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The quest for a non-competitive market: Standard oil, the international oil industry and the Scandinavian states, 1890–1939*

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ABSTRACT

This article focuses on the expansion of the international oil majors into Scandinavia in the period before World War II. From 1890, Standard Oil dominated the Scandinavian markets, but gradually the company's hold on these markets was challenged by competitors. The article discusses how Standard oil achieved its market power in Scandinavia, and how the relationship between the company and its competitors, customers, and other stakeholders developed from 1890 to 1939. It also analyses how the Scandinavian governments reacted to the role of international cartels and the domination of large foreign multinationals in a sector that quickly was becoming more and more central to their economic development. The development of the Scandinavian oil markets is a prominent example of how big business actively worked to create uncompetitive markets by exploiting access to capital and control over the value chains. Gradually, this provoked public concern, yet finding the proper way to respond to the market power and the cartel and intra-firm co-operative practices of the mighty oil industry was no easy matter for the governments of small(ish) countries. By provoking public debate, the large oil companies' quest for non-competitive markets proved a powerful incitement towards demonstrating the need for competition laws.

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1. Introduction[1]

No company has done more to inspire competition policies than Standard Oil. Due to its sizable market power, its heavy-handed business tactics and its near-monopoly control over a vital everyday product, the company was a, if not *the*, main trigger behind the U.S. Sherman Antitrust Act of 1890. The act was the first comprehensive law dealing with anti-competitive practices in the world and is arguably the most prominent and influential competition law ever established. It was directed against trusts, a new form of business organisation which had been invented by Standard Oil. The most famous case ever prosecuted under the Sherman Act was the dissolution of Standard Oil in 1911 into 34 different companies.

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*Paper for Special Issue on 'The quest for competitive markets: exploring competition and collusion in theory and practice in historical perspective'

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The story of Standard Oil's run-in with U.S. competition policies is well known. There is a vast body of literature in the fields of history, economics and law on the public and political campaigns to restrict the market power of the oil trust, the creation of the antitrust laws and the effects of the dissolution order on the oil industry.[2] Yet, Standard Oil – although based in the U.S. – had by the end of the nineteenth century become a global company which was as dominant overseas as it was at home. Consequently, it was not only in the U.S. that political authorities worried about the power of the company. How to best respond to the market power of Standard Oil started to be debated in newspapers and parliaments across Europe from the 1890s and onwards. Just as in the U.S., these debates led to political initiatives that would shape the way that different European states dealt with cooperation and competition in key sectors of their economies. However, unlike in the U.S., the debates would soon not only concern the operations of Standard Oil. In Europe, the U.S. company would eventually encounter competitors with significant economic muscle, and, perhaps more importantly, with close ties to different European governments. From the turn of the twentieth century, Standard Oil and the European oil majors at times competed vigorously and at times colluded in international cartels on the different European markets for petroleum products. In Europe, the question of if and how states should regulate the oil industry thus quickly became a question about how to respond to international cartels, and not a predominantly domestic issue as it was in the U.S.

Since few European states actually had oil deposits, the public debates in most states concerned the impact of the marketing operations of the oil majors. Obviously, it was not only in the public discourse that the way the markets worked was important. For any study of international cartels in the oil industry, the marketing stage is central since it was in this part of the value chain that the producers clashed head-on, and it was here that the companies felt the most need for intra-industry regulation of the markets. Due to the fact that oil was a global commodity, it was also in this part of the value chain that the oil majors predominantly interacted with political authorities. While there is an extensive literature discussing the relationship between the large oil companies and the authorities in the oil-producing states where the companies sourced their petroleum, surprisingly little has been written about the operations of the major companies in the markets were they earned the bulk of their profits. In the most recent analysis of the history of the global oil industry, Marten Boon (2019, pp. 469–470) identifies three major historiographical themes: government-business relations and the role of the state, the strategic and military use of oil, and company histories. In the first two themes, the focus is on the high politics of oil, while the company histories are mostly focused either on the upstream stages of oil production (drilling and refining) or on the domestic markets.

This article focuses on the expansion of the international oil majors into Scandinavia in the period before World War II. From 1890, Standard Oil dominated the Scandinavian markets, but gradually the company's hold on these markets was challenged by competitors. After 1907, Standard Oil was recurrently involved in international cartels with its main competitors and the cartel agreements had important repercussions for the Scandinavian markets. In the article, we ask two main research questions. First, how did Standard Oil achieve its market power in Scandinavia and how did the

[2]The sheer amount of scholarship dealing with the history of Standard Oil and the US antitrust law is staggering and merits a full historiographical essay and a footnote can only give a general outline. Starting with Ida Tarbell's explosive exposé of the company from 1904 (*The History of the Standard Oil Company*, McClure, Phillips and Co., (New York 1904)), Standard Oil was propelled into the public eye. Later generations of scholars has maintained an interest in the company. Key works include scholarly biographies of John D. Rockefeller, the entrepreneur behind the company (see especially Nevins (1953) and Chernow (1998). General histories of the company and the US petroleum industry include the three volume history sponsored by the company in the 1950s (*History of Standard Oil Company (New Jersey): volume 1: Pioneering in big business, 1882–1911,* by R. W. Hidy and M. E. Hidy, volume 2: *The resurgent years, 1911–1927,* by G. S. Gibb and E. H. Knowlton, and volume 3: *New horizons, 1927–1950,* by H. M. Larson, E. H. Knowlton, and C. S. Popple). See also Williamson and Daum (1959). The development of Standard Oil is also dealt with extensively by Alfred Chandler in *The Visible Hand: The Managerial Revolution in American Business*, Cambridge, MA: Harvard University Press, 1977. For important studies focusing on economic or legal aspects of the case, see especially George L. Priest, (2012); Elizabeth Granitz and Granitz and Klein (1996); Daniel A. Crane, (2012); Benjamin Klein, (2012); and Bruce Bringhurst (1979).

company's relations to its competitors, customers, and other stakeholders develop? Second, how did the Scandinavian governments react to the role of international cartels and the domination of large foreign multinationals in a sector which quickly was becoming more and more central to their economic development?

Despite its economic importance to the Scandinavian states, there are no previous academic studies on the pre-WWII history of the international oil companies in the region. As such, this article provides new insights into a central issue in Scandinavia's economic history and adds to our understanding both of how the political authorities in Denmark, Sweden and Norway interacted with large multinational companies and the role of domestic economic actors in the operations of large foreign-owned companies. In addition, the study also allows us to gain a better understanding of the evolving relationships between the large international oil companies in this period. Standard Oil and the other international oil majors competed and cooperated across the globe. What happened in Scandinavia was therefore never only about the region, but always had implications for other markets. Conversely, events in other markets had an effect on how the oil companies interacted in the northern periphery of Europe. Adapting one of the overarching arguments that Gregory Nowell (1994, p. 39) has put forward in his study of the French energy policy in the first half of the twentieth century, we argue that the oil companies' local strategies in Scandinavia were heavily tied in with their global strategies, and the developments in Scandinavia were one set of local outcomes in a larger international struggle over the oil market.

