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## A Brief Introduction to Norwegian Shipping

For the past 15 years, Norway has topped the *Human Development Index*, a world ranking of the standard of life in different countries reported by the *United Nations Development Programme*.<sup>1</sup> The ranking takes into account factors such as health, education and income.

Norway's high Gross Domestic Product (GDP) *per capita* and a far-reaching—but expensive—welfare state, explain the pole position. Norwegians have practically free access to health provisions and education, financed through a high level of taxation. Although the *per capita* GDP is boosted by substantial revenues from petroleum exploration, the country was a high-income economy—with a standard of life that was above average in a European context—even before the discovery of oil. However, Norway had an economic structure that differed from practically all other “developed” economies.<sup>2</sup>

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<sup>1</sup> In twelve of the fourteen reports published after 2001, the country was number one, toppled only by Iceland in 2007 and 2008; see UNDP (2014), Table 2, 164. Based on revised figures, following a 2010 reformulation of the equation used to calculate the Human Development Index, Norway ended up at the top in 2007 and 2008 as well.

<sup>2</sup> For a discussion of the atypical Norwegian development, see for instance Sejersted (2002) or Brox (2016). The best English-language presentation of its economic development is still the slightly

Given that Norway is a small economy, relations with other countries are particularly important for economic welfare. Unlike other wealthy nations, the Norwegian economy was not built on the production or exports of manufactured goods. The high living standards in the latter half of the 20th century were primarily the result of a combination of exports of staples—petroleum and fish—and services. As such, the development followed an already established pattern.

The modern Norwegian economy took shape in the second half of the 19th century. It was built on three export pillars; wood, fish and shipping services. These continued to be the major exports until the large-scale exploitation of offshore oil and gas reserves from the 1970s onwards. By far the most important of these three was the seaborne transport of goods—shipping—which typically made up between a third and half of the export revenues. Norwegian shipowners and seafarers sold their shipping services all over the world, ensuring revenues that were necessary to finance the imports of essential foodstuffs, raw materials and manufactured goods.

## An Important Maritime Nation

Seaborne transport is the lifeblood of the world economy. Shipping ties countries together in a system of production where raw materials, intermediate goods and finished products are efficiently moved between countries and continents. Reductions in transport costs have encouraged specialization and division of labour on a global scale, ensuring a massive growth in production and income. World welfare increased as economic relationships between nations tightened, and more and more countries became involved in the development of a truly international economy. Seafarers, shipping companies and shipbuilders have thus made our increased standards of living possible.

Throughout the 20th century, Norway was one of the world's leading maritime nations. This small country, situated in the north-western

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outdated Hodne (1983), but see also Moses (2005). A new and convincing story, unfortunately only in Norwegian, is Sandvik (2018).

corner of Europe, at times carried more than 10 per cent of all cargoes that were transported by sea. When manufacturing production spread, first within Europe, then to North America and onwards to Japan and other countries in Asia, Norwegian ships and seafarers ensured safe and efficient transports of inputs and outputs within an increasingly complex system of production. Moreover, the merchant marine played a particularly important role during the two world wars, aiding the Allied cause and ensuring the supply of vital goods at high economic and personal costs.

Shipping is the most global of all industries. The main means of production—the ship—usually operates outside national boundaries. Therefore, the rules are different in shipping than in other types of business. The international character of the industry makes it possible to combine inputs from different countries to a much larger extent than in other types of production. The 20th century saw Norway develop into one of the world's wealthiest countries, with a high standard of living and matching wage levels. Still, Norwegian shipping companies remained competitive in the cutthroat international shipping industry. This position is testament to a favourable starting point, as well as skilful adaptation to new technologies, markets and conditions.

The country's important role in the maritime industry was a source of pride already at the start of the century. In the official Norwegian publication for the 1900 *Exposition Universelle* World Fair in Paris, the maritime heritage is explained in the long-winded flowery prose of the time: “The geographical position and physical condition of Norway and the natural disposition of the Norwegian people, have always caused their intercourse with other nations, through commerce and shipping, to be of the greatest importance to the country, both as regards the economic and industrial life of the people and the whole national and cultural development [...] The long coast-line, with its many well-protected harbours, renders shipping a livelihood especially adapted for our country; and the Norwegians have at all times excelled in their inclination and ability for this occupation.”<sup>3</sup>

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<sup>3</sup>Kiær (1900, 403). As the following discussion will show, the term “at all times” should be taken with a small shipload of salt.

