

MODERN NORWAY

A Study in Social Democracy

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by

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FOREWORD

In the Spring of 1948, the Norwegian Labour Party invited the Fabian Society to send a delegation to Norway to study the aims and achievements of the Norwegian Labour Government. This book is the result. We spent three weeks in Norway, and endeavoured to cover the whole field as thoroughly as possible in the short time available. Inevitably, time was too short for a comprehensive study of all important developments. We believe that nothing vital has been omitted, but we must claim the reader's indulgence for any inadvertent omissions or inadequate treatment.

This book could never have been written without the help of many friends in Norway, too numerous to mention. But we must first thank the Norwegian Labour Party, and in particular, Hr. Haakon Lie, for their great generosity and help in arranging our visit. And our thanks go also to Hr. Konrad Nordahl, Chairman of the Landsorganisasjon, Hr. Andreas Andersen, Director of Arbeidernes Opplysningsforbund, Hr. Hjalmar Helgesen, Director of Sørmarka Folkehøgskole, Hr. Dagfin Juel and Mr. John Inman of the British Embassy in Oslo.

INTRODUCTION

WILLIAM WARBEY

By January 1950, Norway had enjoyed the longest continuous period of Labour rule of any country in the world. During the war years, it is true, the exiled Norwegian Government included a few representatives of the other political parties, but even then the Labour Party held the dominant position. Apart from this period the Labour Party has been the sole Government party since 1935, and looks like maintaining its sway for an indefinite future. Norway has, moreover, long been reckoned as belonging to the generic type of the «Scandinavian democracies», modern, progressive, tranquil and cultured. Her sea-faring traditions, the beauty of her landscape, and the charming simplicity and good nature of her people, have all contributed, with many other factors, including her gallant stand in the late war, to create a natural bond of sympathy with her big neighbour across the North Sea. For all these reasons, British Socialists cannot fail to take a special interest in this small but enterprising country, and as they pursue their own democratic socialist experiment they must surely wish to learn how a similar experiment is progressing in a setting which, at first sight, seems very different from their own.

It was this interest which led us to undertake our investigation, and one of the first things which we discovered was that, despite the difference of context, the political, economic and social problems which confronted us were strangely similar to those we had left behind in Britain, and — even more surprising still — they were often being dealt with in a remarkably similar way. As we went around we found the Norwegians discussing such familiar matters

as — How to increase production, restrain inflation and boost exports; how to strike a correct balance between consumption and investment; how to man up under-manned industries and discourage entry into less essential occupations; which forms of capital investment would produce the best return in the short-term and the long-term; how the trade unions should adapt their structure and functions to the needs of a democratic socialist society; how to ensure that the private sector of industry would comply with the requirements of over-all planning; how to improve the efficiency of the parliamentary democratic machine; whether a return to multi-lateral free trade was desirable, and possible; how to amplify and co-ordinate the social services; how to reconcile local democracy with national needs; how to find security against war, or deliverance in the event of war, now that the Great Powers had fallen out and U.N. had developed no means of enforcing the general will.

As we looked further into these and cognate problems, we found many differences of emphasis and approach compared with our own, but our basic impression — of men and women similar in outlook to ourselves, confronting similar problems and applying to them similar methods — remained substantially unimpaired. Where striking differences exist, as in fishing and forestry, or in the structure and functions of local government, they usually derive from marked differences in geography and climate; the differences are narrowed wherever the economic and social framework becomes more important than the physical setting. While, however, it is interesting to record that the Norwegian way of life is, physical differences apart, not unlike the British, and that the similarities are tending to increase as both countries move forward under like-minded governments, we have also thought it of value to bring to light such differences as do exist, and in particular to emphasise those aspects of Norwegian life or of public activity in which it appears that the Norwegians have been particularly successful, or where they are experimenting with social techniques which appear to be in advance of those employed elsewhere. In this way we may be able to learn something which, *mutatis mutandis*, we can apply to our own domestic situation.

In the following chapters we give a factual account of what we have seen and the information we have gathered, and wherever possible we try to bring out the similarities or contrasts with British conditions, and to indicate the degree of success or otherwise with which the Norwegians are tackling their problems. Before plunging

the reader into this more detailed study, however, it may be useful if we try to provide him with some sign-posts and landmarks. Here then is a brief sketch-map of the country he will travel, and an indication of some of the general conclusions he may be likely to form by the end of his journey.

First, it must always be remembered that most Norwegians never have the sea, or one of its wide-branching inlets, out of sight or out of mind. The sea is their playground, their highway and, for many of them, their work-place. In Norway the great rocky land-masses are the barriers to human intercourse and livelihood; the seas, fjords, valleys and waterfalls are the basis alike of community and of material well-being. Secondly, there are the vast distances, the remoteness of the northern fjord and valley hamlets, and the violent contrast of winter darkness and summer light. Thirdly, there is the Gulf Stream, which enables the Norwegians to populate their whole coastal fringe right round to Kirkenes, and to ripen outdoor tomatoes within the Arctic Circle. Electricity, radio and the aeroplane have completely revolutionised the potentialities of this forbidding geographical environment.

The small scattered communities favoured the growth of a virile local peasant democracy, which never completely lost its character or its bluff independence even under centuries of foreign rule. When partial self-government was achieved in 1814, and complete independence in 1905, the old democratic traditions were reborn in a modern setting. Politicians of peasant stock set the tone and continued to do so long after the industrial revolution had come to Norway. They never ceased to remind their people of three fundamental lessons to be drawn from their historical experience: that Norway has never been happy or prosperous under foreign rule; that national independence and democratic government are indissolubly interlinked; and that active democracy has its roots in the close personal contact of small communities.

The industrial revolution came late and swiftly in Norway, transforming the old social pattern and injecting radical new ideas. The rapid growth of the industrial working class at first promoted the spread of syndicalism and revolutionary socialism or communism, but by the middle twenties the young labour movement had settled down into a more tranquil, though still radical, social-democratic course. The links with the countryside were not broken, however, as many of the Labour leaders were of peasant origin. So too were many members of the other new social classes — the urban middle

classes and even the industrialists and ship-owners. While, therefore, these classes were often at loggerheads during the early period of rapid economic change, they were nevertheless restrained from violent antagonism by a sense of common traditions. The existence of a fairly well balanced variety of social groups also tended to foster a certain social equilibrium, and a recognition that no one social group was entitled to special benefits or privileges. The capitalists were too few in numbers and too weak in economic power and social influence to gain a dominant position, while the industrial workers soon came to recognise that the claims of other social groups, such as the farmers and fishermen, to a reasonable standard of living could not be ignored.

Thus, although the Labour Party gradually came to the forefront, it did not lose touch with other sections of the community, with the result that, during its period of minority rule from 1935 to 1939, it could always rely upon the support of the Farmers' Party or of the Liberals (or sometimes both) to get through its measures of social reform. Up to the Second World War, therefore, Norway was developing as a modern Social Welfare State under Labour leadership, but with the general consent of almost all parties and classes.

The common struggle against the German occupation temporarily deepened the sense of common purpose, so that when the Labour Party emerged into full leadership after the war it was in a position to carry the social transformation of Norway a considerable stage further with the whole-hearted approval of most of the people and with active opposition from almost none. It was generally conceded that the task of rebuilding the Norwegian economy after the occupation would require collective action under firm State leadership, and all the political parties were therefore able to agree upon a Common Programme of economic reconstruction and social reform. While social welfare was not overlooked, a new emphasis became apparent — social planning for higher productivity. These are the new terms in which the post-war Norwegian Labour Party thinks. Measures of nationalisation may be included, if they are regarded as essential for effective planning or just distribution, but in practice there have been no nationalisation measures since the war, and there appears to be no disposition to draw up a largescale nationalisation programme for the future. Norwegians have long been used to State railways, a central State Bank, municipally-owned cinemas and power-stations and State

share-holding in public companies. Certain new post-war projects, mainly in the field of minerals and metals, are being developed under sole or predominant State ownership, but these are mostly specific projects (not whole industries) in which large new capital investment is required. The general preference for the moment is for a mixed economy, in which State and private enterprise exist side by side within the same industry, and even, in some cases, in partnership.

What then does the present-day Norwegian Labour Movement understand by Socialism? To put it very shortly, the *ends* at which it aims are: full and most efficient employment of all human and material resources; a generally high standard of living fairly shared amongst all social groups; equality of opportunity; and the active enjoyment of democratic rights and liberties. The *means* it seeks to employ are: over-all, democratically-controlled State Planning of production, foreign trade and distribution; recognition by all social groups of their obligation to use their property and labour in the service of the community; free and equal education; local and parliamentary democratic institutions; the four freedoms, and a multiplicity of voluntary organisations.

To what extent are these means being employed, and how successful are they in achieving the ends? The answers, in so far as they can yet be given, will be found in the following chapters, but we will try here to summarise them.

A good deal of the machinery of State Planning has been brought into existence, some of it taken over from pre-war or war-time institutions. Norway was one of the first countries in Western Europe to produce a complete National Economic Survey, in the form of an annual «National Budget». Using the machinery set up for this purpose she was able to produce her Four-Year Plan earlier than most other O.E.E.C. countries. To ensure the realisation of the Plan there is a system of controls similar to those employed in this country, while an effort is made to secure the co-operation of private individuals and groups through an elaborate series of joint consultative organs, in which the State participates directly to a greater extent than in Britain. The workers' sense of responsibility is very high, and that of the capitalist groups rather higher than with us, while the cooperation of farmers and fishermen has been won by the very material incentive of high prices. (In defence of the latter it must be said that their average standard of living was very low before the war).

Prices and profits are fairly strictly controlled, the latter at lower levels than in Britain. Essential consumer goods are distributed fairly, though the country people, as everywhere else, get more and better food than the rest. Inflation has been kept well within bounds; the internal financial position is sound, a pretty firm balance has been maintained between consumption and investment, and the latter has been directed into channels, principally merchant shipping, which will bring the highest return in the shortest possible space of time. Longer term development, especially in metals, chemicals and electric power output, has not, however, been neglected.

Practically full employment has been maintained without the use, so far, of the reserve powers to control the movement of labour. Total production is above the pre-war level, with, however, a higher labour force, and it still remains to be seen whether improved capital equipment and new social incentives will lead in future years to higher productivity per man-hour. Average consumption is still only about 90 % of the pre-war level, but this is entirely attributable to the familiar balance of payments problem. The average standard of living is rather below the British, but the income range is narrower than ours, and very few people are to be found at either extreme of the scale. Social security is not yet as comprehensive as in Britain, but compares favourably with our pre-Beveridge Plan standard.

Education is free, or nearly so, at all stages, and children of all classes go to the same schools. Full educational opportunity is only limited by the fact that at the higher levels the maintenance allowances are still inadequate for the poorer families, and that in the remoter country districts the physical obstacles have not been completely overcome. Finally, it may be said with confidence that there are very few countries in the world where the individual citizen has greater opportunities to ensure respect for his person and his rights, and to participate actively in the discussion and conduct of public affairs. Active democracy is particularly virile in the localities and in the great variety of voluntary organisations. The smallest town has its own daily newspaper (and often two or three), and the people live and have their being as free, independent-minded individuals bound only by socially necessary and acceptable restraints.

A word must be said about Norway's external relations. The natural introversion of a country newly emerging into independent

nationhood was partially broken down by the First World War and decisively by the Second. There was a temporary relapse into concentration on internal tasks during the immediate post-war period, but this phase was abruptly disturbed by the dollar crisis and by the growth of international tension. In the political field there was a breakdown of belief in economic prosperity through a speedy revival of multilateral free trade. Because of her world-wide economic interests and her desire for peace and world unity, Norway has been reluctant to enter into the narrower framework of regional associations, whether of an economic or a political character. Necessity has, however, recently driven her to seek the protection and mutual aid facilities of such associations. She has joined O.E.E.C. as an active member, she has investigated anew the possibilities of closer cooperation — economic, cultural and possibly military — with the other Scandinavian countries, and she has finally been brought, by fear of possible Russian aggression, to participation in the Atlantic Pact.

The nature of the strategic dilemma which confronts her, in face of Sweden's insistence upon a traditional policy of neutrality, is dealt with fully in Chapter I, which was written before the possibility of Norway's adherence to the Atlantic Pact had been publicly discussed. Here it is only necessary to add that fear of Soviet Russia's intentions has undoubtedly increased during recent years, while the victory of President Truman, with strong Trade Union support, in the American elections, went far to remove the objections of many Norwegian Socialists to entering into a military alliance with the U.S.A. A minority, composed mainly of former pacifists and «internationalists», would still prefer that Norway should refrain from tying herself to either of the two great power blocs, but even amongst these there is a strong feeling that «what is right for Labour Britain must be right for Labour Norway».

In the last resort, Norway's strong sense of affinity with Britain, deepened by the war-time intimacy and by the post-war sense of community between two countries, near neighbours, set upon the same democratic socialist path, will have the preponderating influence on her external policy. She feels deeply that, in a world still divided by conflicting traditions and ideologies, she belongs to the «West», and that, in the West, the one country whose friendship she most desires and whose path must lie nearest to her own is Britain.

I. NORWAY'S FOREIGN RELATIONS

WILLIAM WARBEY

The Background.

«Norway has her face to the sea and her back to the Continent», says Finn Moe, Norwegian Delegate to the United Nations, in his monograph on Norway's post-war foreign policy.¹ Norwegians do not think of their country as part of the European continent, but rather as an island off its north-west coast. Indeed, geographically speaking, this is not far from the truth. The Norwegian coastline is 1,700 miles long, even discounting indentations, while a ship which went up and down every fjord and round every large island would travel 12,000 miles, a distance equal to half the circumference of the globe. Norway is bounded by the Arctic Ocean, the Atlantic Ocean, the North Sea and the Skagerak and, on its landward side, by the high mountain ridge known as the Keel, which divides it from Sweden. Only in the far north is there a low-lying land link with the other Eastern neighbours — the U.S.S.R. and Finland.

«Norway has her face to the sea»; that is, towards the West, towards the British Isles and, clear across the open sea, towards Iceland, Greenland and North America. These countries too are her neighbours — her near neighbours, for, as the Norwegian say, «it is the sea which unites and the land which divides». Railways,

¹ «Norge i den nye verden» (Norway in the New World), Tiden Norsk Forlag, 1946.

modern roads and aeroplanes have gradually modified this outlook, but it still has sufficient basis in real experience to colour the Norwegians' attitude to their neighbours.

Historical experience, too, has pointed in the same direction. The Continent has nearly always been the source from which evil or unfavourable influences have come — the grasping hands of the Hanseatic merchants, the autocratic kings and bureaucratic officials who held sway during the long period of Danish rule, the Swedish kings who held back Norway's independence until the twentieth century, and finally the invading armies of Hitler in April 1940. With Russia there were no quarrels of any importance, until the Russo-Finnish War in the winter of 1939—40, but although relations were generally good they were never very close, until June 22nd, 1941. On the other hand, the westward seas offered not only contact with the wider world, but a means of escape from the dangerous or cramping influences of the Continent. From the Viking Days down to the nineteenth century emigrations, and on to the years of enemy occupation during the Second World War, Norwegians have sought freedom, adventure and good fortune by sailing West across the sea. And in modern times it is the sea which has brought prosperity to the home-staying Norwegians through the prolific coastal fisheries, the Antarctic whalers and the far-ranging Norwegian merchant fleet.

It is therefore not surprising that the Norwegian outlook, when it is not merely insular, should be primarily world-wide rather than Baltic, or even European. Although before the War Norway had important commercial and cultural links with Germany, France, Italy and Czechoslovakia, as well as with her Scandinavian neighbours, the greater part of her exports (including shipping freights) went to Britain and North and South America, and the main direction of her interests and her political sympathies was towards the West rather than towards the East or the South. For Norway, of course, «the West» means Britain and North America rather than what we in Britain regard as «Western Europe». Norway's natural affinities tend, therefore, to differ from those of her Scandinavian cousins. While Norway looks to the West and the open sea, Denmark is closely tied to the main continental landmass (of which she is a northward projection), Sweden is essentially a Baltic and middle-European country, and Finland (after the loss of Petsamo) is wholly imprisoned in the Baltic and influenced by her powerful neighbour, the Soviet Union.

Thus, while the three main Scandinavian countries (Norway, Sweden and Denmark) have for many centuries enjoyed what is virtually a common language and a common culture, the influence of geographical factors on commerce, strategy and foreign policy has led these three nations, in modern times, along divergent rather than convergent paths. Talk of a Scandinavian Federation is much more popular in Britain and the United States than it is in the Scandinavian countries themselves. If Norwegians talk at all of federations or of groupings of countries, they tend to think less in terms of Scandinavia, or even of Western Europe, than of an Atlantic grouping comprising the «Atlantic fringe» countries of Europe, the British Isles, Iceland, Canada and the United States. This conception of an «Atlantic Community» was, indeed, adumbrated by Norwegians long before it was publicly advocated in the United States by Mr. Walter Lippmann.¹ To some Norwegians a regional group of this type represents the *via media* between the opposite poles of isolationist nationalism and world federalism. In practice however Norway's foreign policy during the forty-three years of her history as a modern sovereign state has swung to and fro between these two extremes.

Trends of Norwegian Foreign Policy. 1905—1948.

When Norway regained her complete independence in 1905 her foreign policy had two simple aims; to establish her position as a sovereign independent state and to promote her world-wide commercial interests. She had no territorial ambitions and she had no reason to think that any part of her territory was coveted by others. She did not expect war, but if it came as a result of the rivalries of the Great Powers she thought that a declaration of neutrality would suffice to keep her outside. Persistent neutrality and isolation from Great Power conflicts, coupled with non-committal support for movements to replace war by arbitration and peaceful negotiation, were the key-notes of Norwegian foreign policy until the 1914—18 War. The experience of that war taught the Norwegians that neutrality might save them from invasion and mass slaughter, but that it could not isolate them from the effects of war: the destruction of nearly half the Norwegian merchant

¹ In *The Aims of U.S. Foreign Policy*, 1943.

marine in the U-boat warfare, the disruption of world trade, the after-effects of scarcity, high prices and depression. Norwegians therefore turned with high hopes to the conception of a League of Nations to maintain world peace and promote international prosperity. From 1919 to 1931 Norway was a keen member of the League; although with a subconscious feeling that in the event of any conflict the main burden would be born by the Great Powers. The failure of the League in face of aggression in Manchuria and Abyssinia convinced the Norwegians that the Great Powers could not be relied on to play their part in collective security and that the League would therefore prove ineffective in face of a serious threat of war. In 1936 Norway joined with the other Scandinavian countries, Holland, Switzerland and Spain in a declaration that, so long as the conditions of the League Covenant were not carried out (particularly the disarmament clauses), they could not consider themselves bound by any obligation to participate in sanctions. In 1937 the Norwegian Foreign Minister declared that Norway was unlikely to participate in any war so long as there was a prospect of her staying outside. The return to neutrality and isolationism was completed in the following year, when the Foreign Ministers of the Scandinavian countries jointly declared that they would do all in their power to keep their countries out of war in the event of a conflict between the Great Powers.

The German invasion of 9th April 1940 struck a shattering blow at the illusion that neutrality could protect a small country from war. It also, temporarily at least, widened the divergence between the outlooks and external policies of the Scandinavian countries. Norway was invaded, fought back for two months, was conquered, began an underground struggle against the conqueror and his quisling aides, and was eventually liberated. Denmark was attacked and occupied, but did not fight back, and developed an effective resistance movement only late in the war. Sweden remained formally neutral throughout, was not occupied or even attacked, suffered no economic losses, and did not need to be liberated. Finland was attacked by Russia, later joined Hitler in his attack on Russia, and finally helped the invading Russians to chase the Germans out of North Finland. Iceland was occupied, peacefully, first by Britain and then by the United States forces, and she declared her independence from Denmark in 1944.

Of the five Scandinavian countries, Norway alone had the experience of fighting practically throughout the War on the Allied

side. She enjoyed the prestige of a full ally, and took part in the discussions on post-war problems, including those which led to the establishment of U.N.R.R.A., the F.A.O., the World Bank and International Monetary Fund, and the United Nations Organisation itself. She came out of the War with certain clear convictions in the field of foreign policy. These were: firstly, that because of her strategic position and of the military value of her Merchant Fleet, it was highly improbable that she could stay outside any future major war, and that the policy of permanent neutrality was therefore futile; secondly, that world peace could be safeguarded only by an international organisation equipped with effective means to deter or crush aggressors; thirdly, that all countries, small as well as great, must take a proportionate share in collective security; fourthly, that in practice the main, though not the sole, burden of collective security must be borne by the Great Powers which now, more than ever before, surpassed all others in military potential; and fifthly, that continued cooperation of the three leading Great Powers — U.S.A., U.S.S.R. and Great Britain — was indispensable to the success of the United Nations as a means of maintaining peace.

When the war ended the Norwegians had every reason to believe — as many other people did — that they could safely base their foreign policy on those assumptions. They set about the heavy tasks of international economic reconstruction in full confidence that peace was assured for an indefinite future, that the world was steadily moving towards unity, and that there were no problems — economic, political or strategic — which could not be solved by friendly cooperation between the United Nations. While a number of Norwegian personalities (including the war-time Foreign Minister, Trygve Lie) busied themselves with practical work in the large new field of international discussion and organisation, the majority of the population concentrated their energies, and their thoughts, on the work of reconstruction. Interest in the outside world subsided, or its activities were glimpsed through a haze of optimism.

For some time this self-concentration continued undisturbed by events in Germany and Eastern Europe or by the changed relationships between the Big Three. Disputes on the Security Council began to trouble the well-informed, but the man-in-the-street refused to allow his tranquility to be upset by verbal duels in far-away places. A first shock to complacency came at the beginning of 1947,

when the Norwegian public learned for the first time of the Russian request, tabled in the autumn of 1944, for joint defence arrangements in the Norwegian territory of Svalbard (Spitsbergen).¹ The excitement subsided, however, when it was found that the Norwegian Storting's firm rejection of the Russian request did not evoke any hostile reaction in Moscow. During the course of 1947 well-informed Norwegians became increasingly disturbed by the growth in international tension, but the general public refused to be alarmed even when the Cominform began its campaign against the Marshall Plan and the London Conference of Foreign Ministers adjourned *sine die*. There was regretful recognition that the war-time Allies were drifting apart, but there was also a general unwillingness to recognise that Norway herself might be affected by the changed course of events, or that a re-orientation of Norwegian foreign policy might soon become necessary.

Then, in February and March 1948, came a quick succession of electric shocks — the Czech political crisis, the Russian request to Finland for a mutual assistance pact, and the beginning of a «nerve war» against Norway herself. As in other countries the name «Czechoslovakia» had a special emotional significance because of its associations with Hitler, Munich and the prelude to the Second World War. But for Norwegians there were special associations dating back to the beginning of the century when Bjørnstjerne Bjørnson, in vigorous speech and writing, had linked Norway's struggle for independence from Sweden with that of the Czechs for independence from the Austro-Hungarian Monarchy. The association had been continued between the two wars, and Norway and Czechoslovakia had signed a Cultural Agreement at a time when such things were more of a novelty than they are today. Close relations continued during and after the Second World War, and in the United Nations the statesmen of the two countries worked together in an effort to bridge the widening gulf between East and West. Jan Masaryk was personally very popular in Norway, where he had addressed a number of enthusiastic meetings during the course of a visit made only a few months before his death. With his suicide one half of the bridge between East and West seemed to collapse, leaving the Norwegian half suspended in mid-air, still firmly attached at the Western end but with its Eastern end projecting into empty space. Since then the dilemma of Norwegian

¹ For further details see p. 22.

foreign policy may be crudely summed up as a choice between remaining on the bridge in the hope that the Eastern half may one day be repaired and coming off the bridge altogether in order to seek shelter from coming storms in the Western camp.

The bridge-builders were not encouraged by the events which immediately followed the Communist coup in Czechoslovakia. The Russians approached Finland for a mutual assistance pact, and the first reports suggested that they were seeking an agreement which would permit them to take charge of the defence of Finland's frontiers — Western as well as Eastern. This prospect alarmed the Swedes, and the Norwegians were only slightly less disturbed. A few days later rumours began to circulate that the Scandinavian Communist Parties were preparing for direct action, including sabotage, in the event of a crisis between the Soviet Union and the Scandinavian countries. That the rumours had any solid foundation appears unlikely, but they certainly contributed to the increase of tension.¹ In the midst of this excitement came an «Izvestia» article accusing the Norwegian and Swedish Governments of having entered into a secret agreement to place military bases at the disposal of Britain and the United States. The stage appeared to be set for a renewed Russian demand for joint military bases in Svalbard (Spitsbergen).

The demand did not come, the «nerve war» died off, the Russians modified their demands on Finland and signed a relatively innocuous pact, and within a few weeks the excitement and anxiety had subsided. By the middle of April the Norwegians were going about their daily tasks again in perfect calm, as though nothing had happened. But the effects of the shock remained — profound and disturbing. The Norwegian people had woken to a realisation that the split between the Great Powers was deep and serious, that Europe and the world were dividing up into two hostile camps, that the United Nations was, for the time being at least, incapable of organising collective security, and that the assumptions on which they had built their post-war foreign policy were untrue or, to say the least, as yet unrealised. They had been compelled to recognise that for the time being they would have to live, not in one world

¹ There were reports that at a secret meeting of representatives of the Scandinavian Communist Parties plans of the type indicated were discussed, but this was probably a typical example of unintelligent over-estimation of Soviet aims by Communist Parties out of touch with Moscow.

guaranteed from war by Great Power cooperation, but in a divided world which the Great Powers themselves might set alight again by their conflicts. For Norway the old questions were posed again in a new context: could safety be sought in neutrality? — must Norway take sides? — would military alliances make war more or less certain? — or should a non-committal attitude be adopted in the hope of an eventual relaxation of tension and a return to international cooperation?

The kind of answers which would eventually be given to these questions and the general trend of Norwegian opinion can perhaps best be judged through an examination of certain specific aspects of Norwegian foreign policy. What, first of all, is the Norwegian attitude towards the three leading World Powers?

Norway's Attitude to Russia.

During most of her history Norway has had no very close contact with Russia; nor, however, has she had any serious quarrels. The land link in the far North (temporarily broken in 1918, when Finland acquired Petsamo) was too remote and narrow to be a source of either conflict or cooperation. The Russian coal-mining settlement in Spitsbergen created no problems. After the Napoleonic Wars (in which the United Dano-Norwegian Kingdom involuntarily came into conflict with the Allied Powers) Norway remained aloof from Great Power conflicts until the Second World War. The Russian Revolution evoked considerable enthusiasm amongst the Norwegian industrial workers, and almost equal hostility on the part of the less influential capitalist groups. Admiration for the Russian social experiment continued long after the Norwegian Labour Party had settled down into a peaceful struggle for Social Democracy. The pre-war trials made a disturbing impression and the Russian attack on Finland in 1939 came as a profound shock to most Norwegian workers and progressives. There was general sympathy for the Finns in the Norwegian Labour Government and a few Socialists even joined the volunteer force which went to help them. Sympathy for Finland was, however, dissipated by that country's participation in Hitler's attack on Russia, and the glory of Russian feats of arms wiped out unpleasant memories and aroused new hopes of a triumphant Russian Socialism which would move towards democracy as the democratic countries moved towards Socialism. When the war

ended Russia's prestige was higher in Norway than in any other north-west European country. Norway had heard much of the great Russian counter-offensive in the East. She heard later of the invasion from the West, but it was not from the West but from the East that the first liberating troops came, ousting the German invaders from a small portion of Norwegian soil in eastern Finnmark. Here the Russian soldiers behaved well, bivouacking in the open in mid-winter so that the Norwegian population could find shelter in the few buildings left standing after the German retreat. In Grini concentration camp, shortly before the German capitulation, Norwegian Socialist and Communist leaders drew up a joint declaration in which they pledged themselves to work for the fusion of their two parties and for Norwegian friendship with all the Great Powers, *especially* with the U.S.S.R.

Communist fears of losing their identity and power of manoeuvre inside the Norwegian Labour Party soon put an end to thoughts of fusion, but most Norwegians retained the friendliest feelings for the Soviet Union long after suspicion and irritation had begun to grow up in Britain and the United States. Norwegian statesmen worked hard to break down such suspicions, while the Norwegian people preferred to give the Russians the benefit of the doubt even when disturbing reports came with increasing frequency from Germany and Eastern Europe.

The story of the Svalbard (Spitsbergen) negotiations came, therefore, as we have said, as a first shock to the Norwegian's settled conception of the role of the Soviet Union in the post-war world. Towards the end of 1946 it became known that the Soviet Government was pressing for the implementation of a draft joint declaration concerning the defence of Svalbard (Spitsbergen) which had been drawn up during the course of Norwegian-Russian discussions in 1944 and 1945. The matter had remained secret until an official statement acknowledging the existence of the draft declaration was issued by the Norwegian Foreign Office on 10th January 1947. The question was referred to the Foreign Affairs Committee of the Storting, and at a secret session in February the latter adopted the Committee's report by 101 votes to 11 (only the Communists voted against). The following were the most important passages of the report:

«The Storting have taken note of the Foreign Minister's statement concerning Svalbard (Spitsbergen) and observe that the Government in 1944 and 1945 — during the final intensive phase

of the war, when Soviet troops were stationed in Eastern Finnmark, having liberated that region, and when it was of vital importance to the Soviet Union and her Allies to keep open the supply route to Murmansk, submitted a draft joint declaration in which it was stated the defence of the Archipelago of Svalbard was the joint concern of Norway and the Soviet Union.

The Storting further observe that the international situation has since changed, as a result of the termination of the war to which the Soviet Union contributed so mightily, as a result of the United Nations having come into being and having taken up their work for international peace and security, and not least as a result of the resolution of the United Nations with regard to disarmament, which was initiated by the Soviet Union. To that extent the circumstances which conditioned the wording of the Norwegian draft joint declaration are no longer present, and the opening of negotiations of a military character with any single foreign power concerning the defence of a region under Norwegian sovereignty would be contrary to the foreign policy which the Government in concert with the Storting has pursued since the liberation.»

The remainder of the Report recalled the fact that the Svalbard (Spitsbergen) Treaty of 1920, recognising Norwegian sovereignty over the Archipelago, had provided that the territory should be permanently demilitarised, and that although the Soviet Union was not one of the original signatories she had subsequently, in 1924, acknowledged Norwegian sovereignty. Any alteration of the Treaty would require the consent of all the signatory powers, with the exception of the ex-enemy nations. Subject to this condition, however, Norway was willing to have further discussions with the Soviet Union in preparation for a possible revision of the Treaty, taking into account Russia's special economic interests in the Archipelago.

Although the Storting's firm stand closed the incident for the time being, it left certain disturbing impressions on Norwegian opinion. There was first of all the revelation that Great Powers still considered it important to take up strategic positions for a possible future conflict. Then there was the recognition that in such a conflict the Arctic Ocean would probably be a vital strategic theatre, and that Norway's northern shores, as well as Svalbard (Spitsbergen) itself, would be regarded by the Soviet Union as a part of the «protective zone» covering the approaches to Petsamo,

Murmansk and Northern Russia. While, therefore, the Soviet move might be regarded as purely defensive, and as paralleled by the American interest in Greenland and Iceland, the Norwegians could not help being uneasy at the thought that their powerful Eastern neighbour looked upon their territory as a part of the Soviet glacis. Even though the Russians might withdraw their demands for the time being, there always remained the possibility that they would be renewed at some future time if international tension increased.

In the spring of 1947, however, the Norwegians could still consider these matters objectively and unemotionally. It was not until a year later, after the events recorded above, that the real emotional swing-over took place. The Czech crisis, and the subsequent events, destroyed what remained of positive pro-Russian feeling and replaced it by a complex of fears — fear of war, as now a real possibility; fear of Communism, as a threat to Norwegian democratic traditions; fear of Russia, as the Great Power which, through force of circumstances rather than through ill-will, might one day repeat what the Germans had done in April 1940. These fears did not, except perhaps for a few days, generate any panic, but they did promote an almost revolutionary change of outlook. The Norwegians suddenly became vividly conscious of the fact that they could never voluntarily become part of an Eastern strategic group, and the consequences of that decision compelled them to look, with a much keener interest than hitherto, to what was happening in the West.

Norway's Attitude to the U.S.A.

Norwegian feelings towards the United States have always been rather mixed. The historical tradition is one of friendship and of political and cultural affinity based on similarities in the two countries' struggle for national independence and democratic government. During the nineteenth century close ties were created by the large numbers of Norwegian immigrants who kept contact with their relatives in the home country. As emigration has virtually ceased since the 1914—18 war this contact is by now rather tenuous, but the fact that the total number of first, second and third generation Norwegian-Americans (about 3½ millions) exceeds the whole population of Norway, still has some significance as one of the imponderable factors in Norwegian-American relations.

In recent years opinion has tended to divide, as might be expected, on party lines. Norwegian Conservatives and, to a lesser extent, Liberals, have developed pro-American sympathies, whereas followers of the Labour Party have tended to judge the United States as a capitalist, and potentially imperialist power, and therefore as a possibly disturbing factor in international relations. At the same time there were strong feelings of sympathy towards the American Labour Movement, and the pre-war and war-time policies of President Roosevelt brought about a considerable change in the attitude of all types of Norwegian progressives. After the war, with the death of President Roosevelt and the disappearance of most of the New Dealers, many of the old doubts American policy revived. In the economic field the pressure of American business interests again began to make itself felt. American film companies sought to make the Norwegian municipal cinemas pay high rents for exhibiting their films; American petroleum companies tried to re-establish their pre-war control over internal distribution in Norway; American shipping interests endeavoured to make loans to Norway conditional on the employment of American ships; and other interests, perhaps political rather than economic, promoted the revival of Japanese competition in Antarctic whaling. Norwegian resistance to these pressures resulted in many cases in the withdrawal of the original demands or the negotiation of acceptable compromises, but the fact that American capitalist interests were again in an expansionist mood was not without its effect on leftwing opinion in Norway.

The political role of the United States in the post-war world was also viewed with some scepticism, although not with any marked hostility — except, of course, on the part of the small group of Communists. The American Government was blamed as much as the British for the failure to take a strong line towards Franco, and the application of the Truman doctrine to Greece and Turkey. aroused some misgivings in the Labour Party, but it was only on the extreme left that these activities were regarded as a mark of aggressive imperialism. On the whole, the Norwegian public were not well-informed about the details of the world-ranging activities of either the United States or the Soviet Union, and they were not disposed to fret themselves unduly about either the one or the other.

General Marshall's Harvard speech although generally welcomed did not at first evoke any strong positive reaction in Norway,

as at that time (June 1947) it was believed that Norway would not have any great difficulty in solving her economic problems, and that what outside aid she might require could be obtained through directly negotiated loans. Later, however, there was a greater appreciation of the value of Marshall Aid to European economic recovery, in which Norway would benefit indirectly as well as directly, and when E. R. P. became a subject of acute controversy between East and West, Norway inevitably found herself supporting the Western side of the argument. The question of a *choice* between the Russian and the American side in the general power-political conflict did not, however, pose itself until the spring of 1948 when, as we have already shown, fear of war and of a possible Russian occupation in the event of war suddenly produced a radical change of outlook. The question which now arose was whether, despite objections to certain aspects of American economic and political policy, it might not be advisable to seek shelter in the American camp in order to secure some protection if the storm should break. Clearly the United States was the only country in the world which was in a position to stand up to the Soviet Union in the event of a clash, and therefore the only Power which, if the worst should come, would be able to liberate Norway from Russian occupation. What was more than doubtful, however, was whether the United States would be able to prevent or forestall such an occupation, even if precise military guarantees existed in advance. American protection might, so long as peace endured, deter the Soviet Union from reviving her Svalbard (Spitsbergen) proposals or from taking other steps to involve Norway in her own strategic sphere. On the other hand, it was equally arguable that any form of strategic association with the West would arouse Russian suspicion without providing any tangible benefits in return, and that in these circumstances it was preferable to remain as long as possible totally uncommitted to either side. In any case, Norway's attitude could not be determined without reference to that of Great Britain on the one side, and Sweden and Denmark on the other.

Norway's Attitude to Great Britain.

On the theory that «the sea unites and the land divides,» Great Britains, after Denmark, Norway's nearest neighbour. Historically, contacts have been close, especially with Scotland and north-east England, and relations have normally been very friendly especially

in modern times. During the Napoleonic Wars Norway came in, through her association with Denmark, on the anti-British side, and Britain's subsequent support for the Swedish claim to Norway led for a time to strained relations. In 1905, however, Britain's good offices were used to ease the break with Sweden and assist Norway in establishing her position as a sovereign state. A general improvement in Anglo-Norwegian relations was assisted by the fact that the new King of Norway, Haakon VII, was the son-in-law of Edward VII. In the present century, despite some commercial rivalry in shipping, fishing and whaling, the common outlook of two seafaring nations and an increasing common interest in the security of the North Sea region has brought the two countries steadily closer together. During the 1914—18 War, despite Norway's neutral position, a large part of the Norwegian merchant fleet was chartered to British service. In the recent war the importance of the Norwegian merchant navy was again demonstrated by the indispensable part which it played in bringing vital supplies of food and petrol to Britain, especially during the period when Britain «stood alone». British irritation at the use made of Norwegian waters by German vessels during the period of Norwegian neutrality, and Norwegian disappointment at the inadequacy of British military aid in April 1940, were dissolved by the subsequent war-time partnership, when the Norwegian Government found a temporary refuge in Britain and Norwegian armed forces served under British strategic command.

