

The Norwegian Forest Concession Law of 1909 and Concession Policy 1909-

28

Kasper Hage Stjern; Trondheim, Norway. E-mail: kasperhs@gmail.com

Abstract

This paper employs a case study of the Norwegian forest concession law of 1909 and concession policy from 1909-28 to examine the expansion of state resource regulation at the start of the 1900s. The case is studied by examining the main aims of the law and what concession policy was conducted for forests between 1909-28. The forest concession law of 1909 regulated the sale of forests, requiring all buyers of forest property larger than municipal limits to acquire concession. Strict limitations were set on domestic companies' ability to purchase forests, while foreign companies were effectively barred. Non-local Norwegian citizens were also required to acquire concession. The forest concession law had four aims: 1) Improve local political and economic conditions, 2) Stop foreign acquisitions of forests, 3) Avoid monopolies and unhealthy competition, 4) Avoid speculation on forests. The Norwegian forest concession policy was, in nearly the entire period, to support local and municipal forest ownership and restrict both foreign and domestic companies' ownership of forests. The law was similar to Finnish and Swedish forest regulations in promoting social goals such as protecting farmers and crofters but was somewhat more protective than the Finnish and Swedish regulations.

JEL-codes: N44, N54

Keywords: forest; concession; resource; regulation; Norway

Acknowledgements: I want to thank Pål Thonstad Sandvik at the Department of Modern History and Society, NTNU for his valuable help and feedback during the writing and revision processes. I also want to thank the editors Espen Ekberg and Klara Arnberg, and the two anonymous reviewers, for their highly helpful and constructive feedback.

1. Introduction

At the start of the 1900s many states in the Western world were moving away from the liberal economic order of low taxation and limited state intervention in the economy to a more regulated economy (Sanders et al., 2019a, pp. 5-7). The transition was not, however, a uniform process that transpired similarly in each country. There were regional and national differences in how legislation was created, what role the state was to play, and how individuals and companies were to be treated. The transition to a more regulated economy and what differences there were in this transition has become a burgeoning field of research in recent decades (see for example Geloso (2020); Storli (2013); (Vaskela, 1996)).

One such field of research on the transition to a more regulated economy has been the regulation of natural resources, which has been of particular interest to researchers on the economic history of the Nordic countries. Recent research by Andreas R. D. Sanders, Pål T. Sandvik, and Espen Storli has highlighted how the Nordic states regulated natural resources such as watercourses, forests, mines, and farmland with the goal of balancing economic growth and redistribution of resource rents (Sanders et al., 2019b, pp. 60-62). However, what becomes apparent is a lack of research on Norwegian forest regulations in comparison to similar research on Finnish and Swedish forest regulations (see for instance Kuisma (1993); Sörlin (1988)).

This article examines the design, practice, and development of the forest concession law of 1909 between 1909-28 and identifies sub-periods in this period. The Norwegian concession laws were resource regulations whose aim was to redistribute resource rent and mitigate the potential downsides of industrialization on society by requiring state permission (concession) for the purchase of certain resources/properties. Similar studies of the Norwegian watercourse laws of 1909 and 1917 have recently been carried out (Sanders, 2011, 2018), which will be

used to compare how national resource legislations may have differed depending on the nature of the resources in question.

Two main questions will be addressed in this case study: 1) *What were the main aims of the forest concession law?* 2) *How was the forest concession policy conducted between 1909-28?*

In order to answer these two questions, the paper is separated into nine parts, the first of which being the introduction. The second and third parts deal with the source material, the methodology used in this study, and the established literature on the Norwegian concession laws. In the fourth part, the different influences behind the forest concession law are discussed. The fifth part includes an explanation of how the forest concession system worked and which public authorities were involved. Parts six through eight involves analyses of the concession policies in the three sub-periods 1910-12, 1913-20, and 1921-28. The ninth part concludes the study.

2. Sources and Methodology

The main sources utilized in this study are concessions, and parliamentary papers including law drafts, parliamentary discussions, and committee recommendations.

The law drafts and the other related parliamentary papers related to the creation of the forest concession law of 1909 are a good source to gauge the intentions behind the law. There were multiple drafts of the forest concession law between 1906-09, and with these drafts came parliamentary hearings which also included statements from interest groups. By comparing the intentions presented in the law drafts with the concession cases it is possible to assess which interest groups' influence proved the most influential, and how this influence was maintained throughout the period.

Concessions can be divided into two groups: Granted concessions and refused concession applications. Granted concessions were cases in which the buyer of a property was granted permission (concession) by the Department of Agriculture and government to purchase forest property. Refused concession applications were cases where the buyer was denied concession, and thereby unable to purchase the property in question.

Both granted concessions and refused concession applications are important sources of information and provides clues of what kind of concession policy was pursued. Granted concessions show who were granted concession, and on what terms. Refused concession applications show who applied for concession and the explanation for the refusal, which can provide clues for the goals behind the concession policy. By studying these two types of concession cases, it is possible to understand the long-term changes in concession policy.

The parliamentary protocol committee is also a good source for understanding how the concession policies were conducted. The protocol committee was tasked with examining government protocols and the auditor general's remarks on the state budget, and present these to parliament each year. This task involved presenting the previous year's most controversial concession cases to parliament in order to scrutinize the government's concession policy. The protocol committee's statements included a summary of the amount and types of concession cases, and the most important information about the selected cases. An examination of the protocol committee's selection provides information about which types of concession cases were considered controversial, and how this might have changed over time.

Parliamentary discussions of concession cases are important sources of information of the possible political and local ramifications of the forest concession policy. These discussions provide some clues about how the concession policy might have changed over time, and how the concession policy affected different counties.

The study of the forest concession policy will primarily be concerned with the period 1909-28, and to establish sub-periods within this period. By using 1928 as an end point, the effects of the early twenties economic depression can be clearly studied without also including the economic crash in 1929. Different sub-periods will be used to identify different concession policies. However, due to the influence of Liberal prime minister Gunnar Knudsen on concession policy during the period 1913-20, the “localistic” concession period (1913-28; see sections 7 and 8 for further elaboration) is split in two.

3. Research on the Norwegian Concession Laws

As previously mentioned, the liberal economic order was in a transition towards a more regulated economy at the start of the 1900s. State interventionism through increased regulatory ambitions, resource nationalism seeking to retain a larger share of resource rent for domestic use, and the rise of democracy with redistributive policies proved to be powerful forces in challenging the established liberal economic order (Sanders et al., 2019a, pp. 5-7). One example of this development was the 1890 antitrust legislation in the United States, which was to stop cartels such as Standard Oil which many contemporaries felt were one of society’s greater evils (Pratt, 2012, p. 148).

The Nordic countries were also creating new legislation regulating resources. According to Sanders, Sandvik, and Storli, Nordic countries’ resource regulation was created according to four principles: 1) To secure domestic ownership of natural resources, 2) To exploit natural resources to foster economic growth, 3) To ensure that natural resources would benefit or be accessible to a large part of the population, and 4) Respect for private property rights (Sanders et al., 2019b, pp. 60-62). Though these principles were applicable to all Nordic countries, only

Finland, Norway, and Sweden will be compared due to similarities in the extent and importance of forests in these countries.

At the start of the 1900s, Sweden introduced restrictions on foreign ownership in mines, forests, and hydropower to support domestic industry and farmers (Sanders et al., 2019b, pp. 50-53). The Swedish Parliament introduced a law in 1906 which restricted both foreign and domestic companies from purchasing forests and farms in the northern counties. The protection of northern farmers was a key concern in the 1906-law (Edling, 1994, pp. 280-282), as the harsh climate made these farmers more dependent on the forests on their farms than the farmland itself to make their living (Sanders, 2018, p. 70). Wood processing companies had been enticing farmers to sell their forests for one-off fees, often leading to the foreclosure and incorporation of these farms into growing company forest complexes. The 1906-law was gradually expanded until it applied for all Swedish counties in 1926 (Mårald et al., 2017, p. 17).