Therefore, at the very beginning of the 20th century, Norway tried to project an image of a major maritime nation, where the close relationship to the sea was an inevitable, instinctive inclination. There is undoubtedly an element of truth in this; Norwegians—primarily men—were drawn to the sea in large numbers. However, this “destiny-based” explanation undermines an important aspect of the development: the pragmatic explanation. Seafarers took to the sea out of necessity, not because it was in their nature. Shipowners invested in shipping because it was profitable, not to facilitate their compatriots’ desire to sail the world.

The aim of this book is to explain how Norway managed to maintain its position as a leading maritime nation throughout the 20th century, despite fierce international competition and a series of technological and institutional changes. It is a story about a small country and its increasingly close economic relations with the rest of the world—a country that has benefitted greatly from, but also been challenged by, economic “globalization.”<sup>4</sup> We will follow the development in four different arenas—or, rather—one arena, where our focus varies between four inter-related perspectives; the international, the national, the regional and the company perspective.

## The International Shipping Industry

In order to see the complete picture, we have to start at the international stage. Here, Norwegian shipping companies found a demand for transport that they could satisfy, as well as significant competition from foreign shipowners. It is difficult to explain the development of Norwegian shipping without paying close attention to the underlying basis: the international economy, with its ebbs and flows and with the associated fluctuations in shipping demand and supply. Norwegian and international shipping went hand in hand, and it is impossible to understand one, without also taking into account the other.

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<sup>4</sup> For extensive discussions of history and globalization, see Osterhammel and Petersson (2005) and O’Rourke and Williamson (1999). Starkey and Harlaftis (1998), contains a series of papers on various aspects of shipping and globalization.

The shipping industry has changed tremendously during the 20th century—technologically, commercially and institutionally. The first decades are typically associated with the emergence of the large luxurious ocean liners that steamed across the North Atlantic. Ships such as *Deutschland*, *Kronprinz Wilhelm*, *Vaterland*, *Lusitania* and the iconic *Titanic* represented Anglo-German rivalry in the quest for the *Blue Riband*—the speed record across the Atlantic—for size records and for market dominance. Still, this was the high-end of international shipping. For the Norwegians, the starting point was very different and much less glorious.

Norway—not even a fully independent nation until 1905—was a minor in world politics. Similarly, the country did not have the resources to participate in the bells and whistles race for the domination of the Atlantic liner trade. Instead, most of the ships plied the world's oceans, looking for business opportunities and using the skilful seamanship of their captains and crews as their main selling point. Norwegian ships handled transport needs all over the world. As the European dominance of international trade and world politics declined later in the century, this global approach turned out to be a fortunate strategy.

In 1900 Norway had a substantial, but increasingly uncompetitive, sail-dominated fleet, much of which had been bought second-hand from countries that had modernized their merchant marines. According to some, Norway was at the time known for its “excellent sailors and rotten ships.”<sup>5</sup> Nevertheless, the country's shipowners had managed to establish a number of profitable niche markets, where ships and seafarers could be put to good use. These were usually not in the liner trades—the regular “bus services” of the sea—but in the so-called tramp trades, where the Norwegians would offer to “transport anything, anytime and anywhere.”

This vast international arena will be the backdrop of our story, the stage on which the players perform. The international arena restricts the room to manoeuvre and influences development. However, a book about *Norwegian* shipping clearly has to have a national dimension. Within this national setting, we find the pre-conditions for the sector's growth; the entrepreneurs, the resources, the networks, the skills, the traditions, the