After the war, the great majority of Norwegians welcomed the victory of the British Labour Party at the July 1945 General Election, and looked eagerly to the Labour Government to give a lead in Europe for economic cooperation and social progress. Since then there have been some disappointments and irritations. In Norwegian Labour circles there was expectation that the British Government would give more positive encouragement to the Socialist and progressive forces on the Continent, and British policy in Greece and Palestine, and especially in relation to General Franco, came in for much criticism in the early post-war period. For some time, too, it was thought that Britain did not show sufficient understanding of the Russian point of view, but this attitude has changed as a result of the events of 1947—48. On the economic side there was disappointment that Britain was unable to resume her pre-war coal deliveries, but this died away when the reasons were appreciated and when substitute supplies were obtained from Poland,

the Ruhr and Spitsbergen. A minor source of complaint is the continuance after the war of British home production of carbide, at what the Norwegians regard as economically excessive costs, with the result that the Norwegian carbide industry, which relied on the British market, has been virtually ruined.

On the other hand, post-war economic relations have been mainly favourable to Norway, principally in consequence of the large sterling balance of £ 75,000,000 which accrued to Norwegian account in London in the form of insurance payments for Norwegian merchant ships sunk during the war. A large part of this sum has been used to buy new ships from British yards, which together with Swedish shipyards have received the bulk of Norwegian replacement orders. In April 1948, 929,000 dead weight tons of shipping were under construction in British shipyards. In 1947 Norway's exports to Britain totalled £13,000,000 whereas Britain's exports to Norway totalled as much as £ 37,000,000, including nearly £ 9,000,000 for ships. Britain's biggest imports from Norway in 1947 were, as in pre-war years, in the form of pulp, paper and fish.

In the field of defence Norway has continued the pre-war practice of obtaining her heavier armaments, such as naval vessels and aeroplanes, from Britain. There is, however, no strategic cooperation or mutual defence agreement between the two countries,¹ and Norway has not been invited to join the Brussels defence group. With the changed attitude towards the Soviet Union, Norway will be more than ever anxious to keep politically in step with Britain. Her sense that Britains and Norwegians belong to the same «family» is stronger than ever, and she would certainly expect to be able to count on first-line British aid if she were attacked. She will however be inclined to view with some scepticism the value of British, or even West European, military aid as a means of safeguarding her from attack and occupation, although a firm assurance of American backing might change her attitude. She will in any case be bound to take into account the attitude of Sweden and Denmark, which cover the main approaches to Norway from the East and South.

Norway and the other Scandinavian Countries.

Close kinship in race, language and social and political tradition has made it natural and easy for the Scandinavian countries to

¹ Norway has since adhered to the North Atlantic Treaty.

develop cultural cooperation to a degree not attained by any other group of independent nations. It would, however, be wrong to assume that such cooperation could easily be extended to the political, strategic and economic fields. The differences in outlook occasioned by geographical and historical factors have already been referred to above, but in the case of Norway there must be added into the account the natural fear that any move towards a specifically Scandinavian integration might result in the re-emergence of Sweden, with her larger population and richer internal resources, as the dominant nation in the group, thus restoring in a new form the situation from which Norway escaped only as late as 1905 by the severance of the Union under the Swedish crown. During the recent war Swedish discussions of a possible Northern Federation or Confederation met with a chilly response in Norwegian circles, and since the war the Norwegian attitude has been that while limitations on national sovereignty might be accepted for the sake of establishing a world organisation, the price was not worth paying for the limited and doubtful advantages to be gained by creating a purely local federation. During the immediate post-war years close cooperation was revived in the cultural sphere, but it needed the stimulus of common association in the Marshall plan to promote serious study of the possibilities of close economic cooperation, while it was only common concern at the breakdown of Great Power cooperation and common fears of a new war which led to renewed consideration of the possibility of cooperation in the spheres of foreign policy and defence.

In the economic field the scope for any exclusively Scandinavian cooperation is limited by the fact that the economies of the Northern countries are only to a small extent complementary, with the result that the volume of their inter-trade is not large¹ and their exports are in many fields highly competitive. In some fields (e. g. Norwegian fish and shipping, Swedish iron ore and Danish agricultural produce) dependence on non-Scandinavian markets inevitably plays a dominating role in external economic policy. Nevertheless, the attempt is being made to secure maximum cooperation within the possible limits. When the Foreign Ministers of Norway, Sweden and Denmark met at Copenhagen in August 1947, they agreed to establish a Joint Northern Committee for Econo-

¹ See Table in Appendix I.

mic Cooperation, and this body held its first meeting in April 1948, with Iceland also participating. Although the question of an eventual Customs Union is being studied, more emphasis is being given in the early stages to the possibility of mutual limitation of quantitative restrictions, which constitute the main obstacle to increased trade. Consideration is also to be given to certain possibilities of increased division of labour and specialisation between the Northern countries, especially in the development of new industries. Norway and Sweden are, for example, endeavouring to ensure that their respective steel plants shall concentrate on different types of end-products. The two countries are also working on a scheme by which Sweden would be able to exploit certain waterfalls on the Norwegian side of the common frontier to supply power for industries situated on the Swedish side.

In the field of foreign and defence policy, cooperation was possible so long as the Northern countries were pursuing a common policy of neutrality. The rise of Hitler and the divergent experiences of the Northern countries in the recent war destroyed the basis of this cooperation, and no new basis can be found unless and until agreement can be reached on a common attitude towards a world divided by the conflicts of the Great Powers. Denmark's exposed position makes it difficult, however, for her to enter into definite commitments, while Sweden is strongly influenced by the supposed success of her neutrality policy in the recent war and by her desire not to follow a course which would leave Finland completely excluded from the Scandinavian circle. During April and May 1948 most of the Swedish Cabinet Ministers went on record in favour of a continuance of the traditional neutrality policy, and the Foreign Minister, Hr. Undén, emphasised that Sweden was ready to join in a common Scandinavian policy, provided that it was based on neutrality and on the aim of keeping the Scandinavian group «aloof from other international constellations.» The Norwegian Foreign Minister, Hr. Lange, publicly called attention, in a speech delivered on 5th June 1948, to the practical advantages of the coordination of the defences of the Scandinavian countries, but at the same made it clear that Norway would not return to the old policy of unconditional neutrality. The gap between these two conceptions is so wide that it is difficult to see how it can be bridged. We will consider later the efforts that are being made to bridge it.

Norway's Attitude to Western Europe.

The Marshall Plan was welcomed in Norway more for the indirect assistance which Norway would gain from the economic recovery and stability of some of her principal customers than for the direct share of dollar credits which Norway would be due to receive. As far as direct credits were concerned, Norway had in any case not expected to experience much difficulty in obtaining the comparatively modest amounts she would require through the medium of the International Bank, the Export-Import Bank and private channels. The sum of \$ 42,100,000 provisionally allocated to Norway under E.R.P. for the fifteen months period April to June 1949 represented in fact only one-third of Norway's estimated net deficit on her total trade with the Western Hemisphere during that period (\$ 130,200,000, — estimate of the U. S. Embassy in Oslo, — is regarded by the Norwegian Minister of Trade as too low). In any case the remaining two-thirds would have to be covered by other credits, including the unused balance of a previous Export-Import Bank loan, amounting to \$ 35,000,000. Disappointment has also been expressed in Norway at the fact that she is not considered to have suffered sufficient damage to her economy during the war to merit inclusion in the list to receive a part of E.R.P. in the form of a grant-in-aid. It is felt that insufficient account has been taken of the destruction of the harbour installations at Narvik and other ports, the serious damage done to the iron mines of South Varanger and the coal mines of Svalbard (Spitsbergen), the devastation of Finnmark in the German retreat, the wearing-out of machinery and rolling-stock by excessive war-time use, the destruction of several small towns by bombing and the sinking of half the entire merchant fleet, with the consequent loss of valuable freight income during the immediate post-war years.

Norwegian Ministers have nevertheless stressed the value of the Marshall Plan to Norway, pointing out its advantages as a means both of preventing a reduction of the standard of living and of promoting that general economic recovery on which Norway's own economic future necessarily depends. Norway has therefore associated herself fully with the Committee (later «Organisation») for European Economic Cooperation, and has called attention to the contribution which she can make to the common pool through an increase in her shipping services and through increased production of nitrate fertilisers, whale oil and fish products. Development of

the coal reserves of Spitsbergen and of electricity generation will also enable her to make a smaller demand on foreign coal supplies.

The inclusion of Germany in E.R.P. has not aroused serious opposition in Norway. The emotional dislike of Germany and the Germans, which was strong in the immediate post-war period, has largely abated. Although concern is expressed in some sections of the Labour Party at the prospect of a revival of German war potential under American protection, most people regard a renewal of German aggression as a very remote contingency, and more attention is devoted at present to the need to restore German productivity as a contribution to European economic recovery. Norway would, however, probably oppose any suggestion that the ban on German merchant shipping, and whaling should be removed. Resentment has been expressed at the currency conditions imposed by the Bizonal Import-Export Agency, which have resulted in Norway having to pay dollars for Ruhr coal while receiving only sterling for the fish she has exported to the British zone.

The idea of extending West European economic cooperation through E.R.P. into the closer forms of military, political and economic integration expressed in the term «Western Union» has met with a cautious response in Norway. From the military point of view it has already been made clear that Norway is bound to have regard to the standpoint taken by Sweden, and it is therefore not surprising that Norway has so far neither received, nor sought, an invitation to join the Brussels Pact group. Anything like a complete political federation of Western Europe is regarded in Norway as too remote a possibility to merit serious discussion at present, and the Norwegian tendency to think in broad international terms makes the conception of regional federations unattractive. On the other hand, Norway is today very conscious of being a democracy of the Western type, and she will undoubtedly seek much closer political cooperation — short of the surrender of national sovereignty — with Britain and other countries sharing similar social and political traditions.

... Norway's world-wide interests in international trade and shipping also make her approach the idea of a Western Economic Union with some hesitancy. Norway exports very few manufactured goods and is therefore not under the same pressure as Britain and some other West European countries to seek for a unified economic area with a large «home market» as the basis for specialised mass-production industries. She is more interested in the re-

removal of barriers to multilateral trade, which she believes would offer her the best opportunity for the restoration of her income from shipping services and from exports of raw or partly processed materials and foodstuffs. On the other hand, her Labour leaders are not unmindful of the past effects of world-wide depressions, nor are they over-optimistic about the prospects of removing trade barriers in the immediate future, and they are therefore prepared to look at proposals for closer economic integration in Western Europe provided that certain conditions are satisfied. The first condition is that there should be no attempt to form a closed economic area, and that any Western Economic Union should maintain full trade links with the rest of the world, including both Eastern Europe and North and South America. The other main condition is that Norway should be allowed to continue her industrialisation, so as to be able to work some of her raw materials with the cheap electric power which she has in abundance. Norwegians argue that only in this way can they hope to enjoy a higher standard of living, since natural conditions set a severe limit to the productivity of agriculture and of the fishing industry. They are quite prepared, as part of a common economic plan, to specialise on light metals (including aluminium), fertilisers and other commodities which they are particularly well fitted to produce, but they are not prepared to drop their plans for a further degree of industrial development.

Norway's Security Problem.

It is, of course, quite impossible for Norway, with her long frontiers and small population, to defend herself for very long if she is attacked by a powerful enemy. The utmost she can hope to do is to give a good account of herself, making the best possible use of her natural defences, until help arrives from outside. The last war showed that a relentless enemy, making use of a combined sea and airborne attack, could quickly seize airfields and other key-points, and so gain a big initial advantage over forces coming to Norway's aid from across the sea. In a future war, any ally of Norway, with the exception of Sweden, would almost certainly be similarly outpaced in the race for vital bases, unless Norway had taken the unusual and unlikely course of placing bases at the disposal of her allies in advance of the outbreak of war. In the event of an attack from the East, Sweden's attitude would again be deci-

sive, since four railway lines and a number of roads cut across the long Norwegian-Swedish frontier.

It is therefore natural that Norway should not feel disposed to enter any allied defence group which does not include Sweden. If Sweden makes neutrality a condition of entering such a group, however, it loses its value for Norway; for the Norwegians do not believe, after their recent experience, that neutrality offers any safeguard against invasion and occupation. They have taken what steps they can to put their own defences in order. A territorial force, or «Home Guard», of 120,000 men has been created. Special attention is being devoted to the defence of airfields. During 1948 the ordinary military budgets have been supplemented by two Extraordinary Defence Budgets of £5,000,000, and £5,600,000 respectively, the money being raised by a special tax. Light naval vessels are being purchased from Britain and the United States, and a squadron of 20 jet-propelled fighter-planes has been purchased from Britain. In April 1948 the Storting appointed a special Committee for Special Foreign and Defence Questions, and took care to see that there were no Communists amongst its members.¹

Norwegians realise, however, how inadequate their efforts at self-defence must necessarily be. Some therefore take the view that, regardless of Sweden's attitude, Norway should link up with a great Power bloc. In a Gallup Poll in April 1948, the question was put: «Do you think Norway should join a Great Power bloc, and if so, should she join East or West?» Of the 78 per cent who expressed any view at all, 61 per cent said that Norway should join a West bloc, 2 per cent that Norway should join an East bloc, and 37 per cent that she should not join any Great Power bloc. The difference in Party views is illuminating. Of the Conservatives, 82 per cent said that Norway should join a West bloc, whereas of the Labour Party members 51 per cent were for a West bloc, 2 per cent for an East bloc, and 47 per cent for joining no bloc at all. This sharp division of opinion in the Labour Party would alone make it difficult for the Norwegian Labour Government to enter into any decisive commitment, unless further international developments were to lead to a marked swing of opinion in one direction or the other.

¹ See Chapter 2 page 40—41.

In November, 1948, «Arbeiderbladet», the official journal of the Labour Party, expressed sympathy with the idea of an Atlantic Defence Pact and said that «the Scandinavian countries should seek contact with this movement». But the problem remained: how and in what forms? Discussions were started in October, 1948, on the possibilities of defence cooperation between Norway, Sweden and Denmark. If the three countries were to agree both to defend themselves and to assist each other if attacked, Norway, at least, would feel that her back door was not wide open. Norway is in a mood today where she would almost certainly be willing to give such guarantees to Sweden, but would Sweden be willing to give reciprocal guarantees if Norway were to be committed to automatic belligerency through association with an Atlantic Defence group? That is the problem to which no solution had been found at the time of writing. And in any case, there was still the division of opinion on association with Great Power blocs.

Certainly most Norwegians feel that spiritually they «belong to the West», but they have not reached the point where they can state with precision what are the practical implications of this attitude. They are anxious for closer cooperation with their neighbours, especially with Britain, and, perhaps to a greater extent than in the past, with Sweden and Denmark. But while some feel that Norway must line up for good and evil with the Western Powers, others would regard such a line-up as likely merely to hasten a fatal clash, and would prefer to keep aloof from military entanglements at least, in the hope that the present international tension may one day be relaxed and that it may again become possible to think in terms of all-sided cooperation in a united world.¹

¹ Since this was written, Norway has adhered to the North Atlantic Treaty, stating, however, that she will not place bases at the disposal of a foreign power except in the event of war or clear threat of war.

II. THE FORM OF GOVERNMENT

ANNE WHYTE

The Constitution.

In almost every country of Europe, the war and its immediate aftermath brought revolutionary structural changes. Many new constitutions were drawn up. Norway, with Holland and Belgium, were the only occupied or enemy countries where the constitution survived in its prewar form.

This is not the place to describe the constitution of Norway in any detail. For it remains today in almost exactly the form in which it was drawn up at Eidsvoll in 1814¹, a form flexible enough to survive the break with Sweden in 1905, and the German occupation of 1940—1945. The two basic principles of the constitution are national independence and popular sovereignty. Its structure was influenced by both the American Constitution of 1776 and the French Constitution of 1789, and is thus dominated by the idea of separation of the executive, legislative and judiciary powers. The executive power rests with the King in Council. This phrase — the King in Council — has a more direct reality in Norway than in Great Britain, as the King personally attends the weekly meeting of the Norwegian cabinet, and signs with the Prime Minister all bills and orders in council. The Cabinet must consist of at least seven members in addition to the Prime Minister. The members must be thirty years old, and it is also expressly laid down in the constitution that husband and wife, parents and children of brothers and sisters may

¹ See the Constitution of Norway — Foreword by Dr. Wilhelm Keilhau.

not be members of the same Cabinet. The principle of divided powers means that the members of the Cabinet have no vote in the *Storting* (the parliament). Originally, the members of the Cabinet were debarred from being also members of the *Storting*, and from presenting the Government's case in debate. This practice has now changed. The Government now always has the opportunity to present its case to the *Storting*, and several members of the Government, but not all, are members of the *Storting*. But no member of the Government can vote on any measure.

The legislative power rests with the *Storting*, in what is in practice a modified form of single chamber government. The *Storting* consists of 150 members elected once every four years, on a basis of proportional representation. 50 members represent the towns of Norway, and 100 the rural districts. After each general election, the *Storting* meets and divides itself into two chambers for the purpose of passing laws. It elects 38 of its own members (one quarter) to form the *Lagting* or Upper House. The remaining 112 members form the *Odelsting* or Lower House. This division is done on the basis of the strength of the various parties in the whole *Storting*. However, the *Storting* sits and votes as a whole for all budget and financial debates, and also for general policy debates on home or foreign affairs. By this method, Norway keeps the advantage of a second chamber with powers of amendment, while avoiding the dangers inherent in the British system, of having a second chamber which may be quite out of touch with the political temper of the country as a whole. The general election of 1945 returned the following members to the *Storting*, which then divided itself into the *Odelsting* and *Lagting* on a proportional basis:

<i>Party</i>	<i>Storting Odelsting Lagting</i>		
<i>Det norske Arbeiderparti</i> (Labour Party) ..	76	=	56 + 20
<i>Høire</i> (Conservative Party)	25	=	19 + 6
<i>Venstre</i> (Liberal Party)	20	=	15 + 5
<i>Kristelig Folkeparti</i> (Christian Peoples Party)	8	=	6 + 2
<i>Norges Kommunistiske Parti</i> (Communist Party)	11	=	8 + 3
<i>Bondepartiet</i> (Farmers' Party)	10	=	8 + 2
	150	=	112 + 38

¹ Result of General Election October 1949: Labour Party 85 seats; Conservatives 23; Liberals 21; Christian Peoples Party 9; Communists 0 and Farmers' Party 12.

For working purposes, the *Storting* is divided up into committees. No one member of the *Storting* is a member of more than one of the main committees, the *Storting* being divided up into fifteen permanent committees, to whom all relevant bills are referred in the first place for comments. The Committees are the following, with the number of members given in brackets: Foreign Affairs and Constitutional (11), Administration (7), Finance (13), Health (7), Justice, including secret service (8), Church and Schools (7), Municipal affairs (9), Food and Agriculture (12), Defence (10), Posts, Telegraph and Coastal Shipping (8), Merchant Shipping and Fishery (11), Forestry and Waterpower (10), Social Affairs (8), Universities and Technical Schools (7), Roads and Railways (11).

In addition, there are two special committees. A Committee on Industrial Questions is concerned with advising on the future ownership of all concerns taken over or newly created by the Germans during the occupation. A Protocol Committee is empowered to watch over the constitution, and to ensure that no government order is an infringement of the constitution. A special Protocol Committee was set up in 1945 to examine the record of the pre-war Government in foreign and defence policy, and the work of the Norwegian Government in exile in London during the war. Their report was published in 1948. The actions of three members of the Government were strongly criticized (Nygaardsvold, the Prime Minister, Koht, the Foreign Minister and Ljungberg, Minister of Defence), but the committee recommended against impeachment. This recommendation was unanimously accepted by the *Storting*. If the committee had recommended impeachment of the three Ministers, and the *Storting* had agreed, the *Odels-ting* would have acted as prosecutor and the *Lagting* and the High Court of Justice as Judge.

The *Storting* has no regular days or hours of work, comparable to that of the House of Commons. Normally, the *Storting* sits in continuous session from January to July only. However, since the war, the *Storting* has met in extraordinary session each year. In 1945, after the liberation, the old prewar *Storting* sat from July to August, and the new *Storting* met, following the elections in October, in December 1945, and continued in session until July 1946, resuming in extraordinary session from September

to December. The normal practice now is for the *Storting* to sit in normal session from January to July, and in extraordinary session from September to Christmas.

The programme of work and the calling of extraordinary sessions is laid down by the Presidium, which consists of the *Storting's* President and Vice-president, the *Lagting's* President and Vice-president, and the *Odelsting's* President and Vice-president.

Each week, the Presidium decides which days the *Odelsting*, the *Lagting* and the *Storting* as a whole shall sit, and which days are free for committee work. The normal hours of work are 9.0 to 3.0, a reflection of the fact that members of the *Storting* are expected to regard their work there as a full time job while the *Storting* is in session, which in present circumstances means most of the year. Although *Stortingsmen* are expected to do a full time job, they are not paid a salary. Instead they get a living allowance and are paid while they are in Oslo.

The relative powers of the *Storting* as a whole, and of its component parts, the *Odelsting* and the *Lagting*, can best be understood if we follow a Government bill through its various stages until it becomes law or is rejected.

The Government first drafts its bill, and sends it to the *Odelsting* (equivalent of the House of Commons). The *Odelsting* immediately passes the bill for comments and any suggested amendments to the relevant committee (see p. 38). The Committee has no constitutional power, but it may nevertheless suggest amendments, or agree without comment, or suggest rejection. The bill, with any suggested amendments, then goes back to the *Odelsting*. The *Odelsting* then votes on, and amends if necessary, each clause of the bill. The responsible Minister may present his case. If the *Odelsting* rejects the bill, or if the Minister disagrees with any of the amendments passed by the *Odelsting*, a political crisis may arise, leading in case of complete disagreement to the fall of the Government, or to the withdrawal of the bill by the Government. Such disagreement is however, rare, and unknown in the present *Odelsting*, where the Government party holds 56 of the 112 seats, and in practice always has the support of one or more of the parties on any particular issue.

When the bill has been passed by the *Odelsting*, it is passed to the *Lagting* (equivalent of the House of Lords). If the bill

is accepted by the *Lagting*, it is then sent to the King for signature. Theoretically, the King has the power to reject a bill, but he cannot reject the same bill more than twice. When a bill has passed the *Odelsting* and *Lagting* twice, it becomes law without the King's signature. In practice, the King has not attempted to reject any bill since 1904, when the Swedish King refused to sign a bill to appoint Norwegian consuls abroad. This refusal was the signal for the breaking of the Union with Sweden.

However, a bill may be amended or rejected by the *Lagting*. If the bill has only been amended by the *Lagting*, it then returns to the *Odelsting*, who may accept the amendments and send it back to the *Lagting*. The *Lagting* will then accept the amended bill, and it goes to the King for signature. If the *Lagting* rejects the bill outright, or if the *Odelsting* does not accept the amendments of the *Lagting*, the bill is then returned unchanged to the *Lagting*. If the *Lagting* then rejects the bill again, it must go before the whole *Storting* (i. e. the *Odelsting* and the *Lagting* sitting together). It must then achieve a two-thirds majority. If it fails to get such a majority, the bill is dead, and cannot be proposed again during the lifetime of that *Storting*. Such a majority is very difficult to achieve in these circumstances, since the majority in opposition in the *Lagting*, will be strengthened by some opposition votes in the *Odelsting*. In practice, the Government is normally able to gauge the extent of opposition to any measure in the first committee stage, and may actually withdraw a bill then if the opposition seems too great. A recent example of this arose over a bill to prolong the war-time administration of price and rationing control. The Quisling Government had given the police powers of enforcing price and rationing controls. A Government Bill designed to continue these powers was strongly opposed by the relevant *Storting* committee, who proposed that the Government should create special food and price enforcement officers, responsible to the Ministry of Supply (similar to the British system of food inspectors responsible to the Ministry of Food). The Government therefore withdrew their bill even before it was debated in the *Odelsting*, and presented another bill on the lines suggested by the committee.

The long recess from July to January, in normal times, led to the practice of summoning the Foreign Affairs Committee in time of crisis. This committee has always been composed of members

from all the parties represented in the *Storting*. Recent events caused both the Government and the majority of the members of the *Storting* to realise that the presence of Communist members on this committee might be a grave disadvantage in the event of a severe international crisis. A new committee for Foreign Affairs and Defence was therefore formed in April 1948, the membership being formally devised from the official position of the individuals in the *Storting*. In fact, it is an open secret that the membership was carefully devised to exclude the Communists, and to provide the Government with a *Storting* Committee which could be summoned in times of crisis, in place of the traditional Foreign Affairs Committee¹. The Committee is composed of six members of the Presidium (the *Storting's* President and Vice-president, the Odelstings President and Vice-president, and the Lagtings President and Vice-president,) the Chairmen of five regular committees, (Foreign Affairs, Finance, Defence, Justice, and Agriculture) and four members of the Foreign Affairs Committee. None of these posts is held by a Communist.

The Chairman of the Committee is the Chairman of the regular Foreign Affairs Committee (at present Terje Wold, Labour).

The highest judiciary power rests with the *Riksrett* (High Court of the Realm) which consists of the President and members of the Supreme Court of Justice, sitting with the ordinary members of the *Lagting*. The *Riksrett* is the ultimate guardian of the constitution, since it must give judgment in any case where the Government of the day or a previous Government is impeached by the *Odelsting*. If the *Odelsting* of today had decided to impeach the Labour Government of 1940, it would have been the duty of the *Riksrett* to give judgment. Under the constitution, the Supreme Court of Justice holds a watching brief in the event of the death of the King, when the heir is still under age. It is then the duty of the Council of State to summon the *Storting* immediately. If, after four weeks, the Council of State has failed to do this, the Supreme Court of Justice itself must then summon the *Storting*.

¹ For example, Hr. Lange, the Foreign Minister, reported the results of his Washington and London talks on the Atlantic Pact to this Committee in February, 1949. The Government also consulted it prior to rejecting the Russian request for a non-aggression pact.

In 1940, the Supreme Court played an important part in determining Norway's attitude to the German occupation. They first took the initiative in setting up an Administrative Council in occupied Norway in April 1940. The Official Investigation Commission¹ considered that this Council, though without foundation in the constitution, carried out vital administration in occupied Norway in an efficient and praiseworthy manner, at a time when it was impossible to avoid all forms of cooperation with the Germans. It also gave Norway a breathing space necessary for the birth of the resistance movement which gradually grew and developed after 25th September, 1940. Finally, when German demands increased, the Supreme Court resigned unanimously, an action which, in the words of the Investigation Commission, «formed the foundation stone of the Resistance Movement and set a good example to the people».

The Political Scene Today.

The general election of October, 1945, returned the Labour Party to power with an absolute majority for the first time in its history. But, unlike the British general election, the voters had not accomplished a silent revolution. Norway had been governed by a Labour Government since 1935. Norway therefore provided an example unique in Europe of the electorate confirming in power the party that had ruled before the war, and in exile.

This absolute majority for Labour was achieved through proportional representation, which means that the elector votes for the party list, and not for any individual candidate. On the other hand, in contrast to the British system no candidate may stand for election unless he or she is resident in the district of the constituency. There are one hundred rural constituencies and fifty urban ones, divided on a basis of population as follows:

¹ See Report of the Official Norwegian Investigation Commission, 1946.

RURAL 100

<i>Counties (Fylket)</i>	<i>Representatives</i>	<i>Population</i>
Østfold	6	122,655
Akershus	7	293,922
Hedmark	7	155,311
Opland	6	141,094
Buskerud	5	110,199
Vestfold	4	102,040
Telemark	5	91,245
Aust-Agder	4	65,611
Vest-Agder	4	60,693
Rogaland	5	121,142
Hordaland	8	186,953
Sogn og Fjordane	5	94,305
Møre og Romsdal	7	146,572
Sør-Trøndelag	6	135,707
Nord-Trøndelag	5	96,667
Nordland	8	187,676
Troms	5	98,159
Finnmark	3	46,628
	100	2,246,579

URBAN 50

Oslo	7	289,000
Bergen	5	108,933
Towns in the county of:		
Østfold and Akershus	4	55,896
Hedmark and Opland	3	24,380
Buskerud	4	38,317
Telemark and Aust-Agder	5	57,059
Vest-Agder and Rogaland	7	109,897
Møre og Romsdal	3	34,517
Sør-Trøndelag/Nord-Trøndelag	5	64,403
Nordland, Troms & Finnmark	4	49,206
Vestfold	3	42,987
	50	875,195

Each party puts up a list of candidates for every constituency that it wishes to fight. Each list contains twice as many names as there are seats in the constituency. This is because each winning candidate must have a substitute, who automatically succeeds to the seat if the elected candidate vacates his seat for any reason. There are thus no by-elections of any kind during the four years life of the Storting. The list for all parties are drawn up by local nomination meetings, and the candidates must be local people who have lived in the district for at least five years. The Labour Party head office retains the power to approve candidates, but such power is sparingly used. However, headquarters can exercise some influence in getting a candidate of their choice nominated. The other parties are not controlled centrally to this extent. The order of the names on the list is decided by the party headquarters, though it is possible for a voter to strike a name off the list, thus ensuring that that candidate gets one less vote than the others on the list, and forfeits his position on the list.

The general election of 1945 was fought partly on the basis of a joint programme subscribed to by the Labour Party, the Conservatives, the Liberals, and the Farmers. The Communist Party subscribed to the programme, subject to certain reservations contained in a statement issued at the time. The Christian People's Party was only formed in 1945, and did not take part in the discussion which led to the issue of the joint programme. This programme arose from the strong desire created under the occupation to maintain, during the period of reconstruction, the same sense of unity and cooperation over and above party differences. In the Autumn of 1944, the leadership of the Home Front appointed a committee of representatives of the four main parties to study the possibility of putting forward a joint reconstruction programme, which could secure the support of the great majority of the people. As a result of this initiative, the parties were able to publish their joint programme in June, 1945, one month after the liberation, as the basis of the «Caretaker» Coalition Government.¹

This programme was inevitably a compromise between the various economic policies of the parties, and sufficiently flexible to allow any of the four parties fairly complete freedom of action after the election. In addition, each of the parties whose policies are described below, put forward their own election programmes for the

¹ See Appendix II for summary of joint programme.

election. The voting age was lowered in September 1945 from 23 years to 21 years, giving a total electorate of 1,961,977. 76 % of the electorate voted. The results of the election were as follows, with the distribution of seats in the previous *Storting* given in brackets:

PARTY	VOTES	SEATS
Labour Party	608,959	76 (70)
Conservative Party	252,301	25 (36)
Liberal Party	205,303	20 (23)
Communist Party	176,178	11 (0)
Farmers' Party	119,068	10 (18)
Christian People's Party ..	117,309	8 (2)
	<hr/>	<hr/>
	1,479,118	150
	<hr/>	<hr/>

The Political Parties.

Det norske Arbeiderparti (Norwegian Labour Party).

This victory of the Labour Party at the polls in 1945 was the culminating triumph of nearly sixty years work. As so little has been published in this country about the Norwegian Labour Movement, it is worth describing its early history in greater detail than space permits for the other parties.

The first independent working-class movement in Norway was led by Marcus Thrane in the years 1848—52. It bore many resemblances to the contemporary British Chartist movement. It was not a socialist movement. Its leaders aimed rather at extending the franchise, reducing taxation on necessaries, improving education, and investigating all possibilities for improving the living conditions of the poor. At its height, it claimed a membership of 30,000, and could probably count on the support of a further 30,000 among small-holders, craft workers and agricultural labourers. Its main strength was in the country districts, if only because the urban population was small, including about 60,000 wage earners in a total population of 1.3 million. However, the movement was short-lived because its leaders were arrested and given long terms of imprisonment, following disturbances at various demonstrations.

The real beginning of the present-day Labour Movement did not come until the last quarter of the century, when rapid industrial development provided a more fertile field for labour organization. The first local trade union branches were formed in the seventies, at a time when socialist influences began to reach Norway from Denmark. But it was in the eighties and nineties that the firm foundations of a national movement were laid. The leaders of the movement, Christian Holtermann Knudsen and Carl Jeppesen had, from the start, socialist objectives. In 1882, Holtermann Knudsen, himself a printer, founded the first national trade union — that for the printers. In 1883, he succeeded in bringing together the existing Oslo unions into the first central trade union organization. And in 1884, Holtermann Knudsen and Jeppesen launched a socialist newspaper in Oslo. This paper was called *Social-Demokraten* in 1886, and has survived to the present day. It changed its name to *Arbeiderbladet* in 1924. In the sixty years of its existence, it has remained the chief organ of the Labour Movement, and can now claim the second largest circulation of all papers in Oslo.

Three years later, in 1887, Holtermann Knudsen and Jeppesen founded the Labour Party. A socialist programme was adopted in 1889, and the party immediately joined the Second International. In 1890 the party had 1,633 members. Their main demand at this period was the extension of the franchise. As late as 1897, only half the male population over the age of 25 was entitled to vote. Other demands were for limitations of hours, factory protection, lower taxation, some of which were met by Liberal governments.

Simultaneously, great strides had been made in trade union organisation. Other trades followed the printers after 1883 in forming national unions, and in 1899 these national unions were brought together in the *Landsorganisasjon* (the T.U.C. of Norway, commonly known as the L.O.). The L.O. at its foundation had only 1,579 members. But this low figure must be set against the background of industrial development in Norway at that time. There had been sufficient industrial development during the years 1880—1900 to create conditions favourable to the foundation of a labour movement. But there was still no large-scale industry. By 1905 there were only 82,000 workers in factories. Members were mostly craft workers in small enterprises.

From the first the L.O. worked closely with the older Labour Party, taking its policy in the main from the political body. Also from the start, the L.O. had executive control over its constituent

unions through the central strike fund. The Norwegian Labour Movement is therefore distinguished in two important respects from the British movement. Firstly, the T.U.C., founded in 1868, was a power in its own right, with a wealth of experience behind it when the Labour Party was formed in 1906. And the T.U.C. has never had executive control over the autonomous unions affiliated to it. The result is that today the Norwegian Labour Movement is a much more close-knit organism than the British movement, an undeniable advantage to a Labour Party facing the responsibilities of power.

From 1905 up to 1919 both the Labour Party and the L.O. gained in strength, largely as a result of the increasing industrialisation of the country. The story of the L.O. is given in greater detail by A. J. Champion in Chapter VI on Labour Relations. But the membership figures are given here with those of the Labour Party to illustrate the relative growing of the two wings of the movement.

<i>Labour Party</i> (Founded 1887)	<i>L.O. (Trade Unions)</i> (Founded 1899)
1890 1,633	
1897 12,000	
	1899 1,578
	1905 15,639
1913 49,500	1913 64,000
	1916 79,000
1919 105,300	
	1920 143,000
1923 40,000	
	1924 84,000
1927 68,000	1927 94,000
	1930 140,000
1933 95,000	1933 157,000
1939 170,000	1939 352,000
1948 200,000	1948 441,571

The Labour Party first contested seats for the *Storting* in 1900 when it polled 7,013 votes. In 1903 it polled 22,496 votes and secured 4 seats, all in Northern Norway. From that date, its strength in the *Storting* grew continuously.

Year	Seats	Year	Seats
1903	4	1927	59
1906	10	1933	69
1912	23	1936	70
1921	29 (plus 8 Social Democrats)	1945	76
1924	24		

The figures reflect accurately the three main stages of development: slow but steady growth up to 1919, a period of internal political difficulties up to 1927, and finally, the time of further growth culminating in full power in 1945.

During the 'first period, the Party cooperated with the Liberal governments of the time, and secured many social reforms such as factory and ship inspection, social insurance and state support for trade union unemployment funds. But as the Labour Party grew stronger, steady pressure developed in favour of a more uncompromisingly socialist attitude. The leader of this movement was Martin Tranmael, editor of the Labour Party newspaper in Trondheim and organiser of the local trade unions.

As a young man, Tranmael had spent several years in the United States where he was influenced by the Industrial Workers of the World, a revolutionary syndicalist organisation founded in 1905. When he returned to Norway in 1906, he found a great response to the I.W.W. type of revolutionary syndicalist trade unionism among the migratory constructional workers, and among other workers entering industry for the first time. Whereas in the first years of its existence the trade unions had followed the older labour party, now this «trade union opposition», led by Tranmael, sought to influence the party.

The «trade union opposition» maintained that the Labour Party and the trade unions should follow a strong socialist policy based on the idea of the class war, and should not be content with small improvements in wages and working conditions. They considered that the emphasis of the Labour movement's activity should be on the industrial struggle, where a pugnacious active line was necessary to establish socialism. They relegated parliamentary work with its slow reforms to second place. The youth movement, founded in 1900, and most of the young members, supported these ideas. But strong opposition came from Holtermann Knudsen and Jeppesen, and from the older trade unions representing the more settled craft and industrial workers.

The result was a period of acute controversy within the party, which was heightened by pacifist trends during the 1914—1918 war, and by the Russian revolution in 1917. Both these influences strengthened the position of Tranmael and the opposition, with the result that their views triumphed at the Party conference in March 1918. A resolution was passed stating that the Party was a revolutionary party, supported class war, approved the creation of workers' and soldiers' councils and preserved the right to resort to revolutionary mass action, though still maintaining that the conquest of power by a political majority was the main objective. This resolution received 159 votes against the 126 votes cast for the resolution from the existing leadership, which maintained that Social Democracy could not approve violent action either by the possessing or by the working class. As a result, the revolutionary opposition took over the leadership of the party. Martin Tranmael became Secretary, Kyrre Grepp Chairman, and Emil Stang Vice-Chairman.

