the corporatist systems in the small countries as models for these new members of the European Union. This part aims at a brief outline of the historical paths of development concentrating on democratic developments, the impact of fascism and the communist takeover after World War II. An investigation of eventual early corporatist institutions in the inter-war period is not part of this investigation. Here a brief outline of the major similarities and differences is given:

a) Nationalism movements in the 19th century
   - Nationalist movements in the Habsburg empire occurred as a reaction to the German Austrian domination (esp. Hungary, South Slavs).
   - Nationalism in the Baltic states occurred to limit the power of the domestic (German) rulers.

b) Nation state building process 1918/20
   - Nation states are emerging out of dissolving Habsburg and Russian empire – seeking national independence.

c) Economic starting point in the new states and land reform
   - The disintegration of the empires left all in dire straits due to the loss of their (protected) markets and their resources. It took them more or less a decade to recover and then they were hit hard by the Great Depression.
   - An exception is Czechoslovakia that inherited a big share of the total industrial workforce and industrial capacity of the monarchy.
   - Land reform was only carried out in the Baltic states and in Czechoslovakia.

d) Democratisation and political development
   - All nation states start as democratic republics (exception Slovenia in the SHS-monarchy with parliamentarian features).
• Interwar period: The government coalitions shift from more or less leftist, centered and conservative coalitions to governments that show distinctive authoritarian characteristics (e.g. one party system where all other parties are banned) in the 1930s.

  - Estonia  1934
  - Latvia   1934
  - Lithuania 1927/28
  - Slovenia within Yugoslavia 1929 (King Alexander introduced dictatorship)
  - Hungary  1936 attempt for a corporate state

• The exception is Czechoslovakia that stays democratic before WWII breaks out.

e) WWII
  • All these states experienced WWII German occupation during the war.

f) Soviet dominance
  • In the 40s and 50s all those nation states get under the domination of the Soviet Union, only Yugoslavia can develop an alternative model of Socialism.

Whether the corporatist systems in the small cons countries served as a model for these states after the democratisation movement of 1989 or whether they pursue similar courses as members of the European Union will be subject to discussion in the workshop that will take place in Graz in September 2005 as a part of WP 12.
Periods in the History of Austrian Consensualism (WP 10)
Helmut Konrad (Department of History/Contemporary History, University of Graz)

A comparison of the history of consensualism in European states demands at least a rudimentary knowledge of the respective political, social, economic, and cultural developments. The decisive turning points show, with the exception of the global cleavages in 1918 and 1945, considerable differences between various countries. Even a comparison between Finland and Austria allows to clearly point out these differences, despite similarities such as their late coming with respect to the development of consensual structures. Therefore, the most important cornerstones and structures shall be presented here from an Austrian point of view.

a) Austria and top-down change
The classification of change (top-down, from outside, from within) in Austria is of course a schematic workaround. The three areas are closely interrelated and interdependent. Each one taken on its own is of very limited explanatory value.
Austria is considered a very obedient country. The historical roots of this belief in authority can be found in the violently implemented counter-reformation and in the militarization of society due to the long confrontation with the Ottoman Empire. During the last century of its existence, the Habsburg Empire was held together only by the monarch, the army and the bureaucracy; this led to hierarchical structures and to a model where change was not achieved by struggle but by decree.
1780 can be considered the first incision, with the beginning of the reign of Joseph II. However, his mother Empress Maria Theresia had already started modernisation with reforms such as compulsory school for the empire's children. Joseph went even further; he aimed at a modern, centralistic state with German as official language. Judicature was modernised, torture was abolished and Protestants as ferments of modernisation were attracted by the Edict of Tolerance. Jews could live in Austria again; a century later they would become important promoters of modernisation, industrialisation and especially culture. Centralism could not really be enforced. Yet the term 'josephism' still remains today: it describes reforms of an 'enlightened monarch', that is to say top-down reforms.
The second incision, 1848, also shows elements of top-down reform. The comparatively modern drafts for a constitution, modernisation of the infrastructure (Semmering railway) and the accession to throne of the young Emperor Franz Joseph show that even when for the first time political pressure from below could be felt the basic position of Austria remained the
same. The new, centralistic constitution, decreed by the young monarch, was built on neo-absolutistic principles and represented the top-down power structure. However, 'neo-absolutism' was different from the absolutism of the time before 1848, the state had become more modern.

The third wave of top-down change can be found around 1867. The ruling class perceived an urgent need for economic and military modernisation. With the Dual Monarchy, a construct was found that allowed for dual progression. In the western, 'Austrian' part, that comprised the kingdoms and provinces of the Reichsrat, the Staatsgrundgesetz was established in 1867; once again not as a result of citizen struggle but decreed top-down. The constitution guaranteed human- and citizen-rights and has remained the basis for all constitutional forms of government in Austria up until today.

The fourth important date of top-down modernisation is the foundation of the republic in the years 1918-1920. Opposed to demands from urban masses a small group of political actors defined the direction. The Democratic Republic of German-Austria was born from a compromise whereby parts of the elite wanted to prevent restoration while another part tried to avert revolution. Even the question of a union with Germany ('Anschluss') describes more a consensus of elites than the will of the people. The constitution of 1920 can be considered an individual performance of Hans Kelsen, probably the most important Austrian jurist.

The fifth incision also describes an elite consensus. The cooperation of former political opponents created the Second Republic – at a time when the war was not yet ended and the bigger part of the Austrian population was occupied with other questions. Questions of survival, of husbands and sons at the front, fear of rape, fear of bombs, and how to get food. The new state did not stem from a desire of the people, not from a mass movement or a revolution. It was decreed to the Austrian population but gratefully accepted.

The decision for Austria's 'everlasting neutrality' of October 1955 was not the result of popular struggle but again a top level accomplishment (like the nationalisation of industry, the wage-price-agreements and other steps towards Social Partnership). In any case, October 26th, 1955 represents the sixth incision of top-down modernisation in Austria.

"We build modern Austria" – with that slogan the 'enlightened monarch' Bruno Kreisky started the social democratic path of a policy of modernisation in 1970. The early seventies mark the seventh step of massive changes from top. These years are of special concern in the work of the Austrian team in the project. The eight incision can be seen in the 'turnabout' ('Wende') of the year 2000. The drastic re-orientation of structures in Austrian politics and society is also a decision of relevant actors rather than an expression of electoral will.

Concluding:

1780: Reforms of Joseph II.
1848: Modernised absolutism
1867: Constitutional turn
1918: Democratic republic as elite consensus
1945: Second republic as anti-thesis to National Socialism
1955: Positioning with regard to foreign affairs
1970: Kreisky's modern Austria
2000: 'Turnabout' ('Wende')

b) Austria and changes from outside
Austria is a country where modernisation was often triggered by external events, by certain constellations in global politics, or by wars. Dynamics in home politics were often a reaction to defeats but also to fears and scenarios of external threat.

With regard to external pressure, periodisation could of course start earlier; however, a period of 200 years will be of concern here. The first interesting dates are therefore 1804 and 1806 respectively. Following pressure by Napoleon, Franz II called himself Franz I. of Austria and renounced the title of Emperor of the Holy Roman Empire. This is where an independent history of Austria starts. The civil code was an important Napoleonic heritage for the development towards a constitutional state. Even the politics of the next half century (from the Congress of Vienna to 1848) can be understood as a late consequence of the threat that Napoleon posed to Austria.

The second date, 1866, makes the importance of external factors particularly clear. That year decided the struggle for predominance in German speaking Europe between Berlin and Vienna, between Prussia and Austria. In the battle of Königgrätz, technical superiority of Prussia showed clearly ('The Prussians don't shoot that fast' – that dictum proved an illusion faced with modern Prussian breech-loading rifles). The traumatic defeat led to respective changes in home politics: Establishment of the Dual Monarchy, constitutional law, large scale orders of the state to the arms industry. The so called 'Gründerzeit' was thus initiated from outside.

At the end of the First World War the fate of Austria was decided by the victors. 'Austria, that is the rest', it was said in Paris when the new states around Austria had been established out of the Habsburg heritage in the name of the right of self-determination of the peoples. Not only the borders, but particularly the ban on 'Anschluss' to Germany coined Austria's history. The peace conference of Saint Germain set the frame for further development: the sovereign small state, the limitation of the army and economic sanctions. This did not correspond to the sovereign will of the Austrian people but was fully imposed from outside.

The fourth decisive break happened in 1938. The so called 'Anschluss' to Germany had a domestic factor; it was domestically the result of a power struggle. However, it was mainly
caused by external military action by troops of national socialist Germany. Only the Soviet Union and Mexico protested against the forced integration of Austria in the German Reich, which makes clear that the great western powers considered this event as a correction of the decisions taken between 1918 and 1920. Left alone by the global community, Austria accepted its new role as a part of national socialist Germany (albeit with broad acceptance in the population).

Again it was a defeat in war (like before in 1866 and 1918), that documents a break initiated from outside. In 1945 the Second Republic emerged that could build on the Moscow declaration of 1943. It was a declared war objective to re-establish Austria as a democratic republic with the borders of 1937. The decisive event in Austrian history had thus been prepared in the Allied conferences.

The sixth break influenced by global politics was the State Treaty of 1955. It had become possible in a situation where the Soviet Union wanted to demonstrate the divided Germany that the intended neutrality and avoidance of west-integration presented a chance for unification. At the same time, the geo-political situation of Austria was important in the Cold War, as its non-integration offered advantages for both sides.

The accession of Austria to the European Union in 1995 can be considered the latest break; an act that was made possible by a decision of the then member states of the EU.

Concluding:

1804-1806: Napoleon's European policies
1866: Battle of Königgrätz
1918/20: Defeat in the First World War and Saint Germain
1938: Integration into the German Reich
1943-45: Moscow Declaration and defeat of National Socialism
1955: State Treaty
1995: EU accession

c) Austria and domestic changes

Inner dynamics became important rather late compared to external pressure or change from the top. Josephism knew an enlightened bourgeoisie, e.g., reading societies, and in the first half of the nineteenth century student societies where reforms were discussed. All the same, historically relevant pressure did not emerge from the domestic situation before 1848.

In Austria, the revolution of 1848 was driven by students and the educated bourgeoisie; workers that were barely organised at that time became a relevant factor only a few months later. It was chiefly a national, urban revolution in black-red-gold in the German speaking parts of the monarchy and a Czech-national movement in Prague. Liberal demands joined.
Social questions were raised by typographers and later navvies, whose movement was put down violently. Early forms of consensus seeking politics emerged in this revolutionary year. The second internal break was driven by the children of the revolutionaries of 1848. The Staatsgrundgesetz allowed for liberal policies. This was true economically but also politically. Social projects (workers' education associations), other forms of cooperation (in the beginning it was surprisingly mainly death funds and funeral insurance funds) like support associations emerged – often the social facade served to hide illegal political goals. When in 1870 the right of association allowed for unions, they developed from local support organisations. Political life began to prosper in Austria.

As Liberalism thought of political parties as associations of notabilities, the development of mass-parties was the next step in its heritage. This happened at the 'Hainfelder Parteitag' in 1889 where the Social Democrats united to a mass party led by the poor people's doctor Victor Adler. Catholic-conservative and national parties soon followed (the German Nationals even preceded that date, although with less decisive consequences). Since 1889 the masses are politically organised and play a relevant role in Austrian domestic politics.

The period between 1905 and 1907 must be considered the fourth break. Following the revolution in Russia and political movements in Belgium the Social Democrats put universal, equal, and secret suffrage for men on their agenda. This was accomplished with mass demonstrations and threats ('talking Belgian') and carried out for the first time in 1907. For once, pressure from the streets had effectively changed politics in Austria. 1848 had been a failure but in 1905-07 a central step in democratisation was indeed accomplished by a people's movement, led by a young party.

In hindsight, 1918 is sometimes referred to as the 'Austrian Revolution'. That is a somewhat selective perception. The foreign affairs side as well as the elite consensus have already been mentioned. It can be said though that workers' and soldiers' councils participated in forming the events. When revolutionaries ripped the white stripe from the red-white-red flag in front of parliament on November 12th, 1918, the law of action seemed to be in their hands. The whole bulk of Austrian social legislation – exemplary for all of Europe – arose from pressure from the streets. At the same time these laws severed to domesticate the revolutionaries. The workers' councils were transformed into staff associations inherent to the system of the democratic republic.

The sixth break is the civil war of 1934. The events in February of that year had a long and dramatic prehistory. The private armies of the two 'Lager' were each one bigger (although less thoroughly armed) than the federal army. The whole First Republic was characterised by violent clashes, topped by the conflagration of the palace of justice in 1927. In this event political leaders did not manage to control the masses. February 1934 on the other hand was a desperate rearing up against the stripping of democracy, a kind of defensive putsch.
workers movement had been onto the defensive for too long, it had been weakened by the world economic crisis, and since the suspension of parliament in 1933 they were at a considerable disadvantage in political positions. Statements on the activities of February 1934 are therefore rather ambivalent.

The next notable movement from within can be placed in October 1950, unless one wants to take into account the attempted National Socialist putsch of July 1934 or the Nazi takeover from within in 1938. This seventh date is the reaction to the 4th wage-price-agreement of the 'Social Partners'. In September 1950 a movement started in the VOEST steel mills, where the AdU – the union organisation composed mainly of former Nazis – had the majority in the works council. It started in the American occupation zone and was directed primarily against the workers' representatives in the chambers of labour. When the strike spilt over to the Soviet zone, it got an overarching political dimension. Although a Communist takeover in eastern Austria was certainly not on the agenda a union countermovement developed in the streets, carried mainly by the construction- and timber-workers. The strike soon collapsed and since then, Austria is counting strike time in seconds.

Although Austria cannot be compared to France or Germany, 1968 can still be considered the eight break, the 'hot quarter of an hour' of Austrian history. At least the students' movement could change the political climate in Austria enough to render possible the Kreisky victory in the 1970 elections and break up some authoritarian structures. The results were universities with the strongest participation worldwide and an open climate for modern forms of culture (Wiener Aktionismus, Grazer Forum Stadtpark, etc.). The sexual revolution of those years irreversibly created new values and norms.

1978 can be considered the ninth incision. After almost a decade of Social democrat predominance, the population questioned the blind belief in progress of the modernizers. The new atomic power station in Zwentendorf – although practically finished – was rejected in a popular referendum and never started up. Today it is an industrial monument, a singular success of the young environment movement. The later prevention of a power station project in the meadows of Hainburg was somehow a logical consequence of the Zwentendorf referendum.

The last important marker is the year 2000, with mass protests against the so called 'Wende'. The whole spectrum of opposition got mobilised against the participation of the Freedom party in government and brought more people to the streets in peaceful protest then ever before (albeit without success).

Concluding:

1848: Failed bourgeois revolution
1867: Implementation of Liberalism
1899: Mass parties
1905-07: Universal suffrage for men
1918/19: Austrian revolution
1934: Austrian civil war
1950: October strikes
1968: Students' movement
1978: Zwentendorf (environment movement)
2000: mass protests against the 'Wende'

d) How does consensualism fit in this structure?

The above periodisations are an attempt to classify important dates in Austrian history in a system. To complement these, it would be necessary to look at economic and cultural developments also, but those are more process oriented and can rarely be fixed with a certain date. The predominantly political timeline will therefore have to suffice.

In our texts for WP 1 we have described the steps towards modes of consensual politics. Therefore this will not be repeated here. Many of the decisive steps (chambers of commerce, chambers of labour, wage-price-agreements) took place in line with the historical breaks presented here. The aim was only to get acquainted with some basic patterns of Austrian political history, in order to have a common knowledge base for the upcoming comparison of Austria and Finland.
Henrik Stenius:

*Periodising Finnish Consensus*

December 2003

Consensual politics includes different elements. Depending on what we exactly are interested in brings into being different narrations each with a periodisation of their own. Some narrations might extend a short time span; others might cover a long period of time. Although the elements in the different interpretations are connected to each other, I think, the only way to comprehend the whole picture is to separate the different narrations and recount them separately.

Periodising the history of Finnish consensualism, one has to ask to what extent the term 'consensus' should be reserved for situations where there are different opinions that converge into a common stand, or, whether one should talk about 'consensus' also in situations where there never where but just one opinion.

To say that a whole nation shares the same opinion involves, of course, extensive methodological problems. However, in this paper I will focus on the one hand on such manifestations of specific opinions that correspond with a mobilisation into exclusive particularistic groups or organisations, and, on the other hand, on such phenomenon that prevent the occurrence of different opinions.

Analysing the history of Finnish consensualism in the first sense (converging into a common stand) there is an obvious risk of falling into the trap of prolepsis: you talk about phenomenon x (converging into a common stand) in period y and in order to analyse x you make the mistake of predating its occurrence, and what you describe is instead in fact a situation where there never was but one opinion.

I suppose many debaters would regard the first kind of opinion-making and practices (converging into a common stand) as "proper consensus". However, I have chosen also to deal with the other type of expressing the same opinion. The reason is that these two different ways of being of the same opinion are closely interconnected to each other.
Part 1 and 2 deals with two different, but crucial, aspects of the Finnish historical tradition that prevented the emergence of separate, particularistic manifestations (situations where there never was but one opinion). Part 3 concerns the language issue, which to some extent did polarize the Finnish society, but basically avoided contrariety. In part 4 I focus on the issue of mobilisation, participation and articulation of particularistic interests. In the concluding remarks in part 5 I present a scheme of parallel narrations on a slightly more abstract level.

1. The homogenous Nordic society

17th century:
Elaborating a story of the homogenous Nordic society one could choose the 17th century as the period when such a society consolidated itself. The Nordic societies were ethnically comparatively homogenous, although such a statement is controversial in the sense that Sweden was consolidated with two languages. According to the geopolitics of Gustavus Vasa (1495/96-1560) the Scandinavian countries should not have just one centre but two, one in Stockholm and another in Copenhagen. Consolidating "East Scandinavia" (the realm of Sweden, including Finland) the Swedish as well as the Finnish languages where used. The relation between these languages were not symmetrical, although the Bible was translated into both languages more or less at the same time, and from here on the most important laws were translated into Finnish. In this society, during the centuries that preceded the nationalistic mobilisation, it is difficult to recognise tensions between the language groups.

The Reformation was an "Islamisation" of the Nordic societies. While the medieval European society had separated church (the Pope and his Guelfs) and state (the Emperor and his Gibellins) from each other, the Reformation in the Nordic countries united the church and the state into one inseparable body. There was no rivalry between the two sides of the same societal organisation. The laws of the state and the norms of the church did not contradict each other, and neither were these two poles regarded as two separate authorities. The Nordic countries were unique in that the state and the church did not develop a contractual relation. (Although in Sweden of couple a years ago state and church was separated). In the Nordic countries there were never such characters as Don Camillo and Peppone.
The church and its inseparable relation to the state defined the subjects as equal, whereas religion, for instance in the German speaking principalities and city-states, actualised the fact that the German speaking subjects differed radically from each other.

In different sections of the Nordic societies in the 17th and 18th century one can detect several other kinds of levelling attitudes. For instance, a strong emphasis on work created a society where each individual, poor as well as rich, was included in the society but only by fulfilling his duties in the production of material and spiritual wealth. Although material wealth was unequally distributed, physical work was never alien to the upper-class lifestyle. When work is holy, ostentious consumption was a sin (or a display of bad taste). Crass show-offs offend the ideal of simplicity.

Good life was life of conformity. Here, in this conformity, privation was strongly emphasised. A pietistic, fairly rigid interpretation of privation impregnated the whole society.

The Nordic countries have had their share of class conflicts. But the class differentials were greater in the south and east. The tendency to draw a line between the classes has been less categorical in the Nordic countries (The landlord and his men and dependants had common sauna baths).

The most typical feature of class relations in Sweden (including Finland), however, was that the peasantry had a prominent place in the social, political, and cultural fields. The nobility was too weak to prevent the farming class from being economically and politically independent. This meant, for instance, that the farmers were an estate of their own in the Diet – something that can otherwise be found only in the Friesland and Tirol.

The peasant society mentality remained also long after the breakthrough of industrialisation (1880s). The industrial workers preserved close links to the rural culture up till mid 20th century. The main reason for this was that industry (saw mills, paper mills and metal industry) was located in rural areas where the industrialist could utilise water power. Under these conditions the working force demonstrated “flexibility” as the members of the proletarian family, depending on the season, worked in forestry, in the harbour, in the factory and at their small farm place.

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1 The new models of municipal participation in Swedish and Finnish towns on the 19th century were not of the burgher variety in the European urban sense, but borrowed instead from the rural model of rural local self-government.
In all the Nordic countries the peasantry were crucial in shaping national political cultures. This has special historiographical consequences. Firstly, the roots of the civic duties and political liberty have unambiguously been “found” in the peasant society. And, secondly, this perspective has fostered a linear comprehension of the democratisation of society. Mobilisation and democratisation well forward without any to and fro movements.

1950s onward:
Such a gloomy picture of the historical traditions is, perhaps, not absolutely fair, as out of conformity grew an optimistic mobilisation for universalistic reforms in the field of social and educational life.

What happened to the old ideals and social practices of conformity? Basically, the crucial parts of this conformity did not broke up until the decades after the Second World War:

- Privation stepped back in the consumption society of the 50s and 60s. Emancipation in the fields of drinking habits and sexual behaviour gave the new generations euphoric sensations (60s). Money became not only morally approved, but even pleasurable in the 80s, with disastrous consequences in the 90s.

- Mono-culturalism sustained in Finland up till 90s. Although Finland is a bilingual country (see part 3 below), the country has in crucial ways been a mono-cultural country with one hegemonic discourse at a time. After the second world war the Finnish immigration and refugees policies have, to put it mildly, been restrictive. In the 90s the irreversibility with no ways back to the mono-cultural stage became, however, obvious for all sections of the Finnish society.

- The state as the good shepherd was, of course, profoundly rooted in the old society where church and state were inseparable parts of the same organisation. Secularisation weakened the status of the church, but the status of the state and its officials did not loose status as, at the same time, nationalism in Finland got a strong Hegelian flavour, with a strong emphasis

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2 The public debate in Finland differs in the sense that it lacks the big public controversies that grew out of artists (or scientists) redefinition of what should be regarded as normal sexuality. Juhani Aho’s *Helsinkiin* (1890) was a fairly modest signal of sexual emancipation as the novel ends with a laconic statement that the first thing the young student does after arriving the capital is to go to a prostitute. D. G. Lawrence syndrome never reached Finland, even though Helvi Hamulainen in the early 1930s in a couple of month wrote a short novel about natural and unnatural sexuality, because she was in a urgent need for money. The book did not cause any “scandals” (whereas Aho’s book did). Jörn Donner did to a limited extent provoke the public opinion in the late 1960s with some films with undisguised scenes. The sexual revolution was nevertheless a reality in Finland as in many other places of the world. But here it was not accompanied by any agonizing cultural or political debate. Abortion became ‘normal’ not as a result of an emotional argumentation for emancipation, but as a result of an argumentation for reforms that were “rational” (the Klaus Mäkelä syndrome).
of the state as the highest manifestation of moral principles. The Finnish incarnation of this ideology was Johan Vilhelm Snellman (1806-1881). As Finland was a Grand Duchy within the Russian empire (1809-1917), the nationalistic movement regarded the Finnish legal system (which was inherited from the old Swedish real) as a cornerstone of the young Finnish nation. Likewise, the officials in the Grand Duchy, were to a high degree regarded as important parts and defenders of the nationalistic movement. For Finnish patriots the State became important. If man can love a state Finns did that. The habitus of the officials corresponded to such philosophy. It is an empirical fact that the degree of corruption in Finland has been exceptionally low. - However, all this has been dramatically challenged in the 1990s. Why have more and more officials in Finland put her/his century old practices and value systems in naphthalene in the wardrobe of the cellars of the ministries?

2. The transparent Nordic society

The SmalCon project must try to figure out whether the Nordic societies, or at least Sweden and Finland, are, from a comparative angle more transparent than other countries. The question of transparency has an obvious connection to consensual culture as transparency is suitable for decision making based on information rather than on opinion.

In all the Nordic countries emerged a rather extreme trust in planning. Officials in high position of administration, backed up by influential academics, developed reform schemes according to which rational planning could and should replace politics3.

18th century:
Transparency can be promoted by many different techniques and practices. From a European perspective one can note that some of these practices were first introduced in the old Swedish realm (census and public access to official records).

- Census was introduced in 1749 (already 1686 on a local community level) registering the whole population. Since that this practice took place either each year, some time every third, sometime every fifth year. Together with the practices of the local parishes the society was organised in a way where the authority kept count of each individual subject. This society can be described as a society were you cannot vanish.

3 If one looks at the situation in the first part of the 20th century, the period when the foundation of the modern welfare state was grounded, one can notice the academics that took part in this project were very much inspired by Austrian philosophy (the Vienna Circle).
- Law on public access to official records 1766.

- Already in the 18th century practices were introduced concerning the gathering of statistical information about the economic, social and cultural state of affairs in the local communities. The priest and the parish played a crucial role in the information system, which was led by officials or semi-voluntary economic societies (talousseurat).

- In reforming the Swedish and/or Finnish society in the 19th and 20th centuries the political decision in the parliament/diet were, of course, crucial. In one important sense the decisions were anchored in information and not based on opinion. As an important part of the law drafting, specially appointed state committees produced extensive reports. Whereas a "blue book" in the British parliament gives the view of the party in government, the aim of the Swedish and/or Finnish state rapports is to give an academically valid, "objective" picture.

Whether the Swedish and/or the Finnish reports were more extensive than corresponding reports in other parliaments could be a task for the project to figure out.

Perhaps the Swedish and Finnish tradition of transparency from above has in some respects been blurred in 1990s?

**3. The language issue**

Relations between language groups are always asymmetrical. In each case the logic of asymmetry has its own premises. In order to understand the relatively stable consensus on the language issue in Finland I will in the following try to describe the premises of the relationship between the Finnish and the Swedish Finland.

There are historical interpretations according to which the Finnish speaking Finland in the 17th and 18th century mobilised a "nationalistic" consciousness in opposition to the Swedish speaking Sweden. However, on this issue there is no consensus among scholars. Personally I would hesitate in the Finnish case to talk about a language consciousness among the Finnish speaking population in that period. In countries where there were policies to prevent the use of vernaculars the situation was, of course, different (although I should probably also in cases like Wales and Ireland hesitate to talk about a national consciousness).
The Finnish language within the Swedish realm could be regarded as a semi-official language, although not on par with the Swedish language. However, the term (semi-)official is in this connection complicated. You might say that the Portuguese language was an official language already in the middle ages. But it might be anachronistic to talk about an official language in the old Swedish realm, because the vernacularisation of the church took place at the same time in the Swedish and the Finnish Sweden. Furthermore all the important laws, given in Swedish, were translated into Finnish; but the language of the court was to a high extent French; the German language played a crucial role in the life of trade and craft; and the language of academia was to a large extent Latin.

However, the Swedish Academy, founded in 1786, was a clear-cut expression of an conscious effort to ennoble the Swedish language, having the aim to “work for the purification, strength and grandeur of the Swedish language”. If one likes to see the Aurora society (1770-1779) in Åbo/Turku as an early provincial equivalence to the Swedish Academy, one gets a clear picture of how asymmetrical the languages still were. Within the elite Finnishness had a very low status in the multilingual realm of Sweden. Nobody thought that the Finnish language should be use as the tool of communication within Aurora. The Finnish Sweden was an ethnographical material among other ethnographical materials within the Swedish realm. The Society vanished after nine years without getting any immediate successors.

1809. The political unit of Finland (the formation of the grand Duchy in 1809) preceded the construction of the Finnish nation. Thus the subjects of the Grand Duchy in the first place, during the first decades, were subjects/citizens due to a jus solis principle.

1831. Patriotism became nationalistic. The foundation of Finnish Literary Society in 1831 was a watershed in the sense that the political elite created a platform for the new, nationalistic (Hegelian) nation-building project. This generation of Fennofiles did not oppose the Swedish population in Finland, but the Swedish practices within state bureaucracy. Their opponents were the officials that showed no interest in promoting the status of the Finnish language within the state apparatus.

1860s: polarisation, but only a limited mobilisation. The Fennofiles constructed two competing strategies concerning how to consolidate the nation (see below, chapter 4.3. on
the creation of a party system in the 1860s): Fennomanians aimed at a Finnish state with a Finnish speaking administration and elite; whereas the Liberals thought that the links to a Western civilisation presupposed a strong Swedish speaking elite. None of these groupings established corresponding mass movements.

1870s onward: bilingual mass mobilisation, but in a Fennomanian spirit. One can claim the Fennomanian movement newer constructed a corresponding Fennomanian mass organisation. The aim was to make the bureaucracy as well as the civic society Fennomanian in spirit. This strategy was in accordance with the efforts to avoid all kinds of particularistic organisations (see below, chapter 4.4.). Some radical Fennomanians worked for a mono linguistic Finnish nation. But most of the Fennomanian leaders did not take a clear stand on the ultimate aim of the Fennomanian state-building process. The discourse during the later part of the 19th century focused on the problem whether a “people” (Volk) can be bi-lingual or not. However, according to Fennomanian rhetoric, they approved that the Swedish speaking peasantry had the right to use their language also in the future.

1882: Swedish counter mobilisation. The first mono linguistic mass organisation was a Swedish speaking association founded in 1882, Svenska folkskolans Vänner, which was of the same kind of organisation as the Kansanvalistusseura (The association for popular education; see note 5), but exclusively targeting the Swedish speaking population. The Swedish speaking population (12 % in the second half of the 19th century) organised more and more in their own organisations establishing a system of Swedish speaking central organisations, claiming to be as legalistic as their Finnish-speaking counterparts. Only for two short periods can you find small, separatist groups among the Swedish speaking minority, trying to launch a thinking according to which the Swedish settlement in Finland should be regarded as a Swedish irridenta. Such small separatist movements one can find in the early 1870s and during the years after the Finnish independence 1918.

1860s – 1900: the transformation of the Finnish language from a peasant language to a language for the bureaucratic and cultural elite on par with the Swedish. The Tsar and the Grand Duke of Finland, Alexander II, visited the Grand Duchy in 1863, announcing a momentous language decree in Parola on 1 August 1863. Swedish would remain (in law established as) the official language but Finnish would be regarded with complete equality in

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4 Suomen Ystäväin liitto founded 1862 with some 500 members targeted Swedish speakers as well as Finnish speakers with a programme forcing their member to promise to use the Finnish language in public spaces as well as private. The association existed only a couple of years.

5 The first mass organisation with several thousand members, Kansanvalistusseura (The association for popular education), founded 1875, was bilingual, but completely controlled by Fennomanians, and completely permeated by a Fennomanian spirit.
all matters directly relating to the Finnish-speaking population. Finnish documents were to be accepted in courts and administrative offices by the end of 1883, when the decree was to be fully operative. Formal language equality was finally declared in a decree from 1902, stating that the administration and the courts were obliged to use the language of their clients.

Inspired by the Swiss constitution, the Constitution act of 1919 guaranteed the Swedish minority considerable language rights. The two languages were recognized as equal ‘national languages’. There was a resistance (agrarian and liberal parties), but despite of this resistance, the minority rights have gained strong legitimacy in Finnish society.

Running parallel to the story of the political fight for Finnish and Swedish language rights, is the story of the amazing achievements of the Fennomanian movement, the transformation of the Finnish language from a peasant language to a language for the bureaucratic and cultural elite. “The most distinctive feature of (Finland’s) social structure may be the remarkable development of the Finnish language as an all-purpose instrument of an advanced society” (Kenneth MacRae, p.4)

1917, 1930s and post Second World War years: tensions and aggression. However, old sentiments prevailed on both sides of the language border long after formal language equality had been established. The Swedish culture continued to be seen as the realm of the upper class. New incentives for aggression against the Swedish upper class arose during the civil war 1918 and the years after the war in connection to the land reforms (1920-1922). The same type of conflict occurred after the Second World War, when the evacuated Karelians (11% of the Finnish population) had to be found new homes to replace the homes they lost when the Soviet Union annexed most of the Finnish Karelia.

However, the last time the language issue was at the fore of the political agenda was in the late 1920s and early 1930s. Decisive parts of the Fennomanian movement underwent a radicalisation demanding a thorough Finnicisation of the nation.

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7 Influential Swedish politicians introduced a controversial strategy on the “Swedish land” when land was redistributed: land owned by Swedish-speaking landowners should not be transferred into Finnish-speaking ownership.
8 The focus was again, like in the situation of the later part of the 1800th century, on the educational system, this time targeting the University of Helsinki. The state administration was becoming more Finnicised, but Swedish remained the dominant language of academic life. The combat lasted for several years and ended in a compromise. Finnish was declared the official language of the university, but Swedish rights were guaranteed by two kinds of approaches. 16 professorial chairs were defined as Swedish, and the students were allowed to write their exams in their mother tongue regardless of the status of the professional chair.
During the periods when the tensions regarding the language issue were most heated, it is difficult to find relaxed relations or ambitions to be neutral, although violent actions never beyond the level of scuffles.

4. Articulation of particularistic interests and participation/mobilisation

4.1. The narration of opposition. From a historical point of view the notion of opposition is weak in Sweden and Finland:

- 1500-century: The Reformation was a process led from above, thus not thematisising opposition from below as the Reformation south of the Baltic Sea and the North Sea did.

- 1700-1740: The same thing is true regarding the Second Reformation

- 1750s onward: The principle of association was introduced in the form of learned societies or secret societies of Masonic type. These organisations were not fora for opposition. On the contrary they where introduced from above strengthening the loyalties to the King and the Church. In a law from 1803 it was decided that secret societies should have their grand master among the Royal family. The secret societies became thus the complete opposite to the Masonic-type movement in the Latin world, where they were expressions for anti-clerical and anti-royalist sentiments. - However, the secret society elite, which remained important in Sweden in the 1800th century, lost its influence in the Finnish Grand Duchy in the beginning of the 1800th century, as the Russian regime criminalized all forms of secret societies within the whole empire.

- Counter examples or not: A revolutionary period with many shifts in the regime; parliamentary practices during the Age of Liberty (1719-1772). Autocracy was introduced in 1680; the "Age of Liberty" was launched 1718 eliminating most of the influence of the Monarch; in 1772 Gustavo III made a revolution reducing the power of the estates and especially the influence of nobility into almost nothing; the next revolution in 1809 instituted a division of power between the Monarch and the diet. Such a way of picturing the history of Sweden as a turbulent affair is, however, deceptive. The transformations were radical, but,
on the other hand, they were all carried through without bloodshed, without preparatory groundwork in terms of an extensive mobilisation of an opposition; and they were all immediately accepted. Only a thin elite was engaged in these processes.

During the Age of Liberty 1719-1772 one can talk with greater accuracy about a proper tradition of a party in government and a party in opposition. On the other hand, the divisions did hit, again, only a thin elite.

The cleavages in the Swedish society concerned important question about the division of power. However, they did not touch upon eschatological issues, and, the counterparts used to a high degree the same kind of argumentation about what sort of consequences the old peasant liberties had on the contemporary political organisation.

According to the self-understanding of the Swedish elite (Geijer) in the 19th century, the history of Sweden was a history of continuous revolutions. But in a paradoxical way, the political upheavals in the society, which was exceptionally egalitarian, did not occupy the public.

4.2. The narration of the loyalty with the tsar 1809-1900. From the beginning of the history of the Finnish Grand Duchy (1809-1917) there was a consensus among the Finnish elite that the only way to consolidate the Finnish nation as an constitutional entity of its own was to strengthen the loyalty between the emperor and his Finnish subjects. The first archbishop of Finland, Jacob Tengström (1755-1832), personified this strategy of good relations to the powerful eastern neighbour.

A strong manifestation of this strategy was the establishment of the Finnish literary society in 1831. The society was the most prestigious society in Finland, gathering all the founding fathers of the young Finnish nation. Besides being an exponent of loyalty to the emperor it also established, as it was part of the jurisdiction of the university, a tradition of close relations between the voluntary associations (civic society) and the government and administration. Such an etatistic feature became characteristic of the Finnish civic society. Finnish patriotism did only to a limited extent, and only in later periods of the history of the Grand Duchy, give birth to an opposition to the emperor.

4.3. The narration of the Finnish party system from 1860s onwards (A tension between a strategy of good relations to Russia/Soviet Union and a strategy of constitutional
principles). The Finnish Diet assembled in 1809 and the second time not before 1863. After that it assembled rather regularly, as a rule every third year. The two groupings competing for power and influence were the Fennomanians and the Liberals. The Fennomanians had their strongholds mainly within the clergy estate and the peasant estate, whereas the house of nobles and the burghers estate were citadels of the Liberals. Although the two political groupings had their own social and economic linkages, one should perhaps not in the first place conceive the ratio of these groups as expressions of particularistic interests. Perhaps more important were the different views on how to consolidate the young nation. The Fennomanians put their confidence in, on the one hand, a nation-building strategy with an abstract concept of the state as an educational project and, on the other hand, loyal links to the emperor. The liberals on their part put their trust more on constitutional, legalistic principles.

4.4. The narration of mass organisation; waves of mobilisation

1860s: Introduction of the principle of mass organisations from above within the frame of voluntary fire brigades

1880s: Mobilisation from below. The biggest movement in the 1880s was the temperance movement which has been analysed as a first expression of working class mobilisation, although the members represented all strata of society. The biggest mass organisation in the early 1890s was the association for young people, recruiting their members mainly from the rural districts.

The temperance movement introduced a “centeristic” principle (cfr Kautsky) in the Finnish system of mass mobilisation: one should avoid that associations exit the central organisation; one should avoid a system with separatist sects; all different kinds of temperance societies were allowed and forced to stay within the one and only central organisation as long as the association approved the imperative of the Finnish nation building.

In the rhetoric of Finnish intellectual liberals (Th. Rein) a conscious confrontation against an “individualist state doctrine” (“individualistinen valtio-oppi”) was articulated. It was explicitly said that Finland could not afford this kind of special benefit that the Swedes enjoyed.

1896: Strikes. The old corporative regulations of the labour market were abolished in the late 1850s and the 1860s. The Nordic countries, and especially Finland experienced a very
smooth transition from the old privilege society to the deliberated class society (The principle of mass organisation was introduced from above). Voluntary associations (unions for employers and employees alike) succeeded the old guilds. There where strikes already in the 1860s, but class antagonistic mobilisation in the labour market did not occur before 1890s. The building workers strike in Helsinki 1896 is regarded as a watershed in this regard. The right to strike was probably nowhere more easily accepted than in Finland.

1905-1906: General Strike and Parliamentary reform (one man one vote for every adult person). During the Russian-Japanese war a political general strike broke out (25.10. – 6.11.). The parliamentary reform that followed the strike changed the ageing and moribund diet (with four estates) into the most "modern" parliament in Europe, with one chamber elected with equal franchise for men and women.

The plebiscite and parliamentary practices became, however, defect in the sense that the Grand Dutch/Emperor rejected crucial reforms decided by the parliament. Lobbing direct in St. Petersburg, using the so-called “St Petersburg road”, appeared to be a more effective political strategy.

1909-1944: no collective bargains. Mobilisation of the sol the employees as well as the employers was accompanied with series of conflicts in all sections of industry. The stoppages of work led to a situation where the employers refused to accept collective bargains.

1917-1918: Independence and civil war 1918. The February revolution in Russia 1917 generated a situation in Finland where there was no generally accepted, legitimate army or police force. In order to fill this lacuna a great variety of voluntary guards were put up. As social unrest grow (lack of food) the political life polarised, as did red and white guards. The non social democratic government declared Finland independent 6.12. 1917, which did not calm down the tensions. Civil war broke out (25.1. - 16.5.1918). The war was exceptionally brutal, leaving almost no possibilities for any citizen to avoid enrolling oneself on either side. This revolution was thus something completely different from the Swedish revolutions from 1680-1809. The wounds and traumas of the Finnish revolution did heal very slowly. They had a strong impact on political attitudes still during the second half of the 20th century.

One special feature in the Finnish political culture of the time helps us to understand why the war became so cruel and brutal. The political decision-making in the parliament had not
accustomed political actors to parliamentary practices of dialogue and compromises (as the reforms did not come true due to interventions of the emperor). Even more important was the fact that some similar mechanisms had matured in the Finnish civil society. According to the nation-building imperative the articulation of particularistic interests tuned down to a degree that only one argument - the common national good - was valid. There were no rules to decide what was the right interpretation of common good. As a matter of fact there was very little understanding that there could be more than one true interpretation of common good. This thinking got fatal consequences in the civil war.

1918-1928: Radical left mobilisation, loyal to the II International, and suffocated by the end of the 1930s. This mobilisation operated to a large extent through underground networks and had some impact on the trade union policies, especially in the first half of the 20s. The movement was efficiently treated as a criminal, conspiratory activity, and became in the end of the decade marginalized.

1929-1932: Radical right mobilisation, suffocated in the beginning of the 1830s. This mobilisation did use methods of violent, direct, anti-parliamentary action. In the end, through a decisive intervention (a strong appeal in the broadcasting) of the president, P. E. Svinhufvud from the conservative party, also the anti-parliamentarian forces on the right were neutralised and marginalized.

The political culture of the 20s and 30s was paradoxical. On the one hand there was a strong tendency to convergence into a hegemonic public life, marginalizing all sorts of political radicalism. On the other hand there were more aggressive tensions within the population than during any other period of Finnish history.

1944-48: "The Years of Danger". According to the new division of power old organisations, like the volunteers (suojeluskuntaliike), were declared unlawful, whereas other leftist movements, that had been repressed during the previous regime, successfully mobilized large groups of citizens. The new division of power did not, however, steer Finland to the Czechoslovakian way.

1956: General strike. The trade unions got a legitimate position immediately after the war. However the labour market was the following years characterised by deep unrest with severe work stoppages. The general strike in 1956 can be seen as a culmination of a period with severe conflicts between employers and employees, and, between competing trade union organisations.
1966 onward: The Liinamaa II agreement. **The industrial relations were consolidated with a three part system.**

1956-1981: Urho Kaleva Kekkonen. As a president Urho Kaleva Kekkonen (1956-1981) succeeded to force all the political parties, starting with the agrarian and the left part of the labour movement, to commit themselves to a policy of good relations with Soviet union. This consensus was dissolved in the post Kekkonen period in different interpretations of the benefits of Kikkoman’s politics.

5. Conclusions: new narrations.
I will end this presentation by some concluding remarks in the form of a scheme of narrations on a successive level of abstraction.

5.1. The narration of homogeneity, or, consensus in the sense that there never was but one opinion. The language issue is of conceptual interest here, because potentially it could, during the period when Finland was a part of the Swedish realm, have caused division, aggression and mobilisation (as it did in many other places such as Portugal, Switzerland, Wales and Ireland). As this was not the case, the bilingualism must be regarded as part of the old homogenous structure.
- Starting in the 17th century.
- Fading away to a large extent during the second part of the 20th century.

5.2. The narration of a transparent and objective/rational planning, or, consensus in the sense that opinion can and should be replaced by rational argumentation/planning.
- Starting up in the 18th century.
- In some crucial aspects weakening in the 1990s as new management ideologies redefined the notion of the state. The inspectors and investigators were replaced by managers, specialised in coping with contingencies.

5.3. The narration of a type of participation that recognises particularistic interests only in a limited, corporative sense. This story detects such ideas and practices according to which an articulation of particularistic interests can be legitimate only within a system of an authoritarian, corporative society. The corporate organisations are legitimate as long as they behave as limps of one body.
- All the corporations that were regulated by privileges (guilds, estates, academic bodies, bodies regulating mining and other parts of the economy and so forth) were, of course, of this kind.
- The economic societies from the 1790s (talousseurat) recruiting representatives from different sections of society (people with knowledge, people with money and people with working force)
- Also the first mass organisations in Finland, the voluntary fire brigades from the 1860s, were of this type.

This story does not have any brusque end as many of these organisations converted into a type of participation dealt with in the next section (5.4.). As the transformation was smooth, without dramatic shifts, and, as these two types of participations are intertwined with each other, it would be quite difficult and unpractical to try to delineate these two stories separately.

5.4. The narration of how the particularistic interests can be recognised and, sometimes even approved at, and how one can still preserve a belief in one common good (The syndrome of “Granfeltianism”, named after one of the leading architects of the Finnish civic society, A. A. Granfelt).

- From 1880s: Most of the mobilisation into voluntary associations is of this type. This feature is the most striking characteristic of the Finnish civic society. Even the political parties (1860 →, 1880 →, 1906 →) had this kind of self-understanding (except the radical left).
- When the language issue was the cause for mobilisation, the participation was mainly of this kind. Although there were radical and hostile mobilisation (see below 5.5.)

5.5. The narration of irreconcilable particularistic interests to be solved by fight and/or compromises.

- Labour market and strikes (1896 →) with a mixture of different elements: a) even though the interests on an immediate level are regarded as irreconcilable they can be comprehended on another level as consistent (the idea of a just agreement); b) even though the objective is a “compromise” the point of departure can still be that the interests are incompatible. - Global competition forced the trade union to take into account the possibilities for the company to survive (and keep the working places in
Finland). Change in motives: less solidarity with the class, more loyalty to the company.

- Civil war 1918: the catastrophe of the Finnish strategy for national consolidation (the idea of one, true interpretation of national interest).

- Radical left 1918-1928: loyal to the II International. Criminalized and marginalized.

- The radical right 1928-32: did used violent, direct action and anti-parliamentary methods.

- The years of danger 1944-1948 and the policies of Kekkonen 1956-1981: The particularistic mobilisation reflected in the first place affinities to social and economic groups and interest. Although the competing views concerning how the relations to Soviet Union should be arranged played a crucial role in structure of voluntary mobilisation.
Workpackage 10 report

A Monarchy and Two Republics – the Austrian Path
(including comparative context of neighbouring new EU-members)

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Content

Smallcons Project .................................................................................................................. 1
Work Package 10 ...................................................................................................................... 1
Paths in Austrian and Finnish History ................................................................................... 1
   Helmut Konrad, Martin Plettersek, Andrea Strutz ................................................................. 2
   Helmut Konrad ..................................................................................................................... 2
   Henrik Stenius ....................................................................................................................... 2
   Martin Plettersek, Andrea Strutz .......................................................................................... 2
   Johanna Rainio-Niemi .......................................................................................................... 2

Periods in the History of Austrian Consensualism (WP 10) .................................................... 8
   Henrik Stenius: .................................................................................................................... 15
   Periodising Finnish Consensus ............................................................................................. 15
   December 2003 ..................................................................................................................... 15

Workpackage 10 report ........................................................................................................... 32

Content ..................................................................................................................................... 33

The development of consensual politics in Austria ................................................................. 34
   Introduction .......................................................................................................................... 34
   Politics/State/Nation ............................................................................................................. 36
      Political development and the revolution of 1848 ............................................................ 36
      A constitution and the path to universal suffrage ............................................................. 37
      Nationalism, the collapse of the empire ............................................................................ 39
   The First Republic and democratic developments until 1945 ............................................. 41
   After 1945 – the birth of the Second Republic ..................................................................... 42

Parting Lines in Society ......................................................................................................... 46
   Emergence of political parties and interest groups ............................................................... 46
   First steps towards consensualism – the precursors of corporatist institutions ................. 48
   Corporate State / Civil War .................................................................................................. 51
   Concerted politics in the early years of the Second Republic .............................................. 52

Economy .................................................................................................................................. 54
   Industrialisation and modernisation of the Habsburg Empire in the 19th century ............... 54
   A short heyday of Liberalism ............................................................................................... 56
   A new economic arrangement ant its crisis: transition from Monarchy to Republic .......... 58
   Reconstruction and economic development in the first years of the Second Republic ...... 59

Culture .................................................................................................................................... 61
   Modernisation by enlightened monarchs ............................................................................. 62
   Emerging identities .............................................................................................................. 63
   Between two wars ............................................................................................................... 65
   An old-new republic ........................................................................................................... 67

Conclusion ............................................................................................................................... 68
Special comparative context: Sketching the paths in history of the neighbouring accession countries Slovenia, Czechoslovakia and Hungary .................71

Historical Path of Slovenia within Yugoslavia from 1918 to the Communist takeover 71

Slovene territory under the rule of empires – breaks and changes in nation building and democratisation. .................................................................71

Awareness of a Slovene nation in the Interwar Period ...........................................74

World War II and its aftermath: A break in the Slovene nation building process ....74

The Appearance of Federal Yugoslavia after 1945: Slovene regions on the road to

Socialism .....................................................................................................................74

Revolutions, breaks and changes in democratisation: Hungary’s historical path 1918 to 1956 .................................................................76

Hungarian national awareness ..............................................................................77

From Monarchy to Republic and back again: Revolutionary years 1918/1919 ..........79

Horthy Era 1919 – 1944: From a limited democracy to a conservative authoritarian state 79

After 1945: Democratic intermezzo and the Communist takeover in the late 40s ......83

Unequal siblings – breaks and learning in Czechoslovakia ..............................85

The growth of national consciousness ..................................................................85

Wartime efforts ........................................................................................................86

The First Czechoslovak Republic ..........................................................................87

Crisis and the Second World War .........................................................................88

A Third Republic and Communist takeover ......................................................89

Reference .................................................................................................................91

Smallcons Workpackage 10 report: .................................................................96

Paths in the Austrian and Finnish history ............................................................96

FINLAND ..................................................................................................................96

TABLE OF CONTENTS .........................................................................................97
The development of consensual politics in Austria

Introduction

Kapitel 1 Katzenstein has called the search for consensus in Austria "a national Passion" (Katzenstein 1984:10). However, the consensual approach is rather new – prior to 1945, Austria looks back on a history that is coined by authoritarian rule, top down reform, and social strife. The objective of this paper is to create a short outline of the periods of Austrian history preceding the country's development toward consensualism. As a comparative context of this analysis, the Czech Republic, Hungary and Slovenia will be briefly discussed, as these countries were part of the same empire at a time when early democratic structures began to emerge but took a very different path over most of the 20th century. Our starting point will be roughly the turbulent time around 1848; however, it will be necessary for certain questions to reach further back in time (e.g. religion). As for the end of the period in question, we will create a slight overlap to WP11 by stopping in the 1950ies.