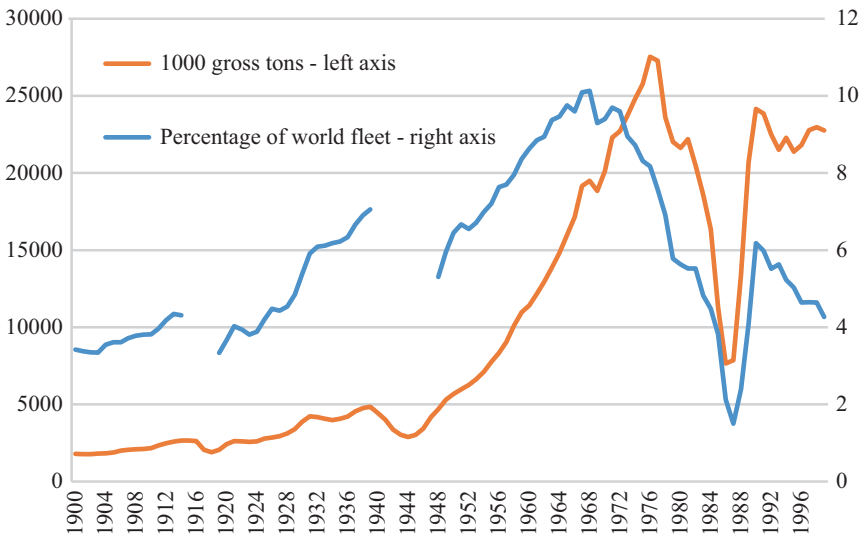
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<sup>5</sup> Hovde (1948, 259).

values and the policies. Thus, with regard to the national level, we will have to answer two crucial questions:

- If we want to learn about the development of the shipping industry in the 20th century, why is Norwegian shipping more relevant than, say, Swedish, Italian, Nigerian or Argentinian shipping?
- Which factors—specific to Norway, either alone or in combination—can explain the country’s leading role in international shipping throughout the 20th century?

Finding the answer to the first question is relatively easy: the Norwegian influence on world shipping was simply greater than that of most other nations, which makes the country’s role more relevant. Figure 1.1 is an illustration of the size of the Norwegian merchant marine and its share of the world fleet. This is a far from straightforward measure, and over time both the sources and the manner in which the share is calculated has changed. Still, as a rough indication, the pattern in Fig. 1.1 is useful.



**Fig. 1.1** Norway’s merchant marine (1000 grt) and share of the world fleet, per cent, 1900–2000. (Source: Statistics Norway (2000), Table 417, 348–350. See footnote)

On average, for all of the 20th century, almost 6 per cent of the world's fleet was in Norwegian hands. And—for comparison purposes—the Norwegian share of world population in the period declined from around 1.3 per cent to less than 0.8 per cent, illustrating the disproportionate Norwegian participation in world shipping.

Figure 1.1, shows the development of the Norwegian fleet, and the country's market share, throughout the 20th century.<sup>6</sup> The fleet grew slowly around the start of the century, though the ongoing transition from sail to steam provided a structural quality improvement that is obscured in the data, and thus also in the figure. The losses of the First World War led to a temporary decline in the fleet, before an interwar growth that was atypical in an international perspective and led to a growing share of the international market.

The Second World War led to massive losses, and the pre-war tonnage volume was not recovered until 1949. From then on, the Norwegian fleet increased at an enormous pace—doubling in the 1950s and doubling again in the 1960s—before the market crashed spectacularly during the great shipping crises of the 1970s and 1980s. The subsequent reduction of the fleet was unprecedented—by some measures, the decline amounted to more than 75 per cent from 1977 to 1987—but in the late 1980s, a policy shift gave the Norwegian merchant marine a new lease of life.

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<sup>6</sup>Figure 1.1: Data on the Norwegian fleet from Statistics Norway (2000), Table 417, 348–350. Based on sailing ships larger than 50 gross register tons (grt) and steamships and motorships larger than 25 tons. In order to get a consistent series, the following conversions have been made for the period 1900–1909: Conversion from net to gross tonnage by adding 8.6 per cent for sailing vessels and 65 per cent for steamships and motorships. Reduction by 10.9 per cent for sailing vessels and 0.8 per cent for steamships and motorships in order to neutralize the inclusion of vessels smaller than 50 tons (sailing ships) and 25 tons (steamships and motorships). Conversion factors estimated on the basis of 1909 data. Data from 1987 onwards include the Norwegian Ordinary Register and the Norwegian International Ship Register. Share of world fleet estimated on the basis of data for steamships and motor vessels in *Lloyd's Register*, various issues; OECD, *Maritime Transport*, various issues; and UNCTAD, *Review of Maritime Transport*, various issues. Estimates before 1907 are based on data from Statistics Norway. Given the late transition from sail to steam in Norway, the share of the world fleet is more than one percentage point lower in 1900 than if sailing vessels were included, but the discrepancy decreased as sailing ships were phased out in Norway as well. Due to changes in definitions across time, the series should be seen as an approximation. For instance, if we include Norwegian ships flying foreign flags, and use deadweight tonnage as the basis for the comparison, the Norwegian share in the year 2000 would almost be double the 4 per cent shown in the figure.