Studying the complex relationships between local subsidiaries, multinational parent companies and host societies is methodologically challenging. The archival situation is a key challenge. While there is very good original source material available for the main oil company in Denmark, the archives of the Norwegian and especially Swedish companies are less comprehensive. The main Standard Oil-collection in the US contains only a limited amount of information on the events in Scandinavia. In addition to company archives, the article is also based on archival studies of original government sources from Norway and Sweden, as well as published policy documents created by the Swedish government. Despite being based on original research in five different archival institutions in four different countries, this study cannot pretend to have perfect insight into all events concerning the development of the political economy of oil in Scandinavia. Due to the fact that the level of information is different for the three countries, it is not possible to carry out a comparison of the development in the three states in a traditional sense. However, by following the main events in Denmark, Norway and Sweden it is possible to tease out key similarities and important differences between the countries. The article has a chronological structure, and the three countries come into focus depending on when and where the main events are occurring. This makes it possible to investigate a quite significant timeline within the space constraints of a journal article.

As a heavily archive-based study, the article breaks new empirical ground, but in addition, it also makes a contribution to a more general debate about competition, market control and antitrust policies. As Levenstein (2012) has noted, competitive pressure pushes firms towards long-run equilibrium. Thus, competition is a force that, left unchecked, will leave firms earning zero profits. To 'escape from equilibrium' (in Levenstein's elegant phrase), firms, therefore, attempts to stave of competition in many different ways. This can be achieved through innovation by creating new technologies or new markets, but it can also be achieved through actions to limit competition directly, for instance through collusion with other firms or through other forms of anti-competitive measures. Due to the market power of the main actors in the international oil industry, this industry provides an excellent opportunity to investigate how firms historically have worked to create uncompetitive markets. Building on Levenstein's argument, we add another layer by showing how the success of oil producers in creating uncompetitive markets forced governments to consider intervention in the markets to establish more competition.

2. The rise of Standard Oil in Scandinavia

During the second half of the nineteenth-century, oil became an everyday commodity utilised across the globe. Initially, kerosene, or lamp oil, was the big market, but after 1900 petrol became increasingly important. Already from the 1870s, the industry was dominated by one giant company, Standard Oil, which started out as the world's largest oil refiner, but gradually also integrated both upstream and downstream. By virtue of its control over the flow of US oil, Standard Oil could also control the international markets: before the 1880s the US was in reality the only significant oil-producing state. Overseas sales were very lucrative, and the company benefitted greatly from its near-monopoly position as supplier of oil internationally. In Europe, and in other foreign markets, Standard Oil sold its kerosene in barrels to local wholesale merchants, and it left the marketing to local entrepreneurs. However, from 1883, Standard Oil started to encounter strong competition from new production sites, initially from Russia, but soon also from Romania, Galicia in the Austro-Hungarian Empire and eventually from the Dutch East Indies. Much of the Russian oil was controlled by the Nobel brothers and by the Rothschilds, both of these groups integrated downstream into retail to find customers for their oil products in Europe (Jonker & van Zanden, 2007).

Standard Oil met the new competition by reorganising its retail trade in kerosene. As the company had done a decade earlier in the US, Standard Oil sought out savvy local entrepreneurs to partner with (Hidy and Hidy, 1955, p. 148). The US company contributed oil supplies and capital to develop the marketing structure, while the domestic oil merchants contributed with knowledge of their local markets. Standard Oil bought out or took over European wholesale merchants, and their possession was transferred to new subsidiary enterprises. The reorganisation of Standard Oil's European marketing took place from 1888 to 1892. The company focused on Western Europe (Britain, the Low Countries, Germany, Scandinavia; but also Italy) since the company realised that its Russian and Galician competitors had significant lower transport costs to the other European markets. The Western European markets were also the most profitable, which also played into the equation (Gerretson, 1957, vol. 2., pp. 32–36).

In Scandinavia, Standard Oil's main vehicle was the Danish company *Det Danske Petroleums Aktieselskab* (DDPA). This company was originally an independent Danish firm, established by petroleum wholesalers in Copenhagen in 1888. They teamed up, possibly as a response to Standard Oil's attempt at building a European sales organisation. We do not know where DDPA imported petroleum from in its early years, but in April 1891 it decided to purchase petroleum on a one-year contract from an independent American oil firm, The Bear Creek Co.[3] However, by September that year, DDPA was forced – or enticed – into Standard Oil's sprawling empire. Standard Oil invested around 200,000 USD in DDPA at 135% of par value and ended up with almost a third of the DDPA stocks. In 1899, Standard Oil increased its investments, this time at 142% of par value, and came to control half of DDPA's shares (Schovelin, 1914, pp. 95–131). While the Danish company retained a far-reaching autonomy, the company's board had to sign that they would seek 'advice from Standard in important matters'.[4] By that time, the cooperation with Standard had proved very profitable. Before joining forces with Standard in 1892 DDPA had paid around 10% yearly dividends, this increased to 25% by the mid-1890s and 50% by 1900.[5] Standard Oil's strong market position was thus not only profitable for the American mother company, but also for the local shareholders of the Danish subsidiary. By the late 1890s, Standard Oil's Danish subsidiary had become the dominant player on the Scandinavian petroleum market.

DDPA had started its expansion into the rest of Scandinavia before it teamed up with Standard Oil, but the pace quickened once it had the backing from the American monopoly. The initial

[3]Det Danske Petroleums Aktieselskab's archive, (hereafter DDPA), Boks 3 «Forhandlingsprotokoll» [Board protocol] 1888–1913, Board meeting April 25, 1891. Rigsarkivet [The Danish National Archive], Copenhagen.

[4]DDPA, Boks 3 'Forhandlingsprotokoll' [Board protocol] 1888–1913, Board meeting September 29, 1891. Board meeting October 5, 1899. The quote is from the latter source.

[5]DDPA, Boks 227 «DDDPA 1921–1931 Statusoppgjør og historiske redegjørelser», Folder «Major historical data DDP».

Table 1. Scandinavian oil companies where DDPA had shareholdings.