Following its independence in 1917, Finland also introduced legislation supporting crofters and restricting foreign ownership of forests, hydropower, and mining (Sanders et al., 2019b, pp. 57-60). Finland was a country of small farms, with many crofters living on land leased from large landowners (Kirby, 2006, p. 113). As Finnish wood exports rose at the end of the 1800s, the forests on the farms became more profitable than the labour and output the crofters produced, leading to mass evictions of crofters (Sanders et al., 2019b, p. 57). Bans on evictions of crofters were enacted in 1909 and 1915 (Kirby, 2006, p. 156), but a more permanent solution was not introduced until after the Finnish Civil War of 1918. Many crofters joined the socialist side in the Civil War, which led to legislation aiding crofters in purchasing their own farms in a bid to lower socialist support (Jørgensen, 2006, pp. 82-83). The Finnish government also restricted companies from purchasing forests, and even

nationalized several of the largest foreign-owned wood processing companies to secure control of forests and farmland (Kotilainen & Rytteri, 2011, p. 432).

A common denominator in the examples above is the use of resource regulation to pursue social policies such as redistribution of land or resource rents. Finland and Sweden pursued long-term goals of supporting crofters and farmers in becoming, or remaining, independent farmers. Whether this was also the case for the forest concession law of 1909 remains to be examined.

The first Norwegian concession law, implemented in 1906, required that all foreigners and joint stock companies had to acquire government concession on all purchases of riparian rights, mineral claims, and forests (Sanders & Sandvik, 2015, p. 316). In 1909, two new concession laws were implemented to replace the 1906-law; one for watercourses and mineral rights, and one for forests. Additional concession laws were introduced in the following years, regulating bogs, limestone, mountains, a new law for watercourses and mineral rights, and farmland (Haaland, 1995, p. 76).

The established view of the Norwegian concession laws has been that the laws were applied liberally (Sanders, 2011, p. 110). This view was established through research by Even Lange (1977) and Erling Annaniassen (1983) on the Norwegian watercourse concession law of 1906 and the application of this law until 1910. In his 1977 article, Lange found no statistical indication of a slowed development rate of hydroelectricity in Norway between the concession laws of 1906 and 1909. Annaniassen, in his 1983 master's thesis, supported Lange's findings when he concluded that Norwegian governments between 1906-1910 did not try to prevent foreign companies from investing in Norwegian watercourses. Two elements have thus formed the foundations of the established literature on the Norwegian concession laws: 1) The Norwegian watercourse concession law, 2) The liberal application of the 1906 concession law.

The two elements of the established literature have, in retrospect, been a somewhat problematic foundation for describing the Norwegian concession laws. The forest concession law of 1909 has not been given the same attention as the watercourse concession law. As a result, the limited research on the watercourse concession law has been applied as the norm when describing the concession laws in general. Later historians have also had to bridge the gaps in the literature due to a lack of knowledge about the concession policies following the new concession laws in 1909. An example of how the limited research on and gaps in knowledge about the laws have influenced historians is the prominent Norwegian historian Francis Sejersted's descriptions of the concession laws' role in Norwegian society.

According to Sejersted, the watercourse concession law and Liberal prime minister Gunnar Knudsen (1908-10, 1913-20) played important roles in the expansion of the Norwegian state's responsibilities at the start of the twentieth century (Sejersted, 2002, p. 322). Sejersted accredits Gunnar Knudsen due to his central role in the development of the concession laws of 1909 and the way the laws were applied during his later tenure as prime minister from 1913-20. Knudsen's goal was that the state ensured a "controlled but strong industrialization" through control of foreign direct investments (Sejersted, 2011, p. 72). This goal was to be implemented through state regulations, such as the watercourse concession law, which restricted both how industrialization developed and the speed of it. At the same time, however, Sejersted describes that

Knudsen himself implied that a shift in policy had taken place from the original initiative for the concession laws to the relatively liberal way the concession laws were later applied, for which he came to stand – especially the liberality with regard to foreign capital. (Sejersted, 2011, p. 72)

These descriptions highlight the liberal application of the watercourse concession law, and how this law has been used to describe the concession laws in general. Foreign capital was to be welcomed to industrialize the country, but there was need for some control of this process.

Andreas R. D. Sanders has, in his master's (2011) and doctoral (2018) theses, examined the Norwegian watercourse concession policies between 1888-1936 and expanded our knowledge of the concession system. The watercourse policy was liberal towards foreign direct investments from 1909 as Annaniassen claimed, but this policy became stricter in 1913 during the new Liberal government of Gunnar Knudsen (Sanders, 2018, p. 213). A new watercourse concession law allowing more forms of concession terms was introduced in 1917, but the 1913 concession policy was even stricter than the new law in prioritizing domestic ownership of watercourses. The early twenties depression caused a new shift in the concession policy in 1921, where the new priority was ensuring job creation and aiding the ailing Norwegian banks (Sanders, 2011, p. 78). The new liberal concession policy lasted throughout the rest of the interwar period.

Sanders' findings show that the established view of the Norwegian concession policies had had an overreliance on Annaniassen's findings. There is, however, still the task of addressing the first element of the established literature on the Norwegian concession laws and policies; conclusions being drawn, and generalized, from research on the watercourse concession law.

Literature describing the forest concession law in detail is scarce, and fragments are often found in histories of wood processing companies and large landowners. The most thorough research on the forest concession law can be found in Paul Tage Halberg's *Bjelker i bygde-Norge*, a comprehensive history of "Glommens skogeierforening", one of Norway's most influential forest owner associations. Halberg describes how Glommens skogeierforening influenced the drafting of the forest concession law, but does not go into detail on the law itself other than that the law "was a victory for rural Norway" (Halberg, 1999, p. 139).

According to Even Lange, the forest concession law caused Haaken L. Mathiesen, a prominent forest owner and director of a wood processing company, to lose much of his interest in Norwegian forests (Lange, 1985, p. 74). Lange does, however, add that Mathiesen did not find the forest concession law to be the barrier to acquisitions of forests he first feared it to be (Lange, 1985, p. 84). Knut Sogner and Sverre A. Christensen expands upon Lange's descriptions by noting that the influential forest and wood processing company owners in the influential Kiær-Solberg family did not lose interest in Norwegian forests the same way Mathiesen did (Sogner & Christensen, 2001, p. 78). These excerpts show that what is known about the forest concession law mostly relates to contemporary influences on and perceptions of the forest concession law.

4. The Forest Concession Law of 1909

4.1. The Road to The Forest Concession Law

The forest concession law of 1909 built upon a concession system established in 1888. In 1888, the Norwegian parliament approved a new citizenship law which required state concession for property transactions by foreign companies and citizens (Haaland, 1995, p. 52). The citizenship law of 1888 was applied liberally and few companies were denied concessions to exploit Norwegian resources (Halberg, 1999, p. 124), a policy which came under scrutiny from the radical wing of the Liberal Party as well as the Labour Democrats and Labour Party (Sanders, 2018, p. 90).

A new temporary concession law was introduced in 1906 due to mounting criticism against the liberal concession policy following a controversy of graft in the allocation of watercourse concessions (Sanders, 2018, pp. 99-101). This new concession law, commonly referred to as the "Panic Law" due to its hasty enactment, increased the government's regulative powers in

private affairs (for a complete description of these new powers see Sanders, 2018, pp. 100-101). The Panic Law was originally planned as a stopgap until a new permanent concession law was introduced by the end of the 1906 parliamentary session, but it was extended until 1909 as the process was more complex than envisioned.