The bounce-back was spectacular, with the fleet multiplying by a factor of three over a four-year period. The introduction of the Norwegian International Ship Register (NIS), which enabled the use of low-cost foreign seafarers on Norwegian-flagged vessels, was the most important reason for this strong influx of new tonnage. Even though the pre-crisis position was never regained, the country remained one of the most important players in the international shipping industry.

Norway's significant position in international shipping at the start of the 20th century reflected the prominent role that shipping played in the Norwegian economy. In an article published in the prestigious *Journal of Political Economy* in 1893, Anders Nikolai Kiær, Director of Statistics Norway and the leading international maritime statistician at the time, presented data on tonnage *per capita* in the leading maritime nations in 1890. Norway's 1100 tons per 1000 inhabitants was more than double that of the second-ranked "Great Britain and Ireland."<sup>7</sup>

The fact that the average Norwegian "controlled" more than a ton of shipping capacity is a good illustration of how much of the country's resources must have gone into this sector. Such *per capita* calculations are "statistical doping," though. Relative measures might be misleading, and they can give small countries an appearance of importance that is not necessarily warranted. However, in the case of shipping, the Norwegian position shines even without such trickery—the country established its position among the five leading maritime nations in the 1870s, and largely maintained such a rank over the subsequent century.

So, clearly a book about the Norwegian merchant marine can tell us a lot about the development of the international shipping industry in the 20th century. The crucial roles played by Norwegian ships, shipping companies and sailors make their experiences relevant. The answer to the second question above—about how Norway's leading role can be explained—is not as straightforward. It will take a book to answer.

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<sup>7</sup> Kiær (1893, 361).



## What Is “Norwegian Shipping”?

There is one major challenge, however. As suggested in connection with Fig. 1.1, the national dimension is evasive, and even more so as we move closer towards today. At the start of our period, it was relatively evident and uncontroversial to define what “Norwegian shipping” implied and what a “Norwegian ship” was. The flag, the crew and the ownership all pointed in the same direction. Subsequently, and particularly in the past decades, this link between the industry, the nation, the workforce and the assets—or capital—became eroded. Consequently, one of the things to address in this book is the manner in which the concept of “Norwegian-ness” has changed. Gradually the ties between the home country and the ship have been transformed, or in some cases even severed.

A related question is whether it is possible to distinguish a “Norwegian way of doing shipping”, what we could call a “typical” Norwegian business strategy. There are undoubtedly some strategic elements—for instance related to the organization of ownership and investments, the market orientation, the choice of technology, etc.—that have distinguished Norwegian shipping companies from those in other countries. At the same time, even these strategic elements have changed across time, influenced by technological possibilities, market developments, policies and domestic and international conditions.

Differences in strategy among shipowners in different countries led to a variation in the type and condition of ships, and these national preferences were even evident to outsiders. In his book *Fish Story*—“regularly described as a seminal work on the theme of globalization”—the American photographer and critic, Allan Sekula, refers to what he called “a biased national physiognomy of vessels.” In his scheme, at a point in time that he imprecisely refers to as “in the past,” Norwegian ships were “neat,” while the ships that belonged to their Greek competitors were “grimy.”<sup>8</sup>

However, neither the strategies nor the “national physiognomy” were static. Today, there is little reason to expect that there will be such

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<sup>8</sup> Roberts (2012, 3) and Sekula (1995, 12). This phenomenon—why Norwegian ships were more modern and well-kept than Greek vessels—had a relatively simple economic explanation; see the analysis of the differing strategies of the two countries’ shipping companies in Tenold and Theotokas (2013).

variations between Greek-owned and Norwegian-owned ships. Greek ships are no longer generally grimy, Norwegian ships are not necessarily neat. Vessels from these two nations might in fact be indistinguishable—identical down to the ensign flown at the stern of the ship, which could belong to Panama, Liberia or the Marshall Islands.