Name of company	Headquarter city	Year of agreement
Vestlandske Petroleums Compagni	Bergen, Norway	November, 1890
Østlandske Petroleums Compagni	Christiania (today Oslo), Norway	October, 1892
Vestkustens Petroleum Aktiebolag	Gothenburg, Sweden	September, 1895
Skånska Petroleum Aktiebolag	Helsingborg, Sweden	April, 1896
Krooks Petroleum & Olje Aktiebolag	Stockholm, Sweden	June, 1896
Sydsvenska Petroleums Aktiebolaget	Malmø, Sweden	April, 1899

Source: created by the authors on the basis of contracts between DDPA and the Norwegian and Swedish companies, Exxon Corporation archives, box 2.207/K100B, folder: affiliates: Det Danske, 1892-1899, ExxonMobil Historical Collection, The Dolph Briscoe Center for American History, The University of Texas at Austin (hereafter SO).

strategy was to invest in regional petroleum sales companies in Sweden and Norway. The strategy resembled John D. Rockefeller and Standard Oil's expansion in the US. Standard Oil was renowned for its rough business tactics. As Ron Chernow remarks in his biography on Rockefeller, he 'was capable of extraordinary ferocity in compelling submission from competitors. […] Yet, Rockefeller didn't apply this pressure lightly and preferred patience and reason – if possible – to terror. […] The creation of Standard Oil was often less a matter of stamping out competitors than seducing them into cooperation' (Chernow, 1998, p. 162).

Just like its parent company, DDPA gained influence over competitors by using a combination of carrots and sticks. Swedish and Norwegian importers and wholesalers of petroleum knew that it could be costly or impossible to withstand a price war from DDPA and Standard Oil. It would be better to join forces. As a result, DDPA secured minority shares and also exclusive sales contracts with all of the important regional petroleum companies in Sweden and Norway (see Table 1). It is worth noting that Standard Oil's sale of petroleum in Scandinavia was organised by DDPA, not by the parent company itself. This meant that the Danish shareholders were able to profit handsomely from DDPA and Standard Oil's strong market position in Scandinavia.

DDPA's high dividends indicate that competition in the Scandinavian petroleum markets was rather limited. Two court cases give a glimpse into the company's business practices in Denmark.[6] DDPA's wholesalers and retailers were bound to DDPA through long-term contracts. They were not allowed to sell petroleum originating from any other sources than DDPA, they had to follow DDPA's pricing policy and DDPA had the right at any time to inspect their ledgers. If they broke any part of the contract, they had to pay heavy fines, not to DDPA, but to the local poor relief. Supporting charity was probably a wise strategy. This made it harder for disgruntled petroleum merchants to mobilise local opinion against DDPA. As far as we can tell, DDPA succeeded in co-opting its wholesalers and retailers and thereby entrenching its quasi-monopoly. The number of recorded infringements is at least very low. By exerting control over most wholesalers and retailers, DDPA made it difficult for rival oil companies to enter the Scandinavian market. DDPA utilised similar sounding contracts with the Norwegian and probably also the Swedish retailers, even down to the clauses on paying fines to local poor relief.[7]

The control over the Scandinavian markets were not total, however, and the Standard Oil companies were regularly involved in price wars and dumping sales to drive competitors out of business. Mostly these were local retailers who tried to gain a foothold selling oil produced by US independent oil producers or East European producers, but not always. In 1899, Norwegian investors established an oil refinery at Vallø, south of Kristiania (Oslo). This seems to have been a genuinely independent company. The machinery was Austrian and German and the oil was procured from Romania, Russia and from independent American producers such as Pure Oil. The refined products were mainly sold in Norway, but some were also exported to Sweden and Denmark. The Vallø refinery encountered

[6]DDPA, Box 225, '1912 Aftale ml. DDPA og Skandinavisk-Amerikansk Pet,' Folder 'Retsager' and Folder 'Grosserer Otto Larsen'.

[7]For the contracts with the Swedish and Norwegian sale companies: see Exxon Corporation archives, box 2.207/K100B, folder: affiliates: Det Danske, 1892–1899, ExxonMobil Historical Collection, The Dolph Briscoe Center for American History, The University of Texas at Austin (hereafter SO).

technical as well as economic difficulties from the beginning. The technical problems were gradually solved, but the company collapsed in 1905.[8] The source material does not explain why the company went under, but Norwegian tariff policy may have played a part. There was a major revision of industrial tariffs in 1905. Vallø had asked for protection from Standard, but this was denied by the parliament as tariffs would make petroleum products more costly for consumers.[9]

In the fall of 1905, Vallø was refinanced. Østlandske Petroleum now acquired most of the shares in Vallø. Østlandske was a sales company owned by DDPA and Norwegian petroleum traders from the Eastern part of the country. Vallø entered into a sales agreement with Østlandske and later also with Vestlandske, a DDPA-affiliate that covered the markets in Western and Northern Norway. Standard Oil gained pre-emptive rights to sell crude oil to Vallø.

Vallø did in fact retain a degree of independence right up to the outbreak of war in 1914. Some of the original investors in Vallø remained members of the company board. Vallø continued buying crude from non-Standard sources. There were however limits to Vallø's independence. Conflicts flared up when Vallø acquired an oil tanker and when it tried to buy crude from Asiatic (Shell), which was Standard's main competitor in Western European markets. Both steps were evidently considered one too far. Vallø was forced to sell the tanker to DDPA. Vallø's attempts at increasing its autonomy were thus circumscribed.[10]

Vallø's apparent independence may in fact have been a part of a well-thought-out strategy. The fact that Vallø was brought into the Standard-sphere does not seem to have become publicly known. The degree of monopolisation was thus hidden, also from the government. In the spring of 1914, the Norwegian Ministry of Trade made enquires about how the domestic petroleum market functioned. When asked by a Ministry official, the chairman of Østlandske's board, Andreas Lind, stated that Østlandske experienced 'harder competition than ever before.' Vallø was included as one of the competitors.[11]

3. International oil cartels and Scandinavia

However, the real challenge against Standard Oil and DDPA appeared after 1905 in the face of aggressive attacks on the Scandinavian market (or this was at least how the Standard Oil-perceived these attacks). The most formidable of the competitors was the Europäische Petroleum Union (EPU), a consortium consisting initially of Deutsche Bank, Nobel and the French Rothschilds (Gerretson, 1957, vol. 3, p. 88–99). Standard Oil's European competitors had by now realised that the only way to compete with the giant US company was through pooling their resources, and since they controlled significant oil sites in Russia and Romania, as well as marketing outlets in many European countries, these resources were not to be scoffed at. They set up a holding company in Germany which then orchestrated the different holdings of the consortium participants in the different European markets. The EPU was established in July 1906. Yet, it soon became clear that neither EPU nor Standard Oil were interested in cutthroat competition. Both parties had far too deep pockets to believe that they could easily drive the competition out of business. Instead, they engaged in a number of agreements on the division of different markets, on pricing policy, and on ways to reduce transportation costs. We do not have a full picture of the details here, but already from March to July

[8]Styreprotokoll og generalforsamlinger Vallø Oljeraffineri 1899–1905, PA 1536 Esso Norge AS, Statsarkivet i Stavanger. See also *Vallø Oljeraffineri, Jubilæumsskrift 1899–1924*, Kristiania 1924: 29–34. H. Blom Svendsen (ed.), *Sem og Slagen, en bygdebok*, Vol. 2, Tønsberg 1963, pp. 370–371.