A central development in the law-drafting process was that there would be no single law regulating watercourses, forests, and mineral rights as had been done in the Citizenship and Panic laws. There were to be two concession laws: one for watercourses and mineral rights, and one for forests. The rationale for this separation was that there was no apparent need for foreign direct investments to exploit Norwegian forests, as opposed to the development of watercourses and mines which required large capital investments in order to build dams and recruit highly trained personnel (Justis- og Politidepartementet, 1909, p. 79).

An important influence on the drafting process was the local effects of wood-processing companies' ownership of forests on municipalities and small forest owners. Wood-processing companies, both domestic and foreign, were accused of not paying appropriate taxes to local municipalities (Justis- og Politidepartementet, 1908, p. 2).¹ These companies were also accused of disturbing local labour markets by overtaxing local forests and importing non-local laborers when the price of timber was high, only to stop much of the logging when prices fell, leaving municipalities with heightened unemployment (Justis- og Politidepartementet, 1909, p. 77; Stortinget, 1909, p. 1621). These arguments were, seen in retrospect, somewhat unfounded as regular maintenance was required for long-term production of timber from

¹ According to the tax law of 1882, tax income from forests were dependent on the indebtedness of the owner (Stortinget, 1909, p. 1621). Companies could therefore reduce their tax burden by having high debt and low capital to back up the debt. This changed with the 1911 tax law, which made major changes to the taxation of forests (Rygh, 1923, p. 347). Among these changes was the switch from taxing the yearly production of forests to taxation based on the yearly estimated growth of forests. This form of taxation did not allow for utilizing artificially high debts in tax adjustment (Espeli, 2001, p. 257), a change which would help stabilize and possibly increase municipal tax income. The tax law of 1911 did still allow for tax deduction on non-local and company property, but only up to 25 percent of the property value (Rygh, 1923, pp. 152-153).

company forests. These arguments did, however, fuel local suspicions of wood-processing companies being irresponsible owners of forests and therefore gained influence among the radical members of parliament.

4.2. The Contents of the Forest Concession Law

The forest concession law was the most restrictive of the two concession laws that were passed in 1909. Foreign companies were effectively barred from purchasing Norwegian forests due to the requirement that all shares be Norwegian-owned, and the entire board of directors in a joint-stock company be Norwegian citizens to be able to apply for concession (Bachke, 1910, p. 58). Foreign citizens were not completely barred from purchasing forest property as foreign companies were, but could purchase forests smaller than 100 hectares (Bachke, 1910, p. 49). Norwegian citizens not residing in the municipality where the forest property was located (non-locals) were also required to apply for concession on all forest property larger than local municipal concession limits (Bachke, 1910, pp. 51-52).² Norwegian citizens residing in the local municipality (locals) also had to apply for concession if they owned more than 20 percent of the municipality's forests.

The watercourse concession law did not discriminate against different kinds of ownership in the same way as the forest concession law. Domestic and foreign companies were subject to the same terms and taxes in the watercourse law (Sanders, 2011, p. 16). This also applied to Norwegian citizens, as there were no regulations discriminating between locals and non-locals.

² Municipal concession limits were by default 500 hectares, but the Department of Agriculture could change these limits between 100 hectares and 2500 hectares.

The two concession laws allowed different kinds of concession terms. The watercourse concession law included terms such as reversion of ownership to the state after a set number of years, providing cheap electricity to local municipalities, and having to use Norwegian machinery and labour in the building and operation of the hydroelectricity plants (Sanders, 2011, pp. 16-18). There were no such terms in the forest concession law. The Department of Agriculture could add terms such as forbidding buyers from selling off forests belonging to farms, but the terms were sometimes dropped if the buyers did not consent to the terms.

The differences in concession terms can be explained by the nature of the resources in question. There are a limited number of watercourses available for development, and watercourses requires a considerable amount of capital to develop, which means that only a few companies and individuals may own and develop watercourses. Forests, meanwhile, are spread out over a large area and are therefore owned by more diverse groups of companies and individuals. During the parliamentary debates regarding the forest concession law, the Conservative Party representative Bernt Holtmark explained how the ownership of forests limited the terms available in the forest concession law:

The more terms added to a sale, the lower the property value will be, and that could lead farmers [...] to sigh when they are about to sell their properties. [...]. It is in the interest of property values that we have taken these precautions. (Stortinget, 1909, p. 1671)

The forest concession law was influenced by, and created for, the interests of municipalities and small forest owners such as smallholders and crofters. Many smallholders and crofters were dependent upon the forests belonging to their farms, both for income, and as collateral when applying for loans (Halberg, 1999, pp. 213-216). Concession terms such as those found in the watercourse concession law could therefore worsen the conditions of those who were dependent upon their forests to make a living. Promoting local ownership of forests could also

help increase municipal tax income, as up to 25 percent of non-locals' and companies' property values were tax deductible (Rygh, 1923, pp. 152-153).

Municipalities' interests were to be protected through new municipal rights to influence the sale and ownership of forests. A proposed municipal right of expropriation aimed at breaking up large forest estates was not adopted by parliament due to it being too invasive of private property rights. A municipal right of pre-emption was, however, implemented. Municipalities could assume the right of purchase in all transactions involving forest properties larger than the local municipal concession limits (Bachke, 1910, p. 75). The right of pre-emption, it was claimed, would assist municipalities in gaining greater control of local forest resources and thus be able to provide help to crofters and smallholders in expanding their properties (Justis- og Politidepartementet, 1909, p. 39).

The forest concession law was revised in 1915 and 1916, though not to the same extent as 1917-revision of the watercourse concession law. Municipal concession limits could, as of the 1915 revision, be set as low as zero hectares with the approval of the Department of Agriculture (Augdahl, 1920, pp. 15-16). The Ministry had already been allowing lowering concession limits below 100 hectares before the revision, but never as low as zero hectares as that would hamper the cultivation of new farmland (Stortinget, 1915, p. 1714). The municipal right of pre-emption and subsequent sale of properties became dependent on the Ministry's approval (Stortinget, 1915, p. 1745). This change increased the Ministry's control of municipal concession policies. The right of pre-emption was extended to the state on forests larger than 1000 hectares (Augdahl, 1920, pp. 70-71). There was, however, an agreement in parliament that the state should seldom utilize this right as it would hurt municipal taxes since

the state paid no local taxes on its forests (Stortinget, 1915, p. 1747).³ The revision also included some minor adjustments to stop circumventions of the law.

The strict restrictions in the forest concession law can be explained by the structure of the Norwegian economy. The Norwegian economy was, and to some extent still is, dominated by “numerous small units” (Sejersted, 2001, p. 93). Economic concentration in larger units were viewed with scepticism due to a strong emphasis on egalitarian and democratic values, or as Bo Stråth so accurately described it: “Private property, yes, but in moderation and justly distributed” (Stråth, 2001, p. 69).

The forest concession law shows parts how the Norwegian state took a different route in legislation than Sweden and Finland. The Norwegian state chose to intervene in the economy by regulating industry with the goal of preventing economic concentration, while Finland and Sweden chose to promote capital accumulation (Stråth, 2001, pp. 69-71). Finland and Norway were both interested in politically controlling their respective economies by preventing foreign capital from controlling strategic parts of their economies following independence. However, the Finnish government chose government ownership as part of their strategy, while the Norwegian government chose to support local and domestic ownership to a greater extent.