Shipping changed, ships changed and Norway changed. In broad terms, Norwegian shipowners entered the last century with a fleet that consisted of a high share of outdated sailing vessels, went through periods with investments in relatively modern and large ships, in particular oil tankers, before finishing the century with a fleet that was known for being expensive, technologically advanced and geared towards certain smaller niche segments. Yet, while this broad pattern represents the typical Norwegian development, it clouds the diversity of the country's shipping sector.

There have been substantial strategic differences among Norwegian shipping companies, and some of these differences also follow a geographical pattern. With regard to the level of activity and the international orientation, the sector has been much more important in the southern part of the country than in the northern part. Moreover, it is possible to identify a traditional East Coast/West Coast dichotomy—a tool favoured by everyone from marine biologists to poets and rappers. This difference between the east and the west has been evident when it comes to investments, networks and market orientation. It becomes clear by looking at the fleets and how the ships are employed, and anecdotal evidence and interviews with industry participants underscore the contrasting attitudes between the eastern and western parts of Norway.

## Regional Differences

Although their markets were found all over the world, the Norwegian shipping companies used to have strong links to their home base in a specific city or region. At the start of the 20th century, these companies were usually local businesses, with workers and funding often found in the neighbourhood—but used globally. Gradually labour and capital

would be sourced from locations further away—even crossing international borders in the last quarter of the 20th century. Some of the older Norwegian shipping companies successfully managed this transition, from local ventures to multinationals, while others were unable to transform their business models and disappeared.

The aggregate company developments—the business histories—make up the whole. Here we find the reasons for the growth and demise of individual businesses and of maritime cities and regions; the latter often referred to in political parlance as “maritime clusters.” There is a tendency for companies in the same environment to act in a similar manner—either because of identical stimuli or due to a common mind-set. Local fortunes depend upon the success or failure of individual companies, and when these act in the same manner, the whole region becomes affected by their development.

An example of such a regional paradigm is the Agder-region, on the south coast of Norway. In the late 1870s, Agder shipowners controlled around a third of the Norwegian fleet. Given that Norway at the time was the world’s third largest shipping nation, with around 6 per cent of the world fleet, investors in the Agder-region owned around 2 per cent of the world’s merchant marine. This was a spectacular share for a region with only 150,000 people. In the middle of the 1870s, Agder controlled more sailing ship tonnage than did Russia, Sweden, the Netherlands or Greece.<sup>9</sup>

The position was not sustainable. The shipping hegemony in Agder was based on a business and ownership structure that initially had been associated with the building of wooden ships at local yards. This implied that the investments were closely linked to the increasingly uncompetitive sailing ship technology, as was the region’s subsequent demise. Shipping companies in Agder—many of them organized as part ownerships in possession of only one sailing ship—followed their vessels on the path to extinction. When the ships were demolished—or perished at sea—there were seldom sufficient funds to reinvest in new tonnage.<sup>10</sup>

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<sup>9</sup>Computed on the basis of data in Jeula, 1875. If we count “a ton as a ton”, and consider both sailing ships and steamships, the Agder fleet would be marginally larger than the fleets of Sweden and Russia.

<sup>10</sup>In this instance, “shipping company” refers to the part ownerships that were the formal owners of the ships; a corresponding owner might manage a larger fleet and have interests in more than one

By 1925, the Norwegian share of the world merchant marine had been reduced to 4.5 per cent, and Agder's share of the Norwegian fleet had plummeted to 5 per cent. Therefore, within the span of two generations, ownership in the Agder-region had gone from 2 per cent to 0.2 per cent of the world fleet.<sup>11</sup>

The Agder example is extreme, but it illustrates the fact that local distinctions are important. Based on the pattern of ownership in 1900, we can identify a set of broad geographical typologies that had developed over the previous decades. The capital, Kristiania (now Oslo), was big, but unsophisticated. Kristiania had the largest tonnage, measured in simple terms, but was surpassed by Bergen when we take into account the quality of the ships, specifically the fact that steam vessels were more advanced and could transport larger amounts of goods due to their higher efficiency.