[9]Vedlegg til St.prp. 5 1904-1905. Indstilling fra den under 5te September 1903 nedsatte departementale Toldtarifkomité: 249.

[10]Generalforsamlinger og bilag til generalforsamlinger Vallø Oljeraffineri 1905–1933, PA 1536 Esso Norge AS, Statsarkivet i Stavanger. See also PA 1533 Vestlandske Petroleumscompagni archives, box Ea 3, folder «kontrakter og korrespondanse 1904–1915», Statsarkivet i Stavanger (hereafter VPC).

[11]Riksarkivet [The Norwegian National Archive], Handelsdepartementets arkiv, Box 214 Diverse, Folder «Petroleumsmonopol 1912–1914». The quote in Norwegian: «konkurransen er verre end nogensinde». Andreas Lind also mentioned Norsk-amerikansk Petroleum Company (NAPCO) as a competitor. However, by that stage, the Standard-companies were also controlling NAPCO. This company had previously been controlled by the American independent Pure Oil.

1907 EPU and Standard Oil came to agreements on how to operate in the Belgian, Italian, Maltese and Tunisian markets.[12] The speed with which the two producer groups were able to reach far-reaching agreements is indicative of how important it was for the producers to work out settlements.

In Scandinavia, EPU organised their interests in a new subsidiary company called *Det dansk-tyske petroleumskompagni* (the Danish-German petroleum company). As in other markets, EPU used their subsidiary to get an agreement with Standard Oil. By March 1908, the Scandinavian markets for kerosene had also been divided between EPU and Standard Oil. In recognition of the US company's strong position in the North of Europe, DDPA and its Swedish and Norwegian subsidiaries would stay in control in Scandinavia. The EPU would thus not sell directly in these markets, but would rather supply DDPA with a set quota of kerosene which the Danish company would distribute on the Scandinavian markets. To stay out of Scandinavia, EPU would receive 10% of the net earnings of the Swedish and Norwegian companies. DDPA's subsidiaries in Sweden would also be allowed to utilise EPU-owned plants and installations (in Norway EPU apparently did not have any subsidiaries).[13]

A different kind of challenge came from the Danish cooperative movement. The cooperatives played a stronger role in Denmark than in most other societies. The leader of Fællesforeningen for Danmarks Brugsforeninger (the federation of cooperative stores), Severin Jørgensen, was an ardent ideologue, a nationalist and strongly against monopolies (Drejer, 1981, pp. 256–259). For him, nationalism and anti-monopoly sentiments were two sides of the same coin. Denmark should get rid of the foreign Standard Oil-trust and its domestic lackey DDPA. Such companies could undermine Denmark's economic independence. He ended one of his many diatribes against Standard Oil with the slogan: 'We want to be a free people in a free country'.[14]

In order to combat DDPA, Jørgensen allied himself with a new oil company, the Skandinavisk-Amerikansk Petroleum Aktieselskab (SAPA). SAPA was organised by a group of Danish investors and the independent oil company Pure Oil, which was Standard Oil's main American rival. In addition to Denmark, SAPA also expanded into Sweden and Norway. However, SAPA had a limited capital base. Establishing an efficient distribution system was costly and SAPA did not manage to withstand DDPA's dumping sales. Jørgensen's power within the cooperatives was also limited as the movement was very decentralised. Local cooperatives were thus tempted to buy cheap petroleum from DDPA, notwithstanding Jørgensen's repeated warnings that they would suffer from the effects of monopoly in the long run.[15]

DDPA won the fight against SAPA and the federation of the cooperative stores. However, victory was marred by a public-relation disaster. After a rather malign feud in the Danish press, Jørgensen sued DDPA's manager Christian Holm for slander and defamation. Holm was forced to confirm that he had offered to bribe several leaders of local cooperatives as well as threatening Jørgensen and falsely accused him of accepting bribes.[16]

In 1909, a parliamentary debate revealed strong animosity against Christian Holm, DDPA and Standard Oil. Tariffs on petroleum were substantially reduced. This was an important social issue as petroleum was an important household good, especially in rural areas (for light). However, several speakers, among them the Minister of Finance, Edvard Brandes, argued that consumers would probably not profit that much, as DDPA and Standard Oil would reap the benefits. As one prominent conservative representative, the economist Lauritz Birck, remarked, '[the tariff reduction] is a gift

[12]This is based on contracts between EPU and Standard Oil found in SO, box 2.207/K100B. It is likely that there were contracts regulating other European markets but these have not been kept in this collection.
[13]DDPA, Letters and contracts concerning contract between DDPA and EPU, dated April 14, 1908, in SO, box 2.207/K100B, and DDPA, Boks 227 «DDPA 1921–1931 Statusoppgjør og historiske redegjørelser», Folder «A recapitulation of principal data regarding SAPA»
[14]DDPA, Box 225 '1912 Aftale ml. DDPA og Skandinavisk-Amerikansk Pet,' Folder 'Fællesforeningen, Krigen mot DDPA 1904–1907'. Manifesto (with no date) «Til alle virkelige Andels- og Brugsforeningsfolk».
[15]DDPA, Box 225 '1912 Aftale ml. DDPA og Skandinavisk-Amerikansk Pet,' Folder 'Fællesforeningen, Krigen mot DDPA 1904–1907'.
[16]Same place. See also *Andelsbladet* 1904, no. 42.

to our dear friend Mr. Rockefeller […].' One of the Social Democrats went further and denounced DDPA's manager Holm as a man 'who had taken the first steps on a criminal path.'[17]

However, the opposition against DDPA was not strong enough to trigger any regulatory action against its use of market power. This would have required new legislation. However, when possible DDPA and its affiliates tried to use the existing legislation against potential competitors. In 1907, the Norwegian Vallø-refinery demanded that SAPAs Norwegian affiliate should be denied the necessary concession to operate in Norway. Vallø's main argument was that SAPA 'would transfer a foreign competition to Norwegian soil […] based on absolutely false conditions.' This was – to say the least – an innovative way of employing the concession law. The aim of this legislation was to avoid foreign domination of the Norwegian enterprise – and above all to limit monopolistic enterprise. Vallø did not succeed, but it did manage to delay the concession process and possibly also SAPA's entry into the Norwegian market.[18]

It seems that DDPA's position in Scandinavia became more entrenched after 1910. The company acquired two of its main Scandinavian competitors in 1911 and 1913, among them the above-mentioned SAPA. Pure Oil sold out all of its European holdings in 1911, not to Standard Oil, but to a number of private investors who also happened to be directors in Standard Oil. By cloaking the purchase in this manner, Standard Oil operated Pure Oil's European subsidiaries as nominal competitors – at least in the public eye – for a while. A later source indicates that DDPA may have had 85–100% of the market for different petroleum products in Denmark, 80-100% in Norway and 60–84% in Sweden (however, as we have seen part of this was, in reality, EPU-produced kerosene which the companies sold on behalf of EPU).[19]

As the debacle with the Danish cooperative movement illustrates, it was in periods when the established market positions were under threat that it was most likely that situations could arise which created public interest and political debate. This was also the case in Norway. To meet the threat from EPU and Pure Oil, the directors of Standard Oil decided that the company needed to take firmer control over the Scandinavian companies. To do that, they wanted to increase the share capital of the companies. Standard Oil first increased the share capital of DDPA, with all of the new shares (paid for at 160% of par value) going to the US company, and then DDPA used the new share capital to increase its holdings in the Swedish and Norwegian companies. In most instances this went without a problem, the old shareholders were paid a record dividend to sweeten the deal, but problems arose in Vestlandske Petroleums Compagni in Bergen.