5. The Democratic Management of the Forest Concession System

An important guiding principle influencing every concession case was *public interest* (Norwegian: Allmenne hensyn). As one contemporary law book succinctly described the term: “It is up to the administration to judge whether public interest speaks against concession” (Bachke, 1910, p. 59). The Department of Agriculture used public interest to

³ From 1921 state forests were subjected to local taxation (Rygh, 1923, p. 356).

establish legal grounds for whether a concession should be granted, and judge how concession terms might mitigate the possible negative effects of the concession. As public interest was not clearly defined, the term allowed the administration to judge each case individually without being restricted to a set policy. What public interest entailed changed somewhat over time as a result of the case-by-case treatment of each concession, which meant that the forest concession policy could be adjusted without major changes to the forest concession law.

Several different public authorities were involved in the forest concession system. Each municipality had to have a forest council consisting of three members with forestry experience (Bachke, 1910, pp. 59-61). The county governor appointed the head of the forest council, while the municipal council elected the two other members. The forest council's main task was to provide technical specifications of the forests in question, and how much of local forests non-locals owned. The forest council would send their statement to the local municipality, which would in turn provide its statement of whether it would utilize the right of pre-emption or whether it recommended concession and on which terms (Bachke, 1910, p. 65). The county governor also often provided a statement to provide additional information about local conditions. These statements were sent to the Department of Agriculture, which was responsible for judging each case according to the different authorities' statements and suggest whether concession was to be granted. The government had the final say in the concession cases. From 1925 on, the Ministry was given the final say in all cases of unanimity between forest and municipal councils, and where there was no doubt about the decision being made (Protokollkomiteen, 1925, p. 32). The reason for this change was that budget cuts had reduced the government's ability to judge the considerable amount of yearly concession applications (Stortinget, 1925, p. 866), which can be seen in Figure 1.

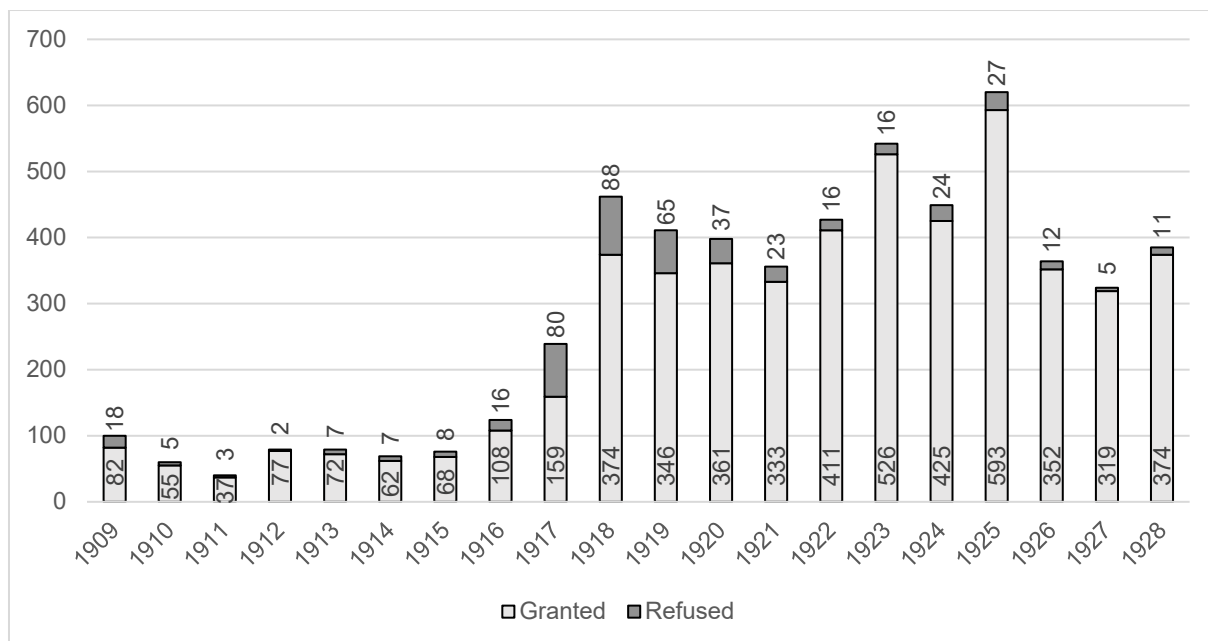


Figure 1. Granted and refused forest concession applications, 1909-28. Sources:

Protokollkomiteen. (1910, p. 8; 1911, pp. 7-8; 1912, pp. 12-13; 1913, p. 13; 1914, pp. 15, 18; 1915, pp. 22, 33; 1916, pp. 15, 18; 1917, pp. 24-25; 1918, pp. 17, 20; 1919, p. 21; 1920, pp. 16, 19). *Indstilling fra protokollkomiteen angaaende regjeringsprotokollernes gjennemgaaelse (Indst. O. IV)*; Protokollkomiteen (1921, p. 29; 1922, p. 30; 1923, p. 21; 1924, p. 29; 1925, p. 33; 1926, p. 29; 1927, pp. 42-43; 1928, pp. 30-31; 1929, p. 45) *Innstilling fra protokollkomiteen om regjeringsprotokollenes gjennemgaaelse (Innst. O. IV)*.

Note: “Refused” include all refused concession applications for each year, as there are no separate statistics for each concession law regarding refused concession applications. The numbers for granted concessions in 1912 and 1918-28 include all concessions granted to Norwegian citizens because there were no separate statistics for granted forest concessions these years in the parliamentary papers.

There was, however, a puzzling development regarding the role of forestry competency and experience in the treatment of forest concession applications. The Director of Forestry (Norwegian: skogdirektøren) was the chief forestry expert in the Department of Agriculture,

but stopped nearly all involvement in forest concession applications from 1918 on (Finans- og Tolddepartementet, 1918, pp. 13-14; Tønnesson, 1979, p. 35). From then on, forest councils provided most of the forestry competency in the treatment of concession cases. Based on the available source material, it appears as if this change was an internal arrangement within the Ministry that had the support of the Director. The number of concession applications had steadily increased as new concession laws were introduced,⁴ eventually overwhelming the Ministry's administration. At the suggestion of the Director himself, a new concession office was created in 1918 to handle the increased workload (Finans- og Tolddepartementet, 1918, p. 14). Due to his role in the creation of the new concession office, the Director could have continued involvement if so desired. A reasonable explanation might then be that the Director judged the competency of forest councils to be sufficient to not merit continued involvement. What is clear, however, is that this change put a large degree of trust and influence in local forestry competency and experience.

The forest concession law of 1909 provided municipalities, the Department of Agriculture, and the government with far-reaching powers of control over forest transactions.

Municipalities' statements, and thereby influence, in the concession cases were given a deciding role early on, as prime minister Gunnar Knudsen highlighted in 1914: "But I shall mention as a general prerequisite in the Department of Agriculture, that one tries to accommodate municipalities to the extent that it remains fair and legal" (Stortinget, 1914, p. 588). Municipalities could influence how forests were purchased, sold, treated, and even assume the position of buyer in the transactions they themselves wanted. Even if the right of pre-emption was not used, a municipality could still refuse to recommend a concession if it

⁴ See Figure 1 for statistics on concession applications.

judged that the transaction was not in its interests. These were powers which could easily have been abused if they fell into the wrong hands.

The Department of Agriculture and the government rarely overrode decisions made by the other authorities. The Ministry overrode municipal decisions in cases where municipalities broke with the official concession policy on wood processing companies and non-locals, or where municipalities demanded concession terms which were not allowed according to the forest concession law. The government only overrode the Ministry on rare occurrences when it deemed the Ministry's policy on wood processing companies to be too strict. An example of this was the concession case involving the wood processing company A/S Vafos Brug in Sannidal municipality in Telemark county in 1920.⁵ A/S Vafos Brug applied for concession on two properties, one consisting of 40,5 hectares forest, the other 0,9 hectares forest. Both local forest and municipal councils unanimously recommended concession due to the high price and low accessibility to the properties. The Ministry initially only granted concession on the smallest property because the buyer was a wood processing company, but this decision was overruled by the government to grant concession on both properties.