Bergen had a distinct lead in the transition from sail to steam, with a diffusion that very much mimics the British experience. Steam tonnage surpassed sail tonnage in Bergen in 1884—an impressive 25 years before the same thing happened for the fleet registered in the rest of the country.<sup>12</sup> While Kristiania and the homeports around the Oslofjord held an intermediate position in the transition, the South Coast was clearly the home of the traditional sailing ships. As the subsequent development would show, by 1900 these sails represented a dying technology that lost out in one market segment after another.

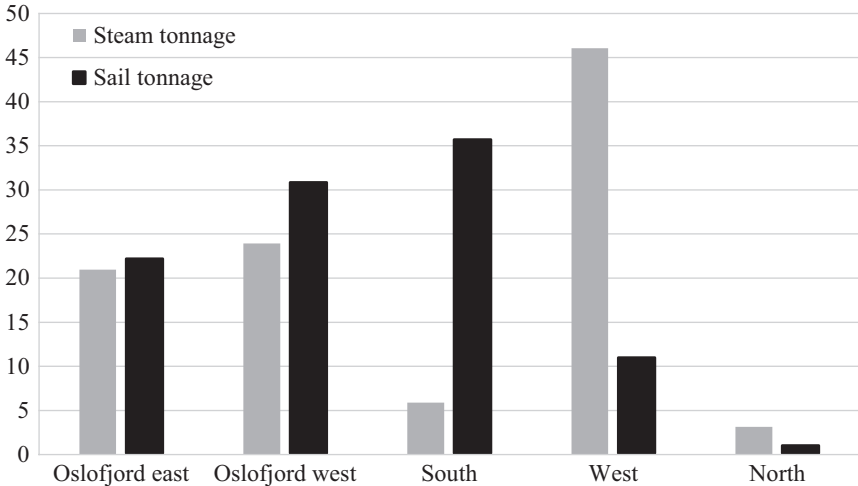
Norway is a long country, stretching from the 57th parallel to the 71st parallel north. Most of the population, as well as the cultural, political and economic centres, are situated in the southernmost quarter of the country. This imbalance has characterized the shipping industry as well—in 1900 more than 95 per cent of the Norwegian fleet was owned in this part of the country.

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ship. However, the part ownership functioned like today's project investments. After the end of the project, the remaining capital—the sales price, the demolition price or insurance money—was paid out to investors.

<sup>11</sup> See Johnsen (2001) for an analysis of the development. Agder shipping was subsequently rejuvenated, before another spectacular haemorrhage during the shipping crises of the 1970s and 1980s.

<sup>12</sup> Pettersen (1981, 45).



**Fig. 1.2** The Norwegian foreign-going fleet, share of total by region, 1900, per cent. (Source: Statistics Norway (1902), Table 1d, 9–10. See footnote)

Figure 1.2 illustrates the large geographical differences in the ownership of the Norwegian fleet at the start of the 20th century. The figure shows Norway divided into five regions, with their respective shares of the country's sail and steam tonnage.<sup>13</sup> The differences between the west of Norway, which includes Bergen, and the south, are striking. Data for the ships engaged in foreign trade show that South Coast shipowners owned more than a third of the country's sailing tonnage, but only slightly more than 5 per cent of the steamships. Shipowners in the western part of Norway owned almost half the foreign-going steam fleet, but only slightly more than 10 per cent of the sailing ship fleet.

<sup>13</sup>Figure 1.2: Statistics Norway (1902), Table 1d, 9–10. Based on ships of all sizes engaged in the foreign-going fleet. Vessels engaged in domestic coastal trade and sealing and whaling (including walrus hunting) are excluded. The categories include the home ports in the following regions:

Oslofjord East: Smålenene, Akershus, Kristiania

Oslofjord West: Buskerud, Jarlsberg and Larvik, Bratsberg

South: Nedenes, Lister and Mandal

West: Stavanger, Bergen, Søndre Bergenhus, Nordre Bergenhus

North: Romsdal, Søndre Trondhjem, Nordre Trondhjem, Nordland, Tromsø, Finnmarken.

This geographical division becomes even more striking if we look at individual ports. By 1900, steamships made up almost 97 per cent of the Bergen fleet—even when we count “a ton as a ton” and disregard the fact that a ton of steam capacity was much more efficient than a sailing ship ton.<sup>14</sup> In southerly Arendal, on the other hand, the white sails still ruled—sailing ships made up around 90 per cent of the city’s tonnage.<sup>15</sup> Other ports on the South Coast were clinging even harder to the old technology. The home port of Lillesand housed only one steamship—68 tons of modernity—but in excess of 40 sailing ships, amounting to more than 21,000 gross tons. Moreover, seven other towns, mainly on the South Coast, had substantial sailing ship fleets, but not a single steamship above 50 tons.