Kapitel 2 In order to sharpen our view on the development path and the breaks and learning that led to consensualism we tried to split up developments into four spheres that seem important:

The chapter on politics/state/nation will try to present an overview of the political history from the early 19th century to the state treaty in 1955. The ups and downs of democratisation and the development of proportional representation as a prerequisite for effective corporatism will be considered.

Chapter two, the parting lines in society, will consider the emerging mass-parties in the late 19th century, early bodies of consensualist decision making and the interest organisations involved, the authoritarian corporatism of the 1930s and finally the development of social partnership in the early years of the Second Republic.

Thirdly, we will look at economic development: the process of industrialisation in the Habsburg Monarchy, the time of crisis between the two world wars, and reconstruction and nationalisation after World War Two.

Chapter four on political culture examines the emergence of an Austrian identity and the process of polarisation and reconciliation that the political camps went through.

The neighbouring accession countries will be addressed by briefly sketching the emergence of the respective national states from the ruins of the Habsburg Monarchy and the rise and fall of democratic developments within these countries between 1918 and the communist takeover after World War Two.
In his 1985 study *Small States in World Markets*, Katzenstein places the historical emergence of corporatist arrangements in small European states in the 1930s, with the focus on cross-class cooperation. While Austria is part of this study, it is depicted as the odd one out, the "exception that proves the rule" (Katzenstein 1985: 186) and therefore largely left out in the historical part. According to Katzenstein, the development of a corporatist compromise was enabled by a number of historical factors: small size, economic openness and export orientation, a weak feudal structure, a divided right and a moderate left, relatively strong urban interest, and a willingness to share power expressed in proportional voting. "In Austria, all of the historical antecedents pointed away from rather than toward a corporatist compromise in the 1930s". (Katzenstein 1985: 139).

While this holds obviously true for the 1930s, it must come as a surprise following that argumentation that Austria quickly adopted model corporatism after World War II. The explanation put forward by Katzenstein is that Austria suffered so much from the consequences of civil war, Fascist rule, and the war that democratic corporatism emerged directly from these experiences rather than long term historical developments. While the experiences of the 30s and 40s were certainly important, we would yet argue that there were also older roots that provided an experiential basis for later developments.

Another concept that seems of importance when looking at the development (and stability) of consensualism in Austria is put forward by Stanley Putnam. In his study of civic traditions in modern Italy (Putnam 1993), he argues that voluntary cooperation depends on social capital. "Stocks of social capital, such as trust, norms, and networks, tend to be self-reinforcing and cumulative. Virtuous circles result in social equilibria with high levels of cooperation, trust, reciprocity, civic engagement and collective well-being. These traits define the civic community. Conversely, the absence of these traits in the uncivic communities also self-reinforcing [...]. This argument suggests that there may be at least two broad equilibria toward which all societies that face problems of collective action (that is, all societies) tend to evolve and which, once attained, tend to be self-reinforcing." (Putnam 1993: 177). Where trust cannot be established, a third actor – the state – can come in as a forceful arbiter with the ability to oppress one side or the other. This aspect of social trust might help to explain the downward spiral of the First Republic that led to civil war as well as to the path break and learning after 1945.
Politics/State/Nation

Political development and the revolution of 1848

After the defeat of Napoleon in 1813 the Congress of Vienna tried to restore Europe as it was before the French Revolution. The Austrian Empire recovered parts of its former provinces but waived the Austrian Netherlands and parts of south-western Germany in exchange for Lombardy and Venetia in Italy, and for the benefit of dominating the newly created German Confederation. The Holy Alliance (Russia, Prussia, and Austria) was established to guarantee peace and stability as well as to suppress any liberal or nationalistic ideas that might again spark the fires of revolution in the era of the "Vormärz" (1815-1848).

The successful diplomat Metternich (1773-1859), proved to be extremely repressive as far as Austria’s interior politics were concerned. He created a police state that exercised highly efficient censorship, suppressed any formation of associations or organisations by the educated bourgeoisie, students or entrepreneurs, and made use of an extensive network of police spies. The bourgeoisie was excluded from any official business and retreated into the private sphere. Living conditions for farmers, small craftsmen and workers were particularly difficult - wages were low, child labour was common, and unemployment soaring. Politically the Habsburg Empire was challenged by a rising nationalism; Italians and Hungarians for instance called for the establishment of independent national states.

The demand of the bourgeoisie for political influence and the miserable situation of workers led to the Revolution of 1848. News of a revolution in France caused unrest in the monarchy. Main demands were the resignation of Metternich, the abolition of censorship, full emancipation of the peasants, participation in government matters and a constitution. While bourgeoisie and students demonstrated in the city of Vienna, workers attacked factories and tax offices in the suburbs. Since the Habsburg army was engaged in Italy and Hungary concessions had to be made: Metternich was forced to resign and flee to England, the formulation of a constitution was promised, and censorship was ended. On April 25, 1848, a constitution named after its author, the Prime Minister Pillersdorf, was decreed. Celebrated at first, its deficiencies, for example the exclusion of large parts of the population from the right to vote, soon became evident. When the ministry tried to disband the Academic Legion (the student "army") the students resisted and erected barricades in Vienna, forcing the government to yield (Vogelka 2000).

In July, the "Reichstag" was inaugurated where the moderate centre party was the strongest force. Following a motion of Hans Kudlich, the Reichstag achieved the full emancipation of the peasants (except in Hungary). The robot principle was abolished and peasants could get
recognized full ownership of their land, paying one third of the costs while the state and the lords (as former landowners) made up for an equal share. "The measures took years to work out in detail, but the relative smoothness by which the task was accomplished had a negative effect on the revolutionary movement. The peasants, having what they wanted, tended to become non-political and to withdraw from participation in further revolutionary activities." (Jelavich 1987: 45).

Meanwhile, revolutionary workers were stirring in Vienna again, due to wage cuts in public works. The street demonstrations and the threat of violence threatened the Viennese middle-class. They marched against the workers and clashed in the so called "Praterschlacht" in August 1848, leaving 22 people dead and more than 300 wounded. The former revolutionary camp was now divided and students and workers stood alone with their demands for further reforms. Uprisings in Prague and Italy were successfully vanquished by the military and counter-revolutionary troops were gathered in Hungary.

After further protests in Vienna which led to the lynching of the Minister of War, the imperial court fled to Olomouc and the "Reichstag" was moved to Kremsier. This time however, Vienna was encircled by the army and the revolution was bloodily put down, its leaders executed. Casualties in Vienna amounted to about 2000. Most of the concessions gained so far were revoked (cf. Vocelka 2000, Jelavich 1987).

A constitution and the path to universal suffrage

The "Reichstag" in Kremsier continued to convene and in the beginning of 1849 drafted a constitution which provided for an Imperial Diet consisting of a popular and a federal chamber and comprising all Austrian crown provinces with the exception of Hungary, Lombardy and Venetia. The Kremsier Draft was, at its time, a democratic and progressive constitution, which, however, never came into force. Lasting results of the revolution were the emancipation of the peasants, the abolition of feudal structures, a modernisation of the administration, and a national court system.

On March 7, 1849 the Imperial Diet was dissolved. Emperor Franz Joseph I (1848 – 1916) imposed a new, centralist constitution, based on neo-absolutistic principles. The new system was based on the support of the army, the administration and the Catholic Church. Liberal efforts were weakened until the military defeat against Prussia at Königgrätz in 1866 led to a loss of political power that forced the Emperor to return to a constitutional form of government. Hungary obtained far-reaching concessions and parliament was granted extensive powers of participation. The Austro-Hungarian Compromise 1867 replaced the
Austrian Empire with what was called the Austro-Hungarian Dual Monarchy. Foreign, military and financial affairs, and from 1878 the administration of Bosnia and Herzegovina were placed under the authority of shared ministries (pragmatic affairs). Common national debt, trade and customs policy, central banks and the issuing of currency as well as the railroads were handled separately (dualistic affairs).

In December 1867, the Reichsrat finally adopted the „Staatsgrundgesetz“. The constitutional law on general rights of citizens provided for equality before the law, the right of free movement, inviolability of property (with reservation of the law), free acquisition of real estate, and freedom of practicing every kind of gainful activity, protection of personal freedom and of the domiciliary right, freedom of assembly and association, freedom of opinion and the press, freedom of belief and of conscience, freedom of science and its teachings as well as equality of nationalities. Basically, the constitutional law on general rights of citizens is effective in Austria until today and permanently established the constitutional form of government in the Austrian half of the Empire.

As regards the electoral law the December Constitution entailed no changes, for 40 years voting rights were still based on ownership of property. The “Reichsrat” was the representation of the peoples of the kingdoms and countries of the Austrian part (Cisleithania) of the Austro-Hungarian monarchy from 1867 to 1918. It consisted of the “Herrenhaus” (Upper Chamber; the members came from the nobility and the church were appointed by the emperor) and of the “Abgeordnetenhaus” (House of Deputies; members were elected for 6 years). Until 1873 the members of the House of Deputies were indirectly elected through the provincial diets, then directly according to the majority rule. The members of the 4 curiae (the curia of the big land-owners, the curia of towns, marketplaces and industrial municipalities, the curia of chambers of commerce and trade and the curia of agricultural parishes) had to pay taxes of at least ten “Gulden” (Austrian currency at this time). In 1873 the demand for direct elections to the House of Deputies was met. In 1882, the tax limit was reduced to five “Gulden”. The reform in 1896 introduced a new, fifth electoral body wherein the right to vote was not linked to property. It created a more general class of voters which in turn led to the representation of the Social-Democrats in the “Abgeordnetenhaus”. The only requirement to be entitled to vote was to have been domiciled in an Austrian municipality for half a year. This reform increased the number of voters from about 1.7 million people to 5.3 million. In 1907 direct, universal, equal and secret suffrage was introduced for men; women had to wait until 1918.
Nationalism, the collapse of the empire

The area ruled from the capital of Vienna considerably changed in the period from 1848 to 1955. What had been a huge empire, covering 673,000 square kilometres, with 51.4 million inhabitants (cf. Bihl 1983: 27) of a dozen different nationalities broke down at the end of the First World war and was reduced to a small state (geographically and economically). The First Republic measured less than 84,000 square kilometres and counted about 6.4 million inhabitants, most of whom spoke German. A major player in European politics had lost its power.

A major reason for the quick collapse was the smouldering conflict between the empire’s nationalities. Already before 1848 modern nationalisms developed throughout the monarchy but the repressive system did not allow for them to fully emerge. After 1866 the complete suppression of national movements was no longer possible.

The Austro-Hungarian Monarchy comprised a dozen nationalities, speaking different languages. In the western half (Cisleithania) the dominance of the German speaking majority, assured by the voting system, was a permanent source of discontent. In the Hungarian part of the Empire (Transleithania), a rigorous policy of Magyarization equally suppressed the other nationalities after the Austro-Hungarian Compromise. In the context of the monarchy at large, Hungarians used their power to prevent similar privileges for any other nationalities.

Especially the Czechs were disappointed by the Hungarian privilege. In their view, the Bohemian crown lands were entitled to equal treatment. The Czech deputies reacted with a policy of abstinence from the imperial diet. At the same time, the conflict was carried out at the level of associations where local Czech organisations (e.g. sports clubs or educational associations) were competing against their German counterparts.

Slovaks had to face a rather similar situation with respect to Hungary. Slovakian and Czech nationalism developed along the same lines, making them natural allies which would later lead to the foundation of Czechoslovakia.

The Polish followed a different strategy. While their goal also was an independent and united Poland, they cooperated very actively with the monarchy’s central authorities and produced some leading politicians (e.g. Prime Minister Kasimir Badeni, 1895-97). As a result, they managed to achieve a certain degree of autonomy for Galicia.

In the southern part of the monarchy, the Yugoslavism movement developed the idea of a common state of Slovenes, Croats and Serbs, either as part of the Habsburg Empire with autonomous rights similar to Hungary, or in union with the independent Kingdom of Serbia.
Like the Serbs, the Italians also had the model of a state outside the monarchy that they could identify with. The "Irredenta" movement strove to free the Italians that were still under Habsburg rule. In the end, there were no clear frontlines in the nationality conflicts. Each group envied the others for any privilege they might have got. Enormous regional economic differences further heated up the conflict. The tensions were ever growing and the nationalities became more and more inconcilable, which led to a number of crises within the monarchy (Vocelka 2000).

World War I suspended the process of democratisation that had started during the 19th century. Emergency acts allowed controlling trade and economy with repressive measures: Union power was seriously curtailed, censorship was introduced again, and factories were put under military control (Vocelka 2000).

After the defeat of the Central Powers in November 1918 the Monarchy started to fall apart. In October 1918 a state of Slovenes, Croats and Serbs (the SHS-state, later to become Yugoslavia) was proclaimed in Zagreb and in Prague, the Republic of Czechoslovakia was proclaimed. Hungary proclaimed the republic on November 16, 1918. Emperor Karl, who had followed Franz Joseph in 1916, was forced to transform the Monarchy into a federal state. On November 12, 1918, the Provisional National Assembly declared Austria a republic. The general elections in February 1919 were the first in Austria which allowed women to vote. They also introduced proportional representation instead of a majority voting system. The Social Democrat Karl Renner (1870-1950) built a coalition government which sent Emperor Karl into exile and abolished nobility and hereditary tiles in Austria. From the beginning though, the new republic had to face a number of problems. The emperor refused to resign and there were still forces in the country that would have seen his power restored. Not only the German Nationalists but also the Social Democrats, though for different reasons, looked towards the larger Germany.

Following the plans laid down in President Woodrow Wilson's Fourteen Points the St. Germain Treaty left Austria with its borders of today. The initial idea of creating a state for all Germans of the old Monarchy was thwarted by the 1919 Treaty of Saint-Germain which forbade the Austrian Republic to officially call itself "German-Austria" and interdicted a union of the new republic with Germany ("Anschluß"). The treaty also assigned some predominantly German areas to Czechoslovakia, Italy and to later Yugoslavia. Austria's ability to survive as a small state was highly doubted. Energy and food could not be sufficiently provided, inflation was exploding, and Vienna, former capital of the Monarchy, seemed far too large for so small a country. Austria became "a state no one wanted" (cf. Johnson 1987).
The two largest parties – Social Democrats and Christian Social Party – were separated by huge ideological differences. Neither side was ready to compromise in order to bridge this gap. In 1920, Renner's coalition broke. In the following elections conservative forces won a clear majority. In order to solve the most pressing problem – the soaring inflation - chancellor Schober (affiliated with the German nationals) signed a treaty with Czechoslovakia that granted Austria a large credit in exchange for promise to abstain from any attempts of joining Germany. The agreement disappointed his supporters and Schober had to resign. In his place the leader of the Christian Social Party, the prelate and university professor Ignaz Seipel, became chancellor. With the so called "Seipel Sanierung" Austria was granted large foreign credits in exchange for the renewed renunciation of any plans of union with Germany. In 1925, inflation was under control and the "Schilling" was introduced as a hard currency. Seipel was strictly anti-Marxist; later his ideas became more and more antidemocratic, envisaging a one-party state with Catholic principles. Encyclicals “Rerum Novarum" (1891) and "Quadragesimo Anno" (1931) contributed to the ideological framework. A discussion concerning a new credit from the League of Nations (which again contained a clause that prohibited a union with Germany) led to a standoff in parliament. The so called self-suspension of parliament on March 4, 1933 ended democracy in Austria. The Federal Chancellor Engelbert Dollfuss (1892–1934) made use of the emergency powers act of 1917 to establish authoritarian rule. Communists, National Socialists and the "Republikanische Schutzbund" (i.e. the paramilitary organisation of the Social Democratic Party) were banned in 1933, forcing these organisations underground, and the "Vaterländische Front" (VF.) was established to draw Austrians together in a single party. However, the Social Democrats were still too strong to be simply abolished. On February 12, 1934, shooting started between police and "Schutzbund" members during a weapon search. Fighting quickly spread all over the country and a short civil war ensued. The "Schutzbund" was quickly defeated by the combined forces of police, army and "Heimwehr". The Social Democratic Party and all its sub-organisations were banned. On May 1, 1934, a new constitution was proclaimed "in the name of God", turning Austria into a corporate state ("Ständestaat"). Dollfuss himself was killed barely three months later during an attempted putsch by Austrian Nazis. His successor, the former Minister of Justice, Kurt Schuschnigg (1897–1977) inherited a precarious political position. His domestic power base was narrow (with the Germany-oriented right disliking the Austrian patriotism of the "Ständestaat" and the left not accepting its fascism) while foreign pressure was rising. Italy, who had supported Austro-Fascism, became Nazi Germany’s new ally after Hitler supported
Mussolini in Abyssinia ("Axis Agreement" 1936). Chancellor Schuschnigg tried to solve the political and economic differences with Germany on a diplomatic level. But in February 1938, Hitler openly threatened Schuschnigg with military invasion in a meeting at Berchtesgaden. As a result, the National Socialist Arthur Seyß-Inquart (1892-1946) was appointed Minister of the Interior. Schuschnigg announced a plebiscite concerning a union with Germany for March 13, 1938 to prove that a union was out of question. A German ultimatum on March 11 forced him and the government to resign, the plebiscite was cancelled. On March 12, 1938 German troops crossed the Austrian borders without meeting military or political resistance. Austria became a province of the German Reich ("Ostmark"). As part of a totalitarian dictatorship the country lost its sovereignty and any democratic means. Austria was economically and politically synchronised with Nazi Germany.

Out of 200.000 Jewish Austrians, approximately 65.000 were murdered in concentration camps of the Third Reich; more than 130.000 Jews managed to flee Austria in 1938/39. Political opponents of the Nazi regime became victims of NS-terror; former political opponents of the First Republic (e.g. politicians of SDAP, CSP) found themselves together in „Schutzhaft“ (protective custody) in concentration camps. Seven years later, some of the survivors would reassume important positions in the Second Republic and work together again in the so called spirit of the "Lagerstraße".

After 1945 – the birth of the Second Republic

Just like in 1918, democratisation in Austria evolved after a military defeat and former political opponents worked together to rebuild Austria. The most obvious historical reasons that lead to such a readiness to take up consensual policymaking after WWII were the political polarisation among these camps during the inter-war period which led to civil war and Austro-Fascism in 1934, as well as the experience of Nazi-totalitarianism after 1938. From the onset of the Second Republic there was an undivided will to cooperate among the small Austrian political elite in order to restore national sovereignty, political democracy and stabilize the country’s struggling post war economy.

Democratic consciousness was based on the experiences of the First Republic, but eleven years of totalitarian rule also had to be handled. The federal government advocated the "Opferthese" based on the Moscow Declaration (1943) that had termed Austria the first victim of Nazi Germany. At the same time Austrian responsibility for Nazi crimes was neglected. The official position declared Austria as non-existent as a state between 1938 and 1945.
On April 27, 1945, two weeks before the end of World War II, the Second Republic was proclaimed in Vienna. Like in 1918, the Republic was founded by political parties. The Socialist Party (SPÖ), the Austrian People’s Party (ÖVP) and the Communist Party (KPÖ) built a provisional government and appointed Karl Renner (SPÖ) as state chancellor. The constitution of 1929 (based on the federal constitution of 1920) was reinstated (representative democracy) and in November 1945, the first democratic elections since 1930 were held. The People’s Party gained almost 50% of the votes, the Socialists won almost 45% whereas the Communists attracted a mere 5% of voters and were not going to play a major role in Austrian politics. The political parties formed a coalition government and divided the ministerial positions between each other save one symbolical Communist minister. Leopold Figl (1902–1965, ÖVP) became chancellor and in December 1945 Karl Renner (SPÖ) was elected President of the Republic of Austria.

The two major camps are the Austrian People’s Party (ÖVP), the successor of the Christian Social Party that figures as a representative of business and peasantry, and the Social Democrats (SPÖ), who predominantly represent employees and blue-collar workers. While the Communists played a major role in the first phase of the foundation of the republic, they soon started to lose in importance.

While former National Socialists were not entitled to vote in 1945, the so called "less incriminated" ("Minderbelastete") were allowed to participate in the 1949 elections again. This concerned about 90% of the 524,000 registered National Socialists (cf. Stiefel 1981). Competition arose among the parties for the votes of the so called "formers". Beside the two major parties, the so called "third camp", the Verband der Unabhängigen (Association of Independents, VdU, later to become the FPÖ in 1955), was particularly keen to attract voters from this group and gained 11% of the votes in the 1949 election. Only the Communist party had a strongly anti-Nazi programme but they had dropped out of government in 1947. Since then a socialist-conservative coalition ("Große Koalition") remained until 1966. The two major parties had gone through a process of de-ideologisation or at least de-polarisation. For more than twenty years, more than 80% of the voters in Austria were represented by the government.

The new spirit of cooperation is exemplified by the five wage-price-agreements between 1947 and 1951 that were supposed to challenge the threats of post war inflation and the potentially resulting industrial conflicts by transferring the class struggle from the streets to the bargaining table. The success of the wage-price-agreements woke demand for an extension of controlled consensus politics. The Parity Commission for Wages and Prices (Paritätische Kommission für Lohn- und Preisfragen) was established in 1957 rather unspectacularly as an informal agreement between Julius Raab and Johann Böhm as main representatives of the two major blocks. It was sanctioned by the Council of Ministers, not by
parliament. Social Partnership was therefore not based on laws, but established by handshake of relevant actors who represented their clientele. Julius Raab was president of the Federal Chamber of Trade and Industry before and also after he had been chancellor. In the agreement, he represented the government as chancellor, enterprises as former president of their chamber and the ÖVP as the party chairman. Johann Böhm was second president of the Nationalrat, president of the ÖGB and a member of the steering committee of the SPÖ. He thus represented trade unions, Social Democrats and (to a lesser degree) also the parliament.

While cooperative behaviour certainly helped Austria to get back on its feet after the war, it had its drawbacks. With eyes set on the common goal of economic recovery and a sovereign state, social conflicts were put aside. During the 20 years of the grand coalition, parliamentarism was undermined and a system of proportional representation (“Proporz”) was introduced that pervaded all areas of life – administration, banks, state industries but also e.g. sports clubs and schools.

Contrary to the First Republic, that was considered a makeshift solution by large parts of the population, this Second Republic was widely accepted from the beginning. The rising self-acceptance can be demonstrated with the example of permanent neutrality. Initially a quid pro quo in the 1955 State Treaty for the withdrawal of the Allied forces, the formula (permanent neutrality) became a political position within the East-West conflict over the years that signalled Austria's self-confidence as a national state. Despite a clear delay compared to other European countries, the Second Republic developed a unity of state and nation and an overwhelming commitment of its population to the idea of an "Austrian nation".
Parting Lines in Society

The Habsburg Monarchy had reacted to the perceived threat of the French Revolution and the Napoleonic Years with a return to conservative politics and tight control of its populace. In Metternich’s police state only informal structures could be established. While the revolution of 1848 had failed, for a short time, possibilities for new forms of politics were created. Workers’ associations were formed, entrepreneurs joined forces and drafts for liberal constitutions were developed. Little of that survived the counter-revolution of Neo-Absolutism. The Reichstag was disbanded and the constitution never put into force. It took almost another twenty years before the “Staatsgrundgesetz” was put into force in 1867 (cf. Kann 1982; Vocelka 2000).

Emergence of political parties and interest groups

The December Constitution of 1867 and the failure of liberalism after the crash of 1873 allowed for the emergence of modern parties. The Social Democrats’ first party congress took place in Neudörfl (then Miklos, Hungary) in 1874. During the following years the party was split into moderate groups on the one hand and anarchist groups on the other. At the “Hainfelder Parteitag” (December 30, 1888 to January 1, 1899 in Hainfeld, Lower Austria), Victor Adler (1852-1918) managed to unite the various wings of the workers’ movement, on the basis of a declaration of principles as a party platform. This resulted in the foundation of the Sozialdemokratische Arbeiterpartei (Social Democratic Labour Party, SDAP, later to become the SPÖ). From then on the party committed itself to Marxist ideals and joined the Second International; its strongholds were Vienna and the industrial areas of Lower Austria, Styria, Bohemia and Moravia.

In 1893, Karl Lueger (1844-1910) managed to merge various movements in the Christlich Soziale Partei (Christian Social Party, CSP, precursor of the ÖVP). Largely due to a basically anti-Semitic perspective the party fought against liberalism and the German Liberal Party. Since Lueger had the Vienna middle class behind him (and large parts of the working population were not yet entitled to vote), his party won a two-thirds majority in the Vienna Municipal Council in 1895. Starting from 1897 to 1910 he was Mayor of Vienna. The party’s Great-Austrian and federalist policies finally made it popular even at Court and among the nobility, who had opposed it earlier, and by unification with the traditionally clericalist and conservative groups it also won support from the rural masses.
German-Nationalist liberalism gave birth to a movement which initially consisted of intellectuals and members of the lower middle classes in the provincial towns, led by Georg von Schönerer (1842-1921). The German-Nationalist Movement consisted of various groups that emerged after the "Linz Programme" of September 1882. The Nationalists were generally anti-clerical and anti-Semitic. At first, these groups formed a loose alliance during the 1907 elections, but in 1910 they joined forces to set up the Deutscher Nationalverband (German National Association). In 1911 it became the strongest party in parliament. By 1917, however, the association had split into seventeen groups. After 1919 the Großdeutsche Volkspartei emerged from these groups.

The Austrian political parties, all established during the last third of the nineteenth century, quickly became mass parties. Party development and conflicts centred on the subjects of class, religion and nation. These party forming topics affected political conflicts of interest and camp affiliations until long after 1945. The traditional camps lost their influence in the "Ständestaat" and during the Nazi period but quickly re-emerged after World War Two. The Christian Socialist Party (CSP) became the Austrian People’s Party (ÖVP) and the Social Democratic Party (SDAP) renamed itself to the Socialist Party (SPÖ). A further political camp, the Association of Independents (Verband der Unabhängigen, VdU), was formed in 1949 and would later become the Freedom Party (FPÖ) in 1955. These political camps were in competition with each other to gain votes out of the half million of so called “formers” (less incriminated members of the NSDAP) in the 1949 national election, especially the VdU attracted a high percentage of “formers”.

While the fundamental laws governing the general rights of the citizens permitted political associations, the "Koalitionsrecht", which was introduced on April 7, 1870, allowed employers and employees to form voluntary associations in order to promote and protect the professional interests of the members - the formation of trade unions became possible. The close connection between Social Democrats and trade unions is noticeable. Victor Adler, uniter of the Austrian Social Democratic movement, called them “Siamese twins”. The temporal closeness of the foundation of the two organisations strengthened their parallel development. These vertical networks are expressed at the institutional level as important representatives of the unions also held important positions within the SDAP. Vertical networks could also be found in the bourgeois camp, although in a looser fashion. The CSP had a reputation of being too agrarian and too much labour oriented for many industrialists. In the First Republic, the element of personal accumulation of functions can be found in both camps (cf. Tálos 1995, Tálos/Kittel 1996). Those vertical links between parties and interest organisations, especially between unions and Socialists can be found again after 1945. Personal accumulation of functions is very common up into the 1980s.
Ideological elements that point toward consensualism can be found across the political spectrum during the later 19th century.

Austro-Marxism, the self-contained development of Marxism in Austria, played its main role in the class struggle, not in the development of corporatist structures. It was a political and philosophical movement and often stood in opposition to the political practices of the Social Democratic Party, which co-operated more closely with the labour unions. However, by combining revolutionary language with a simultaneous practice of reform, Austro-Marxism succeeded in avoiding a gap between political and trade union work and allowed for cooperation with other players.

Kapitel 3 On the other hand, the ideas of Catholic Social Teaching had been advocated by representatives of the Christian Social and German National camps since the second half of the nineteenth century, propagating ideologies of consent and balance while deprecating the notion of class conflict advocated by the social democratic workers' movement. The Catholic idea of interest intermediation was backed by the papal encyclical “Rerum Novarum” (1891) and developed into the concept of societal organisation by estates, making the common occupation the level of organisation between workers and employers. The proponents of the "Ständestaat" built on these ideas but the result degenerated into an authoritarian one party system that created consensus by elimination of diverging opinions and had little to do with ideas of democratic corporatism of the later half of the 20th century.

Kapitel 4
Kapitel 5

First steps towards consensualism – the precursors of corporatist institutions

In terms of practical cooperation, a number of legal, organisational, administrative and ideological prerequisites have been identified that can be considered precursors of a corporatist system. Even before the establishment of the first trade unions, the central administration cooperated with representatives of capital and labour in various advisory boards.

Collective bargaining had existed in England since 1824 - workers in Austria had to wait until 1903 before the idea finally took hold. While typographers had managed to establish an early form of collective bargaining already in 1848, concessions were later withdrawn. In 1896 the well developed union of typographers managed, following the German example, to establish the first actual collective agreement in Austria. However, it remained the only one for some years to come. (cf. Ungersböck 1986). Collective treaties continued to evolve in the years between 1890 and 1920 when they were anchored in legislation (cf. Sandgruber 1995: 301).
The heart of the Social Partnership, the Parity Commission, has had its precursors as well as can be seen in the development of trade courts. In 1869, the "Gewerbegerichtsgesetz" (law on trade courts) was established in Austria. It consisted not of professional judges but of a parity commission of employers and workers (Mayer-Maly 1986). In 1922, appointment of trade judges by proposal of the chambers was introduced (Schöpfer 1980a).

Another example for early forms of parity decision making can be found in the development of social insurance. Compulsory health insurance was introduced for workers in 1888, compulsory accident insurance one year later. The insurance institutions were self-administrated and managed cooperatively by employers and employees (cf. Schöpfer 1980a; Hofmeister 1986).

Around the turn of the century, a lot of advisory boards were established adjunct to governmental authorities. These boards consisted of representatives of employers and employees as well as independent experts. The assignments were derived from a complicated system of proportional representation ("Proporz" remaining a central principle in Austrian politics until today).

In 1898, the “Arbeitsstatistische Amt” (Office of Labour Statistics) was established within the Ministry of Commerce. In its board of advisors both, employers and employees were represented and there was mutual agreement about the collection and interpretation of economic and social data. Brigitte Pellar (1986) ascribes the centralist authorities' willingness to cooperate to their tradition rooted in the enlightened absolutism of Joseph II., thus making Social Partnership a late monument of josephism. The initiative of the state in this case is also stressed by other authors (cf. Schöpfer 1980: 33, Tálos 1993: 15, Hanisch 1994: 28f.).

The First World War (WWI) forced the authoritarian government to keep the inner peace of the “Vielvölkerstaat”; in this endeavour it could not forego trade union cooperation. Extra-parliamentary corporatist institutions like the "Beschwerdekommission" (commission of appeal) therefore had to be created. Their first object was to ensure provisioning. As the war economy gravely curtailed worker freedom, the commission (consisting of a presiding high ranking military officer, a judge and one representative each of the relevant ministry, the employers' and the employees' organisations) was established to arbitrate differences. The "Beschwerdekommissionen" were converted into "Einigungsämter" (arbitration boards) as one of the first acts of the Industrial Parity Commission (paritätische Industriekommission). It was established during the last weeks of the war in order to reintegrate returning soldiers into the work process. The commission consisted of representatives of employers and trade unions in equal parts. Their importance faded when the social situation started to relax in 1919 (cf. Fischer 1986, Grandner 1986).

In addition, an industrial conference had been sitting since 1919 to discuss wage and price agreements. However, Industrial Parity Commission and Industrial Conferences alike were
mostly concerned with the post-war economy. They were unstable and represented a sort of cooperation on call. While the Minister of Social Affairs Dr. Pauer in October 1921 still suggested the government might be willing to make the industrial conference a permanent institution (Schöpfer 1980a: 38), at the same time proponents of industry already expressed severe scepticism, considering workers' demands as an encumbrance (Tálos 1986: 252). The next and also last common attempt of crisis management before WWII including government and large interest organisations would be the 1930 conference convened by Chancellor Schober (Tálos/Kittel 1996). Tálos argues that consensus between political parties concerning the general aims of economic policy was still lacking. The provisional government of the First Republic was ruptured in 1920 starting a period of conservative and conservative-nationalistic governments and the interest in cooperative decision-making faded. Schöpfer (1980a: 41) mentions the growing of paramilitary organisations and suspects that peaceful conflict resolution might have looked more and more pale in their presence. He also remarks that Social Partnership requires a certain measure of mutual trust while it was a sign of the times to trust mainly in one's own power.

As a counterweight to the Chambers of Commerce (established already in 1848), the establishment of Chambers of Labour (for workers and employees) was decided as one of the last social laws of the revolutionary period. The chambers constitute an important factor for continuity of cooperative politics. Schöpfer (Schöpfer 1980a, cf. also Tálos 1993) even speaks of a basic premise for the development of Austrian Social Partnership. As legal instruments of interest representation they cooperate with bodies of legislation, they concentrate and tune group interests and they show beginnings of inter-organisational cooperation already in 1920. During the period of Austro-Fascism, the "Präsidentenkonferenz" of the Chambers of Agriculture was founded as well as the peak organisation of the chambers of commerce (Tálos 1982, 1986).

Although the Habsburg Monarchy during the late nineteenth century knew associations of industrialists as well as trade unions (in case of the entrepreneurs even chambers as hybrid forms between independent association and state institution); and although after the collapse of the old liberal parties of notables the whole spectrum of political parties evolved; and although universal suffrage was introduced for men in 1907, the political and economical sphere of the country remained fragmented, nationally split (with the exception of the Social Democrats who at least tried to unite different nationalities in the workers' struggle), and still centrically structured. Parliament could still be (and was being) suspended, decisions were still taken top-down. While extra-parliamentary corporatist institutions were established during and after WWI, they were unstable, as consent for common socio-economic goals was still lacking.
Corporate State / Civil War

The "Ständestaat" envisaged harmonious cooperation and solidarity of employers and employees, following the ideals of Catholic social teaching. The papal encyclicals “Rerum Novarum” (1891) and later "Quadragesimo Anno" (1931) was used as an ideological framework. Calls for a corporate order had also been voiced by the German Nationalist camp already in 1881 (Schöpfer 1980a: 27). During its four years of existence the authoritarian “Ständestaat” could realise only a fraction of its goals. While its authoritarian structure officially facilitated consent in economic and social questions, success was moderate. Social imbalances were reinforced and showed grave negative effects on the labour market (cf. Tálos/Manoschek 1988, Tálos/Kittel 1996). While theoretically workers were on equal footing with employers, in reality the employers' side was favoured: "Between 1933 and 1937 wages and salaries rose by 2 percent, the retained profits of capital companies by 121 percent." (Hanisch 1994: 316 tranls. M.P.). A single political party, the "Vaterländische Front" suppressed all other political activity, Socialists as well as Nazis. The forced corporatism created a number of committees and boards that were supposed to participate in corporate decision making but in fact the authoritarian constitution concentrated power in the hands of the chancellor. The National Socialist takeover 1938 and World War Two ended all pretence of consensual decision making.

Due to the experiences of Austro-Fascism and Nazi-Germany, the idea of a "corporate order" was not pursued any further. Both Stourzh (1986) and Tálos (1982, 1985, 1986) criticise the use of the term neo-corporatism in connection with Social partnership. Obviously, the Austrian experience with the "Ständestaat" makes the use of the term corporatism slightly difficult. Stourzh (1986: 20) argues that even if the variation liberal corporatism is employed it is still too close to ideas of organisation along the lines of Italian (or Austrian) Fascism. Tálos argues that in Austria beginnings of cooperation and harmonisation of societal interests were present long before a variation of a corporate order was out into practice and without directly corresponding to it. Instead he discerns two different solutions for the problem of mediation of diverging societal interests and governmental politics, arguing for the term cooperative-concerted politics instead of neo-corporatism (Tálos 1986: 264).
Concerted politics in the early years of the Second Republic

After World War II the balance of power between conservatives and the left is relatively even. For 20 years, Austria was to have a coalition government where either the ÖVP - representing business and peasantry – or the SPÖ - predominantly representing employees and blue-collar workers – supplied the chancellor. The much quoted "Geist der Lagerstraße" that supposedly reconciled former enemies might be a rather romantic view; however, the immediate post-war times saw an undivided will to cooperate in an effort to restore national sovereignty, political democracy, and the country’s economic structures. Many of the key political actors had been active before the war and personally experienced what political polarisation could lead to (cf. Penz 2003).

From the onset of the Second Republic an institutional balance of power between capital and labour could be achieved. The main interest organizations of employers and employees, Trade Union Federation (ÖGB in 1945) and similarly an autonomous Federal Chamber of Commerce (BWK in 1946) were re-established right after the war. The wage-price-agreements and later the Parity Commission could work out due to the dense networks between political parties and the interest organisations – the SPÖ had strong affiliations with the unions while the ÖVP had close ties with the BWK and the Chambers of Agriculture. A small number of relevant actors met on the parliamentary level, in the commission but also in informal and non-public settings where agreements could be found much easier.

Between 1947 and 1951 five wage-price-agreements aimed at tackling the threat of post-war inflation. In 1951, an economic directorate was installed to coordinate macro-economic decisions. The chancellor, the vice chancellor, a number of ministers as well as (albeit without vote) the president of the National Bank, the presidents of the ÖGB and the BWK, and one representative of the Chamber of Labour (AK) and the Chambers of Agriculture participated in the directorate. The attempt to pass a law for a directorate of commerce failed though, as the Constitutional Court considered it a parallel government (cf. Penz 2003).

In 1957, the parity commission established social partnership in a less formal way. Fig. 1 shows the structure of social partnership in Austria.
Based on briefings by their respective pools of experts, the presidents of the interest organisations decide matters behind closed doors. Their informal decision is then approved by the actual parity commission. The centralistic structure of the interest organisations allows for this top down decision making while the intimacy allows actors to take positions they could not easily risk in public. Austrian employees and workers widely supported the system, which wasn’t seriously questioned until the mid eighties when new political players without social partnership ties arose.
Economy

*Industrialisation and modernisation of the Habsburg Empire in the 19th century*

Industrialisation in the Habsburg Monarchy seemingly took place late and tentatively. At a closer look it takes on a regional-sequential character (cf. Butschek 1996, Sandgruber 1995). In the area that comprises today's Austria, as well as in Bohemia, Moravia, and parts of Silesia prerequisites for industrialisation were comparable to western and central Europe. However, more than one third of the population lived in areas like Galicia, Bukowina, or Dalmatia, that lacked these prerequisites and where industrialisation only began around 1900.

Vienna became an important centre of gravity – the court, a large population that provided a market as well as a readily available workforce, the advantageous position on traffic routes and the abundant water power attracted industries. In the beginning of the 19th century, industrial production in Vienna and Lower Austria made up between a quarter and a third of the monarchy's total production. Around 1850, the 500 persons with the highest incomes owned one percent of the total national income – of these 500, two thirds lived in the capital (Sandgruber 1995: 191). A major problem for industrial development was the weakness of capital. There were few capitalists who mostly belonged to confessional fringe groups, e.g. Calvinists, Lutherans or Jews. They were mostly specialised in state credits and only a few, like Johann Fries in the late 18th century or later Salomon Rothschild, ventured into industrial investment. The assets of the higher echelon of the nobility were certainly higher but mostly grounded in landownership and therefore not liquid (cf. Sandgruber 1995: 217ff.).

Partly, the slowness of industrialisation turns out to be an arithmetic problem. While economic development of the centre was comparable to western European countries, the socio-economic structure of the monarchy was very heterogeneous and the periphery was lagging far behind.

The absolutistic rulers of the 18th century strove to create an integrated economic area in their realm. Internal tariffs were abolished stepwise and the state borders were used to protect the economy from foreign competition. Traffic infrastructure was upgraded, education of the masses became a state issue and an efficient administration was created that considerably contributed to modernisation. The lack of entrepreneurs and skilled workers was countered by privileges for these groups in order to attract them, e.g. the permission to exercise the Protestant faith. While the Napoleonic Wars somewhat dampened economic development, the period between 1825 and 1844 was a time of dynamic industrial development. Railways played an important role, both as an industrial factor and by improving transport infrastructure. Favoured areas besides Vienna were upper Styria (iron)
and Vorarlberg (textiles). Economically most important was linking Bohemian coalmines to iron or in upper Styria and the Adriatic harbours. The construction of the "Südbahn"-railroad was begun in 1841; the difficult mountain areas of the Semmering (between Lower Austria and Styria) and the Karst (between Lubljana and Trieste) were finished in 1854.

1848 can be considered a turning point. Two crop failures in 1846/47 caused famine and an employment crisis. The political repression that followed the revolution of 1848 was accompanied by economic liberalism. At the same time, the economic integration of the monarchy became effective. The last internal tariff between Austria and Hungary was abolished in 1850 and railways were privatised and expanded. "Between 1848 and 1873 transport volume of goods on railways rose from 1.5 million tons to about 41 million tons; the number of passengers could be raised from 3 million to 43 million per year." (Sandgruber 1995: 236, transl. M.P.)
A short heyday of Liberalism

1849/50 also saw the foundation of Chambers of Trade and Commerce that would become focal points of economic liberalism. They were interest representations of the industry but also supposed to consider macroeconomic issues. The chambers of commerce became an important link between industry and administration with an obligatory survey right for new laws and a curia of its own for elections to the house of deputies. The notorious weakness of entrepreneurial capital was met by the foundation of joint stock banks and "Mobilbanken" like the "Österreichische Credit-Anstalt für Handel und Gewerbe", following the example of the French "Crédit Mobilier".

The period between 1860 and 1866 turned out to be among the most difficult the monarchy ever saw. Apart from huge government debts the cotton crisis (triggered by the American Civil War) strained the economic situation. 1863/64 saw two crop failures that left large parts of the population without income. The wars against Piemont (1859) and Prussia had further strained the financial situation of the Habsburg monarchy. The defeat against Prussia in 1866 finally forced the emperor to make a number of concessions that proved favourable for the economy. The "Ausgleich" with Hungary in 1867 regulated tariff- and financial policies and increased the mobility of labour and capital. The Staatsgrundgesetz of 1867 established a constitutional framework and brought a liberal government into power. Two so called "miracle harvests" came at a time of crop failures in the neighbouring countries. In the so called "Gründerzeit" period (1866 - 1873) that followed, the railway network was doubled, its added value sextupled. The "Ringstraße" in Vienna bears witness to the construction boom of this period. It was the high time of liberalism in the monarchy.

The stock crash of 1873 became the symbolic end of "Gründerzeit" and liberalism. The economic mood turned anti-capitalistic and called for state intervention. Railroads were nationalised again and protective tariffs were established. A low willingness to take risks, a "pensioner mentality", and protectionist thinking became constituent features in the economic order that had long reaching effects. (Sandgruber 1995: 250)

Economic growth started to pick up speed towards the end of the century. Industrialisation had finally reached the more remote areas of the monarchy and overall structures were changing. The emancipation of the peasants and the hope for work in the growing industries had led to a wave of migration to the cities.
Influenced by banks, certain branches of the industry underwent a process of concentration and cartel building. The networks between enterprises, banks, entrepreneurs' organisations, and the state grew denser and state intervention became more common.

Slowly, the working masses also started to profit from the benefits of industrialisation. Sugar consumption was rising and the bicycle became affordable for the less affluent. The "Koalitionsrecht" of 1870 was an important break. It took 20 years before this new right was fully put into force but between 1890 and 1920 a system of collective bargaining could develop that led to the acceptance of an equal status of workers and employers. Union officials were more and more integrated in parity committees on work affairs, accident and health insurance systems were introduced in the 1890s.

The main targets of the unions were a prohibition to employ certain groups (e.g. children or pregnant women) and a fixed maximum of weekly working times (with the long term objective of the 8-hour working day). By 1910, weekly working time had been reduced to 60 hours per week (compared to roughly 80 to 85 during the first half of the 19th century), but despite the fact that social policy had become a major topic after 1907, negotiations for a comprehensive law had come to a stalemate and did not produce a feasible text until July 1914 (cf. Sandgruber 1995: 304).
A new economic arrangement and its crisis: transition from Monarchy to Republic

The First World War put a stop to that development. Inflation was soaring – in November 1918 the consumer price index was 15 times as high as in July 1914. The break up of the Habsburg Empire left Austria with its borders of today and 6.4 million inhabitants – compared to roughly eight times as many as before the war. Exports declined, agricultural production was insufficient as it had depended on the less industrialised areas of the monarchy, and foreign credits were needed to avert famine.

Only well into the thirties did food supply become more or less independent. Inflation got worse than during the war – by the end of 1921 the monthly rate of inflation had reached 60%. The galloping inflation was checked with a League of Nations credit that was linked to far reaching restrictions of Austria’s sovereignty. Outward signs of the successful stabilisation were the foundation of the Austrian National Bank and the introduction of the "Schilling" as the new Austrian currency.

With the world economic crisis in 1929, per capita income was only slightly above 1913 and Austria’s GDP reached only 81.5% of the GDP (of the comparable part of the monarchy) in 1913. From 1934, the economy was starting to recover but in 1937, GDP was still at 90% of 1913 and unemployment at 21.7%.

Unemployment in Austria, 1910-1940 (cf. Butschek 1996)
In certain mono-structural areas (often these were iron- and metal-industries) unemployment figures reached as much as 60%. Of those, two thirds did not receive any benefits. Population growth had already been low in the 20s, during the 30s it came to a stop and even declined. Vienna had become the city with the lowest birth rate in Europe. This development resulted in an over-aged population and dampened demand (cf. Sandgruber 1995: 385).

Reconstruction and economic development in the first years of the Second Republic

The highly expansive war economy of National Socialist Germany stimulated the economic situation and brought enormous investments to Austrian industries. Despite heavy losses and large scale destruction resulting from World War Two, Austrian industry came out of the war partly with structural benefits. As nationalised industries, large parts of German industrial complexes (e.g. the Hermann Göring Werke in Linz) would become the backbone of Austrian primary industries after the war (cf. Butschek 1996). The wartime role of large companies like Siemens and the VOEST-ALPINE STAHL AG (former Reichswerke Hermann Göring AG) that had been run with forced labour was not even discussed – the cooperation of industrial experts was too valuable (cf. Rathkolb 2001, Sandgruber 1995: 445f.). In certain economically relevant areas (e.g. taxes, trade laws) German decrees remained in force after 1945. Instead of returning to the traditional economic structures of the First Republic, wartime investments were continued.

However, the situation of the population was desperate after the war. While food supplies had steadily declined during the war, in 1945 not even basic provisions could be provided anymore. Food was rationed according to occupational status, often discriminating women. "In spring 1947, Austria could still be considered one of the countries in Europe whose population was among the most ill-nourished". (Sandgruber 1995: 451). The allied occupation further burdened the Austrian economy – Austria had to pay the costs for 700,000 foreign soldiers. However, the allies later lowered their demands and even refunded large parts of the money already paid.

On July 1, 1948, Austria became part of the European Recovery Programme (ERP) – out of 13 billion US Dollar of the ERP budget 1 billion went to Austria alone, which was the second largest sum after Norway. Contrary to Norway though, Austria received most of the sum as aid, not as a credit. One aim of the so called Marshall-Plan was to boost economic development in the western regions in order to diminish dependency form the eastern (Soviet occupied) zone. This led to a gradual regional equalisation of the country's economic
structure. It also meant that companies in eastern Austria not only lost some of their former trading partners in the East, but also had to cope with inner Austrian competition.