When Standard Oil's F. D. Asche and DDPA's Christian Holm came to Bergen in March 1910 to forcefully argue to Vestlandske's domestic investors why reorganisation was needed, they did not mince words and clearly painted the picture of what would be the consequence if they did not get what they wanted. In short, Standard Oil would drive them out of business if they resisted it.[20] Some of the local shareholders did not appreciate the message, and their dissatisfaction found its way into the local press, and, in turn, the case was taken up by some leading politicians in the Norwegian Parliament. This was possible because in order to have the Danish Holm elected as a member of the board of directors of the company, it was necessary to have a government concession. This would normally have been easily obtainable, but it was now a hot political issue. When it was revealed that Vestlandske in the concession application had not revealed how dominant Standard Oil would be in the new company after the share capital increase (the application had been submitted just before the plan to increase the share capital was made public), the general feeling in the Parliament was that they had been duped. As several newspapers

[17]DDPA, Box 289 'Jubileumstelegrammer 1914–1939,' Folder 'Papirer vdr. Æresskjænderiet i Rigsdagen nov 1909». The parliamentary debates on the tariffs were held on November 5, 6 and 11 1909. Birck held his speech on November 6.

[18]Riksarkivet [The Norwegian National Archive], Industridepartementets arkiv, Oljekonsesjoner 1907–1945, Boks S-41201, Mappe «Oljekonsesjoner Norsk-Amerikansk Petroleum Co., 1907».

[19]DDPA, Box 35 'Dir. Chr. Holm Forretningsbreve 1914–1936,' Letter from Holm to Asche 11.09.1918.

[20]Memorandum on recent developments in VPC, unsigned, dated April 16, 1910, VPC, box Ea 2, folder «585.1.3. Andre».

continued to keep the issue alive, Holm gradually realised that it would now be difficult to get a concession, so he very reluctantly withdrew his candidature from the board of directors.[21]

Although the outcome did not really change realities, the debate revealed the serious distrust that many Norwegian politicians harboured towards Standard Oil. This perception of the oil trust was not purely based on what they had experienced in Norway, but was also influenced by the reports from the US about the antitrust case against the company (which was as yet undecided), and by reports from the behaviour of the company in other European countries (especially in Austria-Hungary where the Galician oil producers supported by the Imperial government had taken on Standard Oil and in Germany, where the authorities had started to discuss whether a state oil monopoly would be preferable to the dominant position that Standard Oil had in that country). Norwegian authorities closely followed the development in Germany.[22] In fact, during the parliamentary debate over DDPA's investment in Vestlandske, several MPs aired the idea that Norway should consider establishing a state petroleum monopoly.[23]

In Sweden, the Standard Oil subsidiary Vacuum Oil Company, which sold lubrication oil, was at the same time embroiled in a scandal of its own. Already in the spring of 1907, there had been allegations that the company had bribed Swedish navy officers to get contracts for supplying the Swedish navy.[24] The accusations led to a major investigation of the procurement policy of the Swedish armed forces. Three years later, the appointed commission concluded that Vacuum Oil Company had indeed paid bribes. While the company was not found guilty of criminal offences, the image of the company did suffer.[25]

But by that point, a new and very well-organised challenger had already emerged, namely Royal Dutch/Shell. By 1912–1913 it established subsidiaries in all three Scandinavian countries. Shell took over the installations originally set up by Indian Refining Company; a US independent producer based in Indiana which attempted to break into the European market after 1910, but which was outcompeted by Standard Oil.[26] It was actually Standard Oil subsidiaries which had purchased the Norwegian and Swedish installations from Indian Refining Company.[27] It is as yet unclear how these installations ended up with Royal Dutch/Shell. Standard Oil must obviously have known that they sold to Shell; did they think it strategically right to have a competitor in the Scandinavian petrol market? Was it tied to agreements on divisions of other markets? While Shell had only limited market shares in the beginning, it had access to stable supplies of oil, and an expertise in the petrol market, which it utilised to grow its position in Scandinavia.

As Table 2 shows, the imports of petroleum products to Scandinavia grew significantly from the end of the nineteenth century, and into the 1930s. Throughout the period, Sweden was always the biggest importer, at times being larger than the combined Danish and Norwegian imports. The table also shows how dramatic the effect of World War I was on the Scandinavian markets, but with significant variation between the three countries. Denmark was much harder hit than Sweden, and with Norwegian imports being much less reduced than the other two countries. The variation was down to the different outcomes of negotiations between the governments of the Scandinavian countries and the allied powers, especially the US in 1917, about how much oil each country would be allocated.

[21]This is based on letter from Holm to the directors of VPC, April 21, 1910; letter from Sofus Arctander, Minister for Trade, Shipping and Industry, to VPC, May 18, 1910; both from VPC, box Ea 3, folder: 'Korrespondanse 1908–1934'; and the concession case in the archive of the Ministry of Trade and Industry (Handels- og industridepartementet), Sosialkontoret, box 81, concession cases permanent property (fast eiendom), 1907–1912.

[22]Riksarkivet, Handelsdepartementets arkiv, Boks 214 Diverse, Mappe «Petroleumsmonopol 1912–1914».

[23]Norwegian parliament records 1910, vol. 5d, Dokument nr. 61 and vol. 7, pp. 908–913, 2756–2778 and 3043–3053.

[24]*Farmand*, December 4, 1909, «Vacuum Oil Company», pp. 918–919.

[25]YK 219: Kommissionen för undersökning av förhållanden inom rikets försvarsvesen, Rapport Del 1 ang. oljeleveranser til Kungl. Flottan, Riksarkivet [Swedish National Archives]. See also *Farmand*, February 12, 1910, «Vacuum Oil Co. Et Forsvarsskrift», p. 101.

[26]*Farmand*, December 21, 1912, «Petroleumshandelen i Norge», p. 1002.

[27]Østlandske Petroleums Compani Archives (hereafter ØPC), contract between I. T. Weitzmann, European representative of 'Indian Refining Company,' and DDPA for the sale of all shares of Indian Refining Company in their Swedish and Norwegian subsidiaries to DDPA, Copenhagen, August 17, 1912, box Ea 1, folder 'Indian Refining Company 1911–1912,' PA-1534, Statsarkivet i Stavanger.