The wide-ranging powers of public authorities in the forest concession law can be explained by the Norwegian democratic traditions and the technical-administrative aspects involved in the concession cases. As Francis Sejersted notes in his book *The Age of Social Democracy*, “in Norway it has been difficult to legitimate social power other than through democratic procedures” (Sejersted, 2011, p. 11). There was also a high degree of trust towards the state bureaucracy among the Norwegian population (Sanders & Sandvik, 2015, p. 314), and in the “benevolent potential of state regulation” (Sanders et al., 2019b, p. 46). The forest concession law involved considerable regulations of private property rights, while also involving many

⁵ Riksarkivet Oslo (RA), Landbruksdepartementet - Konesjonskontoret K (S-1252), Konesjoner (F), Konesjonstillatelse (Fa), Konesjonstillatelse Telemark (Fag), Box L0004: «Tillatelse 1919-20», Journalnummer LD6.1921.K & LD2582.1920.K

different authorities to ensure that all parties were heard. At the same time, the concession cases involved technical and administrative aspects such as soil quality, productivity of forests, case proceedings, and interpretations of the law. This involved authorities like the local forest councils, and county governors, which were to provide technical advice to help ensure that each case was judged fairly according to their technical insights.

The trust in public authorities appears, based on the available source material, as well founded as there were no clear cases of graft in the forest concession cases between 1909-28. Graft would likely have been made public if it did occur because several authorities scrutinized the details in each case, and many of these cases were mentioned in Norwegian newspapers. This high degree of trust in public authorities help explain how these authorities were invested with the wide powers of the forest concession law. This also helps explain how the Department of Agriculture could treat each case individually rather than through a pre-determined policy, as a case-by-case judgement of each concession case could easily be used for personal gain and political favours.

6. Liberal Period: 1910-12

The first two years of the forest concession policy, 1910-12, can be described as the liberal period. As foreign capital was effectively barred from purchasing Norwegian forests, domestic ownership of forests was given more attention from public authorities. Public authorities now pursued a goal of avoiding monopolization of forests by a handful of large companies and landowners. This goal was partly influenced by the fact that a small number of Norwegian families, and some foreign interests, owned most of the largest wood processing companies in Norway, which created fears of a possible forest trust (Sogner & Christensen, 2001, p. 73). The goal of stopping monopolization was also influenced by the government.

The liberal period coincided with the coalition government of the Conservatives and National Liberals following their victory in the parliamentary election of 1909. The two parties won on a platform defending private property rights against encroachment by the state (Mjeldheim, 1955, p. 73). The Conservatives, and to some extent the National Liberals, were critical of the extent the concession laws allowed the state to regulate private property. The redistributive regulations of the concession laws, such as the municipal tax on energy and reversion of ownership of hydropower plants to the state, were the most controversial (Mjeldheim, 1955, p. 74). The government therefore conducted a forest concession policy focused on stopping monopolization of forests instead of more invasive regulations.

Ironically, domestic wood processing companies and large landowners were the main beneficiaries of the liberal period. An example of this was the concessions granted to Arthur Mathiesen in 1913 on two forest properties of 2900 and 250 hectares.⁶ Mathiesen was both a prominent landowner and director of the wood processing company Eidsvold Værk. The local municipality only recommended granting Eidsvold Værk concession on the smallest property, as the municipality did not want wood processing companies owning forests within its borders. Following this development, Arthur Mathiesen offered to purchase the largest property for himself. The municipality accepted Mathiesen's offer and therefore recommended granting concession to Mathiesen as it meant that that the property would not be directly owned by Eidsvold Værk. The Department of Agriculture agreed to this proposition and granted Eidsvold Værk and Arthur Mathiesen concession on the two properties.

Municipal usage of the forest concession law and the right of pre-emption varied during the liberal period. The usage of these municipal rights was influenced by the fact that restrictions

⁶ RA, S-1252, F, Fa, Konesjonstillatelse Hedmark (Fac), Boks L0003: «Tillatelse 1913-15», Journalnummer LD1098.1913.S & LD85.1913.S
Storelvdalen municipality in Hedmark county.

on private property was still considered as controversial by many in the public, which caused some municipalities to not utilize the rights of pre-emption (Stortinget, 1911, p. 1464). The municipalities that did want to use the municipal right of pre-emption could often not afford to purchase forests due to high property prices.

Municipalities tried to adapt the forest concession law for their own purposes. Most often these attempts were unsuccessful, such as addressing tax income,⁷ and protecting forests on farms from being sold off.⁸ There were, however, successful municipal adaptations of the forest concession law, such as improving the market conditions of local forest owners and smallholders.⁹ These initiatives involved municipalities setting terms on purchases of log driving rivers which required that the concessionaire invest in expanding the log driving capacity of the river and agree to log driving fees determined by the Department of Agriculture. Improving market conditions of local forest owners and smallholders through concession terms requiring investments in local infrastructure was a policy which lasted throughout the entire 1909-28 period.

⁷ RA, S-1252, F, Fa, Konesjonstillatelse Telemark (Fag), Boks L0001: «Tillatelse 1913», Journalnummer LD2764.1910.S & LD1309.1910.S

A/S Vafos Bruk was granted concession on properties consisting of 640 hectares forest in Sannidal municipality in Telemark county in 1910.

⁸ RA, S-1252, F, Fa, Konesjonstillatelse Sør-Trøndelag (Fan), Boks L0001: «Tillatelse 1911», Journalnummer LD1904.1910.S & LD1155.1910.S

Lars Garberg was granted concession on a farm consisting of 464 hectares forest and 15 hectares farmland in Høylandet municipality in Sør-Trøndelag county.

⁹ RA, S-1252, F, Fa, Konesjonstillatelse Vestfold (Faf), Boks L0001: «Tillatelse 1908-15», Journalnummer LD3130.1910.S & LD682.1910

Fritz M. Treschow, large landowner and owner of a wood processing company, was granted concession on properties in Andebu municipality in Vestfold county in 1910.

7. The Localistic Period Under Prime Minister Gunnar Knudsen: 1913-20

7.1. Change of Concession Policy

The period 1913-28 can be described as the *localistic* period of the forest concession policy. Localistic is inspired by Rune Slagstad's term *criticism of capitalism* (Norwegian: kapitalismekritisk) (Slagstad, 1998, p. 137). Criticism of capitalism was, according to Slagstad, a policy championed by the left-leaning parties in parliament during the debates on the concession laws of 1909. Criticism of capitalism did not just entail a criticism against monopolies as in the liberal period, but also against the social and economic problems caused by both foreign and domestic capital. Using the term criticism of capitalism in this context would, however, be misleading as it was not capitalism as a system which the localistic concession policy was directed against. The localistic concession policy was directed against the social and economic problems resulting from non-local ownership of local resources on local municipalities, forest owners, and smallholders, hence the "local" in localistic.

As with the start of the liberal period, the start of the localistic period coincided with a change of government following the Liberal Party's victory in the 1912 parliamentary election. This was to be the longest consecutive Liberal Party government, which lasted from 1913 to 1920. Gunnar Knudsen once again became prime minister, as well as assuming the role of minister of agriculture, providing him a high degree of influence over the forest concession policy.