During the first ten years after the war, Austria received 1585 million Dollars of foreign aid compared to an estimated 1250 million dollars of wartime damage. 87% of this sum was paid by the USA – as opposed to the Geneva Accords after WWI, this money didn't come as a credit but mostly as a gift. In 1949, depending on the mode of calculation, Marshall Plan aid amounted to 7-18% of the gross domestic product (cf. Sandgruber 1995: 451-457).

In order to facilitate reconstruction, but also to prevent allied claims to German property or foreign takeovers, nationalisation became a topic for all political parties. While a first attempt at nationalisation failed due to Soviet resistance, the nationalisation laws of July 1946 and March 1947 made about 70 industrial- and mining-companies, the most important electricity companies, as well as three big banks and their attached industries public property. The large industrial complexes of the USIA\(^9\) were not part of the nationalisation in 1946/47. Under the provisions of the State Treaty in 1955, the Soviet Union received payments of 150 million Dollars and 10 million tons of petroleum for former USIA property.

Towards the end of the 50s, nationalised industry would employ about 130,000 people and produce roughly 30% of Austrian exports.

Economic policy after the war and during the first half of the 50s stopped just short of a planned economy. Five wage-price agreements between 1947 and 1951 and an economic directorate (cf. part B) aimed at stopping inflation. From 1953 onwards, during a first period of economic stabilisation, the Coalition Committee became the central institution of economic policy - The “Raab-Kamitz-Kurs”\(^10\) consisted of a combination of monetary and fiscal policy and proved to be quite successful in terms of price control till the mid-50s, when prices started to rise considerably again. Under these conditions increasing conflicts about wages and the threat of strikes finally lead to a renewal of the cooperation between the interest organisations. In 1957 the ÖGB and the Chamber of Labour proposed to constitute a joint commission to assist the government’s stabilising policy by controlling the development of prices and wages. In the spring of the same year the core institution of Austria’s social partnership, the Parity Commission on Prices and Wages was founded (cf. Penz 2003).

From the 1\(^{st}\) of July 1953, food ration cards were no longer necessary to obtain provisions.

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\(^9\) The administration of Soviet assets in Austria – it included almost the entire petroleum industry and the DDSG (Danube Steamship Navigation Company), more than 150,000 hectares of cultivated area in the Soviet occupation zone, and a group of companies that comprised a large part of Austria’s key industries and employed 53,000 people.

downright waves of consumption. Nylon stockings, refrigerators, American kitchens and Coca Cola became the symbols of the westernisation but also of the so called "Wirtschaftswunder" in Austria, that would fully develop in the 60s.

Culture

Kapitel 6 A political culture that fosters social trust and is not dominated by a few singular actors is considered a vital ingredient for the development of consensualist structures (cf. Annex to the project contract). Certainly 18th century absolutism, however much enlightened, cannot be considered a probable breeding ground for corporatist structures in this sense. However, seeds for democratisation were planted and during the second half of the 19th century, democratic structures and institutions began to evolve. Still, this makes by no means certain that civil society was developing at the same pace.

Kapitel 7 Two main strands of historical roots that formed culture in the Habsburg Monarchy can be identified – baroque Catholicism and the enlightened Absolutism of the 18th century.

Kapitel 8 At the beginning of the 17th century, Austria was struggling against two major politico-religious enemies: the Ottoman Empire from the outside and the Protestants from within. This situation created a close alliance between monarchy, military, bureaucracy, and the Catholic Church. The Turks were defeated in 1683 and Catholic Counter Reformation was brutally efficient. By 1650 the population was officially all Catholic. The Counter Reformation had thoroughly disciplined society and strengthened a sense of hierarchy. As a legacy of feudalism, personal relationships were (and still are) of great importance. Clientele-structures became formative for the Austrian way of doing things. The spirit of the church in the 19th century was anti-revolutionary, anti-modern (and also anti-Semitic) – it should remain so until after World War Two. On the one hand it strengthened the status quo of the social order in the monarchy. On the other hand, Catholic social thought like the papal encyclicals “Rerum Novarum” (1891) and later "Quadragesimo Anno" (1931) prepared the ground for ideas of consensualist decision making in conservative circles. In principle, they contain the idea that democracies and political parties represent a torn society of antagonistic interests. Instead, a “corporate order” (berufsständische Ordnung) aimed at summing up the interests of employers and employees within a specific professional group is supposed to transcend the class struggle and create a society of organic unity.

Kapitel 9

Kapitel 10
Kapitel 11 The reforms of Empress Maria Theresia and her son Joseph II were no more democratic but dedicated to modernisation and enlightenment. Their legacy was an efficient and sober bureaucracy, loyal to the state that shunned conflict and practiced the art of compromise. The reforms of enlightened absolutism always came from the top and were more or less forced on the population. Even today, such reforms are described by the term Josephism. The administration developed its own base of power and often intervened heavily in the people’s way of living (cf. Hanisch 1994). Social reforms like compulsory primary education for all layers of society planted a seed for democratic demands.

The first half of the 19th century was shaped by the Napoleonic wars and later by Metternich’s regime. “Biedermeier” society was oriented inwards; political activities were suspect and under constant surveillance. In such a climate, “civic engagement” or “social trust” (cf. Putnam 1993) could hardly grow. The ban on coalitions (Koalitionsverbot) forbade any meeting for political reasons; therefore cultural organisations were the only possibility to form public associations. The “Gesellschaft der Musikfreunde“ (Friends of Music Society, 1812) or the Vienna Philharmonic Orchestra (1842) originates from that period.

In 1848, for the first time political pressure from below could be felt. However, the basic situation in Austria remained the same. The new, centralistic constitution, decreed by the young monarch, was built on neo-absolutistic principles and represented the top-down power structure. However, “neo-absolutism” was different from the absolutism of the time before 1848, the state had become more modern (cf. Konrad 2003).

In 1852 the rules for associations became less strict. Official authorisation was still necessary but more often granted due to the rising power of the bourgeoisie. In 1862 for example the “Verein Österreichischer Industrieller” (Austrian Industrialists’ Society) was founded. Similar self-organisation to further economic interests was not possible for workers; associations of this kind were still subject to the ban on coalitions. However, benefit societies had become possible. Often, these were used as a framework for organised action and effectively acted as “secret unions” (cf. Karlhofer 2001).

Despite the revolution of 1848, political life was still dominated by the aristocracy. Out of 28 prime ministers of the western half of the monarchy between 1867 and 1918, 20 belonged to the higher nobility, 7 held a title of lower nobility, and only one was of bourgeois provenance. (cf. Vocelka 2000: 254). The two main factions – old and new nobility – generally did not mix.

\[11\] Maria Theresia had started modernisation with reforms such as compulsory school for children. Joseph continued, aiming at a modern, centralistic state with German as official language. Judicature was modernised, torture was abolished and Protestants as ferments of modernisation were attracted by the Edict of Tolerance.
Politically the old landed nobility could be found in the conservative-Catholic camp, whereas the newly ennobled tended to take part more actively in new economic developments and supported Liberalism. The political power of the aristocracy was firmly rooted in the asymmetrical voting right, their hereditary majority in the House of Lords and also by their predominance in diplomacy, administration, and the upper echelon of the military. The power of the bourgeoisie was steadily growing over the century. After the defeat at Königgrätz, an urgent need for economic and military modernisation was felt. With the Dual Monarchy, a construct was found that allowed for dual progression. In the western, “Austrian” part, that comprised the kingdoms and provinces of the Reichsrat, the Staatsgrundgesetz was established in 1867; once again not as a result of citizen struggle but decreed top-down. The constitution guaranteed human- and citizen-rights and has remained the basis for all constitutional forms of government in Austria up until today. After 1867, voting rights were slowly extended to the affluent. By 1890, members of the bourgeoisie also occupied one third of the posts in the diplomatic corps, the administration, and the military. This new elite consisted of entrepreneurs, bankers, but also intellectuals like lawyers, university teachers, or doctors.

While the bourgeoisie profited from industrialisation, concerning wealth, lifestyle, and political influence, the situation of farmers and the working class remained poor. Migration to the cities became an important phenomenon during the second half of the century, creating an army of urban poor who could hardly make their living. Their economic as well as their legal situation prevented their political participation. This began to change with the formation of trade unions and mass parties in the 1880s/90s. Following the revolution in Russia and political movements in Belgium the Social Democrats advocated universal, equal, and secret suffrage for men. Pressure from the streets in form of mass demonstrations and threats (“talking Belgian”) effectively changed politics in Austria. In 1907, general suffrage for men was introduced bringing into force the full political weight of those classes (Vocelka 2000, Konrad 2003).

Emerging identities

Absolutism had successfully repressed nationalistic tendencies in the monarchy. After 1866 however, nationalism became a problem of rising importance. Within the boundaries of the monarchy, a dozen nationalities lived together, but under very different political and economic premises. Germans were dominating both areas. The 1867 "Ausgleich" accounted for the Hungarians but like the Germans in the western half of the empire, the Hungarians were not ready to share their new power with other nationalities. The Hungarian privilege
nourished the desire of other groups, particularly the Czechs, to attain a similar status. However, the conflicts cannot be simplified to the formula, “the Germans and Hungarians suppressed the Slavic nationalities” – enmities and conflicts were multilateral (cf. Vocelka 2000: 238). The different speeds of industrialisation and economic development worsened the political tensions. A series of crises shook the monarchy during the late 19th century. The glue that held the Dual-Monarchy together had become brittle: the Habsburg family (more precisely the old Emperor Franz Joseph) was still widely accepted, but only the administration and the army still supported the concept of a united realm.

As opposed to the disintegrating effects of nationalistic efforts, the integrative milieus in the monarchy around the turn of the century were closely knit to the parties (cf. Karlhofer 2001: 337). Around all three of the major parties, a dense networks of associations and societies developed that spanned all aspects of life. These political 'camps' (Lager) became a formative characteristic of the First Republic and continued to exert a strong influence until late in the 20th century. After World War One, it was the political parties, backed by their respective camps that founded the new Republic.

While the three major parties were born out of the crumbling Liberal Party, they developed in quite different directions. The struggle for workers' participation and social welfare was taken up by the Social Democrats. Their programme was moderate and evolutionary in its content although they kept a more radical Marxist diction in order to keep the left wing of the party. The Christian Social Party addressed the petty bourgeoisie and their fears of a proletarian descent. As the name suggests they had a strong clerical inclination and their social ideas were rooted in Catholic social teaching. Both the traditional anti-Semitism of the Catholic Church and the bourgeois idea that identified big capitalists\(^\text{12}\) (that were seen as an economic threat) with Jews allowed anti-Semitism to become firmly anchored in the Christian Social party programme. The German-Nationalist party was closest to the old liberals concerning their clientele: higher bourgeoisie, public servants, and students; the German nationalist academic corps being their major pool for elite recruitment. They found common ground with the Social Democrats in their anti-clericalism and with the Christian Social Party in their anti-Semitism. The anti-Semitism was a major difference to the old liberal party and was brought in by the party's most prominent politician, Georg von Schönerer. The biologist and race-oriented theories that were en vogue at the time were incorporated into party ideology, rejecting Jews not only as a religious or economic community, but as a "race" (cf. Vocelka 2000: 240ff.). The Social Democrats were the only party that did not carry an anti-Semitic message in their party program. In that period, a basic anti-Semitic climate is created

\(^{12}\) After the stock-crash of 1873 Jews were quickly scapegoated as the ruthless speculating capitalists who were ready to ruin the country's economy for their own profit.
that would later be the basis for toleration of and consent to fascist persecution of the Jewish population.

From certain specific ethnically and culturally heterogeneous regions of the monarchy (Central Europe) emerged an urban cultural phenomenon that was termed “Viennese modernity” by international research. As Jewish intellectuals and artists played an eminent role (e.g. literature, philosophy, architecture, music, art and painting, psycho-analysis), Viennese modernity suffered irreparable damage from rising anti-Semitism and later from systematic persecution by the National Socialists (cf. Schorske 1994, Konrad 1996, Csáky 2004).

The defeat of Habsburg armies in 1918 also meant the end of monarchy. In parliament, the republic was proclaimed, after Emperor Karl\textsuperscript{13} had waived his right to exercise political authority. The post war order established sovereign states for the major nationalities of the former monarchy. Austria was the rest.

\textit{Between two wars}

After the end of World War Two, three main factors formed the First Republic – from outside, the treaty of St. Germain set the framework for its further development: new borders as a sovereign small state, the ban on "Anschluß" to Germany the, the limitation of the army, and economic sanctions. Within Austria, politics were shaped by small elite that either wanted to prevent restoration or tried to avert revolution, depending on political affiliation. Despite the attempts of the elites to control the situation workers' and soldiers' councils played their in forming the events. Due to pressure from the streets, a wide range of social legislation was passed that was exemplary for all of Europe. These laws held worker revolutionaries in check and integrated them into the system of the democratic republic (cf. Konrad 2003).

Robert Putnam (Putnam 1993: 148f.) uses mutual aid society membership, union membership, and the strength of mass parties as indicators (among others) for civic engagement. In 1918 one could get the impression that all three sorts of organisations were well developed in Austria. However, looking at the trust aspect, the highly polarised “lager”-mentality that split parties as well as associations, and in fact society as a whole, turned out to be rather disruptive. Although aristocratic privileges had been abolished, feudal remains in form of clientelism were still abounding. The cooperative institutions that were established after the war were ad hoc solutions to pressing problems but unstable in the long run.

\textsuperscript{13} Karl I, 1887 - 1922. After the death of his uncle Franz Ferdinand in Sarajevo in 1914 he had become successor to the throne. He became Emperor of Austria and King Karl IV of Hungary after Emperor Franz Josef died in 1916.
Civil society also needs a civil state with a modern, effective administration (Hefner 1998: 27f.) to flourish. While the administration was well developed and the comparatively small area of the 1st Republic offered a manageable territory, the military exerted an enormous influence until 1918. The war had left Austria with a disastrous economic situation that offered little to distribute and a highly militarised society - paramilitary organisations in both camps were thriving. The "Heimwehr" was recruited mainly among former soldiers. After 1920, the conservative government also managed to "cleanse" the executive (gendarmery, police, and army) from suspicious elements, making it a reliable force against the opposition. On the other side, the Social Democrats established the "Republikanische Schutzbund", initially intended to protect party events. Both organisations saw themselves as defenders of the Republic: The "Heimwehr" intended to fight the threat of Marxism whereas the "Schutzbund" saw the danger for the Republic in anti-democratic forces. Political hostility and weekend exercises led to regular conflicts between those armed groups. These were usually harmless brawls until one such meeting ended fatally. In January 1927 members of the "Heimwehr" shot at a "Schutzbund" group, killing a child and a war invalid. Three men were put on trial for murder in Vienna. They pleaded self-defence and were acquitted by the jury in July. While the proponents of the Social Democratic Party kept rather quiet, enraged workers were protesting in the streets. On July 15, 1927, the Palace of Justice was set on fire and the ensuing confrontation with the police left 89 dead. The incident and the weak social democratic response strengthened the conservative camp. Fascist Italy supported the "Heimwehr" with money and weapons. In May 1930 the radicalisation of the "Heimwehr" found expression in the "Korneuburger Eid" that officially rejected democracy and introduced a fascist programme. Depending on political affiliation, the "Ständestaat" is described as an Austrian nationalistic project to defend the country against the threat of annexation by its larger neighbour, or as a fascist regime; in any case, it was authoritarian in its means. Despite pseudo-corporatist institutions its structures were anti-democratic and militaristic and channelled power in the person of the chancellor. Early in 1934 a government dependent and directed administration was forced upon the Chambers of Labour; self-administration and democratic structure were shattered. When civil war broke out in February 1934 the Free Unions were banned on the first day of fighting and their assets were confiscated. The envisaged order was to be realised from top to down, religiously sanctioned, without democracy or participation. In March 1938, the "Ständestaat" succumbed to National Socialism due to military pressure from outside and political pressure from within. After the "Anschluß", Austria became a province of the German Reich ("Ostmark"). As part of a totalitarian dictatorship the country lost its sovereignty and any democratic means. Political opponents of the Nazi regime became victims of NS-terror; politicians from both camps found
themselves together in concentration camps. In the Second Republic they would form the core of the new political elite. While Austrians liked to style themselves the first victims of the National Socialists and their share in the liberation of Austria as resistance fighters was (over)emphasised, the percentage of Nazi party members was in fact higher in Austria than it was in Germany. At its peak the NSDAP counted about 693,000 Austrian members in 1943 (cf. Jagschitz 2000, 109). The denial of responsibility had long term effects on the development of Austria's post war society. The state kept its distance from the NS-regime, but did not accomplish any coming to terms with the past during the first decades after the war. It neither dealt with the roots of National Socialism, especially anti-Semitism, nor with the victims and perpetrators of Nazi crimes in Austria. This position changed only after the Waldheim debate in 1986 with compensation actions (“Wiedergutmachung”) in the 1990s (cf. Bailer-Galanda 2003, Forum Politische Bildung1999).

An old-new republic

After World War Two a new spirit of cooperation for reconstruction emerged. The main protagonists of the big parties are pretty much the same as before the war. They all witnessed how political polarisation during the inter-war years led to civil war and Austro-Fascism and they shared the experience of political persecution by Nazi-totalitarianism. The common war experience as well as the expectation that all actors would be interested in rebuilding economic prosperity generated a certain basic trust. The "lager"-mentality was still present but with an added perspective of mutual respect. 1945 also meant a historical break with Germany – whereas in 1918, there had been a broad interest to join Austria and Germany, identifying Austria as different from Germany had now become important in order to describe the country as a victim of National Socialism. It played in handy that the Allied had made it a war goal to restore Austria as it was before 1938. Official discourse followed the Moscow Declaration (1943) that described Austria as Nazi Germany's "first victim", with the logical consequence that the country had been freed in 1945, not occupied, by the allied forces. The "state no one wanted" had become a state that was much needed to avert guilt and compensation payments. It was also an important step for Austrian nation building, bearing many of its characteristics negative images to differentiate from (the "Prussians") and the construction of an Austrian history. The construct was supported by the political elites and allowed the population to adopt a very flexible status of victim (cf. Hanisch 2002: 28f.). The development of an Austrian nationalism still took its time. In the mid-60s, it was still only 47% of the population who believed in an "Austrian nation" (Hanisch 2002: 31).
At the same time, denazification was only carried out half-heartedly. It began with the NSDAP Prohibition Act in May 1945 and ended twelve years later in 1957. Under the Denazification law of 1947 approximately 524,000 persons had to register. Only one year later, in 1948, a general amnesty (Minderbelastetenamnestie) reduced the number of registered (incriminated) persons to 42,129, all others were counted as less-incriminated and regained their active and passive political rights (cf. Stiefel 1981, 114f.).

In the years directly after the war, the position of Austria in the growing east-west conflict was not yet clear. The government that the Social Democrat Renner built was at first only accepted by Moscow. Renner assured Stalin that Austria's future was certainly to be found in Socialism and many seemed to share that expectation (cf. Hanisch 1994: 402). The events of October 1950 have to be seen as a decisive symbolic turn in the political culture of the country when strikes started in Linz following the fourth wage-price agreement, sometimes interpreted as an attempted Communist coup. "The extension of protests up to a call for national strike caused a dangerous situation in the Soviet zone and in the US-companies. The trade union of Construction and Wood Workers, led by Franz Olah and funded with American money, confronted the communist workers. A decision had been taken: the workers' movement depicted itself as anti-communist and pro-American. The anti-fascist consensus of the early post-war years was transformed to an anti-communist consensus" (Konrad et al. 2003: 56).

The main common goal was still to re-establish Austria's sovereignty as a state. As this would not have been possible without Communist consent the west-orientation had to be somewhat attenuated. The concept of permanent neutrality, initially a condition of the Soviets to agree to the state treaty (1955), has become a key element of Austrian identity. As a self-styled "bridge between east and west" Vienna became an important centre for international organisations and a meeting ground between the blocs.

Conclusion

Kapitel 12 In 1957, the Trade Union Federation and the Federal Economic Chamber founded the Parity Commission on Prices and Wages. It was established as an informal agreement between the organisations' presidents, Johann Böhm and Julius Raab. Sanctioned by the Council of Ministers, but not by parliament, it would become the core institution of Austria’s social partnership and a model for democratic corporatism. Considering Katzenstein assertion that all the historical prerequisites point away from a development toward corporatist compromise in Austria, how could this be?
Kapitel 13  Indeed many factors that seemed to facilitate a development toward consensualism in small European countries were conspicuously absent in 19th century Austrian history. Most obviously, Austria was not a small state, but a large, multinational empire. Instead of an open, export oriented economy that fostered close links across social and economic sectors, the Habsburg Monarchy opted to protect its markets with high tariffs. Also, feudal structures were still rather important in Austria; even after the introduction of democratic mechanisms, the aristocracy still held most of the important positions in army and administration. These points did not change much before 1918.

Kapitel 14  However, some of the benchmarks presented in "Small States in World Markets" have to be put into perspective. What Katzenstein characterises as relatively weak urban interests (Katzenstein 1985: 187) is true with the notable exception of Vienna. While only a single city, it was the Empire's most important centre of gravity, with an educated and affluent bourgeoisie, and an enormous working class population. Also, a large proportion of the industry was located around the capital.

Kapitel 15  The political right was not as united as it may seem either. While the Christian Social Party recruited mainly among the catholic petty bourgeoisie and peasants, the German National Party was strongly anti-clerical (making it even a possible ally of the Social Democrats) and most attractive to former Liberals. By 1917, there were 17 different groups that competed in the German National spectrum.

Kapitel 16  On the other side of the political spectrum, Katzenstein considers Austro-Marxism. Late industrialisation supposedly creates more radical workers' movements (Katzenstein 1985: 177). While industrialisation came rather late in certain parts of the empire, it did not create a radical workers' movement. It might have fostered nationalistic strife though. Austro-Marxism was radical in its language, but the party programme was rather moderate and evolutionary.

Kapitel 17  Proportional voting was introduced in Austria only in 1919 (together with the voting right for women) but voting rights had been continuously expanded to larger parts of the population since 1867. Even if proportional voting came late, the path started far earlier and resulted in a broad coalition between left and right that founded the First Republic and abolished aristocratic privileges.

Kapitel 18  Parity decision making in expert commissions reaches back well into the 19th century. A number of institutions like the Industrial Parity Commission or the Industrial Conferences were founded directly after the WWI, which did in fact strongly point towards a development of corporatist compromise – however, they proved rather short lived with the exception of the Chambers of Labour. Founded in 1920 they became one of the cornerstones for the later development of Austrian Social Partnership.
Kapitel 19 The new Austrian state offered a manageable territory for an effective administration, employers as well as workers were organised and their representative organisations had already succeeded in cooperative endeavours. The mass parties were well developed and interlinked to the interest organisations through vertical networks and personal accumulation of functions. Yet, as Katzenstein puts it, "[…] the Austrian train was at every branch switched in a direction opposite from the other small European states." (1985: 188).

Kapitel 20 The political elites in Austria either wanted to prevent restoration or tried to avert revolution, depending on their affiliation. Sooner or later, their post war alliance had to break. The provisional government was ruptured in 1920 giving way to a period of conservative and conservative-nationalistic governments instead. The extra-parliamentary corporatist institutions that had been established during and after the war were unstable and the interest in cooperative decision-making faded. A highly polarised "lager"-mentality split society at every level, agreement for common socio-economic goals was nowhere in sight. The war had left Austria with a disastrous economic situation and not even the elites trusted in the survivability of the "state no one wanted". The situation was further aggravated by the rising militarization of society. Social capital seemingly was a rare resource in the First Republic.

Kapitel 21 As Putnam (1993) points out, a certain measure of mutual trust – based on one's expectations of the other party's options - is essential for cooperative behaviour. The absence of trust, common norms and networks defines an uncivic community. "Defection, distrust, shirking, exploitation, isolation, disorder, and stagnation intensify one another in a suffocating miasma of vicious circles." (Putnam 1993: 177). If actors are unable to make credible commitments to each other, democratic corporatism that relies on "handshake qualities" is not very probable. The only form that seems possible is third party enforcement. The authoritarian corporatism of the "Ständestaat" can be seen in this light. A third actor – the state – comes in as a forceful arbiter. Obviously such an arrangement of Leviathan-corporatism will always favour one side while oppressing the interests of the other.

Kapitel 22 In 1945 we encounter breaks as well as continuities. One the one hand, there is a historical break with Germany. In order to flesh out the role as first victim of National Socialism, the difference to Germany had to be underlined. On the other hand, the political elites in Austria showed remarkable continuity. The main protagonists of the political elites were practically the same as before the war. However, the polarised "Lager"-attitude had been eroded and gained a perspective of mutual respect. The common experience of civil war, Fascism and World War II had generated a certain basic trust that all actors would be interested in rebuilding economic prosperity.

Kapitel 23 Facing the economic havoc of the post war years and the prospect of continued allied occupation, it became clear that internal strife would not help to settle matters. The
state itself – so much despised in 1918 – had become a common goal of all parties. In this situation, the political elites were apparently ready to grant each other an "advance payment" in trust, thus allowing breaking the vicious circle that had proven fatal between the wars. The wage-price agreements could serve as a testing ground before the more formalised parity commission was installed. The interest organisations were centralised and the presidents of their peak organisations had the chance to develop bonds of personal trust. The success of these arrangements, boosted by economic support through ERP funds became self-reinforcing. Political elites quickly bridged the Lager-gap with the "Proporz"-system that served both as a system of rewards but also as a system of checks and balances.

Kapitel 24 However, informal norms change more slowly and among the larger part of the population, the "Lager"-mentality remained present. This allowed elites to publicly engage in heated debates while elaborating consensual solutions relatively undisturbed behind the closed doors of peak level bargaining. Over the years, the system would become self-perpetuating by the force of its success.

1945 can be considered a historical turning point in the history of consensualism in Austria, with consequences that would decisively shape the political culture of the Second Republic. However, it would be too simple to consider this development simply as a break with a violent past due to a traumatic experience followed by an ad hoc emergence of model corporatism. The historical roots for cooperative decision making reach far into the 19th century, both philosophically and institutionally and by 1920 many of the formal prerequisites and relevant actors for effective corporatism were present. It seems though, that an underdeveloped civic community combined with economic crisis was too fragile a basis for trusting cooperation to evolve.
Special comparative context: Sketching the paths in history of the neighbouring accessions countries Slovenia, Czechoslovakia and Hungary

This chapter aims at a brief outline of the historical paths of development of Slovenia, Hungary and Czechoslovakia. We concentrate on democratic developments, the impact of fascism and the communist takeover after World War II as relevant roots of consensualism. While these countries were part of the Habsburg Empire all three developed national movements during the 19th century, striving for autonomy. After the breakdown of the Austro-Hungarian monarchy they become independent states with the exception of Slovenia, that becomes part of another conglomerate, the Kingdom of the Serbs, Croats and Slovenes (SHS-state).

Similar to Austria and other parts of Europe, democratisation in these countries in the interwar period is coined by a tendency toward authoritarian regimes and dictatorships. An exception can be found in Czechoslovakia where a stable and economically prosperous democracy emerged.

The new political order in post-45 Europe brought all three under Soviet hegemony. The exception here is Slovenia (within Yugoslavia) where the break with the Soviet Union happened in the late 1940s and an alternative model of Socialism was developed.

Historical Path of Slovenia within Yugoslavia from 1918 to the Communist takeover

Slovene territory under the rule of empires – breaks and changes in nation building and democratisation.

Slovene regions were part of the Austro-Hungarian Monarchy till the break up in 1918. The Slovenes were the smallest Slavic national group in the Empire but within the South Slavs they remained the group most loyal to the monarchy. A Slovenian national movement was established in the early 19th century. In the revolution of 1848 the first political platforms called unsuccessfully for an autonomous “Unified Slovenia” and for constitutional limits on the monarch. Only in the 1880ies the Habsburg monarchy granted the use of Slovene in schools and local administrations where the population was mainly Slovene. In this period also Slovene Parties developed: the Slovene Liberal Party (SLS), the Social Democrats and
the Clerical Party which dominated political life. The second half of the 19th century indicates industrialisation triggered by the railroad construction. At the same time there was still a rural overpopulation and in the last third of the 19th century a major emigration wave to other European countries as well as to North America took place. An increasing alienation between the German and the Slovene population (e.g. pressure of Germanizing Slovenes) can be seen in that period. Since Slovene national politics remained unsuccessful in achieving more autonomy during the 19th century politics of alliance with other South Slavs under Habsburg rule were adopted. The so called Yugoslavism found more and more supporters also in the Slovene regions. It is a movement that says all South Slavs should become one nation to build an ethnic, linguistic and cultural unity within the Dual Monarchy: the Empire would therefore become a Triple Monarchy.

The more WWI progressed the stronger the idea of South Slav unit became as the May Declaration (1917) shows: it demanded that all territories of Slovenes, Serbs and Croats form one state under imperial rule but based on democratic principles. However, the declaration did not receive any support from other political circles in the monarchy (cf. Prunk 1994: 42ff., Roth 1999: 390ff., Frucht 2000: 878ff.).

In the Corfu Declaration in July 1917 the creation of a Serb-Croat-Slovene state (as a constitutional monarchy) was signed, namely it guaranteed equality of language, culture and religion but did not specify any constitution. After the defeat of Austria-Hungary in WWI a National Council of the Slovenes, Croats and Serbs was established in October 1918. On December 1 the Kingdom of the Serbs, Croats and Slovenes (SHS) was proclaimed by the Serbian prince regent Alexander. The territory of the new kingdom was forming a state of South Slavic-peoples and consisted of parts of the former Austro-Hungarian Empire (Croatia, Slavonia, Carniola, Serbia, Vojvodina, Dalmatia, Montenegro, and Bosnia-Hercegovina). The population was about 12.5 million people and the territory covered an area of approximately 266 square km. Within the kingdom the Slovene population was about 1.0 million in 1921 (cf. Roth 1999: 209). Unlike other parts in the SHS-monarchy Slovenia had a quite homogenous population and was economically the most highly developed part within the Yugoslav territory.

Bitter conflicts and tensions in domestic affairs characterise the interwar period and especially the negotiations about the constitution. The Croats favoured some sort of a loose federation and Slovenia, especially the Slovene People´s party, tried to gain a kind of de facto autonomy. However the Serbs accomplished a centralized, unitary state. The Vidovdan

14 The peace negotiations in Paris constituted the new boarders of the kingdom: mainly the new state gained territory, e.g. the province South Styria became part of Slovenia as well as territory in the south of Hungary (e.g. Batschka, Banat). In October 1920 a plebiscite in the south part of the province of Carinthia resulted in a negative outcome for Slovenia and this part remained with Austria. Slovenia also lost territory in 1920 to Italy that received e.g. Istria; this settlement poisoned the relationship between Italy and Yugoslavia in the interwar period.
Constitution of 1921 rejected a federalist solution and guaranteed the Serbs a preferred position in the new state. The constitution granted male suffrage but did not extend the same right to women (cf. Frucht 2000: 885).

Although a parliamentary democracy providing individual rights was established there was only little room for regional initiative and autonomy. Therefore the Slovenes lost their constitutionally and legally guaranteed political autonomy and became an ordinary province in a centralized state. Members in parliament of the Croatian Republican Peasant Party, the Slovene People’s party and the Communists refused to vote for the constitution (all in all 161 out of 419 delegates refused to vote) and the Croats even boycotted the parliament till 1925. Parliamentary politics turned violent because of the disability to achieve interethnic cooperation and political legitimacy (cf. Gow/Carmichael 2000: 34ff.). In 1929 King Alexander introduced dictatorship and increased the power of the king, dissolved parliament, suspended the constitution and abolished religious and ethnically based parties. The Kingdom of Serbs, Croats and Slovenes was renamed to Kingdom of Yugoslavia, the Serbs continued as the most influential political group. Radical forces, the Croatian Ustaša and the Internal Macedonian Revolutionary Organization (IMRO), who preferred violent confrontation to parliamentary discourse were involved in the assassination of king Alexander in October 1934 (cf. Frucht 2000: 883).

Awareness of a Slovene nation in the Interwar Period

Slovene national und cultural awareness was strengthened over the two decades in the interwar period, provoked by the prosperity of Slovene culture, science and education within the kingdom, e.g. all schools became Slovene, in 1919 the first Slovene University in Ljubljana was founded, further the National Museum, a Slovene National Theatre as well as a Radio Station were founded in the late twenties, and in 1938 the Slovenian Academy of Sciences and Arts was established (cf. Gow/Carmichael 2000: 54f.).

Slovenia managed to develop both economically and culturally encouraged by the ethnic compactness of the Slovene regions. The dominance of the Slovene People's Party (SLS), which strove for autonomy, promoted fairly autonomous existence that even the centralised Belgrade legislation could not spoil. However, on the domestic political stage there was an intense struggle between the conservative-Christian SLS and the Liberal Party.

World War II and its aftermath: A break in the Slovene nation building process

To antagonize revisionist tendencies during the interwar period the Kingdom of Yugoslavia allied itself with the Little Entente (Czechoslovakia, Romania, Yugoslavia) in 1920 and in
1934 with the Balkan Entente (mutual defence agreement with Romania, Greece and Turkey) to gain support against the territory claims of Italy, Hungary, Bulgaria and later Germany. But the alliance system was reversed in the late thirties and Yugoslavia joined, under pressure from the fascist axis powers, Germany and Italy, the Triple Pact (cf. Frucht 2000: 886; Prunk 1994: 55)

However, after a Serbian military coup in order to revoke joining the Triple Pact, Hitler attacked Yugoslavia on April 6, 1941. After the collapse of the Yugoslav army in April 1941 the country was cut into pieces: Serbia became occupied by a German regime, Bulgarians occupied Macedonia and the Croatian Ustaša (pro-Fascist nationalists) proclaimed the Independent State of Croatia (including the territory of Croatia and Bosnia) and became a satellite state of the axis powers. Slovenia was divided among the invaders: Nazi Germany occupied the northern part, Hungary north eastern parts and Italy seized territory in the south (cf. Prunk 1994: 56). “The ultimate aim of all three occupiers was to destroy the Slovenes as a nation, a goal both Hitler and Mussolini declared publicly, differing only in their methods of denationalizing and in the time they allotted for reaching their aim.” (Prunk 1994: 56). The occupation in the Slovene regions brought terror and aimed to erase Slovenian culture. Also in other occupied areas the population suffered from violence and persecution particularly Jews and Serbs.

Among the emerging resistance groups the Liberation Front of the Slovene Nation was founded in Ljubljana in April 1941 and began armed to put up resistance against the occupying forces. The liberation movement was missing a central unifying authority and soon the well organized Communist Party, headed by Josip Broz Tito (1892-1980), adopted the leading role within the Liberation Front.

The Appearance of Federal Yugoslavia after 1945: Slovene regions on the road to Socialism

The Kingdom of Yugoslavia disintegrated and at the end of combat operations Tito took total control in Yugoslavia in March 1945 directing the country into a socialist revolution. Ethnic Slovenia was liberated by the Partisan army and integrated in new Yugoslavia, according to the meeting of the Anti-Fascist Council for the National Liberation of Yugoslavia (AVNOJ) in 1943. The former kingdom was renamed to the Federal People's Republic of Yugoslavia (1945). The constitution (1946) defined six federal units\(^\text{15}\) and “promised a better world based on social equality” (Frucht 2000: 888). Eventually female suffrage was granted and in the elections of November 1945 the highly centralized Yugoslav Communist Party won 90 percent of the vote. The one party system of the communists, which can be neither

\(^{15}\) These are the regions Slovenia, Croatia, Bosnia-Hercegovina, Serbia, Montenegro, and Macedonia.

Within federal Yugoslavia Slovenes hope for a right to self-determination but it got quickly “clear that the Serbs and their leaders did not comprehend or accept a federalism based on the genuine internal sovereignty of the nations and their republics.” (Prunk 1994: 64). Slovenia was renamed the People’s Republic of Slovenia and by 1947, private property had been nationalised, only small and medium farm properties remained in private hands. Concerning the social and economic development Federal Yugoslavia was more centralistic than the Kingdom had been, but with respect to education and culture Slovenia can be considered autonomous. The Slovene attempts for self-determination within the federation shifted after the Yugoslav Communist Party was expelled by the Soviet Union from the Cominform in summer 1948 and the Slovene national question was not raised on the internal Yugoslav agenda (cf. Prunk 1994: 64ff., Gow/Carmichael 2000: 51ff.).

In response Yugoslavia introduced an alternative model of socialism in the following years based on common ownership and workers’ self-management (transfer of decision making to the workers themselves). On the one hand this form of decentralization opened the possibility of dissent but it also raised the national Yugoslav question. Numerous constitutional adoptions occurred, but Slovenia was always in the forefront arguing for greater freedom and autonomy for the republics and for decentralization. During the communist era, Slovenia became Yugoslavia’s most prosperous republic – its GDP and the national income were far above the average – due to rapid modernisation and industrialisation over the last 150 years (cf. Gow/Carmichael2000: 102ff.). Slovenia was a constituent part for the Yugoslav economy, and yet this situation caused dissatisfaction with the Slovenes, because they could not reinvest all the profit but “contributed to federal funds for redistribution in less developed regions and the way in which those funds were used”16. That inner-Yugoslavian economic system was a significant element that fuelled the Slovene self-determination movement, which eventually was successful with the declaration of independence on June 26, 1991.

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Revolutions, breaks and changes in democratisation: Hungary's historical path 1918 to 1956

The historical path of Hungary during the last two hundred years is closely tied to political developments within the Habsburg monarchy as well as in the surrounding territories of Croatia, Romania and Slovakia. After the death of the Hungarian King Ludwig II (1506 – 1526) in the battle of Mohács (1526) against the Ottoman Empire, dynastic succession fell to the Habsburg\textsuperscript{17} family. The Austro-Hungarian Compromise in 1867 established an equal legal status between Austria and Hungary and became the contractual basis for the multinational double monarchy that would fall apart in the national states of today after World War One.

Hungarian national awareness

Hungarian national awareness awoke in the course of centralizing actions of Emporer Josef II., when Austrian absolutism deprived Hungarians of their language and their political autonomy. In particular, the introduction of German as official language was perceived as Germanisation, thus creating resistance in form of Hungarian Nationalism. The cultural seeds of enlightenment (e.g. literature of the romantic period), modernisation but also the evolution of a native middle class became the basis for a Hungarian national movement in the first half of the 19\textsuperscript{th} century (cf. Frucht 2000: 351, Roth 1999: 418). Hungarian became official language in 1840, but the imposition of the language caused displeasure and practical differences for all other ethnic groups living in the Hungarian lands. The reason can be found in the distribution of the population: according to the census of 1850/51, Hungarians made up only 37\% of the total population, the majority belonged to other ethnic groups, Romanians forming the largest group with 17\%, followed by the Slovak population with approximately 13 \% (cf. Frucht 2000: 351ff.).

As the national consciousness, based on cultural identity, awakened in Hungary in reaction to the German-Austrian dominance, the national movements of the Croatian, Romanian, and Slovak population emerged because of Hungarian domination in the multinational kingdom. Rigorous Hungarian policy was intended to magyarize the other nationalities and caused them to put up resistance (cf. Frucht 2000: 352 and 354).

Liberal ideas demanded to transform the kingdom in a constitutional monarchy. In 1848, revolutionary activity swept over to Hungary and on March 13 the radical leader Lajos

\textsuperscript{17} From that time on the Habsburg rulers were also crowned Kings of Hungary.
Kossuth (1802-1894) demanded a constitution and social reforms in the Preßburg (in today’s Slovakia) diet. Within a month, Hungary was granted concessions ("April laws") from Vienna, that would allow a bourgeois-democratic reorganisation. For instance, Hungary was endowed with substantial autonomy, the “Reichstag” became a parliament\textsuperscript{18} elected by a system based on tax payment, civil rights were granted and serfdom was abolished (Frucht 2000: 354, Roth 1999: 418)

The question of an integration of the Hungarian crown lands in a constitutional framework for the whole Habsburg Empire was still waiting for clarification. Relations with Austria would deteriorate over that question, and the forced constitution for the monarchy and together with Austrian military intervention led to the Hungarian War of Independence 1848/49. By April 1849 Hungary declared itself independent at the Reichstag in Debrecen, dethroned the Habsburg ruler and Kossuth became administrator of the realm (Reichsverweser) of Hungary. In reaction the young Habsburg ruler Franz Joseph (1830-1916) allied with conservative tsarist Russia to put down the uprising in Hungary (cf. Vocelka 2000: 204f., Frucht 2000: 356). Hungarian troops were defeated by Russian and Austrian forces in August 1849 and massive repression followed, e.g. more than one hundred death sentences including the first prime minister Count Batthyány. Revolutionary leader Kossuth sought refuge in the Ottoman Empire.

Despite the military defeat and the failed attempt at autonomy the revolution of 1848 became the basis for the emergence of a modern Hungarian national state. The succeeding Neo-absolutist regime maintained major achievements of the revolution (e.g. peasants remained free and all citizens remained equal before the law, educational reform), but political relations to Vienna remained strained. Attempts to integrate Hungary into the Austrian Empire were resisted by the Estates. They insisted on the legal validity of the “April laws”, and also refused to let Hungary be integrated into an imperial constitution (e.g. Oktoberdiplom 1860). However, Neo-absolutism did not end before the Austro-Hungarian Compromise was reached in 1867, creating the Dual Monarchy. Even though the "Ausgleich" ascertained legal equality between Austria and Hungary as a constitutional monarchy with a common head of state\textsuperscript{19} until the end of World War One (concerning interior affairs Hungary can be considered as an autonomous, centralistic nation state within the monarchy), shortcomings as far as democratisation and political reconfiguration of a Hungarian nation state were concerned (with respect to Austria but also to the national movements of the non-Magyar nationalities) became clearly visible around the turn of the century (cf. Roth 1999: 420).

\textsuperscript{18} Regardless of the composition of the population only Hungarian speaking men could be elected into parliament (see Frucht 2000: 354).\textsuperscript{19} The Austrian emperor was King of Hungary in personal union (in his own right, i.e. not derived from his being emperor in Austria). The union was further expressed by three common ministries (foreign affairs, war and finance).
From Monarchy to Republic and back again: Revolutionary years 1918/19

With the military defeat and the disintegration of the Dual Monarchy in 1918 a socio-political reform of the Hungarian lands started that was coined by territorial reorganisation in the first years after the war. On November 16, 1918 a republic was proclaimed under leadership of Mihály Károlyi (1885-1955). With allied consent Hungary was to become a sovereign state until the peace conference would decide otherwise. Universal suffrage was introduced, as well as citizen rights and a radical land reform was announced. The so called bourgeois "Asterrevolution" 1918/19 gave to population hope that the economic situation would be stabilised and the material hardship would end. They were disappointed. The Károlyi cabinet hoped to maintain the borders of the country intact by negotiating privileges of autonomy with ethnic groups living within Hungarian territory, but the process of emancipation of Czechs, Slovaks, Croats, and Rumanians could not be stopped anymore (cf. Gergely 1994: 170ff., Romsics 1999: 89ff.)

Because of the „Vix ultimatum“ in March 1919, which the government wanted neither to reject nor to accept, the Károlyi-government resigned. The young communist party of Hungary, founded in November 1918, would become the new political force under the leadership of Béla Kun (1885-1938). In coalition with the Social Democrats - the parties eventually merged - a Hungarian Republic of Councils ("Ungarische Räterepublik") named the Federal Socialist Soviet Republic of Hungary, was proclaimed on March 21, 1919.

The new regime implemented various measures concerning social and educational policies (e.g. minimum wages, free general health care, and public education) as well as the separation of state and church. These measures were complemented by totally new economic policies, "practically the entire economy except for land was nationalized." (Frucht 2000: 361). Large-scale landed property was dispossessed but disappointingly for the large number of peasants, there was no redistribution of land. Everything was nationalised in cooperatives or state farms. Governing institutions (e.g. the soviet system, worker councils) were built from the bottom up.

Initially the installation of the Soviet Republic was widely supported by the population, not at least due to the rejection of the “Vix-Ultimatums”, but the mainly rural population was

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20 The revolutionary government insisted on Hungary's innocence as regards the responsibilities for the war, which was rejected by the Allies.
21 A note from the French military commission was handed over to Károlyi, demanding that the Hungarian Forces withdraw to a demarcation line, giving up territory that was populated by Hungarians (see Frucht 2000: 361, Gergely 1994: 172).
22 Béla Kun was captured as a prisoner of war and taken to Russia where he joined the Bolsheviks and gained access to Lenin's inner circle.
23 The Austrian Social Democrat Otto Bauer referred to that revolution as a “dictatorship of despair” ("Diktatur der Verzweiflung").
dissatisfied by the absence of a land reform and by rumours about more massive anticlerical
measures or the break up of national traditions. The regime reacted to rising opposition with
the so called “red terror” and soon civil rights or the freedom of the press were curbed (cf.
Romsics 1999: 89ff., Frucht 2000: 360f.).
Tendencies of inner decomposition and polarities between Social Democrats and
Communists were reinforced by the development in foreign affairs. Even though no peace
treaty had been concluded, successor states like Romania or Slovakia tried to expand the
demarcation line by military action, which eventually the peace treaty of Trianon would
confirm. The isolated Republic of Councils was forced to accept the retreat demanded by
France (Clemenceau ultimatum in June 1919), thereby accepting new borders to
Czechoslovakia. Rumanian troops occupied territories up to the river Theiß negating all
agreements. Soviet Russia could not offer the military help expected by Bela Kun. When it
became clear that the Entente-powers would only end their blockade after an abdication of
the Council-government, and Rumanian forces occupied Budapest on August 4, 1919, the
regime collapsed after 133 days (cf. Roth 1999: 421, Gergely 1994: 173ff., Romsics 1999:
99ff.)

Horthy Era 1919 – 1944: From a limited democracy to a conservative authoritarian state

But the counter-revolution was already in progress - popular belief in democracy was waning,
democratic institutions were nissing, and the economic situation did not improve. The former
k.u.k. Navy admiral Miklós Horthy (1868-1957) and the Christian National Unity Party gained
power and became the dominating political forces. Over the course of a year, Hungary was
transformed into a conservative authoritarian state. In December 1919 the Allied forces
recognized the new government. Ideologically the counter revolution considered the Republic
of Concils an illegal form of government, dualism-based monarchy was re-introduced,
continuing the earlier legal situation. However, despite several attempts the Habsburg
Emporer of Hungary Karl IV (Karl I) did not manage to attain the Hungarian throne. Instead
Horthy was proclaimed as regent for an indefinite period of time.24
The leaders of the Republic of Councils and their followers were prosecuted by special
forces and partly murdered; the „white Terror“ caused about 100 death sentences, 74 were
actually carried out. The aristocracy and the gentry persisted as the ruling classes, but

24 The Hungarian population and the political parties were divided on the question of a new monarch, the national
right-wing groups supported the election of a Hungarian and the conservatives favoured a Habsburg restoration. In
1921 the law dethroning the Habsburg dynasty was ratified.
workers and peasants, who made up a big portion of the population, remained without political power.

After the first general secret ballots Hungarian voters (men and women) elected a large counterrevolutionary and agrarian majority in January 1920. The National Assembly (unicameral parliament) designated Horthy head of state with the title “Reichsverweser” (administrator of the realm). Hungary was restored as a monarchy, but the new system kept the pretence of parliamentarism; following allied pressure a multi-party government was established.

The Treaty of Trianon (1920) determined the borders: Hungary was required to surrender more than 70 percent of its pre-war lands (Yugoslavia acquired Croatia, Slavonia, and Vojvodina, Romania received Transylvania, Austria gained the province of Burgenland and Slovakia became a part of Czechoslovakia). Due to the loss of 60 percent of the total population, including about 3.3 million ethnic Hungarians of a total of 10 millions, Hungary's ethnic composition became almost homogeneous with 90 percent Hungarians. As Hungary was among the countries held responsible for the war, it was obliged to pay reparations. The treaty also limited the size of its armed forces and left Hungary politically isolated.

Economically Hungary was in dire straits; the whole national economy had been disrupted because the new borders separated Hungary from its former markets and deprived the country from sources of raw materials (cf. Frucht 2000: 362, Macartney 1962 electronic edition).

For the next twenty-five years the insistence of the Magyar government on a long ranging revision of the Treaty of Trianon was based on a national consensus, even though an offensive revisionist policy was illusory due to political isolation and the threat of invasion by the powers of the little Entente.