There was no immediate split in the Party after the 1918 conference because the new leadership were anxious to maintain Party unity. They succeeded in gaining support for a more radical programme, but little was done about creating workers' and soldiers' councils, nor was a revolutionary violent trade union policy pursued. However, the fiercest controversy continued to rage over the Party's international affiliations. The Party Conference in 1919 passed a motion submitted by the executive for affiliation to the new 3rd (Communist) International — a motion in which the Party also claimed freedom of action within the framework of its principles. As a result, the Party broke with the old 2nd (Socialist) International.

The stresses thus set up in the party were too great to be suppressed for long. The first came in 1921 when the right-wing social democratic element of the party (the old leadership) broke away to found the Social Democratic Labour Party. The group disagreed with the majority both on the revolutionary domestic policy and on its international policy. Apart from disapproving affiliation to the 3rd International, they also supported the League of Nations, which was opposed by the rest of the party.

A second serious split came as a direct result of the decision to affiliate to the 3rd International. The Party, in affiliating, had hoped to retain considerable freedom of action. But great difficulties arose almost immediately, when the Party was required to accept

the «21 theses» laid down at the Second Congress of the Comintern in 1920. These Theses required all affiliated national parties to be built on communist lines, with individual membership, strict discipline, absolute obedience to the decisions of the Comintern, and the exclusion of «centrist» elements. Acceptance of these would have meant a complete change in the character of the Norwegian Party, which was a mass party based on collective trade union membership. For two years, the leadership temporised in discussions and arguments with Moscow. But in 1923, the Labour Party finally broke with the 3rd International. A minority group disagreed on the issue, remained in the 3rd International and became the Communist Party of Norway with 12,000 members.

From 1923 to 1927 there were three working class parties: the Social Democrats, the Labour Party and the Communist Party. These dissensions and divisions inevitably had an adverse effect on Labour Party membership, which dropped from 105,300 in 1919 to 40,000 in 1923. The *Landsorganisasjon* also decided to cease affiliation to the Labour Party in 1924. Their membership had also slumped from its peak figure of 143,000 in 1920 to 84,000 in 1924.

But 1924 was to be the lowest point in the fortunes of the Labour Party. The first stage towards recovery came in 1925 when the Party Congress, realising that the period of possible revolution was over, adopted a more moderate programme, while maintaining its revolutionary principles. As a result, negotiations between the Social Democrats and the Labour Party led to the reunion of these two elements in 1927. The L.O. also resumed collective affiliation to the Labour Party. Party membership reached 68,000 in 1927. In the *Storting* election, they captured 59 seats and became the strongest party in the country. The rift with the Communist party became more marked, with the Labour Party gaining in strength while the Communists lost.

In 1928, the Labour Party took over the Government for the first time. But they had no working majority in the *Storting*, and fell after a fortnight, chiefly as a result of their proposals to introduce a degree of state control over banking, proposals which no other party in the *Storting* was prepared to support. In 1932, the Party drew up a policy to deal with the economic crisis. They advocated extensive public works, the development of social services, and measures to raise the income of farmers and fishermen and other groups badly affected by the economic crisis, chiefly through government subsidies to cooperative selling organisations.

Simultaneously, they renounced their previous adherence to the theory of the dictatorship of the proletariat. In other respects, they still maintained a Marxist philosophy.

This programme helped the Party to win 69 seats of the 150 in the *Storting* in the 1933 elections. In 1935, the efforts of the other parties to maintain coalition government broke down, and Labour came to power. The Prime Minister, Johan Nygaardsvold obtained the support of the Farmers' Party on many issues, and of the Liberal Party on some occasions and thus achieved a comfortable working majority. The 1936 elections confirmed 'the Labour Party in power, returning them with 70 seats and 42.5 % of the vote. The Labour government continued in office until the German invasion of 1940, and carried out a substantial part of the programme drawn up in the crisis years. In 1938, the Party joined the 2nd International, thus confirming its Social-democratic, as opposed to Communist, character. During its period of exile in London, from June 1940 to May 1945, the Government was broadened to include representatives of the other main political parties, but Labour still held the majority of Cabinet posts.

Perhaps the greatest tribute to the Labour Government of 1936—40 was the fact that, after six years of war, the people of Norway again voted them back to power, with an increased majority — the first absolute majority of their history. This was in part a spontaneous tribute to the record of the movement as a whole in the resistance movement. From the Prime Minister and Foreign Minister to the local party workers, many members of the Labour movement were imprisoned in Germany or Norway and suffered persecution during the war. In 1945, they won 76 seats and polled 41 % of the votes. Their election programme marked a further departure from the earlier Marxist line. There was no mention of the class-war. On the contrary, they called for the support of the whole Norwegian nation in carrying out a policy designed to create conditions for full production and work for all, a higher standard of living, economic and social security, in a Norway where the democratic rights of the people are assured. A summary of the election programme is printed as Appendix III. The record of the Government in carrying out its programme is dealt with in the chapters which follow. In 1948 party membership had reached its record height of 200,000. The Party also now own 62 newspapers throughout Norway, so that even in the smallest towns, Labour's point of view is sure of a hearing. The verdict of the country as

a whole on the Government's record will be given in the *Storting* elections in 1949. From the temper of the country in the Spring of 1948, it would seem that Labour will hold its position against the divided and uncertain opposition.

Opposition Parties.

There is no opposition in Norway such as might represent a potential alternative Government. This is firstly the result of the spell which the memory of national unity during the war has cast over all political parties. The Common Programme of 1945 was the concrete expression of the determination of all parties to stand together to preserve their inheritance of political freedom, and to build a prosperous and stable Norway in the post-war world. This determination continues not only to moderate the Labour Government's programme, but to encourage the opposition parties to agree with that Government whenever it is conceivably possible. The Prime Minister, Einar Gerhardsen, has played a very important part in maintaining the harmonious political atmosphere. His conciliatory but firm policy has commanded universal respect and loyalty. The result is the remarkable degree of unity that Norway possesses today. This unity is also the result of the fact that the opposition parties have no very clear programmes of their own. They have all, with the exception of the Farmers, been in the political wilderness since 1935. With the exception of the Communists, their thinking bears distinct traces of this enervating experience. In the present state of opinion in Norway today, no one party can hope to regain power in 1949, yet each clings to the remnants of its individual personality. The only possible alternative government would be a coalition of Conservatives, Liberals and Farmers, working together for a progressive conservative or Liberal policy.

THE HØIRE (CONSERVATIVE PARTY, LITERALLY «RIGHT»)

The *Høire* is the most important opposition party with a long tradition of Government before 1936. They hold 25 of the 150 seats in the *Storting*, having polled about one sixth of the votes at the General Election in 1945. They polled 14 % of the votes at the municipal elections in 1947. Their strength appears to have increased since 1945, if the municipal elections are a reliable guide, as they gained 258 seats in 1947, whereas the Labour Party lost 241. However

their relative strength is still not great, as Labour holds 5452 local seats, and they hold only 813.

They stand for freedom and private enterprise. However, they have not adopted the attitude so succinctly described by British Conservatives in their slogan «Set the People Free». Norwegian Conservatives all recognise the necessity of controls of various kinds under present circumstances. Only on one major domestic issue have they challenged the Labour Government: the far-reaching Price Law, which gives the Government power to close down, expand or establish factories in certain circumstances. The Conservatives consider that this is a dangerous threat to private industry. But the regulation has never yet been used to close down any industry, so opposition on this one point seems somewhat like shadow-boxing. On Foreign Policy they stand solidly behind the Government. Like their British counterpart, the *Høire* has its progressive wing, who advocate some degree of cooperation between the state and «private enterprise». If the progressives succeeded in capturing the party, they might be able to collect enough support from the Liberals and Farmers to constitute a fairly strong opposition, with some hope of success in 1949. However, the less progressive elements in the *Høire* are at present the more powerful of the two, and are in control of the Party's policy.

They reach their supporters through 41 newspapers, privately owned but conservative in policy, with a total circulation of 450,000. Their Chairman and leader is C. J. Hambro, the Vice-Chairman is Hermann Smitt Ingebretsen.

VENSTRE (LIBERAL PARTY, LITERALLY «LEFT»)

The *Venstre* is the second largest opposition party. They hold 20 seats in the *Storting*, having polled about one seventh of the votes at the general election in 1945. In the municipal elections in 1947, they polled 9.4 per cent of the votes, and hold 1,339 seats, an increase of 219 since the 1945 municipal elections.

In the nineteenth century, they alternated in power with the *Høire* and fought them on the vital issues of national independence from Sweden, and on the extension of democracy by means of such measures as the widening of the franchise. Independence was won in 1905 and with it came a long almost unbroken era of Liberal power from 1905—1920. Universal suffrage was introduced before the first world war and much important social legislation was passed. Since then, the differences dividing the *Høire* from the

Venstre have become much less clearly defined. Today it is difficult to find any vital difference in their policies. The rise of the Norwegian Labour Party deprived the *Venstre* of its working class support, and drove them from their genuinely «left» position of the nineteenth century, to the indeterminate central position they occupy today. Only a small group of Oslo Liberals, without much influence in the party as a whole have maintained a really radical position. This group is more in agreement with the Labour Party than with the *Venstre* on many issues.

The *Venstre* derives its support mainly from the Western districts, a traditionally liberal region, though here it now has to compete both with the Farmers' Party and with the new Christian Peoples' Party. The great similarity of outlook of these three parties has led some members of all three parties to advocate a fusion of the parties, in order to increase their strength in the country and the *Storting*. These men argue that separate and alone each party has little influence: together they would command 38 seats in the *Storting*, against the Labour Party's 76, and over three thousand in the local councils against Labour's five thousand. They would then overtake the Conservatives as the strongest opposition force in the country. It is however, significant that the leaders of the three parties are against fusion, mainly because each wishes to maintain his own position, and the identity of the party. The Liberal leader, Professor Worm-Müller, would only agree to fusion if the Farmers' Party and the Christian Peoples' Party were prepared to abandon their names and join the Liberal Party. This stipulation is unacceptable to the leaders of the other two parties.

The *Venstre* owns no newspapers directly, but 45 newspapers with a combined circulation of 300,000 follow a liberal policy. The Chairman of the party is Professor Jacob Worm-Müller, the Vice-Chairman is Gunnar Jahn.

BONDEPARTI (FARMERS' PARTY)

The Communist Party is the third strongest opposition party, but it is more convenient to deal first with the two parties closely resembling the *Venstre*: the *Bondeparti* and the *Kristelig Folkeparti*.

The *Bondeparti* is frankly sectional in policy. It is in favour of anything that benefits the farmers. This approach means that it can follow a consistent course where the farmers' interests are concerned, but on wider issues its policy seems to be opportunist and capricious. In general, the Farmers sup-

port the Labour Party and the Government unless government policy directly conflicts with the interests of the farmers. In 1935, they shared responsibility for Government with the Labour Party. The Labour Party in its turn is deeply concerned with the farming vote, as agriculture claims 32 % of the working population. (1930 figure.) But since 1945, the *Bondeparti* has gradually become more sympathetic to the opposition than to the Government. This is partly the result of town-versus-country hostility, and a growing sense of grievance that the industrial workers are being better treated than the farmers. Also the Labour Party favours the Smallholders Association against the *Norges Bondelag* (Farmers Association) on the grounds that the Farmers Association represents the richer farmers or «kulaks» of Norway. The *Bondeparti* in its turn is closely associated with the Farmers Association.

The Farmers hold ten seats in the *Storting*. In common with the Conservatives and the Liberals, they lost ground during the war when their resistance record was not good. In the 1945 elections, they lost eight of their prewar eighteen seats. However, the trend to the right revealed in the 1947 municipal elections has also brought the Farmers some increase in strength in rural areas. Even so, they only polled 5.2 per cent of the votes. This low figure is partly accounted for by the fact that many people who voted in the national elections for the Farmers, voted locally for other groups, such as the Smallholders, Fishermen and Workers and for various non-political and local lists.¹

The leaders of the party are themselves all farmers. They have no purely political organisation. But they work through *Norges Bondelag* (Farmers Association), a powerful union, as effective for their purposes as any party organisation. They view with some distrust the proposals to join the Liberal Party, though there is little enough difference in their policies. As a party they do not believe in the campaign of some Liberals to make «Nynorsk» the official language of the country.² They vote almost solidly with the

¹ See pages 59—60 for full municipal election results.

² Norway has two languages, *Riksmaal* and *Landsmaal*. *Riksmaal* is the old language of the ruling class, largely Danish in origin, dating from Danish rule. Until the end of the nineteenth century it was the official and literary language of Norway. Inability to speak *Riksmaal* was a serious bar to advancement in most professions. Since many people in the country districts spoke the older pure Norwegian country dialect, *Landsmaal*, many people were automatically

Government. They would strongly oppose any attempt by the Government to nationalise the land or to introduce collective farming. But such measures are no part of the Labour Government's programme. The Government is pledged to support the small owner who is farmer, fisherman and lumberman by turns as the seasons come round.

KRISTELIG FOLKEPARTI (CHRISTIAN PEOPLE'S PARTY)

The *Christian People's Party* as it exists today was founded after the war.¹ With practically no organisation, it polled 117,000 votes, and secured eight seats in the *Storting* in 1945. They also fought the 1945 municipal elections, polling 101,328 votes and getting 804 seats. In 1947, they gained ground very slightly increasing their vote to 105,832, and their seats to 887. They now have a loose party organisation, and claim 25,000 paying members.

disqualified from State service, and at a distinct disadvantage in other professions unless they learnt *Riksmaal*. *Riksmaal* is not difficult to learn, but many *Landsmaal* speakers refused to use it. In their fight for national independence, the Liberals fought for the adoption of *Landsmaal* as the national language. Both languages are now official. Both are spoken and recorded in the *Storting*. Both may be used by the Government in issuing bills or orders. Both may be taught in schools. However, *Riksmaal* is still the dominant language. Most Government publications are in *Riksmaal*, most newspapers are in *Riksmaal* and most writers use *Riksmaal*. The policy of the present Government is to work for a fusion of the two languages, so that the old distinctions become fainter as time goes on. The differences are not great, and are likely to grow much less in time. The following excerpt shows the differences and similarities in the two languages, which can be mutually understood by most Norwegians.

Riksmaal

Derfor sier sannheten: den vinner livet som gjør Guds vilje. Vi bygger det gode i oss når vi gjør det gode omkring oss. Med daglige seiervinninger over naturen i oss arbeider vi frem åndsmennesket i oss, det som har sitt liv i seg selv, og dermed det håp som ikke reddes døden.

Landsmaal

Difor segjer sanningi: den vinn livet som gjer Guds vilje. Me byggjer det gode i oss når me gjer det gode ikring oss. Med daglege sigervinningar yver naturi i oss arbeider me fram åndsmennesket i oss, det som hev sitt liv i seg sjølv, og dermed den voni som ikkje reddast dauden.

¹ There were a few members in the pre-war *Storting*, who called themselves *Kristelig Folkeparti*, but there was no national party of that name until 1945.

They are distinguished in policy from the other two centre parties, the Liberals and the Farmers, only by their desire to infuse a Christian spirit into politics. They are strictly nondenominational and have no organisational connection with the Lutheran Church of Norway. However, there are so few dissenters of any kind in Norway, that in practice, the *Kristelig Folkeparti* is closely associated with the established Church community. Of all the parties, they are the least concerned with power. They wish to preserve and strengthen spiritual values in an age which they see as one of increasing materialism. Many of their members have a strong regard for the Moral Rearmament Movement. Their nearest equivalent in this country is the Commonwealth Movement, though they are much less socialist in outlook than that party. Their closest international political ties are probably with the *Mouvement Republicain Populaire* of France, even though they are not Roman Catholic. (In 1930 there were only 2,800 Roman Catholics in Norway.) Their leaders do not favour joining forces with the Liberals, whose tradition of free thought they distrust. They own one newspaper in Trondheim, with a circulation of between 8,000 and 10,000.

NORGES KOMMUNISTISKE PARTI (COMMUNIST PARTY)

The Norwegian Communist Party was founded in 1923, when the Labour Party broke away from the Communist International. They remained members of the Communist International until it was disbanded in 1943. The Party is not a member of the Cominform. Before the war, they made little headway in Norway, and in 1935 had no members in the *Storting*. Their popularity increased greatly during the war, as a result of Russian military successes against the Germans, and the important and courageous part which their members played in the Resistance after 1941. In the last four years of the war, they largely succeeded in wiping out the memory of their attitude from 1939 to 1941, when the war was still an «imperialist war». They polled 176,178 votes in the general election 1945, and secured 11 seats in the *Storting*, becoming the fourth largest party in the country. In the 1945 municipal elections, they polled 46,901 votes commanding 1,004 seats. By 1947, they, with the Labour Party, had lost ground slightly, losing 150 local government seats. However, they were then still the third strongest party in the urban and rural district councils, having

polled 10.1 per cent of the votes against Labour's 38.8 per cent, and the Conservative's 14.0 per cent.

In foreign policy, they vote consistently against the Government, opposing acceptance of Marshall Aid, and opposing the increasing tendency of the Government to line up with the Western Powers. They attacked the Government vehemently when the special Foreign Affairs Committee was set up in April 1948, excluding the Communists (See Page 41).

In home policy, they generally vote with the Government, while urging them to abandon their moderate policy. They demand a policy of nationalisation for banks, insurance and the more important industrial concerns, such as electro-chemical works, paper mills, steel and aluminium. They attack the Government on their policy of buying shares in capitalist concerns as a means of controlling industry, as they contend that there can be no certainty either of immediate control by this method, or that the shares will not be bought back by Norwegian or foreign capitalists at a later date. They do not advocate nationalisation of land and forests, as they recognise that most of the land and forests is in the hands of small owners, who farm their own land and cut their own timber. They wish also to leave the important fishing industry as it is, though they campaign for an increasing degree of modernisation in methods. In this they are in agreement with the Labour Government. They also support the Government in their efforts to improve social services and to maintain controls and rationing. However they stultify this support to some extent by encouraging certain classes of workers to press for wage increases which are out of line with the Trade Union and Government efforts to peg prices and wages, and to narrow the range of the wages structure by their unified wages policy. (See also chapter VI Labour Relations page 136—139.)

The party claims a membership of 30,000. They own three papers of which the most important is *Friheten* in Oslo, with a circulation of 35,000. The Chairman of the party is Emil Løvlien, Vice-Chairman Roald Halvorsen, Secretary and chief power of the party, Peder Furubotn.

The party's attitude to the Marshall Plan, followed by the events in Czechoslovakia and the deterioration in the international situation, have all combined to weaken the position of the Com-

munists in Norway. It is probable that at the next general election they will lose much if not all of the ground which they gained during and immediately after the war.

From this short account of the various political parties it can be seen that four of the Norwegian parties (*Høire*, *Venstre*, *Arbeiderparti*, and *Kommunistiske Parti*) resemble very closely their counterparts in this country, both in their policies and in their relative strengths in the two countries. There are two main points of difference. The Communists are still much stronger in Norway than in Great Britain, though they are losing ground. But the Conservatives are much stronger in Great Britain, both in Parliament and, even more markedly, in local government. Before passing to an examination of the Norwegian Government's economic and social policy, we must turn for a moment to the field of local government.

Local Government.

The national triumph of the Norwegian Labour Party in 1945 was followed up by equal success in the municipal election of 1945 and of November 1947, though these last elections revealed a slight trend to the right. The country is divided up into 64 town councils and 680 rural district councils. The town councils include the two chartered cities which have separate representation in the *Storting*, Oslo and Bergen, together with 62 towns which are represented in the *Storting* together with their rural areas. The rural district councils are composed of one or several of the 997 parishes into which the whole country is divided.

The final election results in November 1947 were as follows, with the 1945 municipal election results in brackets:

Party	Votes	% of Votes	Seats
Labour Party	551,460 (510,674)	38.8 (39.9)	5,452 (5,693)
Conservative Party	198,685 (124,183)	14.0 (9.7)	813 (555)
Communist Party	143,205 (146,901)	10.1 (11.4)	852 (1,004)

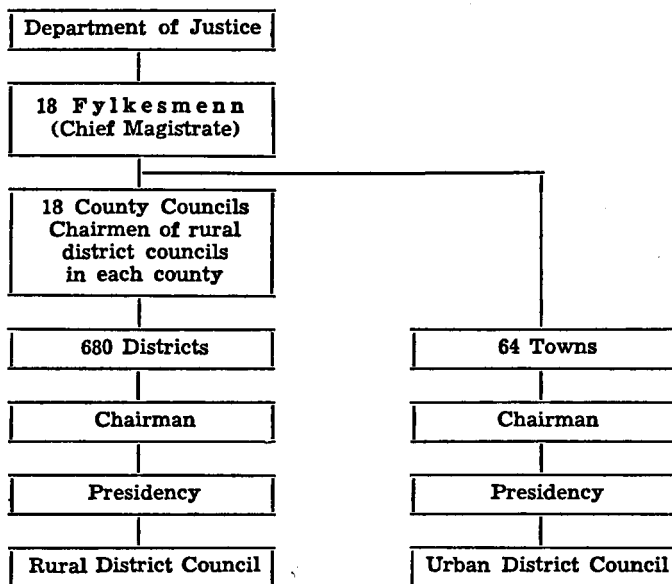
<i>Party</i>	<i>Votes</i>	<i>% of Votes</i>	<i>Seats</i>
Liberal Party and Radical People's Party	134,059 (102,872)	9.4 (8.0)	1,339 (1,120)
Right Wing Joint List	112,792 (79,886)	7.9 (6.2)	1,800 (1,413)
Christian People's Party	105,832 (101,328)	7.5 (7.9)	887 (804)
Non-political, local and other lists	94,963 (152,875)	6.7 (11.9)	1,739 (2,739)
Farmer's Party	73,823 (49,611)	5.2 (3.9)	1,051 (784)
Smallholders, fisher- men and workers	5,878 (15,215)	0.4 (1.2)	120 (332)

In 1947, 79.0% of the electorate voted in the urban districts, and 67.6% in the rural districts, reflecting the great interest taken by the people in their local councils. The percentage of the electorate voting has steadily increased since the turn of the century, with the women lagging behind the men, and the countryside behind the towns.¹

It will be seen from these results that more parties contested the municipal elections, than was the case in the *Storting* election in 1945. As in Great Britain, there is a fairly strong representation of non-party candidates. The complete returns for the 1947 elections show that the Labour Party held a majority, and therefore the post of Chairman of the Council (*Ordfører*) in 309 rural districts out of 680. Most of the other Chairmen were non-political (156), Liberal (59), Joint Right Wing List (55) and Farmers (50). The position of the Labour Party in the Town councils was much more dominant, as they held 53 Chairmanships against 3 Conservatives, 3 Liberals, 2 Communists and 2 Right Wing Joint Lists. The Labour Party is therefore as firmly established in local government as it is in the national government.

¹ See Appendix IV for comparative figures 1901—1947.

The structure of local government is built on the lines below:



The Department of Justice has a section in Oslo dealing with municipal affairs, and particularly municipal finance. All grants in aid from the State to the municipalities are considered by this department. The King, on the advice of the Minister of Justice, appoints the *Fylkesmann* for each of the eighteen counties. This is a non-political appointment, and carries with it a dual role. The *Fylkesmann* is the representative of the central Government in the County, and as such supervises the urban and rural district councils in his county. But he also attends the *Fylkesting* or county council meeting, which occurs once a year, and must administer the county in accordance with the decisions of that meeting. The members of the county council are the Chairmen of all the rural district councils in that area. The President of the county council is elected by all the members for each yearly meeting.

The Urban and Rural District Councils are normally elected by proportional representation every four years. Elections were

held in 1947, after a two-year interval, because the voting age had been lowered to 21 since the 1945 elections, and because the municipal elections should alternate, and not coincide with the *Storting* elections. The elected members then choose both a Chairman and an executive committee of a quarter of their members, who form the Presidency.

The county council, or *Fylkesting*, really only holds a watching brief, and deals with matters that affect the whole county. The real municipal power rests with the Urban and Rural District Councils, who have very wide responsibilities. Their expenditure covers schools, poor relief, social insurance, health services, public works, and pensions, though in many of these fields they are assisted by grants in aid from the central government. The police is not under their jurisdiction, as it is a centralised national service.

Their expenditure is met through income tax, which is levied separately from national income tax, on a percentage basis. No municipal authority may levy income tax above 17.5 per cent of taxable income, without special permission from the Government (i.e. from the Department of Justice). But the present heavy expenditure arising out of war conditions has meant that 144 out of 680 rural councils, and 13 out of 64 urban councils have had to apply for permission to increase their municipal income tax above the limit of 17.5 percent. The average for the whole of Norway at present is 17.2 (rural average 16.75, and urban average 17.76). The majority of the councils show the following figures:

<i>% of Taxable Income</i>	<i>No: of Rural Districts</i>	<i>No: of Urban Districts</i>
17.5	201	14
18.0	129	7
18.5	11	5
19.0	4	1

The lowest rural rate, operating in only one district, is 12 %, and the lowest urban rate is 15 %, operating in 7 towns. But it is nevertheless true that, as in Great Britain, the rates tend to be higher in the poorer districts. However, the variation is not so great as in this country.

The Norwegian system of local government thus differs widely from the British system. The Urban and Rural District Councils have much wider powers, and are for that reason subject to the direct but rather loose control of the Central Government through the *Fylkesmann*. But the dual role of the *Fylkesmann*, as servant both of the County Council and of the Central Government, serves to emphasise the high degree of autonomy enjoyed by the local governments. The scattered towns and villages of Norway, together with the individualistic energetic nature of the people, have produced a strong community feeling, which has made local government a stronghold of their democratic way of life.

III.

ECONOMIC PLANNING IN NORWAY

W. N. WARBEY

Post-War Economic Tasks.

For centuries the Norwegian economy was based mainly on farming, fishing, and lumbering, and — later — mineral extraction and a certain amount of tramp shipping trade. Geographical conditions made life hard and the return for labour, and therefore the standard of living, low. Towards the end of the nineteenth century two new factors made possible an improvement in the standard of living: industrialisation, based largely on cheap electric power, and the acquisition by the Norwegian merchant fleet of a leading place in the world's carrying trade. In the twentieth century, labour applied to the processing of raw materials such as fish, wood and minerals has yielded a far higher return than would have been possible if the same amount of labour had been expended on the expansion of agriculture, for although what soil there is is fertile, the farms are necessarily small, scattered and difficult to work. The additional food required for the increasing population engaged in industry, commerce and transport has been imported from abroad and has been paid for by exports of primary and processed products and by the earnings of the merchant fleet. In the last decade before the late war, income from shipping freights paid, on the average, for one-third of Norway's imports.

After the war the primary economic tasks facing the Norwegians were the reconstruction of the merchant fleet, half of which had been destroyed in the war; the replacement of damaged and worn-

out capital equipment and a continuation of the process of modernisation; the replacement of severely depleted stocks of consumers' goods; and the ensuring of fair distribution by an appropriate fiscal and price policy, including the suppression of incipient inflation. On these objectives there was common agreement among all Norwegians, the agreement extending even in large part to the means to be employed for their realisation. Definite form was given to this agreement in the «Common Programme»¹ to which all political parties (including, with minor reservations, the Communist Party) gave their adherence shortly after liberation. The main aim facing Norwegian society in the postwar years was described in the Common Programme as: «to create full employment and increased production, so that all can enjoy a good standard of living through a just distribution of the results of production.» The Programme also envisaged the necessity of «close and planned cooperation between the State and private interests,» and the establishment of a Central Advisory Council for Economic Cooperation, Joint Boards (including State representatives) for each industry, and Joint Production Committees in individual undertakings.

The Programme of the Norwegian Labour Party for the October 1945 General Election took up the main points of the Common Programme, but gave some of them more precise definition. The main emphasis was laid on the achievement of a higher standard of living through increased productivity, which would result from State economic planning to ensure a more rational use of labour, materials, plant and natural resources. Stress was also laid on the need to secure more equal distribution of the products of labour and thereby to iron out the trade cycle through the maintenance of effective demand. Although a socialist society was declared to be the aim of the Norwegian Labour Party, nationalisation scarcely figured in the first post-war programme, attention being focussed rather on the need for firm State planning and control of the economy.

Practical Economic Measures.

The new Norwegian Labour Government, elected in October 1945, was fortunate in being able to initiate most of the measures required to solve the country's post-war economic problems within

¹ See Appendix II.

the framework of the Common Programme, and therefore with the assurance of all-party support. Only in a few matters has it so far proved necessary to pass beyond the bounds of this Programme, and on such occasions the Government has, at least until the spring of 1948, been able to count upon the support of the Communist M.P.s, and frequently it has also had the backing of the Liberals or the Agrarians or both. Only a few executive actions have met with sharp criticism from the Right, while Parliamentary legislation has had, with one or two exceptions, a fairly easy passage.

It was early realised that in the immediate post-war years, once there was a general revival of economic activity, there would be little danger of serious unemployment. On the contrary, owing to the falling labour supply, due to a fall in the birth-rate in the thirties, and to the great backlog of unsatisfied demand for both capital and consumption goods, the main problem has been one of securing a more efficient distribution of labour, and especially of manning-up such vital industries as forestry and preventing the diversion of scarce labour to less essential uses, such as unnecessary building and construction work. In the main the methods used to control the distribution of labour have been similar to those employed in Britain. The use of building and constructional labour is tightly controlled by an Act passed in July 1947, which requires that approval shall be obtained from the appropriate County Labour Office before any work needing more than three building or constructional workers is undertaken. Reserve powers for the control of engagement of workers in any or all industries exists in the form of an Act passed in June 1947 enabling the Government, by Royal Order in Council, to prohibit the engagement of workers except through Employment Exchanges. So far, however, no such Order has been issued, and reliance has been placed on the attraction of workers to undermanned industries by means of special training and travel allowances. These methods are more effective in that the Trade Unions have accepted a voluntary limitation on general wage increases, in return for a stabilised cost of living and severe restrictions on prices, profits and dividends. The wide-ranging control system also enables the Government to permit price increases in those industries, such as, for example, textiles, where it is considered desirable to attract additional labour by means of increased wages, while forbidding them in others.

More efficient distribution is also an indirect consequence of the steps taken to restore and increase productivity. Capital investment has received a high priority in the post-war years, reaching in 1947 to £100,000,000, or 22 per cent of the national income. A high priority has naturally been given to new ship construction, which accounted, in 1947, for 40 per cent of the total investments. Of the remainder, 14 per cent was absorbed by the electric power industry, 11 per cent by the iron and non-ferrous metals industries, and 5 per cent by mining. Overseas credits, including the £75,000,000 insurance paid in London for ships lost during the war, have been used for the purchase of new ships and for the import of machinery. The order of priorities for the main items of investment has been laid down by the Government, which has been able to ensure conformity with national needs through control of new capital issues, and through its ownership of, or participation in, the larger metal and mining undertakings. The licensing of imports also gives the Government considerable indirect control over new capital investment in the private sector of industry, since a large part of the machinery and equipment used in Norwegian industries has to be imported from abroad. The rapid exhaustion of foreign credits in 1947 faced the Government with the necessity of reducing capital investment in 1948 by 25 per cent compared with the 1947 figure. At the same time public consumption was reduced by 10 per cent and private consumption by 2 per cent.

Norwegian economic recovery had proceeded so far by 1947 that the production index for that year was 108 compared with 100 in 1938 with, however, a larger working population in 1947. Increased production has been coupled with fairer distribution, which has in its turn spurred on the Norwegian workers to greater efforts. The Germans left a legacy of inflated currency and bank deposits, side by side with an acute shortage of consumers' goods. The danger of inflation was countered by the maintenance of strict rationing and by the blocking (in September 1945) of a large proportion of liquid assets. This latter measure was accompanied by the compulsory registration of all forms of private capital, and the basis was thus provided for an assessment of the increase in private fortunes which occurred during the war. These increases are being taxed by a one-time capital levy, which is expected to yield 700 million Kroner (£35,000,000). Other special taxes have been imposed in the form of a post-war War Damage Tax

and, in 1948, a Special Defence Levy on unearned incomes. These special taxes, together with fairly high rates of State and municipal tax, have resulted in a significant redistribution of income. The cost of living has been kept remarkably stable through price-fixing and food subsidies, which amounted to £25,000,000 in 1947 and were increased to £30,000,000 in the 1948—49 State Budget. At the same time rents have actually been reduced to 90 per cent of the April 1940 level, and three weeks paid holidays have been guaranteed to the great majority of Norwegian workers by a law passed in November 1947. At the other end of the scale, directors' fees and salaries have been limited to a maximum of £1,250 per annum and dividends are limited to a maximum of 5 per cent. The limits can be exceeded only if special permission is given after a case has been stated.

Other sections of the population besides the industrial workers have benefited from the Government's policy of «fair shares». Forestry workers have received substantial increases in wages; farmers get high prices for their products (e.g. 4/- a lb for butter); and fishermen have received State assistance to enable them to restore their boats and tackle and to establish cooperative freezing and processing plants. Together with improved social services, these changes represent a substantial levelling-out of the real incomes enjoyed by different classes of the population.

As with other European countries, the balance of external trade has provided the most intractable of Norway's economic problems in the post-war period. Foreign credits went a long way towards restocking the country with capital and consumption goods during the two years following liberation. The foreign credits available to Norway during this period amounted to about £115,000,000, and the Government had estimated that this amount would last for some three years, so that with smaller additional credits in the following two or three years it would be possible to tide over the period necessary for the revival of the export industries and the reconstruction of the major part of the merchant fleet. In 1946 the deficit on balance of payments was £40,000,000, but the rise in import prices in 1947 upset calculations and the deficit for that year rose to £70,000,000 (compared with an estimated £47,500,000). A number of factors combined to increase the difficulties experienced during this year. The price of new ship construction, on which Norway was counting so much as a means of restoring external equilibrium in a

comparatively short space of years, rose to nearly three times the pre-war level. Important export industries, particularly pulp and paper, met with unexpected difficulties, so that the export production reached only 80 % of the 1938 level in volume. An unexpected reduction in the average time-lag between the placing of orders for imports and their delivery made the situation suddenly more critical in the late summer of 1947. On top of this came the suspension of sterling convertibility in August 1947, with a consequent accentuation of the dollar famine.

The Government responded to the foreign exchange crisis by announcing, on 16th September 1947, a number of emergency measures including; (I) the introduction of foreign exchange rationing, with a requirement that in future importers must apply not only for import licences but also for a specific allocation of foreign exchange to cover the import; (II) the surrender of private holdings of foreign exchange; (III) reductions in the fat ration and in the use of petrol for private motoring; (IV) a review of all outstanding import licences; (V) a reduction of imports and a further stepping-up of exports during the year 1948.

The necessity for these measures and their effect upon the import-export programme for 1948 can be seen from the following table which gives the National Budget (i.e. Economic Survey in British terms) Estimates for 1947 and 1948, and the figures actually realised in 1947.

Balance of Payments: 1947 & 1948 (In millions of Kroner).

<i>Payments</i>	<i>1947</i>		<i>1948</i>
	<i>Actual Provisional Figures</i>	<i>Budget Estimate</i>	<i>Budget Estimate</i>
Imports of goods and services (c.i.f.)	3050	2450	2668
Imports for purposes of defence	182	170	62
Imports of ships and extraordinary ship repairs abroad	875	565	850
Operating expenses of shipping abroad	450	450	500
Miscellaneous	170	110	180
Total imports of goods and services ..	4727	3745	4260
Net interest and dividends etc.	35	50	45
Total	4762	3795	4305

<i>Payments</i>	1947		1948
	<i>Actual Provisionel Figures</i>	<i>Budget Estimate</i>	<i>Budget Estimate</i>
<i>Receipts.</i>			
Exports of goods and services (including direct deliveries of whale oil) (f.o.b.)	1810	1565	1950
Exports of ships	90	—	100
Gross earnings of shipping abroad ..	1250	1200	1400
Miscellaneous	200	100	200
<hr/>			
Total exports of goods and services ..	3350	2865	3650
Deficit on current account	1412	950	655
<hr/>			
Total	4762	3815	4305
<hr/>			

One thing which comes out very clearly from this table is the effect upon Norway's balance of payments of the loss of half the merchant fleet, and the necessity for its rapid reconstruction. In 1947 gross freights plus ship exports totalled 1340 m. kr., but the expenditure on new ship construction, abnormal repairs and foreign harbour dues, etc. amounted to 1325 m. kr. In pre-war days net shipping income averaged 400 m. kr., an amount which at 1947 prices would have paid for imports to the value of 1100 m. kr., i. e. sufficient to wipe out the greater part of the year's balance of payments deficit. Until the merchant fleet is rebuilt, however, the situation has to be met by import cuts and export increases. The trading results for the first five months of 1948 showed that some progress had been made. Imports were cut by 180 m. kr. compared with 1947, and exports were increased by 220 m. kr., thus reducing the deficit for that period to 500 m. kr. compared with 900 m. kr. in 1947. On the other hand it will be noted that the target deficit for the whole of 1948 was only 655 m. kr., so it is clear that further increases in the price of imports again upset the programme.

Economic Planning Methods.

So far we have been dealing with the main problems facing the Norwegian economy in the post-war period, and the various practical steps taken, largely by or on the initiative of the Government, to realise certain social and economic aims within the context of economic facts. The Government has not, however, merely dealt empirically with each problem as it has emerged, but has endeavoured to ensure that all aspects of public policy, and — as far as possible — all forms of private economic activity, should be coordinated and directed towards the fulfilment of the general aims outlined in the Common Programme and the Programme of the Labour Party. This is, of course, the essential function of State economic planning, and the special form which economic planning has taken in Norway is dictated, as in Britain, by the fact that whereas the governing party in the State is concerned with general social aims, the State itself has direct control over only a limited part of economic activity and must rely for the fulfilment of its aims to a very large extent on indirect control or guidance of the economic activities of private individuals.

