



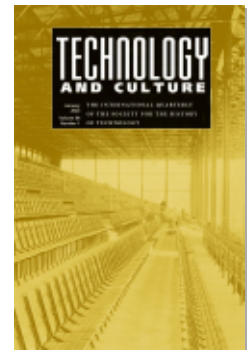
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*A History of Cold War Industrialisation: Finnish
Shipbuilding between East and West* by Saara Matala (review)

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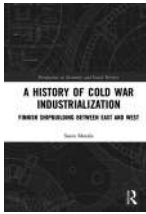


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A History of Cold War Industrialisation: Finnish Shipbuilding between East and West

By Saara Matala. New York: Routledge, 2021. Pp. 233.

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For over four decades, Cold War politics shaped technology and business developments in European and North American military-industrial businesses. Historians of technology, business, and politics continue to debate the nature of these dynamics and their societal implications, and Saara Matala brings a fresh perspective to these discussions with her novel study of Cold War Finnish shipbuilding. She argues that Cold War politics had a decisive influence on Finnish shipbuilders, despite the fact that they specialized in icebreakers and passenger ships—not naval vessels. She also finds that shipbuilding played a central role in Finland's transformation from a fragile, low-cost, agrarian economy in Europe's periphery into a high-cost but competitive European industrial economy with high social stability.

After World War II, Finland, a young, capitalist democracy, had to come to terms with the USSR, which had just won the war and demanded Finnish war reparations, including substantial numbers of merchant ships. Finns had to sugarcoat communication with their powerful neighbor. Some observers have scornfully labeled this process “Finlandization” and suggested that Finland could and should have acted differently. However, Matala shows how Finnish businesses navigated Cold War politics to their advantage and gained substantial leverage. After the last war reparations in 1952, Finnish yards continued to supply the USSR with merchant ships. From 1945 to 1970, the majority of deliveries went there, and although domestic and Western European markets increased in importance after 1970, the USSR remained the single most important market in Finland until 1990.

For shipbuilding scholars, it is not surprising to learn that shipbuilding was heavily embedded in politics in the second half of the twentieth century. Governments in shipbuilding nations have regularly employed a wide variety of support schemes to counteract the negative employment effects of depressed shipbuilding markets and the rise of Asian shipbuilders. In the long run, however, the center of gravity in shipbuilding moved to South Korea and Japan. In studying the political economy of shipbuilding, historians have focused on the United Kingdom and tended to neglect other countries. Matala's study is a refreshing contribution to this literature, and she gives nuance to the ways in which shipbuilders could gain competitiveness.

As Finland balanced between East and West, Finnish shipbuilders secured high-paying Soviet orders with favorable payment terms and partly insulated themselves from the market downturn of the 1970s and 1980s. With the help

of Finnish politicians, including President Urho Kekkonen, they engaged in long, drawn-out Soviet contract negotiations—which differed considerably from normal yard contracting—and Finnish-Soviet technological cooperation. The USSR paid for ships via a special clearing mechanism, effectively paying for them with raw materials, including oil.

Finnish shipbuilders had a strong niche focus on highly complex vessel types. Although Matala does not provide any quantitative estimates of price differentials for “newbuilding” prices for the Soviet and Western ship markets, she convincingly shows how Soviet ship demand enabled Finns to build up technological strongholds in niches: even a poor Soviet Union was rich enough to buy sophisticated, Finnish icebreakers.

In the late 1980s, the Finns turned to Europe in response to the disintegration of the USSR. Although Finnish politicians claimed not to subsidize shipbuilders, Matala shows how the Finnish government provided strong support, including attractive ship-finance schemes, direct market interventions to secure ferry orders, and reconstruction support in connection with the major Wärtsilä shipyard bankruptcy in 1989. Eventually, Finland harmonized shipbuilding subsidy policies with the EU as it joined the union in 1994 and became “a normal European country” (p. 191).

Matala has undertaken comprehensive archival studies in Finnish shipyards, the Ministry of Foreign Affairs, and the presidential archives, supplemented with interviews with former yard managers and U.S. archival material. She did not consult Russian archives but points out their relevance for future research. My only main critique concerns the theoretical framework. Matala applies the lens of a techno-economic system, but she never explicitly unfolds this in the empirical chapters nor in the conclusion. This is a pity, as the Finnish shipbuilding case is a rich one with potential for theorizing. Nevertheless, I recommend Matala’s book for anyone with an interest in the dynamics between politics, technology, and business during the Cold War.

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