In domestic affairs Horthy brought inflation under control and the country slowly returned to economic stability until Hungary was hit by the Great Depression in 1929. The nature of the political regime of the elected Regent Horthy (1920-1944) can be described as a conservative, limited parliamentary democracy, gaining distinctly authoritarian features in the 1930s. Prime minister count István Bethlen (1921-1931) made clear that he believed in a “controlled” (conservative) democracy led by the “natural leaders”, who could be found in the

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25 The two main political parties were the socially conservative Christian National Union and the Independent Smallholders' Party, which advocated land reform; the Social Democratic Party agreed to a pact in order to be able to function in the cities and among the workers, abstaining from agitation among the majority agrarian population. The Communist Party was illegal and the liberal camp remained weak.

26 Horthy was empowered to appoint the prime minister, to convene or dissolve parliament, to veto legislation and to command the armed forces.

27 The biggest minority then were the Germans with about 7 percent, followed by Slovaks, Croats and Romanians.

28 Hungary gained admission to the League of Nations (1922); in 1924 the Bethlen-government secured a US$50 million reconstruction loan from the league and foreign loans and domestic capital that had been removed from Hungary during the communist revolution now flowed back into the country.
aristocracy and the landed gentry. He argued that due to their wealth and education this group could resist against all pressures and subversion and also disposed of a well developed national consciousness; in his opinion democracies that were ruled by the masses would be open to destruction (cf. Romsics 1999: 181f.).

The structure of the population in those years shows that about 85% of the Hungarians belonged to these “crude masses” whose participation was limited by an anti-democratic voting system.

While the limited democratic domestic policies safeguarded the power of the upper classes, they did not improve the living conditions of the working class or the peasantry significantly; they ignored the demand for a meaningful land reform, and encouraged anti-Semitism in that period.29

The appointment of the right-wing dictator Gyula Gömbös (1932-1936) as premier marks the beginning of the radical right and fascist-friendly Hungarian politics. His programme included the revision of the Treaty of Trianon, a withdrawal from the League of Nations, anti-intellectualism, and social reform. Gömbös tried to establish a Nazi-like, one-party government in Hungary in 1936 to transform Hungary in a “corporatist” state. He died in October the same year though, before he could achieve this goal.

29 The admission of Jewish students, mainly children of middle-class families, was limited in 1919; however, further discriminating legislation was not introduced before 1938.
Forming close ties Nazi-Germany and Fascist Italy (e.g. Munich pact 1938), was beneficiary for the Hungarian economy and the plans of revision: between 1938 and 1944, Hungary regained territories from Czechoslovakia, Yugoslavia, and Romania. As a member of the Axis-powers the country collaborated with Hitler-Germany concerning the invasion in Yugoslavia (March 1941) despite a permanent peace treaty with Yugoslavia.\footnote{One day after the Hungarian government yielded to Germany's demand Prime Minister Count Pál Teleki committed suicide.} In summer 1941 they also joined Hitlers invasion of the Soviet Union (June 1941) and declared war on the Western Allies. A cautious alienation to Germany started under Prime Minister Miklós Kállay and the German defeat at Stalingrad, a battle in which Hungarian units suffered tremendous losses, made clear that Germany would likely lose the war. When the Hungarian government took steps to withdraw from the war and strove to negotiate a separate armistice for Hungary with the western Allies, German troops occupied Hungary in March 1944. Immediately Hungarian Jews suffered from persecution, were round up in ghettos and deported to concentration camps (roughly 500,000 people were murdered or died from maltreatment). The Germans forced Horthy to resign in 1944 and installed fanatically pro-German Ferenc Szálasi (leader of the right-wing Arrow Cross party) as prime minister (cf. Romsics 1999: 204ff., Frucht 2000: 364, Macartney 1962 electronic edition, http://www.ushmm.org). World War II ended for Hungary with the invasion by the Red Army in April 1945.

\textit{After 1945: Democratic intermezzo and the Communist takeover in the late 40s}

The winner in the first free national elections (1945) was the Independent Smallholders' Party (reaching 57 percent); the Communist party and the Social Democrats received around 17 percent, and the National Peasant Party gained less than 10 percent. They formed a coalition government which eventually led to political strife due to the power balance that did not correspond to the result of the election. The Communist Party held key positions (e.g. economics, police home affairs) with the support of the Soviet occupying power. A republican constitution was adopted, the National Assembly proclaimed the Hungarian Republic on February 1, 1946. Still, in 1945 a radical land reform was carried out, World War II had left Hungary with great economic difficulties – the country was hit by the world wide greatest inflation which the new currency (Forint) should help to curb. The peace treaty of Paris (1947) required Hungary to pay $300 million in reparations to the USSR, Czechoslovakia, and Yugoslavia, the terms of Trianon were confirmed and left Hungary with slightly less territory and the Soviet Army did not withdraw its troops.
Even though Hungary enjoyed a multi-party system between 1945 and 1948 a gradual communist take over marks that period. Hungary absorbed the Soviet model politically and economically: Non-Communist parties vanished, Communists and Social Democrats merged in 1948 (Hungarian Workers Party). Industries, banks, foreign and wholesale trade were nationalised, agrarian land was collectivised, radical purges of political opponents and show trials took place.

After parliamentary elections for which there was only a single list of candidates, Hungary proclaimed a People's Republic in 1949, the new constitution was an adaptation of the USSR constitution from 1936. Hungary intended to turn into an industrial country and invested huge sums in heavy industry; the predominantly agricultural country diminished its rural population down to 20 percent (cf. Macartney 1962 electronic edition, Roth 1999: 422ff., Gergely 1994: 184ff., Frucht 2000: 367ff., Roth 1999: 422ff.).

Politically the period 1948-1956 is marked by continuous rivalry and purges of Communist leaders: Imre Nagy (1896 – 1958), who was popular even among non-Communists, succeeded Prime Minister Máttyás Rákosi (a Stalinist in control since 1948) in 1953, the year when Stalin died. Nagy promised reforms concerning the industrial and agrarian conditions of production, and more tolerance in political life. In foreign affairs he declared Hungary neutral and withdrew from the Warsaw Treaty Organization (rejoined it in 1955). However, the reforms were bitterly opposed by the faction of Stalinists and in the spring of 1955 Nagy was dismissed and even expelled from the Party. For more than one year Hungary returned to its old political and economic course.

Peaceful student demonstrations in Budapest, sympathising with the Polish reform movement, led to the Hungarian popular uprising in October 1956. The population of Budapest joined the students demanding democratisation (e.g. civil rights, freedom of the press, free elections), the end of Soviet occupation of the country, and the reappointment of Imre Nagy, who surprisingly became prime minister the same night. Within the next days Nagy ushered measures for democratisation (e.g. multi party system), declared Hungary neutral and withdrew from the Warsaw pact. However, János Kádár, one of Nagy's ministers, formed a counter-government and asked the USSR for military support. In severe fighting Soviet troops beat down Hungary's attempt to separate from USSR hegemony. Nagy and some of his ministers were arrested and later executed (Nagy in 1958). According to official reports more than 3.000 Hungarians died, 13.000 got injured, 20.000 were sent to prison, thousands were sent to forced labour camps in the Soviet Union, and approximately 2.000 were executed. Almost 200.000 people fled the country and would stay permanently in exile (cf. Hoensch 1989: 219, Gergely 1994: 422ff., Romsics 1999: 302ff.).

János Kádár was appointed prime minister and followed a course loyal to Moscow in foreign affairs. In home affairs, after drastic purges of former Stalinists, his regime gained some
degree of popularity due to an increasing liberalisation of politics, culture and economy. Economic reforms in the late sixties introduced a more decentralised system and allowed some supply and demand factors. In this way Hungary accomplished substantial improvements in its living standard. From the 80s, Hungary orientated increasingly toward the West for trade and modernisation of its economic system. The break-up the Soviet Union, reforms within the Hungarian Communist Party, that surrendered its privileged role, and a turn towards democratic principles led to the proclamation of the “Republic of Hungary” 1989 (“lawful revolution” 1989/90). The same year Hungary opened its borders to Austria, to enable thousands of East Germans to cross into the West, one more step to break down the iron curtain.

Unequal siblings – breaks and learning in Czechoslovakia

Despite the ethnic and linguistic similarities between Czechs and Slovaks, their historical trajectory prior to the foundation of a common state after World War One was quite different. While the Czechs had managed to establish their own Kingdom of Bohemia-Moravia before it came under Habsburg rule in 1526, Slovakia had been under Hungarian supremacy since the beginning of the 10th century, before it also became dominated (together with Hungary) by the Habsburg dynasty in 1526. From that time, the Czechs and Slovaks shared the experience of having to struggle for the survival of their respective cultures but their experiences were still very different (cf. Frucht 2000).

The growth of national consciousness

National awareness awoke in both realms during the late 18th century, when Emperor Joseph II tried to centralise and germanise his empire. In Bohemia and Moravia, this national consciousness was carried by the native nobility who felt a threat to their traditional privileges and by a group of linguistic and historical scholars who focussed on the Czech cultural heritage. One of the eminent figures of the second generation of "Awakeners" was the historian František Palacký (1798 – 1876)31. His definition of Czech national character and mission became widely accepted. In 1848, he was the main spokesman of the Czechs and participated in drafting the constitution of Kremsier (cf. 1.2.2). After the revolution had failed

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31 In his History of the Czech Nation in Bohemia and Moravia, he depicted the Czechs as a heroic people destined to fight for individual rights and against the absolute power of state and church (cf. Frucht 2000: 193).
he returned to scholarship only to re-emerge after 1860 as one of the founders of the "Old Czech" Party, a liberal-conservative coalition who tried to defend Bohemia's historic state rights.

In the Slovakian lands, the impulse came from the small Lutheran minority that had survived the Counter Reformation. Their main medium was the development of a separate Slovak literary language. Slovakian nationalists were divided on the question of alliance with the Czechs. The Czechophiles, like the poet Ján Kollár (1793 – 1852) or the ethnologist Pavel Josef Šafárik (1795 – 1861) saw the future of their country in a single nation together with the Czechs, while others, like Ľudovít Štúr (1815 – 1856) rejected the notion as they were suspicious of being dominated by the Czech majority. In 1848, Štúr opted for an armed revolution, but too little avail save the abolition of serfdom.

The Austro-Hungarian compromise of 1867 was a hard blow for Czechs and Slovaks, as it granted the Hungarians what was denied to them. It places a sharp dividing line between Czech and Slovak territories, putting them under the power of two different governments and legislations. The Czechs more or less had to give up hope for a federal arrangement and resorted to passive resistance, boycotting the imperial diet. At the same time, a rich associational life developed that fostered education, sports and Czech culture and a number of organisations were founded to advance a national economy (cf. Vocelka 2000: 237, Wolchik: 1991). For Slovakia, the situation was worse. The Hungarian government tried to systematically magyarize the Slovak population, closing all Slovak secondary schools and even many elementary schools. For many, emigration became the most attractive option and before 1914, 250,000 Czechs and twice as many Slovaks had emigrated to the USA. With hope for federal rights within the monarchy fading, the idea of a joint independent state of Czechs and Slovaks found more support. The opportunity arose 1914 with the Great European War.

Wartime efforts

When World War One broke out, the larger part of the Czech and Slovak population was "[…] still passively loyal to the Habsburg monarchy [...]". (Frucht 2000: 196). However, the changing international political circumstances became an incentive to form national resistance centres at home and abroad. The relation of Czech and Slovak political leadership also changed and they turned to mutual support. A number of political leaders actively sought foreign support for an independent Czechoslovak republic. In 1907, after the introduction of universal suffrage for men, a number of new parties had emerged, among
them the very active Realist Party. It was headed by Tomáš G. Masaryk (1850 – 1937), a philosopher and university professor. Masaryk "[…] realized during the first months of the war that, given the complicated conditions of the geopolitical and spatial relationships in central Europe, neither the Czech nor the Slovak nation had much chance of independently ridding itself of the yoke of imperial power, and only concerted action held any hope of establishing an independent state." (Bartlová 1995: 163). The successor states would follow the principle of the nation state and so Masaryk, together with the lawyer Edvard Beneš (1884 – 1948), and the Slovak astronomer and general in the French air force Milan R. Štefánik (1880 – 1919) operated the exile Czechoslovak National Council in Paris, London, Washington D.C., and St. Petersburg (cf. Frucht 2000: 196). They lobbied for the theory of a unified Czechoslovak nation incited Czech and Slovak emigrants in the USA to volunteer for military service in the Allied armies and raise money to support the project of a Czechoslovak state.

The First Czechoslovak Republic

At home, the Czech National Council and the Slovak National Council became the platforms for political movements seeking independence. By April 1918, when the impending defeat of the Central Powers became clear, preparations for a political takeover after the war were started. However, while the Allies were united in their goal to achieve the capitulation of Austria-Hungary and Germany, they had no common concept of territorial questions for the post war period. It was only reluctantly that US president Wilson agreed to the dismemberment of the Habsburg monarchy in January 1918 in his Fourteen Points. "Later that year, the Unites States, Great Britain, and France all came out specifically in favour of Czech and Slovak independence and recognized the Czech National Council as the Provisional Government of a new Czechoslovak Republic." (Frucht 2000: 196).

The republic was proclaimed in Washington on October 18 by Mazaryk, and in Prague on October 28, six days before Austria-Hungary signed the armistice. On October 30, about 200 delegates of Slovak political factions gathered in the town of Martin in Slovakia and agreed on the "Declaration of the Slovak Nation". They ratified the decision to join a common state with the Czechs while underlining the right of national self-determination and the claim that only the Slovak National Council had the right to speak for the Slovak nation. On November 14, a provisional parliament elected Mazaryk the first president of Czechoslovakia.

Kapitel 25 From an economic perspective, the new republic had a good starting point. It inherited 43% of the total industrial workforce and up to two thirds (although this might be estimated too high) of the monarchy's industrial capacity, most of it in Bohemia and Moravia. While per capita income was lower than in Austria, Czechoslovakia managed to recover
much faster after the war. It was the only one of the successor states that managed to contain inflation on its own in 1923. In 1929, the GDP in Czechoslovakia was 52.2% above the level of 1913, while in Austria it had only risen by 5.1% (cf. Bachinger/Lacina 1996).

Kapitel 26 The political situation proved more difficult. Czechoslovakia was not one nation but composed of a number of groups. The Czech-Slovak coalition was shaky and made up only 67% of the population. Included in the new state were Germans (24%)!, as well as Hungarians, Ruthenes, Poles, and Jews. The constitution of 1920 established a centralist state managed from Prague, not the federation the Slovaks had imagined. Most of the top jobs in the new administration were occupied by Czech civil servants who had worked for the central administration before. In the beginning, this was simply necessary because Slovakia did not have sufficient numbers of educated and politically acceptable people, but even after a decade applications of educated young Slovaks were mostly turned down favouring Czech applicants (cf. Bartlová 1995, Bachinger/Lacina 1996). Czechoslovakia also suffered from a steep west-east decline, concerning economy, education and chances of political participation. The west was more industrialised and had a better developed infrastructure. While the illiteracy rate for persons over 14 in 1921 was 2.4% in Bohemia, it amounted to 50% in the Carpatho-Ukrainian areas. The Slovak grievances were taken up by the Slovak People's Party and its leader, the Catholic priest and Slovak nationalist Andrej Hlinka (1864 – 1938) who eloquently demanded the promised autonomy.

Despite the interior and exterior challenges of the post war years, Czechoslovakia developed into a stable, pluralist democracy with a well functioning economy. Its people profited from an eight hour working day and a standard of living comparable to the French. The state provided a basis for social welfare, education, and culture. A land reform aimed at clearing away the last remains of feudalism. Women's rights were greatly improved, granting equal access to education, labour market, suffrage, and public offices. Czechoslovakia's education system was envied by its neighbours and over time it managed to practically eliminate illiteracy. Cultural and intellectual life flourished (cf. Frucht 2000: 198f.).

_Crisis and the Second World War_

Despite all their grievances, it was not the Slovaks, but the Sudeten German minority that became the seed of crisis. Once the elite, they now faced the situation of being a minority in a state they did not want to belong to. They were also hit particularly hard by the land reforms as most land was taken from Germans and given to Czechs (cf. Wolchik 1991). While some Sudeten German parties participated in Czechoslovak politics and even gained government positions, the climate fostered radicalisation. Many Sudeten Germans looked across the borders where the Nazis were rising to power. The militant Sudeten German Party...
and its leader Konrad Henlein (1898 – 1945) focussed this development. Despite government concessions, Henlein continuously stepped up his demands. The situation became tense when Germany annexed Austria in March 1938 and Henlein fled to Germany. When Hitler declared his support for Sudeten German self-determination, Great Britain and France pressured Czechoslovakia to yield predominantly German areas to Hitler. At the conference in Munich (September 29-30, 1938), Great Britain, France, Italy, and Germany decided on the fate of Czechoslovakia. Abandoned by its Western allies who wanted to appease Hitler, Czechoslovakia lost 34% of its territory as well as about five million people (with 25% Czechs and Slovaks among them). The Sudetenland was yielded to Germany, while Poland and Hungary seized some disputed border areas. The Second Czecho-Slovak Republic existed for six months only. President Beneš resigned and was succeeded by Emil Hácha (1872 – 1945) who attempted to save independence by accommodating German demands. However, on March 15, 1939, Nazi Germany invaded Czecho-Slovakia.

The experiences of the two parts of the country were quite different during the war. The Protectorate of Bohemia and Moravia, as it was called, was under German occupation. The Hácha government had only very limited powers and was closely watched by German "Reich Protectors". Slovakia had declared itself independent following German pressure one day before the invasion of the Czech lands. Father Jozef Tiso, a Catholic priest and chairman of the Slovak People's Party since 1938, established a clerico-fascist regime obedient to Germany. When a national uprising tried to topple the regime in August 1944, the Germans took complete control of the country.

President Beneš had established a Czechoslovak government in exile that the Allies recognized as legitimate from 1940. Disappointed by the western powers after the Munich agreement he was looking for cooperation with the Soviet Union for post war arrangements.

A Third Republic and Communist takeover

For a brief period after the war, Czechoslovakia was restored as a republic that was structurally similar to the First. Internally, Beneš set out to eliminate collaborators with the Germans. They were put on trial as traitors or war criminals and were either executed or sent on long prison terms. About 3 million Sudeten Germans were violently expelled from the country. In foreign affairs, friendly connections to the Soviet Union were established. After all, it was the Soviets who had liberated most of Czechoslovakia. In the first parliamentary elections after the war, the Communist party (KSČ) could profit from the pro-Soviet climate in the population and gain 38% of the vote, taking over important ministries such as education,

Following a government crisis – twelve non-Communist ministers had resigned in order to force a special election – the Communists intimidated Beneš into handing over governmental power. On February 25, 1948, the People's Republic of Czechoslovakia was proclaimed. In order to consolidate its power the KSC transformed Czechoslovakia into a Soviet-style totalitarian state. Those who were suspect of being conspirators or subversives were purged from all sectors of life and sent to labour camps or prisons. In short time, Czechoslovakia had become one of the most Stalinist members of the Soviet bloc (cf. Frucht 2000). Communist Czechoslovakia lasted until the so called Velvet Revolution in 1989 that replaced the Communist regime with a democratic government. Different ideas of Czechs and Slovaks about their new state soon proved insurmountable and on January 1, 1993 Czechoslovakia was peacefully dissolved. The unequal siblings had finally found independence in two Czech and Slovak Republics.
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Smallcons Workpackage 10 report:
Paths in the Austrian and Finnish history

FINLAND

Smallcons research project:
Work Package 10
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TABLE OF CONTENTS

I. Introduction

II. Autonomous Grand Duchy of Finland (1809-1917)

1. Logic of state formation and nation making in the 19th century
   1.1 Landmark year 1809: putting continuity and break into perspective
   1.2 Economic aspects
   1.3 Alliance of loyalty between Tsar and the Finnish elites
   1.4 Emergent party politics and the Diet Act of 1863
   1.5 Politicization of language cleavage and nature of Finnish nationalism

2. Modernising society and interest conceptualisations
   2.1 Economic development trends and ‘belated’ beginning of industrialisation
   2.2 Socio-economic reflections in the modernising and capitalising agrarian communities
   2.3 ‘Awakening’ at local level: popular movements and the rise of the labour movement

3 ‘Early-coming’ breakthrough of modern democracy in 1905-1907
   3.1 Imperial centralization and Finnish autonomy: culmination of “Russia-question” and the General strike
   3.2 Contents and implications of parliamentary reform 1906: territorial-electoral channel of interest mediation
   3.3 Disparities in the functional-corporate channel of interest articulation

III: Case study on critical juncture 1917-1919

1. Drafting a Finnish state 1917-1919
   1.1 Sketches 1917: From socialist led period to bourgeois re-cast
   1.2 General Strike and Declaration of independence in late 1917
   1.3 The 1918 war: clash of ‘red’ and ‘white’ polity visions
   1.4 Debates among the ‘white Finland’ over the pattern of state 1918-1919: monarchist versus republican vision of Finland
   1.5 The republican constitution of 1919 as a compromise
   1.6 Economic management of the empire break-up

IV: Republic of Finland in the interwar era

1. Contested state and industrial breakthrough in the First Republic
   1.1 Industrial breakthrough: benefits of relative backwardness and preponderance of wood-based export industries
   1.2 Composition of the Finnish ‘bourgeois front’
   1.3 Disintegration on the losing side: social democracy and communism
   1.4 Testing the limits of white consensus: 1930’s right extremism in Finland

2. Finnish versions of “historical 1930’s compromises”
   2.1 Absence of historical corporatist compromise: trade union movement and employer strategies
2.2 1930’s depression in Finland: concessions to agriculture
2.3 Emerge of ‘red-soil’ cooperation in 1937 and the “January Engagement”

V: Historical trajectories in the Baltic States

1. Introduction
2. Incorporation into imperial Russia and nature of nationalism
3. State formation
4. Rise of democracy in the young Baltic republics
5. Economic aspects
6. Introduction of authoritarian regimes
7. The Second World War and the Baltic States

Selected bibliography and research literature
PART I: SHORT INTRODUCTIVE WORD

Following text aims to outline historical preconditions of and for Finnish consensualism during 1809-1940. The text moves on an empirical level but is composed in a way that should be of comparative and more theoretical interest as well. The WP10 guideline themes have served as points of departure as well. These themes organise under loose topics of 1) politics/state/nation 2) parting lines in society 3) economy 4) culture. In the Finnish report, themes of interest are integrated into one another and the overall structure is organised following loosely chronological order. The first substantial chapter focuses on politico-cultural, societal, institutional and economic dynamics of the Finnish Grand Duchy era (1809-1917). The second chapter presents a more detailed case study on critical juncture of 1917-1919 when the very ground rules of Finnish polity has to be negotiated anew. The Finnish civil war of 1918 belongs to this period as well. The third chapter outlines the interwar era political culture and economic & societal trajectories. The final chapter deals with historical trajectories in the Baltic countries.

Report outlines long historical trajectories. For work economic reasons focus is, however, on certain formative moments or critical junctures: besides the more detailed treatment of 1917-1919, the analysis condensates around the landmark years of 1809 and 1905-1907. Hereby, the paper aims to outline both aspects of paths as well as breaks in the past development of the Finnish society and polity. Preconditions for consensualism are elucidated by outlining both the main fields of conflict as well as the main politico-societal management strategies that appear in the Finnish context. In so doing, I wish to lay foundation for more grounded discussion on the rules and dynamism of consensual political cultures and their variation. The themes that are tentatively pinned down in this paper will be concluded and elaborated further in the upcoming research work.

PART II: AUTONOMOUS GRAND DUCHY OF FINLAND (1809-1917)

1. Logic of state formation and nation making in the 19th century

Until 1809 the province of Finland was governed as an integral part of the centralised Swedish kingdom. Large parts of the territory were administered directly by the Crown governors. The transfer of Finnish territory from the Swedish Kingdom to the Russian empire took place as a consequence of Napoleonic wars. The external impulse seems to have been decisive here: territory of Finland was passed from one ruler to another without any significant domestic effort. However, as result, ‘Finland’ got frames of an autonomous
political unit even though it in the beginning had no centre proper or integrated economy. According to Klinge (1988), the Finnish territory consisted of two separate centre-periphery axes. The 19th century was the century of thorough processes of territorial, political, economic and social integration of Finland. Due to its distinctive emerge history as ‘suddenly’ autonomous unit, Finland matured into a modern state apparatus much earlier than into a politically modern state. In the latter half of the 19th century, the pluralizing effects of modernisation and industrialisation posed new challenges for established conformity and necessitated new type of internal conflict management strategies. In the Finnish case, the strategies that emerged were based on a very strong emphasis of internal unanimity that was needed in order to make the Finnish state unit to preserve its special status in the Russian empire and the ground rules of its Nordic society.

1.1 Landmark year 1809: putting continuity and break into perspective

The 1809 settlement between Russia and Sweden “ranks as a formative event of the first magnitude in the Finnish history. In importance, it is comparable with landmark dates such as 1776 in American history or 1789 in France (McRae 1999). Nevertheless, transfer was an exceptionally smooth process. Pacification policy was underlined by official invitation of the Finnish estates to a Diet meeting in the city of Porvoo where Tsar Alexander I raised Finland, as the afterwards constructed tradition goes, ‘into a status of a nation in the community of nations’. The official language (Swedish), religious system (evangelic-Lutheran) and the Church government (state church) remained unchanged. Also the privileges of the estates were preserved intact. The emperor promised not to raise taxes or amend the general legislation without their approval. These promises likened principles of constitutional government and were something previously unheard in the authoritarian framework of the Russian Empire even though they did not formally bind the monarch. The most distinctive feature of the Finnish system was the combination of continuance and alteration inherent in it. The Swedish era administrative model remained basically untouched while the idea of making Finland a governmental unit of its own was something thoroughly ‘new’. The Finnish Grand Duchy got an own central administration and the segregation from was embodied in the proceedings that allowed the Finnish issues to be presented directly to the Emperor and adapted to Finnish system without the intervention of Russian imperial administration. Within the Grand Duchy, the formal power of

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32 The most well off Western regions were closely connected to Sweden and the easternmost regions were orientated towards St. Petersburg area.

33 Smoothness of 1809 break owing, of course, to the fact that the previous era had been marked with two heavy Russian occupations and squeeze of all potential resources to serve Swedish military power politics.

Although the Grand Duchy retained its former laws, administrative system and cultural-religious foundations, it lacked a central administration to replace the one in Stockholm. This point of departure is a considerable factor in understanding some basic long-term features embedded in the Finnish political culture. The continuation of the old system of government, in the Finnish case, necessitated an erection of new structures into which the old system could be ‘placed’. As regards the internal set up of new Grand Duchy, the Swedish Gustavian Constitution Acts of 1772 and the Deed of Association and Security of 1789 formed the legal foundation. In the Swedish context these acts stemmed from the restoration of King’s authority over the power of estates and the mighty aristocracy. Whereas in Sweden, these acts were eliminated in 1809, the remained untouched in the Grand Duchy up until 1919. On these grounds, the governing model was predominantly monarchical by nature: the King of Sweden was replaced by the Tsar of Russia. However, Tsar was not a constitutional monarch but autocrat. Indeed, it was only in 1855 that Tsar Alexander II referred to the Gustavian Acts of 1772/1789 as “constitution” of the Grand Duchy. In practical/functional terms, however, the fact that the Swedish system of government was taken as a point of departure indicated concrete commitment to the imperial ‘promises’ made in the Porvoo Diet in 1809. At least the new Finnish elites seem to have taken these promises seriously and, on this basis, started to develop separate state structures for the new born polity. However, the level of straightforward and conscious planning should not be overemphasised since also in connection with this crucial moment the proceeding of things was far from self-evident (Jussila 1999, Klinge 1993, 1997, Kalleinen 2001). On the local level, the strong institutional and practical continuity served to guarantee that in the life of ordinary Finns, the immediate repercussions of the 1809 were quite few. As Tiihonen (1999: 13-14) puts it “the same rector presided over the same parish meeting, praying now for God`s protection for the Emperor instead of the King of Sweden”. In terms of the official Finnish political culture of the time annexation by Russia foremost implied change in the “father of the country” and the adaptation to new system on the grass root level was easy due to the crucial fact that on the every day level very few abrupt changes took place.

The central administration top authority of the Grand Duchy was to be the Imperial Finnish Senate that from 1819 onwards was located in the new capital Helsinki. According to Tuori (1983: 181-185), the Senate was supposed to replace the whole central administrative machinery in Stockholm. It was organised in accordance with collegiate principles that developed in Sweden in the 17th century. All the government issues had to pass through
collegiate sessions of the Senate for to proceed to the Emperor. In the sessions, members of the Senate were to express their opinions in turn starting from the junior member. Votes were not favoured but if needed, they were pursued according to the majority principle. Hence, in its collegian form, the Finnish administration did not follow the Napoleonic model of hierarchically led ministries that supervised administration. (Tiihonen 1999: 13-14). Instead, in the given model, the composition of the Senate was decisive: it was chaired by Governor-General, the chief representative of Russian Emperor in Finland. Confidence of the Estates was not needed in the appointment of Governor-General. Nomination of the other Senate members was also heavily dependent on favour of the Emperor (Savolainen 1994, also Kalleinen 2001). Nevertheless, the procedure of naming members to the senate included certain quite liberal features as well. According to a system, largely unknown elsewhere in Europe, members of the Senate were appointed on a quota basis following the Estate they belonged in. Half of the members were nominated among the nobility and the rest of the places were divided proportionally between the other three estates of burgesses, clergy and peasants. Thus, in nominal terms, the proportional principles gained a clear articulation – even though in practice imperial deviations from the rule could not be defied.

Under the Russian rule Finland became part of an empire whereas it previously had been an integral part of a highly consolidated unitary state of Sweden. The imperial Russian context naturally reflected on the Finnish system of governance. Tiihonen (1999: 12) concludes that whereas the Swedish system of governance had been centralised and coordinated, the Russian system of governance was incoherent, highly scattered. The major uniting factor was the very person of the Emperor. It can be argued, though, that in fact the uncoordinated state of affairs in the Russian imperial administration in the 19th century served to increase the opportunities for the Grand Duchy to develop and establish its autonomy. It can also be said that certain nominalism is striking feature for the Finnish political system under the autonomy period. It reflects, for instance, in the heavy emphasis of legalism – one of the most persistent legacies of the era for the Finnish political culture. Indeed, principles were strongly stressed by the Grand Duchy elites even though the practices could rarely be conducted accordingly: in practice, legal principles and the Swedish era administrative traditions were simply incompatible with the unrestricted authority of the Tsar. On the very basis of Swedish monarchist constitution only, the patrimonial authorities of the Grand Duke (Tsar) were wide. Nominally, they were restricted by the privileges of the Estates but, in practice, this principle could be turned to a dead letter. In addition, after the year 1809 the Diet was not called together until 1863 and altogether, the role of the Diet was to remain very nominal.
On the local level, the authority of the local estates’ members looks different, however. Maintenance of the Nordic system of strong municipal self-government guaranteed that the power of estates remained untouched and virtually unrestricted. The significance of this layer of administration is too often neglected at the expense of the events on the central level. It may be argued, that the continuance with the previous system and with the traditions of self-governing Nordic peasant community were most evident on the municipal level. The local self-government had emerged initially from the basis of the congregation and parish meetings that solved congregational issues initially without provisions of written law. By the mid-19th century, the municipal level and congregations attained more coordinated tasks on fields of poor care, taxation and education and, gradually, the local secular administration grew separate from local church administration. In 1864 a decree approved by the (re-gathered) Diet made the communes basic units of local self-government (territory still being defined by congregations). From now on, communal matters were handled at the communal meeting formed by all the residents of the commune who also had the right to vote. However, right to vote was restricted and weighted according to tax classification and this system just highlighted the features of “peasant aristocracy” at communal level. The 1898 communal law made no remarkable amendments to the former one and thus the system favouring the well-of peasants was preserved up until 1917. (Pulma 1999)

1.2. Economic aspects

Finland, being inferior part of its larger neighbours, had not enjoyed the positive mercantile benefit from its international political and diplomatic position. It has even been maintained that by the end of 18th century Finnish province was drifting to economic periphery trap: material and mental resources had long been directed to serve the military goals of the Swedish Kingdom and in the course of 18th century the Finnish territory had carried heavy burden of two Russian military occupations. The economic structure was heavily dominated by agriculture but the aristocratic owners of large estates rarely visited their possessions. The peasants were lasted with taxes and other feudal type of burden. (Kuusterä 1999: 56-58). In sum, the options for generating any capital surpluses in order to shift the economic development trend on growth track appeared rather limited.

34 The communal self-government derives back to the tribal period in Finnish history and it is a typical feature for the Eastern Nordic countries – actually one can say that organized political life had developed in these countries on this basis. In fact, this model was the one that had inspired Peter the Great to design a new system of local government for in Russia in the beginning of 18th century. The plan had never realised in Russia but now in the Finnish Grand Duchy it was allowed to continue in its original form. (Tihonen 1999: 12, Nousiainen 1971: 312).

35 Nevertheless, the darkness of this vision should not be exaggerated since from the perspective of a Swedish peasant, the situation could not possibly look much brighter.
As Finland was passed to Russian empire, an agreement was made concerning a transition phase arrangements that would prevent abrupt break in the established trade relations between Finnish province and the Swedish mainland. In the beginning, a high custom wall was set up between the Grand Duchy and Russian mainland in order to prevent a free flow of imports from Sweden via Finnish territory to Russia. At the same time, the conscious efforts were taken in order to shift the general focus of economic activity towards the Russian empire. For instance, quite amount of Finnish agricultural and later also timber, metal and textile products were imported with low or duty free tariffs to the St. Petersburg market area. From the point of view of Finnish eastern regions, this new orientation opened a whole range of new market opportunities. Especially, the plentiful forests resources gained in significance as an ‘export’ branch. Towards the ‘west’ Finnish customs policies remained fairly liberal although high tariffs were applied on the stimulant products to provide emerging state administration to strengthen its finances. (Kuusterä 1999, 58-65; Heikkinen et al. 2000: 173-186).

By the 1840’s, period of special transition arrangements became to end: the economic ties with Russian market area had been established and the disintegration from the Swedish one had by and large taken place. From this decade onwards, the custom tariff arrangements between the Grand Duchy and the imperial Russia started to benefit the Finnish economic development. This happened largely without any clear intention and the positive push was even accelerated institutional preconditions and historical trajectories prevalent on world markets of the time. The Finnish tariffs were in rule much lower than the protectionist tariffs applied in the Russian mainland and this gave a remarkable competitive advantage for the Finnish products in Russian markets in form of lower raw material and investment prices. In practice, the Russian protectionist customs policies towards also narrowed the amount of international competition faced by the Finnish products in the Russian market. In this sense, the Russian protectionism turned to provide shelter for the developing Finnish textile, metal and sawn mill industries. In Finnish soil, certain protectionist tariffs were applied to prevent the import of refined industrial products into Finland but the import of strategic raw materials, half-refined products and investment goods were duty free. Grain was imported duty free as well and this policy guaranteed that the costs of living stayed at a low level and provided for the maintenance of relatively in low wages. (Kuusterä 1999: 62-67; Heikkinen et al. 2000: 19).

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36 Transition phase arrangements included, among other, duty free export of agricultural products from western parts of Finland to the traditional trade sites on the other side of the Bothnic Gulf and duty-free import of certain refined products from Sweden to Finland in order to facilitate the continuity of Finnish economic life.
The autonomous central administration of the Grand Duchy took efforts to provide the best possible institutional framework for economic activity. Central administration had its eye primarily on the well being of state finances and, thus, on consolidating national economy. The Bank of Finland was founded as early as 1811. Initially, the main function of the Bank was to transfer the Swedish loans of the estate owners under Finnish supervision. Now, ‘Grand Duchy citizenship’ was required to possess land and real estate property in Finnish territory. Also the right to pursue economic activities in the Finnish soil was tied to citizenship (Kuusterä 1999: 58; Heikkinen et al. 2000: 42). The senate – with the strong mandate on the politico-economical sphere – took a decisive role in the institutional reforms that were to create functional, juridical and physical frames for the overall economic and societal development. The era of state led infrastructure building started properly in the 1830’s, when the construction of the Saimaa canal linked the vast lake network of Saimaa to the Finnish Gulf and to the core market areas around cities of Wyborg and St Petersburg. In the 1860’s state activity was focused on the introduction of railways. Helsinki-St.Petersburg railway connection was established in 1870. The busiest infrastructure construction phase dates to the 1880’s when the inner Finland was linked via railways to the coastal areas. In the beginning, the significance of the railway network based on the transportation of agricultural products to bigger markets which facilitated spread of capitalised economy to the countryside. The railway network also contributed remarkably for the marketing options of emerging wood based industry.

The Senate was not responsible to or dependent on the Diet to any significant degree (and, in any case, it was only from 1860’s onwards that the Diet strated to convene). Thus, only Tsar was superior to the Finnish Senate on the matters that were handled under the autonomous jurisdiction. It has been maintained that the senate rather genuinely aimed at economic and infrastructural policies that it considered to be in the best interest of national economy as a whole. Kuusterä (1999: 69-71) shows that the economic interest of the very state economy was clearly preferred over pursue of more narrow economic group interests. Due the leading role of the senate in the construction of basic infrastructure and transport network, the project was not only directed to serve the demand of the outside metropolitan area and/or a narrow economic elite living on the surpluses of this demand. On the other hand, the narrowing down of the national interest to the best interest of state finances also meant that certain other fields of attention were dropped out of sight. Especially from the late 19th century onwards, the Senate was recurrently faced by demands that the state authorities and resources should be directed to alleviate social discrepancies. Senate proved reluctant since this type of measures was not seen to belong to the sphere of state
activities. Here, one is able to identify an economic policy line that has been considered classical for Finnish economic thinking by many authors (e.g. Heikkinen et al. 2000, Pekkarinen 1989, 1992, Rehn 1996). It bases on firm non-intervention of political planning into the self-correcting logic of economic life – even though state activity is accepted and supported in order to provide preconditions for flourish of economic activities and beneficial balances of national economy. Indeed, towards the late 19th century, the role of senate was scaled down and the central administration withdrew to more indirect means of supporting national economy. With the help of low taxation, the preconditions for gaining capital surpluses existed and the transfer of the state loaning to foreign loan markets provided more space for directing the domestic loans to support private build up of industries (Kuusterä 1999, Heikkinen et al. 2000).

1.3 Alliance of loyalty between Tsar & the Finnish elites

The fact that the new Grand Duchy lacked the central administration provided the narrow elite of the country a survival strategy after the royal Swedish army ceased to provide living in the new Grand Duchy (Peltonen 1989). It is worth pointing out that none of the European royal houses, not even the dynasty of Sweden, had any long-standing hereditary links to the Finnish territories. Because of the Nordic non-feudal social structure, no predominant landowning nobility existed in Finland at the time either. The nobility was strongly connected to the mainland of the Swedish kingdom where they had been in service of the Royal Swedish Army. The necessity to start from a scratch forced Tsar Alexander I to adopt a policy of pacification and generosity towards the few members of the existing elite. In turn, the members of ‘Finnish’ elite were able to exercise real influence and rapidly established firm positions as loyal servants of the Tsar. In addition, certain amount of national pride and willingness to distinguish from former mother country were prevailing also among these pioneering “Finns” (Klinge 1997, Jussila 1999, Peltonen 1989). In result, the initially very few Finnish upper and educated classes were rapidly incorporated into the new administrative structures and especially from the 1840’s onwards, the upper classes strengthened remarkably in number and in status. Developing central administration became the chief source of income for the Finnish elite – or, it could even be said that the Finnish elite was born in connection with creation of the Finnish central administration. Consequently its wellbeing was inseparably linked with the well being of Finnish autonomy (Peltonen 1989, Alapuro 1988). This starting point also made the Finnish elites loyal to the imperial house of Russia and this loyalty was to be seed into the Finnish population as well. The first half of the 19th century was marked by detachment from the Swedish context and construction of new identity, structures and practices of political unit of the Grand Duchy.
(Klinge 1993, 1997, Jussila 1999). From the mid-19th century this turned to a more organised and politicised efforts that aimed at spreading of nationalistic but nevertheless loyal thinking among the Finnish population.

1.4 Emergent party politics and the Diet Act of 1863

Emerge of the Finnish political party activity took place in connection with the (re)convention of the Diet in 1863. The call to convene took departure from the needed legislative and economic reforms that required approval of the estates. After years of intensive debating that had taken start already after the Crimean War in late 1850’s, Tsar called the Estates to Diet in 1863. It resulted in the Diet Act that was ratified in 1869. The Act defined the constitutional duties of the Tsar and the Diet in a more clearly articulated manner and all in all consolidated the legal basis of the Grand Duchy – even though no alterations were made to Tsar’s autocrat authorities. From now on, however, the Diet was to convene at regular intervals (3 years). The 1860’s reform plans and the Diet Act gave a major stimulus to political life in the Finnish Grand Duchy. Nevertheless, demands or plans concerning a broadened representation base did not appear at this point of time. Instead, the major issue dividing the opinions among the Estates gathered to Diet regarded the two alternative visions regarding the strategies to be followed in the future construction of the society. These visions were embodied in the conflict that often is called (in somewhat reducing manner) ‘the language question’. In fact, it indicated a much broader variety of opinions than the ‘mere’ question of whether the future polity should be conducted mainly in Swedish or Finnish language. Since the translation of the language conflict into politics will be dealt in more detail in the next chapter, other groupings that activated around 1863 are mentioned here:

Rise of a Liberal grouping was facilitated by the economic upswing and reforms plans of the 1860’s. This loose grouping stressed the private sector economic development, constitutional reform and legalism and treated the language question only as secondary in importance. Although Liberalism in Finland emerged as a challenge to the socially more conservative, more agrarian, more collectivist and language oriented program of Finnish national Fennomans, it never gained a strong position – in part, due to the fact that its leaders and program were rapidly incorporated and linked into the concrete administrative reform work (Stenius 1987, 1999, Stenius & Turunen 1995, McRae 1999, Huxley 1990). The 1870’s witnessed emergence of a more radical Swedish-national movement (Engman & Stenius 1983). By the time, three distinct party political stream lines can be distinguished: Finnish national Fennomans, Liberals and Svecomans. The old conservative – by self-definition non-partisan or political – bureaucracy could well be added as the fourth grouping. However, as the language question polarized in the 1880’s, it tended to overshadow
the other initial differences that had distinguished the groupings from one another. Especially the liberals suffered a dramatic decline in voting figures and merged into either sveco- or fennomanian main groupings. It may thus be concluded that in Finland, for instance, the liberal tradition was soon incorporated to the state structures on one hand and its political agenda was swallowed by the “broader” political question represented in the conflict between Fennomans and the defenders of the prevailing system (Stenius 1987, 1999, Stenius & Turunen 1995).

1.5. Politicisation of language cleavage and nature of Finnish nationalism

In historical terms, the first cleavage with articulated socio-political significance was one opening in between the Swedish versus Finnish speaking visions regarding the ground rules and orientation of the Finnish polity. It was turned to a politically significant issue by nationalistically inspired Fennoman (Finnish nationalist) movement which called the prevailing dominance of the Swedish language into question. Fennoman movement gained footing gradually from the 1850’s onwards. In the early phase, it was foremost an elite movement and the language topic was utilized in the campaigning over the influence in the upcoming Diet. In the later phase, it turned to a strongly elite-led mass movement.

In recent studies on democratizing societies, role of nationalist ideologies and movements has been re-focused. The strong emphasis of especially 19th/20th century national movements on modern, usually predominantly non-religious symbols of group unity and the expenditure they effort to avoid dissensus remain potent forces long after the initial goals have been achieved. This also makes the nature of nationalist ideology and movement an important factor in search of roots/constituents of consensual political culture. In the Finnish case too, Fennomania, (the main and, in practical terms, only representative of Finnish nationalist movement) stands out as a constituent as well as a coinciding factor in the Finnish state and nation building, democratization and modernization processes. Like the overall rise of 19th century nationalism, also Fennomania was intertwined with trends of modernization and industrialization. At the same, the inclusive nature of nationalist thinking also provided for narrowing down the space available for alternative political visions. In the Finnish case, it is obvious that due to congruence of these mutually constructive processes, the nature of Fennoman nationalism as an overall political ideology had a deeply constituent impact.

Here a difference can be drawn between state nationalism and the more cultural nationalism or ethnic nationalism. In the following I will concentrate on the strong state nationalist nature of Fennomania as the most important factor in the framework of roots of consensualism. This does not mean that it would have had no ethnic-cultural meaning; however, it seems logical to argue that the mere fact that the initiators of the movement were not Finnish speakers but Swedish speaking Finnish nationalists. On these grounds it is obvious that the aspect of state nationalism was especially strong and dominant in the nature of Fennomania.
on the generation of both societal conflict lines and on the ground rules of the conflict management strategies. The presence of its legacies in the deep layers of political culture is very evident: a huge body of literature exists to prove that Fennomanian inheritance can be traced in virtually all sectors of Finnish societal life stretching from business to culture and transcending all segments of population. For instance, “the particular Finnish ideology of nationalism and nation-building” is said to have left its crucial mark on Finland’s road from a developing country to an industrial society (e.g. Rehn 1996, Kuisma 1999) as well as on the anatomy of Finnish consensus (e.g. Tiihonen 2003, Alapuro 2002, McRae 1999, Allardt 1985a).

As noted above, in Finland, the rise of nationalism originated from the polarization of the language cleavage. The topic actualised in two waves: first, during the heyday of nationalism from mid 19th to early 20th century, and secondly, in the 1920’s after Finland had attained its independence. The first wave of nationalism was linked to ideas of Finland as a political entity and a kind of state. Indeed, while the autonomous administration body was clearly separate from the governing bodies of the Russian empire, it was well possible to perceive it as a state and develop corresponding ideological contents for it. First debates indicating a rise of modern nationalist spirit were experienced in 1850’s-1860’s and the rise of Fennomania both resulted from and contributed to the spread of nationalist thinking. (Liikanen 1995,1998, Alapuro et al. eds. 1989, Klinge 1988, 1997) The Fennomans engaged into more organized action around the first Diet in 1863. It is important to point out, however, that from the very beginning Fennoman grouping was not aimed to be a party in a partisan sense of the word. Instead, its goal was to build up a Finnish speaking Finnish nation and society – as opposed to the Swedish dominated one. (Liikanen 1995, 1998, Stenius 1987, 1988, Alapuro et al. eds. 1989). This emphasis indicates that Fennomania was not a straightforwardly secessionist movement directed against the Russian mother empire even though the subordination to Russian Empire would have provided excellent grounds for rise of nationalist movement typical to most other Eastern European dependent polities. Since, in rule, the late 19th – early 20th nationalism aroused as a mode of self-assertion and liberation against the repression of the local upper classes and/or administration, the Finnish case seems to form a contrast case. Towards the Russian empire, the Finnish nationalism maintained a loyal standing and it figured mainly as a culturally inspired movement that aimed at peaceful strengthening of the society and polity. Due to this relative low-intensity, Finnish nationalism was not subjected to fierce imperial repression policies like the Polish but also Baltic states´ national movements. (e.g. Alapuro 1988, 1999, Alapuro et al. eds. 1989, Huxley 1990, McRae 1999, Haapala ed. 1999). It must be pointed out, too, that from the 1809 onward the Russian rule had treated the Grand Duchy with relative gentleness. This, in turn, served to narrow down the growth potential for a radical
secessionism. This facilitated for accommodative attitudes on all sides as long as the trust and loyalty between the Tsar and his Finnish subjects was not abjured.

It has been pointed out, that the shared ‘interest’ of the Finnish elites to strengthen the autonomy against any potential Russian interference provided for exceptional incentives to remain open for the nationalist mobilization. The deliberate language convert of the Swedish speakers widened the options of communication with the Finnish speaking majority of the population. This group’s support, in turn, became urgently needed amidst the external and internal pressures. Towards the end of the 19th century, the imperial integration attempts intensified and domestic social problems deepened (Jussila 1999, 1978, Klinge 1997, 1988, Alapuro 1988, 1994, Haapala eds. 1999). The main goal of the Fennoman movement was to raise the Finns to full awareness regarding their belongingness to a nation and to educate them to understand the nature of own state as the chief embodiment of Finnish nation. Fennomania aimed at an intermediate position between the existing state administration structures and the Finnish people. Especially the clergy and the teachers – influential persons in the agrarian communities and congregations – became main envois of the Fennoman message. These starting points ensured that Finnish nationalism was fundamentally free of anti-sectarian and anti-cleric features – instead it was inseparably embedded in the consolidation of nation state patterns of governance (e.g. Stenius 1987; 1989).