The State Budget, which in Norway is divided into two sections, one for current and one for capital account, can lay down with a fair degree of precision the intentions of the State regarding the amounts to be contributed by private citizens to the common pool, and the sums to be devoted to various form of public consumption (social services, defence, etc.) and public capital investment. These intentions can then be implemented through precise laws for taxation, etc. The State Budget, as in Britain, is thus one important instrument for the redistribution of incomes, the raising or lowering of effective demand, the resistance of inflationary or deflationary pressure, the variation of the volume of capital investment, and, more indirectly, for a number of other purposes, such as the encouragement of particular industries or the diversion of goods from the home to the export market.

In addition, the Norwegian State has direct control over a limited number of nationalised industries or services, such as the central bank and the railways, and a fair degree of control over certain industries, such as iron, steel, aluminium and electro-chemicals, in which it holds large or controlling interests. The construction of electric power plants, whether by municipalities or by private firms, takes place in accordance with a general State plan.

In these fields the State has a further opportunity not only to direct the policy of the particular industry or service, but also to influence such general economic factors as capital investment, labour utilisation and production for export.

A third publicly-controlled sector is constituted by the municipalities, which have the power to impose direct taxation and which have been responsible in the past for a greater amount of public expenditure, in total, than the State itself. In addition to being responsible for important social services, the Norwegian municipalities have large interests in hydro-electric power plants, have helped to finance cooperative housing schemes and are the sole owners of cinemas. The strong tradition of local democracy in Norway makes it necessary for the Government to proceed cautiously in its dealings with the municipalities, but in the main it is able to secure their cooperation in the fulfilment of public economic objectives.

Outside these three fields stand the large sections of industry, commerce, agriculture, fishing, shipping, forestry etc., which are run by private enterprise, very often in small-scale undertakings. No public policy in regard to such major matters as the most effective distribution of labour, the ratio of investment to consumption, the direction of investment, the maintenance of effective demand, the balancing of external receipts and payments and so on, can be effective unless these private sectors can be induced or compelled to play their proper part. This is the major task of economic planning, which must proceed by laying down guiding lines and targets and then by ensuring that the means exist for their realisation.

The main instrument for analysis and target-setting in Norway is the «National Budget», which, unlike the State Budget, is concerned with the whole of the national economy, and which, by its very nature, can only give forecasts of the future in terms of what the Government thinks ought to, or is likely to, happen rather than what will happen in practice. The National Budget for 1948 is a closely-printed document of 98 pages, which sets out in a series of tables the national accounts for the previous year and the estimates or targets for the year to come. The first (tentative) National Budget was presented to the *Storting* in February 1946. It contained forecasts of economic developments in 1946 and also a few long-range forecasts for the five-year period 1946—50. The second National Budget, published in February 1947, gave a comprehensive survey of the nation's economic position

and a detailed programme for the year 1947. In the autumn of 1947 the *Storting* resolved that the National Budget should be presented regularly each year in future in the month of January, and should be debated together with the State, or Fiscal, Budget presented at the same time.

Since the purpose of the National Budget is not only to provide a guide for public policy but also to influence the plans and actions of private individuals and groups, it cannot rely merely on a description of the existing situation or even on a forecast of probable future trends based on what is known of the intentions of the various economic agents. It must include an element of programming, that is to say where there are possible variations in future developments, and possible choices between different uses of scarce materials and labour, the Government must indicate, through the figures it selects, what it considers to be the most desirable use of those factors. In making its selection the Government must, of course, take care that the totals balance (e.g. that the labour supplies allocated to each industry to not exceed the probable total labour supply available), and also that there is a reasonable probability that, either through private choice or through Government action, the desired targets can be realised.

The National Budget for 1948 is thus, in essence, a detailed programme for the nation's economy during 1948. It begins with a general summary of the economic resources available at the beginning of the budget period. There follows a section which seeks to appraise business and market developments abroad, that is to say, the factors over which the Government has least control. The marriage of internal with probable external resources forms the basis for an outline programme of the Government's economic aims during 1948. There follow a series of tables which, in considerable detail, break down the general aims into targets for the various factors of the economy. It is here that the Norwegian National Budget differs most from the equivalent British «Economic Survey», in that precise targets are set for labour-utilisation, capital investment and production in every branch of the economy.

Two tables are given below to illustrate the kind of information which is made available in the National Budget. The first deals with capital investment and the second with the global allocation of the goods and services made available through internal economic activity and through imports.

Table I.

Budget of Net Capital Formation 1948 (millions of kroner).

	Millions of kroner	
	1947 (Provisional Figures)	1948 (Budget)
Agriculture	47	78
Forestry	20	12
Fisheries	21	50
Whaling	50	35
Manufacturing Industries and Mining	230	230
Electric Power Plants	125	130
Shipping	563	565
Other Transport and Communications	294	167
Commerce	20	10
Net Accumulation of Stocks in Industry and Trade	300	— 100
Hotels and Catering	12	11
Housing	250	220
Public Administration (including defence)	166	59
Miscellaneous	59	45
	<hr/>	<hr/>
	2157	1512
	<hr/>	<hr/>
Private Net Capital Formation	1586	1084
Public Net Capital Formation	571	428
	<hr/>	<hr/>
	2157	1512
	<hr/>	<hr/>

Table II.

	Millions of kroner	
	1947 (Provisional Figures)	1948 (Budget)
Gross National Product	10,318	10,251
Imports of Goods and Services	4,727	4,260
	<hr/>	<hr/>
Total	15,045	14,511
	<hr/>	<hr/>

Table II (cont.)

Allocations.

	Millions of kroner	
	1947 (Provisional Figures)	1948 (Budget)
Exports of Goods and Services	3,350	3,650
Net Investment	2,157	1,512
Depreciation Allowances	1,579	1,643
Consumption	7,959	7,706
Total	15,045	14,511

National Income.

Net Investment and Consumption	10,116	9,218
Balance of Payments:		
Net Goods and Services	— 1,377	— 610
Net Interest and Dividends	— 35	— 45
National Income	8,704	8,563

Norway's Four-Year Plan.

Experience gained in the preparation of the National Budget enabled the Government to work out in good time the Four-Year Plan requested by O.E.E.C. The Norwegian Plan was presented to the *Storting* at the end of September, 1948, and received unanimous approval, except from the Communists. It is mainly a programme of investment and labour utilization which will increase production in the export or import-saving industries (e.g. iron and steel), and so enable Norway to pay her way internationally in 1952, with a standard of living not below that of 1938. This will involve an increase in the net national income, in order to allow for the increased consumption resulting from full employment, fairer distribution of income, and an increase of 13 % in the population.

Gross investments for the four-year period 1949—52 are put at M£840, of which M£200 will have to be financed from abroad. Exports are estimated to increase from M£105 in 1948 to M£135 in 1952—53. Imports are estimated to cost M£185 in 1952—52 (an increase by volume of 10 % over 1938), but a net shipping income of M£55 and other receipts from invisible exports should reduce the deficit in that year to M£2.5. Repayment of ship-building credits is, however, expected to increase this amount by at least M£4 per annum. The Report notes that a substantial increase in exports to the dollar area will not be possible without a further revision of the tariff policy of the dollar countries.

Realisation of the Targets.

It is one thing to set targets in the National Budget, it is another to realise them in practice. In the public sector of the economy, realisation is mainly a matter of ensuring that the various Departments take the appropriate administrative steps to ensure that their economic activities are in conformity with the national plan. In the private sector, State guidance is exercised partly through laws and «controls», and partly through propaganda and persuasion. The Statistical data flowing into the National Budget Office, the Price and Labour Directorates, and the Government Departments, make it possible to keep a constant check on economic trends and, where necessary, either to modify the targets set out in the National Budget, or to take appropriate action to bring the trends into line with the targets.

A number of laws passed by the *Storting* since 1945 enable the Government to exercise a fair degree of control over basic economic factors. These include laws for the control of building and constructional work, and for the control of foreign currency, imports, new capital issues and basic materials. These physical controls, which are largely concerned with the proper utilisation of scarce labour and materials, or with the maintenance of the external balance of payments, are, of course, supplemented by the fiscal controls designed to ensure internal equilibrium, the maintenance of effective demand and the equalisation of real incomes.

In addition a law of potentially far-reaching importance was passed in June, 1947, against strong Conservative opposition. This

is known as the Price Law, because its first purpose is to strengthen the existing regulations for the control of price levels. It has, however, a second purpose which makes it possible to extend considerably the scope of Government control over private industry. The Law enables the Government to forbid a private undertaking to reduce or cease production, to prohibit the starting of a new undertaking or the reopening of an old one without express permission, to compel an undertaking to produce certain goods at prices laid down by the Price Control authorities, and to force undertakings to set aside a certain percentage of their profits for the modernisation of plant or similar purposes. In addition, there is a power to impose price equalisation levies, so that a part of the high prices received by exporters can be used to bring about a reduction in the prices at which imported goods are sold in the home market.

In putting the case for this law the Minister of Finance (later Minister of Trade), Erik Brofoss, laid down the important principle that «the owners of private industry are administering not only their private property, but also the production capital of the whole community» and that therefore «society has a right to intervene in order to safeguard its interests and to ensure that businesses are conducted in a socially desirable manner».

If this Law were fully enforced it would enable the Government to bring about a thorough-going rationalisation of Norwegian industry, and to lay down what would be the equivalent of directives for the fulfilment of the national plan. The Government is, however, proceeding cautiously, partly because it does not desire to provoke private capitalists into outright opposition, and partly because the administration does not yet dispose of the trained and experienced personnel which would be required for detailed government intervention over a wide field of private industry. It is therefore hoped that recommendations for rationalisation etc. will come from the tri-partite Industrial Councils (see below), with the support of the employers' representatives, and that the powers of the Price Law will then only have to be invoked to deal with a small minority of recalcitrants who are unwilling to work in conformity with the agreed recommendations.

In the meantime, therefore, the more far-reaching powers of the new Price Law remain in suspense, but the fact that these reserve powers exist does at least furnish a useful weapon with which to enforce observation of the price control regulations as

such. The Price Directorate is therefore able to lay down general and specific regulations, covering prices over almost the whole field of consumption goods, and to fix profit margins (by amount, not simply by percentage) as between manufacturer and wholesaler, and wholesaler and retailer, with the knowledge that it has the power to impose severe sanctions for any attempt to sabotage the regulations by any refusal to produce goods at the controlled prices. Control of prices and profit margins therefore appears to work efficiently over a very wide field in Norway, and this has undoubtedly been one of the major factors in keeping the cost of living reasonably stable, in preventing the making of grossly excessive profits, and therefore in persuading the workers to forego any general demand for wage increases. It should be added, however, that farmers and fishermen have been allowed to receive very high prices for their products, which has necessitated a high level of food subsidies.

Machinery of Economic Planning.

Major issues of economic policy are, of course, decided by the Cabinet as a whole, but the main work of policy planning is guided by a special Cabinet Economic Committee, presided over by the Prime Minister. The Prime Minister is also assisted by an important advisory organ, the Economic Coordination Council, which serves both as a means of coordination between the various Government Departments and also as the central agency for consultation between the Government and the private economic interests. Detailed policy planning is controlled by individual Departments (Finance, Industry and Shipping, Agriculture, Fisheries, Trade, Social Affairs, including Labour Relations, and Supply and Reconstruction), while the main executive organs, such as the Price Directorate, The Labour Directorate, and the Foreign Trade Directorate are also attached to various Departments. The key instrument of economic planning, however, is the National Budget Office, located in the Ministry of Trade, which, therefore, despite its name, has become in effect the Ministry of Economic Planning.

The National Budget Office works at present with a very small staff of economists and statisticians, but it is assisted in its work by a Steering Committee, which includes the Director of the Economic Coordination Council and of the Central Statistical Office, as well as liaison officers from the various Departments concerned

with economic questions. Under the Steering Committee are various sub-committees dealing with aspects of economic planning, such as capital investment, production, labour utilisation and so on.

The task of the National Budget Office is to work out the guiding lines of economic policy for the ensuing year, and after these have been approved by the Cabinet, to collect information and preliminary budgets through the various governmental and private agencies. Coordination is achieved through the Steering Committee and, when necessary, the Cabinet Economic Committee, and the latter considers and approves the first draft of the whole National Budget. The draft is submitted to the Economic Coordination Council, which makes its comments to the National Budget Office and also direct to the Cabinet Economic Committee. After amendment, the final draft is approved by the whole Cabinet and submitted to the *Storting* in January of the year to which it applies. Once the National Budget has been approved by the *Storting*, it becomes the task of the National Budget Office to maintain a running check on the fulfilment of the targets, and to bring discrepancies to the notice of the Departments concerned with execution, or, if major divergencies are revealed, to report the matter to the Cabinet Economic Committee, with recommendations for corrective action.

In order to ensure the cooperation of private agencies in the fulfilment of the national plan without resort to detailed direction and coercion, an attempt has been made to supplement the State planning machinery with a series of consultative organs, based on tri-partite representation of the State, private employers or self-employed persons and employees. A pyramidal structure has been worked out on the basis of an outline scheme agreed upon by all the political parties in 1945, and incorporated in the Common Programme. At the base of the pyramid are the Joint Production Committees in individual undertakings. At the intermediate level come the Industrial Councils, which are eventually designed to cover each major branch of the economy. At the apex of the pyramid is the Economic Coordination Council, which in addition to representatives of the government economic departments, includes representatives appointed by the employers' organisations, the trade unions, and the organisations of farmers and fishermen. This body has been in existence since June, 1945, and it now plays an important part in economic planning, with a full-time Director who, as we have seen, is one of the members of the

Steering Committee which assists the work of the National Budget Office. The Coordination Council is therefore something more than a means of occasional contact and exchange of view between the Government and private agencies. It takes part in the preparation of the National Budget, makes its own surveys of economic trends, issues a half-yearly Economic Survey, and seeks the support of its constituents in the fulfilment of the national economic tasks.

More difficulty has been experienced by the Government in the establishment of the second stage of the pyramid, the Industrial Councils.¹ The Law concerning them was passed by the *Storting* in May, 1947, against opposition from Conservatives and Liberals, who argued that they should have been set up by voluntary action and protested against the powers given to the Councils to make recommendations to the Government for the extension, closing down or amalgamation of individual firms. The Government argued that these powers were necessary if there was to be an effective rationalisation of Norwegian industry, and insisted upon the passage of the Bill in its original form.

This means that the Norwegian Industrial Councils will have considerably greater powers than their British equivalent (Development Councils), and as representatives of the State will sit upon them it is theoretically possible for the State and workers representatives together to outvote the employers and thus secure the adoption of recommendations to which the employers are opposed. So far, owing to the fears of the employers, very few Industrial Councils have been set up, and those that have come into existence have only held preliminary meetings. It is therefore too early to judge the results of this important experiment. If the suspicions of the employers can be overcome, the Industrial Councils will play a vital part in the reorganisation and modernisation of Norwegian industry, and in the integration of private economic activities into the national plan, but it remains to be seen whether Norwegian employers will voluntarily accept the principle that «privately owned means of production are a part of the productive capital of the whole community».

The Joint Production Committees are dealt with elsewhere.² Here we will only note that they are regarded, in theory, as not only an instrument for achieving greater industrial democracy and

¹ See also Chapter VI page 132.

² See Chapter VI page 127.

higher productive efficiency within individual undertakings, but also as the basic element in the whole structure of consultation and cooperation between the State and the individual economic agencies. How they are to be integrated into the pyramidal structure is, however, not yet clear. Until the intermediate element, formed by the Industrial Councils, is properly functioning, it is clear that contact between the lower and higher levels can be maintained only through the trade unions and the employers' federations. At a later stage direct contact may be established between J.P.C.s and Industrial Councils, possibly through the medium of Area Committees or some other form of regional organisation. In the meantime it can only be said that this whole experiment in economic planning in a free society is full of interest and excitement, and that its further development will deserve careful watching by those who face similar problems, and seek to achieve similar ends, in other countries of the «Western-democratic» type.

IV. NORWEGIAN INDUSTRY

A. M. F. PALMER

Norway is a country having an area one-third larger than the United Kingdom with a population of barely three million souls. But in spite of this, Norway is not self-supporting. In order to maintain a living standard, which pre-war compared favourably with any country in the world, Norway is obliged to import much from overseas. The explanation for this is found in the peculiarly difficult natural conditions of Norwegian life. The country has been well described as a «gigantic rock» broken and torn in places so as to permit the collection of some soil, but not sufficiently so to permit Norway to grow the food required by three million people. The railway system is nothing like complete and roads need driving into many of the more remote regions. Apart from a little in Svalbard (Spitsbergen), Norway has no coal. Yet Norway is rich in timber, fish, fast flowing water and a people skilled in shipbuilding and seafaring. It is by the energetic exploitation of these natural advantages that Norway maintains her place in the world; not by the exploitation of colonies and overseas possessions, for she has none.

Doctrines of «autarchy» make no intrinsic appeal to an Atlantic people having many trading links with the outside world and although the experiences of two World Wars have somewhat shaken faith in the wisdom of a free-trade outlook the Norwegian instinct is still that it is best to live by playing a part in the World's business and eschewing economic introversion.

Britain's industrial revolution was built on steam power derived from coal; Norway's has been founded largely upon electrical power provided by the energy of the lakes, rivers and streams of which the Norwegian terrain is so prolific. It is therefore of comparatively recent origin dating from the latter end of the nineteenth century and is still to be completed. By 1939 Norway had graduated to the status of an industrial country. The pre-war census showed that between 50 and 60 % of the working population were engaged in non-agricultural pursuits; the post-war figure is probably very similar.

During the war, industry, although somewhat dislocated by the grandiose plans of the occupying power and kept short of raw materials, was only slightly damaged. Following the war the general level of industrial production has recovered fairly well; for the whole of 1947 it was 8 % above 1938. Unfortunately in the vital export industries the level of productivity is still low.

Norway, like Britain, because of difficulties with the balance of trade and lack of dollars, has been recently compelled to reduce post-war capital expenditure but has done this mainly at the expense of social development and stocks of goods rather than by making cuts in industrial plant construction. The 1948 National Budget states:

«The decrease in net real capital formation from 2157 million kr. in 1947 to 1512 million kr. in 1948 is a result of the reduction in imports of capital goods. The rate of capital formation during 1948 will, nevertheless, be larger than in pre-war years. Granted favourable developments in 1949 and 1950 the goal of the five year programme of reconstruction announced in 1945 is still within reach.»

Norway's employment situation follows a pattern similar to our own. Permanent unemployment is now almost unknown. A small proportion of the working population is affected by seasonal unemployment kept within small dimensions by many workers following two or more occupations e. g. farming, fishing and lumbering. As in Britain, some essential industries are suffering from a labour shortage because conditions of work and pay compare unfavourably with newer industries. This is particularly serious in lumbering from which it is estimated 10,000 workers have been lost since pre-war times. The effect can be judged when it is realised that the annual increase of tree growth

in Norwegian forests permits industrial cutting up to 10 million cubic meters per year, that the target figure last year was set at 8 million cubic feet and that timber actually cut was 6 million cubic feet. The Government has certain «negative» powers of direction to undermanned industries but is shy of employing even these preferring to rely on material incentives.

In spite of the Marxist tradition and the militant past of the Norwegian Labour Party, now it is in power it shows little inclination to plan for a centrally directed, nationalised economy. Public ownership is a principle respected and practised, but not greatly in the form of nationalisation. Norway is a modern industrial country where Socialists direct a «mixed» economy with the practical cooperation of capitalists and trade unions.

One or two industrialists, who should have been in a position to know, thought Norway could scrape through without Marshall Aid, but this is not the general opinion nor that of the Labour Movement. In the arrangements made for the European Recovery Plan, Norway has received «Aid» which the Americans think she should be able to repay in due course. While it is natural that some Norwegians should doubt the wisdom of taking an American loan, most of them realise that the advantages that they will gain from general European recovery are more than sufficient to outweigh any temporary unsettling effect Marshall Aid might have on their economy.

Hydro-Electricity.

Norway has been described as the «Land of Electricity». There is every justification for this description for she has developed nature's gifts of plentiful precipitation, fast flowing rivers and deep lakes for electric power purposes to a greater extent in proportion to population than any other country. Even then only a fraction of the total available energy has been drawn off — something in the region of 15 %. The country's rivers often pass through a series of lakes which are valuable as a means of equalising the considerable variations of the water flow brought about by the seasonal climatic changes. Twelve million kW. of the available power is contained in about 1,000 falls, giving an average capacity of about 12,000 kW. The largest fall has a

capacity of about 230,000 kW., there are forty falls with an estimated yield of about 100,000 kW.

Normally investment costs for hydro-electric plants are high and running costs low but in Norway most waterfalls have high heads, which reduces the cost of the machinery required in relation to the output of energy obtained. Also reservoirs can be built in mountain districts where rights of regulation and compensation are not heavy financial burdens. Solid rock is usually found at places where dams and power plants are constructed which makes for ease and cheapness of working.

The sources of power are somewhat unevenly distributed throughout the country, both in number and in regard to quantity of power in the individual falls. About 35 % of all the water power in the country is found in the south-western districts within a region representing only 13 % of the total area and about 20 % of the total population of the country.

The latest figure for total installed generating capacity is 2,700,000 kW. In 1946 the total output of power plants having a capacity of 1,000 kW. or more was 11,000 million kWh, which corresponds to about 3,700 units per inhabitant per year. The comparable British figure in 1947 was only 929 units per inhabitant per year. During 1946 about 6,000 million kWh were supplied for general and domestic purposes. Apart from a small proportion of about 1 % which was taken for railways and tramways, the remainder was used in industrial enterprises. General electricity supply in Norway is extraordinarily well developed. Of the three million inhabitants of Norway, 80 % now have electricity in their homes. Even in country districts seven out of ten families use electricity.

With regard to ownership, the State owned plants cover about 13 % of the total capacity. The municipal and general local authority plants account for 30 %, the remainder being owned by private or semi-private industry amounting to about 57 %. There is not a national electrical «grid» as in Britain; the difficult natural conditions, the scattered nature of the industrial development make such a system for the whole of Norway out of the question. However, in the eastern part of the country coordination has been established between a series of large and small power plants. About 56 installations are interconnected here with a total capacity of more than a 1,000,000 kW, corresponding to about 45 % of the

developed water power of the country. Attempts are being made to establish limited coordination in other parts of the country, so eventually, while there will be no nation-wide grid, there will be several large interconnected systems that under Norwegian conditions will achieve the same end — the rational and economic utilisation of electrical power.

Norway is suffering from the usual shortage of electrical capacity in relation to demand. A 50 % increase on present output will be needed before demand is overtaken. Even then there are a number of factors which make further extension of electrical supplies essential. The principal one is that Norway, apart from limited quantities in Spitsbergen, has no coal. Norway has therefore every practical incentive to substitute electricity in every field where at present expensive imported coal and coke is used, especially for railway traction purpose. Before the war Norway imported about two million tons of coal annually for industrial use and about 700,000 tons of coke and cinders for domestic heating. The Director-General of the Norwegian State Railways has stated that only electric locomotives will be built in the future. A proposed State iron and steel plant is likely to require the service of plant having a capacity of 200,000 kW. Much electricity will be needed for the refrigeration and freezing installations which are being established on the coast for the fishing industry. Similar installations will be needed by agriculture for the preservation of meat and vegetables.

At the end of 1945 a Committee was appointed for the further electrification of the country. This Committee has now reported in favour of a ten year plan involving the investment of about £ 11,000,000 a year to increase hydro-electric generating capacity by 1,500,000 kW. The Committee estimates that a total of 15,000 million kWh a year is needed to meet Norway's future electrical requirements for domestic, industrial, agricultural and railway uses — twice the present consumption.

Much of the new plant will have to be imported from abroad, since the quantity required will be beyond the capacity of the Norwegian electric manufacturing industry. The Committee was opposed to nationalisation, but contended that it was the duty of the State to provide electricity in districts where it could not be provided by private or municipal enterprise.

A few words on a topic that caused comment in the British press some time ago; the possibility of exporting Norway's surplus energy to countries not so highly endowed. The transmission of

electricity by high voltage direct current under the North Sea to the British Isles was mentioned. So far as Britain is concerned, the Norwegians seem to be as aware of the immense practical difficulties as are most engineers at home. In any case, even at present coal prices, it is probable that the capital costs would make it difficult for imported Norwegian electricity to compete with the British home-made thermal variety.

But the export of electric power from Norway to Europe generally, via Denmark and Sweden, seems to be at least possible in the near future. Technical conferences were held in Oslo and Stockholm recently and practical moves are likely to be made following the satisfaction by Norway of her own immediate electrical needs.

Shipping.

The Norwegian merchant marine was expected to contribute in 1947 almost £ 40,000,000 to the credit side of Norway's foreign trade balance, according to the President of the Norwegian Ship-owners' Association, speaking at Bergen in October of 1947. In the same speech he emphasised the individualistic, capitalistic nature of the Norwegian shipping industry and its desire to continue in this form. He need not have troubled himself too much on that score. Norwegian Socialist opinion shows a marked reluctance to interfere with an industry involved so deeply in international trading, or that is the explanation usually given. Certainly, no country in the world has its prosperity more bound up with shipping and shipping services than Norway. No other country has such a large proportion of its total national capital invested in shipping. It would be impossible for the earnings of Norwegian industry to pay for Norwegian imports were it not for the very considerable assistance rendered by the «invisible exports» provided by the nation's ships and the work done by them.

That has been always the case in modern times, but today Norway has additional incentives to develop her shipping assets; it is easier to expand shipping than almost any other branch of industry without making too heavy a demand on the country's extremely limited manpower; also, the Norwegians are anxious to fill the vacuum left by the temporary absence of the Japanese and German merchant fleets from the seas.

Norway's maritime traditions go back to the famous times when the Vikings sailed the northern seas, penetrating to the

shores of the American continent. In later centuries Norwegian traders were engaged mostly in European waters until they took their place in the middle years of the 19th century with the carriers of world trade.

While in the early years other nations directed attention to developing liner services, the Norwegian shipowners occupied themselves with building up a great international cargo connection with tramp vessels. At the beginning of the present century a realistic concentration of shipping capital allowed steam ships rapidly to supersede the classic sailing vessel in the management of which the Norwegians had been so proficient. Yet the preference for freight traffic remained and it was not until 1907 that the first cross-ocean liners started to run between Norway and the Mexican Gulf; the opening of this line was followed later by lines to the Atlantic coast of North and South America and South Africa and Australia.

Concurrent with this development, the Norwegians specialised their shipping activity, acquired tankers for carrying oil in bulk and bought vessels specially designed for the fruit trade. During the first world war neutral Norwegian vessels were in tremendous demand and a rich harvest was reaped by the Norwegian ship owners, but not without heavy losses; Norway lost ships at a higher rate than any other belligerent or neutral country between 1914 and 1918.

Between the wars Norwegian shipowners succeeded not only in making good their losses but in building up one of the largest and most up-to-date merchant fleets in the world. The Norwegian shipping industry has always been enterprising in technical matters and by 1938, 62 % of Norwegian ships were diesel driven. In 1939 Norway had a liner fleet of about 300 vessels; nearly half of these were plying between ports outside Norway, many, indeed, seldom entered Norwegian waters. Always great whalers, Norwegians had been among the first to build floating whale oil factories; Norway held the lead in this industry at the outbreak of the 2nd world war.

When Norway was attacked by Germany in 1940, about one-sixth — mainly vessels engaged in the coasting trade — of her 5 million ton fleet, fell into the hands of the invaders. The Norwegian Government in exile in Great Britain requisitioned all vessels outside the control of the enemy and these reported to

British or other friendly ports. A special Control Organisation was formed in London, known as the «Norwegian Shipping and Trade Mission» which throughout the war years directed the merchant, whaling and other vessels of Norwegian owners, amounting to over four million gross tons and manned by thirty thousand Norwegian sailors. The losses of the Norwegian merchant marine during the 2nd world war were tremendous — as in the first conflict — amounting to about half the total 1939 tonnage. Since new acquisitions during the war totalled only about 250,000 tons, with the liberation in 1945 a vast amount of reconstruction faced the industry. Reconstruction began immediately at the end of hostilities. During the summer of 1945 about 25 new ships, totalling 200,000 gross tons were brought from Sweden, where they had been ordered shortly before the war and completed during the war years. Norwegian owners have recovered shipping totalling 100,000 tons, remaining from among that requisitioned by the Germans during the occupation and in addition some 50,000 gross tons of German ships have been allocated to Norway as reparations. At the beginning of 1948 the Norwegian merchant fleet totalled approximately 4 million gross tons, of which 1½ million gross tons were tankers.

In theory the new ships building and ordered, together with the secondhand ships to be imported from abroad should increase the size of the Norwegian fleet to nearly 5½ million gross tons by the end of 1950. From this must be deducted, however, approximately 1 million tons of old tonnage which is obsolete and will have to be replaced. The implementation of Norway's shipping programme is conditional upon a number of factors outside Norway's own control. Many new ships are building in British yards and there have been delays in delivery, due to the British fuel crisis and steel shortage. Yet, if all goes according to plan, and further orders for ships are placed as anticipated, the Norwegian fleet, by 1954, should be much bigger than before the war.

In addition to the insurance money for lost vessels — some of it from the United Kingdom — Norwegian ship owners have received, since the war, a compensation from their Government for wartime requisitioning. This compensation has been on a comparatively modest scale and consists of a depreciation allowance of 6 % per annum for steam tramps and 7 % per annum for tankers, liners and motor vessels, compensation for loss of income is at 5 % per annum. The amounts are worked out on values about 20 % lower than the in-

sured values. Owners of lost ships got no depreciation allowance, but receive compensation for loss of income.

The Minister of Commerce has stated:

«Presuming that all contracts and purchases are realised, one might say our merchant marine will have reached its pre-war figure of 4.8 million gross tons by the middle of 1951 — no account being taken of possible sales and losses.

«The price of the contracts and purchases mentioned above, totalling about 1.55 million gross tons, is about 90 million pounds sterling. To bring the fleet back to pre-war size, another 800,000 tons will have to be bought or contracted for, presumably at a price of about 45 million pounds. The total cost of reconstructing our merchant marine will thus be between £ 130 million and £ 140 million.»

The number of workers engaged in ship building and ship repairing increased during 1947 to 13,000, but employers complain that output per man-hour has not been restored to the pre-war level. Post-war lassitude is apparently a universal malady. There is still room for about 2,500 additional workers and a campaign is being conducted which it is hoped will attract more young recruits. The materials situation has not improved in the last year; steel is the main shortage. The Norwegians have scoured the earth in search of steel, but like most other people they have come away empty-handed.

Many yards are forced to refuse repairing work, and ships lie waiting for their opportunity to go into the repair docks. A committee which was set up in 1945 to distribute fairly repair work among the yards, is still carrying on. The «Industrial Council» for the shipping industry will now under its terms of reference make recommendations for the future of the industry.¹

In their European Recovery Report the Norwegians argued that the United States could contribute best to the speedy restoration of the Norwegian fleet by providing additional secondhand dry cargo-vessels. The American suggestion that ship building in Europe should be reduced in order to save steel for the benefit of other reconstruction work has not been very favourably received in Norwegian maritime circles. The Norwegians are anxious to emphasise that their ship building programme is locked into the general pat-

¹ See Chapter VI Labour Relations page 132 for further information on industrial councils.

tern of the Norwegian economy and that its curtailment will weaken their recovery effort.

Finally it may be noted that there is no monopoly of ownership in the Norwegian shipping industry. All shipping firms are affiliated to the Shipowners Association, but genuine competition does exist between them.

Forestry.

About 23 % of the total land area of Norway is covered by forests; 70 % of this area is given over to coniferous forests; only 30 % of Norway's timber area is deciduous. The forests are still growing, their normal depletion is about 5 % less than their increase. The coniferous forests alone have an industrial significance and here a slow war has taken place over the centuries between the older pine and the interloping spruce, which has gained the mastery and which has excellent properties as raw material for the production of wood pulp.

Pre-war timber cutting was 8 million cu.m. annually, but there is now more use of wood as fuel than formerly. It is hoped ultimately to obtain a post-war total cutting of 7 mill. cu.m. of which 2—5 mill. cu.m. can go to saw mills and the remainder made available for the wood processing industries.

Much forestry in Norway is carried on as a branch of agriculture; the major part, or about 60 % of the Norwegian forests, are owned by individual farmers. 30 % of the forest land is divided into very small properties and 35 % represents forest properties of average size. Few really large forest tracts are privately owned. There are some tracts of forest land which are held in communal ownership, or else owned by the state or the municipality, but in which most farmers situated in the district have logging, grazing and fishing rights to meet their own requirements. Some forests are also the exclusive property of state or municipality. State-owned forests cover about 14 % of the country's total forest area, but the majority of these forests are situated in the far north or on the approaches to the high mountains.

Forestry legislation in Norway goes back for a long period and aims at both protecting and conserving the forests and preventing their monopolisation by a few private owners. There is a Forestry Department of the Government — part of the Ministry of Agriculture — which works in close association with the

voluntary Norwegian Forestry Society. The salaries of the inspectors employed by the Society are paid from public funds. Their duties are to enforce the Forestry Laws and give practical help and advice to forest owners; they have the power to forbid the felling of trees if they think such felling would violate the principles of good forestry management. An owner who cuts timber for sale or for industrial production must perform «improvement» work in his forest. For this purpose he pays a tax 2 % of the gross value of the timber cut to the local Forest Board. The proceeds of this tax are put aside for his benefit and are returned to him in proportion to the value of the improvement he makes to his forest.

Labour shortage is one of the most difficult problems confronting Norwegian forestry today. In the pre-war economic depression it was difficult to find employment for forest workers throughout the year. Wages were kept down by low timber prices. Now there is a shortage of labour in all trades; under full employment workers prefer the factories. In an effort to deal with the problem, research is being conducted to develop improved equipment for felling and transport and labour-saving methods generally. Muscle is, wherever possible, being replaced by machine power, and experiments with American and Canadian motor-driven saws have been conducted in recent years. A portable diesel-driven saw is now being manufactured in Norway. Efforts are at the same time being made to improve the working and living conditions of the forest workers. For instance, more comfortable cabins are to be provided for men who have to spend the night in the forest. A determined effort is also being made to provide employment for the workers at all seasons of the year; felling and transport in the autumn and winter; planting, sowing and cutting of fuel-wood in the spring, and building of timber transport roads in summer.

In order to increase efficiency, brief weekly courses are held in which the workers are taught the correct use of axe and saw and how best to take care of their tools. Schools have also been opened where experienced forest workers are given four-weekly courses. Board, lodging and tuition are free of charge, and the pupil's travel expenses are refunded. If a man is married, his family is provided for during his stay at school. In these courses instruction is given in selection and care of tools and gear, and in the use of motor-driven saws.

As far as material exports are concerned, timber is Norway's greatest asset. The Norwegians exported timber in medieval times.

There was steady development of the export trade during the 19th century, the tendency being to give up the export of the lumber and move to the export of finished timber products such as cellulose, pulp and paper.

Norwegian exports of round timber and sawn wood, which in 1939 amounted to about 240,000 cubic metres, attained 120,000 cubic metres in 1946 and 166,000 cubic metres in 1947. In the current year, it is expected that shipments will continue to improve. Exports of chemical pulp which attained 540,000 tons in 1939, were 85,000 tons in 1946 and in 1947 aggregated about 100,000 tons (dry weight). The export figures for mechanical pulp were: 450,000 tons in 1939, 94,000 tons in 1946 and 138,000 tons in 1947. Exports of both chemical and mechanical pulp in 1948 are expected to show substantial gains over the two previous years. Paper and board are now the most important export products of the Norwegian wood processing industries in terms of value. The exports of this group attained 340,000 tons in 1939, compared with 273,000 tons in 1946 and 277,000 tons in 1947. A substantial improvement is expected to take place in 1948 in exports of paper and board.

The Norwegian wood-processing factories are in the main in small units with the exception of the large concern of Borregaard at Sarpsborg, and the Union Company. Borregaard alone uses 20,000 of the 80,000 timber logs which the Norwegian pulp industry transforms into cellulose every day. Norway's greatest customer for paper and pulp is traditionally Great Britain, which in 1937 took half the total export of processed paper products. At one time there was much foreign capital invested in the Norwegian wood-processing industries, but this has been changed by the new official view that shares in industry should be held by Norwegian citizens alone. Much work is being done to ensure that all wood products and by-products are fully used. At Borregaard a large factory has been built for producing staple fibre, most of which is destined for export. Until now Norway has had only one rayon factory situated at Notodden. Built in 1936, it is being modernised and extended; its capacity is to be used mostly for supplying the home market. Should Norwegians succeed, in the next few years, in rationalising their lumber industry, they may be able not only to keep their own highly developed processing industries fully supplied, but produce a welcome surplus for the rest of the timber hungry world.

Intensive research work productive of practical results, has been

carried on in the Norwegian forestry and wood processing industries in recent years. The Forest Experimental Department at Aas is a public institution which, with small financial resources, has done remarkable work. Research has been carried out by the Norwegian Pulp and Paper Institute at Skøyen, Oslo, on a voluntary basis.