The localistic period started in 1913 following a change in the opinion on the forest concession law among the public and public authorities. Both municipal councils and their constituents had become more willing to accept regulations of private property rights if this helped promote local ownership of forests. Public authorities had also become aware that the liberal period had not achieved its goal, as many domestic wood processing companies and large landowners had been granted concession on forests. The Department of Agriculture

noted in 1913 that: “The Ministry will hereafter consider whether public interest demands that further concessions on forests should not be granted to companies nor individuals which already own considerable forest properties”.¹⁰

Along with the localistic period came a redefinition of what public interest entailed. During the period 1910-12, public interest meant stopping circumvention of the law and stopping monopolization of forests. From 1913 on, public interest also involved measures to hinder non-local ownership of forests, especially towards wood processing companies and large landowners. From this point on, wood processing companies and large landowners could only purchase forests if the transaction rationalized property boundaries, or if it improved the economic conditions of local forest owners.

7.2. The Effects of the First World War on the Localistic Concession Policy

The First World War was to have a profound influence on both Norwegian society as a whole and the forest concession policy. The war resulted in a dramatic increase in export and shipping earnings (Sandvik, 2018, p. 166), which, combined with inflation and restricted access to purchasable goods, helped create “a speculative climate where much of the excess capital went to repatriations or new business ventures” (Sanders, 2011, p. 20). One such repatriation was the purchase of Norway’s largest wood processing company, Borregaard, in 1917 (Bergh & Lange, 1989, p. 73). At the same time, timber prices, which had been booming since the mid-1890s, continued to rise due to wartime demand until the economic depression of the early twenties (Halberg, 1999, pp. 206-208). Timber prices rose to such an extent that in the final years before the depression, a year’s worth of logging could finance the purchase

¹⁰ RA, S-1252, F, Fa, Konesjonstillatelse Hedmark (Fac), Boks L0003: «Tillatelse 1913-15», Journalnummer LD2773.1913.S & LD987.1912.S
Arthur Mathiesen was granted concession on 220 hectares forest in Sollia municipality in Hedmark county.

of a farm (Almås, 2002, p. 52). This made farms, and the adjoining forests, a popular source of investments and speculation by investors.

The most prominent theme in the archival material for the period 1915-21 was municipal fears of speculation on forests and farms. One recurring problem was that properties frequently changed owners, sometimes without the owners applying for concession and thereby breaking the law.¹¹ Multiple changes of ownership in quick succession resulted in high property prices, which often resulted in the owners logging to pay back their debts.¹² These logging procedures were often characterized by short-term interests, destroying the forests on the properties, as well as lowering the properties' value as a source of tax income for municipalities. As a result, many municipalities started using their municipal rights to influence how forest and farm properties were to be treated.

Following the introduction of the localistic concession policy and the effects of the First World War, municipalities started introducing their own local forest concession policies. Some municipalities, like Selbu municipality in Sør-Trøndelag county, did not recommend granting concession on transactions deemed to harm property values as a source of tax income.¹³ Other municipalities, like Øksendal municipality in Møre og Romsdal county, prioritized the long-term health of their forests, utilizing the right of pre-emption to purchase forest properties which had been, or were in danger of being, logged too hard.¹⁴ The perhaps most restrictive municipal concession policy in the entirety of the period 1909-28 belonged to Trysil municipality in Hedmark county. By 1918, Trysil had established a clear principle of

¹¹ RA, S-1252, F, Konesjonsavslag (Fc), Konesjonsavslag etter fylke (Fca), Boks L0021: «Konesjonsavslag – Vestfold 1909-31», Journalnummer LD2829.1920.K & LD2686.1920.K
Våler municipality in Vestfold county.

¹² RA, S-1252, F, Fc, Fca, Boks L0035: «Konesjonsavslag – Sør-Trøndelag 1909-25», Journalnummer LD2481.1922.K & LD1849.1922.K
Selbu municipality in Sør-Trøndelag county.

¹³ RA, S-1252, F, Fc, Fca, Boks L0035: «Konesjonsavslag – Sør-Trøndelag 1909-25», Journalnummer LD2481.1922.K & LD1849.1922.K

¹⁴ RA, S-1252, F, Fc, Fca, Boks L0034: «Konesjonsavslag – Møre og Romsdal 1919-45», Journalnummer LD3359.1919.K & LD1093.1919.K

refusing to recommend concession on all transactions involving forests being sold from locals to non-locals, with the goal of stopping speculation on “the municipality’s natural splendour”.¹⁵ This principle built on an already established policy among smallholders in Trysil of stopping large landowners from purchasing local forests (Sandvik, 2007, p. 38).

The usage of the right of pre-emption also rose as municipal income increased due to the effects of the First World War on the Norwegian economy. Much of this income was used on building hydropower plants and infrastructure, and increasing social services (Hovland, 1987, pp. 117, 143). Some did, however, use this newfound wealth to invest in forests as timber and property prices were on the rise. Municipal forests were mainly kept by municipalities for expanding their sources of income or parcelling out properties to forestless smallholders and unemployed farmers willing to establish new farms.

7.3 The Agency of Municipal Concession Policies

There is, however, the question of how free municipalities were in deciding their own local concession policies. As mentioned earlier, the usage of the municipal rights in the forest concession law became dependent on approval from the Department of Agriculture from 1915 on. This change gave the Ministry control over whether a municipality could purchase or sell forest properties, which in extension meant control of which policies municipalities were allowed to pursue. The Ministry gave its support to municipalities like Selbu, Øksendal, and Trysil that tried to protect their own tax base and forests, as well as pursuing goals that actively attempted to stop non-locals from purchasing forests. Municipalities which tried to

¹⁵ RA, S-1252, F, Fc, Fca, Boks L0008: «Konsesjonsavslag – Hedmark 1918-35», Journalnummer LD149.1918.K & LD1854.1918.K

pursue policies which differed too much from governmental policy were, however, stopped from doing so by the Ministry.

One example of the Department of Agriculture's control of municipal concession policies was the case of Hof municipality in Vestfold county in 1920.¹⁶ Hof had used the right of pre-emption in 1917 to purchase a local forest of 200 hectares and then logged the forest to clear some of its debts. The goal of the sale in 1920 was to acquire funds to pay for the many projects the municipality had started. The Ministry refused to grant concession on the sale, as it deemed the municipal funds and income to be of sufficient size to pay for the projects without having to sell the forest.

Another example of the Department of Agriculture's control of municipal concession policies was the concession case involving the farm Storetorp in Degernes municipality in Østfold county in 1917.¹⁷ The municipality had bought Storetorp in 1911, but later agreed to sell the farm to Alf L. Torp because it was his ancestral farm. The Ministry, however, wanted the farm to be parcelled out as smallholdings for locals. The Ministry also did not want the 500 hectares of forest on the property to leave the municipality's control. Torp's concession application was therefore refused.

The Department of Agriculture's decisions in the Hof and Degernes cases show an important aspect of the localistic concession policy and the reaction to the speculation on forests and farms. There was a stated goal that the forest concession law was introduced in part to help increase the size and extent of municipal forests (Stortinget, 1918, p. 1614). This goal was pursued with increased zeal as the Ministry formulated a new policy to combat speculation following the start of the First World War:

¹⁶ RA, S-1252, F, Fc, Fca, Boks L0021: «Konsesjonsavslag – Vestfold 1909-31», Journalnummer LD1332.1921.K & LD3038.1920.K

¹⁷ RA, S-1252, F, Fc, Fca, Boks L0001: «Konsesjonsavslag – Østfold 1917-43», Journalnummer LD1527.1919.K & LD11662.1917.S

“[...] to accomplish that as much [forests] as possible can stay in municipal hands and come into the safe and secure ownership of smallholders to avoid a recurring change of ownership which results in the properties becoming increasingly ribbed and neglected for each change of ownership”. (Landbruksdepartementet, 1925, p. 5)

The Department of Agriculture viewed municipalities, smallholders, and crofters as a source of stable ownership. Smallholders and crofters were judged to be less likely to sell their forests and farms as they were dependent on them for their living. Municipalities could not sell their forests without concession from the Ministry, which ensured that municipalities could purchase, but not necessarily sell forests to take advantage of the rising timber and property prices.