Kenneth McRae (1999) who has studied the Finnish language conflict from a broad comparative perspective shows that in comparison to the Belgian, Canadian and Swiss language conflicts, two features are distinctive to the 19th century Finnish case. First, the voluntary language shift of Swedish speaking elites – combined with the fact that most of the Fennoman leaders were actually Swedish speaking themselves – is quite an exceptional phenomenon. Here, a strong contrast to the situation in the Baltic States appears. In Baltic countries, the German speaking elites formed a very separate upper class with only few hierarchical contacts to ethnically, linguistically and politically different and distant lower strata. The second typical feature McRae points out in his comparative context is the low level of violence and absence of bloodshed in connection with the Finnish language conflict (McRae 1999).38 What factors favoured the peaceful course in connection with the language question? First, the long coexistence as part of Sweden and the shared tradition of religion and culture served to reduce the level of conflict. The linkages and ties among the narrow based elite were very close. In addition, it is really important to bear in mind that the first Fennoman ideologists were Swedish speaking themselves. An additional factor was undeniably the existence of “periodic external threat” from Russia.

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38 The low level of violence in relation to language cleavage is interesting point to make in an intra-national comparative perspective alike. Indeed, it strongly contrasts with the exceptionally high degree of violence in connection with the civil war of 1918.
that has contributed to balancing, healing/ending and/or postponing the domestic language conflict (McRae 1999). Indeed, as compared to familiar ‘Swedishness’ or more precisely to ‘Nordic’ aspects in the Finnish society, the ‘Russianism’ has been represented as the main “other” throughout the Finnish history (e.g. Klinge 1988, 1993, 1997).

Research literature has quite extensively mapped the dynamics of the Finnish nation building period prior to independence. On that basis, one can conclude, that Fennomania was extremely inclusive and, in this sense, non-partisan by nature. Any activities on the all-embracing branch of nation building were decisively incorporated under one roof of centralized ‘national’ organizations (Stenius 1987, 1999). In this respect, Fennomania claimed for an almost total hegemony in the emerging political life and loyalty of all people living within the Grand Duchy. In so doing, the Fennomans did not argue to represent the will of the people but rather interests of the nation and state as a whole (Liikanen 1988, 1995, 1998, Hyvärinen et al. eds 2003, Alapuro et al. eds. 1989). By late 19th century, a well-coordinated association network was accomplished on the local level too. It channeled patriarchal popular education of the Fennomans to every corner of the country. Fennomania claimed the loyalties of the Finnish speaking majority of the people and in this setting the main target was the hegemony of Swedish speaking elite and the usage of Swedish as the main language in the fields of administration, education and culture. This closeness to ‘ordinary Finns’ and distance taking from the established Swedish speaking elite, explains the relatively radical line adopted as regards social reforms in the turn of the century.

The inclusive nature of the early Fennoman nation-building has left a long-term heritage that is often seen to be embedded within the very foundations of Finnish civil society and on the rules of game of political culture. In addition, the central position of education in national mythology and in nation’s reality is said to be due to Fennoman popular education traditions. In several occasions, it has been noted that trust of the Finns in the possibilities of social upswing are deep-rooted on the firm belief in the power of education.

2. Modernising society and interest conceptualisations

2.1 Economic development trends and ‘belated’ beginning of industrialisation

In economic terms, the Grand Duchy era can be divided in four periods. The first period from 1809 to 1830’s, was marked by carrying out a smooth transition from Swedish to Russian rule. The second period from 1830’s to 1850’s has been called proto-liberalist. It witnessed
senate-led reforms and regulations but many committees were set up to plan a gradual liberalisation of the economic activities. The third period, then, is marked by the liberalist breakthrough from late 1850’s to the 1870’s. During this era, the Diet was called to convene and many reforms were carried out to create conditions for development of market economy. Restrictions were lifted and economic legislation was modernised. (Heikkinen et al. 2000: 140-141.) The first period of clear economic upswing can be identified in connection with this reform era from 1850’s/1860’s onward. The upswing largely based on the enhanced infrastructural and institutional conditions promoted by Senate led reform activity. Railways, canals, telegraphs, foreign trade, banking and the establishment of an independent Finnish currency, Markka, in 1860 were important elements here. Another crucially important internal precondition for the industrialisation and social and political modernisation process was the abolition of the mercantilistic restrictions. Most of the restrictions were abolished between the years 1859-1868. In 1868, the obligatory guild system was repealed, restrictions concerning the trade (e.g. prohibition of rural trade) were abolished and the sawn mills industry was liberalised (Heikkinen et al. 2000: 141). Acts on freedom of occupation and residence followed in 1879. In 1883, Employers´ duty for custody over employees and the corresponding right of having them in service and under their authority for the duration of contract was abolished. At the same time the poor-relief legislation was reformed and the responsibility was given to municipal authorities. Implementing these reforms gave a strong push for economic life and mobility of both people and goods. They launched a process of modernisation of the societal life and that had a great impact on socio-economic circumstances of all strata.

It can be noted, than more than from anywhere else, the image of Finland as a latecomer case derives from the studies on industrialization. In the second half of the 19th century when the export-orientated specialisation nourished the growth of the gradually emerging national economies in all Nordic countries, Finland was the most backward in term of all indicators of development (Kranz 2001: 54, Senghaas 1985: 72). Around 1870, it still was one of the most markedly agrarian countries in Europe with total of 85% of the population employed in the primary sector (agriculture, forestry, fishing). The starting point of industrialization (proto-industrialization) has been dated somewhere between the late 1860’s and early 1880’s39. In the beginning of this period, around 4 % of the population was engaged in industrial sector (e.g. Heikkinen-Hjerpe 1987: 227). The key aspect of the

39 In Denmark the industrial “breakthrough” happened between 1880-1900 and in Sweden 1890-1910 whereas in Finland the breakthrough period locates in the interwar era. (e.g. Kranz 2001: 55.)
Finnish industrialization process is without doubt its wood based and export led nature. It has also been pointed out that the expansion of industrial activity that can be dated to 1870’s, concerns almost exclusively forest industries (Kranz 2001: 44). This forestry revolution was based on the natural assets of the country and the growing demand of timber in the world markets. This activated wood-processing in the small scale sawmills scattered along the natural flotation networks. These networks could be utilized more effectively after the extensive lake-areas and outlet-rivers were connected by canals.\footnote{One interesting detail is that the sawn mills were often founded by foreign entrepreneurs, attracted to Grand Duchy by the marketing options on the Russian markets. These pioneers often gave up their endeavour rather soon and the ownership was passed to domestic entrepreneurs. However, in this way latest technological know-how was imported into the peripheral area. (Schybergson 2001.)}

It is important to note that there prevailed no gross inequalities as regards the distribution of the key natural resources of forest and agricultural land in the Finnish society. This point has been highlighted as one of the key explanations for the question why Finland did not – despite its relatively poor points of departure – end up into a trap of a peripheral producer. According to Senghaas (1985: 72-73) it is surprising that the “latecomer” Finland, surrounded by the other rapidly developing Nordic countries, did not, like many other countries of the time, turn into periphery economy – even if many prerequisites for developing into a “mono- cultural exclave economy” based on forestry products were present. Senghaas brings out a development model that is typical for the Latin American countries. In this model forest ownership is highly concentrated and the income from export trade benefits a small forest owning oligarchy. Traditionally, so Senghaas, this oligarchy has been inclined to ally itself with a numerically small but politically influential (comprador) bourgeoisie. The result is that this type of income concentration does not contribute macro-economically (Senghaas 1985: 78). This model serves to highlight the Finnish case which to large degree is a contrast case to the ‘Latin American’ ones.

First of all, in Finland free holding peasants were the main owners of the raw material that was sold to sawn mills industry. Thus, the export incomes from forest and paper industries rather smoothly returned as steadily rising rural incomes. Of course, the ownership was limited and inherited but nevertheless not as heavily concentrated as it could have been if evaluated in a comparative perspective. Hence, instead of large scale income concentration, income was spread around and appears to have provided for both public and private incentives for general investing and modernization of the whole agricultural sector. (Peltonen 1992, 1988.) This fits well into Senghaas’ conclusion, according to which the main explanation for the “secret of the rapid success of many of small European countries with specific and limited resources” lies indeed in the social
structures, existing institutions and foremost in their conductiveness to broad-based agricultural modernization and industrialization added with above-average mobilization of knowledge (Senghaas 1985: 65). In the Finnish case, the proceeds from timber exports provided long-term foundations for a micro-level driven step-by-step agricultural modernization. The most visible result was the shift to cattle farming that took place in the late 19th century. It better suited to Finnish climate conditions and the surpluses were exported bringing even additional export-based income for the Finnish free holding peasantry. Indeed, in the late 19th century, this segment of the agrarian population experienced a remarkable rise in income and wealth. (Peltonen 1992, 1988.) For some years in the 1890´s, the dairy exports even were close to a fifth of all export. Export markets were found in Great Britain and Denmark (Hjerpe 1993: 60). At the same time, however, Finland grew less than half self-sufficient in grain (duty free import). This was to cause serious shortage of food in during the later years of the WWI. On macro-economical level, the proceeds from forestry exports provided for broad-based import substitution industrialization.

The custom tariff arrangements between Russian empire and Finnish Grand Duchy remained beneficial for the development of Finnish industries throughout the 19th century (Hjerpe 1989). Finland became to form a semi-autonomous customs area with its own schedule of tariffs and had a kind of customs union with imperial Russia. Russian imports were duty-free but Finland had its own import tariffs against markets outside Russia. The key point is that from 1840’s onwards they were clearly lower that the protectionist import tariffs applied in Russia. In the Grand Duchy, certain protectionist tariffs were applied to prevent the import of refined industrial products into Finland but the import of strategic raw materials, consumer goods, many half-refined products, machinery and other investment goods were duty free since 1840’s. This facilitated creation of large enterprises in the Finnish soil – time to time these conditions appeared so favourable that they also tempted foreign entrepreneurs to try their luck. One of the earliest and biggest companies was the cotton mill Finlayson & Co for which the exemption from duty or low duties opened the Russian market already in the late 1830’s. The case is curious: foreign entrepreneurs with the loans from the Finnish government founded textile factories by the rivers and with imported machines these factories refined imported raw material, cotton, to be sold on the Russian markets (Schybergson 2001, 1999). After the close down of the Russian markets after the 1917 revolution, the Finnish textile industries orientated almost exclusively to serve the domestic needs. All in all, the level of foreign ownership remained on relatively modest level. Focus of ownership was on the saw-mills industry but also here the ownership moved to domestic hands relatively quickly, especially during the 1880’s and 1890’s. In 1880’s some branches,
for instance banks, insurance companies and railways were closed from foreign ownership. (Hjerpe 1993, Kuisma 1993.)

The low level of domestic tariff protection made the Finnish business exposed to foreign competition – especially as compared to the Russian industrial life that was protected by high import duty walls (Schybergson 2001: 144, 1986: 120-133, Hjerpe 1993: 59, Kuusterä 1999). However, hardly any of Finnish industrial goods, other than sawn timber were of sufficient quality to break through in the western markets (Hjerpe 1993: 57-58). Indeed, it is exactly here that the metropolitan market area of St. Petersburg came to aid. In the Grand Duchy, the duty free import of grain (since 1864) guaranteed that the costs of living stayed low which, in turn, made possible the maintenance of relatively low wage level. In the export market this was a competition benefit for the Finnish industries. Although in the middle of the 1880’s the duty-free status for certain Finnish industrial products in the Russian market was limited the exports still remained profitable. The beneficial position of the Finnish exports in the Russian market was not consciously planned to be as favorable as it turned out to be. From the late 1890’s, plans regarding the integration of the tariff systems belonged to central dispute themes between the Russian and Finnish authorities. (Kuusterä 1999, Hjerpe 1993: 59-60.)

The Finnish economy got very important push from the improving terms of world trade during the last decades of the 19th century. Indeed, the smoothness of the economic development process has often been emphasised. In the very long run, the whole period from 1860 to 1985 can be named as one of “slight but unmistakable acceleration in growth of the gross domestic product” (Kranz 2001: 44). Within this time span, two spurts stand out: one in the 1890’s and other during the interwar period. The index of Finnish terms of trade doubled between the early 1870’s and the early years of the 20th century, with a rise of 40% in the 1890’s only (Hjerpe 1989: 154-158, 1993: 60). The main direct reason for the 1890’s boom were found in the world markets where the export prices of sawn timber and paper rose in relative terms, while the import prices of grain and many consumption goods decreased. The most significant trading partner of the Grand Duchy throughout the 19th century was the imperial Russia. Sales of paper in the western markets started in the 1890’s and mainly to Great Britain but the competitiveness of Finnish paper on the Russian markets remained very high as well. In the beginning of 20th century, Germany started to replace Russia as the main supplier of goods, and Great Britain almost achieved Russia’s position as an export country. Of the Nordic countries, Denmark and Sweden held a significant share whereas trade with Norway was almost non-existent. (Hjerpe 1993: 57-58).
Despite the clear launch of industrialization and economic spurts prior to WWI, the growth did not, however, give push to any revolutionary changes in the structures of economic life. Indeed, whereas in Denmark the industrial breakthrough happened between 1880-1900 and, in Sweden 1890-1910, in Finland the deep going shifts in the structures of economic life indicating breakthrough of industrialization happened only in the interwar era (Kranz 2001: 55).

Low degree of urbanisation and low density of population were typical features for the Grand Duchy society. In 1860, Finnish territory had a population of only 1.7 million – decreased still due the famine years of 1867/8. Nevertheless, the population growth achieved 1.3 % annually which, by 1913, had led to an increase of total population to three million. This population was concentrated on a much smaller area than the actual territorial size of Finland would let one to expect. The amount of cultivable land in Finland was rather limited: still in the 1930’s, for instance, only 12% of the territory was cultivated, 74% were covered by forests and 14% by lakes. Population has been typically concentrated on communities that were scattered around the vast area quite far away from one another. The degree of urbanization stayed very low by European standards but due to above reasons the density of population was relatively high in the small agrarian communities. In Finnish terms, the overall developmental standards between the more densely populated southern and western parts of Finland contrast quite strongly against those in less developed areas in Northern and Eastern Finland.

2.2 Socio-economic reflections in the modernising and capitalising agrarian communities

In broader socio-economic and socio-cultural terms, the process of industrialization in Finland took predominantly place in small sawmill communities scattered around the agrarian countryside. These industrial bases developed in close intercourse with the established social hierarchies and every day practices in the agrarian communities. As was noted above, for the forest owning free holding peasants, the export led “forestry revolution” opened new sources of income. On the other, the large-scale duty free import of grain encouraged to agricultural structural changes and the adaptation. In parallel with the prospering of the free holding peasants, smaller farmers and especially land-hiring crofters threatened to be driven into sidetrack of this development. Clearer the distinction between the living conditions two different groupings got, more tense turned also their relations. The less well-off peasant group either failed the ownership to the land and forest they were cultivating or the possessions were not sufficient enough to provide living. In an increasingly capitalized agriculture, the small farmers were forced to seek for other source of income and crofters
were subjected to increased hire burden. The crofters were forced to pay their hire by offering free-of-charge labour force for the land-owning peasant class. Simultaneously, the rights to sell and even use the products of ‘hired’ land (especially timber) were considerably restricted. Among the crofters, the general hardening of the hire burden fed feelings of discontent. Often, the crofter families had cultivated the land they were living on for generations. Previously only a very fine line had divided the most established segments of the crofters from the group of, especially, smaller free-holding peasants. However, the very differentiating factor, i.e. the ownership question, gained remarkably in significance after the spread of capitalist market logic onto the countryside and rapidly became the main question transcending all forms of interaction among the farmer population. (Peltonen 1992, 1988.) In addition, towards the late 19th century, the amount of landless population was the most rapidly growing part of the agrarian population. Prior to the late 1880’s, this group was not very remarkable in size but grew with a pace that counts among the most rapid ones in Europe. This group formed the “agrarian surplus population” or the “agrarian proletariat”. Whereas in more industrialized societies, the agrarian surplus population was quickly recruited to serve the expanding industries, in Finland, the spread of capital economy and industrialization happened in parallel with the increase of landless population. (Haapala 1987, 1999, Peltonen 1992, Alapuro 1988.)

**By the end of the 19th century, more than 60 per cent of the Finnish population belonged to the group that was on the sidetrack of general economic and ‘modernisation’ trends.** This 60% could not take part in the raw material supply for the expanding forest industries that coupled the independent peasant with the accelerating and wealth generating dynamism of market capitalism. This 60% did not have an access to the political system either: at the communal level the municipal franchise system had property limits and at the central level the representation occurred on the estate basis. These circumstances draw deeper and more visible social and economic cleavages between the independent farmers and other rural population throughout the agrarian communities on the Finnish countryside. One of the significant consequences was that the ties between the ‘industrial’ and agrarian proletariat became exceptionally close: the two groups were identical with each other and, in many cases, consisted mainly of the same body of agrarian surplus population (Haapala 1999, 1987, Alapuro 1988, Soikkanen 1961).

### 2.3 ‘Awakening’ at local level: popular movements and the rise of the labour movement in Finland

The *Fennoman* national integration strategy – with its focus on associational life, newspapers, petitions and other aggregation capabilities – provided the organizational and ideological grounds for the large scale mass movements in the late 19th century. The Finnish
nation is often said to have been created in connection with this wave of mobilisation that was embodied in the popular movements. **The forerunner and main root of this mobilization wave was the Fennomanian popular enlightenment movement.** It was coordinated by the central organization called the Society for the Enlightenment of the People (Kansanvalistusseura), founded in 1874. It rapidly created a network of 350 carefully educated agents throughout the country. The number of registered members in Kansanvalistusseura was surpassed by other organizations only in the heydays of temperance movement in the late 1880s-1890’s. In the Fennoman educational strategy, the participation of all citizen groups into Fennoman spirited associations was presented as cornerstone of new social (national) order and this strategy provided common people with capabilities, channels and aims to organize – on their own initiative as well. Central movements that heavily leaned on initially Fennoman organizational frameworks were, for instance, the temperance movement, youth association movement and volunteer fire brigades. The temperance movement spread especially among the lower strata of the Finnish countryside and is said to have been the most important forerunner of the mobilization of the organized labour. Indeed, in practical and principal terms, the Fennoman spirited educational strategy was embedded with strong emancipating dimensions. This element brought along consequences that to an extent were unintentional, or at least unacknowledged, as regards the Fennoman claim for hegemony. In particular, the worker population started to sidestep the patriarchal associations and organise on own initiative. In the Finnish agrarian communities, the socio-economic and capitalist dynamics had transformed the rules of game and to a rising degree questioned the central tenets of Fennomanian popular education, i.e. egalitarianism and justice. On these grounds, also the socialist movement found exceptionally wide resonance among the landless population and tenants throughout the Finnish countryside. (Stenius 1987, 1988, 1999, Liikanen 1988, 1995, 1998, Alapuro et al. eds. 1989, Alapuro 1988.)

Emergence of worker movement and formation of self-initiated organizations, was the first visible backlash to the patriarchal and all-inclusive vision of “national unity” under Fennoman emblems. The early worker activity of the 1880’s, had taken place primarily under the fatherly guidance of the employers who were inspired by educational ideas. This “Wrightists” labour movement had aimed to alleviate the defects that started to afflict the society as the industrialization proceeded. Nevertheless, it was motivated foremost to prevent potential exacerbation of social conflicts. From the 1890’s onwards, the socialism-inspired labour movement gradually superseded the patriarchal Wrightist movement. The

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41 The first workers’ association that aimed at gathering of all worker activity below one centralized roof, was the Helsinki Worker’s Association founded in 1884 by V.I. von Wright.
rising labour movement stressed need of emancipating from bourgeois domination. It sought recognition on its own terms and demanded cure for societal evils. The first ‘independent’ workers’ associations were founded in Helsinki already in 1880’s. Especially in more industrialised areas, political and trade union mobilization seem to have emerged hand in hand. In 1896, a “year of strikes” was experienced in Helsinki area and in the initiative of the socialists, The Finnish Labour Party was founded at a meeting of workers’ associations in 1899. By this time, the trade union activism had resulted in the founding of national organizations among the tile-makers, shop assistants, carpenters, stone masons, metalworkers, painters, bricklayers, joiners, tailors, shoemakers, prison guards and engine drivers. After the party was founded, an intense debate started about the role of trade unionism within the framework of labour movement. The party leadership considered party politics more important than union activities and the two competing trade union central organizations that were founded in 1899 and 1900 soon failed because of internal conflicts among the party (e.g. Bergholm 2003:7-9, Soikkanen 1961). During the watershed years of 1905-1907, the breakthrough of the Finnish labour movement on the national level was to happen as a party driven process whereas the trade unionism remained scattered, weaker and much more localized sub-field of activity.

In 1903, the Finnish Workers Party adopted the name Finnish Social Democratic Party (SDP) and it got a program styled after that of the Austrian Social Democrats. For emerge of a distinctive Finnish Social Democratic Party and especially for the spread of it among the population, the Fennomanian ideology and its effective organisational framework were to prove crucial (Stenius 1987, Liikanen 1988, 1995, 1998, Haapala ed. 1999; Alapuro et al. eds. 1989). However, the step to a divergent path – following consciously class based ideology – gives ground to speak about particularity of labour movement and labour mobilization: within the Finnish context mobilization so far had happened mainly on overall national basis. Nevertheless, the formation and political organization of the working class was an exceptionally peaceful process. The common root of both labour movement and bourgeois national conservatism in the Fennomanian popular enlightenment project linked them into the same mental and practical framework. Hence, the Finnish national conservatives and early socialist leaders were influenced by the same popular enlightenment mission. Foremost, it was the paternalistic tradition that the labour movement wanted to and was to break. Another key factor in the case of Finnish labour movement is that its breakthrough happened in inseparable connection with increasing Russian oppression towards the Finnish autonomy. In this time of general ‘national alert’, established elite groups needed support of the subject masses and, thus, the

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42 Finnish Printer’s Union was the first union, founded in 1894. It was followed by painters, tailors, metalworkers, carpenters, bricklayers and shoemakers. Also the female seamstresses, shop assistants and domestic servants founded their local unions before the end of the century.

It is worth noticing that in these politicized circumstances, the role of crofters became crucial. This socio-economic group was at the core of the “lease-hold question” that had become a major political problem for the dominant groups. Indeed, the first politically motivated protests in the late-nineteenth century Finland were the ones by the crofters. Their collective actions against the landowners – mainly demonstrations and petitions – received much attention during the 1880’s. In the turn of the century, agrarian strikes spread around the country. Acts of strike often turned towards the crofters themselves as landowners resorted to mass evictions. Brutality of these evictions even caused waves of sympathy among the public. Both crofters and agrarian workers – a mighty majority of Finnish people at the time – had grievances against the landowners and local governing system that favoured those who owned land. However, as has been pointed out by Alapuro (1988: 51), the difference between the relatively sparse industrial labour force (located mainly, as it was, in small sawn mill communities on the countryside), agrarian labour force proper and the crofters was that the last ones still had some access to land. In many respects, the most well being stratum of them stood very close to the independent small farmers and on this basis, their principal goal became to be strengthening the control to the land they hired. On the other end of the spectrum, the living circumstances of the crofters were very close to agrarian labour force. This in-between positioning and internal dispersion was also reflected in the fact that organizational mobilization only hardly took wind among the crofters and smallest holders. The local farmer associations were dominated by the landowners and, in fact, the social democrats were the ones taking initiative in the crofter mobilization. In a longer run, the goals of the workers and crofters were too divergent to unite effectively within the same organizational roof. (Santonen 1971, Peltonen 1992, Alapuro 1988, 1994.) According to Alapuro (1988, 51), the somewhat varying structural positions among these groups to some degree conditioned their mobilization. The actual level of fusion versus dissociation between the crofters’ and workers’ organizations was however to be powerfully determined by the historical factors, i.e. by the overall political development in connection with the years 1905-1907.

3. Early-coming ‘breakthrough’ of modern democracy in 1905-1907

3.1 Imperial centralization and Finnish autonomy: culmination of “Russia-question” and the General strike

*Imperial centralization and Finnish autonomy*
In the Russian empire, the need for deep-going administrative reforms was acknowledged latest since mid-1850’s. These attempts to create a coherent central administration led to wish to integrate various parts of the Empire more closely to the imperial structures. In traditional Finnish historiography these integration attempts have been called eras of “Russian oppression” or “Russification”. In the nation building mythology they are key reference points. The strong identity constructing significance taken, these periods are also reflections of gradually evolving clash between the measures aiming at more efficient and centralized Russian empire and the autonomous rights of rather ‘privileged’ Grand Duchy. The rise of nationalism, both among the Russians and the component nations, of course served to polarize the atmosphere in its time. The symbolic start of for the first era oppression was policy goals announcement by the new conservative-nationalist General-Governor N.I. Bobrikov. In February 1899, the Russian regime on Tsar’s mandate declared its goal of imperial legislation that blurred the borderline between imperial and Finnish spheres of legislation and opened ways for extensive interventions into Finnish ‘domestic’ issues. Although it is possible to say that in practice, the February Manifesto was just a clarification and extension of a long-established political order (Jussila 1979, 1999) it, nevertheless, was perceived and obviously also aimed as a manifest change in relationship between the Empire and Grand Duchy.

The implementation attempts of imperial integration were confronted by a multifaceted insurgency in Finland. At the same time, the culmination of conflict led to new type of divisions among the Finnish elite and decisively impacted the formation and the contents of the Finnish party political map. The stances taken to Russification measures provided ground for shaping up the agendas and distinguishing from other domestic political groups. The major line of division in this very formative moment of political landscape was drawn between the “compliants” and “constitutionalists”. Whereas the compliants relied on accommodative non-provocative policies, the latter fiercely defended the constitutional commitments laid down, as was stressed, already in historical Porvoo Diet in 1809. Within the Fennoman group, this new type of opinion division led to emerge of constitutionalist Young Finnish and acquiescent Old Finnish party groupings around 1904. “Young Finns” actively sought allies from the Swedish Party, across the formerly polarizing language line, that is. For “Old Finns”, the language issue remained acute as did their wish to oppose the “inherited not gained” position of the well established Swedish elite. In this respect, the era of Russification to an extent opened an opportunity to sidestep the Swedish speaking elite on the top of the domestic administration. Simultaneously, compliant conservatives aimed at containing the provocative politics pursued by the constitutionalists. Interesting feature in this compliant conservatism was the fact that it pursued relatively
radical social reforms. This aim had double edge: aim was to dis-attract common Finns’ attention from the spirit of resistance propagated by constitutionalists as well as from the ideas of socialism that drew force from social inequalities. (Vares 1994, Kujala 1989, Huxley 1990.)

In autumn of 1901, a clique of radical constitutionalists formed a resistance organization (Kagaali) that aimed at more direct acts of civil disobedience. This organization also aimed at directly involving the Finnish people in the fronts of national defense against Russian measures. Leaning on the organizational channels of popular movements this organization rapidly spread across the country and encouraged to acts of non-cooperation on the grass root level. The refusal of carrying out the mandatory examination of conscripts was the most wide-spread measure. The temperance societies, farmer’s and teacher’s associations, women’s societies and cooperative business enterprises had various means and functions of resistance as well. In this national defense project, Finnish society and especially its best organized parts were consciously used as a barrier against the Russification. The years 1899-1905 witnessed a hitherto unprecedented radicalization of the Finnish “culture of contention”, culminating in the large scale general strike. Especially the constitutionalists acted as the most significant agent of radicalism in this phase. More Finns than ever engaged in non-routine intensified conflicts, despite the elite-minded and conservative goals of the initiators. (Huxley 1990: 209, Kujala 1989, 1992) The threat posed by the ‘Russification’ measures intertwined and temporarily overshadowed other domestic concerns, most remarkably the language and social questions. The defensive position into which the Grand Duchy was put, added to the overall appeal of nationalist thoughts at every level of Finnish society. For instance Haapala (1999) has pointed out, that, at the time, patriotic, socialist and parliamentary reform demands did not much differ from one another.

The degree of radicalism under the broad shelter of resistance varied. Threat and acts of violence also spread as the conflict proceeded. In 1904, General-Governor Bobrikov, the highest representative of Russian empire in Finland was assassinated. The new General-Governor allowed the Finnish Diet to re-convene. In this point, the competition for support returned to the more formalized/institutionalised channels. In the elections for the Diet in late 1904, the constitutionalists gained a victory and these elections “provided an avenue for the best organized and most broadly based political force of Estate Finland into the existing legitimate political machinery” (Huxley 1990: 244-245). This position was short-lived, however. Already in the beginning of 1905, constitutionalist vision was increasingly questioned. Large demonstration started to demand universal suffrage and showed no
understanding to the new Diet announcements that did not take the issue into sufficient consideration.

One may indeed note that up to 1905, the organisation of the national resistance front against imperial integration was foremost an elite project. The approach from above was common to all elite groups regardless of their mutually diverging opinions. To put it simple, the elite needed to seek masses for support against Russification measures that threatened their positions on the top of Finnish society. Elites also needed support against the other domestic elite visions that became apparent as the imperial intervention seeded new type of fragmentation into the field of politics. Regardless of the potential underlying motives of the Finnish elite, it is clear, however, that, on the whole, the implications of the 1899-1905 mobilization process became to be more varied than any of the agent groups could have intended. This multiple nature is easier to catch in connection with the zenith event of Finnish resistance movement, i.e. the general strike in 1905.

_Culmination of “Russia-question” and the General strike 1905_

The mobilization for resistance deriving from 1899 culminated in the general strike in late 1905. The strike spread from Russia where the Tsarist governing system was in deep trouble due to the catastrophic was with Japan. After the capitulation of the Tsar to some reforms in Russia, the strike spread to Finland. The Finnish General Strike of 1905 was partly an industrial action led by the Social Democrats to achieve universal suffrage and partly an action by Finnish nationalists in defense of the autonomy and constitutional rights.

On the socialist side, the strike was motivated by seeing an opportunity for a radical change in Russia and subsequently in Finland too. Demands on universal suffrage had been voiced throughout the year but the Diet considered them pre-mature. According to Huxley (1991), at this point, the constitutionalists lost their change to lead a truly broad based national coalition. From the outset, the act of strike was marked by wide national solidarity in questions of parliamentary reform but even among the constitutionalists, the topic of universal suffrage was far from unanimously supported and proposals were made concerning the division of legislature into separate chambers. Instead, the demand on (Finnish) parliament´s right to monitor the government (Senate, now named by Tsarist authorities) was much more widely backed.

Since the General Strike was inseparably intertwined with the efficiently organized national resistance movement, it carried important implications with respect to the rank and file awareness of nation and state. The ‘national’ project gained its most visible victory as the Russian administration called off the decrees of February Manifesto and called
an additional Diet to convene and draft a Parliament Act and election law. In this additional Diet, the constitutionalists were in majority. In this respect, the constitutionalists had gained influence over the compliant Old Finns and were in decisive positions as the new electoral system was started to be drafted later in 1905. The General Strike and the following parliamentary reform can also be approached from the perspective of breakthrough of democratic organization and mobilization. The Finnish case indeed appears as one of unforeseeably abrupt and early case of democratization. However, it can be said that the significance of the 1905 general strike is embedded in the filling up the already established organisational frameworks with modern political practices and meanings. (Kujala 1989, 1992, Alapuro 1988; 1999; Stenius 1988; Siisiäinen 1990).

From the point of view of the rising labour movement, it is evident that the large-scale mobilization and the elite’s need of support against Russia increased the self-awareness of the formerly neglected 60 per cent of the population. Indeed, the newly established Social Democratic Party was a thoroughly acceptable strategic partner for the constitutionalist front and, thus, gained an opportunity to get involved. From the constitutionalist perspective, social democratic allies were needed in the face of external threat and, in a situation, where support was needed also to beat the compliant old-Finns that were holding many crucial societal positions. Under the surface, however, the ideologies and goals of Young-Finns and SDP were incompatible. This became clear after the nomination of the 1904 Diet where constitutionalists had the majority. At this point, more support for the universal suffrage was found among the Old-Finns than among the new constitutionalists. Nevertheless, in an overall perspective, the elite opinion was exceptionally little opposed to the extension of franchise. This relates to the context of national resistance but it has also been pointed out that the history of elite-masses cooperation within the frames of popular movements, served to reduce opposition. The general strike served to break down traditions of subject thinking typical for the patriarchal atmosphere of the old estate society and revealed in a very concrete manner the power potential that was buried in the mobilization of the masses. To borrow the words of Anthony F. Upton written in the 1970’s, especially the general strike of 1905, forced the bourgeoisie to join workers in their demands for radical reforms (Upton 1978). In any case, it remains a matter of fact that that the participation of the labour movement was a significant contribution as regards the cease of the first ‘russification’ period and the introduction of new electoral system in Finnish society.

3.2 Contents and implications of parliamentary reform 1906: territorial-electoral channel of interest mediation
Contents

An extraordinary Diet was convened in late December 1905 to outline a parliamentary reform. It was prepared in the parliamentary reform committee. Initially, the committee considered a bicameral parliament system but shifted its opinion: Finland’s special position taken, a unicameral parliament was seen to provide “greater guarantees with respect both to unity and to consideration of the interests of the broad masses”. However, the Grand Committee of the Parliament with its 45 members “in effect” (Tiihonen 1999: 97) substituted for an upper chamber. This organ is a Finnish peculiarity and indeed aimed to preserve some of bi-cameral advantages within the frames of unicameral system. Another novelty was the Committee for Labour Affairs that was to handle social questions. Otherwise the working rules of the Parliament quite closely followed those in the Diet of Estates - in particular, as regards the committee structures. The central role given to the committees in the Finnish parliament indicates an exceptionally strong institutional continuity reaching back to the Swedish era. Even today the committee system in the parliament has remained largely untouched. Most of the committees of the Diet were present also in the new parliament, handling the same issues, following roughly similar procedure. Committees did the preparatory work prior to the debate in plenary session. Meetings were ordered to be closed and the members chosen among the parliamentary groups following the political complexion of the parliament as a whole. Committee chairmanship was and still is a highly respected task among the politicians and experts from various sectors of societal life were to be heard during the preparation. (Tiihonen 1999: 97.) After the first reading of a proposal in plenary session, all proposals still were to go through Grand Committee before the second and the final, decision making, third reading the plenary session. In third plenary session, proposal was to be accepted, rejected or decided to lie dormant until a new election has been held. The last mentioned preconditions only support of one third (67) of the MP’s. This indicates strong veto points and also a far reaching minority rights. Passing or amending a fundamental law also needed a majority of 5/6.

The estates handling the reform draft in the first half of 1906, could not initially agree on the details of electoral system but, finally, all voted it through without changes. Hence, the principle of universal and equal suffrage was accepted and, furthermore, extended to women. This included eligibility for office. For the Finnish women’s movement this extension seems to have come as a slight surprise – though mainly positive. The initial disagreements

44 After this procedure a proposal is considered only once and approved or rejected by simple majority vote. In practice tax proposals or since independence approval of legislative provisions between Finland and some other country cannot be postponed.
on the principle of universal suffrage taken, it occurs one’s mind that the radical potential of the masses was to some extent thought to be circumscribed by including the female voters as well. Otherwise, the Finnish electoral system was to follow rules of proportional representation, i.e. it was based on the idea that parliament should be a miniature replica of its nation rather than representation of viable majority. The number of representatives, 200, was relatively large in terms of the population but the committee considered this size necessary because Finland was so sparsely populated and in a bigger group a wider scale opinions could get representation. Of course, this aspect also served to limit the influence of mere majority. The country was divided into electoral districts that were to return at least 12 but no more than 21 representatives depending on the amount of population. In practice, the district division and apply of d’Hondt method in the determination of electoral results, has caused some deviance from exact proportionality and favours thus the large parties. In addition, very remarkable changes are needed in voter opinions to influence the relative strength of the parties in the Parliament. (e.g. Nousianen 19171, Selovuori ed. 1999) Whereas this combination tends to give a dis-proportionally large and solid representation to larger parties, proportional system is as such beneficial for existence of small parties and for a variety of well-organised parties in general. These aspects have given rise to critique since the introduction of the system but, back in 1905-1906, the reformers were most concerned with achieving a parliament that would represent the pro-Finnish and anti-Russian opinion of the whole nation. In the longer run, the proportionality applied has contributed to the state of affairs that in the parliament there are six to eight groups present, none of which constitutes a majority by itself. Party lines have been traditionally very sharp and creating viable multiparty majorities has been particularly hard since party goals may meet in some issues but dramatically differ in others. (Nousianen 1971, Selovuori ed. 1999.) However, this fact has also forced to cross-group alliance building more than hardly any other institutionalised rule of the democratic system.

Implications

The Finnish parliamentary reform and its decrees came into force October 1 1906 and remained by and large untouched since then. According to Tiihonen (1999: 14), the years of 1905 and 1906 are the years that mark “the most important watershed between the traditional system of government and the modern political system in Finland”. Especially as regards the call off of the system of Estates, introduction of universal and equal suffrage irrespective of birth and sex and the constitutional guarantees for the other major political rights of the citizens (full freedom of association, freedom of assembly, freedom of speech and freedom of the press), the reform of 1906 was undeniably very radical by nature. At one
go, a polity that was dependent on one of the most autocratic, half feudal, political systems of Europe and also otherwise lacked behind the average standards of political and economic development moved from a corporate/estate basis of suffrage to one of the most ‘advanced’ systems of its time. Furthermore, the approval process took place in an exceptionally smooth manner. Here, the nature of 1905-1906 watershed years as national self-defence campaign against an external threat were, again, inseparably intertwined with the internal interest constellations within the Finnish polity. (more see e.g. Alapuro 1988, cf. Kujala 1989, 1992)

One must also note that despite radical principles and declarations, in practical arrangements one is able to perceive strong continuities in the internal working rules of the Diet. These can be seen as concessions or as more or less indirect means of limiting the degree of reform. Nevertheless, enfranchisement of women as well as the socio-economic group of crofters, industrial & agricultural workers and other landless people opened channels for whole new political dynamics in the Finnish society.

Distribution of new openings for the previously excluded forces caused adaptation among the established political scene too. The Swedish Party had to re-think its premises as presence in the parliament became dependent on the width of electoral basis. In connection with the electoral reform, party changed its name to Swedish People Party and adopted a role of a minority protection party. The internal division of opinions led to a situation where all other ideological matters were devoted hardly any role in the party program. Under minority protection emblems, diverging views were allowed to flourish stretching from radical – almost leftist – social reformism via moderate liberalism to hard-core conservative elitism. The party has maintained this nature up to these days.(e.g. Bonsdorff 1956, Engman & Stenius eds. 1983) The conservative leaders of the Old Finnish party that, up to this point, had strongly propagated the acquiescent strategy towards the mother Empire faced new situation by trying to re-establish their traditional links with the “Finnish people”. They adopted a social political course that was clearly more radical than that of the constitutionalists. Simultaneously the target of decommissioning the established Swedish speaking elite on the top of Finnish society remained vital (Vares 1994). On these grounds, it is understandable why a wide enfranchisement of mainly Finnish speaking masses was, in the end, approvable for acquiescent Old-Finns as well.

Above all, the introduction of universal suffrage and the subsequent expectation of elections made the previously more or less covered cleavage between the social democrats and bourgeois groupings in the Finnish society a very concrete political matter. Indeed, one cannot avoid the impression that prior to 1905-1906, the already established political groups, the “insiders” of the system that is, were mostly concerned about
competing with one another. Within the frames of estate based Diet, the social democrats were the “outsiders” whose support could be asked but who were not able to effectively pursue their own interest on the institutionalized political arena (cf. Vares 1994, Huxley 1990, Soikkanen 1961). The ground principles and formal rules of this situation changed completely now: universal suffrage provided the Social Democracy entered with unforeseen force to the Finnish political arena.

In the first parliamentary elections in 1907, social democrats achieved an overwhelming success. Right away, the party became the largest party of its kind in Europe, with 40 per cent of votes and total of 80 seats in Eduskunta. The biggest losers in the election were the constitutionalist Young Finnish Party (26 seats). The Old-Finns achieved 59, Swedish People’s Party 26, Agrarian Union 9 and Christian Workers Party 2 seats, 19 of the new MP’s were women. In comparison to the support of socialism in other Eastern as well as Western European polities, the Finnish social democrats were (and continued to be) exceptionally widely supported among agrarian voters. This explains their success. In the first elections, the crofter and smallholder population widely voted for the social democrats. This becomes clear also if one compares the results of social democrats (80 seats) and at this point barely emerged agrarian union (9 seats). The agrarian support of the Finnish social democracy can be explained by referring to the exceptionally close interconnectedness of the agrarian and industrial worker population that was largely caused by the coalescent processes of expanding landless population and industrialization in late 19th century. A functional feature that became perceivable in the era following the parliamentary reform was the differentiation of voluntary organizations according to political allegiance. This trend stands in striking contrast with the all-inclusive nature of the popular movements of the turn of the century.

Despite smooth introduction of the parliamentary reform in paper, its full practical implementation was to prove incomplete. The supreme authority remained firmly in the absolutistic Tsarist hands. For instance, the laws on freedom of association and of press failed to pass and failure throw shadow over the implicit realization of other rights too. Functioning parliamentary monitoring of the Senate could not be established and this significantly slowed down the pace of reform implementation. From 1908 onwards, a second wave of imperial integration started to narrow down the autonomy and this virtually stopped all reform activities. However, this second era (of ‘russification’) was not very efficient by any other means than by setting brakes on reforms. In the Baltic provinces, it had a much dramatic effects also due to the forceful resistance. In Finland, a mass resistance movement, even comparable to the passive movement of 1899-1905, did not emerge. The reasons for
The incompletion of the ‘promised’ reforms, however, fed frustration especially among the voters of the social democrats. One of the most obvious sources of frustration was the situation of crofters and landless people. The land reform was strongly advocated by the social democrats, “endlessly debated” in the Diet and extensively investigated by various committees. Despite the efforts and high expectations, the defect remained unsolved throughout the period. This was due to strongly limited of implementation capacity of the Finnish administration but also to the diverging opinions and to lack/inconsistency of political will. In 1909, all land-leasing contracts were frozen until a more suitable moment for resolving the topic would appear. Another point of dispute was the local government reform that failed to pass in 1908. Indeed, in a longer perspective, it appears that the local level “micro-administration” persistently remained outside any reform attempts. In local elections only the tax paying (in rule) male householders had right to vote and in the administrative organs, the decision making took place on consensual basis without any voting. It is indeed quite rarely pointed out that while “the turning point of 1906” meant introduction of universal and equal suffrage, at the local level of government the reform remained incomplete. This argument gains gravity as one notes that the municipal level was, in practice, the level of decision making with the most far reaching influence on the every day life of the inhabitants. According to Tiihonen (1999: 15) the result was that on the local level the abolition of the Estates “did not lead to a common citizenship but to a class based party system organized along the lines of social and economic interests.”

During 1914 - February 1917, Parliament did not convene at all due to the state of war declared throughout the Russian empire. The elections that were held in July 1916 marked the most outstanding victory any single party has ever gained in Finnish parliamentary elections’ history: Social Democrats gained an absolute majority with 103 seats out of 200. In the six elections held between 1907-1930 the Social democratic party mustered the average 41,3% of the vote. During this period, none of the bourgeois parties was nearly as large as Social Democratic Party. Despite some short periods in

\[45\] For instance, in all Diets of the 1880’s the intended reform plans were blocked. On the Diets that convened in 1904-1905, many remarkable initiatives concerning the local level administration and especially the election system were presented but they all failed because of a deep division of opinions and obstruction tactics (e.g. Pulma 1999)
1917-1918, the initiative was not, however, allowed to be passed on to social democratic hands – this notion also sets the non-socialist nature of the dominant political culture and its traditions into context.

### 3.3 Disparities in the functional-corporate channel of interest articulation

Numerous studies have analysed the nature of the Finnish labour movement. The subject has been approached by focusing either on the strength of the social democracy or on relative weakness of the trade union movement. Indeed, where as the social democratic party scored phenomenal results in the first parliamentary elections in 1907, the membership in the network of workers’ associations began to fall soon after the mobilisation peak of 1905-1907. During the two years peak over 20 trade unions were established, among them, in 1907, the central organization of the Finnish Federation of Trade Unions (*Suomen Ammattijärjestö*). It aimed at the promotion of union coverage, accumulation of information, publishing activities, consulting of member organisations and fostering of international cooperation. The constitutive meeting had adopted the principle of equality between political and corporate-functional branches of the labour movement and the strategy of class struggle. These went hand in hand with the aims of the social democratic party. However, already in late 1907, signs of relative stagnation of the trade unionism started to display. At this time, the trade unions had about 35,000 members, of whom some 25,000 belonged to the Finnish Federation of Trade Unions: the union coverage was being 10-15%. Some unions did not join the central organization for ideological reason and if the labour force in the agrarian sector is counted in, the union coverage sank to mere couple of percents. Furthermore, as Begholm (2003: 11) describes the function of associations: “for many workers, the local branches were like clubs, places where they could drop in without any permanent commitment”. The industrial actions that were taken encumbered scarce resources and most often ended in defeat. In the small industrial communities, and cities alike, the amount of landless people guaranteed that there was plenty of worker force available. In addition, some strong and crucial unions remained outside the Federation for years.

Two explanatory dimensions regarding the nature of Finnish trade union movement can be brought up in this connection. The first one deals with the mutually constitutive and interactive relationship between the trade union and political labour movement. Other explanation – not alternative but complementary to the first one – turns the focus on employer strategies and their success in the “divide and rule” among the employees. These views can be summed up with words of Kettunen (1988). Accordingly, the Finnish labour
movement became to be deeply influenced by the tension between, the political citizenship that was achieved relatively early and the subordinate relationship that remained typical for the working life and for the Finnish society in general considerably longer. Indeed, the Finnish labour movement mobilized first of all politically: the parliamentary channel of participation was opened to it well before opening of the corporatist one. It has even been maintained that the early and exceptionally successful political organisation to an extent limited the available discursive and practical space for organization of additional type of worker interests – especially in such a small society as Finland. In Finland, the strength of political labour movement was thus not a consequence of economic class struggle but, on the contrary, a prerequisite of it. (Kettunen 1986, Alapuro 1988.) This also reflects in the fact that throughout the era prior to late 1960’s, the trade union activity always seemed to increase as a part and parcel of a political mobilization peak. This has given ground to speak about “actionist” tradition within the Finnish trade union movement (Kettunen 1986). The peak is evident in connection with 1905-1907, very strongly in 1917 and again in 1944.

Among the employers, the need to create an employer organization to counterbalance the influence of the local unions and trade unions had been long acknowledged before actual measures were taken. Thus, like in many other countries, also in Finland, the employers started to organize mainly as a reaction to organization of workers’ movement. The reason for this can be found from the persistent suspicions of the employers concerning any organisational attempts that potentially could limit the entrepreneurial freedom. The first significant branch-specific employer organization was the Employer’s Association of the Finnish Metal Industry that was founded to combat a strike wave in 1903. After the events in 1905 and reforms of 1906, the fear for social unrest and need to defend the interests of industrial life vis-à-vis organizing labour motivated the employers to form the Finnish General Federation of Employers (1907). At this point of time, the employers were rather acquiescent towards the possible adoption of collective agreements although such arrangements remained sporadic and local. It is worth noting that until about 1908-1909, the Finnish labour market history and, linked with it, the history of labour disputes, followed a path typical to other Nordic countries. By standards of modernization and industrialization, Finnish society just lagged behind to Nordic equivalents. However, the path to gradual establishment of collective agreements that seemed to open in 1907 was broken in 1909. First, the Employer’s Association of the Finnish Metal Industry took a firmly negative stance to the principle of collective agreements. Employers in the influential paper industry followed. At the same time, the appeal to employer organisation lowered since there was plenty of labour force available and economy was booming. This applies especially
to the early 1910’s when the Russian empire was preparing for war. (Mansner 1991, Kettunen 1986, Bergholm 2003, Mattila 1992, Kauppinen 1994.)

PART III: Case study on critical juncture 1917-1919

1. Drafting a Finnish state

According to Engman (1994), in the eve of gaining state sovereignty in 1917, Finland was in a less complicated situation than most of the other successor states of the dissolving Eastern European empires. Foremost, this was due to institutional and politico-structural basis provided by the Grand Duchy. Finnish leaders themselves were keen to point out that, in contrast to the other successor states, Finland was an old state. Among other vital facts, the Finnish administration knew the number of its population as well as the borders of its territory. These geopolitical factors were important coordinates that helped the Finns to figure out their position within the international system of states and enhanced internal coherence by offering a solid view on what was the Finnish state and society largely taken all about. It might be argued that the mere existence of the central administrative institutions deriving from the era of autonomy contributed to the probabilities of maintaining independence. Hence, in Finland, an Austrian-type of discussion about the Lebensfähigkeit of the new state never came on the agenda.