After the liberation, a committee composed of forest owners and leaders of the wood processing industries was set up and has agreed on a plan for cooperative research. An organisation called «The Research Society of Forestry and Forest Industries» has been formed. Members are of three categories: (1) Trade Members; (2) Advisory Members; (3) Research Members. Every member, whether of the research, advisory or trade category, forms a separate group with its own group board which looks after research matters coming within its own sphere. The chairman and vice-chairman of the Society, together with the chairmen of the groups, form the Society's main «Research Board» for coordinating the activity of the groups.

The forest owners, through their federation, have agreed to pay a contribution which will be collected from forest owners as is the improvement tax. Trade members will have to pay so much per ton of finished product and on top of this 1 % of the sales value of their output. These contributions are expected to yield from 700,000 to 800,000 Kroner per annum (approx. £ 35,000 to £ 40,000), which is substantially greater than has been available in the past for research. Also 20 % of the proceeds of the Government tax on all exported products of the wood processing industries will be earmarked for timber research purposes. The Research Society intends to ask the Government to devote a part of these funds to construction and improvement of research institutes.

Iron and Steel.

The iron industry in Norway was old-established, but for all practical purposes technical improvements in the 19th century led to its elimination. The development of hydro-electric power at the beginning of the present century revived interest in iron and steel production in Norway. After the first world war, special electric furnaces were built, some of these becoming so successful that they are today exported abroad. In the late 1930's a special Government Commission examined the possibilities of stepping up Norway's

iron and steel production, using home-produced raw materials. Nothing practical was done because of the 1940 invasion. Following the liberation, the Labour Government had the pre-war suggestions looked at again. As a result, it was recommended that Norway should exploit her resources of iron ore and electricity so as to be as independent as possible of imports from overseas. Work has consequently started on a large state-owned plant, to cost £ 10 million and to be erected at Mo-I-Rana in north Norway. This is the greatest single industrial enterprise ever undertaken in Norway. Ultimately, it is hoped that this plant will provide 550,000 tons of rolled iron and steel products in a year. Before the war Norwegian consumption of iron and steel was approximately 300,000 tons a year, of which 260,000 tons were bought overseas. At the present time Norway produces 70,000 tons pig iron and steel annually in small plants and also 130,000 ton of ferro-alloys.

Political and military motives govern the decision to establish this self-sufficient nationalised iron and steel industry. The practical experiences of two great wars have brought home to Norwegians the embarrassment of depending on foreign supplies. A secondary reason for setting up the Mo-I-Rana plant is that it will provide employment in northern Norway for fishermen displaced by the proposed «rationalisation» of the fishing industry.

It must be realised also that pre-war Germany supplied 70,000 tons of iron and steel to Norway. This supply has now been cut off and the Norwegians are bound to make new arrangements; such arrangements can only be made on a domestic basis, since every country is crying out for steel, and every country lacks it in sufficient quantities.

The form of ownership and organisation would be described in Britain as that of a public corporation, but there is not the same degree of Ministerial supervision as is typical of the industries nationalised on the British model. The State is the principal shareholder and the Ministry of Industry becomes the representative of the shareholders. He appoints the seven members of the Board to be responsible for general administration and technical management of the industry. These, as with British practice, are experts in various fields, but — except for the Managing Director, who is, incidentally, not the Chairman of the Board — serve part-time. This technical and administrative Board is responsible in all matters of general policy to the Minister, but in financial questions it has also a responsibility to another known as the «Board of Represen-

tatives». This is a special Commission consisting of ten members, six being appointed from amongst members of the Norwegian Parliament and four from the civil service, presumably Treasury representatives. The Board of Representatives has considerable powers of supervision over all financial questions. The arrangement is in accord with the Norwegian tradition of watching scrupulously the expenditure of every half-penny of public — or near public — money.

Ore for use at Mo-I-Rana will be taken from mines in the vicinity. Those at Fosdalen have a present capacity of 250,000 tons of refined ore a year, including 60 % iron. It is estimated that this capacity can be doubled. As well as obtaining ore from Fosdalen and from Sydvaranger in Finnmark, the Norwegian Government have recently bought the British Dunderland Iron Ore Company at a cost of £400,000. Although the Dunderland enterprise was started in about the year 1900 and considerable sums of capital were sunk, for various reasons, including the difficulty of finding markets, activity ceased in 1931.

The Norwegian Government as a result of recent research hopes to get over the technical snags which aggravated the difficulties of the British company, and regards the investment in the Dunderland undertaking as sound.

The flexible way in which Norway approaches the finance of reconstruction is brought out by looking at the method used to finance the reconstruction of the Sydvaranger iron mines. These were entirely destroyed by the Germans when they withdrew from Northern Norway in 1945. The total capital required will be approximately 125 million kroner. After receiving war damage payments and draining the financial resources of the Company who are the nominal owners of the mines, the net capital required is just under 100 million kroner, the whole of which the Norwegian Government will find by means of State guaranteed loans or by taking up shares issued by the Company.

Before the war Norway produced substantial quantities of iron ore, most of which she exported to Germany. In 1938, production was over 1½ million tons (metric). Yet iron ore production during 1947 probably did not exceed 130,000 tons. Norwegian estimates submitted to the European Recovery Commission state it is their intention to restore production to 900,000 tons by 1951, of which it is hoped to export 850,000 tons.

Aluminium.

The first aluminium plants were established in Norway before the first world war. Today there are six plants — some very small — engaged in aluminium production. *Det Norske Nitridselskab*, which was originally formed for the manufacture of aluminium nitride according to the Serpec process but later turned to aluminium, has one plant in Tyssedal, Hardanger, and one in Eydehavn near Arendal. The other plants are: *A/S Haugvik Smelteverk* at Glomfjord in the North; *A/S Norske Aluminium Company* in Høyanger; *A/S Stangfjordens Elektrokemiske Fabrikker* north of Bergen; and *A/S Vigeland's Brug* at Vigeland near Kristiansand.

These plants all rely on the import of alumina for the favoured electrolytic process, with the exception of the *A/S Norsk Aluminium Co.*, which practises its own method for the electrothermic making of alumina from imported bauxite.

During the war years the Germans prepared grandiose plans for industrialising Norway on the basis of cheap hydro-electric power. In pursuit of «industrialisation» the invaders started constructing aluminium plants. In some cases these advanced to a stage of relative completion, in others they never got beyond symbols on paper. An ambitious German project was the scheme for the creation of a big aluminium plant at Aardal in Sogn, with which the Norwegian Government has decided to continue. The plant is to be operated under an arrangement by which the Government provide the necessary capital and are, in fact, the owners. The Government's decision to finish this aluminium plant — when completed it will be the largest and most up-to-date in Norway — caused much controversy. Many experts argued that the world's aluminium production having increased so tremendously during the war years, Norway's peacetime requirements would be unable to absorb the output of the Aardal plant. But the Government believes that the abundance of water-power will enable it to produce cheap aluminium in sufficient quantities to meet Norway's requirements and provide a surplus for export to western European markets as well. Norwegian aluminium production has always been based upon a big export trade. Before the war, the home demand was unable to absorb Norwegian output, which was then 27,000 tons, of which Norway consumed only 1,500 tons. Although today Norwegian domestic consumption has doubled, there is still a very large surplus available for foreign buyers. The total present aluminium capacity is 45,000 tons annually.

Summing-Up.

The foregoing is an inadequate account of the principal Norwegian industrial activities. It does much less than justice to the complete scene for although hydro-electricity, shipping, timber, fish, iron and steel are its indispensable components, to fill in the canvas it would be necessary to discuss nearly every ramification of modern industry.

There is a zinc production of about 45,000 tons annually (mainly from imported ores). Copper and nickel production is 20,000 tons annually. The mining of pyrites is of some importance.

Chemicals, mechanical and electrical engineering, stone quarrying, fat hardening, fur breeding, are industries which contribute at least a little to the export trade. In addition, to supply the wants of a population which before the war enjoyed a living standard not inferior to most countries of Western Europe, there are the usual «consumer» industries; leather articles, glass ware, processed food, textiles, breweries, bakeries and so on. Road, rail, sea, lake and air transport employ some thousands of workers.

The chemical industry is capable of immense development because of the availability of great concentrations of cheap electrical energy and is properly indigenous to Norway if electricity is looked upon in relation to the finished product as an essential raw material.

The Norwegian electro-chemical industry was started by the *Norsk Hydro-Elektrisk* Company at Rjukan in the southern mountains. Today three urban communities are dependent upon this enterprise, once owned by foreign capitalists, but now effectively controlled by the State through part ownership of the share capital. The main product is nitrogen, the annual output of which will soon reach 150,000 tons. Cyanamide, carbide and a range of chemical fertilisers are also manufactured on a large scale.

The Rjukan plant is adaptable for the production of the so-called «heavy water» which during the occupation was, in German eyes, an approach to the solution of the riddle of atomic energy. In the latter years of the war the German heavy water activity at Rjukan was successfully sabotaged by Norwegian parachutists and resistance men in a deed of tremendous courage and daring. The damage has certainly been repaired, and the new official ban on visiting parts of the *Norsk Hydro* works — experienced by the writer — must add a familiar flavour to the life of the 9,000 inhabitants of the deep

Rjukan valley, nearly all of whom are dependent for their livelihood upon the big chemical plant.

In days gone by, management-labour relations at the Norsk Hydro followed the classical Henry Ford pattern with company unionism and company ownership of local housing. But since the war the tide of constructive social-democracy has flowed into the Rjukan community. A new pattern has been established of Labour municipal control in the town and joint production committees in the works.

The Norwegian mechanical engineering industry has a bigger wages bill than any other; about 1/5th of its output in normal times is sent abroad. Much of its work is for the shipbuilding and ancillary industries, but all kinds of machine tools, internal combustion engines, steam and electric locomotives, and general machinery are also covered by it. Norwegian engineers have had many opportunities for practical experiment with water driven turbines and have achieved a high reputation. The electrical manufacturing industry has carved out a place for itself in the export field with its cooking and heating devices.

Because of the lack of coal fields, the availability of hydro--electric power, and the «spread» of certain raw materials (e. g. fish and wood), industry is distributed fairly evenly throughout the country. The only real exception to this is in the Oslo district where the services provided by a capital city and good transport facilities have brought about a measure of industrial concentration. The scattering of industry combined with its relatively late development, has meant that the squalor of the large industrial town is absent from Norway, and the industrial worker is not set apart from his rural brother.

Because of the difficulty of securing adequate capital Norwegian industry is organised still in comparatively small units with apparently slight tendency towards trustification and monopoly. Whenever an industry grows in such a way as to need the investment of really large sums of money then the State takes the industry concerned by the hand, guides it in the way it should go and often ends up by becoming the major shareholder. Industrialists of presumably Conservative outlook seem to regard this, if not as an entirely desirable trend, at least as normal.

Most industrial groupings have research organisations always with Government good will generously allocated and at times with a little official cash thrown in as well. An example of the Norwegian

method in such matters is provided by the Norwegian Export Council. It is a joint organisation of export interests and although established by an Order in Council is not a government institution, being financed by industry itself through a levy on exports. But the Council operates in close cooperation with Government departments; the Foreign Office and the Supply Ministry have each one representative on it.

The duties of the Council are:

«....to promote Norwegian export activities and in that connection try to coordinate and support efforts to facilitate the selling of Norwegian goods abroad. At the same time it is to be an advisory body to the Ministry of Foreign Affairs on questions regarding commercial and export policy. The Council shall deliver its opinion on matters submitted to it by the Ministry of Foreign Affairs. The Council may also of its own accord raise matters for consideration and submit opinions, requests and recommendations».

The Council must collect, analyse and make available up to date information on overseas market conditions. It is to maintain an information service for exporters and assist in finding agents, organising if need be joint representation for firms operating in the same trade. The special representatives of the Council abroad are to establish close personal relations between customers and the various trade organisations at home; it is thought that such representatives will be able to analyse everyday commercial conditions more accurately than the usual consular officials have opportunities of doing.

As was stated in the introductory remarks to this section, Norway is a modern industrial country where Socialists direct a «mixed» economy with the practical cooperation of capitalists and trade unions. The State and the local authorities have complete or very nearly complete control of all public utility services even when this control does not coincide with full legal ownership. Among the public utility services should be included cinemas which are in most places run by the town councils. The railways have, of course, been state owned from the time of their construction. But after this it becomes increasingly difficult to disentangle public and private ownership in industry. As has been

explained already, the Government have acquired a controlling interest in several of the largest existing, or proposed industrial concerns in the country. The justification is not any open devotion to socialist principles, but is either because of the need to replace foreign capital by the patriotic home made kind, or because the project is thought to be beyond the resources of the private finance houses.

The truth is that public opinion in Norway — as in Scandinavia generally — approaches the issue of public or private ownership in a calmer, more objective spirit than has been the case in Britain since the advent of our Labour Government. The mood is that of the candid lover: «With all passion spent». In Norway less is involved in a change from private to public ownership; the total national wealth being so much smaller, the actual financial interest of individuals is smaller and their moral capacity for righteous indignation consequently lessened. Norway escaped an aristocracy of land and privilege; there have been no decayed feudal eyries for capitalist fortunes to rebuild; natural conditions are hard and property in land widely dispersed; the mental climate has been unhelpful to the growth of big business.

On the other hand, Norwegian Labour is equally unable to run away from its national environment. A people hostile to the older private forms of monopoly is inclined to wonder if it is necessary to have monopoly of any type. The history of the Norwegian Labour Party has also probably contributed something to its present cautious approach to socialisation. Once a militant marxist party, its tradition was that of agitation and dialectics rather than planning in terms of practical Parliamentary legislation. Precipitated suddenly into office in the twenties, it discovered overnight that uncompromising opposition to capitalism and all its works is alone a poor equipment for a Party that wishes to rule a commercial and trading nation with the consent of the ruled. Although all that was a long time ago, and the modern Norwegian Labour Party has now guided the destinies of the country, in one way or another, for the last decade, its theory has still to catch up with its practice. The British Labour Movement thinks naturally of Socialism in terms of Acts of Parliament. In its youth the Norwegian Movement thought of Socialism as the ultimate aspiration of a wronged class; in its maturity it has been so busy doing things that it has not had much time for thinking at all.

Has Norway and its industry a lesson for us? It has in this sense: it demonstrates that state planning and overall control can be reasonably successful and remain democratic given an intelligent population not too much inhibited by vested interests in property or ideology. Those twin obscurantists of the twentieth century, the Tory and the Communist, might spare a moment to glance at Norway.

V.

FISHING, AGRICULTURE AND COOPERATION

A. M. F. PALMER

Fishing.

The Norwegian salt water fishing industry is one of the largest in the world. There is good reason to suppose that today the Norwegian industry is exceeded in size only by that of the United States. In fish exports Norway is in the first position; about 90 % of Norwegian fish «production» is sent overseas amounting to $\frac{1}{4}$ of the total exports of goods. Over 100,000 men are employed, of whom only about a third make fishing their sole livelihood. The typical Norwegian fisherman combines his fishing with other convenient occupations such as farming and forestry. Most Norwegian fishing takes place off the long coast line, although some is also done off Greenland and on the banks of Iceland and Svalbard (Spitsbergen). The cod fisheries are to the north and the herring fisheries mainly in the south below Trondheim. Besides these main catches, halibut, haddock, flounders, sardines and mackerel are also taken. A limited amount of coastal whaling is done, but this is nothing in comparison with the great Norwegian whaling activity in the Antarctic.

The Norwegian fishing industry operates no less than 80 thousand fishing boats. Of these the greater part are small craft, many not equipped with mechanical means of propulsion; only about 1600

are sea-going vessels. This use of small boats is peculiar to Norwegian fishing, being bound up with the individualistic, small man, part-time nature of the industry. For that reason, trawling is regarded with suspicion by the average Norwegian fishermen; it is regulated by law and only about a dozen vessels have been issued with trawling licences. The organised fishermen hold that trawling, if and when it is introduced, must be under cooperative control (see following Chapter); and must come gradually, as alternative employment becomes available for the fishermen who are displaced. Under these circumstances the introduction of trawling is likely to depend largely on the progress made with industrial development, based on electric power and the exploitation of minerals, in northern and western Norway.

Of the herring catch of 1939, 122,000 tons were exported fresh or frozen, 38,000 tons salted, 2,000 tons smoked, 23,000 tons canned, 67,000 exported as herringmeal and 120,000 hectoliters as herring oil. Of the cod and other species 32,500 tons was exported fresh or frozen, 22,000 tons as dried unsalted (stockfish), 33,700 tons as dried salted (klipfish), 11,000 tons as greensalted, 3,500 tons canned, and as by-products, 14,000 tons fish meal, 6,000 tons cod roes, 300,000 hectoliters as medicinal codliver oil, and industrial codliver oil, and 23,000 tons of hardened fats. The first year after the war, 1946, showed a landed catch of about 900,000 tons and the year of 1947 is expected to surpass the one million ton mark.

Norwegian klipfish is the classical export line. Little known in Britain, it is tremendously appreciated in the Latin countries and in South America. So far since the war about half the pre-war export total of klipfish per year has been reached. At one time there was a theory in the Norwegian fishing industry that with the growth of more modern methods of preserving fish, old fashioned fish exporting methods would gradually decline. There seems to be little reliable evidence that this is in fact happening; the demand for klipfish, salt fish and dried fish remains very great in all overseas markets.

The canning industry, the chief branch of the fishing industry, uses mainly brisling and small herring. It started in the eighties of last century when successful experiments were made in the canning of smoked brisling in olive oil. The new product was introduced to the market as «Norwegian sardines» and within a decade was

being eaten in all quarters of the globe. After machines had been developed which could press tin boxes in one stroke from tin plate, without the use of lead solder, the industry grew rapidly. It now involves about 200 companies, spread mainly in the coastal districts in the southern part of the country, and employing between 10 and 12 thousand workers.

The average annual output of «sardines» is about 500,000 boxes, but as fishing fortunes vary greatly from year to year, it may easily range from 100,000 to a million boxes. Other articles produced by the Norwegian canning industry are kippered herrings, canned mackerel, cod roes, fish-balls, crabs, shrimps and delicatessen of various sorts.

The canning industry has always been subject to a fair degree of public inspection so as to ensure that only the latest and cleanest methods are followed. The Norwegian law demands that the name of the packing company should be stamped on the tin or its label.

Between the wars more or less successful attempts were made to carry out research into canning methods and today the canning industry supports its own laboratory at Stavanger which is the largest canning research institute in Europe. The laboratory includes a chemical and a bacteriological section and is constantly making analyses both of the finished products and the raw materials used by the industry. Thorough investigation has been carried out into the food values of the canned fish products. Besides financing a joint research enterprise, the Norwegian canning firms cooperate in joint advertising, finding the money by levying every box of goods exported.

Before the war great quantities of cod-liver oil were sent abroad for medicinal and industrial use. During the war overseas customers, particularly the United States, unable to obtain cod-liver oil, developed substitutes with an alleged equal vitamin content. The Norwegian cod-liver oil industry, however, anticipates no difficulty in regaining its old markets. Germany was the main buyer of herring oil at one time, but with the German collapse it is now necessary to find new markets for this product. In passing it is worth noting that a series of remarkable Norwegian inventions have given herring oil a much wider field of application than formerly. It can now be cleaned and refined so successfully that it can be used

in place of the old-fashioned olive oil, which had to be imported from overseas.

A word about Norwegian whaling. The Norwegians were pioneers in modern whaling and first explored the possibilities and perils of Antarctic whaling. As other nations appeared on the seas, Norway's share in the catch gradually declined, but Norwegian expeditions are responsible for half the whale oil ever taken in the Antarctic.

During the war Norway lost eight of her thirteen floating whale factories. The exiled but alert Norwegian Government ordered one early replacement in Great Britain, which was ready in the autumn of 1945. Following the liberation three more floating whale factories were bought and are expected to come into use during the 1947/48 season. In addition Norway has taken over one of three ex-German whaling combinations.

The efforts of Norwegian whaling to regain its old place in international whaling are most impressive, when one takes into account the enormous cost of building the complicated whaling ships.

Unlike the Japanese, the Norwegians have always cooperated in whaling agreements designed to protect and preserve the stock of whales, and it was natural that the Norwegian Government should adhere to the international convention for the regulation of whaling concluded at Washington in December 1946. Excessive killing of whales in northern waters destroyed the Arctic whaling industry by the end of the 19th century. In 1937/38 Norwegian Arctic whaling amounted to only 0.6 % of the total world catch.

The Norwegian whaling fleet is now nearing its pre-war size. Two new factory ships and eleven catchers were delivered in 1947, and one factory ship and eight catchers are under building. Each factory ship costs £1,500,000 and catchers £100,000 each. It is expected, however, that a post-war season of whaling will produce nearly £12,000,000 in much needed foreign exchange.

The Fishing Cooperatives.

The sale of Norwegian fish is almost wholly carried out through cooperative organisations, to which all the fishermen in a given area belong. The establishment of these organisations, which took

place mainly in the years immediately before the war, has been of great importance for the prosperity of the fishing industry and the raising of the living standards of the fishermen, who before their formation were one of the poorest and most exploited sections of the community. Under the conditions prevailing before the establishment of cooperative selling, fish prices were subject to tremendous fluctuations, so that the returns received by the fishermen from his efforts were little more than a gamble; the fishermen themselves had virtually no influence on the prices they received, which were settled by the local fish merchants, and rarely did more over a period of any length than just keep the fishermen alive. The fish merchants often had great power in their districts, as they were the only source from which fishermen could secure nets and other equipment on credit, and it often happened that fishermen had to mortgage boats, houses and even a share in future catches to reimburse the merchants, so that the fishing population came into a state of complete economic dependence. The poverty of the fishing districts led in turn to their being unable to provide normal social amenities, such as meeting halls, libraries, suitable school buildings, etc.

Cooperation among the fishermen, to better their conditions, began in 1915 in northern Norway, supported by the *Landsorganisasjon* (T.U.C.); some progress was made in the following years in developing cooperative selling of fish and purchasing of equipment for fishermen, but this had to be abandoned because of economic difficulties. The position of the fishermen was especially difficult in the inter-war years, as a result of falling prices and the resulting increase in the real burden of debts incurred when prices were high. Some State assistance was given during this period for the purchase of new boats and equipment, and also for the cultivation of new land, to provide fishermen with a supplementary source of income. The Government was sympathetic to the idea of forming a national fishermen's organisation, and this was finally achieved in 1926, when *Norges Fiskarlag* was established, with the object of forwarding the interests of fishermen in all spheres, and especially in regard to the development of economic cooperation. *Norges Fiskarlag* is a non-political organisation, though it has close links with the trade unions, and members of the Labour movement have taken and continue to take

a leading part in its activities. Affiliated to it are 13 district organisations all round the coast, and there are a large number of local branches. The headquarters of the organisation are in Trondheim. At the present time it has about 50,000 members.

Events proved that the fishermen were not strong enough to build up their own sales organisations, against the opposition of the merchants without legal protection. A Government Committee which issued its report in 1937 recommended extensive State intervention, including a legal basis for organised marketing, State support for the setting up of factories for fish preservation, for the establishment of a fishermen's bank, etc. The first step towards compulsory organised marketing was taken in 1936, when a sales organisation was established with legal backing requiring that the proceeds of all winter herring catches should be delivered to it. All who are engaged in this fishing must belong to the organisation, and they are paid for their catches according to the average of the prices which the organisation can secure; fish is sold at different prices in accordance with the use to which it is to be put. In 1938 a law was passed giving a legal basis for compulsory marketing for all kinds of fish. Under this law a number of cooperative selling organisations have been formed, covering the disposal of practically all the different seasonal catches round the Norwegian coast. The largest of these organisations covers the whole of the north Norwegian coast from Finnmark to south of Trondheim, and all members of the national fishermen's organisation in the north are automatically members of this sales organisation. The selling associations fix minimum prices, which must be observed by both purchasers and fishermen; at the present time maximum prices are fixed by the State. The prices received by the fishermen are an average of the prices for which fish is sold for different uses, and transport costs are taken into account — i. e. the fishermen a long way from the market where the fish are sold receive a lower price than those near the market. Special selling organisations have been created to deal with the sale of fresh fish to the Norwegian home market.

Most of the preparation and drying of fish for export is still done by private firms, though the large cooperative sales organisation in the north runs a fish products factory, and the herring sales cooperative has a herring oil factory; there are plans for building

more fish products factories, to be run on a cooperative basis. There is also a large fish preserving factory run by the State.

There is also a fishermen's cooperative society for the purchase of fishing equipment, most of which is imported, and plans are being worked out for it to establish its own factories for producing equipment — i. e. nets, line, etc. Another cooperative society deals with bait supplies, arrangements for which were formerly chaotic. This society has the sole rights of supplying bait over most of the country. Plans are now being worked out for the setting up of a Fishermen's Bank, which will assist fishermen with the purchase of boats and other equipment.

Although the movement for fishermen's cooperation has only been in existence for a few years, it has already revolutionised the conditions of life for fishermen; it has provided them with a much more steady and assured income, has greatly raised their standard of life, and freed them from domination by unscrupulous merchants. All the cooperatives are democratically organised, with elected boards of directors, and every member has the right to voice his opinion and make his wishes known. The fishermen's organisation, *Norges Fiskarlag*, has shown great energy in encouraging all forms of cooperative effort, and it is likely that will bring about a steady increase in the extent of cooperative influence and activities; in this it can count on the support of the Government.

Agriculture.

Norway is not and never has been self-sufficient in food production. She has always had to depend to a considerable extent on imported foodstuffs. In normal times, she can produce enough, or nearly enough, for her needs of milk, cheese, eggs, meat, fish, potatoes, vegetables and protein feeding stuffs; she is chiefly short of bread grains, coarse grains, oilcakes and sugar, and to a lesser extent, fats and fruit. She is short of potash and phosphates, but self-sufficient in nitrogen. The following tables give her production and import requirements of agricultural produce and agricultural equipment and chemicals for 1934—38, 1946—47, and the estimate for 1948—49, as given to the O.E.E.C. The first table shows those items in which Norway is completely or almost self-sufficient. The second table shows her most important import requirements.

TABLE I
Agricultural Production Sufficient for Home Needs
(in thousands of metric tons)

..... = not available	Average 1934—38		1946—47		Estimate 1948—49	
	Pro- duc- tion	Im- port	Pro- duc- tion	Im- port	Pro- duc- tion	Im- port
Meat (Beef, veal, mutton, pork, bacon and poultry) ..	101	3	75	5	87	1
Fish	921	0	835	0	950	0
Potatoes	892	0	1204	0	950	0
Cheese	18	0	11	1	13	0
Milk	1392	0	1200	0	1275	0
Eggs	21	0	7	1	17	2
Vegetables .....	....	6	....	5	....	1
Protein feeding stuff	85	0	60	0	60	0
Nitrogen	83	0	91	0	98	0

TABLE II
Agricultural Production Insufficient for Home Needs
 (in thousands of metric tons)

..... = not available	Average 1934—38		1946—47		Estimate 1948—49	
	Pro- duc- tion	Im- port	Pro- duc- tion	Im- port	Pro- duc- tion	Im- port
Bread grains (wheat and rye)	67	355	85	290	80	370
Coarse grains (barley, oats, maize and mixed)	314	154	292	101	262	200
Oilcakes	0	170	0	132	0	180
Fats (oils from oilseeds, butter, animal fats)	225	53	181	33	204	45
Sugar	0	95	0	80	0	95
Fresh fruits .....	....	40	....	29	....	40
Tea	0	0.2	0	0.2	0	0.2
Coffee	0	18	0	16	0	16
Potash	0	13	0	28	0	31
Phosphates	4	10	3	21	6	21
Tractors (units)	0	400	0	1500	0	1500
Agricultural machinery other than tractors	0	0	0	0	....	10

Norway's agriculture is a triumph over natural obstacles and difficulties: for the main geographical features of the country are bare mountains and lakes, totalling some 75 % of the whole, forests, much of which are on the thinnest of soil deposits, and bogs, with only 3 % suitable for arable cultivation om high class pasture. These difficulties are additional to those imposed by the country's northern latitude: its southernmost part is to the north of Aberdeen, and its northern counties lie within the Arctic Circle. Only the Gulf Stream makes the climate suitable for much of the farming which is carried on there. Although the average rainfall for the whole country is fairly high, in some districts it is so slight that irrigation has to be practised during the growth of cereal crops.

In the lowlands lying to the south of the Arctic Circle, most of the plants and vegetables that we know in Britain can be grown, whilst the northern parts and the mountain districts have to confine their cropping to hay, which is dried on post or wire fences, and not left to dry on the ground as in England, but near the coast barley will ripen up to a latitude of 70° and potatoes crop well up to the northernmost part. In the bright warm summer, barley matures in from 55 to 60 days from sowing. The soil is difficult to till, some of it being on mountain sides and subject to soil erosion when cultivated; much of the soil on the fairly flat land is hard to break up; it is frequently glacial in origin and full of boulders and stones. Only around the Trondheim Fjord and in the south-east are there large areas of level land. It is understandable that in such a country, agriculture is largely dominated by dairy farming and animal husbandry.

The average holding is very small, and is owned by the farmer, from whom it passes to the eldest son according to law. Only a handful of the holdings have more than 250 acres; about 93 % have under 25 acres of cultivated land, with most of the holdings including forest, natural grassland and mountain pasture. On many of these holdings forestry is the main source of income, with farming as an important sideline. On the coast, fishing is often successfully combined with agriculture but it is often said that the combination of fishing and agriculture is not good because one or the other tends to be neglected. However, it is undoubtedly necessary to have both in order to make a living in coastal districts.

Sizes of Farms 1939.

(including cultivated land and natural pasture)	
Under 2 acres	113,803
2—4 »	22,538
4—8 »	43,984
8—20 »	78,237
20—40 »	45,013
40—80 »	18,782
80—200 »	5,432
200—400 »	351
Over 400 »	41
Total number of farms	<u>328,181</u>

Much of the rough pasture belonging to farms is to be found high in the mountains and is grazed only in the summer months. The cattle are milked and tended by the farmer's wife or daughters, or hired workers, who live for the period of the short summer in a hut or rough cottage. There they make the milk into butter, or if the «seter» — the name given to this part of the holding — is suitably placed the milk goes down to the farm, in some cases on an aerial rope. The main farms are usually found between the sea-level and 2,800 feet, and the altitude of the *seter* varies between 2,000 and 3,000 feet; it may be anything from one quarter to eight miles away from the home farm.

Some indication of the main crops is to be found in the figures given by the Department of Agriculture for the year 1947 — a bad crop year because of drought: hay 2.4 million tons; grain 273,000 tons; potatoes 900,000 tons, and root crops 520,700 tons. Roughly, the figures for domestic animals are: horses 224,000; cattle 1,225,000; sheep 1,698,000; goats 155,000; and pigs 258,000. The horses and cattle are small and hardy. A good deal of new cultivation has taken place in recent years, especially in northern Norway. In the northern counties the amount of cultivated land was doubled between 1919 and 1939. Over the whole country the cultivated area increased by 20 %.

There is, too, the breeding of fur-bearing animals. In the year 1936 some 390,000 silver foxes were bred, 8,600 blue foxes and nearly 7,000 mink. The country supplies over one-third of the world's silver foxes.

The State takes a lively interest in agriculture, supporting a number of research stations, a strong team of consultants and advisers in addition to the Norwegian College of Agriculture and the State School for Teachers to Smallholders. It also subsidises the country agricultural schools and a variety of organisations interested in agricultural and its associated industries. Each rural county has an Agricultural Society, half financed by the State, the task of which is to assist in the advancement of agriculture.

The State also makes grants and loans for bringing new areas under cultivation. The State pays for such preparatory work as the construction of the roads and the draining of the land; and makes loans to colonisation societies, which, in turn, assist the individual to establish himself.

Since the war, the Government has taken an active part in encouraging mechanisation; machinery stations have been set up

with Government assistance to which all farmers in a given area belong, and hire out tractors and other equipment. These were started in 1947: there were 592 of them by the middle of 1948, and they are still rapidly increasing in number. The numbers of tractors in use was 889 in 1929, 2,831 in 1939 and 6,700 in 1948.

Of Norway's three million people, about one-third are connected with agriculture and forestry. Farming is mostly a family industry and the farmers form a very hardy, industrious and highly independent part of the population. Of the annual work done on the farms, less than 20 % is done by hired labour. No steps are being taken at the present time to increase the size of farms, though many authorities regard this as desirable if agricultural efficiency is to be improved. Between the two wars there was a serious drift to the towns of agricultural workers attracted by superior amenities and higher wages. This has been counteracted to some extent by the rise in agricultural wages, which have trebled since 1939. Yet, there is still a serious shortage of farm labour.

The marketing of grain is in the hands of the State Grain Monopoly, whose job it is to ensure that the Norwegian farmer receives a reasonable price for his grain. The policy of the Government has been for many years to protect the home industry against the product of countries more favourably placed. The grain monopoly handles all imports of grain as well as all purchases from Norwegian farmers. Before the war, Norwegian farmers were paid prices rather above the world level although only sufficient to afford a moderate degree of protection. Since the war, when world food prices have been very high, the prices paid to the farmers have probably been less than the world price on the average, and have been determined partly with a view to avoiding over-stimulation of grain production at the expense of general agricultural production.

Prices of agricultural produce are subject to strict control and are fixed by negotiation between the Government and the farmers' representatives. There have been considerable price increases over the pre-war figures and in some cases the increase has been met not by the consumer but by the means of State subsidies. They amount altogether to 448 m.kr. in 1948/9 — 145 m.kr. on bread, 130 m.kr. on milk and milk products, 53 m.kr. on meat, 48 m.kr. on sugar, 27 m.kr. on textiles, 21 m.kr. on coffee, and 14 m.kr. on firewood.

The Government's official policy in regard to agricultural products is based on the general policy of equalising returns in different occupations as far as possible — i.e. it is intended that small farmers and agricultural employees should have a standard of life broadly similar to that of industrial workers. The equalisation policy is also carried out within agriculture — e.g. prices for meat and milk, which are the main products of the smaller farmers, have been increased relatively to those of grain, which is mainly produced on the bigger farms.

Farming Cooperatives.

Despite the Norwegian farmer's sturdy independence, there has been an extensive development of the cooperative movement since the establishment of creameries and cheese factories about the middle of the last century. Formed by combinations of farmers on a cooperative basis, they now number about 500 and have been of great importance in the development of agriculture. The process of expansion has brought about combinations of the creameries into large cooperative selling organisations, such as the Oslo Milk Supply Company, which has nearly a hundred creameries under its control. Other large organisations of a similar nature are associated with some of the large towns and districts. There are, too, cooperative slaughterhouses, egg-selling societies, and societies for the purchase of artificial manures, cattle fodder, seeds, machines and other agricultural requirements. The number of members of cooperative societies exceed 75,000.

The big development in farmers' sales cooperation came in the '30's when a law was passed providing for compulsory organised marketing. Milk distribution was rationalised, and its cooperative marketing developed. In many cases cooperative selling does not embrace all the farms but those close to the consuming centres. Purchasing associations deal with a high proportion of farmers' requirements. A farmer is likely to be a member of several cooperatives for different products. There are local cooperative sales organisations for fruit and vegetable in some areas. Potato sales are not at present organised. In 1948 the Government began making payments to potato growers in accordance with the area planted to encourage potato growing. This is intended to help the small farmer and to save imports of feeding stuffs.

The Cooperative Movement.

A word must be said here about the Cooperative Movement as a whole. The Norwegian consumers' cooperative movement, unlike the British, has rural rather than urban origins. It began in the '70's of last century in eastern Norway, and by 1877 had 32,000 members in 250 societies, linked together in a national organisation. Soon afterwards it was overtaken by economic difficulties, and collapsed entirely.

In 1895 a fresh start was made and the Norwegian National Cooperative Union (Cooperative Wholesale Society) was formed by 29 societies in 1906. Its objects were to undertake purchasing and production on behalf of the member societies, spread knowledge of cooperation and forward general cooperative interests. The Cooperative Union had in 1947 1,100 member societies, a total individual membership of more than 250,000, and an annual turnover amounting to approximately 350 million kroner. It runs food and clothing factories, two insurance companies and a bank. About one quarter of Norwegian retail trade is done by the cooperative societies; the movement has played an important part in keeping prices down and checking monopolies.

The highest authority of the Cooperative Union is its Congress, held every three years and consisting of delegates from the member societies. It has a Council and a Board of Directors, to supervise activities in the periods between Congresses. The local societies are run by Board elected by their members.

Many of the leading men in the Norwegian Cooperative movement have been and are active Labour Party supporters. The Labour movement has always taken a sympathetic attitude towards cooperation, but the two organisations are not as closely linked as in Britain. Indeed there is a strong element among cooperative members who wish cooperation to remain politically neutral.

Summing Up.

Fishing is a major Norwegian industry with the outstanding feature that it is carried on mainly in coastal waters from small individually owned craft. As part of the Norwegian Labour Government's policy of assisting and guiding the primary producer, the fishermen are banded together in cooperative organisations for the buying of equipment and the marketing of fish. By law the

cooperative organisations are guaranteed a price return sufficient to ensure to the fishermen and their families a moderate standard of life. This system successfully adapts some of the practical advantages of collectivism to the insular traditions of the Norwegian fishing community.

A great part of the fish landed is sent overseas in one form or another — fresh or frozen, salted or dry, canned or processed. Most of the factories engaged in preparing fish for the export market are financed by private capital but, increasingly, new plants established with Government money are being leased to the cooperatives.