Table 2. Imports of petroleum products to Sweden, Denmark and Norway 1895–1935 in metric tons.

	Sweden	Denmark	Norway
1895	59.000	33.000	28.000
1905	105.000	59.000	44.000
1915	149.000	120.000	73.000
1918	40.000	18.000	31.000
1925	302.000	299.000	196.000
1935	931.000	589.000	473.000

Sources: Historisk Statistik för Sverige, Del 3, Utenrikshandelen 1732-1970, Statistisk Årbog (selected years), Norges Handel (selected years).

4. The war years: increased government scrutiny

By the outbreak of war in 1914, the concentration of market power in the petroleum markets attracted increasing criticism. Scandinavian politicians were well-aware of the antitrust proceedings against Standard Oil in the US. During the war, public acceptance of state intervention in the marketplace substantially increased. While most wartime economic regulations were scaled back in the early 1920s, public opinion had become more critical towards laissez-faire policies and big business, not the least towards foreign-owned big business (Boje & Kallestrup, 2004, pp. 37–95; Sanders, Sandvik, & Storli, 2019, pp. 45–62; Sandvik, 2018, pp. 185–217; Thomsen, 1991, pp. 199–256).

Despite the problematic public perception of Standard Oil's successor companies, the Norwegian government in 1917 actually intervened to tie the Norwegian oil companies more directly to Jersey Standard (the Standard Oil-successor which inherited the international business when the company was broken up in 1911). The intervention was connected to the new geopolitics created by the world war, especially after the US entered the war. In March 1917, the Norwegian oil companies, which of course based their operations on supplies of US oil, received stern warnings from the US authorities that no funds must reach enemy countries. Even though Norway was neutral in the war, the Norwegian oil companies could not have anything to do with German companies if they wanted to have access to US oil. This was problematic for the Norwegian companies for one reason: the EPU agreement, which apparently was still standing (the original contract stipulated that it would be valid until the end of 1918). Since the original EPU holding company was set up in Germany, the Norwegian companies started to argue to DDPA and director Holm that they could no longer credit funds to the EPU, which sparked a controversy with the Danish director, who did not accept the stance of the Norwegian companies.[28]

In November 1917 the conflict came to a head when the Norwegian government declared that for 'political and national reasons' Norway did not accept that it got most of its oil supplies through Denmark and DDPA (which had been the system since 1892). It was unacceptable that a foreign company which did not even produce the commodity should have full insights and control over the supplies of a sovereign country. The Norwegian government warned the Norwegian companies that if this did not change, the country would set up a state monopoly for importing oil. This created a huge argument between Holm on one hand, and the Norwegian oil company directors on the other. In the end, Jersey Standard accepted that oil would go directly from the US to Norway, outside of the scope of DDPA, and that when the war had ended, the Norwegian companies would be put under the direct control of the US company, and that DDPA would step away from the Norwegian companies. In 1919 a deal was struck in London between DDPA, the Norwegian oil companies and Jersey Standard, which made the Norwegians independent from Denmark (but still very much controlled by Jersey Standard of course).[29] In the following year, Jersey Standard also acquired DDPA's shares in the Swedish distribution companies (Öhlberg, 2007, p. 27).

[28]This is based on ØPC, box Ea 3, folder: «Korrespondanse med Det Danske Petroleumsselskab, Standard Oil Company og norske myndigheter, 1917–1918.»

[29]This is based on ØPC, box Ea 3, folder: «Korrespondanse med Det Danske Petroleumsselskab, Standard Oil Company og norske myndigheter, 1917–1918.»

5. No easy options: the question of government intervention in the interwar era

There was no obvious way of regulating mighty foreign-owned companies that sold imported products. In the interwar era, the three Scandinavian countries came to follow different strategies with regard to the concentration of market power in the oil business.

In the aftermath of the First World War, both the Norwegian and Swedish authorities considered setting up state oil companies. However, the Swedes abandoned their plans already in 1920. They found the economic risks too high and they also feared countermeasures from oil-producing countries. In addition, government officials also noted that the oil market appeared to become more competitive, thus reducing the need for the state to step in.[30]

The original Norwegian plans stalled for the same reason, but they soon resurfaced in a different shape. In 1921–1922, the minister of supplies, Rasmus Mortensen, supported a rather ingenious proposal to alter market structure in the oil industry, without incurring excessively high costs for the state.[31] The plan was to establish a relatively small oil company with a share capital of only c. 5 million kroner (approximately £ 200,000). The state was to acquire 75% of the shares, the rest was to be owned by cooperatives, farmers' organisations and private Norwegian interests. The aim was explicitly not to establish a state monopoly, as this would have required far higher investments, but to use the new company as a tool to reduce monopoly power and to create more competition in the oil business. The possibility of future investments in the possible, but not yet discovered oil fields in Northern Norway and Spitsbergen was also raised. However, it seems that the plan was shelved in 1922, just as the government was about to submit it to the parliament for approval. The proposition to Parliament was printed, but as far as we can see not formally submitted. In the copy which we found in the archive (see footnote 30) the proposition number was erased, so was the date the issue was discussed by the cabinet. We don't know why this came to nothing, but at roughly the same time, enormous losses in wartime state-run companies came to light, probably making a new state-led company a hard sell.

As in Sweden, Norwegian policymakers probably also noticed that Standard's Scandinavian monopoly seemed to be disintegrating. Shell had entered all the Scandinavian markets just before the war and scaled up its operations after the hostilities ended. In 1920–1921, British Petroleum established joint ventures with domestic investors in all three countries. Texaco also made investments in Denmark and Sweden in the 1920s and in Norway from 1930. In the late 1920s, the Soviet-owned Nafta-syndicate started selling petroleum in Sweden and Norway, it also tried to enter the Danish market (Norsk, 1950, pp. 106–114; Strandskov & Pedersen, 2008; AB Svenska Shell, 1962, p. 5).

Before 1914, Standard Oil resorted to aggressive price wars to keep competitors out. In the 1920s, this was more difficult, maybe because the new challengers were too strong to be easily beaten. Our knowledge of the Scandinavian oil markets in the 1920s is unfortunately far from comprehensive. We do however have two important sources which give insight into the relationship between the companies selling petroleum products on the Scandinavian markets. The board protocol of British Petroleum's joint venture in Norway shows that the oil companies entered into several price-fixing agreements. The settlements seem however to have been rather fragile, and there were several complaints about other companies selling below the agreed prices. The BP-board also noted the strong rivalry between Standard and Shell.[32] It seems that Shell emerged as Standard's strongest competitor in Scandinavia. This also comes to light in a Norwegian government source. In 1926, Shell applied for a permit to build an oil refinery southeast of Oslo. A domestic producer of soap and industrial fats (Lilleborg) protested against Shell's plans as it feared potential future competition from the Anglo-Dutch company. Shell for its part strongly indicated

[30]Kommerskollegiet utredning: Komersielle Meddelanden nr. 3, 1920.