Despite the strong tradition of own central administration, the fundamental novelty of independent statehood should not be underestimated. Novelty reflected on both international and national dimension. In addition, it seems thoroughly grounded to argue that the outbreak of a civil war in an newly independent state did indicate some kind of difficulties in founding a legitimate and widely accepted ground rules for the co-existence within the boundaries of new polity. Notwithstanding the strong nationalist aspirations, Finland had experiences only as a dependent polity and, on the highest level of administration it existed only within and in relation to the frames of the empire. This had a decisive impact on the ways in which groups on the top of the Finnish polity orientated themselves. There existed no such established pattern of principles and practices that could be called ‘state’ in a spirit of publicly acknowledged consensus. This is essentially why the interpretations over the corollaries so fundamentally differed. The political parties had different practical interpretations on how the country should be governed and how the relationships between various factors within the process of governing should be understood and prioritised. Despite the clearly articulated idea of putting the sake of the whole nation on the fore, one may argue that the groups within the Finnish polity were not any different in making use of the possessed resources as

46 On some parts the border question remained unclear quite a while however.
regards political trade-offs among the domestic groups or with actors situated outside the borders of new state.

Starting from the Russian February Revolution, the years from 1917 to 1919/1920 form a period during which the organisational ground rules for Finnish societal and political co-existence had to be negotiated and considered anew. Several alternatives were brought up. Situations actualised and de-actualised without allowing too much time for thorough consideration. Two of the most incompatible visions collided in the civil war of 1918. However, viewed in time perspective of whole interregnum period, the scope of mutually divergent visions extends the clear cut polarisation between the bourgeois whites and socialist reds. The constellation was marked by cross cutting interests on a more complex manner. In the following, this critical juncture of 1917-1919 is divided into three sub periods. These are:

1) period of social democratic and partly agrarian radical democratic initiatives (first half of 1917)
2) period of bourgeois attempt to re-cast law and order (latter half of 1917)
3) period of open conflict between “reds” and “whites” (early 1918)
4) period of contest over the constitutional outset of bourgeois Finland (1918-1919)

The interregnum era ends formally with the promulgation of the constitution of the Republic of Finland in July 1919 and inauguration of the President K.J. Ståhlberg (1919-1925). As regards the international existence of the Finnish Republic, the end point of this period dates to the Dorpat peace treaty agreed between the Finnish Republic and Soviet-Russia in October 1920.

The guiding argument behind the following text is that those groups that managed to have a decisive say during the critical juncture in 1917-1919, managed to establish firm positions in the system of first republic. They were able to articulate their interests deeply into the very emergent structures and influence the ground rules setting. In so doing, these groups also became constituent parts of interwar regime. In addition, the experience of taking a lead or even “rescuing” the nation in the crucial moment, gave these groups self-confidence to claim for hegemony within the new polity. The crucial point remains, however, that groups that claimed for honour for rescuing the country were numerous within the winning side of the 1918 war. The power configurations that emerged in connection with the managing the complex of political, economic and societal consequences of the empire break up and attainment of independence are helpful in understanding the power logic and political culture of the interwar era.

1.1 Sketches 1917: From socialist led period to bourgeois re-cast
After the February revolution 1917, the Russian Provisional Government confirmed religion and restored the constitutional order of the Grand Duchy by annulling the “illegal” decrees of the “second” era of imperial integration. The Finnish parliament was called to convene for the first time since the war. **The political composition of the 1917 parliament was determined on the basis of 1916 elections in which the social democrats had achieved absolute majority of seats.** A social democrat (Oskari Tokoi) was nominated to the head of the new Senate and all parties agreed on allocation of senator post evenly between the bourgeois parties and social democrats. In the new situation, the main issue concerned holder of supreme authority. After the concrete link between Russian empire and Finnish Grand Duchy – i.e. the tsar/ grand duke – was sided, which body had inherited his authorities? In particular, should the supreme authority be transferred automatically to the Russian Provisional Government?![47](Lainoppineiden kannat erosivat ks. esim. Zetterberg 2001: 483-484.)

**Actualisation of the issue of supreme authority and future of the Russo-Finnish relations, revealed the division of interests among various political groupings within the Finnish political arena.** Here too, the concern over organisation of highest authority was inseparably intertwined with concern over the power relations in more narrowly perceived domestic political matters. At this point, four political orientations can be perceived:

1) Bourgeois groupings aiming at re-construction of Finnish system in cooperation with the Russian Provisional Government (mainly conservatives of the Old Finnish Party and Swedish Party)

2) Bourgeois groupings advocating for active strive for fuller sovereignty, the so called independence men (mainly Young Finnish Party and activist wing from the Swedish Party)

3) Agrarian Union that supported activism in the independence issue but foremost in order to complete democracy and, thus, sovereignty of the Finnish people.

4) Social democrats advocating as well the completion of Finnish democracy and sovereignty under socialist principles.

In the above constellation, preconditions for bridging (at least) two of formerly established cleavages in the politico-societal map are embedded: first, the one between Swedish and Finnish “language parties”, and secondly, cleavage opened on the basis of class, i.e. between the bourgeoisie and the socialists. Depending on the stance to independence issue, the language parties united under the orientations 1 or 2. The bourgeois and socialists, in turn, could unite in strive for fuller sovereignty of the Finnish people. Especially the Agrarian and the Socialists aims were compatible in pursue for the completion of democratic and social reforms that had been promised in connection with 1906-1908 but bogged down since. In both parties’ view, the sovereignty of the Finnish people was equivalent to the authority of
the Finnish parliament and the ultimate goal thus was to enhance its role in the conduction of Finnish matters.

In course of the interregnum period of 1917-1920, the scope of matters and correspondingly of opinions and interests, extended beyond the mere issue of dependence/independence. Many topics related to domestic power configurations actualised and made the political interest formulations and conflicts and alignments more articulate and exposed to changes. At this point, political orientations started to distinguish primarily on the basis of stances adopted towards the more strictly speaking internal set up of Finnish polity: they located along an axis running from anti-democratic conservatism via moderate bourgeois liberalism and radical democratic agrarianism to radical socialism. Thus, within a three years period, one is able to perceive a very rich variety of cross-cutting and mutually enforcing interest configurations. They are very instructive in understanding the basic constituents of Finnish interwar political culture and the conceptions of consensus and conflict in it. Indeed, one is able to trace very strong elements of consensus during the interwar era Finland – the resonance of this consensus, however, is very different from what is normally attributed to consensual manner of conducting political processes.

In spring and summer 1917, the social democrats were in particularly strong positions to influence the course taken within the Finnish polity. Because of their dominance in the parliament they were able to process many important legislative initiatives. For instance, reform of municipal governing system and law on 8 hour working day were brought into parliament. On the bourgeois side the hectic pace adopted in the parliament, caused concern and dissenting opinions. No significant opposition could be formed, however.48 The social democrat-led period culminated in announce of the Enabling Act, a substitute draft proposal for organisation of the supreme authority in the country. According to proposal, the issue of supreme authority should be solved by naming the Parliament – the main representative of Finnish people – as the highest authority in all domestic matters, only foreign and military affairs would be left under the Russian authority. Act was approved with the strong social democratic back up. The important point to make is that, in summer 1917, no bourgeois front emerged – even if the non-socialist groups voted for the Act mainly in the absence of any better solutions. The Finnish groups were still debating the promulgation of the Act as the Russian Provisional Government reacted to it by ordering the Finnish parliament to dissolve. (Lindman 1968) In the Senate, the bourgeois members voted for the dissolution of the social democrat dominated parliament that had guided Finnish reform work

so far (e.g. Vares 1994). In order to understand the context of the Finnish civil war, the fate of the Enabling Act, the following dissolution of the parliament and the subsequent disengagement of the social democrats from the Senate are crucial. The social democrats felt that the dissolution was illegal and treacherously manipulated by Finnish bourgeois elites. After these disappointing events, the red guards which had been active in connection with the general strike of 1906 started to re-organise with an increasing intensity and in scale. Especially, among the more radical elements, the parliamentary channel of influence was seen to have proven impotent. It gave impetus for shifting the focus of activities towards extra-parliamentary forms (Alapuro 1988).

The election campaign following the parliament dissolution was marked by balancing between two main themes. One theme was the independence issue and the organisation of supreme authority. The other was maintenance of societal order and keep out from the accelerating spiral of anarchy spreading throughout the Russian empire. In addition, more articulate the Russian bolshevist “threat” got, more unanimous Finnish non-socialist parties grew in their protection for the principles of private property. In October 1917 elections, especially the relative success of the Agrarian Union (12 % of the votes, +7 seats) ate up the vote potential that the Old and the Young Finnish parties had expected to fall on their benefit. On the other hand, the exceptionally rural base of the Finnish social democracy meant that the Agrarian Union had probably eaten up some of the social democratic voter potential as well. In October 1917 elections, the social democrats lost their absolute majority in the parliament (44.8 % of the votes and 92 seats. 1916: 47.3% / 103). Some presentiment of the Agrarian Union’s breakthrough in the next 1919 elections is already perceivable here, although in the larger picture their success still remained modest. New parliament started its work in the beginning of November. The government negotiations started but were held over due to the very uncertain situation in Russia. The Bolshevik seizure of power in St Petersburg in 7 November created a situation where stances finally had to be taken. Among the non-socialists, the Bolshevik take-over just encouraged pro-independence stances. Even among the previously very cautious conservatives, some recheck of opinion occurred and they now agreed on the separation of Finland from Russia and supported the proposal of transferring the supreme authority in all matters to Finnish parliament – like the Enabling Act also had proposed.

While one tries to outline the circumstances under which the polarisation of the Finnish polity to the stage of civil war has taken place, the mid-November general strike stands out as a watershed event. The strike was called in 14 November by the trade union leadership and the social democratic party. The decision had been far from
unanimous. It was a rather uncoordinated response to a growing pressure from below and directed to put pressure on the new parliament in order to further the social democratic demands. The tradition and memory of the 1906 strike and the following breakthrough of reforms and of social democracy most obviously encouraged the strikers. In this perspective, the distinctive function of strikes in the Finnish political context as an additional mean to influence the parliamentary work becomes clear (Soikkanen 1993, Teräs 1993). The social democratic party took a negative stance towards the strike and succeeded in stopping it within one week and without any significant problems - even if in Russia, the revolutionary situation was peaking just about the same time. The quick suffocation of the general strike has been interpreted as a sign of relative disconnectedness between the Finnish strike and Russian Bolshevik revolution. In the Baltic Provinces the course of action was more closely connected to the situation in St Petersburg. They were virtually parts of the same phenomena (Alapuro 1988: 168-169). The strike led moderate social democrats to distance from the undisciplined elements around the socialist movement: it appears that especially among the social democratic leadership, inclination to radicalism was only limited. This might have been due to active participation in the actual governing work and institutions.

1.2 General Strike and Declaration of independence in late 1917

The Finnish parliament declared itself the holder of supreme authority in 15 November. At the same session the social democrat initiated bills on local democracy reform and 8 hours working day were approved. The declaration on transfer of supreme authority happened on the basis of a compromise proposal by the Agrarian Union. Role of the parliament was emphasised in it but only on a temporary basis. In this regard, the transfer of supreme authority only served to give a decisive push for the government negotiations. The Agrarian Union, in particular, had been probing into the socialists’ willingness to participate and the efforts continued after the general strike alike. Quite many among the bourgeois centre forces seem to have calculated that proceeding without social democrats would not carry out in a longer run – not in the external (Russia question) or in internal (degree of electoral support) sense (Lindman 1988: 187) However, as the outbursts of violence related to the General Strike became publicly know, the cooperation willingness of the non-socialist side eroded. The declaration of the General Strike unbundled the loose but so far quite tenacious anti-conservative coalition between the pro-independence and legalist forces from Young Finnish Party, pro-independence and pro-popular sovereignty forces from the Agrarian Union and pro-reform forces from the Social Democrats. The non-socialist elements were outraged by socialists’ unpredicted and hazardous act of strike that seemed to jeopardize Finnish societal order and the primacy of fending for common
national goals against Russian unrest. In addition, the general strike fed uncertainty regarding the social democratic leadership’s ability to control radicalised masses (cf. Lindman 1968, Vares 1994, Zetterberg 2001). In sum, it seems that only after radicalisation of the Finnish social democracy, the bourgeois parties were able to cross the gap that divided the pro-independence activism from more ‘careful’ conservatism. A strongly bourgeois senate with a strong Young Finnish presence was pushed through in the parliament with votes 100 for and 80 against.

P.E Svinhufvud, a strong proponent of independent Finland, was elected as the head of the Senate. Strive for independence as well as creation of a firm order was top priority of the new senate. On 6 December, parliament voted on the declaration of independence drafted by the Svinhufvud senate.\textsuperscript{49} The Social Democrats brought in a competing proposal developed on the basis of the Enabling Act. Now the Social Democrats were the ones urging for cooperation with the Russian (Bolshevik) government whereas in the bourgeois draft the whole topic of Russian authority was sidestepped. In the final vote, the bourgeois draft won with numbers of 100 for and 88 against. In result, independence was declared under very uncertain circumstances and with a very small majority only. The mistrust in durability of independence was openly expressed: Finland was considered too small a state: it had no real capacity to back its manifestation of sovereign power or to gain any international recognition.

The conservatives who formed majority of the existing executive were deeply suspiscious. This thinking was essentially based on long-term estimate that the Bolshevist rule in Russian was not of permanent nature. In the end, however, the conservative fear for growing societal unrest can be said to have motivated the acceptance of independence. In addition, certain amount of patient paternalism towards the “Finnish people” – typical feature for Finnish conservatism – seems to have had an effect. Also the general strike was largely seen to be caused by lack of education and immaturity among the Finnish people. In this regard, the Finnish conservatism was much “closer” to people than most conservative ideologies of the time. (cf. Vares 1994: 260-271.) Contrast to the German speaking elites in the Baltic provinces is especially elucidating. Also the conservatives close to the Swedish People´s Party were less pedagogical and more extreme in their aversion to demands of the masses. Among the Finnish conservatives the democratic heritage of the year 1906 prevented them from any dramatic acts of stopping the pace of reforms in 1917 – in addition, the conservatives in general were relatively isolated in the political scene at this point of time.

\textsuperscript{49} Draft was brought into parliament because it was known that gaining foreign recognitions preconditioned approval of the parliament.
(Vares 1994, Mylly 1989, Lindman 1968, Bonsdorff& Jernström 1984). For the Finnish non-conservative bourgeois groups, the domestic conservatives, with their important contact network, represented a harmfully influential and old-fashioned element in a situation where all the forces should be gathered to push for independence (e.g. Zetterberg 2001). The anti-conservatism appear to have been surprisingly persistent among the independence activist. Among the Agrarian Union, anti-conservatism gained a strongly anti-elitist flavour. Even after the declaration of independence the gap between the conservatives and anti-conservative bourgeois groups was not easy to bridge. In addition, there were attempts to re-establish cooperation links between the moderate social democratic leadership on the one hand and the bourgeois centre forces and Agrarian Union on the other. In many respects, especially the Agrarian Union continued to move along the same lines of argumentation than the Social Democrats (Lindman 1968, Mylly 1989). In this perspective, even in the end of the year 1917, the bi-polarisation of the polity was not totally clear cut along the lines that were to be conflicting in the upcoming civil war.

In turn of the year, the Finnish society seemed to be drifting towards chaos. The social and political unrest was accompanied by spread of crime and violence. Radicalisation of extreme elements and shift of activity towards extra-parliamentary forums accelerated. The threat of violence began to be experienced on a very concrete and personal level (e.g. Zetterberg). The overall situation was markedly unpredictable – also due to presence of the Russian troops. No Finnish army existed and, hence, the question of the legitimate holder of the supreme right to violence remained in the open. Furthermore, no established agreement on the organisation of the police forces existed. Previously, police forces had been under direct imperial control. In the existing power vacuum, the initiative was more and more often taken in the hands of the local populations. According to Alapuro (1988: 273, 2003) Finland, unlike the Baltic provinces or Hungary, had not been exposed to very concrete social and political damages caused by the war and followed by a revolutionary situation. Instead, the Finnish revolutionary situation derived from polity’s dependence on Russia for maintaining order. This situation was combined with an internal precondition, i.e. the exceptionally strong position of political workers movement in the political system. In this sense, the revolutionary movement aimed more at retaining the influence that had opened to it in early 1917 but been deprived in the course of 1917.

The work on a new constitution was re-started in December but became entangled in a political storm. In late January 1918, barely one month after the independence

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50 Parliament debates in December and early January: plans regarding the creation of an own national army that would have meant the re-arm of both white and red guards. On the other hand some were suspicious over the whole issue: does a small Finland need an army at all?
declaration, the conflict escalated in the outbreak of civil war. In the beginning of January 1918 the government sought and received an authorisation from the parliament for the creation of strong order. Authorisation was received with the needed support from non-socialist groups – especially the Agrarian Union and the Swedish People’s Party were active here. Among the Young and Old Finnish Parties, the topic caused some more division of opinions. According to Vares (1994: 290) the Old Finnish conservatives were reserved towards adoption of very radical means – in principle. In the debate, however, they remained passive. It seems that on the parliamentary forum, those politicians who had second thoughts rather withdrew into passivity than started a contesting debate on the issue. In this sense, their passivity tended to transmit silent acceptance – especially since the other alternative at hand was the one proposed by the socialists. One major factor indicating deepening polarisation seems indeed to have been the disappearance of compromise proposals and room available for them on the discursive level. Especially the Agrarian Union that had been active in the provision of compromises had turned to keen proponent of strong order and promoter of security forces that were based on already existing bourgeois white guards. The remaining potential among which a compromise proposal could have stemmed, were clearly too few, too scattered and too indecisive. (cf. Zetterberg 2001, Lindman 1968, Mylly 1989.)

Following parliament’s approval, Svinhufvud’s senate named the bourgeois civil guards as the legitimate troops for maintaining and restoring order. These civil guards had grown considerably since the general strike and now, the amount of financial aid and other resources flowing from the civil society, business life and local authorities accelerated (Alapuro 1988: 171). Socialists reacted to the plans with outrage: social democratic MP’s left an interpellation where they accused the Senate of a strongly manipulated coup. On the government’s side, the last formal step was taken on 25 January as the civil guards were officially declared troops of the government and defenders of the existing order. In January 1918, the reds were able to seize the lead in the most industrialised parts of Finland and the escalation of the conflict was at hand.

1.3 The 1918 war: clash of ‘red’ and ‘white’ polity visions

The War of 1918 lasted a little over three months. In comparative perspective it counts for its exceptionally high death toll. The Red Guards and their leadership held most of Southern Finland in their control for several months, including the capital area of Helsinki and the most important industrial cites like Tampere. While the reds hold grip on the core area, the whites withdrew to North-Western parts of Finland. The crucial functions the White side were
centred at the city of Vaasa, the capital of the province of Ostrobothnia that borders the north-eastern coast of the Gulf Bothnia.

It is widely agreed in the Finnish research literature that despite long standing radicalism in rhetoric and eventually in means too, the reds were not prepared to wage a war. Red Guards had initially 12000-15000 troops and by late March the number had increased to 76,500 of which 35 000 were frontline troops. These troops had no planning organs proper but a constant shortage of weapons. While their central organisation was inchoate the local branches often had no experience or knowledge about the practices of military conduct. The arms were obtained from the Russian troops remaining in Finland and mostly only after the conflict had already broken out. Also otherwise, the Russian contribution to the attempted revolution remained sporadic. In the battles their number was at around 2000 men and the Russian army was already withdrawing from Finland. (Upton 1980: 187-189, Alapuro 1989: 173). The red side that was not allowed the authorisation of the Finnish government was ‘forced’ to seek cooperation with the Russian soldiers. On the other hand, the white troops that were not prepared for waging a war either, obtained weapons by disarming the Russian troops with government authorisation. In addition, resources were obtained from Germany. In the initial phase, the white army was about the same size as the red one. In resource and in organisation it was superior to it, however. In the beginning of May 1918, the White troops numbered around 70 000.

It has been pointed out that the Finnish “revolution” did not result from the fragmentation of the old polity but the power was seized by another polity whose members had only marginally been involved in the old one (Alapuro 1988: 174). To be more precise, one could maybe say that the explosive potential rose from the following combination: red polity had been marginalised in the mainstream political culture of the Grand Duchy and, at the same time, relatively speaking, too well established on the level of formal rules of the prevailing political system to accommodate into this situation now that Finland was freed from Tsarist rule. In addition came the contradicting social ‘facts’

51 The ultimate scope and degree of consideration in a multilayered and complex conflict situation like the war of 1918 is impossible to pin down – on both “sides”. Distant observer can only trace the ways in which various persons and groups appear to have perceived the situation and the motives and aims of the others.
betrayed appears to have been widely shared. Among the Old Finnish conservatives, for instance, the feeling of being “victim of the own benevolence” was common and the disillusionment was corresponding (Vares 1994: 297, Zetterberg 2001).

During the war, the red leaders took more effort to set up an administration than to conduct of military operations. Almost the whole central administration had deserted alongside with the ‘White Finland’. The replacing governmental organs were established largely following the organisational principles of the existing governmental and parliamentary system. ‘Red Finland’ was to become a democratic, parliamentary republic with a controlled capitalist economy. Crofters were enfranchised and were to become independent smallholders. On the paper, the constitution proposed by the revolutionary government (the People’s Deputation), envisaged a political system that was modelled after the Swiss democracy (Lindman 1968, Alapuro 1988, Kettunen 1986). Indeed, the revolutionary polity was by and large taking a shape that reminded of Social Democrats’ proposals prior to 1918 war. On the leadership level, furthering of the benefits gained seemed to be more crucial than creation of a fundamentally new society (Alapuro 1988: 175). However, on the grass-root level, the unrest broke out of control of the revolutionary leadership. On both sides, atrocities were committed especially towards the end of the conflict.

Like on the red side, also on the white side, the camps were far from perfectly coherent in their opinions regarding the scale and means of restoring the order. In the beginning of April 1918, Germany, after a request from Finnish white activists, intervened in the war. This request was a point of controversy since in the view of quite many centre-liberals and even conservatives, calling foreign assistance against own citizens, was not considered an appropriate mean. Among the Finnish conservatives, conflict situation was seen as a consequence of mendacious agitation resulting from spread of rumours regarding putsch that the bourgeoisie was preparing (Vares 1994: 291-293). In this interpretation, traditions of Fennoman patriarchalism – typical for the Finnish conservatism – merged with the presupposition that the rebellion was based on misinformation and irrational reacting rather than on experienced societal defects and a considered reform programme.

In April 1918, German troops landed on the southern coast and proceeded to Helsinki. Around the same time the White troops won the first decisive battle in industrial city of Tampere. By early May the entire country was in White and German hands and the open conflict ended. Among not only the most extreme whites, the fury related to the betrayal the “common cause of Finland” contributed to acts of revenge in the end phases and in the aftermath of the conflict. The ad hoc tribunals were arranged throughout local communities
and tens of thousands of Red prisoners ended up in concentration camps where diseases, starvation and summary executions took an unnecessary heavy toll among them. On both sides, the 1918 experiences served to erode the trust on laws and decrees that since the constitutional battles in turn of the century had been one cornerstone of national solidarity. On the white side, they were no more seen as superior tools in guiding the society and its people to better future. Laws were capable of neither creating better nor curing poor circumstances. Even a best intending laws could prove dysfunctional or even seriously damaging in case they were not corresponding to prevailing circumstances (Vares 1994: 297-301, 308-310). Among political, cultural and economic elites, democracy was doubted to be one of such patterns that did not suit immature and uneducated people like the Finns. These views were constituents in the debate over the future forms of Finnish polity that started after the defeat of the red vision.

1.4 Debates among the 'white Finland' over the pattern of state 1918-1919: monarchist versus republican vision of Finland

From the very spring days of 1918, a politically remarkable conflict line opened within the largely taken ‘White Finland’ on whether a republican or monarchist constitution should be adopted. Secondly, role of the parliament was under serious re-consideration. At this post-war point of time, the overall political groupings on the political arena can be organised as follows:
1) Monarchists, i.e. bourgeois groupings aiming at monarchist Finland (mainly conservatives of the Old Finnish Party and Swedish People Party but also a segment from the Young Finnish Party)
2) Bourgeois-liberal groupings advocating further development of the republican constitution drafts developed during 1917 (mainly Young Finnish Party but a segment from Old Finnish Party and solitary Swedish People Party associates as well)
3) Agrarian Union that pursued the most radical-democratic line and saw that the war had caused no need for modifications especially as regarded the role of the parliament. Instead, the agrarian population and smallholder peasants had victoriously defended the existing system in the war and should be given a corresponding role in the new republic.
4) The fourth grouping, social democrats, was temporarily excluded from the political arena by suspending all MP’s. Suspension lasted until the early 1919 elections. Since the power base of the social democrats within the formal political system had been in the parliament, this group as whole was practically excluded during the crucial months when the draft of constitutional frames for future Finland were negotiated between monarchists and republicans.
In their wish for strong internal order, monarchists were suspicious regarding adequacy of democratic system to Finnish people (Lindman 1968, Mylly 1989: 42-44, Vares 1994). Principles of the sovereignty of people, of universal and equal suffrage and the wide powers invested in the parliament were seen in a different lighting than still in 1917. Already in mid-April 1918, the right conservative groupings started to plan introduction of a monarchy after the war. They could claim for continuity: the 1772 constitution that had not been legally changed spoke for king instead of a president. According to monarchists, president could not avoid being involved into day-to-day politics and in the destabilising campaign over domestic support. While monarchy would bring along continuity, presidential system was seen to be accompanied by ruptures in the conduct of state affairs in every sixth year. The foreign political considerations spoke for monarchy as well. According to Old Finn monarchist Paasikivi (later president of Finland in 1946-1956), it was of vital importance for a small state to link itself closely with powerful countries. By calling in a German monarch, the goal would be achieved.

After the 1918 war, the power invested in the parliament by the 1906 Act, appeared even more threatening to the (un-proportionally) strong position of the Finnish conservatives in the existing executive. This gave rise to conservative demands that initiative should be consciously returned from amateur politicians to those who were capable, responsible and knowledgeable enough, to the experts and experienced ones. The corporatist plans that were brought up after the war indeed indicated return to the era prior to 1906 parliamentary reform (cf. Vares 1994: 335-338, Lindman 1968). It was pointed out, for instance, that whereas in 1906 reform the straightforward nature of universal suffrage had been balanced by “extremely strong and independent governmental authority”, now, the counterbalance had to be found from within the parliament. Two alternatives were suggested: either the unicameral system should be replaced by a bicameral one or the unicameral system could be maintained but with a fixed part of the MP’s selected on a corporate basis. A corporate-based upper chamber was seen to provide an arena where the day-to-day turbulences would not hinder rational long-term decision-making. In all corporative plans that appeared in 1918, peasants were favoured: it was noted that those who had “rescued” the country from the bolshevism, had thereby proved the strongest pillar.

52 It was written in the article 38 in the 1772 constitution that in case of an interregnum the upper chamber of the diet should gather and elect a new king. In 6 December the parliament had given its approval only to the intention that in the future parliament will give proposal for a republican constitution to government. No such proposal had been accepted however (Vares 1994: 341-342).

53 The corporations would be formed of 1) civil servants and judiciary 2) teachers and priests 3) representatives of trade and industry 4) landowners 5) workers, artisans, crofters.
of societal order. In the representational system, they had to be allotted a corresponding position (citation in Lindman 1968: 241). In the Finnish context, the plans of a bicameral and partly corporatist parliament did not prove realisable since they faced hard criticism also within the monarchists/conservative front. The contra-arguments are elucidating: it was supposed that a first chamber would not establish its position and the second chamber would be too strongly dominated by the social democrats. Conservative criticism also pointed to lack of sufficient agreement among the Finnish bourgeois parties that would complicate the nomination and practices in the first chamber. In addition, there would be the conflicts concerning the amount of rural versus urban representatives in the first chamber.

The republican majority of the Young Finnish party and the Agrarian Union were throughout negative to introduction of monarchy and to infiltration of corporatist elements into the parliament. These groupings stood for a vision of progressive republic that would be realised via functioning democracy, popular enlightenment and social reform policies. In the republican matter, both groups were firmly unanimous. (Lindman 1968: 241, Mylly 1989: 53, Zetterberg 2001, Blomstedt 1969.) The main difference between republican Young Finns and Agrarians related to parliament’s role. The bourgeois-liberal vision can be called a moderate-democratic one and the agrarian one a vision of parliament-dominated dualism (Mylly 1989: 44). The bourgeois-liberals were supporting a clear and classical Montesquieu-type separation of powers between the executive, legislative and juridical branches of government. The agrarians, in turn, supported superiority of the parliament that highlighted at the expense of mutual balancing function of the named three.

Instead, in the Agrarian vision presidency was drafted as the main counterbalance to parliamentary power – the main point being that both parliament and president were legitimated by the people, in contrast to bureaucrats and civil servants. This Agrarian vision and role of the party in emergent republic is worth a more detailed look:

In the post 1918 situation, the Agrarian Union was still a relatively weak player on the established political arena. It gained in significance very rapidly, however. In the eyes of the Agrarian leadership aims of the monarchists appeared very clear: goal was an oligarchy instead of democracy and the subsequent return to the bureaucratic and elite-led style of governance that was deeply rooted in the Grand Duchy era legacy. To combat the restoration of bureaucratic elitism, the Agrarian party leadership was keen to remind that in 1918, the “white peasant army” had not mobilised against the “red threat” in order to help anti-democratic elites into power. Instead, its main motivation had been to defend

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54 Here, influential critique of the Old Finn party leader Lauri Ingman is cited. Lindman 1968: 241, see also Vares 1994.
principles of Nordic peasant democracy (Mylly 1989: 41-42). Cultivation of this legacy obligated to persistent vindication of sovereignty of Finnish (peasant) people (articles of Kettunen and Mylly in Alapuro ed. 1998). Among the Agrarian Union, the deep rooted suspicion towards elite intrigues opened way for willingness to adopt the voters of excluded socialists too. Indeed, after the 1918 conflict, Agrarian Union could temporarily claim for monopoly as the ‘genuine’ representative of the Finnish people on the political arena. In summer 1918, the Agrarian power bases were still outside the formal parliamentary arena, among the ordinary people on grass root level – especially among those who had mobilised to defend the Nordic freedom against bolshevism. This reserve was utilised in campaign for republican constitution and also the bourgeois-liberals showed more than willing to align in the campaign with the agrarians. The two appear to have had a certain division of labour here: on the top of the republican movement the young Finn representation was strong, the local citizen meetings and the organisation of demonstrations were realm of the Agrarian Union activities. It was easy to note that Agrarian Union was growing stronger than its prevailing parliamentary role yet revealed. (Mylly 1989: 50-51.)

In July 1918, Parliament discussed two competing proposals for the Finnish constitution. One was drafted by the monarchist-led senate and other by the republican-led Committee for Constitutional Law. The republican draft, called “Great Compromise”, included many adjustments and tried to provide ground for reconciliation between the monarchists and republicans with an allocation of exceptionally strong powers for the president (Mylly 1989: 51). One could even assume that the bourgeois-liberal compromise willingness, to an extent, was motivated by their concern over the degree of agrarian radicalism. Indeed, among the Agrarian Union and the peasant core of the victorious white army, the anti-elite sentiments were reaching zenith. In the parliament, Agrarian leaders hinted to ‘republican guards’ that were ready for direct action in many parts of the country and could potentially run out of control.55 Although these warnings were most probably used as rhetorical tools, it is interesting to pose a question how far would the agrarian radicals and the affiliated members of the former white peasant army have been ready to go? Were they really ready – if needed to carry on armed conflict beyond the defeat of the Reds and towards completion of popular sovereignty in Finland by replacing the old elites?56

55 This conclusion is based on the reading of parliamentary minutes in summer-autumn 1918. Cf. also Mylly 1989: 59.

56 In the Finnish research literature the monarchism is often presented as the last large scale defence battle of the old bureaucratic and oligarchic elites against the inevitable breakthrough of people’s sovereignty, parliamentarism and democracy.
The fact that the agrarian re-radicalisation nonetheless remained under control highlights couple of specific features: First, despite rigorousness on the rhetorical level, in deeds all party leaderships shared relatively accommodative and moderate approach to the issues at hand. Even among the most well established conservative elites, voices were raised to point out that a dramatic (re)turn to anti-democratic authoritarianism would not prove a feasible solution – even if such vision could indeed have been “desirable” for many (Vares 1994: 301). Even the conservative elite – that in contrast to the Baltic elites consisted of bureaucrats mainly – did recognise the democratic right of all parties to organise within the parliamentary system of representation. Secondly, it appears that qualified majority rules in the constitutional questions were crucial incentives (or even forcing factors) for seek of compromises on all sides. In particular this applies to the centre groups on the political spectrum. Without doubt, a further factor contributing to the relatively accommodative spirit was the collective memory of having been on the same side in the 1918 war. Indeed, the bourgeois groups were united in terms of a common enemy that had both Russian but now, as it was seen, domestic faces too: bolshevism. Finally, the wish of annexing the main source of inspiration for Finnish cultural nationalism, i.e. the territory of Eastern Carelia, to new state’s territory provided common goals for all parties. This wish was connected with the perceived need of German military and political support which, in turn, was successfully linked with promotion of monarchy. Vares (1994) calls this “politically expedient German-orientation” but he, too, points out that there prevailed a wide reaching political consensus on the foreign political benefits of the German support (Vares 1994: 320-322, Mylly 1989: 54-55). It is curious to note, that especially among the potentially radical Agrarian Union the Eastern Carelia card proved very effective: in the end, it made the Agrarian Union to accommodate on the introduction of monarchy – despite the deep disagreements with the monarchists otherwise (Mylly 1989). In result, in early August 1918, after a complex series of votes, the idea of electing a new monarch for Finland received a slight majority in the parliament. In 9 October parliament convened to elect a king. The republicans did not participate in the election but the king was elected with support of 64 votes out of 200. The result was not promising. As the German defeat in the WWI became inevitable, the vote was annulled and the king to be Karl Friedrich von Hessen withdrew. After briefly gaining the momentum in late 1918, the vision of monarchist Finland had collapsed and future forms of the Finnish state were in the open again.

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57 Minutes of the Finnish Parliament 1918.
58 As was noted, above, in the corporate-functional channel this right of the workers was much harder to obtain.
59 The monarchists supported their arguments in the parliament debate by bringing in a note from the German headquarters. In the note the republic was represented as an Entente-friendly act whereas monarchy would allow the German support in the Carelian issue as well. In all negotiations messages from Germany were used to back monarchy and they did appeal to republicans as well as to citizens alike. In addition, after the election of the King, private foreign policy was continuing on both sides, the republicans tried to influence against the arrival of the king in Germany as well as via Britain to the opinions of the Entente. Here, the mutually constitutive role and utilisation of international in construction of national space is clearly perceivable. (cf. Vares 1994: 358, 361, 380)
On the party political map, collapse of the monarchist vision caused some crucial changes: the former monarchists from the fronts of Old Finnish Party and Young Finnish Party formed a new party called National Coalition Party (NCP, Kansallinen Kokoomus). Despite its background, it was decisive in its abandon of monarchism under the prevailing circumstances. In turn, the republicans from both Finnish parties formed a National Progressive Party (NPP, Kansallinen Edistyspuolue). The crucial point of difference between the new parties concerned the future form of constitution. Hence, at this point much of the old conflict setting between language-based visions of Finland was was replaced by new issues. Into party political differences they institutionalised now. Only the Swedish People’s Party remained a language based party by nature. On the non-socialist/bourgeois side, one can thus distinguish four main party groupings: National Coalition Party, National Progressive Party, Agrarian Union and Swedish People’s Party.

1.5 The republican constitution of 1919 as a compromise

In the beginning of 1919, the former republicans took a decisive lead in finishing up constitution. The protracted interregnum was damaging domestic society and vital foreign relations (e.g. trade, international recognitions, needed peace treaty with Russia, approaching Versailles peace conference). On political arena, the disappearance of monarchism, frustration and acknowledged need of making things work again contributed for relative smoothness of the following process (on process see e.g. Mylly 1989: 80-86, Lindman 1968). New parliament elections were ordered to take place in March 1919. Also the social democrats were allowed to take part. In the elections social democrats gained total of 80 seats out of 200 and 38.3 % of votes – primarily from the agrarian communities throughout the country. The other winner of these first elections was the Agrarian Union with 42 seats. Consequently, it became the biggest bourgeois party in the parliament. The temporary exclusion of the social democrats had opened the agrarian movement a genuine moment of opportunity. This reflects the feature that, in Finnish heavily agrarian context, the Agrarian Union and the Social Democratic Party were in large part competing over the same voter potential – even if the core of supporters and core of the ideology were indeed very differently focused (small, preferably independent, farmers versus industrial workers). This applied especially to era prior to enfranchisement of the crofters (Kettunen 1986). In the 1919 elections, the bourgeois-liberal Progressive party got 26 and the former monarchists now under the emblems of National Coalition Party 28 seats. The Swedish People Party gained 12 seats. Altogether, former republicans held total 153 out of 200 seats (even though the qualified majority rules in constitutional questions clearly restricted the possibilities for
straightforward/rapid dictate solutions). Already in March – before the new government was nominated – a “small committee” had been set up to outline a proposal for republican constitution. The Committee included representatives from the Agrarian Union, Progressive Party and Coalition Party. The Swedish party refused to join. Committee work took departure from the republican “compromise” proposal (summer 1918) in which authorities invested in presidency were rather remarkable. It seems clear that among the bourgeois groups, presidency was now commonly evaluated as a regulating and a balancing factor against the parliamentary turbulences. The decisive vote for the Constitution Act for an independent Republic of Finland took place in 21 June 1919. The draft was accepted with 165 votes. It is worth noting that the also the social democrats who had been criticising the strong presidency in the first place, voted for the draft. Their compromise willingness was secured by adding a decree that labour force will enjoy special protection of the state (following the example of republican draft for Germany). In addition, government announced that a general amnesty had been declared for the red prisoners (e.g. Lindman 1968: 422, 424). In July 1919, former Young Finn K.J. Ståhlberg was elected the first president of republic.

The Finnish constitution was a compromise by nature. It aimed at receiving a minimum level of satisfaction on all sides which, then, explains the somewhat incongruent degree of dualism inherent in it. It was a hybrid of presidential and parliamentary regimes in which the twofold principles were not infiltrated together but coexisted side by side. The power invested in presidency resembled the French or the American system, whereas the administrative and juridical sectors derived from the Swedish era. The supreme power belonged to the Finnish people represented by the parliament that was – as defined in 1906 – unicameral and elections based universal and equal suffrage. The act closely followed the principle of tripartite separation of power but president’s powers well extended mere task of heading the executive. President was head of the foreign policy conduct and the Commander-in-Chief of the armed forces. In addition, president got a wide reaching authority in the legislative process that could put effective limits for parliamentary action. Furthermore, s/he was given the right to dissolve parliament and call new elections as well as the right to appoint and dismiss the government. In practice, the confidence of the president was to become more important to the governments than confidence of the parliament. The Finnish constitution has proved to very persistent since it has not been remarkably amended prior to

Footnote: 60 Finland also adopted both the Ombudsman and the chancellor of justice from the Swedish system. Also the autonomy of municipal local government, an age old continuation from the Swedish era, was guaranteed in the constitution as were the minority rights of the Swedish speaking population.
the year 2000. In 2000, role of the president was limited in favour of prime minister and the parliament. As regards relations between government and executive, executive’s independence was strengthened against potentially unstable governments by constitutional provision for a system of collegiate decision-making in the Council of State\textsuperscript{61} (new name of the Senate since 1918).

In the parliamentary arena, a distinctive feature with a practical significance was that in certain important economic and political issues a minority of one-sixth of the MP’s was (and is) able to postpone decisions over to the next election period. Combined with the fact that, the Finnish governments up to 1980’s have in rule been weak coalition governments, the strong veto-points have evidently added to the governmental instability. Governmental instability, in turn, has often been named as one main factors indicating the comparatively high level of domestic conflicts.\textsuperscript{62} On the other hand, the strong veto-points have certainly added to the tendency of withdrawing issues that have been considered important from the point of view of “common good” or “national interest” from the normal parliamentary decision making procedures. As regards the 1920’s implementation of the new statehood and its constitution, the lack of majority governments and the general longing after a strong order seem to have extended the room of manoeuvre of the President. However, as presidency in practical terms was still in the making, typical feature for the 1920’s remains that the realisation and implementation heavily rested on the shoulders of bureaucracy. In this regard, the de-stabilising impact of the parliament seem to have been circumscribed although it clearly maintained a central position as the arena on which many politically significant debates took place and rhetorical arsenals were developed.

1.6 Economic management of the empire break-up

In institutional perspective, the situation of independent Finland of 1917-1920 was marked by both strong trends of continuity as well as of novel challenges originating from the break up of the Russian empire. In economical terms, the Grand Duchy had been a constituent part of a well established market area and closely linked to imperial tariff and monetary union.

\textsuperscript{61} The term Council of State (valtioneuvosto) has two fold meaning in the Finnish usage. It has been used as a synonym for the Government in a stricter sense but it also – in a wider sense – refers to the machinery of government administration composed of the ministries (Tiihonen 1999: 18).

\textsuperscript{62} Between 1919 and 1930 fourteen different cabinets were in office. Two of them could rely on Parliament majority.
Furthermore, during the WWI\textsuperscript{63}, it has become economically more closely tied to rest of the empire than at any time since 1809. The tightening links with war-waging Russia soon replaced the western trade links that had established since late 19\textsuperscript{th} century. In 1915, for instance, the Russian share of the Finnish exports rose from 28\% in 1913 to 77,6\%.\textsuperscript{64} (Paasivirta 1988: 42-44; Engman 1994: 267). These figures taken, the economic seriousness of the empire break-up gains elucidation. \textbf{The close down of the Russian markets after the Bolshevik take over decreased the foreign trade volumes to a tenth of pre-war level.} Since the late 1880’s, Russia had been the most important export country for the more processed paper goods. \textbf{The independent Finland had no trade relations, no trade representation and no foreign trade or currency politics proper to speak of.} (Pihkala in Hjerppe 1993: 62, Heikkinen 2000: 33.)

**Bodies that would take care of the continuity of Finnish export and re-establish western trade relations had to be set up rapidly.** In Finland, international distrust and rumours around the Finnish independence caused deep concern – especially among the industrial and financial elites. One of the first measures was the creation of a special body called “flying trade commission” that was to lobby the interest of Finnish export industries abroad (Polvinen 1992: 202, 208, Lamberg 1999). Already the way in which this committee came into being and was composed indicates a very close interaction and to an extent – penetration between state executives and business/economic life in a situation that required rapid reactions. There prevailed rather deep distrust among the economic and administrative elites concerning the ability of Finnish “amateur” politicians – especially those claiming to represent the interests of Finnish people – to deal with foreign trade issues. These were seen to demand foremost experience, international contacts and business expertise. A brief look on the composition of committees that were set up to handle the new situation reveals that these were highly respected qualities in the process of member selection and, thus, provided practically speaking a very effective opportunity for taking part into definition of the ground rules for the emerging polity. In addition, the working of these committees was only to a very little degree disturbed by the turbulences on the parliamentary arena.\textsuperscript{65} (e.g. Tuori 1984; Jääskeläinen 1973; Lamberg 1999).

\textsuperscript{63} The Grand Duchy was declared to be at a state of war alongside the whole empire on 30 July 1914 and an introduction of wartime censorship followed. In this connection, the Russian Governor-General achieved dictatorial powers. The Finnish Grand Duchy escaped from being directly involved in the war – unlike the Baltic states for instance.

\textsuperscript{64} Whereas the paper industry was able to sell as much paper on Russian markets as they could produce, the marketing opportunities for timber and sawn mill companies were much bleaker during the war too.

\textsuperscript{65} The example of Foreign Affairs Committee of the parliament, founded after the issue of independence, provides an elucidating example. The strongly bourgeois senate consciously choose a chair who did not consider the Committee very necessary but, on the contrast, aimed at restricting its role as a potential competitor in the field of emerging foreign policies (Vares 1994: 284).
On the field of Finnish trade relations the **Finnish export industries were quick to organise**: centralised cooperation organs were taking shape on various branches already in 1918. Goal was to influence authorities both home and abroad in order to pursue and shelter the interest of Finnish industrial life and facilitate better competence on the European export markets. The subsequent cooperation organs that organised on consciously *national* basis, are a peculiar phenomenon lacking equivalents in other Nordic countries (Schybergson 2001: 144). Most notable of them were the three nation-wide export syndicates: Finnpap for paper, Finncell for chemical pulp and Finnboard (1893, reorganised 1918) for mechanical pulp that all emerged in 1918. Cooperation on fixed prices and production volumes and coordinated sales set remarkable limited the price competition on domestic markets.66 One of the chief motives behind the emerge of these organizations was to provide for a domestic defensive front against the German attempts to master the Finnish foreign trade and gain influence on vast forestry sector (cf. deepening political cooperation in 1918) (Heikkinen 2000, Kuisma 1993, 1999). The need for keeping economic and industrial life under Finnish ownership led to such an effective cooperation, however, that one could even argue that the independent state polity called Finland got its first practical contents in connection with re-arranging the management of export trade relations and defending the ‘national’ treasures against German interventions. In this connection, the very emergent structures of state became the main tool with which a thoroughly sovereign control over resources on the Finnish territory could be realized. Indeed, the finances of new born state were stretched beyond the limits to buy the some of the biggest companies previously owned by foreign entrepreneurs. **It was reasoned that the national forest resources would be most of public utility if large ownership concentration would be allowed for the state only.**67 In sum, a vast amount of representatives of industrial life got involved in a very formative moment when the existing foreign trade and export arrangements had turned outdated ceased or were absent altogether and new politico-economic arrangements were given shape in a rapid manner (Lamberg 1999: 14).

In this sense, it is more than plausible to speak about a high degree of informal – though very effective – interaction between representatives of business interests and public administration. **Especially the interests of export industries seem to have got tightly embedded into emergent core structures practices of the new state unit.** The initially interim measures gradually became normalities in the Finnish context. For instance, the

66 Widely on negotiations of “the whole of the Finnish paper making industry” in summer 1918, see Heikkinen 2000: 12-29.

67 In autumn 1918 Finnish state bought the sawn goods firm W. Gutzeit & Co (founded in 1872). By 1913 it had established its position as the greatest private forest owner in Finland. The state appointed committee that negotiated the acquisition of Gutzeit was, however, composed solely of shareholders in the Kajaani forest industry firm (Heikkinen 2000, Kuisma 1993, 1999, Schybergson 2001:120-122). The “Lex Pulkkinen” that was approved in 1922 in the parliament furthermore restricted the right of private enterprises to acquire large forest possessions.
strong paper industry syndicates remained intact even though the threat of imperial Germany ceased to exist. They had proven very cost-effective as was assumed already in the founding phase of them as well (Heikkinen 2000: 31-81). It is also interesting to compare the manner in which the Katzensteinian “corporatist compromises” (between capital-labour and/or consumers-producers) figured in the formative period to the extremely central role that the business interests played in the shaping of the agenda of the new state. While business interests were tightly linked to the public sphere, on the former aspects of conflict were either totally ignored or only very slightly taken into account. In this sense, one could conclude that emergent Finland of 1919 was predominantly shaped by bureaucrats in close cooperation with other experts in the fields of legal and economic/business life. Some balancing took place already in 1919, however, as the basics of managing state finances were cleared up in the constitution. National economy was to be under one integrated state budget and in this connection, the government gained opportunity to domestic income distribution and furthermore, the parliament gained wide authorities in the approval procedure.
PART IV: Republic of Finland in the interwar era

1. Contested State and industrial breakthrough in the First Republic

Introduction: the main conflict lines of the interwar republic

The societal coexistence within the frames of independent republic was irreversibly constructed on and constituted by the legacy of the 1918 conflict. In the battlefield of political culture, the symbols of the nation- and statehood were easy to mobilise as resources of the winning white side only. In turn, the red social memories were excluded at the level of prevailing “public histories” (Kalela 2004) and the working class excluded from the representations of Finnish (patriotic) nation. In the interwar era Finland, concepts of nation and class did not match into the same national narration (Alapuro 2002, Alapuro ed. 1998). Quite in opposite to the all-embracing national pathos of the 19th century, the Finnish civil society and its associational field remained polarised in two. The well established “nationalist” (Fennoman) network of associations and its organisational structures remained firmly in the hands of the victorious whites. It can be argued that there existed two parallel spheres of political culture: the red and the white one – the latter being strongly dominant.