In spite of much scientific study and development of farming methods Norway is not able to feed herself from her domestic agricultural production. This comes about not because Norway supports a large population, but because so much of the terrain is quite unsuitable for any kind of cultivation. Agriculture tends to be dominated by dairy farming and animal husbandry. Farming is mainly a small scale family industry with few hired workers and hence once again exhibits those special characteristics observed in connection with fishing.

The State takes a strong paternal interest in agriculture. It makes loans to farmers, subject to efficient working of the land; it pays for drainage and road construction; it hires out tractors and farm equipment; finally it guarantees and subsidises prices, thus providing a steady market for farm products. Though not developed to the same extent as in fishing, cooperative selling and equipment buying organisations are steadily expanding among farmers.

It is evident from the foregoing that Norwegian democracy and the Labour Movement take for granted the stubbornly individualistic character of the Norwegian farmer and fisherman — often they are the same man. It is Labour's policy, therefore, to guide rather than to control him. He is protected against proletarianisation and encouraged to exhibit his genuine private enterprise. That is the ideal; nobody suggests that it is always attained, but judging by practical results it does seem that Norway is succeeding in maintaining a fair equilibrium between the standards of life of urban and rural dwellers.

Consumers' cooperation in Norway, although it handles about a quarter of the total retail trade, has not the significance that the Movement possesses in Sweden and Britain.

VI.

LABOUR RELATIONS

A. J. CHAMPION M.P.

It is of vital importance to every democratic community that its industrial relations should be properly organised, on the fundamental principles of freedom of association and of collective bargaining. These are rights which bring with them responsibilities: responsibilities that increase with the coming to power of a government sponsored and supported by the trade unions. The success of the Labour Party in Great Britain in 1945 meant that the whole Labour movement has had to try to adjust the old conceptions of its tasks and its organisation to a new situation. It has to accept a new code of conduct. Certainly it is not sufficient in these new conditions for the trade unions to pursue the old competitive collective bargaining, in which each union was for its members and the devil take the rest. They have to realise that they must participate fully in the delicate task of adjusting the balance of modern labour relations, a task which is particularly difficult in a society in process of transition from capitalism to socialism, when all the pangs of such a transition are being felt. The trade union movement of Great Britain is facing the most difficult decision it has ever had to take. Either it must fight to retain, in new conditions for which they are quite unsuited, the methods that have been reasonably successful in the past, or it must be prepared to hand over the sovereign power of the individual trade union to make demands, based solely on their bargaining strength, to a central organisation capable of adjusting wage demands in such

a way as to ensure that the needs of the nation's industries and services are met.

In Norway, the trade unions are faced with conditions under a Labour Government which in many ways closely resemble our own. But there are some important differences in the structure of the trade union movement which make the task of close collaboration with the Government in executing a mutually agreed policy rather easier than is the case in Britain. From a different starting point the Norwegian trade union movement has adjusted itself to changes in economic circumstances and the form of organisation attained is more suited to a coherent wage policy. For that reason a study of Norway's trade union development, the relations between the trade unions and the Labour Party, and the adaptation of the system of collective bargaining to the developments of recent times, may be well worth our while.

The Growth of the Norwegian Trade

The industrial revolution, bringing conditions favourable to trade union growth, came late to Norway. The first trade unions were founded among the wage earners in the urban crafts in the early 1870s. By 1885 the total number of workers engaged in industry and handicrafts was only 45,000, though this number had doubled by 1900. The weak trade union movement derived considerable impetus and support from the Scandinavian Labour Congresses, the first of which met in Gothenburg in 1886. For in Norway, in contrast to Great Britain, the political movement was an organised coherent force when the trade union movement was in its infancy. The political movement therefore had a powerful influence on the development and structure of the trade unions.

In 1882 the first national trade union, the compositors, was founded, to be followed in 1889 by the woodworkers, and during the 1890s another twelve national unions were organised. This development led up to the founding in 1899 of the Norwegian Federation of Trade Unions (*Landsorganisasjon*, commonly known as L.O.). By 1905 it had an affiliated membership of 15,000, covering all the national unions.

From the very outset the *Landsorganisasjon* had a position far more powerful in relation to the affiliated unions than is the

case with the T.U.C. This is in a large measure due to the establishment, at the inception of the L.O., of a central strike fund. It is at once obvious that control of such a fund carries with it some control of the way in which it shall be spent and some authority over those who can undertake action which might result in such expenditure.

In the early years of this century, there were established large-scale chemical and electro-metallurgical plants, copper and iron-ore mines, chiefly based on hydro-electric power. This led to a rapid increase in the number of industrial workers and of labourers and constructional workers engaged on power-stations and railways. Trade union development kept pace and by 1914 some 67,604 members were affiliated to the L.O.. By 1920, membership had risen to 143,000. The unions had by then succeeded in establishing their claims for considerable wage increases, for the eight-hour day and for an average twelve days holiday with pay for industrial workers.

Among the more active members were some young men with syndicalist ideas, who had returned from America and contact there with the Industrial Workers of the World (I.W.W.). They formed a minority movement, which was led with energy and considerable skill. Their syndicalism found a ready soil among the poorer class of workers. These men mostly came from the land and lived in barracks while moving from one constructional job to another. They had no industrial roots and were open to revolutionary propaganda. The other and more settled element in Norwegian labour provided a basis for parliamentary social democracy. There were thus for many years two strands in the labour movement, but the syndicalist one has now nearly disappeared.

The leaders of the minority movement advocated an aggressive industrial unionism and as a result of the pressure they exerted, their conception of organisation gained majority support in the L.O. by 1920.

Until that time the Norwegian union movement had mostly a craft basis, though some of the craft unions had opened their doors to semi-skilled and unskilled workers. The Congress of the L.O. in 1920 carried a series of resolutions which sought to achieve a remoulding of the whole structure on the industrial model. Existing national unions were to be replaced by local trades councils which would become the constituent elements of the L.O., with local unions in each industry federating into industrial departments.

This ambitious project was not carried through in that form, because the slump of 1920—21 caused the trade union movement a major reverse. By 1924 the membership of the L.O. had shrunk from 143,000 to 84,000 and in the new conditions more than half of the national unions declared themselves against the model of 1920. But those who favoured reorganisation on industrial lines carried through the 1923 Congress a plan for replacing the thirty-two existing unions by ten industrial unions and for increasing the power of the central organisation. This plan has only been achieved in part, the position today being that between 85 and 90 per cent of trade union members are organised by industry.

The recovery from the slump of 1920—21 was considerably retarded by bitter struggles in the political movement between those who supported the principles and tactics of the Communist International and those who adhered to the traditions of Norwegian radicalism.¹ These struggles had the effect of turning away many workers from the labour movement. Partial economic recovery from the industrial slump and the reunion of the Labour and Social Democratic Parties in 1927 brought an advance in trade union membership which continued during the following years.

A union for the forestry and agricultural workers was formed in 1927 and by 1930 there were 140,000 members affiliated to L.O., only about 3,000 short of the peak figure for 1920.

In 1931 the Employers' Association became aggressive and declared a lockout in all the main industries. Without the support of the Danish and Swedish trade union movements, the Norwegian workers might have suffered a disastrous reverse. As it was, they had to accept a 7 per cent cut in wage rates, but the L.O. position was improved by the demonstration of trade union strength and by the end of 1933 the affiliated membership of L.O. had reached the unprecedented figure of 158,000. 1933 to 1939 was another period of rapid expansion. Trade unionism had become respectable and civil servants and black coated workers generally flocked into the appropriate trade unions. This was undoubtedly stimulated by the advent of the first Labour Government in 1935 and by 1939 some 356,000 were affiliated to L.O.

Inevitably the war brought great difficulties to the trade unions. Sporadic underground work among the members started quite early

¹ See Chapter II page 49.

after the entry of the German Forces. But the real resistance began in September, 1941, after the execution of the T.U. leaders Hansteen and Wickstrøm and the imprisonment of other leading trade unionists. The Germans then replaced the old leaders by Norwegian Nazi Commissars in an attempt to mould the trade unions to the Quisling pattern. Sabotage, the slowing down of production, the distribution of news and the attempt to secure a sort of underground link with the military forces were started in real earnest. In this struggle 296 trade unionists lost their lives and at least 5,000 were sent off to concentration camps in Norway and Germany.

The end of the occupation saw a rapid recovery, due very largely to the work of the leaders who had escaped to London, where much preparatory work went on, and the presence in Norway of trained trade union leaders who took up their tasks immediately upon liberation.

Structure of the L.O.

The L.O. has a three tiered structure, with ultimate powers being vested in the CONGRESS, which in the normal way meets every three years, though extraordinary meetings can be called by the Council at a month's notice. Four-fifths of the representatives are elected by the affiliated unions and the remaining one-fifth by the trades councils. To watch over the affairs between meetings of the Congress, a COUNCIL of about 120 members is elected annually by the affiliated unions and the trades councils. Meetings of the Council are held in the years when there is no meeting of the Congress and when demanded by the Secretariat or an executive committee of a trade union. Day to day control resides in the SECRETARIAT, which is expected to act in accordance with the decisions of the Congress and Council. It has some fifteen members, who are elected by Congress and are chosen in such a way as to get as many of the unions, and especially the larger unions, represented as possible. Among the fifteen members are four Congress full-time officials, namely, the chairman, deputy-chairman, treasurer and secretary. In practice the ordinary members of the Secretariat are normally the chairman of trade unions. This composition serves to link the L.O. very closely to the affiliated unions, and together with the control of the central strike fund — perhaps the keystone of the structure — and the right

to sanction or veto wage and conditions strikes if payments from the central strike fund are sought, or any support by the L.O. is wanted by the unions concerned, has given the L.O. an authority quite beyond that of the T.U.C. in Britain, whose powers are very little more than advisory in character. In order not to be misleading about the position of the individual union, it should be added that the L.O. cannot stop unions from acting without L.O. sanction, but in practice unions adopting that course would be the subject of considerable moral pressure.

The dues paid by the individual unions to the L.O. are at present 1 Krone (1/—) per member per month, of which 10 per cent goes to the Labour Party's Press and education activities and a further 10 per cent to the expenses of the Trades Councils.

The Unions are all organised locally in district trades councils, which cater for areas corresponding broadly to county divisions, to which all the branches of the nationally affiliated trade unions must affiliate. Their work is trade union propaganda, rendering assistance to unions in local negotiations, and, in cooperation with the *Arbeidernes Opplysningsforbund* (Workers Educational Association)¹, education in trade union matters.

Of the total affiliation of 41 unions and a membership of 441,571, only nine unions have a membership exceeding 20,000. The largest union is the Iron and Metal Workers with 49,000, but no union had a dominating position as a result of a preponderance of members. Roughly two-thirds of the wage and salary earners are organised into trade unions.

The most general pattern of the structure of the individual trade unions is very similar to that of the L.O. itself. They have a National Meeting every third year. A supervisory Council of members chosen on a district basis usually meets annually. Day to day work is done by the chairman and executive committee of from five to eleven members. Local branches exist in factories and workplaces, with meetings held monthly and general meetings once annually.

The usual amount of the subscription payable by the member is 1.50 Kr. (1/6) a week, which covers, in most cases, the industrial contribution and the special benefits.

¹ See page 142.

Relations with the Labour Party.

Throughout the period of the growth of the trade union movement, the relationship between the L.O. and the Labour Party has been very close and the cooperation continuous, but the L.O. is not affiliated to the Party, neither is there affiliation by trade unions nationally. Affiliation by trade union branches, however, is the common method of securing a link at the district and local level. Of the Party membership of 200,000, about 89,000 is accounted for by branch affiliations. Members of the affiliated branches are exempted from payment of individual dues to the Party and any member of the branch may contract out of payment of the political subscription. Cooperation between the L.O. and the Labour Party was secured up to 1925 by the exchange of committee members at the national level. The leading figures of the L.O. and the trade unions are members of the Party. The L.O. point of view was represented by their representatives on the Labour Party Executive Committee and vice versa. Nowadays, there is a committee of six, composed of three members of each side of the Labour Movement, which meets once a week. In addition, meetings of the Executive Committees of both the Labour Party and the L.O. and Ministers of the Government take place as required for discussion of matters of mutual interest.

At the Congress of the L.O. in 1946, about one-fifth of the delegates were Communists, which, it is estimated, was rather more than the proportion of the Communist supporters among the membership of the unions. They control one small union, the Bricklayers, have officials in a number of others and are influential among the metal and chemical workers.

Employers' Association.

Standing opposite to the L.O. in Norway is the Employers' Association. Early resistance to collective bargaining by the employers was broken down following the severe struggles at the end of the nineteenth century. As a result, the Norwegian Employers' Association was formed in 1900, one year after the foundation of the L.O. By 1907 they had accepted collective agreements on a national scale.

The Association now includes employers in the most important industries and represents some 4,000 separate enterprises, employing about 125,000 workers. That is about half of the total number of employers in the industries concerned. A large number of employers own very small enterprises and are not organised in the Employers' Association. Certain important groups of industries do not belong to the Association, notably forestry and agriculture and the paper industry. Tramp shipping and passenger lines have also remained outside, but coastal shipping is inside. Wholesale firms in commerce tend to join, but retail firms do not. In most cases industries which are not affiliated to the Association are grouped in associations within their particular industries.

The objects of the Association are described as being:

- (a) To maintain good and lasting relations between employers and employed and to seek to prevent industrial disputes.
- (b) To give information to the members of the Association regarding labour conditions, and to support them when they are faced with unjustified conduct from the workers or their associations.
- (c) To further cooperation between Norwegian employers and to take part in the setting up of associations among them.
- (d) To deal with social questions of importance for factories, and other matters of common interest.

Employers pay a subscription equal to one per cent of their wages bill, with powers of call upon members in the event of a stoppage of work in any member industry. After the first days of a strike or lock-out, financial support is given on a scale which appears to be calculated to meet bare factory maintenance expenses.

The Employers' Association is a highly organised body, with a centralisation of action in labour relations matters which corresponds to that of the L.O. It has tended to be a moderating influence in these relations.

The Main Agreement.

Relations between the employers and the trade unions are governed by what is known as the «Main Agreement», which was entered into by the Employers' Association and the L.O. in 1935, and was renewed without substantial changes in 1938 and 1947.

It applies to all member organisations on both sides and provides for general trade union recognition, for the free performance of their duties by trade union representatives and also for the recognition of the right of the employers to organise. It does not apply to state and local authority employers. It sets out the framework within which all negotiations are conducted. The following brief summary will indicate the importance of this charter for labour relations.

It guarantees:

1. The right of workers within each undertaking to elect representatives, and lays down the numbers. These elected representatives are the equivalent of shop stewards and have the task of cooperating with the employers in maintaining harmonious relations in the place of work. They have the right to negotiate on matters of detail within the framework of current wage agreements, and upon them falls the obligation of seeing that such wage agreements are carried out, and that working regulations are observed. They must not encourage or engage in illegal conflicts. The workers' representatives must be consulted before any new working regulations or substantial changes in working conditions are made. The chairman of the workers' representatives is to have ready access to the employer and to go into any part of the undertaking in pursuance of his duties. Such representatives cannot be dismissed without adequate grounds, and if the representative wishes, the employer must confer with the other representatives before dismissing him.
2. It provides the framework for the settlement of disputes.
3. It guarantees leave of absence for representatives to take part in trade union meetings and negotiations.
4. Employees are under no obligation to work with or under persons whose behaviour is, by ordinary standards, undesirable. Settlement of disputes under this head must be by negotiation or by reference to the Labour Court.
5. It lays down the rules for voting on wages proposals.
6. It recognises the sympathetic strike or act in support of a lawful conflict elsewhere, when consent is given by the L.O. or the Employers' Association.

This Agreement is of the utmost importance to labour relations in Norway, for it provides the rules covering those relations, in which the status of both parties is recognised and provision is made for dealing with the main eventualities which may arise.

Joint Production Committees.

Norwegian Labour Leaders who were in Britain and America during the war years saw the operation of joint production committees in those countries and, being convinced of their suitability for their home conditions, shortly after the liberation persuaded the L.O. to enter into negotiations with the Employers' Association for their establishment. These negotiations had the blessing of the Coalition Government and the general idea was included in the common programme agreed by all the parties forming the Coalition and also received some prominence in the Labour Party's election programme. As a result, an agreement was reached for the setting up of these production committees in December, 1945. This agreement was to run for two years and provided for automatic renewal for successive periods of two years, unless either party to the agreement gives six months' notice of their intention to end it.

The 1945 agreement requires all firms which employ more than twenty employees to set up Joint Production Committees. Smaller firms must also set up such committees if either the employers or the employees ask for them. The Committees are limited in their terms of reference to giving advice and exchanging information on matters affecting production: they are not empowered to deal with questions of wages and working hours, as those questions are the function of other labour relations bodies. The managers, the technical and clerical staff and the operatives are all represented on the Committees. With the exception of managerial representatives, the members are chosen by secret ballot and they sit for a period of two years, the chairman being chosen in turn from the managers' and employees' groups. The agreement provides for quarterly confidential reports by the management on the economic position of the firm and of the branch of production in which the firm is engaged, for confidential and informatory discussion of the steps necessary to increase production, for discussion of proposals affecting the safety, health, security and wellbeing of employees

during their working hours, and for the consideration of proposals for the improvement of industrial training. Provision is also made for the setting up of a central Council, whose function it is to act as a link between the various industrial firms and between them and the headquarters of the employers and trade unions, to give guidance and to carry on educational work. This consists of members chosen by the Employers' Association and by the L.O. That Council also has the power to settle disputes regarding the interpretation of the agreement.

Norwegian experience of some 750 of these Committees is remarkably like our own, with some really good ones, some fair and some very bad. Organisation is comparatively easy in the large works, where the manager is not so closely in touch with all the phases of production and the workers through their trade unions have been trained in the ideas of consultation. That is particularly true of the large works with a young manager, whose ways are not too set to allow him to see some good purpose in ideas that are hard for the older school of managers to accept. Certainly there is a long way to go before this method of consultation gives the worker a sense of responsibility for production, but they do help to lessen resistance to new methods of production. There is at present a tendency for the workers' representatives to concentrate on welfare, particularly on canteens, lavatories, etc., all of which were on a low standard, excepting in a few large works, and considerable improvement has been effected. There has not up to now been any difficulty arising from attempts to use this form of machinery to usurp the functions of the trade unions. Perhaps this is largely due to the development of a system of conferences on production between the workers' representatives on the production Committees and the shop stewards. It is also in part due to propaganda by the L.O., the Labour Party and the Government in the form of broadcasts, meetings in the factories and conferences. There is evidence to show that the ability of workers to grapple with real production questions varies considerably from industry to industry because of an uneven knowledge of production technique. This fault is recognised by the trade union movement and a vigorous attempt is being made through the A.O.F., (Workers Educational Association), through correspondence courses and the trade union schools, to provide instruction in the principles behind the agreement for setting up the production committees and also

in the technicalities of working the Committees. It was not possible to discover to what extent firms do disclose confidential information to these committees, but it was said that there had not been a single complaint of such information being misused. Some examples of increased output were given, part of which it was felt was attributable to production committees. It is considered that there has been sufficient success to justify a continuation of the agreement for at least another two years. The L.O. considers that it might be advisable to get the 1945 agreement embodied in an Act of the *Storting*, but a Finnish trade union leader who was present at our discussion with the officer responsible for these committees to the L.O., said that he would advise «go slowly on legislation, for our experience is that it has a tendency to increase opposition on the part of employers». Incidentally he also said that if he had been asking the questions, they would have been similar to those we asked and had he been replying for Finland the replies would have shown a striking resemblance to the replies given by the Norwegian L.O. officer.

The Employers' Association considers that these Committees properly used are capable of good work, particularly on welfare, technical education, and production in so far as it applies to getting the workers to understand the value and reasons for rationalisation. Most employers support them, and there was no widespread demand for ending the agreement at the end of the first two-year period, though there are some employers who are opposed to what they regard as unwarrantable interference in their job of «running their own business in their own way».

An interview with the Production Manager of the Oslo Standard Telephone works, who called in one of the technical and clerical, and two of the other employees' representatives, was of considerable value to us. The production committee in its present form was established in November, 1946, with three managerial representatives, two technical and clerical and four representing other employees. The committee has two sub-committees, on production programmes and welfare and safety. The employees' representatives are given ample opportunity of reporting on the work of the committees through canteen meetings and through a quarterly works magazine, which is a new venture.

Up to now the committee's best work appears to have been in the realm of welfare and training, but it has also been useful in

breaking down resistance to the introduction of piece-work. Workers within the factory had been afraid to give of their best because of the fear of a cut in prices if their earnings were considered by the management to be too high, but through discussions and reports to the interested workers this resistance was overcome. They are particularly interested in schemes for training within industry, as training in conditions of rapid expansion — output has been stepped up 400 per cent since the end of the occupation — has been one of their major difficulties. Excellent work has been done on the safety and welfare sides but it appeared to be the case that proposals for major changes of lay-out and of production technique were not discussed by the production committee before they were finally decided upon by the management. The function of the committee therefore appears to be regarded as that of putting over to the workers concerned the lay-out and alterations *after* they have been decided upon by the production engineers and technical staff. Although the workers' representatives had no complaint to make of this, it seems to us to be a serious flaw, which is bound to detract from the usefulness of such bodies. This should be put right by training the workers' representatives, particularly in production techniques, a task which is now accepted as an important part of the work of the workers' educational movement. That workers can have ideas worthy of exploration and adoption is shown by the fact that of 134 suggestions placed in the suggestion box, no less than 50 per cent have been found to be of some value and bonuses up to £ 25 have been awarded for them. There is at these works a healthy interest in the work of the committee and considerable competition for seats.

State enterprises have had the conditions for the establishment of Joint Production Committees laid down for them by a Royal Decree embodying the result of negotiations between the Ministry of Communications and the L.O. Committees in those departments which are engaged in productive work are to follow the lines of those in private firms. The name of these committees in departments which could not be called productive has been changed to Management Committees, but the main function of increasing efficiency remains the same. Provision is also made for the establishment of district sub-committees. A Central Council for Management Committees has been appointed, composed of three members appointed by the Cabinet to represent the managements

and three members appointed by the L.O., whose job it is to ensure that management committees are established at the appropriate places, to see that agreements for the establishment of management committees conform to the pattern laid down, to deal with matters of dispute in relation to the establishment of these committees and to settle matters of interpretation.

Time Study and Rate Fixing.

An important extension of the agreement on production committees has recently resulted from meetings between the Employers' Association and the L.O. for the application of time study to production and piece-work rate fixing. This is in furtherance of that part of the agreement which says «The committee is to work for rationalisation on sound and correct lines». In this new agreement for time study and rate fixing, provision is made for the production committee and the workers' representatives responsible for rate fixing to be consulted and to participate actively in the measures to be adopted. It is a condition of time study, and the rate fixing in connection with it, that the possibilities of earning are not made less by comparison with what they were before the time study was made.

The main points of this agreement can be summarised thus:

1. The workers elect one or more time study representatives.
2. The management shall give assistance to the workers by giving their representatives the theoretical and practical training necessary to enable them to carry out their task.
3. Time studies shall embrace the following:
 - (a) method studies;
 - (b) lost-time studies;
 - (c) piece-work studies.

The object of method studies is to arrange work, examine workplaces, machinery, tools, materials, transport, working conditions and working methods themselves, with a view to securing simplification, general improvements and to determine the most efficient method of carrying out a given task. Lost-time studies cover technical and lost-time allowances, personal lost-time allowances and special allowances. Piece-work studies are intended to ascertain the time normally taken by

- a worker of average skill with normal capacity to carry out a given operation, and this is governed by a number of rules which are set out in the agreement.
4. Piece rates computed on that method are to be placed before the worker or workers concerned for approval. They can demand to be shown the calculations and to be told the factors upon which the rates are based. In the event of an agreement being reached by the direct reference to the workers, the rate will come into operation immediately and an agreement to that effect will be registered — with the workers' representatives receiving a copy of the agreement. In the event of agreement not being reached by those means, and after a further attempt at explanation and further examination, the normal way of resolving a dispute must be resorted to.
 5. Considerable attention is paid in this time study and rate fixing agreement to safeguarding the workers against arbitrary changes of piece rates and of the rules laid down for governing the process.

Industrial Councils (Development Councils).

Close collaboration between the government, the employers and the workers has also been furthered by the creation of Industrial Councils (referred to in Chapter III pages 79—80). In creating these Councils the Norwegians are following the example of Britain in adopting the idea contained in the Working Parties and the Development Councils. An Act of May, 1947, provides for the appointment by the Government of members of the Councils, which shall consist of Government representatives and representatives of the employers and workers. The Councils are intended to advise the Government, make proposals regarding the utilisation of research, the division of work between various firms within the industry concerned, the setting up, expansion, reconstruction or closing down of firms and the supply of raw materials; and to bring about a thorough modernisation and rationalisation of the various industries for which a Council is appointed. The employers, in the main, have not taken kindly to the idea of this of interference in industry, believing that neither the Government nor the workers have the necessary experience or the qualifications for this task. The Councils have the right to obtain the informa-

tion they require to carry out their duties, but special Government instructions are required when it is a question of obtaining information about secret methods of production technique. Nine of these Councils have been established; covering the shipyards, foundries, motor manufacture (diesel engines), electrical equipment, timber, brickworks, textiles, tanning and paper and cellulose. Of these the Paper and Cellulose Council is considered to be the most successful. The minutes of all the Councils are supplied to the appropriate Ministry and each Council is supplied with a civil servant as the secretary.

As in Britain, it is much too early to assess their value to the country and the industry.

Collective Bargaining, Conciliation and Arbitration.

The development of the system of collective bargaining and the method of conciliation and compulsory arbitration in Norway is of considerable interest. The institution of such methods was vigorously canvassed as a result of the serious lockouts in 1903, 1907 and 1911, and although there was strong opposition on the part of the trade unions to any form of compulsory arbitration, the principle of a form of conciliation was embodied in the Trades Disputes Act of 1915. The threat of another lockout in 1916 was sufficient to cause the *Storting* to pass an emergency Act providing for compulsory arbitration in cases in which it was considered that a strike or lockout seriously threatened the national interest. The L.O. launched a strike in protest but acquiesced when the Bill was passed.

Similar emergency Acts providing for compulsory arbitration were passed in 1922 and 1927 — the compulsory arbitration provisions of the 1927 Act expiring in 1929 — and, under the aegis of the Norwegian Government in London, an agreement was reached between the L.O. and the Employers' Association for compulsory arbitration to apply for the period of reconstruction. This was embodied in a decree of September, 1944, and has been prolonged since the liberation. The unions and the employers have expressed themselves as opposed to the continuance of the principle of compulsory arbitration but are prepared to accept it in the spirit of the London agreement as a temporary measure to help the nation over the period of reconstruction.

The present position under the law is that all agreements between employers and trade unions must be in written form and must state clearly the period for which the agreement is to run and the notice required to terminate it. Two forms of dispute can arise. There may be a difference of opinion as to the meaning and application of such an agreement — which is a dispute of interpretation. Or there may be differences on such questions as the provisions to be embodied in any new agreement designed to take the place of an existing one — which is a dispute on principle.

In the case of a dispute of interpretation it has been, since the Act of 1915, illegal to strike. Disputes of this character are referred to a Labour Court of seven members, three of whom are judges appointed by the Government, two by the Employers' Association and two by the L.O. It is of interest to notice that some of the outstanding judges of the country have been appointed as members, a fact that has given to this Court a tremendous prestige. The decisions of the Court have not, of necessity, a legalistic exactness. What it does is to try to achieve a reasonable solution and there is now something like a body of case law built up around the various agreements as a result of its decisions. The decision of the Court is binding upon the parties to the agreement in question, and it may award damages to the injured party in the event of an unlawful breaking of the agreement. There are also local Labour Courts, which may deal with the local aspects of interpretation.

Since the Act of 1933, in the case of a dispute on principle, in which it has been found impossible for the parties to agree, the facts must be reported to the National Conciliator, who will try to resolve the differences. In the event of no solution being reached within ten days, either party can demand an end of the conciliation and, after a further four days, a stoppage of work is permissible. These attempts to find a solution take place in private. After thirty days of strike or lockout the National Conciliator can call the parties together again and either of the parties can at any time during that thirty days ask him to intervene again.

Under the decree for compulsory arbitration, now supplemented by the temporary Act of February, 1948, if the National Conciliator fails to settle the dispute he has to report the facts, giving his views on the merits of the matter, to the Minister of Labour and Social Affairs. The Minister will consider the effect of a stoppage

or lockout by the parties concerned and if such a stoppage would be inimical to the national interest, he may refer the dispute to the Wages Board. A decision of the Wages Board is binding upon the parties and has the same effect as a collective agreement. The Wages Board, like the Labour Court, has seven members: three are appointed by the Government, two by the Employers' Association and two by the L.O. In practice, the Government appoints members of the legal profession, but they are not usually judges as in the case of the Labour Court.

The amendments embodied in an Act in February, 1948, strengthen the position of the central bodies of the unions and the employers in relation to the constituent units, for no branches or members of the Employers' Association or of the L.O. may give notice to terminate their collective agreements without the approval of their main organisation. Groups of employers or individual employers outside the Association and trade unions outside the L.O. may not give notice to terminate their collective agreements without the consent of a committee appointed by the Ministry. There are three permanent members of this committee, one appointed by the State, one by the Employers' Association and one by the L.O. Representatives from the outside employer and from the trade union concerned are then appointed to deal with the particular dispute.

In conditions of full employment, there has been some difficulty experienced as a result of competition between employers for employees who are not covered by national agreements and who are in receipt of salaries exceeding £ 200 per annum. Technical advisers, administrative personnel, secretaries, the higher clerical workers and typists are examples of the class of workers concerned. The competition can work in such a way as to cause the present employer to raise the salary of an employee or to improve his conditions of service in order to retain him, or, for another employer to offer him a higher standard for the performance of the same class of work. In order to prevent this happening, with its consequent upsetting of the balance of the relationship of this class of worker to other grades, no change of salary or conditions of service may take place unless sanctioned by the National Conciliator, to whom changes of proposed agreements have to be submitted by the parties concerned.

Wages and Conditions.

Before the recent war, the workers were divided into three main wage categories. The highest wage earners were in trades or industries not subjected to foreign competition, such as building and the printing trades. The next group was composed of those subject to a measure of foreign competition, the most important part of this group being the iron and metal workers. The lowest group were those engaged in an export industry subject to the fiercest form of competition, or in agriculture and fishing. Workers in the paper, pulp and forestry industries, with fishermen and agricultural workers formed the bulk of this section.

These discrepancies in wages caused the L.O., before the war, to adopt a unified wages policy, «Solidarisk Lønnspolitikk», which in effect planned to bring up the wages of the lowest paid worker much nearer to the level of the high wage earners. In July, 1946, Konrad Nordahl, Chairman of the L.O., said: «When one is discussing the wages policy of the L.O. at the present time, it is right to recall the wages policy which was generally followed by the trade union movement in this country before the war. In those years, the concept of a unified wages policy was created. The unified wages policy aimed at helping upwards the lowest-paid groups in the community, even if it meant at first that the workers in the best-paid trades could not raise their wages by the same percentage as those receiving the lowest wage.» Such a policy could only be adopted by a movement as strongly centralised as the Norwegian movement, where all powers are vested in the L.O. Congress, and all decisions by that body are binding on member unions.

The result of the policy, pursued both before and since the war, has been that many of the vagaries in the wage structure caused by the accidents and pressures of foreign competition have been ironed out. As a result the wages of the once poorly paid occupations have been raised in relation to the better paid, as have also the wages of the unskilled worker to the skilled. There has been a general levelling upwards and it appears to us to have reached something very near the limit in the direction of equalising wages, if there is to be a sufficient money incentive left to induce workers to train for additional skills and to accept greater responsibilities.

In addition to the negotiations for equalising wages, there have been others for a general increase in wages. In 1940, the Germans immediately declared a general wage «freeze», and such wage in-

creases as were eventually permitted, did not keep pace with the rise in prices. Despite German attempts to dominate the unions, clandestine negotiations were carried on in Norway, while parallel negotiations were conducted by the L.O. and the Employers' Association in London.

As a result of these war-time talks, a decision was taken on the general lines to be followed at the end of the occupation. The principle of the unified wages policy was re-endorsed, and an agreement was reached to put into operation on liberation, an increase of 20 øre (100 øre = 1/—) per hour to meet some of the increase in the cost of living. During the occupation prices had risen 50 % above pre-war level, while wages had only gone up by 25 %. In October, 1945, a further increase of 30 øre per hour was granted. In June, 1946, the Wages Board awarded another 15 øre, to be given in three stages, the first 5 øre by 1st September, 1946, the second by March 1st, 1947, and the third by 1. September, 1947. The effect of these increases was to cause the general level of wages to catch up with the increase in the cost of living.

As a result of negotiations, following a meeting of the Council in November, 1947, agreements due to expire in 1948 are to be prolonged for another year and the wages of adult male workers receiving less than 2.60 Kr. in Oslo and 2.50 Kr. in other parts of the country, are to be increased by 10 øre per hour; excepting in those cases where the full 10 øre increase brings the rate above the 2.60 and 2.50 respectively, when the amount necessary to bring them up to that figure will apply. Women in groups under 1.70 and 1.60 are to have a 10 øre increase subject to the same conditions.

At the same time, a sort of sliding scale was adopted, which provides for a general increase of 7½ øre per hour if the cost of living index figure exceeds 160.8 in either of the months of February or August. However, if the cost of living did reach that figure, and wages went up as a result, it would have the effect of starting an inflationary pressure which would be difficult to hold down. It is probable, therefore, that the Government will do everything in its power to prevent this figure being reached, either by further food subsidies or by the removal of purchase tax on some articles.

What we have described above are the general agreements reached by the L.O. and Employers' Association, which are indicative of a high degree of organisation of wage agreements, but it must be mentioned that there have been, in addition to the gene-

ral agreements, subordinate agreements for individual unions in which the L.O. and the Employers' Association have had a good deal of say in the background.

There is no doubt that the good will of the Trade Unions, necessary to stabilise wages, has been secured by the Government's firm policy of control of prices, and rents, and the distribution of dividends.

Thanks to the policy of labour and the trade unions, and particularly to the acceptance by the unions of a measure of responsibility for the Labour Government and its policy of reconstruction, there has been a period of industrial peace, marred only by very minor strikes.

Wage Levels.

It is not easy to give reliable figures of Norwegian wages and earnings. Firstly, their statistics do not differentiate between skilled and unskilled workers. They merely divide workers into two large groups: «industry» and «handicraft». «Handicraft» covers such categories of workers as bookbinders, printers, painters, building and timber workers, bricklayers, plumbers and bakers.

Their statistics are further complicated for the British reader by the fact that figures quoted represent average hourly *earnings*, inclusive of overtime and any piecework rates, and do not represent basic wages. Their statistical experts therefore suggest that «an approximate expression of a year's salary» can be reached by multiplying the average hourly *earnings* by 2300 for industrial workers and 2000 for handicraft workers.

The following tables show average hourly earnings inclusive of overtime and piecework rates for certain broad categories:

«Industry»					
(Kroner per hour; 1 Kr. = 1/—)					
	1939	1944	1946	1947	% Increase 1947 over 1939
Men	1.62	1.92	2.44	2.79	72
Women ..	.96	1.14	1.45	1.76	83
«Handicrafts».					
Men	2.15	2.24	2.94	3.21	49
Women ..	1.05	1.15	1.60	1.82	73

To obtain approximate figures for yearly rates, the figures in the case of «industry» should be multiplied by 2,300 (fifty 46-hour weeks) and «handicrafts» by 2,000 (fifty 40-hour weeks). Thus the man's rate for «industry», 2.79 Kr., means an annual rate of about 6,417 Kr. (approx. £ 320); and for «handicrafts» 6,420 Kr. (£ 321) for a lesser number of hours. The percentage figure of the increase during the period 1939 to 1947 brings out very clearly the effect of the application of the slogan «Solidarisk Lønnspolitikk». The squeezing up of the wage range has gone very far, and it will be seen has been carried even farther by the recent settlement. Excellent examples of the working of the «Solidarisk Lønnspolitikk» are that in 1939 average hourly wages in the building trades and printing were 60 per cent higher than in the paper and textiles industries, whereas by 1947 the difference had dropped to 30 per cent. Average earnings for women workers in the chemical and metal industries in 1939 were 30 per cent higher than in the textile industry. In 1947 earnings in the metal industries were only 16 per cent higher and in the chemical industry only 8 per cent. Perhaps it would be true to say that the unified wage policy has operated more to even up the differences in wages between industries than between degrees of skill, but the unskilled worker has gained relatively.

The movement of agricultural wages is shown below. The wage is that of an agricultural worker who is not living in.

Kroner per day (1 Kr. = 1/—)

1939	1944	1945	1946	% Increase 1946 over 1939
6.05	12.09	12.84	15.06	149

Relative standards and alterations since 1939 are given in the following table, taking the «industrial» worker as 100:—

	1939	1946
Industrial	100	100
Handicrafts	133	114
Clerical workers (Oslo rate)..	102	89
Seamen (Ordinary high-seas)..	50	90
Forestry	48	66
Agriculture (not living in) ..	47	70

There has been a considerable increase in the payment of piece rates as a form of incentive. In the second half of 1945, total piece

work as a percentage of total work time in industry was 37.8, a figure which had increased to 47.4 by the second quarter of 1947. The percentage increases in the rubber and leather industries was even greater — from 26.6 to 46.5.