During Gunnar Knudsen’s tenure as prime minister and minister of agriculture in the period 1913-20, municipalities were encouraged by the Department of Agriculture to create their own local concession policies for forests, but only if these policies did not stray too far from the localistic policy. This meant that municipal concession policies could be stricter than the governmental policy, but not more liberal.

8. The Continued Localistic Period: 1921-28

8.1. The Economic Depression of the Early 1920s and Political Difficulties

The Norwegian economy was heavily impacted by the economic depression during the early 1920s (Sandvik, 2018, p. 191). The Norwegian wood processing industry was hit especially hard because of its dependence on foreign markets, and because it faced hardened competition from Finland and Sweden (Sandvik, 2018, p. 199). Norwegian society was also hit by a comprehensive banking crisis during the 1920s (Lie et al., 2016, p. 208), which hit commercial banks especially hard. Interest rates rose along with deflation (Sandvik, 2018, p.

180), which made seemingly sound wartime investments in forests and farms a heavy burden to carry for the many whose income dropped. The high state and municipal debt also became troublesome as tax income fell considerably (Sandvik, 2018, p. 290).

Unlike previous changes of government, the new Conservative-National Liberal government in 1920 did not usher in a change of concession policy, and neither did the seven other governments between 1920-28. The only change made to the policy was by the Conservative-National Liberal government of Otto B. Halvorsen (1920-21), which removed the Knudsen government's restrictions on how much a property could be mortgaged (Stortinget, 1922, p. 486). This change was, however, reversed by the following Liberal Otto Blehr government (1921-23). As there were no permanent changes to the main tenets of the localistic concession policy, such as limiting concessions to wood processing companies, large landowners, and non-locals, it is reasonable to claim that the localistic period continued until 1928.

Why were there no permanent changes to the localistic concession policy? One answer might be that the localistic policy had been accepted as a policy worth continuing. Another answer might lie in the bureaucracy. As mentioned earlier, in 1918 a concession office had been created in the Department of Agriculture to handle the administrative strain of the increasing numbers of concession applications. Gunnar Knudsen would have been able to influence the hiring process of the new concession office through his position as minister of agriculture, thus cementing the localistic concession policy. The concession office would then have been able to continue pursuing the established policy as the minister of agriculture's influence was limited due to the many shifting governments of the interwar period. The role of the concession office merits a more in-depth study than this study offers.

8.2. Promoting Local Ownership of Forests and Long-Term Effects of Municipal Forest Policies

The municipal debt crisis affected municipal interest in utilizing the right of pre-emption. Due to high debts and uncertain timber and property prices, forests were no longer a prime investment opportunity. Municipalities did, however, continue pursuing policies of increasing local ownership of forests.

Following the early twenties depression, municipalities actively sought out locals willing to purchase forests when they did not recommend concession. An example of these arrangements was the case involving the wood processing company A/S Statlandbruket in Foldereid municipality in Nord-Trøndelag county in 1922.¹⁸ This was the second time the company applied for concession on the property, as the concession application had been refused the last time the company applied. Foldereid municipality did not want wood processing companies owning local forests and wanted as much local ownership of forests as possible. The municipality could not, however, afford to purchase the forests due to its difficult economic situation. To achieve its goal, Foldereid had found a local who was willing to purchase the property on the same terms as the company. The Department of Agriculture refused the company's concession application and allowed the local to purchase the property instead. By using this method, municipalities continued to expand local ownership of forests even as their own financial leeway was hampered. These policies did, however, have unintended long-term effects.

Local conditions became more prevalent in the concession cases as concession limits were lowered. From 1909, concession cases mainly involved stopping monopolization of highly productive forests, often from wood processing companies and large landowners. The number

¹⁸ RA, S-1252, F, Fc, Fca, Boks L0037: «Konsesjonsavslag – Nord-Trøndelag 1908-31», Journalnummer LD115.1922.K & LD2265.1921.K

of such cases dropped markedly following the introduction of the localistic concession policy in 1913. After 1913, acquisitions of unproductive forests in mountains and marshes, or the rights connected to these forest properties like hunting- and fishing rights, became the most common themes in the concession cases. These cases also involved individuals and groups with no affiliation to neither wood processing companies nor large landowners.

Schoolteachers, farmers, and lumberjacks were among the ordinary professions that came to dominate the forest concession cases.

8.3. Employment Measures and Commercial Banks

The early twenties depression caused the watercourse and forest concession policies to differ on job creation measures and support of the ailing Norwegian banks. The watercourse concession policy was changed to prioritize job creation and aiding Norwegian banks, even if it meant allowing greater foreign ownership of watercourses (Sanders, 2011, p. 78). This change did not occur in the forest concession policy.

The localistic forest concession policy was not adapted to increase employment. The state did start projects to increase employment, but these projects were not incorporated into the concession policy. Municipalities were expected to foot most of the expenses involved (Danielsen et al., 1987, p. 159), which meant that profitability was an important factor when municipalities applied for state support to fight unemployment.

The Department of Agriculture supported afforestation measures, but not if these measures broke with the main tenets of the localistic concession policy. Nils O. Y. Fearnley, a large landowner involved with many of the largest domestic wood processing companies, was

granted concession on a heavily logged forest of 100 hectares in 1926.¹⁹ Fearnley bought the forest with the purpose of both reforesting the property and constructing homes for local factory workers, a goal which the Ministry supported. The Ministry did, however, state that “[...] joyous work to promote forestry must not occur at the cost of ordinary farming [...]”.²⁰ The Ministry’s support of farmers did not diminish because of the economic troubles of the time.

Another example of the continuation of the localistic period was the concession case involving the wood processing company A/S Kistefos Træsliperi in Fluberg and Torpa municipalities in Oppland county in 1928.²¹ Both municipalities recommended that concession be granted due to local troubles with tax income and unemployment. The Department of Agriculture’s answer was:

It is by many reasons considered very unfortunate, especially for the municipalities involved, that forests are acquired by wood processing companies and other companies. There is no discernible reason to depart from this policy. In the long run, it could greatly hurt the district if wood processing companies became even larger forest owners than they already are. The economic conditions are, of course, difficult in these parts of the country, but that is a matter which must be solved by other means.

It is, I [Einar Solheim, the leader of the forest concession office] think, short-sighted policies that are being conducted by these municipalities due to the recent difficulties,

¹⁹ RA, S-1252, F, Fa, Konesjonstillatelser Akershus (Fab), Boks L0017: «Tillatelser 1926», Kongelige tillatelser, Journalnummer LD1200.1926.K & LD1085.1926.K
Nittedal municipality in Akershus county.

²⁰ RA, S-1252, F, Fc, Fca, Boks L0032: «Konesjonsavslag – Rogaland 1921-42», Journalnummer LD3738.1922.K & LD1725.1922.K

Egersund municipality’s concession application on a farm of 7 hectares farmland and 200 hectares forest in Eigersund municipality in Rogaland county in 1922 was refused.

²¹ RA, S-1252, F, Fa, Konesjonstillatelser Oppland (Fad), Boks L0019: «Tillatelser 1929», Kongelige tillatelser, Journalnummer LD237.1929.K

This concession case was put in the wrong box when archived.

to recommend concession. Forest owners could end up paying dearly if they allow wood processing companies to become such large forest owners that they can add a downward pressure on timber prices.²²

The Department of Agriculture pursued a long-term goal of protecting local forest owners' interests, even if local municipalities and forest owners did not agree with the Ministry's policies, as the Hof and Degernes cases from last chapter showed. The situation would eventually improve, and it was therefore up to the municipalities to hold on until then. In all, the Ministry would not sacrifice farmland and forests on farms to improve local unemployment. This meant that planting forests on farmland and sales of forests to wood processing companies was stopped where possible by the Ministry, even if it meant inconveniencing the parties involved.