However, the practical co-existence within the new polity was marked by contest over hegemony among more fractions than the mere ‘white’ and ‘red’. Due to all-embracing traditions of predominantly national political culture, all competing fractions tended to perceive their vision as a right one in a very comprehensive manner. Holding this perceptions, the political contests tended to turn out highly uncompromising by nature (e.g. Liikanen 1995, Kettunen 2004: 296, 2001: 15-29). However, the very presence of various fractions within the non-socialist and socialist Finland can also be considered the factor that helped to tame down the most extreme alternatives. Combined with the fact that institutionalised rules of the political action compelled various fractions to search allies to perform their policies core, this multi-actor constellation may well have been the decisive element as regards the preconditions and potentials for de-polarisation of the domestic cleavages in future Finland. In the following, I will first take a brief look at the interwar era economic development trends. Then, first the ‘white’ and then the ‘red’ halves of the Finnish society and political culture will be outlined.

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68 The process of polarisation had started already in the 1910’s. Only in the interwar era one can speak of two mutually excluding and incompatible organisational networks that covered the field of civil society.
1.1 Industrial breakthrough: benefits of relative backwardness and preponderance of wood-based export industries

The interwar era was marked by growth of industrial production and general strengthening of the Finnish economy. The era between the years 1922-1928 was one of intensive development, average volume growth of GDP being 6.4 % per year and the volume growth of industrial production over 10% per year (Hjerppe 1989). The Great Depression was experienced during the years 1929-1932. Although they marked a clear economic slowdown, the depression was not as deep or comprehensive as in many continental European countries – main effect being the sinking sales profits. All in all, the slowdown remained relatively short-lived and recovery was quick. Foremost, this was due to export trade which throughout the depression years maintained fairly active. Especially, pulp, newsprint and plywood industries were able to keep good profit margins (Hjerppe 1989, Ahvenainen 1974). However, as the export prices of sawed-mill products, paper and pulp significantly decreased from 1928-1929 onwards the loss of prices had to be compensated domestically. This happened mainly through overall rationalisation of production and more specifically by decrease of employed labour force and heavy lowering of wages. As will be noted later in the text, the beginning of the recession coincides with large scale strike waves but, in the end, the Finnish authorities were proud of the rapid economic recovery and the explicitly non-Keynesian policies followed in Finland. (Blomberg&Hannikainen&Kettunen 2002, Hjerppe 1993.) Like the export trade helped to slow down the impact depression, it helped in the recovery: the period between 1933-1938 counts for the second high peak of the volume growth of the GDP and volume growth of the Finnish industrial output. Thus, the average growth percentage of the GDP during the whole era of 1920-1938 figures 4.7. In terms of the GDP per capita growth, the rate between the years 1922-1937 was twice the rate before the WWI (Kranz 2001: 46-48, Hjerppe 1993, Heikkinen et. al 2000). All in all, these figures indicate that Finland was one of the most rapidly growing economies in the interwar era Europe.

The economic historians have often searched explanation for the impressive growth indicators from the belated breakthrough of industrialisation and subsequent “catch up” effect. Indeed, in the more current research, the industrial breakthrough is dated in between the years 1922-1937 (Kranz 2001: 55). The development trends in this era by and large support Gerschenkronian hypotheses on benefits of the relative backwardness: the
growth rates achieved were clearly more impressive than the corresponding rates achieved in Denmark during the industrial breakthrough in 1880-1900 or in Sweden in 1890-1910. Another sign indicating a breakthrough phase of industrialisation is the decrease in exports relative to overall industrial production (Krantz 2001: 46-48). In the 1920’s, domestic import substituting industries emerged in Finland and also those industries that previously had orientated to Russian markets turned to domestic markets. Metal and textile industries, in particular, are cases in point here (Hjerpe 1993).

In the new republic the nationally inspired spirit for protectionism was foremost reflected in the long-term goal of rising up the degree of food self-sufficiency. Besides offering a nationally significant mission for the expanded group of small farmers, it was targeted to replace the dependence on imported food that, for instance in 1917-1918, had led to severe shortage of food. The goal was achieved by the gradual rise of the grain tariffs and increased volume of domestic agricultural production. Hereby, by the end of 1930’s, Finland was 80-90% self-sufficient in food. In addition, bilateral trade agreements were negotiated that secured a necessary amount of trade. With respect to these agreements, Germany was the most crucial partner in the 1920’s, whereas in the 1930’s, this place was taken by Great Britain. Here the Finnish trade policy was in line with other Nordic states and a contrast case to the Eastern Central European countries, where the drift towards German economic sphere was stronger, especially in the 1930’s. The Finnish-Soviet trade, in turn, stayed at very low levels throughout the interwar period. Outcome of the more ‘western’ trade was a relative shift in exports towards less processed goods: timber, mechanical and chemical pulp was exported instead of paper. Altogether, the interwar period stands out by the preponderance of wood based exports: record level of 80-90% of total exports was reached. (Hjerpe 1993: 62-65, 76, Lamberg 1999: 231, 237). Factors contributing to the good international competitiveness of Finnish wood based products can be summed as follows: First, Finland had relatively new products to offer on such sectors where the demand was, in opposition to the general trends of international trade, on growing side (Hjerpe 1989). Secondly, there existed the nation-wide export syndicates that tamed down domestic competition and served to keep relative production costs low (Heikkinen 2000; Schybergson 2001: 139-141; Hjerpe 2001: 84). Linked to this, the capital inputs, custom duties and rates

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69 Krantz (2001) has compared the industrialization processes of Denmark, Sweden and Finland in the light of four factors: the perceived growth periods of GDP/GDP per capita and industrial production, structural change of shifts in the shares of industrial/agricultural in production and share of exports and the growth in the investments ratio.

70 There was even fear of trade relations with Russia and even the minor trade needed a special permission from the Ministry of Trade and Industry from 1920 onwards. Partly, the companies were also waiting for Russian society to be brought back into stability and markets to open and during the NEP period, Finnish companies were eager to get concessions to open up economic activities in the Soviet Union.

71 Although the biggest of the Finnish paper manufacturers Kymmene had left the Finnpap in 1922, to be able to carry out independent sales policy, also it remained in a close cooperation.
of exchange were beneficial to the business life – and especially to the export industries. In this sense, the collective interest organisations of industries and employers worked well -effectiveness in pursue of own interests stands out particularly if compared to the lack of success among the workers. This imbalanced constellation may well have been a contributing factor as far as the Finnish industries' capability of exploiting inexpensive raw materials and cheap labour force is concerned. Although general economic growth was translated into increasing wage averages as well, workers’ position remained insecurely dependent on shifts in economic fluctuations and in solitary employer policies. Also the agrarian pressure for hiking up the level of tariff protection of food could have caused concern among the consumer population.

Tariffs were a constant subject of many-sided controversies in the interwar Finland. In the connecting to the world markets and setting up independent tariff policies, novel republic seem to have followed a type of “associative-dissociative- associative strategy”72 identified by Senghaas (1986). In case of Finland, Senghaas’ analysis seems to catch some crucial elements of the overall development: in the interwar era dissociative elements stand out in particular. Indeed, the economic leadership of the of the young republic seems to have received influence from Listian school of thought, especially as far as the new tariff policies were concerned: in “next 25 years” the first priority of the Finnish economic policy was to take care of the wellbeing of national industrial life by providing it supportive environment by general thrift and stabilizing monetary policies (Polvinen 1992: 215, Lamberg 1999, also Heikkinen et. al 69-81). However, Finland being a very dominantly export orientated economy the “well-being of national industrial life” easily identified with the well-being of the export industries. Here, a deviation from the List-derived dissociative tradition is apparent: while in Finland the export industries were to prove much stronger than domestic industries in mediation of their interests into the decision-making procedures, the agrarian sector came to be the protected one. This is in sharp contrast to Listian thinking where agricultural sector was to remain un-subsided – essentially, in order not to burden the developing society with unnecessary high consumer prices.

72 In the associative phase the society is accepting the challenges of free-trade and adapting to it, while dissociative strategy means accepting the challenge by attempting to develop the domestic economic and agricultural potential in the shelter of more or less far-reaching protectionist measures. Here, international competitiveness is not the guiding criterion for development promotion. More precisely, Finland belongs to the group of countries combining the two strategies Other cases of associative-dissociative-associative strategy are Denmark, Norway, Sweden, Canada, Australia and New Zealand. Among these Finland is classified to belong to the sub-group of “staple goods producers”, other cases being Norway, Australia, New Zealand and Canada. Furthermore, Finland falls into same group with Norway as a society were the share of unprocessed or partly processed raw material in export profile has decreased at the expense of processed goods. Senghaas 1985: 32-33.
From 1932 to 1938, the Finnish GDP achieved an annual growth of 6.6%. Measured with the average real per capita income in 1925-1934, Finland located roughly equal with countries like Greece, Hungary, Poland, Italy and Yugoslavia (Clark cited in Senghaas 1985: 73). By the late 1930’s, a remarkable catch-up had taken place in terms of overall economy. Finland had distanced itself clearly from the group of Eastern European ‘latecomers’ and the gap to ‘Western standards’ had narrowed down. According to calculations of Berendi and Ranki (cited in Mylly 1989: 13) in the wealthiest of the so called Eastern European countries, in Czechoslovakia the gross domestic product was 4/5 of the Finnish one. Finland was slightly ahead of Austria but its GDP was only bit over half of the Swedish and 2/3 of the Danish one. Structurally speaking, the interwar era Finland remained of the most markedly agrarian societies in Europe and this state of affairs did not significantly change despite the economic impacts of industrial breakthrough. In 1920, 70% of the population gained living from agriculture and only around 11.5% from industrial sector (Sweden: 41% and 31%). In 1940, the corresponding figures were not more than 60% to 16%. By this time Sweden had already achieved western European figures of 29% (agriculture) and 36% (industries). (Kranz 2001.)

1.2 Composition of the Finnish ‘bourgeois front’

One of the most often quoted impacts of the civil war, reflecting to the whole interwar political culture was the ‘disappointment’ of elites and educated class to ‘Finnish people’. Whereas prior to 1918, the elite attitude had been marked by certain enlightenment spirit, it now was more markedly dominated by wish to restore and maintain societal order (e.g. Kalela 1987). The broken national Gemeinschaft had to restored and a unified Finnish nation re-created – preferably without any class related frictions. Inspiration was drawn – not surprisingly – from elite-centred Fennomania: its message was modified and traditions re-evoked to suit the prevailing circumstances. Much more consciously than ever before, these ideas were made use as ingredients in the reconstruction of a civic religion of the state. In the post-1918 situation, strict ideological conformity was required. The main political representative of this kind of thinking was the National Coalition party with its electorate consisting of wealthy Finnish-speaking landowners, industrial and commercial elite, higher bureaucracy, the military and the clergy (Alapuro 1988: 204-205).
Following the 1918 war, a revised myth of a Finnish nation started to be constructed around
the independent hard-working peasant who had defended the Nordic ‘freedom’ of the Finnish
state and society in the conflict (e.g. Kettunen 1997, 2001a&b). Large and wellbeing
peasantry was considered the best guarantee for flourishing societal life, trade and industry
(Polvinen 1992: 215). This belief and trust in peasantry had many practical consequences
out of which the *enfranchisement of the crofters* was the most concrete one. Already in
summer 1918, a law was passed in the parliament giving crofters a gradual ownership to
their holdings. Here the parliament resorted to expropriation of crofter holdings from their
legal owners. The indemnifications remained low but nevertheless the act and its later
amendments in 1918-1919 were approved in the predominantly bourgeois parliament with
little opposition.\(^{73}\) Following the land reform acts, a relatively homogenous stratum of small
farmers emerged in the Finnish countryside in the early 1920’s.\(^{74}\) Resolve of the agrarian
questions by these means made small farmers the largest group of agricultural population.

This re-structuration of social order in the local agricultural communities was both an
implication of the rising agrarian movement and a crucial precondition for its further
consolidation. This interconnected phenomenon is typical for many Eastern European
countries where the agricultural movements became to ally with the anti-democratic political
forces later on in 1930’s. The distinctive feature of the Finnish agrarian party is that it
supported the democratic system. In addition, it promoted relatively reconciliatory politics
towards the socialists (excluding those that had been directly involved in the 1918 crimes). In
this respect, the Finnish agrarian movement was more in line with other Nordic peasant
movements. Its ideology was a combination of agrarian-national and self-educational
elements. The self-understanding of the party was based on idea of one and whole Finnish
(peasant) nation and, thus, it did not limit only to promotion of agricultural producer interests.
In this respect, it differed from Nordic as well as most other Central European agrarian
parties that were something of political arms of producer organisations.\(^{75}\)

The Finnish agrarian ideology was democratic in a non partisan meaning: it intended to
bridge the class divisions by making all Finnish citizens equal and independent participants

\(^{73}\) The 1922 law (Lex Kallio) extended the right of landless people to gain land. This proposition – strongly
pursued by the Agrarian party – caused more opposition among the bourgeois parties than the previous land
reform acts. Nevertheless, it was passed largely because the reform was considered to serve the purpose of
societal stability and order.

\(^{74}\) It may be noted that altogether 52.3% of all Finnish farmers possessed fewer than five hectares of land and
only a small minority possessed more than seven hectares.

\(^{75}\) It appears that more educated (not “purely” peasant) members the party attracted more attention was directed
to the interest mediation of agricultural producers (see Mylly 1989). However, The Central Federation of
Agricultural Producers (MTK) that was established in 1917 was more markedly a representational organisation
for producer interests. The linkage between the party and the interest organisation remained rather weak in the
interwar era. The interest organisation MTK was more a representative of large producers (voters of National
Coalition Party) than of smallholding peasants (voters of Agrarian Union).
of a peasant nation. It raised the Gemenischaft type of solidarity typical to the local agrarian communities as the ideal model for organisation the social and political relations on the national level as well (Kettunen 1986, 1998, 2001a, Mylly 1989: 110-112). Agrarian societal integration strategy was based upon this peasant ideology as well. In the agrarian perspective, the crucial cleavage within the Finnish nation was the division between elites and people. This perception was inseparably intertwined with anti-bureaucratic and radical Finnish national anti-Swedish moods. The agrarian union was indeed the most radical party in terms of re-activation of traditional language conflict in the young republic. In addition, its anti-capitalist tendencies drove it at odds – besides the Swedish People’s Party – with National coalition party as well. Agrarian union aimed to pursue interests of the smallholders against the large agricultural producers and/or forest owners. In its fierce battle for the crofter enfranchisement, it was ready to “violate” the rights of private property – the very same that were regarded fundamental among parties on the political right. (Mylly 1989: 12, 104-111 Alapuro 1989: 205.) For these reasons, the conservative National Coalition party rather than the Agrarian party became the chief political voice of the wealthier peasantry. It was also the party of Finnish minded industrial and economic elites. On this basis, it also becomes understandable how and why the Agrarian Union also could pose a potential competing force for social democracy – in particular as the relative exclusion of the “reds” in the first republic is taken into account. Agrarians’ relation to the state institutions remained ambiguous: on one hand, the local level community and municipal autonomy had to be protected from bureaucratic intervention. On the other hand, the agrarian union was more than willing to let state intervene in advance of agricultural interests (e.g. enfranchisement, subsidies and tariff questions) (Kettunen 1986, 2001, Mylly 1989, Lamberg 1999).

While the centre forces aimed at re-integration of the torn apart nation by adopting modern social reforms, rightist forces aimed at restoration of strong national unity under the emblems of white, anti-socialist Finland (Alapuro ed. 1998). Focus of action easily shifted from parliamentary reform policies to concrete control measures. The drift between centre and rightist bourgeois groupings was not the only obstacle for strong unified bourgeois cooperation, however. Of almost equal importance was the revival of the language conflict. Re-activation of this traditional cleavage contributed to conflicts within the very core elites, military as well as economic, of the white conservative Finland (e.g. Heikkinen 2000, Kuisma
1993, Alapuro eds. 1998, Engman-Stenius 1984). Under these circumstances, the Swedish People’s Party engaged in tacit cooperation with the Social Democrats in order to protect the Swedish linguistic and cultural interests. This in turn served to cause irritation among the Finnish speaking parties and among the Agrarians in particular. The above constellation reveals the degree of overlapping of interests in the interwar politico-societal context. On the level of civil society, one of the main provokers of re-polarization of the language conflict of the 1920’s Finland was the ultra nationalist Academic Carelia Society (Akateeminen Karjala-seura, AKS). Another strongly influential informal elite group (of very different type) were the groupings centred around the leading export businesses on the one hand, and around the strongly anti-communist employer organisation on the other. These formed the two partly overlapping and interpenetrating cores of economic elite networks and their linkages to the political, (foreign) administrative and even military leadership were very close (e.g. Heikkinen 2000, Kuisma 1993, Mansner 1993).

From the very beginning of the 1920’s, the centre forces of the party system manifested a notable degree of – and willingness to – co-operation, however. Agrarian Union and the Progressive Party that were holding governmental responsibility in the early 1920’s, found a common voice especially as regarded reconciliatory policies towards the social democrats. This strategy was, in fact, applied towards the losing monarchists as well. Even communists and other left-wing socialists were allowed to maintain a small presence under various labels in the parliament throughout 1920’s. Electoral support of these groups was generally at around 10 to 13 per cent. Social Democrats were allowed to return to parliamentary politics already in 1919. Reflections of this integrative and social reformist governmental orientation of the early 1920’s were the laws on contract of employment and rules of employment in 1922. In connection with these employment reforms the governmental authorities allowed a voice also for the representative of Finnish Federation of Trade Unions. Among the civil servants and government there existed attempts to bring the industrial relations on a basis of collective agreements – following the model of other Nordic countries and ILO tripartite principles In 1924, parliament approved a law on collective bargaining agreements and in 1925 on arbitration in mass labour disputes. (Kettunen 1994, 1997, 2002.) These bills failed to translate into practice, however, since the employers were very categorical in their refusal

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76 The AKS has initially found its birth in relation to another nationalist topic: it was founded in 1922 in the aftermath of unsuccessful series of ‘voluntary’ expeditions to East Carelia. It fostered the idea of the ‘unacceptable’ borders of young Republic. In general level, the AKS harboured ultra-nationalist, anti-marxist and anti-parliamentary ideas. It was both anti-swedish and fiercely Russophobic. Basically it was a single issue group (first borders then language issues related to the teaching language of the University of Helsinki for instance). It was mainly composed of the rising intelligentsia of the young republic: university students and academics. (Alapuro ed. 1998, Alapuro 1973, Klingel 1972, 1993: 237-261).
to negotiate with the representatives of organised workers’ - even with the mediation of government-appointed arbitrator.

Despite some integrative elements within the formal political system, the ‘socialists’ (social democrats included) were not allowed to forget their share in the 1918 war: in the eyes of the interwar bourgeois Finland, the political left, even if divided, was under constant suspicion. It was embodied in the continuous presence of white civil guards in the society. Indeed, while on the formal party political arena, a rather moderate centre-liberal orientation was a rule, the maintenance the rightist white identity was focused around the Civil Guard organisation. It was a formally non-political, paramilitary organisation that was in charge of some official functions within the Finnish Defence system as well. Despite the very white labels, the existence of Civil Guards was more or less openly supported by all bourgeois groupings. On the other hand, it has been noted that the very participation of the political centre forces – bourgeois-liberal Progressive party and the agrarians – in the civil guard institution served to tame down rightist radicalisation (Alapuro & Allardt 1978, Alapuro ed. 1998, Hentilä 1999). All in all, the 1920’s was predominantly marked by weak compromise centre coalitions and the period average government was one year. In turn of the 1920’s and 1930’s, following remarkable strike waves and general workplace unrest, the bourgeois groupings found a more common voice and rallied a unified front against the leftists influence in the Finnish society. This ally was built essentially on a general feeling of hostility towards communist rebellion that seemed to threaten the foundations of existing order.

1.3 Disintegration on the losing side: social democracy and communism

In comparison to other Nordic states, a distinct path was taken in the issues of managing the societal conflict potential embedded in the employee-employer and the more general left-right relations in the post civil war Finland. While in the Nordic context, labour movements became to play a crucial socio-political role in emerge of the welfare state structures, in Finland, the labour movement as a whole remained excluded. Furthermore, in consequence of the 1918 defeat, the Finnish labour movement divided into two. While the social democrats distanced from to the 1918 conflict and were willing to accept the ground rules of the white dominated political system, the revolutionary Finnish communist party was founded in exile in Moscow in 1918. It was illegal from its inception but nevertheless appeared in the Finnish party spectrum as Socialist Workers Party (Suomen sosialistinen työväenpuolue, SSTP) from 1922 to 1930. Although the electoral support of communist party strengthened remarkably only after the WWII, already in the 1920’s, it polled 10-15% in several consecutive elections.
In other Nordic countries, the communists gained around 5 per cent of the votes. Of Finnish leftist voter potential of the time, the social democrats gained approximately two and the communists around one thirds. (Saarela 1996, Zilliacus 1995.)

It is justified to note that the communists were “more” excluded from the national politico-societal system than the social democrats. However, both heirs of the “old” labour movement were exposed to suspicion from the side of dominant white Finland. On the other hand, the exclusive tendencies also contributed to preservation of politico-culturally distinctive mentality – especially on the level of civil society (Kettunen 1986, Saarela 1995.) The previously active worker movement associational life soon revived after the 1918 even though the field was, of course, imposed to fundamental changes. These were due to the split in the workers movement but also to transformations among the agrarian support base of the “old” social democracy (enfranchisement of crofters). Subsequently, the membership figures never fully recovered and the remaining associational life has been described inward orientated and passively isolationist rather than posing open challenge to the booming associational life of the white civil society (Kettunen 1986: 287.)

Altogether, the communist branch of the workers’ movement can be said to have kept conscious distance to the bourgeois political system. Instead of parliamentary activities, it clearly focused on the corporate-functional channel of interest mediation, most notably to trade union activities. Since the social democrats aimed at inserting influence within the established political system, i.e. mainly through the parliamentary electoral system, the two branches were ‘specialised’ to represent two different sides of the “working class interest complex” (Kettunen 1986). On this ground, one also understands why the very trade union movement in the eyes of the white Finland turned into the chief suspect for fostering revolutionary communism. This distrust was also effectively mobilised as a political tool on all sides. In a longer perspective, the dissolution of the left and its reflection on the trade union movement has without question complicated the speaking with one voice. It has also been one of the most highlighted explaining factors as far as the “belated introduction of Finnish corporatism” is concerned (e.g. Pekkarinen 1992, 1989, Rehn 1996, Elder et al. 1988, Arter 1987).

Communism

In the Finnish context, communism maybe poses the most clear standing deviation from the ideals of all inclusive Fennoman inspired and nationally focused political traditions. However, even here the historians have emphasized mixture of old and new: legacy of old labour

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11 In this respect, one can even speak of Finnish “Lagermentalität” (Kettunen 1986).
movement (that for its part was linked Fennoman heritage as well) combined with actual political estimations and new communist doctrines. In fact, a central reason for joining the communist movement appears to have been ache for an “old style” Social Democracy that in contrast to the conformity of the 1920’s would pose a more assertive challenge to the white order (Saarela 1995, Saarela & Rentola eds. 1998, Kettunen 1986). Studies draw a picture of Finnish communism acting amidst complex of tensions. The main dimensions of conflict can be pinned down to the questions regarding the degree of isolation versus engagement, reformism versus radicalism and compromise versus confrontation with the existing order (Saarela & Rentola eds. 1998). Saarela (1996) also points out that the reactions and strategies of Finnish communists have, in the end, decisively been influenced by the open hostility faced from the side of established system. The repression by Finnish authorities and isolation on the level of mainstream political culture gained fuel from the proximity of the bolshevist Soviet Russia. Among communists, however, the repressive acts just seem to have forced (and tempted) to radicalization and acting underground.

A difference has been identified between the militancy of communist rhetoric and less so of practices. This feature draws from twofold origins and nature of Finnish communism: it was rooted in two political action environments, Finland and Soviet Russia. Although the Finnish Russian and Finnish branches united as the Socialist Workers Party (SSTP) was founded in 1920, the two traditional 'lines' of communism remained inherent in the movement. Those who were living in Finland tried to overcome the consequences of the Civil War, while the exiled party leadership was more captivated with the hopes of approaching world revolution. The inability of the leadership to participate the Finnish day-to-day politics was compensated with strong focus on ideological and theoretical orthodoxy. Its echo was heard in Finnish political battles. (Saarela 1996, Rentola & Saarela 1998).

On local grass root level, the Finnish communism appears to have been relatively overpowered by the exclusion from the white national community and also inclined to free willed isolation. However, in order to enhance the living conditions of communists in general and to demand compensation for the suffering in the prison camps, many among communist movement were willing to use the existing parliamentary and communal-electoral systems of influence. Those favouring a more reclusive strategy established their positions as well. All in

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78 In 1923 the Socialist Workers Party was suspended – suspected for involvement in high treasonous activities. However, already in 1924 it participated in the parliament elections as the Alliance of Socialist Workers and Smallholders achieving not less than 18 seats (Saarela 1996).

79 An often noted feature of the Finnish communism was the lack of intellectuals in its ranks (e.g. Saarela & Rentola eds. 1998). It has been said that first the Civil War and then later the Winter War “vaccinated” Finnish intellectuals against communism. Up until the mid 1960’s, 80 per cent of communist voters were workers. In 1955, for example, only 1 per cent of academic students declared themselves communist.
all, the Communist Party electoral support and non-support areas established in the early 1920’s and, thus, a remarkable tradition of continuity among the Finnish communist voters can be identified (Zilliacus 1995, Berglund 1990 cited in Zilliacus 1995). In this sense, it cannot be labeled a phenomenon that emerged in Finland exclusively due to Soviet-led propaganda and agitation after the WWII.

**Social democracy**

In contrast to communist conclusions of the 1918 conflict, the social democrats highlighted the state sovereignty as a vital external precondition for realisation of democracy within the Finnish society. While independent nation state embodied sovereignty of people, its implementation had to happen through participation in the parliamentary life. These national fundamentals clearly surpassed in significance the ‘mere’ dimension of class conflicts and the Finnish social democrats thus can be said to have organized primarily as a national-parliamentary party. (Kettunen 1986: 264, 281-283, 328.) This emphasis that also was an accommodative reaction to the values and esteem prevailing in the ‘white Finland’, led to situation were structural distance emerged between the political party and more openly class-based representational functions of the trade unions. In a longer perspective, the Finnish trade unionism had been subordinated to the political social democracy since the parliamentary reform but only in the interwar era this aspect became strongly highlighted. The relative separation of political and functional representation organs was not so much consciously planned as a concomitant or by product that reflected the historical contingencies and contextual factors of labour movement activity. On the other hand, the social democratic acquiescence to the ground rules of white Finland was a constituent part of the prevailing constrained democracy that functioned impeccably in principle and up to the mark in terms of practice. Like Kettunen (1986) states his study on 1920’s social democratic movement: maintenance of democracy in the interwar Finland was possible only to the extent that the social democrats accepted and accommodated to the limits that encumbered public presence of communists and simultaneously narrowed down the legitimacy of trade unionism.

The relationship of interwar social democracy to the corporate-functional channel of interest representation was constructed in an ambiguous manner. The short reign of social democratic minority government (1926-1927) elucidates this ambiguity well. The coming into being of a social democratic government only half a decade after the civil conflict is often brought out as a sign of the pacification and reconciliation capacities of the Finnish political system. However, the top of the governing system was achieved only at the expense of loosening contacts to trade unions. During the office of this government a strike wave flared
up and in face of it, the social democratic government proved relatively barehanded. Accommodative strategy of the social democrats thus did indeed open a way to governmental responsibility rather quickly. But, stronger they were politically weaker they appeared on the more traditional arenas of class conflict (Kettunen 1986: e.g. 314-315). Nevertheless, also on the political arena the success in performing own goals remained limited. Return of full civic confidence for suspended reds excluded, the policy line followed by the government did not much differ from the social reformism typical for centrist and bourgeois-liberal forces.

Furthermore, following the crofter enfranchisement, the social democratic core electorate underwent a remarkable process of social change: land-hirers became independent small farmers. Without question, this served to highlight the already strongly agrarian element in the electorate of Finnish social democracy. It also added new topics to the scope of interests that social democratic electorate wished their party to further. Although most of the new smallholder peasantry was not able to gain the entire living from the farming, agricultural (small) producer interests nevertheless gained new weight. On the level of social democratic leadership, these agricultural producer interests were taken into account only with some hesitation. The post-1918 social democracy above all identified with the labour movement branch of cooperation movement. In this context consumer interests tended to stand out, rather than interests of small producer not to mention the interests of workers in the labour market. The situation was balanced towards the late 1920’s. Balancing was also needed due to dramatic erosion of urban electoral support. Throughout the 1920’s social democratic electorate was very rural: only 12-13% of its total support was found in urban surroundings. Here it must be remembered, though, that in general Finland was predominantly rural society at the time. (Kettunen 1986: 322-324, 218-222). Towards the end of the 1920’s, the polarisation of the Finnish labour movement deepened – hand in hand with the increasingly solidifying anti-communism of bourgeois Finland. Among the social democracy this shift reflected as pro-democratic and anti-communist thinking that was growing common (Kettunen 1986, 313; Bergholm 2003).

1.4 Testing the limits of white consensus: 1930´s right extremism in Finland

In many European countries the newly introduced democratic governments suffered from serious political instability and more or less open resistance from various anti-democratic groups. In many of these countries it was the political right rather than the political left that

80 Some models on how to link small producer interests into the social democratic party program were drawn from Austro- Marxism (Kettunen 1986).
was to stand for the dominant political reaction to the interwar era problems. Throughout Europe, movements that could be characterized fascist, right wing authoritarian or right wing populist gained footing. They attacked the left groups of the political spectrum that were seen to agitate and radicalize the masses against the existing social, political and economic hierarchies. Especially the communist parties and leftists labour unions were targeted. The interconnections between the Great Depression and the growth of the support basis for fascist movements have received a lot of attention in the international research literature. In Finland the 1930’s depression was relatively mild due to breakthrough of industrialisation and maintenance of good export levels. The main domestic groups exposed to depression consequences were the groups of workers and of peasants. In the Finnish context only the latter group was to receive state compensation for its losses from early 1930’s onwards.

In Finland, unlike in the Scandinavian neighbour societies, a considerable wave of right-wing activities took place in the early 1930’s. The Finnish right wing populist movement carries the name Lapua movement. The rather insignificant incidence between the communists and rightists in Lapua in 1930, found a huge resonance in non-socialist publicity and a mere week later, two thousand participants from all over the country were gathered to discuss the ways in which to put a final end to communist activity in society. By the turn of the year, a popular mass movement with capability of inserting pressure on a national level, not to mention the local level, had emerged. The rise of the far-right Lapua movement in the turn of the decades demonstrated the continuing fragility of Finnish political system. According to Siisiäinen (1990), the Lapua movement was a typical reactive protest of the era: upper class conservative nationalism and agrarian populism found a common expression – in the Finnish version, first, in the civil guards and then in the Lapua movement. In a small society, the activities of various anti-socialist groupings were tightly overlapping (Siltala 1985, Alapuro 1994) and together they formed a mighty anti-socialist coalition on which the strong but exclusive consensus rested. According to Alapuro (1988, 1994, 1998) Lapua movement can be said to have been a Finnish variation of fascism. Foremost, however, it was a post-revolutionary quest for restoring the national unity of 1918 under the ‘white’ patriotic symbols.

In spring 1930, the first Lapua inspired anti-communist bills suggesting ban of all communist activity were debated in the parliament. In the beginning, the Lapua movement swore obey to the government. However, the failure of getting the communist bills accepted in full form in

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81 Lapua is a rural community at the heart of Ostrobothnia. It was the core territory of the White Army in 1918. At latest since then it has been an area with clear-cut ultra-nationalist and agrarian traditions. Ostrobothnia has also been an area marked by profound religiosity and it provided the main ground for the rise of revival movements from late 19th century onwards.
1930 served to radicalise some groups affiliated to the Lapua movement (communist print products were not banned at this point, later they were banned as well). The initiative was increasingly taken into own hands. The zenith was reached in the “Lapua Summer” of 1930 when several persons were kidnapped and transported by car eastwards, often all the way to the Russian border. These “rides” became to be the main form Lapua activism and culminated in the kidnapping of former president K.J Ståhlberg (Progressive party) and his wife in late 1930. The Lapua movement opposed collective organisation of labour and openly despised weaknesses of democratic parliamentary system that, among other, allowed the presence of treacherous communists. Alongside with kidnappings, pressure was put on the parliament by huge mass demonstrations and finally by an attempted coup in 1932. By that time, the Lapua movement had established close contacts to the top of the Finnish army and to some crucial segments in the state administration and was able to have all public activities of (suspected) communists banned. At this point, the democratic regime was in serious risk as the party based parliamentary system started to surrender the control to extra-parliamentary actors, most notably to the civil guards and other associations closely linked to Lapua movement. (Alapuro ed. 1998, Siltala Siltala 1985, Alapuro & Allardt 1978, Karvonen 1988, Siisiäinen 1990; Elder et al. 1989). The quick suffocation of the 1932 coup proved that the movement now was approaching the limits white Finland consensus. It started to face effective and organised opposition from the other parties.

In the end, Lapua movement had to accept the “mere” elimination of communists from the political scene instead of an overthrow the whole democratic system. Especially in comparative perspective it actually seems that more than to abolition of democracy, the Lapua movement aimed at putting effective limits for it (even though in practice this kind of distinction may appear bit artificial). Anyway, the Finnish elites’ were, after all, relatively well established in the prevailing system and these positions were not threatened in early 1930’s. In addition, the influence of the labour movement was already heavily restricted due to fact that it had already been beaten once in 1918. (Alapuro 1988: 259) Although the Lapua movement had a strongly agrarian support base, in contrast to the Eastern European radical farmer movements of the time, it did not, however, consist only of small farmers whose earnings were destroyed by the depression and whose movement thereafter could largely be manipulated by the non-peasant leaders in order to advance wider goals. The difference
lies in the nature of Finnish peasantry as compared to Eastern European peasantry: it was well established, well organized and could well mobilize on its own initiative, instead of being frequently exploited by the political elites that had lost the previous foundations of their societal position (Alapuro 1988: 258). Also the social democrat analysts who considered the prospects of fascism rather weak in Finland may have had right: in the end, restrictions of parliamentary democracy would have turned against those who initially were rallying in the right wing ranks, i.e. against peasants and educated middle classes. An eventual incongruence between white elitist and white agrarian populist visions concerning the mission of the Lapua movement is identifiable (Alapuro ed. 1998). This also reflects dispersion of the peasant radicalism that initially had given giving ground to Lapua movement. In some parts of the country the peasants that were most exposed to the depression consequences organized in a radically anti-elite spirit protesting against the Bank of Finland-led policies that had caused an unforeseen wave of forced sales on the countryside.

According to Siisiäinen (1990) Lapua movement was isolated in the very moment that it resorted to violence. This may well have been a lesson learned from the relatively recent 1918 conflict. Most often the moderate centre forces are the ones that have been credited for the eventual fall of the Lapua movement. These groups facilitated for the “victory of the rule of law” (Hentilä 1999) and were able to define common view on the ultimate legitimacy of democratic regime (Elder et al. 1989, Karvonen 1988, Alapuro ed. 1998). It may be argued that, in the end, this systemic self-defence capacity boils down to the constellation within the Finnish politico-societal system: presence of multiple actors and complex of overlapping interests. Interesting point is raised by Alapuro (1988: 259) who argues that the relatively conservative Finnish constitution, with strong presidential authorities, enabled the settle of the rightist-conservative challenge under the constitutional and, thus, legal scope of activities. This stays in clear contrast to the 1930’s fates of the ultra-democratic constitutions in the Baltic States. One of the important consequences of the rise and fall of Lapua movement was the increasing devotion of the centrist political forces to matters of societal integration. Instead of exclusion, the national integrative strategy should be built on inclusion and reconciliation with the social democrats had to be completed. However isolated, the social democrats had been the largest party in the parliament throughout the

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82 More on social democrat analysis of fascisms breeding ground in Finland see Kettunen 1986: 310-313.
83 The Depression gave birth to three small farmer parties of which two managed to gain seats in parliamentary elections in 1930 and 1933. The success of these parties that, in 1936, fused together remained very modest however. They were fragmentarily represented under various labels in Finnish political map since but all in all, the agrarian party was able to restore its position as the chief representative of the small and middle range farmers. Next wave of agrarian populism challenging the Agrarian League politics was to be seen in connection with the 1960’s structural change.
1920’s and early 1930’s and should be finally fully integrated into the political system (e.g. Alapuro 2002, Alapuro ed. 1998). This appeasing attitude was strengthened by the notion that during the Lapua years, social democrats had been proponents of existing democratic regime against both extreme ends of the political spectrum (Kettunen e.g. 1986: 307) and thus proved their credibility as cooperation partners for bourgeois Finland.

Despite the demise of Lapua movement, some of its ideologies were passed on to the Patriotic People’s Movement (Isänmaallinen Kansanliike, IKL) that existed on Finnish the party map until 1944. In 1944, it was outlawed by the provisions of the Finnish-Soviet Armistice. In 1936 elections, it gained its best result ever: 8.3% of the vote and 14 seats. The IKL party programme was drawing from European fascism being ultra-nationalistic in both domestic and foreign political sense. It rallied russophobic policies, it was fiercely anti-communist and wanted to eliminate the position of the Swedish language in the society. Its aspiration for a corporative system of representation led to plans that would have installed a parallel non-socialist trade union organisation. However, here, the employers’ deep dislike of any non-firm specific organisation of labour force served to dispel also the few business and industrial contacts the IKL had. In sum, the IKL remained relatively marginalised throughout its existence. (Karvonen 1988.)

2. Finnish versions of “historical 1930’s compromises”

According to Peter J. Katzenstein (1985), in small export led countries economic openness and dependence on world markets established a compelling need for the calm down of conflict-ridden relations between various domestic political and socio-economic groups. Flexible domestic adaptation to fluctuations on the world markets necessitated internal predictability and consensus over certain fundaments. A stable ‘pact’ was to be achieved only through mutual compromises where vested interests had to be fitted into to ‘necessities’ of common good and promises made over compensation for potential group-specific losses. Katzenstein has analysed the pre-history of the subsequent democratic corporatism by tracing it back to 1930’s “historical compromises” between business leaders and labour. If one follows Katzensteins argumentation and assumes, that in order to emerge, corporatist negotiation patterns must be preceded by such a culmination point, it is easy observe that the 1930’s Finnish society lacks a “historical compromise” of the type. On this ground, one may conclude that Finland is a “belated” case of (democratic) corporatism. In particular, this applies conflict field between labour and capital, workers and employers. According to

84 During the first government period of social democratic – agrarian coalition (“Red-Soil” government) in 1938, the Minister of the Interior Urho Kekkonen (agr.) tried to outlaw the IKL as a fascist party but with a near miss.
Kettunen (2004: 297) this crucial element of the “Scandinavian class compromises” was strikingly absent in the Finland of the 1930’s.

In the Finnish case, due to 1918 war it was possible to embed this sensitive class based conflict field into the very deep structures of a wider sweep of nationally focused political culture. Subsequently, this area of conflict has carried meanings that reach far beyond its narrowly conceived limits and link it to broader management and organisation of diverging interests with the society. It seems grounded to argue that a proper contextualisation of the ‘belated’ Finnish consensualism entails extension of the scope beyond the mere observation of non-existent compromises between business and labour. In the following, three fields of potential compromise are identified. First, I take a look at the degree of organisation and management of the conflict between “business leaders and labour”. Hereby, preconditions or lack of them for a Katzensteinian “historical compromise” are elucidated. Thereafter I have extended the scope and asked whether some other type of compromises with broad political, social and economic significance can be identified in the interwar era Finland. I base this extension on the core idea that in order to examine the historical ‘roots’ of a consensual political culture also other type of significant compromises than the one between business and labour have to be taken into account. In the following, I have picked certain dimensions of conflict/compromise that are crucial in analysing the distinctive Finnish path to consensualism. First, I focus on compromises that emerged in connection with and in the aftermath of Great Depression in Finland. It appears, that despite strict orthodoxy in economic policies concessions were nonetheless made especially to protect the national agrarian sector. This gains meaning as contrasted with the lack of compromising spirit towards the worker demands. In this connection, also the ability of the export industries to articulate its interests as national interest is highlighted (Kettunen 2004, 2001, Pekkarinen 1992). Secondly, I take a short look on the first “red-soil government” between Social Democrats and the Agrarian Union as an indicator of increased ability to seek compromise between producer and agrarian interests and between the visions of (white agrarian) peasant Finland and (red) industrialising Finland. Last, a very short look is taken to January engagement in 1940 that marks for the settlement between the trade union and employer organisations – even though under very exceptional circumstances since the Winter War (1939-1940) had broken out between Russia and Finland. The examination below is only an outline but nevertheless aims to draw attention to aspects that can well be interpreted to belong to the pre-history of Finnish type of consensualism.

2.1 Absence of “historical” compromise: trade union movement and employer strategies
Trade union movement

Before the mid 1940’s, no coordinated labour market system existed in Finland. Several studies have pointed to the dysfunctional effects of schism on the left. On the other hand, it has been argued that the strength of the Finnish labour movement has been possible on the political arenas only due to certain distance to trade unionism. Weakness of trade unionism can thus be seen as a concomitant of labour movement’s political strength (Kettunen 1986). While the social democrats were active in political arena, the communists preferred trade unions. In the Finnish Federation of Trade Union organisation, the left socialists and communists managed to gain a clear majority in 1920 and hold it throughout the decade. In the eyes of the white Finland, this added remarkably to the close association made between communism and trade unions and to subsequent repression measures. The trade union organisation suffered from general lack of legitimacy and even among the social democrats the relationship to trade union activities remained ambiguously passive. Also in more specifically ‘organisational-functional’ terms, the trade union movement of the interwar era was caught into a self-enforcing circle of drawbacks. The acts that were undertaken proved repeatedly unsuccessful and expensive. This had negative effects on membership curves and the low and tendentious membership figures, in turn, hindered effective action. Exclusion of the red ‘sub-culture’ from the white dominated political culture caused concern and fear of isolation among the socialists in tightly knit agrarian communities. Indeed, among the agrarian worker population was very hard to get involved into trade union activities. (Kettunen 1986, Terä 1993, Kauppinen 1994.)

According to Terä (1993, 2001), the weakness of the Finnish trade union movement before the mid 1940’s is in some part illusionary since the power resources just differed from those of the centralized labour market system. The power resources lied within the tight and socially isolated workers community, rather than on a strong trade union movement. Besides communality, the other structural feature of the Finnish labour market relations was the localness. This combination gave rise to an “actionist” activity structure and tradition (Kettunen 1986, Terä 1993) that was built on social bonds, on obligation to take sides in a conflict, i.e., not on a formal organization. It involved high level of personal participation was based on the skillful utilization of favourable economic conditions. According to Terä (1993, 2001) the actionist tradition survived even after the shift to organised capitalism, and even after the shift to neo-corporatism and, to a degree, explains the high strike frequency in Finland (also Soikkanen 1993).
Strong tradition of de-centralized and politico-socially charged activity structure also worked persistently towards a very opposite direction than that of centralised trade union organization and created viable tension between the movement itself. Since the early 1920’s, the Finnish Federation of Trade Unions (SAJ) had strived for a highly concentrated and centralized organization. This was motivated by the very uncontrollability of the local activism. In the post-1918 situation strong dislike of locality was passed on to the social democratic branch of the labour movement that aimed to tame down of unpredictable radicalism. (Kettunen 1986: 331-340). Increase of discipline was necessary also in strive for the main goal of the trade union movement. Adoption of collective agreements, it was seen, would legitimise the position of the trade unions as acknowledged partner in industrial relations and provide ground for kind of “industrial constitutionalism” (Kettunen e.g. 1994, 2001, Bergholm 2003) This goal was, however, recurrently broke down by the persistent resistance of the employers’ organisation that wished to maintain the agreements under their individual consideration.

Because of cautiously balanced avoidance of direct politicization of the labour market issues on the level of central organization, the left-socialists, communists and social democrats managed to fit under the same organizational roof throughout the 1920’s. In late 1920’s, in sum of two broad scale labour acts in 1927 (employers of the metal industry exacerbated a local conflict into a national lockout) and in 1928-1929 (spread of dock strike pressuring for a national collective agreement to a major conflict between employers, strike breakers and strikers), of the weak arbitration efforts by SDP government in 1927 and of rising anti-communism, the organizational co-existence proved impossible. Simultaneously, anti-social democratic and anti-capitalist thinking grew stronger among the Finnish communists following policies adopted by the international communist movement in 1928-1929. (Kettunen 1986, Bergholm 2003, Kauppinen 1994, Rentola & Saarela eds. 1998). In 1929-1930, the social democrats seceded from the SAJ and founded a new central organization, named The Confederation of Finnish Trade Unions (SAK, Suomen Ammattijärjestöjen Keskusliitto, 1930-1969) in 1930. The rest of the SAJ was banned and then, in 1933, abolished by a High Court decision that abolished altogether 1200 left-wing socialist organisations. The new SAK was formally independent but nevertheless closely linked to the social democratic party – or at least to social democratic half of the “red” Finland. Still, like its predecessor, also the more clearly social democratic SAK came to suffer from general politico-societal exclusion, from discrimination of employers and now also from hostility of the communists. By 1933, the member figures were still very low (20 000). Also the economic depression and rising unemployment rates made the organisational development difficult and undermined the foundations of solidarity. In result, the confederation was active mainly in ideological
education and member recruitment. Financially it was dependent on the support of the other Nordic central organisations and also aimed to model its functions after their examples. (Kettunen 1986, 1994, 2001, Bergholm 2003).

**Employer organisations**

According to Bergholm (2003: 16-17), the industrial relations in interwar Finland were stamped by hatred, resentment and fear felt by the employers for the socialists. Under these circumstances, the STK did not even attempt to enter into any constructive cooperation with the trade union movement. From the employer perspective, responsibility for the 1918 conflict rested heavily on the shoulders of trade unions. This aspect could be and was recurrently highlighted as an argument against all demands of organised labour (e.g. Mansner 1991: 244). However, initially it was not only the civil war that motivated the Finnish employers to re-organise. The initiative was drawn from the 1917 strikes and from the concern that system of collective agreement on terms of employment would be initialised in Finland too (Mansner 1991: 174-184). The Finnish Employers’Confederation (Suomen Työnantajain Keskusliitto – STK) was founded in 1 January 1918 and like its predecessor, it consisted of both branch-level organisations and individual firms (Mansner 1991: 183; Bergholm 2003). According to Mansner (1991: 235-237) the chief difference between the employer federation prior to and after the 1918 crystallises in the shift of focus towards active and even defensive actions: instead of reacting to impulses coming from the side of organised labour, the employers wanted to participate in the ground rule setting. The number of big industries rose within the federation and while the wood-based industries were to pay 40-50% of membership fees, their voice also became to be highlighted in the strategies adopted by the STK. The dominance of industries was reflected in the overall coverage: in the 1920’s, about 6-13 % of the employers were organised and among industry the percentage was 30% (Mansner 1991: 218-225, 215-216). It is worth pointing out that the federation appear to have been very interested in the broader topics of societal order – even to an unbalanced degree. In this sense, the employers’ federation clearly was a constituent part of the white Finland political culture and proved to be highly capable and willing in shaping its contents and practices according to its interests. It was deeply involved in the anti-socialist propaganda actions that promoted values of the white Finland – topics expanding far beyond the mere labour market questions. On the political arena its chief ally was the National Coalition Party. (Mansner 1991: 279-284).
All in all, the industrial actions between the employers and employees were fierce, especially in the 1920’s. The goal on both sides and more notably on the dominant employer side was the total crush of the ‘enemy’ and between the organisations the trust on opponent’s promises, purposes and means was minimal. The STK forbid the employers’ organisations or individual employers to negotiate with organised labour. The chief aim was to keep the relationship between the employer and his employee on firmly bilateral basis. Furthermore, STK members were allowed to make so called slave-contracts that promised bonuses to workers who promised not to participate in the union activities. Workers that participated could easily be evicted from the company owned dwellings or sanctioned and pressured by other more or less direct means. Alike, a hard stance was adopted towards strike acts. A unit of strike breakers was founded (“Export Peace Group”, Vientirauha) and at the highest point, in turn of the 1920’s and 1930’s, it had total of 34 000 frequently used strike-breakers in its registers. The strike breakers together with “White” workers formed an occupational organisation called Free Workers’ Union. It was supported by the employers but had only about 4000 members. (Mansner 1991: 285-286, Kettunen 1986, Teräs 2001, Bergholm 2003, Kauppinen 1994, Kettunen ed. 1993).