[31]Prisdirektoratets arkiv, Boks D-0002, mappe «Oljekomiteen», Riksarkivet Oslo.

[32]Norsk Oljearkiv, PA 1544, Norsk Brændselsolje, Direksjonsprotokoller. Board meetings February 24, 1925, 14.04., 06.05., 04.11, and November 30, 1926, September 22, 1927 and June 11, 1928. The conflicts [mange Rivninger] between Standard and Shell was mentioned in the meeting September 22, 1927.

that Lilleborg acted on behest of Standard. Nevertheless, Lilleborg (and possibly Standard) managed to delay Shell's plans by almost three years.[33]

Norway introduced legislation against abuse of market power in 1920, 1922 and 1926. The so-called Norwegian trust law from 1926 regulated cartels as well as market-dominant enterprises and monopolies (Espeli, 2016). Dumping sales and predatory pricing were explicitly forbidden. Rapidly, the new Trust Control Agency became known as very vigilant, especially when confronting foreign-owned big business (Sandvik, 2010; Sandvik & Storli, 2013). In the spring of 1927, the Trust Control Agency asked the oil companies to submit detailed information of their prices, distribution systems and cost structure. The companies coordinated their responses and presumably did their best to obfuscate and delay the case.[34] They probably succeeded, as the Trust Control Agency took no regulatory action. However, in 1928, the oil companies were caught *in flagrante*. Some merchants in Kristiansand in Southern Norway started importing gasoline from sources independent of the major international oil companies. Østlandske (i.e. Standard), Shell and BP responded by reducing their prices in Kristiansand by 20%. The local merchants complained to the Trust Control Agency, which concluded that the three large oil companies had broken the law. No further incidents of predatory pricing were recorded by the Trust Control Agency in the interwar years, a fact that indicates that the oil companies thereafter operated within the legal parameters. The trust law may thus have made it easier for newcomers to establish themselves in Norway.

Sweden also introduced a cartel law in 1926, but it was less strict as well as less vigorously enforced (Sandvik & Storli, 2011, p. 233). In Sweden, at least one instance of predatory pricing is recorded. In 1926, as a reaction to high petroleum prices, Swedish taxi drivers set up a national cooperative for car owners, *Bilägarnas Inköpscentral* (IC). At first, IC bought gasoline from a small independent importer, but the importer was – according to IC's telling of the story – hit by 'ruthless dumping sales and price wars' (Kjellberg, 1939, p. 17. The Swedish original quote is: «en hänsynslöst utnyttjande av dumpingvapnet»). The importer was brought to his knees, but IC managed to secure supplies from a Hamburg oil trader. However, the gasoline had to be imported in barrels and the unit costs were high. In 1929, IC started buying gasoline from the Soviet Union, unit costs were brought down, the business was scaled up and IC started capturing market shares. One of IC's main selling points was its 'trustfree gasoline,' but its competitors hit back, accusing it of selling 'Bolchevik-bensin'.

Lured by the high-profit margins in the oil business, Axel Ax:son Johnson, one of Sweden's leading industrialists and ship-owners, started constructing an oil refinery at Nynäs just south of Stockholm in 1928 (De Geer, 1998, pp. 103–112; Hedengren, 2003, pp. 10–17). Nynäs was Sweden's first refinery and the second in Scandinavia. At the outset, asphalt was the main product, but output of gasoline and lubricants increased over time. In order to secure market access; Johnson also established his own chain of gas stations. Johnson was an adroit and well-connected businessman. It is very likely that he enjoyed some support from the Swedish government. He did not rely on the major oil companies for supplies but purchased crude oil from the New York trading company Harvey Carter. However, just as the refinery came on stream in 1930–1931 Sweden was hit by the great depression.

In 1928, the global oil companies came to an understanding in the so-called Achnacarry- or As is-agreement. They agreed on pricing policy and how to divide the markets outside the US. In Sweden, a later state inquiry documented that the oil companies, including the domestic Nynäs, came to a comprehensive settlement in 1931. The following year the Soviet oil exporting firm joined agreement. This meant that the cooperative IC was cornered and had to join the cartel. Competition was thus curtailed (SOU, 1947, pp. 167–168). It is claimed that Swedish gasoline prices afterwards

[33]Riksarkivet [Oslo], Industridepartementets arkiv, Oljekonsesjoner 1907–1945, Boks S-41201. Shell finally got government permission to build the refinery in February 1929. In the end, the refinery was never built, possibly because of the advent of the Great Depression.

[34]Norsk Oljearkiv, PA 1544, Norsk Brændselsolje, Direksjonsprotokoller. Board meeting May 5, 1927. We have so far not found anything on this case in the Trust control Agency's archive.

spiked by more than 30% (Ehrenborg, 1933, pp. 3–4). This happened at the same time as international gasoline prices were falling due to the Great Depression.

A later investigation documented that the oil companies cooperated very closely (SOU, 1947, pp. 181–216). The companies monitored prices and rebates meticulously. They also coordinated their bids for government contracts, trying to make the oil market appear competitive. Company representatives met weekly, sometimes more often, and discussed sales and marketing operations in considerable detail.

While the extent of the collusion was unknown at the time, the price increases in 1931 and 1932 provoked many politicians as well as large parts of public opinion. The price increases happened at the same time as the centre of gravity in Swedish politics moved to the left. The Social Democratic Party emerged as the winner of the parliamentary election in September 1932, albeit it did not achieve an absolute majority in the parliament. In the following years, the Social Democratic government appointed three committees to examine the oil market. The question was to find the best way forward, in order to reduce market power and enhance efficiency in distribution. All three committees concluded that Sweden should establish a state import monopoly. The third committee, which submitted its report in 1936, also recommended that Sweden should set up a state distribution monopoly.[35] However, the Minister of Finance, Ernst Wigforss, expressed doubts, as he feared that the international oil companies might punish a government monopoly, denying it access to sufficient quantities of petroleum at competitive prices.[36] A nationalisation would also be costly, as the oil companies had invested substantial sums in storage tanks and the distribution systems. This had to be compensated. Furthermore; nationalisation was strongly opposed by the non-socialist parties as they feared it was a precursor of more wide-ranging nationalisation of Swedish business. When the Social Democrats established a coalition government with the Farmers Party after the election in 1936 the matter was put to rest (Wigforss, 1954, pp. 73–75). However, it seems that the oil companies responded to the public criticism and the potential threat of nationalisation by slightly reducing prices. By the late 1930s, Swedish petroleum prices (adjusted for taxation) were somewhat lower than in most other European countries.[37]