The standard of living of the «industry» and «handicraft» groups appear to be slightly lower than that of comparable workers in Britain, while the salaried and professional groups in Norway are certainly much lower than their opposite numbers here.

Problems of Incentives, Discipline in Industry and Absenteeism.

The Norwegians are experiencing problems similar to ours in these important respects. There is, as mentioned previously, an increasing tendency to rely upon piece-work and production premiums as the main incentives, supplemented by trade union and Government propaganda. Discipline, which following the liberation suffered the slackening so general in the immediate post-war period, has now improved a little but there is considerable absenteeism and in the industries in which there has been a rapid relative rise in wages, some of the increase is taken in increased leisure. In particular, in forestry, while workers are being attracted to that under-manned industry by the improvement in conditions and wages, we were told by employers that there is a considerable alteration in the habits of the forestry workers, so that there is now a movement into the towns for the weekend shopping on Friday or even Thursday, as against the Saturday of pre-war days.

Illegal strikes are very much less than might have been expected in conditions of compulsory arbitration and full employment. This is ascribed to the feeling of responsibility felt by workers for the Government and the reconstruction of the country.

The Law on Unemployment.

This Act, passed in June, 1947, deals with a number of matters affecting employment. In certain important instances all it really does is to give the sanction and permanency of an Act of the *Storting* to measures that had been taken during the war years and immediately following the war to set up a Labour Directorate,

to establish employment exchanges all over the country, and to introduce the «turn system» for the employment of seamen. It makes permanent provision for a Labour Directorate, composed of two employers' representatives, two trade unionists, and three members appointed by the Government, whose job it is to study the employment situation, to take steps to secure even and adequate employment, to advise the Department of Social Affairs on matters concerning employment, to encourage the preparation of plans by public authorities of works to be set going in times of unemployment, and to make proposals for the prevention or limiting of unemployment. The Act also regularises the setting up of employment exchanges in each commune.

The most controversial part of this law arises from the part which makes permanent the «turn system» for the taking on of seamen, which is regarded by the employers as a restriction on their right to choose their workers. This system provides that when several seamen of similar qualifications are available for a job, it must be given to the one who has first reported himself as being in search of work. If there is appreciable unemployment among seamen, those who have obviously chosen the sea as their normal employment shall have first claim. Other rules for such employment and safeguards can be agreed, but they must be approved by the Government. The foregoing does not apply to the employment of captains, other officers or pilots, crews of fishing vessels and certain other types of vessels.

Other parts of this law provide that where employers give notice, or leave without pay, to ten or more employees in the course of a month, or if working time is cut to 36 hours weekly or less for ten or more workers for a period of more than four weeks, they must report the fact to the labour exchange.

Another section gives the Government powers, for a period of three years, if deemed necessary on account of reconstruction of the important interests of the community, to require that the closing of works and factories or the putting of workers on short time shall not take place without official consent; that the workers can only be taken on if supplied through the labour exchanges; and that persons capable of work must register with the labour exchange. This section is intended to give the Government a large measure of control over the utilisation of labour while unsettled labour conditions continue, but the Government

nas disclaimed any desire to make these measures a permanent feature of Norwegian economic life.

A second important piece of labour legislation since the war is the Holidays Act of November, 1947, which establishes the right of workers, whether in the salaried or wages groups, to an annual holiday of three weeks. It sets out the method and conditions governing the payment of wages or salaries during the holiday.

Educational Activities.

The new conditions facing the labour movement have presented the Unions with a special challenge in education of the workers. There is a widespread need and an equally widespread demand for more knowledge and understanding of trade union history, economics, production techniques and local government, in order that the workers may take full advantage of the opportunities offered by Joint Production Committees and Industrial Councils. This need is met by the *Arbeidernes Opplysningsforbund* (Workers Educational Association). Unlike the British W.E.A., the A.O.F. is financed by the Labour Party and the Trade Unions directly, and is therefore openly political in character (corresponding therefore more to The British National Council of Labour Colleges). The L.O. contributes 35 øre per member year directly from central funds, and the individual trade unions can and usually do join the A.O.F. by paying 20 øre per member per year. There is close cooperation at national and local levels in arranging branch lectures, study groups and courses on all matters of particular interest to trade unionists: trade union history, trade union organisation and management, economics, local government, and accountability play an important part. Special courses have been prepared to assist members of production committees to understand what those bodies are expected to do, and how they should do it, a special stress being placed on rationalisation of industry (a word they are not afraid to use).

The L.O., in cooperation with the A.O.F., runs a special school at Sørmarka near Oslo, which can accommodate up to fifty people. Here residential schools varying from three to six months in duration are organised for members nominated by their respective unions. There is a school in eastern Norway run on similar lines

by the District Trades Council. For those who cannot attend such residential courses, there are special correspondence courses, particularly on production committees and all production problems, which are proving very popular. Though present conditions have led the A.O.F. to concentrate on these specialist subjects of importance to the workers in their jobs, it is also concerned with all-round adult education, providing courses in Norwegian history, and literature, and in foreign languages. In addition, a good deal of political educational work is done by the Labour Party Youth Movement, which has a membership of 50,000, and which plays an important part in the training of the future leaders of the Party.

Conclusions on Labour Relations.

How is the Norwegian trade union movement performing its major tasks: of safeguarding the conditions under which members work, of securing improvements in their rates of pay, and of ensuring that they receive a fair share of the nation's income? How is it meeting the economic and social consequences of having a Government with a reconstruction policy for which it is in a large measure responsible? Is it really accepting its proper share of responsibility consequent on these conditions?

There is not the slightest doubt about the feeling that runs through the greater part of the movement — that the Labour Government is their Government and they are pledged to make it succeed. This conviction has enabled the trade union leaders to adopt and to pursue a policy of moderation in conditions of full employment, which give them the power and the opportunity to make excessive demands, if they chose. As an important employer admitted to us: «The unions have never adopted a more responsible line, and it is probably due to the feeling that 'we must not let the Government down'». An indication of this is to be found in the fact that there have been no official strikes since the end of the war and there has been a sharp decline in the number of unofficial strikes as compared with the pre-war period. The unions have also accepted a large measure of responsibility for increased production, for the removal of restrictions on output and have accepted the implications of rationalisation in industry. They have not accepted all this without a struggle here and there. But once having accepted it, they look to the Government to ensure that their confidence is not

betrayed, that the Government pursues a policy of profit limitation, rigid price control and the use of its power to introduce legislation intended to improve the lot of the common man.

Having said that, it would not be in accordance with the facts to pretend that there were not causes for complaint, more against individual workmen than their trade unions. Complaints are heard in Norway, as in Great Britain, about absenteeism, about the failure of forestry workers to work a full week, in spite of the greatly improved conditions applicable in that industry. Complaints are made of a slackening of discipline within industry and that nothing has been devised to take the place of the fear of the sack, which is no longer feared to any considerable degree. «What is required», it was suggested in employing circles, «is just a little unemployment, say, as some British economist has suggested, about seven per cent». Some of the initial difficulties caused by a great shortage of consumer goods are tending to disappear and much of the pent-up purchasing power in the hands of the workers, accumulated during the German occupation, has been drained off. Immediately after the war too much money was spent on intoxicating liquor and a campaign was waged against such spending. This had a considerable effect, but perhaps the greatest effect came through a steep rise in liquor prices, designed to act as a deterrent. The main weapons being employed against the slackening of discipline are those of education by the Government in production drive propaganda, by the trade unions themselves, who are in the van in rationalisation moves, and by the use of greater money incentives, through piece-work and production premiums.

Perhaps it is worth while mentioning here the criticism of the centralisation of the powers of the trade unions tending to make the T.U. movement particularly vulnerable to actions such as those of Hitler, when the arrest of a few central people smashed the movement completely and left it quite powerless. This, it is argued, would never have happened in Britain, but the building up of resistance in Norway makes it clear that it is not so much a question of structure as of the will to resist.

Here is a trade union movement that has reached a high degree of maturity in a comparatively short time, whose temper, attitude and restraint comes of a consciousness of its responsibility, that is prepared for partnership in promoting industrial efficiency, and in fostering the well-being of the nation.

VII.

HOW THE PEOPLE LIVE

ANNE WHYTE

We have so far attempted to give an account of Norway's foreign and home policy. We have described the Government's attitude to international tensions and to plans for Western Union, and their attempts to solve the problems arising from the economic disequilibrium created by the war. We have examined the industrial and agricultural conditions prevailing. We must now turn to the people, in an attempt to answer the question: How do the people live?

Education.

The Norwegians have achieved a high degree of equality of opportunity in their educational system. The Norwegian public education system is made use of by all sections of the population, irrespective of their means or position in the community, as there are practically no private schools. The elementary school period, in both town and country, is from 7 to 14 years of age, but the school year is a good deal longer in the towns, as in the country, particularly in the winter months, the long distances to school in scattered rural communities may make attendance difficult. In spite of these difficulties, illiteracy is almost unknown except in the most isolated parts of Finnmark and Troms. Elementary schooling is free and compulsory. The cost of education, including teachers' salaries, is shared between the State and the local authorities. The educational system as a whole is controlled

by the Ministry of Education, and there are local school Boards composed of representatives of the local authority, together with some teachers, which carry out local supervision.

There are two main kinds of secondary education course, one (the *gymnasium*) providing an education of a rather scholastic type — mathematical, literary, or scientific — the other (the *realskole*) giving a general education of a more practical character.

The *gymnasium* course is generally for five years, but some pupils remain for six years if they are proceeding to the University or one of the High Schools. The *realskole* course is generally for three years, though there are some two-year and four-year courses. It is usual for *gymnasium* and *realskole* pupils to attend the same classes for the first two years. Secondary schools exist in both town and country; they can be run either by the local authorities or directly by the Ministry of Education, and there are some private secondary schools, a proportion of which receive State grants. There are a limited number of boarding schools in country districts, where pupils may have to travel some distance from their homes. The supervision of secondary schools, like elementary schools, is carried out both by the Ministry of Education and the local authorities; throughout the country there are local School Directors appointed by the Ministry of Education for the administration of the whole school system. A third type of school is now being developed, the continuation school, providing a general education, with some practical training, from 14 to 15; these schools are free. Fees are charged by the private secondary schools, and by some of the public secondary schools, but in the case of the latter they are very small. The Government has recently (October 1948) put forward a large school building and improvement plan, involving the expenditure of 1,100 million kroner (£55 m.) over a period of ten years.

Another form of higher education is provided by the People's High Schools (*Folkehøgskoler*); before the war there were about 90 of these schools, with 6,000 pupils. Most of them are in the country, and provide six months' courses based on the ideas of the Danish religious educationist Grundtvig, combining a rather nationalist cultural education with instruction on practical subjects connected with rural life. The two schools run by the trade unions, the larger of which is at Sørmarka, near Oslo, come into this category, though the teaching given is largely concerned with

industrial and economic questions, and the history of the trade unions and Labour movement, as well as that of Norway generally. There are no definite age limits for attendance at People's High Schools; most of the pupils are between 18 and 30. Higher education for workers of all kinds is also provided by the *Arbeidernes Opplæringsforbund* (Workers Educational Association).¹

There is also a system of schools for technical education, taking pupils either before or after the apprenticeship period; some of these are run directly by the State, some are municipal, and other again are private. The last-mentioned receive a State grant if they are approved, and they must then be State supervised. Commercial schools, both private and public, receive a good many pupils, from both the primary and secondary schools, for courses varying from 3 months to 2 years.

The University of Oslo was founded in 1811, and now has over 5,000 students. It is a State institution, with considerable freedom to manage its own affairs; professors and teachers do, however, rank as civil servants. Education at the University is entirely free, though students must pay their own living expenses; they must also have passed the leaving examination (*artium*) at the gymnasium before they can enter the University. There are various funds available from which poor students can obtain financial assistance, often by means of loans, while they are studying. A new university has been opened this year (1948) in Bergen; for the time being, at least, it is to be devoted to scientific and medical teaching. There are also a Technical College at Trondheim, a Dental College, an Agricultural College, a Veterinary High School, and a Commercial High School in Bergen, which have a status similar to that of the University; with the exception of the Dental High School, none of them requires the payment of fees.

The Norwegian educational system, therefore, is a reasonably complete and comprehensive one, though it seems that the financial handicaps to benefiting by higher and university education have not been fully overcome, as it is not customary for local authorities or other public bodies to give maintenance grants either to students or to children receiving secondary education, though there are a certain number of scholarships available.

¹ See Chapter VI page 142.

Full Employment and Social Security.

There is work for all. There is virtually no unemployment; the problem there as here is rather one of shortages of workers in some essential industries. A. J. Champion has described in Chapter VI the joint efforts of the Government, employers and trade unions to work out a wages policy, and to deal with the problems of the undermanned industries. The income range in Norway is much narrower than it is in Great Britain. The average wage of the industrial worker is in the region of £300 (6000 Kroner). At the top of the industrial scale, there are probably no more than three or four men, who earn as much as £10,000 (200,000 Kroner) and even they must get special sanction from the government, to exceed the directors' fees limit of £1,250.¹ These few men are in such key positions as the Managing Director of Norsk Hydro. From this top income, the income level drops sharply to about £2,000 (40,000 Kroner) for technical experts and other managerial staffs. The range in the civil service is even narrower. Cabinet Ministers earn only £1,100, the Prime Minister and Foreign Secretary alone getting a slightly higher salary. The Foreign Secretary in addition gets a entertainment allowance, for receiving foreign visitors. All civil service salaries are below this figure of £1,100. The Government is ready to admit that these salaries are out of line with the present price structure. But they are not prepared to increase civil service salaries at the present time, when all their energies are bent on preventing a further rise in prices, and in pegging wages generally.

Full employment means that at present all workers are guaranteed a wage while they are fit for work. But Norway also has a comprehensive social insurance system, including health insurance, unemployment insurance, old age pensions, war pensions and children's allowances. Out of an estimated total national income in 1946 of 8 milliard Kroner (£400 millions) about 400 million Kroner (£20,000,000) or 5% was distributed through the various schemes.

Health Insurance and Health Service.

Three quarters of the population of Norway is covered by the National Health Insurance scheme. The system, which is simple and

¹ See Chapter III page 68.

flexible was first introduced in 1911 for wage-earners below a certain income. From that time, it has been gradually extended to include 50 % of the population on a compulsory basis. Voluntary insurance was introduced in 1935, since when 25 % of the population have chosen to enter scheme.

The scheme covers compulsorily all employees with incomes up to 9000 Kr. (£ 450) annually. Apprentices and unemployed qualified for unemployment insurance are also covered. Persons working on their own are not compulsorily insured. But anyone, between the ages of 15 and 70 can join the scheme voluntarily provided they are in good health. Persons over 70 years do not receive any sickness benefit unless they are voluntarily insured. Those who have been compulsorily insured up to that age must get their expenses paid by Poor Law Assistance, which is in theory repayable, though such repayment is not often demanded by the local authority.

Compulsory insurance is financed by the employee (six-elevenths) the employers (two-elevenths), the State (two-elevenths) and the local authority (one-eleventh). Voluntary insurance is financed by the individual (seven-ninths), the State (one-ninth) and the local authority (one-ninth), unless the individual's income is over 6000 Kr (£ 300) annually, when he must pay the whole premium himself. The actual premium for the individual varies according to income. Those earning between 1000 and 2000 Kr (£ 50—£ 100) pay 90 øre (11 d) compulsorily or 1.20 Kr (1/2½ d) voluntarily. Those earning between 4000 and 9000 Kr (£ 200—£ 450) pay 2.10 Kr (2/1 d) compulsorily and 2.80 Kr. (2/9 d) voluntarily. Premiums are not paid while benefits are being received.

In return for these contributions, the insured person receives medical treatment and hospital expenses, and maintenance during illness for himself and his dependents including maintenance for his wife during childbirth. Each insured person is free to choose his doctor, and the doctor in his turn is free to practice where he likes. In some districts, the doctors' rate for attendance may be higher than that paid by the insurance fund. (Oslo only meets two-thirds of the doctors' rates in the city.) The patient must then pay the difference himself, and must also pay specialists' fees, if these are not part of the normal hospital treatment. The cost of medicines is not normally covered by insurance. Sickness benefit is paid after the third day of illness, and can be paid for 52 weeks, and for two years in the case of tuberculosis, cancer and rheuma-

tism. It is calculated at the rate of 6 % of wages, the payments falling into two main classes: 3 Kr (3/—) daily for those earning 1000 Kr—2000 Kr (£ 50—£ 100) and 6 Kr (6/—) for those earning 4000 Kr—9000 Kr (£ 200—£ 450). The wife and each child receives 67 øre (8 d) daily. But total payments to one family must not exceed 9 Kr or 90 % of income. If the insured person is in hospital, benefit is not paid, but two-thirds of the benefit goes to the chief dependent, 8 Kr (8/—) a week to the next dependent, and 4 Kr (4/—) to the others, with the same limit of 90 % of income. 200 Kr (£ 10) is paid for funeral expenses, and 100 Kr (£ 5) for children. Fishermen and seamen have separate special schemes which provide similar services.

The Directorate of Health, under the Ministry of Social Affairs is responsible for all matters connected with hygiene, the control of epidemics, the supervision of the sale of drugs, the work of local public health authorities and the work of doctors, dentists, nurses, mid-wives and hospitals, though in practice both local health authorities and individual hospitals and doctors have a wide measure of independence. The Director-General of Public Health (at present Dr. Karl Evang) is personally responsible for the maintenance and improvement of the country's health services.¹ He advises on the appointment of local Public Health Officers in the 378 medical districts into which the whole country is divided. These public health officers are paid by the State for their work, but it is a full time job only in about 11 of the larger towns. In 23 smaller towns, and in 345 rural districts, the public health officer augments his income by private practice.

Every urban and rural district council elects a local Board of four people, including one woman, to serve for four years, with the Public Health Officer of the district as chairman, and the municipal engineer, if there is one, as adviser. These boards were first created by law in 1860. They are empowered to undertake the control of tuberculosis and other infectious diseases, the supervision of the social security system, the care of cripples, blind, mental defectives, and orphans, the supervision of conditions of the production, distribution storage and sale of various foods, especially, milk, dairy products, meat, margarine and fish. They are

¹ For a full account see Medical Services in Norway by Dr. Karl Evang, 1944.

also responsible for maintaining hygienic conditions in shops, hotels, restaurants, canteens, theatres, schools, churches, camps, forestry workers' cabins and fishermen's accommodation.

The smooth working of the National Health scheme in Norway has been greatly eased by the fact that 80 % of the 26,000 beds in 391 hospitals (1937 figures) are owned either by the state or by the municipalities. In these hospitals, there is only one rate, and it is not possible to obtain a private ward simply by paying more money: private wards are obtainable only for medical reasons. There are no non-paying patients in the hospitals. The great majority of patients come under the insurance scheme, and the hospitals are paid for their treatment out of these funds. Before the war, 18 million Kroner, out of a total expenditure of the National Insurance Scheme of 65 million Kroner, went to hospital expenses. The hospitals are therefore directly assured of a large part of their income. If an uninsured patient is too poor to pay himself, his fees are paid out of municipal poor relief funds.

In 1939 there was about one doctor per 1100 inhabitants, and one hospital bed per 115 inhabitants. The position is more acute now, due to the fact that sufficient doctors were not trained during the war years, nor was any further building of hospital accommodation undertaken. The treatment of tuberculosis is seriously handicapped by this shortage, particularly as many of the old tuberculosis sanatoria were built in the nineteenth century, and are not equipped with modern operating rooms. In 1946, there were 6,200 cases in hospital, with 800 on the waiting list. There is also a shortage of suitable mental institutions, with the result that as many as half of the cases of mental disease are at present not in institutions. The medical authorities recognise that many cases can be treated in their own homes, but they would prefer to be able to accommodate two-thirds of the cases in institutions. But the present shortage of some building materials means that such expansion of hospital accommodation as is needed will not be achieved for some years.

Norwegian vital statistics compare favourably with those of Great Britain. The death rate per thousand of the population in 1946 was 9.22 compared to 10.0 per thousand before the war. The British death rate in 1947 was 12.0 and in 1938 was 11.6. The comparative birthrates before the war were 15.0 per thousand in

Norway and 15.1 in Great Britain. This figure has risen since the war in both countries to 21.0 and 20.6 respectively. Infant mortality in Norway before the war was 37 per thousand, in Great Britain 53.

Accident Insurance.

The Health Service is supplemented by an Accident Insurance scheme which covers three main groups of workers: employees of various kinds, seamen, and fishermen. The first group includes all employees in factories, mines, docks and stores, transport, building and certain types of mechanical employment on farms, such as ploughing and sowing. It does not cover agricultural labourers or domestic workers. The annual earnings of compulsorily insured people must be at least 50 Kr (£2.10) and not more than 3000 Kr (£150). They are covered for all accidents in working time only. The second group covers crews of all ships over 50 tons, naval conscripts in peace-time and members of whaling expeditions. Insured people are covered for all accidents on board or ashore. The third group covers all fishermen who catch fish for sale, whether employed or owning their own boats. They are required to register through special committees appointed by local authorities. Between 110,000 and 120,000 fishermen are insured. They are covered for all accidents connected with their occupation, and for death at sea under any circumstances.

All three types of insurance provide free medical and hospital treatment, free medicines, and artificial limbs, and disability and death pensions. Employees' and seamen's wives and children get benefits during illness, but the wives of fishermen do not. Compensation is paid on a sliding scale based on a percentage of earnings. However, for purposes of compensation the lowest income is taken as 1500 Kr (£75) and the highest as 3000 Kr (£150) for employees, 2700 Kr (£135) and 4400 Kr (£220) respectively for seamen, and 2000 Kr (£100) for fishermen. This means that employees earning less than 1500 Kr. will nevertheless get compensation based on a percentage of those figures. Higher incomes groups are not compulsorily insured but can enter the scheme voluntarily.

Full invalidity is compensated with a pension of 60 % of earnings, with 200 Kr (£10) for the wife and for each child under 16 wholly maintained by the worker. The total payment must not exceed 90 % of earnings. All injuries are graded according their degree

of permanent disability. A lump sum equivalent to three years disability is given if the disability is less than 20 %. If the disability is less than 8½ %, no payment is made. A widow receives a pension of 40 % of earnings, 400 Kr. (£20) for the first child and 200 Kr. (£10) for the other children annually. If the widow dies her pension goes to the eldest child, who forfeits his 400 Kr. (£20). The whole sum paid to a widow must not exceed 90 % of earnings. The parents and grandparents of workers and seamen can also receive benefits if they were more than half supported by the dead man. One parent is entitled to 20 % of earnings, more than one to 30 %. But again, the total benefits paid to one family, including those to the widow and children, must not exceed 90 % of earnings. The parents and grandparents of fishermen receive benefits without conditions. Funeral benefits are paid in all cases up to 200 Kr. (£10) or 300 Kr. (£15) for seamen buried abroad. Seamen, who have been injured or killed during the war are compensated on the basis of doubled wages, and a further 10,000 Kr. (£600) is paid as a war gratuity in case of death or total disability.

Premiums for workers and seamen are paid wholly by the employer on a sliding scale based on the employee's earnings, and the degree of risk entailed by the work. Employers report the number of employees thus insured to the National Insurance Board. The premium for fishermen is fixed at 20 Kr. (£1) annually which is paid by the fisherman (40 %), the State (40 %) and the Fiskar-fondet (Fishermen's Fund) (20 %). All three insurances, which are administered separately, have considerable reserve funds.

The Unemployment Insurance.

The Unemployment Insurance scheme covers all employees with incomes from 600 Kr. (£30) to 9000 Kr. (£450) except agricultural and forestry workers, fishermen, home workers, domestic workers, salesmen working on a commission basis and civil servants, who are paid when ill. The benefits provide 6 Kr. (6/—) a day plus 67 øre (8d) for the wife and each child, up to a maximum of 9 Kr. (9/—) a day excluding Sundays. These sums are paid after a six day waiting period, but no benefits can be paid until the worker has completed 45 weeks employment and has paid his contributions during this period. After that time, benefit is paid for 15 weeks. The worker must then work for a further 15 weeks

before he can again claim unemployment benefit. Workers on strike or those who have been dismissed through their own fault are not entitled to benefit. Also the insured worker must report to the employment exchange twice a week, and must accept any suitable work at agreed wages. In some cases assistance is given for removal to another area, where there is a better prospect of employment. Assistance is also given towards trade training, up to the equivalent of 30 days benefit, if this also would improve the workers chance of a job.

The premium varies according to the income of the employee, and is paid by the employee, the employer and that local authority. Within the range of 1000—2000 Kr. (£50—£100), the employee and the employer each pay 9 Kr. 36 øre ($9\frac{3}{4}$) per annum and the local authority pays 4 Kr. 68 øre ($4\frac{8}{8}$). Within the range of 4000 Kr.—9000 Kr. (£225—£450), the employee and the employer each pay 26 Kr. (26/—) per annum and the local authority pays 13 Kr. (13/—). 10 % of all receipts go to the national reserve fund: when this fund is exhausted, as it may be when unemployment is widespread, further state support is given from state funds.

Old Age Pensions.

Old Age Pensions are paid to all persons over 70 and their dependents if they have lived in Norway more than half their lives. The amounts vary according to the cost of living in each district. The pension is calculated to cover 60 % of the cost of maintaining a single person or a married couple for a year. The minimum cost is reckoned at 1000 Kr. (£50) in the country districts and 1200 Kr. (£60) in the towns for a single person, and 1500 Kr. (£75) and 1800 Kr. (£90) respectively for a married couple. The minimum pension is therefore 600 Kr. (£30) in the country and 720 Kr. (£36) in the towns for a single person, and 900 Kr. (£45) in the country and 1080 Kr. (£54) in the towns for a married couple. A further 204 Kr. (£10.4) or 264 Kr. (£13.4) is allowed for children under 16. Local authorities can pay higher pensions if they consider the cost of living warrants it, but they must have the consent of the Ministry of Social Affairs, which is usually given. Oslo, where the cost of living is highest, pays 1380 Kr. (£69) for a single person and 2220 Kr. (£111) for a married couple.

Altogether 100 out of 680 rural local authorities, and 55 out of 64 urban authorities pay a higher pension, and bear the additional cost themselves.

The cost of the pensions is met mainly (60 %) by the Old Age Fund, financed by a tax of 1 % on all incomes over 1000 Kr. (£50) in the country and 1200 Kr. (£60) in the towns, the State pays a further 30 % and the local authorities 10 %.

Personal income is taken into account in assessing the individual pension rate, but income up to one-third of the calculated cost of living is allowed. Gifts are also allowed up to this total. Altogether about 75 % of all old people receive pensions, and of these 65 % have some other source of income.

War Pensions.

War Pensions are paid to disabled war victims, or in case of death to their dependents. All those who served in the Norwegian Forces, in the Merchant Fleet during the war, or fought with the Home Front are covered. The benefits are similar to, but more generous than those coming under the Accident Insurance schemes. Free medical and hospital treatment is provided, and varying pensions are paid according to the extent of the disability, and to the previous earnings of the person concerned. They do not vary from district to district.

Children's Allowances.

Children's Allowances were introduced for the first time by an Act passed by the *Storting* in 1946. Every child after the first is entitled to 180 Kr. (£9) per annum. The allowance is paid to the mother, and is subject to no income limit. In cases where a single parent has to support a family, the first child is also entitled to the allowance. This applies to unmarried mothers, widows, widowers and separated parents. Altogether 400,000 children were covered by this scheme in 1948.

Mothers' Pensions.

Some local authorities, including Oslo, pay pensions to mothers who have no other means of support. In Oslo income up to 1500 Kr. (£275) is ignored. The pensions are on a sliding scale according

to the number of children. For a mother with one child, 60 % of the difference between her income and 1800 Kr. (£90) is given. For a mother with two children, 70 % of the difference between her income and 2500 Kr. (£125) is given, with corresponding increases for further children. In 1944, 582 women with 774 children were covered by such pensions.

Pensions for Blind and Crippled.

Special benefits are also paid to totally, or almost totally blind or crippled persons, who have no relatives liable or able to support them. These benefits correspond to the lowest scale for Old Age Pensions, 600 Kr. (£30) in the country and 720 Kr. (£36) in the towns for single persons. However, in 1947, only 3170 persons were receiving such benefits at a total cost to the State of 2 million Kroner (£100,000).

Summary of Social Insurance Schemes.

For ease of reference, these various schemes are set out below in tabular form, giving a single example of the contributions paid and the benefits received by a fully insured worker earning 7000 Kr. (£350), together with the old age pension he is entitled to receive on retirement, (within certain income limits) and the allowances due to any children.

Social Insurance for Worker Earning 7,000 Kroner (£350).

<i>Scheme</i>	<i>Contribution</i>	<i>Benefit</i>
Accident Insurance.	Paid by employer only, graduated according to estimated risk of accident for particular factory. Average: 60 Kroner p. a. (£3).	Full invalidity: 1800 Kr. (£90) p. a. + 200 Kr. (£10) p. a. for wife + each child. Death: 1200 Kr. (£60) p. a. to widow + 400 Kr. (£20) 1st child + 200 Kr. (£10) for each further child. Other benefits are graded according to extent of disability.

Health Insurance	<p>Paid 55% by employee. 18% by employer. 18% by State. 9% by municipality. Actual rate varies according to income and municipality.</p>	<p>6 Kr. (6/—) per day + 67 øre (8d) for wife and each child up to maximum of 9 Kr. Free medical treatment and hospital service for insured person and his family. Time limit: one year. (Two years for T.B. cancer & rheumatism.)</p>
Unemployment Insurance.	<p>26 Kr. (26/—) p. a. employee 26 Kr. (26/—) p. a. employer 13 Kr. (13/—) p. a. municipal. State contribution varies according to rate of unemployment i.e. higher when unemployment is high.</p>	<p>6 Kr. (6/—) per day + 67 øre (8 d) for wife and each child to maximum of 9 Kr. Time limit: 15 weeks p.a. Benefit starts after 45 weeks in employment paying contribution. Maximum rate paid after 3 years in scheme.</p>
Old Age Pension (Rates increased in 1946).	<p>Paid 60% by universal old age pension tax of 1% of income i.e. 70 Kr. (£3.10). 30% paid by State. 10% paid by municipality.</p>	<p>Varies according to cost of living in locality. Oslo: Single, 1380 Kr. (£69) p. a. Man & wife, 2220 Kr. (£111) p. a. Income limit sliding scale: full benefit up to 800 Kr. (£40), reduced to no benefit beyond 3100 Kr. (£155). Benefit starts at 70 years.</p>

Children's Allowance. (New scheme passed by <i>Storting</i> 1946 covering 400,000 children in 1948.)	87.5% paid by State. 12.5% paid by municipality.	180 Kr. (£9) p. a. for each child after first up to 16 years. No income limit. Single parents get benefit for 1st child (i.e. unmarried mother, widow, widower, separated).
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The Government has for some time been concerned about some of the gaps in these schemes, and by the fact that each scheme is financed separately thus involving the individual in several separate payments, and necessitating the maintenance by the state and the municipalities of complex administration.

A report similar to a British White Paper was published in November, 1948, putting forward proposals to deal with existing inadequacies and complexities. There are two important gaps in the existing schemes. The accident insurance scheme only covers workers at factories for accidents arising at their place of work. There is no scheme to cover workers who are injured on holiday or outside their factory. Secondly, the health insurance covers only 75 % of the population — 50 % compulsorily insured, and 25 % voluntarily. The Health authorities are anxious to make the scheme 100 % compulsory. They realise that a fair proportion of the 25 % who are not at present insured are people who can afford to pay for medical attention, when the need arises. But they also believe that many cannot well afford heavy medical expenditure, and have not voluntarily entered the scheme from indifference or ignorance or irresponsibility. The Social Services report puts forward proposals to cover these two main points. Increases in old age pension, children's allowances and sick benefit rates are recommended. The acceptance and implementation of these proposals would inevitably involve both the Government and the municipalities in fairly heavy expenditure. It is therefore unlikely that all the proposals will be implemented immediately, even if they are accepted in principle.

The report also outlines a scheme to simplify the payment of contributions by creating a single social services tax on income which would entitle the individual to all the various benefits when need arose. If the report is accepted as it stands, it is probable

that this reform would be implemented at once, as it would not involve any great extra expenditure, and would greatly simplify the administration and finance of the existing separate schemes.

Housing.

There is a serious shortage of houses in Norway, due not so much to war destruction, as to the fact that the population has increased considerably since 1939, and almost no building was done during the war years. In 1939, there were 738,000 dwelling units (2,674,000 rooms) for a population of 2,935,000. By 1945, 18,000 dwelling units had been totally destroyed, 750 partially destroyed, and 85,000 slightly damaged: or about 4 % of the total number of dwelling units in the country in 1939. But the population by 1946 was 3,123,338, an increase of 188,338, or about 6 %. The Government was therefore faced with the fact that there was 4 % less housing space for 6 % more people compared with 1939. And this reckoning did not take into account the need for any improvement of existing overcrowded, unhealthy or unsafe buildings. In 1946, the Government set a target of 100,000 houses to be completed in four years, an ambitious plan in any circumstances, as the average number of houses completed in a year before the war was 13,000 to 14,000. This target has had to be abandoned, because Norway, like Great Britain, is forced by her economic and financial position to cut down on capital investment. The target would probably have been modified in any case after the experience of 1946 and 1947, when shortages of some building materials, and particularly of electric and sanitary equipment held up progress. Few houses were built in 1945. 7,500 permanent houses were built in 1946, and 5,800 temporary houses in the heavily destroyed areas in Finnmark and North Troms, where the Germans, carrying out their insane scorched earth retreat in 1944—45, had burnt and cut down everything built by man, including telegraph poles, fences, power and pipelines. They evacuated forcibly 50,000 out of 75,000 people, destroyed the houses of 60,000 people, including 6,000 farms, killed all domestic animals, and about 25,000 reindeer — half the total flock of the Lapps — burnt down 20 churches, 150 schools, 21 hospitals, 350 bridges, 350 motor boats and the entire fishing fleet of Vardø.¹ The American Military Tribunal at Nuremburg

¹ For a full account see *Geographical Journal* April—June, 1947: *The Revival of Northern Norway*, by Diderich H. Lund.

recently acquitted General Lothar Rendulic, the man responsible for this action, to the great indignation of the Norwegians.

In 1947, 14,500 permanent houses were completed, and 17,000 were under construction, of which it is estimated that 15,000 may be finished in 1948. The estimated programme for the next four years is 15,000 in 1949, 17,000 in 1950, 18,000 in 1951 and 20,000 in 1952. Though not so ambitious as the 1946 target of 100,000 in four years, it still represents a considerable increase on the prewar rate of building (13,000 to 14,000 per year). In addition, the housing authorities have reckoned, in a report to the Housing Panel of the Economic Commission for Europe, that they require to replace 50,000 overcrowded dwelling units (where at present there are more than 2 people per room), 25,000 unhealthy buildings, and 10,000 unsafe buildings, in order to bring their housing conditions up to a good minimum standard.¹ To some extent the new building programme will help towards the replacement of substandard buildings, but in Oslo and other large towns, slum clearance must wait until there are enough dwelling units to house the population. Overcrowding in the towns, particularly in Oslo, is severe at present. At the beginning of 1948, 306,000 rooms were available for 424,000 persons. 14,000 families, representing 43,000 people, are on the Oslo municipal waiting list, and it is estimated that many more need houses or flats, but are too discouraged to have put their names on the official list. The housing shortage is estimated at 23,000. 2,346 houses have been built in three years since the liberation, and 4,000 are under construction. It will therefore be many years before the housing shortage in Oslo has been conquered. The Oslo municipality now has powers to requisition rooms in any dwelling where there are fewer than one person per room. Since the war, between 6,000 and 7,000 rooms have been requisitioned in this way, and 764 whole flats. The scheme however is not popular, either with those who have an unwanted guest thrust on them, or with the houseless wanderer. People are therefore encouraged voluntarily to take in lodgers of their own choosing if they have more than one room per person in their house or flat.

In Oslo, approximately 30 % of the dwellings have one room, 37 % have two rooms, 16 % three rooms. Only about one-third have baths. The local authorities in most of the larger towns also

¹ See Economic Commission for Europe: Panel on Housing, Paper E/ECE/HOU/12, 29.12.47, Norway.

have powers of requisitioning. But the average Norwegian house or flat is smaller and has fewer rooms than the equivalent in Great Britain. This means that even a moderate housing shortage creates bad overcrowding: requisitioning is no real solution.

There are no figures available to show the average housing standard for the whole country, but a representative census taken in 1938 gives some average figures.

Housing Standards: Representative Census, 1938.

	<i>Stav- anger</i> (48,000)	<i>Average Towns</i> (c. 20,000)	<i>Small Towns</i> (c. 8,000)	<i>Aker</i> (Heavily populated district round Oslo)	<i>Oslo</i>	<i>Rural</i>
Rooms per dwelling	3.93	3.64	3.85	3.21	2.5	4.66
Persons per room .	.87	.91	.89	1.07	1.4	.92

The average number of rooms per one or two family dwelling built in 1947 was 4.57, with an average floor space of 87.4 sq. metres (about 963 sq. ft.), which works out at an average of about 200 sq. ft. per room. The floor space in flats was much smaller.

The restrictions on capital investment, and the shortage of building materials are not the only difficulties facing the house builder. There has been a very sharp rise in prices, which would put a new house or flat beyond the reach of the working man, if he were given no financial assistance. The official estimate of the overall rise in prices since 1939 is 110 %, but most architects and builders estimate it at nearer 200 %, and war damage compensation is paid at the rate of 150 % of 1939 prices.