Shipping’s important economic role was of course reflected at the local level—in investment and employment, naturally, but also in status and politics. In a country where nobility had been abolished by law at the start of the 19th century, wealthy shipowners came to play crucial roles in their communities. When the playwright Henrik Ibsen wrote about *The Pillars of Society*, the main character was an impatient businessman involved in shipping and shipbuilding.<sup>16</sup> This is a literary example of the privileged positions that shipowners had in towns and cities along the coast—and art imitated life. The maritime men were important at the national level as well—three of the first five Prime Ministers in “independent Norway” were shipowners. Egeland points out the remarkable fact that Michelsen, Mowinckel and Knudsen, “the three dominating Norwegian politicians – one should indeed use the word ‘statesmen’ – in the first four decades [of the 20th century] came from the shipowning profession.”<sup>17</sup>

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<sup>14</sup> This and subsequent calculations based on vessels above 50 tons in Statistics Norway (1902); see Fig. 1.2 for an explanation.

<sup>15</sup> Though, to be fair, the sails were far from as white as they are usually depicted, and they were also substantially more patched. Perhaps a better description would be “sails in 25 shades of white and another 25 shades of black.”

<sup>16</sup> An alternative title, favoured by the Royal Shakespeare Company, is *The Pillars of the Community*, which perhaps better reflects the local dimension. The main character of the play, Karsten Bernick, was allegedly modelled by Henrik Ibsen on Morten Smith-Petersen, a Grimstad shipowner who was married to the author’s second cousin.

<sup>17</sup> Egeland (1973, 73).

## Shipping Companies

The skilled and lucky ones could make a fortune from shipping, but it was also a risky undertaking. Compared with other countries and other Norwegian industries, the “turnover” of shipping companies was very high. Throughout the 20th century, in booms as well as crises, established companies went bankrupt or ceased operations for other reasons—broken partnerships, deaths, succession challenges, low profits or high competition. However, the businesses that disappeared were usually replaced by new companies—with the exception of one particularly violent period, during the crisis of the 1970s and 1980s.

This turbulence was not all negative. In fact, to a large extent the modernization of Norwegian shipping took place through the establishment of new companies—and removal of old ones—rather than as a result of transformation within existing organizations. Out with the old and in with the new. This does not mean that there are no shipping companies with long traditions in Norway. Among the largest shipping companies in Norway at the start of the 21st century, we find quite a number of “old timers”; of the 30 largest shipping companies in Norway in 2003, 18 were established before 1960, and another three had links—though not unbroken ones—to companies that existed in 1960. However, an international comparison reveals that the turnover was substantially higher than, for instance, in neighbouring Denmark.<sup>18</sup>

Just like the shipping sector itself was transformed, the shipping companies’ business models changed dramatically during the 20th century. Shipping companies have faced major shifts in markets, technology, infrastructure, capital, competence and policies—shifts that have been so dramatic that, in current management consultancy lingo, they would be labelled “disruptions.” To prosper and survive, the companies had to adapt their business models and long-term strategies to the new circumstances. Those that did not, lost out in the competition and ultimately failed, replaced by entrepreneurs that understood the new regimes.

The 20th century saw the shipping companies’ business models develop from single vessel partnerships based on local factors of production, to

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<sup>18</sup> Compare the developments in Tenold (2012) and Sornn-Friese, Poulsen and Iversen (2012).

stock exchange-listed multinational conglomerates that drew labour and investment funds from a global pool. This development took place against the backdrop of a series of technological “revolutions” that changed the manner in which shipping companies went about their business. The transformations that first spring to mind are the changes in shipping technology. New building materials and shifts in the means of propulsion—from wood and sail, to iron and steel, steam and diesel—changed the skill set necessary to build, operate and commercially manage ships. Moreover, as ships became more expensive, the need for financing and insurance changed, as did the competence necessary to manage a shipping company.