As the Confederation gained societal influence, the internal interest adjustment became a more complicated issue. The disputes usually escalated in connection with strike waves and concerned the scale of counteracts. Indeed, different employers and branches were differently exposed to strikes. The bigger industries active in the export sector were loud in demand for more radical sanctions while the smaller were reluctant to follow all orders coming from the federation. Some friction was also caused by the ban on collective agreement since not all employers were as fundamentally opposed to it. (Mansner 1991: 222-223, 226, 244-250). Another topic of dispute among the employers was the (re-)actualisation of the language question – this element was a straight reflection of the overall re-polarisation of the language issue in the 1920’s (e.g. Kuisma 1993, Mansner 1991, Klinge 1972, Bonsdorff & Jernström 1977, Alapuro 1978, Engman & Stenius 1984). However, even though the employer organisation was not unanimous in its stances, it was by no means weak. The most influential export and domestic plants were cooperating within this frame and, altogether, it had very close and influential contacts to the public authorities, not to speak of the fair representative share in various committees and boards planning on policies to be followed in the newly established republic (cf. Mansner 1991: 237, 230, 234-235, 239, Lamberg 1999, Kuisma 1993).

85 Among the workers those workers who had in the 1918 conflict been on the White side were forced to publicly renounce any association with the bourgeois Finland
Despite the clear cut antagonism between the labour market organisations, on the level of governmental policies and shape taking socio-political administration stances toward the trade unions were not simply repressive. This applies especially to those actors among the administration and politics who goaled to national integration under moderate centrist-liberal means. During the reign of centrist minority governments in the early 1920’s this orientation was most visible. Representatives of the central Trade Union (SAJ) were integrated into the governing practices without any internal protests. Alike, a representative was appointed to the Finnish delegation for the constitutive meeting of the International Labour Organisation (ILO) and the SAK also gained opportunity to comment and even participate some of the governmental committees that were planning socio-political and employment reforms. Laws on contracts of employment and rules of employment were concrete results of this cooperation. Although, the public space available for this type of moderate “positive parliamentary integration policies” narrowed down already in 1922, even thereafter the idea of eventual institutionalisation of labour market relations on a collective basis – following the ILO tripartite ideology and models – surfaced rather frequently in connection with the administrative and socio-political planning work. (Kettunen 1994, 2001a, 2002, on committees see Tuori 1984). On the level of practices, however, the employers’ resistance to any kind of collective negotiation rights or collective agreement principles remained firm. However, after a high voltage season in the turn of 1920’s-1930’s, in the latter half of the 1930’s, the sharpest confrontation showed some signs of release. Here, the depression experiences as well as the conquest of rightist challenge appear to have contributed to the overall spirit of domestic pacification.

2.2 1930’s depression in Finland: concessions to agriculture

At noted many times, Finnish industries reacted to the 930’s depression by cutting down the production costs. Especially in the wood based sector, the wages were occasionally lowered to unbearably low levels. The unemployment levels were also allowed to rise to heights that were never previously been experienced in Finland (Kalela 1987, Blomberg et al. 2002, Pekkarinen 1989, 1992, Hjerppe 1993). On the agricultural sector, general economic slowdown was mainly reflected as sinking producer prices, highlighted by a poor crop season in 1928. Thus, even though the depression was not of the scale experienced in some other European countries (e.g. Austria), it was nevertheless concretely felt on every-day level. Especially exposed were those who through their occupation were linked to economic (as well as seasonal) fluctuations: i.e. workers and farmers. Of course, the export industries too were exposed to severe loss of profits – in case of the Finnish depression they nevertheless had the option to adjust by means that primarily fell on the expense of domestic labour force.
On international level, the 1930´s depression caused a shift of focus in economic policies. State-led alleviation policy targeted to the depression consequences was adopted in many parts of Europe. In Finland, however, the 1930´s depression was seen as a natural economic adjustment process in face of which the political and state actors should remain passive (Pekkarinen 1989: 323, Kalela 1987). According to Kettunen (2002: 31), this vision, dominant among the conservative, bourgeois and civil servant circles, stressed the self-correcting logic of economy which should not be disturbed by any societal protection or regulation policies. It was perceived to be in line with common national good that the state authorities would not use public funding to attain some short-sighted goals. The role and structure of the Bank of Finland, with its remarkably independent monetary authority, embodied the Finnish strictly neo-classical economic policy model. Legally speaking, the central bank was subject to parliamentary control but the control was largely “retrospective in nature”. More like, the Bank of Finland was the chief symbol of the state economy and the state, in turn, was largely seen as an economic agent comparable to any private one, though, operating under an exceptionally strict borrowing constraint. (Pekkarinen 1989: 325, 327, Kettunen 2002: 25-27)

This thinking also allocated a position of an “a-political” expert institution to the central bank – even though, in practice, the personal linkages between the white Finland political and economic elites of the 1920´s and 1930´s were more than striking.

Despite the overall consent on economic orthodoxy, a split between the government speeches and deeds may be identified, however: while the government, the central bank and conservative political parties openly supported the neoclassical principles in word, in practice, efforts were made in order to compensate for the losses – especially in the agrarian sector as the depression grew longer. Despite the orthodoxy, thus, the 1928-1932 experiences did serve to infiltrate protectionist tendencies to Finnish economic policies. In the parliamentary arena, the parties presenting the interests of producers and of consumers had conflicted throughout the 1920´s over the tariffs that were crucial in this respect. While the Social Democrats had demanded lower tariffs on basic foodstuff and consumer goods, the Agrarian Union strived for protection of grain and cattle products (Jääskeläinen 1973: 39-40, 53, 72, 300-304, Lamberg 1999, Mylly 1989, Kalela 1987, Hjerpe 1993). Of the two interests, the Finnish protectionism introduced in the 1930´s clearly favoured the producers’ over the consumers’ one. In order to maintain the domestic price level and to ease farmers´ difficult economic situation, the government introduced export subsides on pork and eggs. This marked the beginning of the system of direct agricultural subsides that functioned up until the 1990´s (Hjerpe 1993:65, Lamberg 1999, Kalela 1987).
However, protectionism was allowed only to extent that it did not endanger the interests of
the export industries that were considered national priority. Strict monetary policies provided
some results: already in 1931 the trade balance was turned to positive resulting from lowered
imports during weak investing and diminished consumption and the devaluation in 1931. At
this point, the appropriate level of foreign indebtedness caused some controversies that well
elucitates the arguments made above: while the Bank of Finland, supported by the
conservative bourgeois parties, wanted to restrict the amount of foreign loans and reimburse
the existing ones as soon as possible, the Social democrats and the Agrarian Union found a
common line in demand of directing all available funds to alleviation of the depression
impacts (Kalela 1987). The trade surpluses were used to pay the debts and, while in 1931
indebtedness had been almost 50% of the GDP, in 1939 it had sunk to 1 %. (Hjerppe 1993:
66-67.)

In connection with the 1930´s depression, all industrial societies, in one way or other,
accepted the premise that national economy had to be managed and that the formulation
and implementation of such national economic strategies essentially belonged to the
government (Pekkarinen 1989). It served to weaken the appeal of taylorism, and fordism –
the core ideologies of the American industrialisation – in Europe and brought the alleviation
of the social and political consequences of depression into the fore (Kettunen 2002: 17).
Indeed, one of the most visible outcomes of the depression was the spread of Keynesian
ideas. On the above description, it is easy to conclude that Keynesianism did not break
through in Finland. In fact, it has been called an “extreme non-Keynesian case, marked by
a narrow emphasis on cost and supply factors, target of a balanced state budget and sound
finance (Pekkarinen 1989: 322). The non- Keynesianism was also demonstrated on
international arenas: while the ILO General Director Harold Butler praised the policy model
followed by Sweden and the United States, goaled at full employment with means of public
works and at enhancing domestic consumption and demand by public investment, the Finns
were proud to brought out the quite opposite policy line followed by Finland in the ILO
conferences of 1936 and 1937. Also positive outcomes of limited state intervention, the
rapid recovery and booming export trade, were highlighted here. (Kettunen 2001b, 2002:
25-27). Keynesianism did not found support in the Finnish Social Democratic movement
either and it never integrated Keynesian stabilisation policy into its strategic goals. Nor did
the other main governing party of the late 1930’s, the Agrarian Union adopt Keynesian
thinking. (Pekkarinen 1989: 327, 330.)

\[86\] In the 1930’s the policy pattern that later has commonly been called Keynesianism was not called by that
specific term, however.

\[87\] In 1936, the Finnish non-keynesianms was brought out by a representative of Finnish Employers Federation
Drafts for various forms of functional-corporate presentation bodies that would help in centralised planning of politics and economy and increase the role of expert knowledge surfaced all around Europe in the early 1930’s. In Finland too, the first plans concerning a standing Economical Advisory Board were drafted during the centrist governmental period 1932-1936. They gave rise to an exceptionally wide public debate concerning the participation and intervention of various interest groups into the political preparation and decision-making process. The planned Board was wished to bring expertise to the decision-making that the MP’s and the government were seen to lack. It also was supposed to offer a new type of forum for both employers and employees to negotiate their mutual disagreements in peaceful and constructive spirit. However, after 1936 parliamentary election the social democrats together with agrarian union made the plan crush. The agrarians had criticized elitism and the anti-democratic as well as anti-parliamentary spirit of the proposal all the way through, while the social democrats joined the front after entering into cooperation with agrarians. (Kettunen 2002: 26-28, 29, Tuori 1984.)

2.3 Emerge of ‘red-soil’ cooperation in 1937 and the “January Engagement” 1940

It has been argued that in the Nordic cross-class compromises of the 1930’s institutionalized an “ideology of virtuous circle” (Kettunen 1997, 2001b, 2004). It was based on the promotion of a model of national society that linked together the mutually supporting objectives of social equality and security with those of economic effectiveness, competitiveness and growth. In the Nordic societies the “ideology of virtuous circle” rooted in a fertile and responsive ground: in addition to “modern” elements inherent in it, it also communicated with longer multilayered traditions of political culture. The most central was the politico-culturally significant “myth” of independent peasant in which the tensions between the concepts of freedom and equality combined in a manageable manner. The compromises of Nordic-type took place between the political blocs of workers and farmers on the one hand, and between the employers and workers on the other. In the last mentioned case, compromises were embodied in the introduction and consolidation of system of collective labour-market agreement. In these the different economic interests were connected to social and ethical ideas of furthering equality and security. (Kettunen 2001b: 26) From this ideological basis, the employer and trade union organizations and the producers and workers were able to compromise on common rules.

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88 Expertise was located near to business and economic elites whereas in the parliamentary arena narrow-minded class interests were seen to prevail – especially the Social Democrats and Agrarians were in target here although also the representatives of farmers and workers were allocated permanent seats in the board.

89 This thinking was initially embodied and put forth by the International Labour Organisation since its foundation in 1919 and subsequently internalized as part and parcel of the Nordic model. Kettunen 2001: 26.
In Finland, Agrarian Union and Social Democrats formed a coalition government after the 1937 presidential election. It reflected a post-Lapua and post-depression dispersion of the peasant-elite white consensus and the deepened devotion of political centre forces to sake of societal reconciliation. At the first glance, it appears that emerge of the “Red-Soil” cooperation government brought Finland onto a path similar to other Nordic countries. Hereby, a new alliance that bridged the wounds of 1918 was formed between the workers and the peasants, between the industrial and agrarian visions of ‘Finland’ (Kettunen 1997, 2001b). Hegemony of the agrarian vision in the mythology of white Finland political culture taken (Alapuro ed. 1998), the 1937 was clearly a turning point. It indicated a novel type of readiness to accept the existence of particular interests within the political system (Kettunen 1997, 2001b, 2004). The parliamentary basis of the new government also opened an opportunity for effective enhance of the living conditions of both small farmers and workers. The new course was facilitated by the economic growth in 1934-1937 which enabled the first steps in creation of welfare state structures and legal basis. This goal was actively supported and furthered by the Red-Soil cooperation (e.g. Rehn 1996: 223). In addition, the red-soil cooperation provided the social democrats, trade unions and the labour movement, in general, a position of a (more) legitimized participant within the Finnish polity. The trade unions did gain firmer position in the governmental consultation organs and the direct persecution from the side of government-linked authorities ceased. The membership figures of the trade union organization grew steadily from 1934 and one contributing factor was that also the communists had lifted their boycott of the SAK. (Bergholm 2003).

It has been pointed out, however, that despite many novel features, the 1937 coalition government can not be regarded as an equivalent to Swedish and Danish “historical” cross class compromises. The Finnish version of compromise was not based on any deep going conclusions from the depression experience. It did not strive for enhancing states role vis a vis economy as such. Coalition partners only aimed to alleviation of the most acute social defects (Kalela 1987). Hence, the first red-soil government was a coalition predominantly political by nature. It drew more on political conclusions from the Lapua movement years than those of the Depression. It essentially based on a centre-liberal devotion to reconciliation with the social democrats but considering the increasingly unstable world political situation and the continuing fragility of Finnish society, the Red-Soil cooperation obviously displayed strong system defensive features as well (Elder et al. 1989). Correspondingly, the incorporation of social democrats happened only on the condition that they agreed on prevailing national common interests and, thus, avoided pursuing their

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90 On the most day-to-day political level, the red-soil cooperation came into being following Lapua-minded president Svinhuvud’s refusal to allow social democratic participation in the government – despite their success in 1936 parliamentary elections. In order to secure that Svinhuvud would not be elected for a second term, the social democrats chose to support agrarian candidate in presidential elections in 1937.
narrow group/class interests at the expense of the ground principles of the strongly bourgeois republic (Kettunen 1997; 2001a; 2004, Kyntäjä 1994). The coalition’s reform potential was also encumbered by the fact that the posts of prime and foreign ministers were hold by the National Progressive Party. This also reflects the fragility of the cooperation. Furthermore, the program of the coalition government was heavily criticized among the social democrats of being far too accommodative by spirit. Thus, the social democrats step into governmental power was possible only with the condition that it, simultaneously, accommodated to partly self-imposed, limitation of its freedom of action.

The most striking difference between the scope of Nordic compromises and the Finnish one is the lack of compromise between the employer and trade union organizations. On the central level, the employers managed to maintain their negative stance to collective agreements throughout the 1930’s. However, strengthening of unionism also brought some evitable results. For instance, on the local level collective agreements, especially among skilled workers, grew more common. Success together with release of overall repression, in turn, added to general appeal of the trade union membership and, in result, the vicious circle it had been caught into started to erode. (e.g. Bergholm 2003).

**January Engagement 1940**

The WWII plays a significant role in the internal integration process of the Finnish nation state society and consolidation of a ‘common’ vision on the ground principles of national coexistence. In its rapidness and thoroughness, the shift of focus even appears amazing.\(^9^1\) Of course, it must be noted that the societal integration facilitated by the war took place under highly exceptional circumstances. The principles according to which this integration was imposed on the Finnish society is nevertheless an influential sequence in the history of Finnish consensualism that deserve further attention – especially if compared to ‘normal’ time strategies prior and after the WWII. This topic will be examined in more detail in the upcoming WP11 work and here taking only a brief look suffices.

During the war years, a highly corporatist war society and war economy was built up and all particular interests were settled to fit into these frames (e.g. Kettunen 2004: 297). To a large extent, this happened through self-imposed accommodation of partisan interests that was motivated by a transcending patriotic defense spirit. No compliance party appeared in this connection (or was let to appear). The communist activities were banned and the known members of the communist movement jailed. Otherwise, all groups and citizens were called to participate in the common defense. Following the outbreak of the Winter War in late 1939,

\(^9^1\) It also poses excellent prove for the classical argument on increased internal cohesion in face of serious external threat.
an all party government was set up. An even more radical change took place in the organization of industrial relations. The STK agreed to negotiate with the SAK that had joined the national defense front against the “Russian imperialist aggression” This event is called “January Engagement”: previous barriers to negotiation ceased to exist and the employers recognized the right of the workers to organise. Correspondingly, the SDP party committee stated that the social democratic workers were free to join the civil guards that the trade union leadership now considered to be a central actor in between the military and the home front. The January Engagement is one of the standard episodes in the narration on the national unanimity, “Spirit of the Winter War” which has been seen a central constituent of the military “miracle” achieved too. In addition of being a demonstration of internal reconciliation willingness, the pacification of the labour market was also aimed to be a sign for other Nordic and Western European countries: Finland was a democracy and decisively moving towards the Nordic democratic model in industrial relations (Kettunen e.g. 2004, 2001a, Bergholm 2003: 31).

The years 1939-1944 changed the position of the (social democratic) trade union movement in many respects. In conclusion, the social democratic branch of the red Finland – highly controversial trade union organization included – became organically integrated into the Finnish war society. After the war, however, the “national consensus” began to erode rapidly. The internal oppositions within the SDP and SAK gained weight and the situation got even more complex after the return of communists into the political life following the decrees of interim peace agreement with Russia. Due to the highly unstable political conditions and disintegration of the political right – the employers cave in: collective agreements were now seen necessary for the sake of societal and industrial peace. However, the ultimate establishment of national collective agreements on wages and working conditions was also strongly backed by the governmental decision on wage controls in June 1945 that defined common standards and, thus, indirectly obliged the trade unions and the employers’ organisations to follow. In 1946 the Parliament passed a new legal framework for industrial relations including a law on labour agreements, a law on an industrial tribunal, a law on the arbitration of industrial disputes and a law on productivity committees. (Bergholm 2003: 38-40).

The compromises achieved since 1937 were not bringing enduring stability: indeed, the 1950’s has often been named the most contentious and disintegrated decades of Finnish history. It was marked by very short government periods, re-current conflicts between the wage, price and wage-price agreement parties. The relationship between and among the

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92 Eero A. Wuori, President of the SAK, is cited in Bergholm 2003: 30.
employers and workers was complicated by the revived “threat” of communism. Also the
tension between framers and wage-workers remained vital much longer than in other Nordic
countries (Kettunen 2004). Both politico-electoral and corporate-functional channels of
representation were interpenetrated in the postwar Finland and had mutually destabilising
effect on one another. On the wider politico-societal level, the conflict between red and white
Finland re-actualized anew after. Hence, in comparison to other Scandinavian states, Finland
can be said to have remained a cleavage-dominant political system long after the WWII.
V. Historical trajectories in the Baltic countries

1. Introduction

The following briefly outlines the paths of development in the three Baltic States of Estonia, Latvia and Lithuania. According to the WP11 guidelines, the topics of 1) rise and fall of democratic developments after 1918 2) changes of the political systems due to fascism and national socialism in Europe and 3) the communist takeover after the WWII are elucidated.

In addition, I highlight couple of themes related to earlier periods of nation and state formation in the Baltic countries. These points are relevant from the point of view of democratization process and especially, as far as politico-cultural/ historical preconditions for consensual type of societal conflict management strategies are concerned. Following outline stems from these departures and is not aimed to compose an embracing analysis.

In geographical terms, the Baltic States locate on an area that has traditionally been seen first, as a strategically crucial buffer zone, secondly, as an ideal gateway between sea and land trade routes and thirdly, as an abundant provider of grain. The territory is approximately half the size of present Finland but because of the strategic location it has for centuries been in keen interest of regional great powers. Various parts of the Baltic States have been under Danish, German, Polish, Swedish and Russian dominance in various points of time and continuously subjected to their mutual power games. The internationally strategic location has left imprints in the trajectories of domestic societies. The crucial difference between Finland and Estonia and Latvia, for instance, derives from the fact that the two latter were integrated to Hanseatic system while the Finnish province of Sweden was very modestly, if at all urbanized at the time. Especially in medieval times, cities and urban elites, like guilds and orders, were very powerful actors in the Baltic societies. On the other hand, the well rooted system of feudalism was another heritage provided by the German influence in the area. A mighty landed aristocracy of German origin derived from this era as did the persistent system of bondage that still functioned under the Swedish and Russian rules up to mid-19th century. The reflections of Hanseatic city culture and the feudal landowning structure are the major historical factors that differentiate the Finnish and Baltic systems of society: whereas the former was markedly Swedish, the latter was more of Eastern Central European type.

It should be noted that despite the standardizing term “Baltic countries”, the cultural, religious and linguistic differences between the three are remarkable. Culturally and religiously Estonia and Latvia are closer to one another. Estonia is predominantly Evangelic-Lutheran by religion and in Latvia too majority of population is Protestants. Estonian language is
related to Finnish. The mutually related Latvian and Lithuanian languages, in turn, count among the oldest still spoken Indo-European languages. Lithuania, is often highlighted as the most different among the three. It took approximately its present shape already in 13th century and because of this early consolidation was able to resist the German trade and religious aspirations. In 15th and 16th centuries, Polish-Lithuanian personal union reigned over a territory that reached from the Baltic area to the Black Sea. Later, the heritage of the past has been reflected most notably in deep rooted traditions of Roman Catholic church that intertwine with pride about national history. (Smith et al. 2002, Alenius 2000, Isajev et. al 2000, Hiden & Salmon 1995, Niitemaa & Hovi 1991, Thaden 1984).

2. Incorporation into imperial Russia and nature of nationalism

The territories of present Estonia and Latvia were incorporated in imperial Russia in 1710. Lithuania followed in 1795. In the beginning of 19th century, the status of the Baltic provinces and Finland was rather similar in practical terms, even though in nominal terms there were more autonomous opportunities embedded in the title of Grand Duchy (e.g. Jussila 1999). In course of the decade, an autonomous central level administration was build up in the Finnish Grand Duchy and (new) bureaucratic elite emerged, in the Baltic provinces the ‘domestic’ power stayed in the hands of well established German nobility whose dominance was embedded in the feudal structures and traditions (e.g. Thaden 1984).

The Swedish era in the Baltic territory (1629-1710) had been marked by administrative reforms (Niitemaa & Hovi 1991). In that historical context, however, the reforms that aimed at the strengthening of provincial and local self-government, in practice, served to consolidate of autonomy of the local land-owning aristocracy. Increased autonomy also made them resistant any outside interventions threatening their privileged position. By the late 17th century, Baltic aristocracy had grown so powerful that it was driven into conflicts with the Swedish crown which started to plan land reformations in the area. However, all the few reforms plans were cancelled as soon as the Baltic territories passed from Swedish crown to Russian empire in 1710. In order to consolidate its rule, the imperial authorities needed Baltic allies and a mutually beneficial trade off between the local aristocracy and the imperial rule took place. In result, the power of Baltic-German aristocracy even increased. This happened largely at expense of priests and other middle groups as well as the most vulnerable group of peasants. Among the local populations, bitterness towards the aristocracy grew remarkably in the course of 18th century. Beginning of 19th century, witnessed some reforms that enhanced the personal freedom of peasants but not their legal status vis-à-vis the landowners. In result, the overall situation of the peasants just worsened, leaving the
agrarian population with nothing else than their personal work capacity that they could hire to earn living. The peasant dissatisfaction reflected in the wide scale peasant revolts. The Baltic revolts belong to the same series of agrarian unrest that forced the Russian empire to agrarian and local administration reforms in 1860s. These reforms improved agrarian conditions but faced stubborn resistance on the practical level. The imperial reform also included reforms in the local administration that were aimed at the demolition of the Baltic nobility-led system of self-government. In result, however, the Baltic provinces were to be more directly integrated into the imperial administrative structures. (Niitemaa & Hovi 1991, Thaden 1984, Smith et al. 2002).

In congruence with the wave of local peasant revolts, nationalist ideology started spread among the Baltic populations in mid-19th century. Estonia and Latvia fit well into category of countries where the ethnic and linguistic similarities led to the shaping of a national consciousness well before formation of any state-like community. Promotion of nationalistic ideas started with local campaigning of the educated middle groups (priests, teachers, journalists, literates etc) that had no established position in local political and economic structures. In addition of being much more middle class initiated than the elite-led Fennomania, the Baltic movements rose essentially as local liberation and self-assertion movements that were directed against the domestic upper stratum of different ethnic and linguistic origin. Intertwined with the peasant discontent, the nationalist ideology served to fuel up popular resistance movement that achieved much more extreme and spontaneous forms than Fennomania. While latter consisted of firmly centralized, coordinated and controlled body of people enlightenment associations, in the Baltic context there were several fractions that pursued competing assertive strategies. Furthermore, while the Finnish activity rested on a firm and (authority-loyal) elite-people alliance that created foundation for common national culture (Alapuro 1988, Stenius 1987), in the Baltic context, only very few incentives prevailed among the landowning nobility to be open to demands of nationalistic activists or of peasants. Instead, the upper stratum was put in defense. The more fragmented and resistance-like nature of the Baltic nationalism is also reflected in their clearly later transformation to an organized mass educational organisation (Niitemaa-Hovi 1991). For instance, in the Finnish context the turbulence of the years 1905-1907 could be faced by well organized networks on the level of civil society and, finally, general suffrage was announced. In the Baltic context, parties and associations alike were banned and the 1905 crisis in the empire did not serve to integrate the masses into political structures that were very weak and German dominated (Alapuro 1999: 112, 118, 1988: 108). Instead, violent radicalism spread around the countryside, targeted against the German upper stratum and their possessions.
The repression measures after the peasant uprising were hard. Ban on parties and suspected socialist associations were renewed and their activities remained under tight police control ever since. However, after 1905 various nationalities in the Baltic provinces were allowed to send representatives to Duma and in general, the conditions of the peasants vis-à-vis the landowners improved. The era between the years 1905-1914 became to be marked by relative societal stability that was partly due to very heavy control policies but also to relatively good economic performance. Latvian and Estonian territories were among the most commercialised and industrialised of all Russian provinces. Although wide scale nationalistic conflicts did not surface, underneath various nationalistically inspired movements adopted very radical and even leftist orientations. (Smith et al. 2002, Alenius 2000, Hiden & Salmon 1995) Here too, contrast to the centralized Finnish state-nationalism stands out (Alapuro 1999: 115).

3. State formation

Following the outbreak of the WWI, the Baltic-German aristocracy became dubious group and started to face growing repression from the side of imperial authorities. After the February revolution 1917, the “national aspirations” crystallized in the Baltic provinces. Increased national autonomy became the goal and the provisional government was also ready to allow the provinces them more self-governance. (Niitemaa & Hovi 1991, Smith et al. 2002, Hiden & Salmon 1995). After the Bolshevist revolution, the goal on the Baltic political scenes was the attainment of full independence. In contrast to the Finnish case, in the Baltic context, the domestic Bolsheviks were more active in their opposition against the separation. Besides the general chaos surrounding the dissolving Russian empire, the prolonged chaotic situation in the Baltic societies was largely caused by solitary and uncoordinated activities of various groupings that had more or less divergent views on the ultimate goals. In addition, it must be noted that whereas Finland of 1917 was institutionally intact, in the in the Baltic Provinces, social and economic structures had fallen in a much more concrete sense following the collapse of the Russian imperial structures (Engman 1994, Johansson et al. eds. 1997).

By March 1918, in none of the Baltic countries was internally so coherent that the needed domestic backing would have been gained for one or another declaration of independence. Germany had occupied the whole Baltic territory and the peace agreement between the Bolsheviks and Germany confirmed this state of affairs. The ‘Germanisation’ policies of the military administration were faced with fierce resistance on the side of Baltic nationalistic groups. Thus resistance phase further added to their radical underground character (e.g.
Niitemaa & Hovi 1991, Smith et al. 2000, Hiden & Salmon 1995). After the German capitulation in November 1918, strive for independence accelerated. However, competing government-type of bodies emerged in the Baltic countries – most typically one of Bolshevik and one of non-Bolshevik type. The Bolshevik governments received substantial support from the Russian Army that followed the withdrawing German troops through the Baltic territories. The Baltic “wars of independence” in 1918-1919 were not fight against the Russian Bolsheviks only but the multidimensional conflict situations emerged between the white Russian, Baltic-German and Baltic national groups alike. The last battles were caused by the fact that the “white” Russian army was conducting its operations from the military bases in the Baltic states’ territory. In the turn of the 1919/1920, the Bolshevik government in St Petersburg offered peace negotiations for the Baltic countries: truce with Estonia was concluded in 2.2. 1920, with Latvia in 11.8. 1920 and with Lithuania in 12.7.1920. Thus, by autumn 1920, Soviet Russia had recognized the Baltic independencies de jure. (Engman 1994, Roshwald 2001, Isajev et al. 2000).

In a very concrete meaning of the word, the new Baltic States had to start from a scratch. The WWI had wrought economic and social damage on all Baltic provinces. The collapse of the empire and the shifting occupations had virtually destroyed the administrative structures. Release from political dependence had completely undermined the internal power structures and no other arrangements were immediately at hand. According to Alapuro (1988, 1999) the inherited administrative structures and the prevailing local power relations were only partially compatible in the Baltic societies: the relationship between the dominant groups and the subject population weakly institutionalized, not to mention the virtually non-existent state structures. He concludes that the incongruity between political system and social structure is central feature of the Baltic political modernization processes and has left a long-lasting imprint on their subsequent political trajectories alike.

4. Rise of democracy in the young Baltic republics

The constituent assemblies were elected in all Baltic States to define the ground rules for new states. In Estonia and Latvia, their complexion was leftists-centrists, social-democrats being the largest single group. In Lithuania, the largest party was the ultra-democratic Christian Democratic Party closely followed by left-centrist party. This predominantly leftist-centrist complexion of the constituent assemblies reflected in the ultra-democratic constitutions introduced in the Baltic States (e.g. Smith et al. 2002, Niitemaa & Hovi 1991). In accordance with most other newly emerged European small states, they chose for republican and democratic-parliamentary systems of governance. The role of the uni-cameral
parliaments was, however, strongly highlighted. In Estonia, the 100 members of the parliament (Riigikogu) chose among themselves the government. Following the Swiss model of democracy, no president existed but the tasks of the “elder of the nation” were performed by the prime minister. The “elder of the nation” was not the commander-in-chief of the military forces nor had any legislative power and hence, in many respects, the power invested in the speaker of the parliament clearly exceeded those of the prime minister/elder of the nation. The Estonian constitution invested remarkable power in referendum: the dissolution of the parliament could happen only by virtue of popular referendum. (e.g. Smith et al. 2002, Laur et al. 1997, Niitemaa & Hovi 1991)

The Latvian parliament (Saiema) was composed of 100 members alike. The executive power invested in the Latvian parliament was stronger compared to the Estonian Riigikogu. Latvia had a president that was chosen by the members of the parliament every fifth year. President was the army commander-in-chief but had to submit his decisions to the parliament to gain final approval. The Lithuanian constitution was the least ultra-democratic although there too the role of the parliament was much stronger than the role Finnish eduskunta, for instance. Saeima was the legislative body and governments were responsible to it. Domain of the president was limited to representational tasks only. (Smith et al. 2002, Niitemaa & Hovi 1991).

All the constituent assemblies approved radical agrarian reforms that extinguished the social, political and economic foundations of the aristocratic hegemony. In addition, the reforms served to satisfy the peasant demands and simultaneously, to provide a precautionary measure against the appeal of Bolshevism among the Baltic peasantry. Indeed, the free-holding peasants were wished to become and, to a large extent, did become the backbone of Baltic independencies. In Estonia, 51 000 existing farms were assigned to their inhabitants and around 56 000 new settlements were created out of the former large scale possessions. The previous owners could reclaim a farm of 50 hectares and were compensated by each expropriated hectare around 3% of the current value (Niitemaa& Hovi 1991: 373). The Latvian reform has often been estimated to have been one of the most radical among all eastern European land reforms: the previous owners – numerous members of the Baltic-German paramilitary organization excluded – were entitled to 50 hectare farms. In 1924, the Latvian parliament rejected all restitution claims. The Lithuanian reform was more moderate reflecting the more moderate stance adopted by the largest party, the Christian Democrats. Only the possessions that had previously belonged to Russian imperial state were nationalized to be re-distributed and the large-estate owners were allowed to keep 80-150 hectare farms. For the expropriated surplus a small restitution was paid. The relatively moderate nature of the Lithuanian reform had been explained by the less polarized
relations between the polish upper strata and the Lithuanians if compared to relations between the Baltic-Germans and Estonian/Latvian populations. Altogether, emerged farms were modest in size and only rarely provided living for the farmer family. (Niitemaa & Hovi 1991, Smith et al. 2002, Laur et al. 1997).

The 1920’s party political map in the Baltic countries was marked by presence of various smaller and less consolidated groupings, by general fragmentation and disintegration. The fragmentation and vacillation reflected relatively current emerge of party organisations. The governments were in rule weak coalitions in which the different combinations of same groups and, especially, of same few persons appeared. Despite the generally centre-leftist and ultra democratic beginning of the new states, the rightist-agrarian or rightist conservative orientations were to prove dominant in course of the 1920’s. In Estonia, by the early 1930’s, most of the parliament seats were recurrently gained by the agrarian peasant party. Around the same times, the number of parties diminished following several fusions that were wished to enhance the effectiveness of the party politics. In 1932 elections the right wing agrarian party polled 39,8% of seats and 42 of 120 seats and the National Centre party 22,1 % of the votes and 23 seats. The Socialist parties, including the social democrats, joined their forces in the next election and were thus able to increase their votes to around 22%. The vote results gained by the communists were at highest (9,5 %) in the early 1920’s, tendency decreasing to 5,2 % by the 1932 elections. Various national minority parties gained vote results around 5 to 7% each (e.g. Niitemaa & Hovi 1991, Laur et al. 1997).

The Latvian party map was even more disintegrated and fragmented than the Estonian one. This also reflected in the predominance of very short lived and weak coalition governments. By early 1930’s, both largest parties (the social democrats and the peasant union) had an election by election lost their footing since no single party among many was able to gain strong enough footing in the parliament any more. The result was growing paralyze of the political system. The distinctive feature of the Latvia party politics was the more highlighted presence of various ethnic and religious minority groupings. In the intra-Baltic comparison, the Lithuanian party political map, in turn, was the least fragmented. In the elections up to mid-1920´s, the largest party was the Christian Democratic Party that represented both Catholics and peasants. The second largest was the centre-leftist national socialist party and the remaining seats were allocated between parties of approximately equal size (social democrats and the parties representing various minority groupings biggest one being that of the Jewish minority). (Smith et al. 2002).

The young Baltic States of the early 1920´s were nation states with multiple national minorities. Estonia was the most homogeneous with almost 90% of the population being
ethnic Estonians. Latvians composed around 75% of the population of Latvia and Lithuanians around 80%. The most remarkable minorities were other Baltic people, Jews, Russians, Byelorussians, Polish, Finns, Swedes and Germans. Despite many national minorities, the size of the single minorities was relatively small and new states were primarily built on a ‘uni-national’ basis. This uni-nationality gained ground form clear religious majorities, too: 78% of Estonians were Lutherans and around 86% of the Lithuanians Roman Catholics. Latvia was more multi-cultural and multi-religious: 56.6 % of Latvians Protestants and large Catholic minority (24%) lived in the territory that previously had belonged to Poland. In Lithuania, the Jewish community formed the largest religious minority (7.2%) (Roshwald 2001, Engman ed. 1994)

In the 1920’s, Estonia provided all national minorities of more than 3000 people, cultural autonomy that allowed the community to collect taxes and made internally binding decrees. The Estonian cultural autonomy served as an internationally recognized model of the time and especially the Baltic-Germans and the Jewish communities were able to enhance their position by grasping the options inherent in it. In Lithuania and Latvia, own schools were allowed for the minorities but no equivalent to the Estonian system was introduced however. (Smith et al. 2002, Alenius 2000)

5. Economic aspects

Following the empire break-up, all Baltic economies that so far had operated almost exclusively in the protected Russian markets had to find roles on the relatively free international markets. They were cases in point illustrating how dissolution of an economic empire separated industries from their markets and even different stages of production processes from one another (Engman 1994: 29). In Estonia and Latvia – most industrialized among imperial provinces – the textile and metal industries that had orientated to Russian markets now faced severe difficulties. They had been in exchange with remarkably little industrialized areas and now had to turn to most industrialized countries of the world. Not surprisingly, their industrial products were not of sufficient quality to compete on the western markets. In result, both Estonian and Latvian economies changed from industry-orientated to semi-industrialised ones: a process of de-industrialisation took place (Köll 1994: 201,199). Estonia and Latvia became outspoken exporters of agricultural products to the Britain and German markets and started to import industrial goods in exchange (Loit 1994). In mid-1930’s, 60% of Estonians and 68% of Latvians were occupied in agriculture. While Estonia and Latvia de-industrialised, Lithuania remained distinctively agrarian throughout the
interwar era. In 1933, over 76% of the Lithuanian population was occupied in agriculture and the minor industrial activity focused on the procession of agricultural goods. The export markets were found, like in the Estonian and Latvian cases, from Great Britain and Germany. In contrast to other Baltic states, Lithuania also had contacts with the Soviet Russia. Lithuania imported large amounts of Soviet Russian machinery, oil and minerals. In addition, Memel (Klaipeda) was used as a transit port for the Russian timber that to some extent traveled there through other Baltic areas as well. (e.g. Heywood 1994). The strategy adopted by Estonia (and Latvia) was in Estonia called ‘Denmarkisation’ model. Köll (1994: 198-199), however, emphasizes the spontaneous and grass-root nature of this export structure shift. It provided a way out from the acute crisis and also living for the new group of free-holding peasants. It did not prove a viable overall strategy, however. Combination of agrarian export structure and the related position of peasant landowners proved vulnerable to the effects of the 1930’s Great Depression.

The world economic recession hit hard the agricultural economies. In 1929, agricultural prices collapsed which caused decline of export incomes and deterioration of terms-of-trade in all Baltic countries. (Köll 1994: 203). In a longer term, the spread of protectionism that was facilitated by the depression experiences narrowed down the Baltic export markets. From now on the exports were mainly based of bilateral agreements. These, in turn, enabled the trade partners to determine the composition of their imports and this exposed the Baltic agricultural production to more direct conduct of external factors (and of the main trade partners). (Köll 1994: 203-205, Niitemaa& Hovi 1991: 366-367, Smith et al. 2002, Coakley 1986). In case of the Baltic States, the most visible consequence of the depression was that their position in the international division of labour as provider of low-processed agricultural products reinforced. For instance, in the Estonian case, the few industries that could have been capable to export were not capable of tackling the recession consequences and subsequently, lost all importance as exporters. (Köll 1994: 203-205) However, the relatively beneficial trade agreements between the Baltic States and Great Britain on the one and with Germany on the other hand, made sure that the Baltic economies stayed relatively steady from the mid-1930’s onwards (Loit 1994; Lamberg 1999).

6. Introduction of authoritarian regimes

By the help of parliament-centered system of governance, the largest parties in the Baltic States were able to establish relatively firm positions in the domestic political scene. Gradually, powerful bureaucratic-military-agrarian coalitions started to gather up influence at the expense of ineffectively functioning parliaments. The leaderships of the dominant parties
started to display features of agrarian authoritarianism and were no more willing to face the challenges generated by democratic pluralism. Also more recent studies stress the absence of established state like institutions, shortness of democratic traditions and lack of civil culture as factors paving way for concentration of power and collapse of democratic system in the young Baltic States (Ilmjärv 2004:549-550, Sahlström 2000). Weak compromises and corrupted trade offs and overall vacillation of democracy fed dissatisfaction among the population. In all states, demands run high concerning the increase of presidential power as well as strong executive power at the expense of weak proven parliaments. (Smith et al. 2002, Coakley 1986).

**Lithuania** was the first to give up democratic rules and practices in favour of a more authoritarian-type of regime. Initially, the shift stemmed from reaction of an anti-communist bloc to the increasing left orientation in the domestic and Soviet orientation in foreign politics. The bloc was mainly composed of Christian Democrats, independence war veterans and army officials. It managed to seize power in December 1926. Parliament was dissolved in May next year. After that the bloc leadership reigned with authorities provided by a state of emergency declaration. In May 1928, Lithuania gained a new Act of Government that increased the power invested in presidency and cut down those of the parliament. In the 1930’s, after internal power struggles, the Lithuanian authoritarian regime led by the president Antanas Smetona gained more distinctively fascists features. It also adopted hard core policies against its enemies and set up repression machinery for pre-emptive purposes. At this point, Lithuania was a clear cut one-party system where all other parties were banned and their property sequestered. The new Lithuanian constitution, declared in 1938, formalized the established authoritarian regime: Lithuania became officially a one-party system, civil rights were substantially narrowed down and all the minorities lost their minority rights. Altogether, the Lithuanian authoritarianism was conservative and nationalistic-patriotic than the more peasant-like movements that rose in Estonia and Latvia. Common to all Baltic authoritarian regimes was that they started more or less as peasant movements but once established the leaders were not ready to hand back the power they had achieved.

After the Lithuanian coup, small right-wing and fascist groups emerged in Latvia and Estonia as well. They had often a militaristic hard core that was composed of independence war veterans who felt that democracy was ruining the order they had fought for. However, among almost all political parties, reform demands were directed at the existing parliamentary-centered system. Foremost it was criticized of being dangerously unarmed against the extreme right and/or left groups that could operate freely under its shelter. In 1933, the Latvian peasant union leader Karlis Ulmanis suggested a new German-type of constitution
for Latvia. Since he failed to achieve support of the other main parties, he decided to act on support of his own party and of Latvian army. In May 1934, Ulmanis declared Latvia in a state of emergency. As an excuse for this violation of legal democratic order, he appealed to the communist threat: it necessitated close down of parliament and ban of all parties, the fascist extreme groupings included. Ulmanis reigned with help of his government that was composed of loyal men. He strived for a corporatist model of governance where the government was consulted by chambers. All the central sectors of socio-economic and social life were supposed to be presented in chambers but, in practice, degree of representation of various interests was subordinated degree of loyalty felt towards Ulmanis regime. Through these chambers the Ulmanis’ regime was indeed able to intervene intensively into economic, social and political life on the level of civil society and, simultaneously, control them.

In Estonia, the parliamentary democracy was most openly criticized by a league formed by the anti-communist independence war veterans. It was initially a small association but gained significance following the economic difficulties in the early 1930s. In 1933, the league proposed a new constitution for Estonia that diminished role of the legislative and invested strong executive power in presidency. President was to be elected by a direct popular election but otherwise, this post was drafted along the lines that closely reminded the Finnish presidency. The proposal was submitted to a popular election in 1933 and approved by 72.7% of the votes. The veteran league also planned to run candidate in the upcoming presidential election but, at this point, the commanding Prime Minister Konstantin Päts decided to put a halt to the accelerating pace of reform activity. Backed by the Army support, Estonia was declared to be in state of emergency from 12.3. 1934. The League of the Independence War Veterans was banned and the leaders jailed. Soon, parliament was closed down and all elections postponed for the time being. In 1935 all political parties were abolished and replaced by a Patriotic League (Isamaailit) that was unavering in its support to the regime of Päts. Päts conducted the country as a caretaker president following the 1933 constitution and with help of statutes. In 1936 a referendum was organized that abolished the 1933 constitution. A new constitutional act that was approved in 1937 included presidency modeled after the Finnish example. Otherwise, the new constitution reflected the ideas of corporative representation systems typical of the time. Accordingly, the uni-cameral parliament was changed to a bi-cameral one. The lower chamber was to be composed of 80 members that were selected following normal territorial-electoral procedure. The upper chamber consisted of 40 members that were selected by the president and by certain important organizations, or, were entitled to membership on the basis of their profession. In 1938, Päts was elected the first and also the last president of interwar Estonia. (Sahlström 2000)
The nature of the Päts era counts among the most debated topics in Estonian history. Päts grounded his regime with the argument of defending the society against even more extreme coups from left or/and right. It has been argued that the president was determined to return to the normal parliamentary procedures as soon as the ‘degree of maturity’ of the Estonian people and the circumstances would have allowed. On the other hand, very critical views has been presented as well. For instance Ilmajärv (2004: 548) argues that the Baltic authoritarian regimes were not capable of sustaining state omnipotence forever and not willing to return the democratic rules because they were internally very weak and inherently contradicted. Baltic elites were weak in their democratic and even pro-independence devotion and, thus, domestic and finally also foreign policies could relatively easily be influenced from outside by manipulation of domestic elites’ economic and political interests Ilmajärv (2004: 548-551). It indeed seems that interwar era in the Baltic States is a research field that only gradually starts to open for divergent interpretations.

The Baltic contexts as breeding grounds for 1930s authoritarian regimes differ from the European counterparts in the central respect that in their case, the radical land reforms had totally eliminated the German/Polish elite groups. Thus, these groups were no more capable of appearing as powerful ex-elite bloc that would have strived for topple of mass democracy and/or restoration of pre-WWI order. This aspect explains the ‘folksier’ nature of the Baltic agrarian authoritarianism. In addition, the Baltic regimes that managed to seize the power seem to have been, first of all, only one extreme alternative among many but also the most peasantist one. In this respect, they were – at least on the rhetorical level – ‘closer’ to people than the elitist-conservative extreme movements in many other European countries of the time. However, although the Baltic regimes broke through with peasant emblems in course of the years this accentuation was overshadowed by much more exclusively authoritarian approach. (Alapuro 1998, Smith et al. 2002, Sahlström 2000, Coakley 1986).

According to Alapuro´s analysis (1988: 258-259) the Baltic peasant parties were more easily exploited by their non-peasant leaders than the Finnish Lapua movement. This reflected the relatively unestablished position of the organized peasantry in these societies. The Baltic regimes succeeded in fundamentally changing the system and putting their leaders at the head of new dictatorships. The success of Lapua movement in Finland remained more limited: strived primarily at elimination of communist influence from the Finnish domestic political scene. It could not change but only limit the democratic system. Sahlström (2000: 116-125) has pointed out that in many cases the Estonian Päts regime, for instance, reminded more the successor party of Lapua movement, i.e. the IKL, than the Lapua
movement itself. According to Sahlström one fundamental difference in the significance of the Baltic and Finnish right wing radicalism lies in the fact that in the Baltic countries the democratic order was given up and not restored prior to 1990’s. In the Finnish context the right wing threat to democracy remained a threat and was, all in all, much more limited in time (1930-1932). Here, one can point to the relatively conservative Finnish constitution. Compared to the ultra-democratic constitutions of the new Baltic States, the relative conservatism (with very strong presidential authorities, for instance) of the Finnish constitution may have facilitated for handling the rightist-conservative demands under its legal scope. In case of ultra-democratic constitutions the fundamental limits – as regards demands of strong authority – were encountered much earlier (Alapuro 1988: 258-259, Sahlström 2000).

7. The Second World War and the Baltic States

In connection with the Russo-German non-aggression pact in 1939 the Baltic States were defined to belong into the Soviet sphere of interest. Soviet Union unilaterally declared its security guarantees for Latvia and Estonia and started to push for the eventual set up military bases into their territory. After some resistance, the Estonia and Latvia agreed and mutual assistance pacts were signed. In spring 1940, the Soviet Union started to integrate the Baltic areas into its war waging structures by issuing ultimatums on their governments. After some acts of resistance such governmental solution emerged that pleased the Soviet Union as well. The national parliaments were dissolved because of the too large presentation of the “enemy of the people” and in the following highly manipulated elections, communist and soviet friendly elements gained absolute majorities in the Baltic parliaments. In 21.7.1940, Estonia, Latvia and Lithuania were declared to Soviet republics and in the very next day, their parliaments decided to apply for joining the Soviet Union. In 1940, new Stalinist constitutions were approved. In the domestic scene, the central role was to be played by the communist parties that at this point of time were still very modest in size.

The sovjetisation of the Baltic political systems was interrupted by the German invasion. By august 1940, the Baltic territories were under German occupational rule. First, the new situation aroused some optimism and national resistance movements aiming at the restoration of independence were organized. However, the Germans were not sympathetic towards their aspirations because of their aim of annexing these territories to German Reich. During the three years of German occupation, the Baltic populations and societal-economic structures were ruthlessly exploited to serve the German war goals. The foreign (Soviet and German) occupations managed to penetrate into the very deep structures of these societies and the preconditions for organization of wide domestic resistance front were few.
By end of 1944, the Soviet Army pushed the Germans from the Baltic territories. In this phase, a mass emigration took place among the Baltic people. In sum of mass transportations, war casualties, war crimes and emigration Estonia lost about 25 %, Latvia about 30% and Lithuania about 15% of their population in 1939-1945. After the Yalta conference in 1945, the Baltic states´ annexation to Soviet Union was more or less directly approved. The new communist regimes that were helped into power with substantial Soviet support faced serious challenges from the side of national resistance groups that acted underground and partially abroad. However, by the turn of 1940s-1950´s, the new regimes had managed – though with remarkable aggression – to push through the “sovietisation” of Baltic political and economic systems. (Hiden & Lane 1992, Smith et al. 2002, Ilmjärvi 2004, Niitemaa-Hovi 1991, Isajev 2000).
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