Early in 1946, the Norwegian Government took two important steps to meet some of the difficulties created by this steep rise. They established *Den norske Stats Husbank* (The Norwegian State Housing Bank), and abolished the purchase tax on building materials. The Housing Bank provides loans at 2½ % interest for houses with less than 12½ acres (5 hectares) of ground (The financing of farm and rural housing, with more ground attached, is still done by the prewar *Smaabruk og Bustadbank*).

About 90 % of all building is done by private concerns or by

cooperative building. Since the war, there has been a great extension of cooperative building, which before the war was mostly confined to the Oslo cooperative, OBOS. A national organisation was founded in 1946, the *Norsk Boligbyggelag* (Norwegian Housing and Building Association), with 55 member societies, with a membership of about 22,000. The chief function of the local member societies is to promote the building of dwellings, which then belong to the societies individually. The members occupying the dwellings are neither tenants nor individual owners. But by virtue of their membership of the local society, residents have the right to occupy the dwellings for which they have contracted. Each prospective resident buys a share in his local building society, normally about 25 Kroner (25/—), and a share in the parent society of 100 Kroner (£5). No individual may hold more than one share in either his local society or in the parent society. When the building is complete, the resident pays a contribution to building costs, and «rent» to the cooperative, calculated to cover maintenance, the paying off of the loan to the Housing Bank, and some allocation to reserve funds. As the loans are gradually paid off, the rent may be reduced. If the resident wants to move, he may sell his share to another tenant.

The OBOS cooperative in Oslo makes the following charges for flats and one or two family houses:

	<i>Contribution to building costs</i>	<i>Rent, per year</i>
Four room flat, kitchen & bathroom. Ground space: 90.05 sq. metres	5,000 Kr. (£ 250)	1,800 Kr. (£ 90)
Three room flat, kitchen & bathroom. Ground space: 83.40 sq. metres	4,500 Kr. (£ 225)	1,560 Kr. (£ 78)
Single family timber house: four rooms, basement, kitchen & bathroom	9,000 Kr. (£ 450)	2,040 Kr. (£ 102)
Two-family vertical timber house, containing two separate dwellings: three rooms, basement, kitchen & bathroom	4,200 Kr. (£ 210)	1,560 Kr. (£ 78)

	<i>Contribution to building costs</i>	<i>«Rent» per year</i>
Two-family vertical house containing two separate dwellings: four rooms, base- ment, kitchen & bathroom	5,000 Kr. (£ 250)	1,680 Kr. (£ 84)

(These figures of course do not include rates, which are levied through the municipal income tax system explained earlier.)

These types are all well-designed and solidly built, and are in most cases complete with electric central heating, and built-in cupboards. The annual or monthly «rent» is not high, but in many cases it is exceedingly difficult if not impossible for a worker earning the average 7,000 Kr. (£ 350) to find the money for the necessary contribution to building costs. The Housing Bank therefore provides interest free loans, called literally a «reductive contribution» (*nedskrivningsbidrag*), which is variable according to individual needs. The amount granted varies in different localities according to building costs, and the average income level of the district. The range is from 60 Kr. (£ 3) to 100 Kr. (£ 5) per square metre of floor space up to a limit of 80 square metres in dwellings ranging from 50 to 130 square metres. It is also reduced if the dwelling lacks a bathroom or is of low standard in some other respect, or if the income of the owner is sufficiently high in relation to average building costs. It is also reduced or not granted at all if the owner is entitled to war damage compensation (150 % of 1939 prices).

The particular needs of families with two or more children are met by the Housing Bank, which grants loans at a lower rate of interest for the building of larger houses or flats. At present however this is only possible in areas where the local authorities are prepared to contribute one third of the amount payable, and can exercise the necessary inspection and control. Altogether, about one quarter of the applicants for Housing Bank loans have received such contribution from local authorities.

These measures have done much to provide the lower-paid workers with good housing. But costs are nevertheless too high for the poorer people.

The Housing Bank has a capital of 20 million Kroner (£ 1 million), from State funds, and a risk fund, to which the state con-

tributes 6 million Kroner and the local authorities 4 million Kroner. The remaining resources of the Bank are obtained by issuing bonds at 2½ %. The State bears the cost of administration, and two-thirds of possible losses: the remaining one-third is borne by the local authorities. The activities of the Bank are controlled by the *Storting* and the Government through the appointment of the directors and the board, and by the voting of funds in the annual budgets. Apart from its important financial role in postwar building, the bank also plays a part in attempting to raise the general standard of building. As has been stated above, the Bank reduces or withholds the «reductive contribution» in cases where the building is of a low standard. But more important, no loan is granted until the Bank has approved both the tender for building costs, and the drawings of the house or block of flats. It therefore has the power to ensure that new building is of as high a standard as is compatible with present costs.

Steinkjer.

No account of the housing problem in Norway would be complete without the story of their destroyed towns. Steinkjer, Namsos, Kristiansund, Molde, Bodø and Narvik — all these towns, and several other smaller ones, were almost totally destroyed without warning by the Germans in the spring of 1940. The story of Steinkjer is more or less the story of them all. On Saturday, 21st April, 1940, German planes swept in suddenly from the sea, dropping fire bombs all day on the small defenceless town of 3,000 people, a marketing and timber centre for the county of Nord-Trøndelag. They returned to the blazing wooden town on the Sunday to complete the destruction. 82 % of all buildings were destroyed, including 250 houses, containing 526 separate dwellings, the town hall and the church. Fortunately, only two people were killed. As a result over two-thirds of the population had to move into farm houses in the surrounding countryside, and to live in conditions of severe overcrowding.

During the war years they managed to build 225 permanent dwelling units, and 200 temporary houses, including 75 semi-prefabricated timber houses, given by Sweden in the difficult years of 1940 and 1941. These 75 houses were fully equipped with built-in cupboards, electric cookers and heating, and washing machines installed in the concrete basements. These houses were let at a

low rent to those in greatest need who applied to the town council for them. They were built on ground previously unused for housing, and set each in their own small garden. The Swedish Red Cross also gave fully equipped houses for kindergartens to the six most damaged towns, including Steinkjer. Here in the devastated town, between 35 and 40 small children could, and still do, play and learn their first lessons in peace and comfort. This is only one example of the many ways in which Sweden, from the security of her neutrality, was able to help her suffering neighbour.

Rebuilding was of course greatly speeded up at the end of the war. But the general shortage of materials meant that these devastated areas had to compete with the rest of the country for supplies. However, they, and particularly the badly devastated areas in Finnmark and Nord-Troms, are given priority wherever possible. From the beginning of 1946 until the end of 1948, Steinkjer hopes to have completed 168 dwellings. They will then still need to build about 130 dwellings to make good the damage of 1940. The original target for 1948 was 100, but only 60 to 70 are likely to be finished during the year. And when the damage has been made good, the housing authorities then have to tackle the further problem of overcrowding, caused by the increase in families needing separate housing, and the lack of normal building during the war. They reckon that a further 270 houses would provide adequate housing accommodation for the present population which has considerably increased as compared with pre-war. They are particularly anxious to condemn the temporary houses, which in many cases are converted German timber barracks, and provide only small two-room dwellings, with poor lighting and sanitation, and no adequate kitchen or bathroom accommodation.

In 1948, six years after the bombing, the town looks like a new growing settlement, with rough undefined roads, new houses, improvised shops, and scaffolding everywhere. On the wide sweep of the river, the rough ground is being prepared for a fine new community centre, an enterprise in which the municipality and the Labour movement are cooperating. This will give the people a restaurant, meeting halls, a library and public baths, and will also house the municipal cinema. The river itself, one of the finest salmon and trout fishing rivers in Norway, once the preserve of rich Englishmen and Norwegians who bought up the fishing rights, is now open for fishing to the people of the district.

Food.

A rigorous price control and rationing system is enforced to ensure that the minimum food and clothing supply is assured to the whole population. These controls have been continued from the occupation system, but whereas during the war the rations were extremely low, and not always met, now there is enough to go round, though not nearly enough to meet all demands as yet.

From three weeks spent in Norway, it seems that the Norwegians have rather more in quantity to eat than the British, due mainly to the good and varied supply of fish, which is much more popular there than in this country. They also have a larger fats ration, chiefly margarine from whale or fish oil, which is of a very high standard. The most striking deficiencies, compared with a British diet, are meat, which in the towns is in very short supply, and fruit: their fruit supply is similar to that of this country during the war when almost no fruit was imported, and we were dependent entirely on home-produced fruits, with the resultant severe seasonal fluctuations. Vegetables are also scarce at certain seasons.

For those who can afford it, there is in addition, an almost unlimited supply of food in the restaurants, though some items in short supply, such as meat, sugar and at times milk are not available. There is no rationing of restaurant meals, though there is a price control which limits the amount which can be charged for any item, on the basis of the costs of the raw materials. There is also no limit to the amount a meal can cost, or to the number of courses which can be served. The staple diet in the restaurants is again fish of various kinds, the most common being cod, plaice, herring, halibut and, in season, expensive trout and salmon. There is also a limited supply of fairly expensive game such as grouse and ptarmigan. Practically all the restaurants work on an à la carte basis. As any portion of a main dish is more than twice as generous as a similar portion in this country, it is possible to have a cheap and adequate meal from one main dish, again usually fish. In the towns, meat normally only appears in the form of made-up dishes such as hamburger steaks, and even these are often made from whale-meat, which is fairly plentiful.

The actual Norwegian rations for the normal consumer are compared in quantity and price with the British equivalent in the following table (1948 rations and prices):

Commodity	Weekly Quantity		Price per pound	
	Norwegian	British	Norwegian	British
Bread and Flour	5 lbs	Not rationed		
White bread			44 øre (5½d)	2¼d
Brown bread			30 øre (3½d)	4½d
Flour			26 øre (3d)	2½d
Fats	11 oz.	8 oz.		
Butter	(Can be taken	3 oz.	2.8 Kr. (2/9d)	1/4d
Margarine	in butter, mar-	3 oz.	60 øre (7½d)	9d
Lard	garine or lard.	2 oz.	60 øre (7½d)	1/0d
	Butter plenti- ful in summer)			
Cheese	1½ oz.	1½ oz.	1.3 Kr. (1/3½d)	11d
Eggs	Variable.	Variable.	35 øre (4d)	3d
	25 in 1947	60 in 1947	each	each
	20 in first 3 months in 1948	20 in first 3 months in 1948		
Sugar	7 oz.	8 oz.	44 øre (5d)	5d
Meat	Variable.	1/—		Variable
Beef	Roughly 2lbs	worth	1.4 Kr. (1/5d)	1/4d
Mutton	per month		2.0 Kr. (2/0d)	1/5d
Bacon	Not available except in coun- try districts	2 oz.	—	2/8d
Milk	3 pints (Plentiful in summer short in winter) ¹	2½—3½ pints	28 øre (3d) per pint.	5d per pint.
Tea	Not rationed, difficult to obtain	2 oz.	9.5 Kr. (9/6d)	4/-
Coffee	2¼ oz.	Not rationed	1.8 Kr. (1/10d)	2/9d
Sweets	1¼ oz.	3—4 oz.	1.8 Kr. (1/10d) & 80 øre (10d)	Up to 4/-
Soap	3 tablets per month	3 tablets per month	60 øre (7d) & 33 øre (4d)	Variable

Note: Norwegian rations are calculated in grammes, and have here been converted to the nearest ½ oz. Litres converted to nearest ½ pint.

¹ These figures apply to 1948. By April 1950 milk, eggs and all fats were unrationed in Norway. In Britain milk was unrationed and most of the other rations had been increased significantly.

Children get more milk: up to five years, 9½ pints a week, and from 6 years to 18 years, 6 pints a week. In winter, they share priority with invalids when the full ration is not available for all. They also get a small ration of about 1 oz. of powdered chocolate a week in place of coffee. Children from 12 to 19 years get an extra allowance of bread and flour. School children also benefit from the «Oslo breakfast», in Oslo, the larger towns and some other districts. This is a free meal given to children at school, consisting of milk, rye bread, cheese, lettuce and or fruit. It was introduced in Oslo before the war, and has been proved to be a valuable way to achieve a balanced diet.

Meat, cheese and eggs, though rationed, are not always available each week. The bread rationing is now little more than a formality as supplies are about equal to consumption. Fish, vegetables and potatoes are not rationed. Fish is always plentiful, and fairly cheap. Cod costs about 8d a pound and herring about 6d. There is no points system for canned goods, which are all off the ration. But all forms of canned meat are very scarce, and what canned fruit there is is expensive, about 4/- a small tin. Drink and cigarettes are plentiful. Cigarettes are cheaper than in Great Britain, but drink almost as expensive. A litre of lager beer costs 1.44 Kr. (1/5½d). Norwegian gin costs 18/- a bottle. Norwegian brandy £1, French brandy £3, English gin £2 and Scotch whisky £2.10.0d. All spirits carry 100 % tax.

As in most countries, the country feeds much better than the towns. Very little meat is imported into Norway. It is therefore much more difficult for the Government to control distribution of meat, as it is chiefly a matter of making the farmers deliver their quotas to the towns. As a result, there is far less meat in Oslo than there is in other areas in the country. Rich farming districts such as Stavanger in the west also enjoy a more plentiful supply of milk, butter, eggs and cheese.

Clothing.

The demand for clothing of all types after the liberation was one of the most pressing problems facing the Labour Government in 1945. The Germans had made almost no provision to meet the minimum needs of the population. The result was that at the time of the liberation stocks were exhausted, and most people had been unable to buy any clothes for years. The Government therefore

imported ready-made clothing from Great Britain and the United States, and issued a clothing card of 400 points for men and 300 for women in October 1945, and a further 400 points for sheets, household linen of all kinds and piece goods. Not all of these points were immediately valid: they were progressively released as stocks were built up. A further bonus of 240 were issued in June 1946, and another 100 in June 1947. There was also a bonus of 100 for textiles in June 1947.

In all, therefore, every man has had 740 points for clothing and 500 for household linen and piece goods. Women and children whose articles of clothing do not need so many points, have not received quite so many. The following selection of points values for clothing will give some idea of the amount of clothing which any one individual could buy.

Item of Clothing	Men			Women			Children		
	Wool	Cotton	Silk	Wool	Cotton	Silk	Wool	Cotton	Silk
Winter Coat	275	-	-	200	-	-	160	-	-
Light overcoat ...	220	-	-	130	-	-	140	-	-
							(boys)		
							90		
							(girls)		
Suit with one pair trousers	240	200	-	-	-	-	150	120	-
Dress	-	-	-	120	90	70	70	60	40
Shirt	75	75	45	-	-	-	60	55	40
Blouse	-	-	-	60	50	35	30	30	25
Skirt	-	-	-	80	70	60	50	40	30
Trousers	84	65	57	-	-	-	60	50	40
Set of underclothes	55	40	30	55	40	20	34	31	20
Stockings	-	-	-	15	15	8	12	12	8
Socks	17	-	-	-	-	-	6	-	-
Pyjamas	100	100	75	70	70	40	50	50	30

The only things off rations at present are rubberised and oiled raincoats, all plastic fabrics, handkerchiefs, scarves, gloves and short cotton socks. There is no regular issue of further clothing points, and no indication is given when any further issue may be expected. This naturally makes it very difficult for people to plan

their purchases in any way: they must therefore only buy essentials. This uncertainty is due to the official uncertainty over future stocks; the Government has been unwilling to promise future issues which they might be unable to meet.

This means that on the rations issued in the three years since the war, a man could get one overcoat, one suit, two shirts, one set of underwear and one pair of socks, and nothing more. A woman could have got one overcoat, one wool dress, one skirt, two blouses, one set of underwear and three pairs of stockings. Seen against the background of the occupation, when clothing was very short indeed, it is not much. In fact, it is surprising how well dressed Norwegians contrive to look in the circumstances. Many of them manage to buy some clothes in neighbouring Sweden, where there is no rationing, and those who spent the war in Great Britain or the United States often returned to Norway with a fuller wardrobe than their compatriots who had stayed at home. But these more fortunate people cannot form a very large percentage of the whole three million. There is a special ration card for all footwear. The production of footwear has almost reached the pre-war quantity, but the demand created by the years of occupation means that supply is not equal to all needs.

Conclusion.

Any generalization on the standard of living of a country is fraught with difficulties. But perhaps some conclusions can be drawn from the short survey given.

It is abundantly clear that the Labour Government has pursued a policy of fair shares for all. The gap between the rich and the poor in Norway was always much narrower than in Great Britain. The years of occupation, followed by three years of austerity have narrowed the gap still further. Since the war, prices have been held down and rationing has been successfully maintained. High salaries and dividends have been limited, and wages have been increased. Life is not easy for the people, but the essentials of living are available to them at a price which all but the very poorest can afford. Credit for this is due not only to the Government, but to the people of Norway who have responded with a high degree of social responsibility. The contrast between Norway and France is most striking. Both were occupied countries. Both were accustomed for years to defy the German authorities in order

to get enough to eat. But after the liberation, the Norwegians threw off the habit of defying the authorities and have cooperated wholeheartedly in maintaining the rationing system and accepting controls. This is not to say that there is no dodging of restrictions in Norway. The countryside hoards and consumes its own produce above the permitted ration level. This is particularly true in regard to meat, butter and to some extent eggs. It is perhaps fortunate for the towns that there is fish and margarine in plentiful supply to take the place of meat and butter. But in general, none of the population is deprived of essential foodstuffs through black market operations.

However, fair shares for all does not yet mean anything near enough of everything for all at a price within their reach. The minimum cost of living is fairly low, but this minimum cost undoubtedly represents a border line living standard. The following figures give the minimum cost of living in Oslo in 1946 as reckoned by an official statistical survey, published in the new social services report.

Minimum Standard, Oslo 1946.
(Expenditure in kroner per annum.)

	<i>Food</i>	<i>Hou- sing</i>	<i>Light and Fuel</i>	<i>Clo- thing and Foot- wear</i>	<i>Mis- cel- lan- eous</i>	<i>Taxa- tion</i>	<i>Total</i>
Single man	743	195	95	283	107	102	1524 (£76.4)
Man & wife	1352	322	229	538	203	330	2974 (£148.14)
Man, wife, child (5) ..	1706	322	229	651	246	303	3457 (£172.17)
Man, wife, 2 children (3 & 7)	2062	517	324	792	300	336	4331 (£216.11)
Man, wife, 3 children (2, 5 & 7)	2361	517	324	905	342	298	4747 (£237.7)
Man, wife, 4 children (2, 6, 9 & 11)	3185	787	401	1160	439	489	6461 (£323.1)

A comparison of the figure given here for expenditure on housing with the rents for new flats given on page 155 will show how impossible it is for the married worker with a family to afford a new dwelling.

But these figures represent a minimum. Many workers earn 7,000 kr. or more. And there is no great contrast in Norway between

the rich and poor. In general each group, farmers, workers, white collar workers, professionals and business men, exist on a lower standard than their counterparts in Great Britain. They all have fewer clothes, a more monotonous diet and a less extensive health service. All insurance benefits are on a lower scale than those in Britain. The disparity in standards between the two countries is probably greatest at the top of the scales.

This lower standard for each group is the reflection of the difference in the national income of each country. In 1947, the Norwegian national income was 8,704,000,000 kr. (£435,200,000) which, divided among three million inhabitants, gives a rough figure of 2,900 kr. (£145) per head per annum. The British national income in 1947 was £8,600,000,000, which, divided among the population of forty seven millions gives a rough figure of £183 per head per annum.

Norway may be a poorer country, but she has travelled further on the road towards a fairer distribution of income than Great Britain. The Norwegian Government are of course not satisfied with their progress to date. They still have herculean tasks to fulfil, first and foremost to bridge the gap in their balance of payments and thus to prevent a fall in the standard of living in the coming years. But there is no doubt that Norway provides one of the most encouraging examples in Europe of the attempt to demonstrate that economic planning is compatible with political freedom, that Social Democracy does not inevitably degenerate, as its enemies to the right and the left maintain, either into Communism or into Fascism.

APPENDIX I

Total Exports in 1938 in millions of Swedish Kronor.

<i>Country of Origin</i>	<i>(1) To All Countries</i>	<i>(2) To Scandinavian Countries</i>	<i>(2) as a percentage of (1)</i>
Sweden	1,843.3	299.9	16.2
Denmark	1,331.8	125.6	9.4
Finland	722.2	66.2	9.1
Iceland	50.8	14.1	27.7
Norway	766.0	119.1	15.5
TOTALS	4,716.1	624.9	13.2

APPENDIX II

SUMMARY OF JOINT PROGRAMME AGREED UPON BY THE LABOUR, CONSERVATIVE, FARMERS' AND LIBERAL PARTIES, JUNE 1945

During the occupation there arose a strong desire to preserve during the period of reconstruction the unity and cooperation over and above party divisions which was then such a strength, and on the initiative of the Home Front leadership a committee of representatives of the four large parties was appointed in the autumn of 1944 to study the possibilities of putting forward a joint reconstruction programme which could secure the support of the great majority of the people. Joint negotiations for cooperation on the basis of the programme, which had been produced, began at the end of May 1945, and the following draft of a joint programme, entitled «Work for All», was unanimously approved:

«At the time when our country and our freedom, our community based from old upon law and our whole basis of culture was in deadly peril, we experienced that we were one people in spite of differences in point of view and circumstances and in spite of former struggles. We wish to preserve this experience as a living impulse for the work and life of the people in the Norway of the future.

In Norwegian minds there has been created a community which no power of violence could dissolve. There were none who asked

what party a man belonged to or if he were poor or rich. Every good Norwegian came with his contribution, his fortune and his life, and there was an icy coldness round the little flock who went to the side of the conquerors.

In the shadow of the prisons, concentration camps, and places of execution was created a comradeship of which before we knew nothing, a capacity to hold out and to work together which before we did not know we possessed, so that we finally came to participate in victory with our honour and self-respect intact.

In the light of the tasks of the future, we will call for the same willingness to sacrifice, the same comradeship and the same power to hold out and hold together.

This shall be our thanks to those who fell in the fight — that we make the defeat of dictatorship and brutality into the triumph of democracy and cooperation. Together we won the war — together we shall win the peace.

There will in the future also be parties and differences of opinion among our people. This is indissolubly bound up with freedom. We do not want forced unification; it belongs to dictatorship. But we will use the comradeship of the years of struggle for a joint effort for the country's reconstruction after the war and for fundamental tasks which can make Norway a safe and good home for all.

On this basis we appeal to our people to support the following principles:

Norway shall be governed in accordance with the democratic principles which found their expression in the Eidsvoll Constitution and the further development of government by the people up to 1940. No form of dictatorship must be tolerated.

The personal and political rights, which the Constitution promises to all the country's citizens, must be inviolable, and the Norwegian people must again be able to live in safety in the protection of the law after having gone through the violence, terror, and lawlessness of the occupation period. Everyone shall be able freely to express his opinion and work to further it, and no one must exercise pressure on others' opinions by violence or threats.

All those capable of work shall have the right and duty to work.

Our regained freedom and independence shall be maintained and protected. »

The main points in the programme are as follows:

New Storting to be elected as soon as possible. The new Storting should lower the voting age to 21. New local elections as soon as possible.

Commission to be appointed to investigate the actions of the Storting, the Government, and the civil and military administration before and after April 9, 1940, which will report to the Storting.

Steps to be taken to secure Norwegian supplies, and to rebuild destroyed areas and damaged productive apparatus. No unemployment must be tolerated; all public and private enterprise to be used for reconstruction. Steps to be taken to secure sufficient trained labour. Control over foreign exchange, raw materials and prices, and rationing, to continue until the new Storting has been able to determine basic policy on these questions. Social services to be maintained.

Support to be given to victims of the war and their dependents. Punishment of traitors by legal process.

Economic Policy.

The task of all economic activity is to secure increased production and work for all. The most must be made of all private and public initiative, with good and planned co-operation between the State and private interests, and administration must be suitably reorganised to this end. Industrial Councils should be set up in all industries and there should be a Co-ordination Council to advise the Government on economic, financial, and commercial questions. The State should have its own representatives on these councils, and there should also be representatives of industrial, commercial, and workers' organisations. The Storting should decide the scope of their functions.

Monetary policy must be determined by the needs of the community, and so as to create stability and confidence. Prices, and monetary and credit policy, must be in accordance with economic policy generally.

Development of scientific investigation for industry and economic statistics.

Production Committees, with advisory functions, should be set up in individual enterprises, with the representatives of the workers, employers, and office staffs, to improve production, welfare, and trade training.

Development of the employment exchange system. Wages agreements throughout between employers', workers' and office workers' organisations, so that all disputes can be settled without strikes or lockouts. If trade union organisation is insufficient, wages and working conditions to be determined by the National Conciliator. All public works schemes to pay recognised wage rates.

Taxation policy to distribute burdens fairly on the various income groups, with special reliefs to families with children. Simplification of taxation system, with relief to poorer local authorities. Taxation on current income, and gradual removal of sales tax.

Agricultural policy must give agriculture a position corresponding to that of other occupations. Family ownership of farms to be assured. Increased cultivation of new land and improvement of existing land. Extension of insurance, and marketing organisations. Agriculture to dispense with imported feeding-stuffs as far as possible. Better access for farmers to results of agricultural research. Cooperation in selling to stabilise prices and development of exports.

The shipping and whaling fleet must be brought up to its pre-war size as soon as possible, and so that it is fully capable of competition. Development of shipbuilding and repairing yards. Industrial development must utilise Norwegian resources. The question of iron production must be solved. Norwegian natural products such as timber, fish, ore, etc., must be worked up as far as possible in Norwegian industry.

Development of hydro-electric power and electrification of railways. National plan for transport cooperation. Development of road system.

Social policy.

Development of social legislation so as to make the poor law unnecessary. Unification of social insurance. Reconsideration of children's allowances question. National system of health centres. Standardisation of articles in common use to secure good quality at reasonable prices.

Housebuilding in destroyed areas to have priority. Plans to be worked out to secure adequate housing for all.

A determined policy to encourage temperance.

Church and cultural policy.

The Norwegian Church to remain as a State Church. Unification and co-ordination of school system. Improvement of schools in

country districts. Raising of status of trade schools. Schools should give knowledge on social affairs and train for democratic responsibilities. Opportunities for leisure activities to be developed. Improvement of opportunities of scientific research.

Defence.

Defences to be built up on the basis of war experience. Support to be given to the development of an international security system on a basis of law. In international cooperation the Norwegian Government should work to secure the rights of small nations, fair distribution of raw materials, freedom of shipping and greatest possible international exchange of goods.

Committees should be set up as soon as possible to work out all important reconstruction plans.

A Joint Committee of the parties is to be set up to secure cooperation between them, and to provide opportunity for discussion of proposals put forward by any of them. This discussion should take place before the proposal in question is published, so that it can be investigated whether it is possible to put it forward as a joint proposal from the parties. In this way prestige and other irrelevant considerations can be avoided.

In the Storting election, each party should put forward its own candidates, and can publish its own programme, as well as the common programme. The parties and their papers should argue in a reasonable manner during the election campaign, and should avoid abuse and the rousing of suspicions. Similar arrangements should be made for the local elections.

Statement from the Norwegian Communist Party.

«At the conference on June 19 P. Furubotn pointed out the lack of a clear formulation of the main lines for the country's economic policy. The main line must be to develop the country's productive forces in correspondence with the productive technique made possible by modern science, in industry, agriculture, forestry, fishing and transport. In other words: our people have the great national task: to develop the country's productive forces with the object of satisfying the people's material and cultural needs.

In regard to foreign policy the platform has the same weakness. In our opinion foreign trade or the exchange of goods with

foreign countries must serve the same main lines in the country's economic policy.

With these reservations regarding the platform, it is subscribed by the Norwegian Communist Party.▶

APPENDIX III

Norwegian Labour Party's Election Manifesto, 1945.

The Norwegian Labour Party will devote its energies to the following questions during the period of the next *Storting*. (Note: The *Storting* is elected for a period of four years.)

1. *Reconstruction and house-building.*

The building up with all possible speed of the health and working capacity of the people, and the means of production and communication, in accordance with a unified plan for the whole country. An effective supply policy, together with a just distribution of all goods entering into consumption. Active communal effort for extensive house-building in country districts, centres of industry, and the cities, so that the housing shortage can be done away with, and decent homes secured for the whole population.

2. *Planning and co-ordination in economic life.*

Control and regulation by the community of the banking and credit system, industry, and foreign trade, with the object of securing full utilisation of the country's natural resources, capital and labour. Co-ordination and cooperation between and within individual trades, with the object of utilising all the results of modern research in the service of production. Workers and office personnel to be given a share in the management of industries and concerns so that they can contribute to a greater extent to the increase of production and the efficiency of labour in the country's economic life. By this means also new possibilities should be opened for securing a just distribution of the products of labour.

3. *Work for all.*

The right to work to be made a part of the Constitution. Greatly extended industrial reconstruction and rationalisation of industrial production. The problem of iron and steel production to be solved. Extension of the ship-building industry to secure a speedy

reconstruction of the merchant fleet. Speedy development and extension of our fish refining industry. Further road-building and electrification of railways. Planned extension of electricity supply. More energetic development of forests and modernisation of agriculture.

4. Better living standards in town and country.

The wage-earners' real incomes, which have greatly fallen during the war, must be raised. Price control, taxation policy favourable to families, and other social policies to be carried out, with the object of raising the standard of life of the broad masses of the people. Remunerative prices for timber, agricultural products and fish.

5. Opportunities for Norway's youth.

Increased opportunities for youth in work and trade. All children to be secured education corresponding to their talents and capacities, irrespective of the economic circumstances of their parents. Extension of the schools system, trade training and other popular education.

6. Defence of Human Rights.

The right to work and leisure, the same rights for women as for men throughout the life of the community, freedom of religion and conscience, freedom of organisation, the inviolability of the individual citizen.

7. International cooperation and national defence.

In the consciousness that these human rights can only be made safe in a free and independent Norway, all efforts must be devoted to furthering friendly cooperation with all democratic peoples, while at the same time modern defences are built up, with their basis in the Norwegian people.

The Norwegian Labour Party has during a generation worked for social progress in Norway. Today the party turns to the whole of the Norwegian people and asks for its support for the carrying out of a policy which will create the conditions for:

full production and work for all,
a higher standard of living,
economic and social security,

in a Norway where the democratic rights of the people are assured.

APPENDIX IV.

Percentage of Electorate Voting in Local Government Elections.

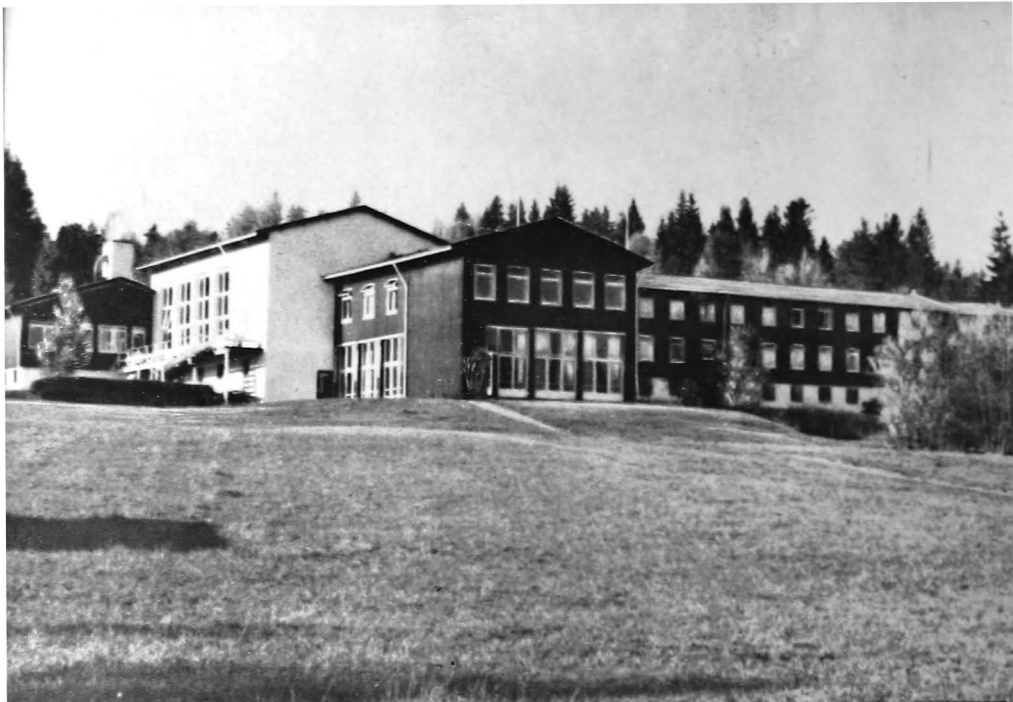
<i>Year</i>	<i>Rural Districts</i>			<i>Urban Districts</i>			<i>Total</i>		
	<i>Men</i>	<i>Wo- men</i>	<i>Total</i>	<i>Men</i>	<i>Wo- men</i>	<i>Total</i>	<i>Men</i>	<i>Wo- men</i>	<i>Total</i>
1901	41.2	9.5	30.1	56.9	48.0	53.3	45.0	20.9	36.2
1907	48.9	19.1	38.3	70.8	62.6	67.1	54.5	33.7	46.5
1910	55.1	26.2	40.4	73.3	61.6	66.7	59.8	36.9	47.7
1913	57.9	30.2	43.7	74.6	64.8	69.0	62.3	40.9	51.0
1916	54.8	30.6	42.4	68.0	60.6	63.8	58.5	40.3	48.8
1919	59.7	37.3	48.1	68.4	58.3	62.6	62.1	44.1	52.5
1922	62.7	40.6	51.4	75.1	67.7	70.9	66.2	49.5	57.4
1925	65.6	46.8	56.0	80.7	75.2	77.6	69.9	56.2	62.6
1928	68.2	50.9	59.4	81.9	77.8	79.6	72.0	59.7	65.5
1931	70.1	52.3	61.1	80.5	74.3	77.0	73.0	59.6	66.0
1934	74.6	58.7	66.6	82.3	77.8	79.8	76.8	65.0	70.6
1937	74.1	60.8	67.8	81.2	78.1	79.5	76.6	66.6	71.4
1945	70.3	56.7	63.5	73.8	67.2	70.1	71.3	60.0	65.5
1947	73.0	62.1	67.6	80.9	77.5	79.0	75.5	67.8	71.6



↑ *The Town Hall, Oslo.*
Official photo.

↓ *The Samfundshuset, Oslo. Co-operative
and Trade Union Building. Off. photo.*





▲ Folk High School and Trade Union
School, Sørmarka. Official photo.

↓ A modern school outside. Oslo.
Official photo.





↑ *Workers' flats, Oslo.
Official photo.*

↓ *Wooden Swedish houses under
construction, Oslo. Off. photo.*





The Lofoten fishing fleet. Official photo.



Power Station, Rjukan.

Official photo.

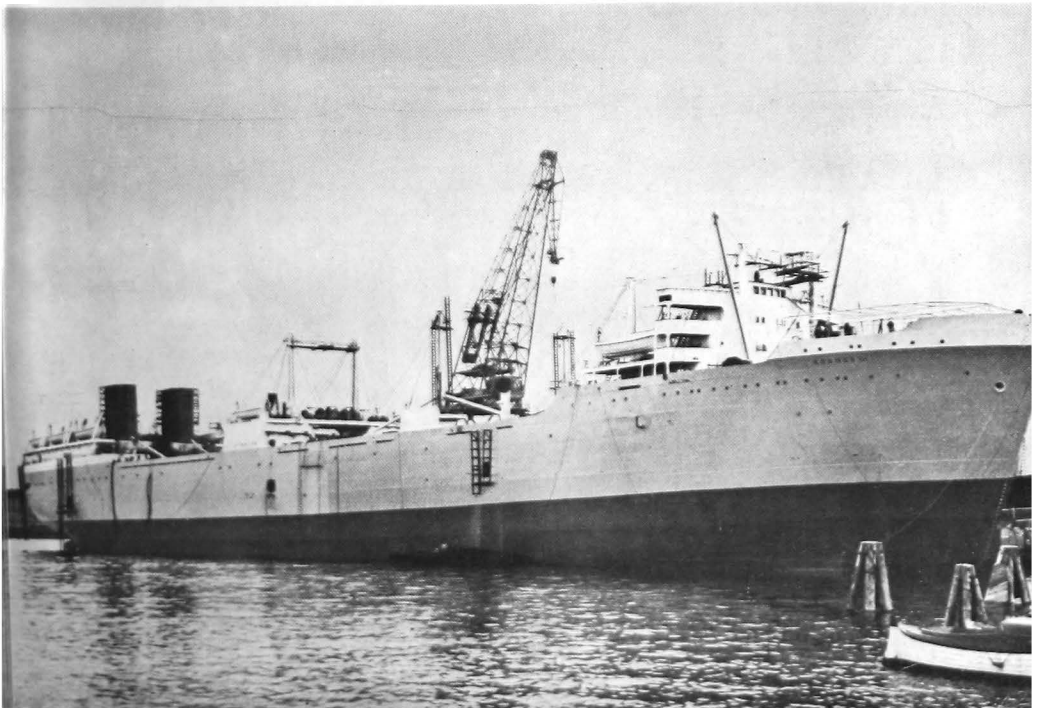


Hydro electric plant, Nore. Official photo.



↑ *Timber.*
↑ *Official photo.*

↓ *Kosmos III, a new whaling vessel.*
↓ *Official photo.*





War-devastated Hammerfest under reconstruction.

Official photo.

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