Likewise, innovations that were not directly related to shipping also played important roles. Knowledge—often determined by access to information—is essential to make good decisions in shipping, as in most other industries. However, shipping companies have to base many of their decisions on information from markets that are far away. In the 19th century, sailing vessels often had very little contact with the “headquarters” on land, making the ship’s master particularly important for decision-making.

During the 20th century—with the exception of the two major wars—the access to and quality of information constantly improved. As a result, the fabric of the shipping industry changed. Innovations in communications technology—first from the telegram to the telephone, then from the telex to the telefax, finally to the internet and satellite links to ships at sea—muted the effect of distance. The technological improvements changed how decisions were made and who made them.

The changes in the business model also had ramifications for the spatial distribution of shipping companies—a process sometimes referred to as “a dislocation of the comparative advantages.”<sup>19</sup> As the infrastructure changed and the need for capital and managerial competence increased, Norwegian shipping became increasingly centralized. Proximity to information sources—and to other shipping industry participants—became more important. The captains, far from home, were no longer the main decision-makers. Now the shipowners, with improved access to

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<sup>19</sup> Fritz (1980, 148).



information, increasingly decided the business and instructed the captains by means of telegraph.

While the ownership of sailing vessels had been extremely dispersed at the start of the 20th century, now the large towns and cities gained a clear advantage. Most shipping company headquarters were located in the larger cities by the second half of the 20th century. Still, the industry continued to play an important economic role in more remote areas. With regard to employment, in particular, the shipping industry provided job opportunities for people based in rural districts and in sparsely populated parts of the country.

The number of Norwegian seafarers reached a post-war peak in 1960. That year, more than 53,000 seamen paid tax in *bygder* [non-urban municipalities]. In fact, the proportion of seamen in such rural areas was almost twice as high as the proportion of seamen in the cities.<sup>20</sup> Consequently, due to the employment opportunities in the merchant marine, Norway could maintain a relatively scattered population, partly neutralizing the trend towards urbanization. Country boys did not have to go to the city to find work—they could go to sea.

Another long-term effect is through family life and gender relations. Norway is known for being a country with gender equality in most areas, and the shipping industry might have influenced this. In many families, the male breadwinner would be at sea for long periods. As a result, many Norwegian women were given organizational and economic responsibilities that would be uncommon in other countries.<sup>21</sup> Moreover, towards the end of the 20th century, when seafarers' journeys home were more frequent, it was often expected that men would take care of the house and the children. Both of these factors might have contributed to the lauded Norwegian gender balance.

These two examples illustrate how activities in foreign waters have had profound implications for the development of Norwegian society on land. Shipping has influenced the nation and the population in ways that are neither intuitive nor obvious.

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<sup>20</sup> Statistics Norway, Tax Statistics (1961, 74). Not all of these seafarers were engaged in foreign-going shipping.

<sup>21</sup> See Lønnå (2010), for a number of examples.

## Norwegian Maritime History: An Update

The standard work on Norwegian shipping, *Den norske sjøfarts historie* [The history of Norwegian shipping], was 40 years in the making. Originally intended to be one 560-page volume, in the end it counted more than 3000 pages across six large books.<sup>22</sup> One reviewer acerbically remarked that no detail was considered sufficiently insignificant to be left out, and “glimpses of genius” were marred by “free-hand drawing” where “the imagination was given free rein.”<sup>23</sup>

The scope of this book is more modest, just like the period under investigation is more concise. The book is structured as a chronological voyage through Norwegian shipping in the 20th century. It is not an all-embracing or definitive history, and that has never been the intention. Rather, it is an attempt at describing the major long-term trends, while at the same time analysing how Norwegian actors—authorities, shipping companies and seafarers—have adapted to the challenges and opportunities in one of the world’s most competitive industries.

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<sup>22</sup> The full title of the series can be translated as “The history of Norwegian shipping from the earliest age until our own time.” With a timeline like that, and the interruption of two world wars, it is perhaps no surprise that the original three-year project period turned out to be too optimistic. For a presentation of the interesting process behind the book, see the editor’s postscript in Worm-Müller (1951, 481–487). A separate supplement, Schreiner (1963), brought “our own time” up to 1920.

<sup>23</sup> Schreiner (1952, 267, 259 and 256). After the harsh review—which also called parts of the series “scientifically worthless”—the reviewer was asked to write the follow-up volume, covering the period 1914–1920.

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