At the same time, taxation and other types of government interference increased. This had started in the 1920s. In 1924, taxes on gasoline was introduced, they were increased in 1929 and several times in the 1930s. The government also tried to promote self-sufficiency. In the early 1930s, the Swedish navy acquired and started developing the oil shale deposits at Kinekulle northeast of Gothenburg (Näsman, 2014, pp. 17–24). Another strategy was to back domestic production of ethanol, which could be added to the gasoline. Sweden could potentially become a large producer of ethanol, as it was a by-product from the paper and pulp industries. Ethanol was exempted from gasoline taxes in 1924. In the following years, production increased, but it only amounted to a fraction of Sweden's gasoline consumption (Ekerholm, 2013).[38]

The Norwegian government also supported the development of the domestic production of petroleum. The plans were based on coal from Spitsbergen (of which Norway was granted sovereignty after the first world war). In the early 1920s, optimists hoped that Norway not only could become self-sufficient with petroleum, it could also become an exporter of oil. Several major Norwegian companies were at different stages involved in the development work, but it was hampered by technical challenges as well as lack funding. However, the timing could not be more unfortunate. Massive state deficits came to light in the early 1920s. Profligate spending was replaced by stern austerity policies. This meant that expenditure on industrial pipe-dreams were cut back. However, the aspiration of creating coal-based domestic oil production survived and were brought forward again in the second

[35]SOU: 1933: no. 25, Betänkning angående ordnande av avsättningsforhållande inom riket tillverkad sprit m.m., SOU 1935: no. 61, Betänkning angående ordnande av import- och partihandlande å brännoljor, SOU 1936: no. 45, Rationaliserings- och ersättningsfrågor i samband med ifrågsatt införande av statligt brännoljemonopol utredning.

[36]Riksarkivet [Stockholm], YK 752, Sakkunniga ang. inrättande av et statligt import- och partihandelsmonopol å brännoljor, 1934. Copy of a confidential letter from Ernst Wigforss 02.11.1934.

[37]SOU 1935: no. 61. SOU, 1947: no. 14, *Handeln med olja*: 160 and 181–216.

[38]SOU: 1933: no. 25, Betänkning angående ordnande av avsättningsforhållande inom riket tillverkad sprit m.m.

half of the 1930s (Andersen & Yttri, 1997, p. 57 and p. 131–133). While the dream was never fulfilled, it showed a persistent wish not just of gaining independence from the international oil companies, but also to capture a share of the profits of the oil industry.[39]

The development in Denmark followed a different path than in Norway and Sweden. We have not found any political attempts in the interwar era at limiting the market power of the major oil companies. We are not yet able to fully explain why Denmark differed in this regard. As shown by Per Boje, it seems that the public sentiments towards cartels and monopolies were broadly similar in Denmark as in the neighbouring countries. However, a law restricting cartel and price agreements was only adopted by parliament in 1937 and it does not seem to have had much effect before the outbreak of war in 1939 (Boje & Kallestrup, 2004; Thomsen, 1991, pp. 226–256). A Norwegian-style anti-trust approach was therefore not possible. Neither was state monopoly seriously discussed. While there exist no comprehensive price statistics for petroleum products; a Swedish government report indicated that the gasoline prices were somewhat higher in Denmark in 1937 than in Norway and Sweden (adjusted for taxes).[40] The prices were higher even though distribution costs must have been lower in the more densely populated Denmark.

6. Conclusion

Oil arguably was the most important commodity of the twentieth century. No modern society could function properly without the commodity; from the mid nineteenth century it was the main source of illumination, and it gradually became a central source for fuel and for heating. The whole time it was absolutely essential for lubricating the machines that drove economic modernisation. At the start of the twentieth century, the Scandinavian states were becoming increasingly reliant on oil, but since no domestic deposits had been discovered, the region depended entirely on imports. As the article shows, these imports were controlled by foreign multinational companies, foremost amongst them Standard Oil. This large US company quickly established a strict hold on the Scandinavian markets. When the company decided to set up subsidiaries in Denmark, Sweden and Norway, Standard Oil rapidly either enrolled local entrepreneurs into their organisation or pushed them to the side. As in other markets, the US company was seldom unwilling to exploit its market power and deep pockets to keep competitors out of Scandinavia, and Standard Oil was initially very successful in this strategy. The modus vivendi that the company established with EPU in 1907 did not wrest control over the Scandinavian markets away from Standard Oil. However, starting with the entry of Royal Dutch/Shell in 1912 and BP in 1920/21, rival companies were able to get a foothold in Scandinavia. Yet, these entries must be understood in light of the overall development of the industry, and in light of the relationship between the major companies at an international level. What happened in Scandinavia was often a reflection of agreements that had been made between the headquarters of the big companies.

Yet, as the article shows, corporate strategy as devised by the managers of a parent company, this is not necessarily always followed slavishly by subsidiaries. The managers of the different Standard Oil subsidiaries exercised considerable agency. One of the reasons why they could do this was that the US company depended on the local know-how and political clout of their local managers to be able to operate successfully in these markets. The significance of this point is well illustrated by what happened during World War I when the Danish director of DDPA lost control over the Norwegian subsidiaries due to a conflict which partially was provoked by domestic politics in Norway, and probably partially because of a difficult personal relationship between the different Norwegian directors and DDPA's main man.

The development of the Scandinavian oil markets is a prominent example of a historical process where big business actively worked to create uncompetitive markets by exploiting access to capital and control over the value chains. As in other parts of the world, large oil companies such as

[39]Riksarkivet [Oslo], Handelsdepartementets arkiv, Industrikontoret, Box Do-L0007 Kings Bay Kullkompani AS, Folder «Analyser første oljeutvinningsforsøk». Folder «Forsøk med oljeutvinning Kings Bay». Folder «Oljeutvinning Kingsbaykull 1926–1928».
[40]SOU, 1947: no. 14, *Handeln med olja*: 160.

Standard Oil were able to take action to aggressively limit competition in the Scandinavian oil markets. Gradually, this provoked public concern and by 1910 there were political debates in all three Scandinavian countries about how to respond to the market power of Standard Oil. There was no easy way of regulating foreign-owned companies which sold imported products. In both Norway and Sweden, the need to establish a state petroleum monopoly was debated intermittently for several decades, without being put into practice. Instead, the political authorities in Norway and Sweden settled on more limited actions to regulate the oil markets. Finding the proper way to respond to the market power and the cartel and intra-firm co-operative practices of the mighty oil industry was no easy matter for the governments of small(ish) countries. The countries depended on imported oil, and establishing a petroleum monopoly would not change that basic fact. A state monopoly could turn out to be a costly solution for the Scandinavian societies.

Yet, despite never implementing the idea of state oil monopolies, the experience with the oil producers had an impact on the political debates about the need for competition policies in the Scandinavian countries. The large oil companies' quest for non-competitive markets proved a powerful incitement towards demonstrating the need for competition laws.

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