The watercourse and forest concession policies also differed in the support for banks after 1921, as commercial banks were effectively barred from acquiring concession on forests from 1924 on (Protokollkomiteen, 1925, p. 36). Commercial banks were the main provider of short-term loans for forest owners, who often used their forests as collateral (Halberg, 1999, pp. 214-218). As many forest owners defaulted on their debt, commercial banks increasingly became owners of considerable forest properties. The Ministry feared the effects of commercial banks becoming a major forest owner and therefore stopped granting concession to commercial banks. These banks were therefore forced to quickly sell off their forests, even if it meant selling at a loss, in order to avoid breaking the law.

One example of how the forest concession policy affected banks was the concession case involving the attempted sale of a farm from Centralbanken, one of Norway's largest

²² RA, S-1252, F, Fa, Konesjonstillatelser Oppland (Fad), Boks L0019: «Tillatelser 1929», Kongelige tillatelser, Journalnummer LD237.1929.K, P.M.

commercial banks, to the wood processing company A/S Værdalsbruket in 1925 and 1926.²³ At this time Centralbanken was under public administration due to the ongoing banking crisis (Lie et al., 2016, p. 208), which meant that finding a buyer was of importance for dealing with the bank's economic troubles. In 1925, both the local forest and municipal councils unanimously recommended that A/S Værdalsbruket be granted concession. Though the councils wanted local ownership of the farm, they found that the company was the only potential buyer due to the high property price and difficulties with log driving from the farm. The Ministry, however, refused to grant concession because it did not want wood processing companies acquiring forests. The Ministry's decision put increased pressure on Centralbanken to find another buyer for the property to avoid breaking the law. In 1926, after failing to find another buyer, Centralbanken once again tried selling the property to A/S Værdalsbruket. The Ministry still refused to grant concession, citing the policy of refusing concessions to wood processing companies.

9. Conclusions

The forest concession law of 1909 had four main aims: 1) Improve local political and economic conditions, 2) Stop foreign acquisitions of forests, 3) Avoid monopolies and unhealthy competition, 4) Avoid speculation on forests.

The forest concession policy between 1909-28 can be separated into two periods: The liberal period from 1910-12, and the localistic period from 1913-28. Like the Finnish and Swedish forest regulations, the intent behind the forest concession law had clear social goals such as supporting farmers, but these goals were not initially pursued in the liberal period. The liberal

²³ RA, S-1252, F, Fc, Fca, Boks L0035: «Konsesjonsavslag – Sør-Trøndelag 1909-25», Journalnummer LD634.1927.K, LD6561.1926.K & LD2046.1925.K

The farm consisted of 400 hectares forest and 12 hectares farmland in Høylandet municipality in Sør-Trøndelag county.

period was characterized by the purposes of stopping monopolies and circumventions of the law. The social goals of the forest concession law were only pursued fully during the localistic period when clear policies of supporting local municipalities, smallholders, and forest owners against forest purchases from non-locals, wood processing companies, and large landowners was introduced. The forest concession policy remained strict following the early twenties depression, unlike the watercourse concession policy which became more liberal.

The localistic concession policy might have had unintended long-term consequences due to the effects of the First World War. The localistic concession policy was introduced to reduce the market control of wood processing companies and large landowners, and to favour local smallholders and municipalities in acquiring forests. Due to rising property prices, many locals and municipalities had to take on considerable debt to pay for the forests they purchased between 1914-20. When the early twenties depression hit, many struggled to pay back their debts, thus starting the debt crises of the 1920s. Wood processing companies and large landowners may, however, have been spared some of the absolute worst effects of the depression since they could not purchase expensive Norwegian forests during the worst periods of speculation. The localistic concession policy may thus have inadvertently hurt those the policy was created to protect, while benefiting, at least to some extent, those it restricted.

The forest concession law of 1909 was part of a global transition from a liberal market economy to a more regulated economy through increased state intervention. However, this transition differed from country to country. The forest concession law supported domestic ownership of Norwegian forests by blocking almost all foreign capital, while also favouring local ownership through restricting certain groups from purchasing forests. The Finnish forest policy also restricted foreign ownership of domestic forests but differed from the Norwegian policy by the use of state ownership of forests and companies, while also promoting capital

concentration. The Swedish forest policy blocked companies from purchasing forests, at first in the northern counties in 1906, but slowly expanded this policy throughout the country by 1926. All these examples show the increased participation of the state in regulating natural resources to increase domestic ownership through restrictions on foreign capital. The goal of these regulations was to increase economic growth and the population's access to these resources. There was also a concern with the well-being of local smallholders, crofters, and municipalities to varying degrees.

The first three of the four principles of Nordic resource regulation between 1880-1940, as described by Sanders, Sandvik, and Storli, fits both with how the forest concession law was designed, and with the examples from Sweden and Finland. However, what becomes clear from the examples above is that their fourth principle "respect for private property rights" does not entirely describe the nuances of the forest regulations of the Nordic countries.

Though the Norwegian parliament did respect private property rights by not including municipal expropriation of forests, the forest concession law did restrict private property rights by limiting what forest owners could do with their properties. Municipalities could use their right of pre-emption to assume the right of purchase, or simply not recommend granting concession on the sale of a forest. Forest owners could not sell their forests to foreign companies, and only seldom to domestic companies from 1913 on. In Finland, expropriations of forests, though rare, did happen as part of the Finnish government's policy of assisting crofters. Though private property rights were respected in the Nordic countries, these rights were encroached upon by state regulations such as the forest concession law.

The findings in this paper widen our knowledge, not just of the concession laws, but also of an important period of increasing state power in legislation on social and economic matters.

Norway, a country in the northern periphery of Europe, chose to completely stop foreign, and to some extent domestic, capital's access to its forests in a bid to promote local ownership, as

well as stopping monopolies and speculation. Resource rent from forests was to be redistributed through local ownership of forests, not through special taxes as in the watercourse concession law. These policies were designed, like the other Nordic policies, to promote a desired social goal, in this case forest ownership by municipalities and local smallholders. Norway did, however, choose a slightly different path than the other Nordic countries by supporting the small economic units which characterized its economy. This does not mean that the other Nordic countries did not protect their farmers, but rather that Norwegian farmers were somewhat more protected than in neighbouring countries. These findings thereby highlight important similarities in Nordic countries' resource regulation as well as interesting nuances in how these regulations differed.

10. References

- Almås, R. (2002). *Norges landbrukshistorie IV 1920-2000: Frå bondesamfunn til bioindustri*. Samlaget.
- Annaniassen, E. (1983). *Rettsgrunnlag og konsesjonspraksis: En undersøkelse av rettsgrunnlaget for vassdragskonsesjoner og dets håndhevelse i tidsrommet 1906-1910* [Unpublished master's thesis, University of Oslo].
- Augdahl, P. (1920). *Skogkoncessionsloven: lov om erhvervelse av skog av 18. september 1909 med ændringslove av 13. august 1915 og 26. juli 1916: med kommentar*. Cappelen.
- Bachke, K. A. (1910). *Koncessionslovene: (Lov nr. 4 om erhvervelse av vandfald, bergverk og anden fast eiendom og nr. 5 om erhvervelse av skog - av 18 september 1909*. F. Bruns Boghandel.
- Bergh, T., & Lange, E. (1989). *Foredlet virke: Historien om Borregaard 1889-1989*. Ad Notam forlag.
- Danielsen, R., Grønlie, T., & Hovland, E. (1987). Trengselstider. 1920-1945. In H. E. Næss, E. Hovland, T. Grønlie, H. Baldersheim, & R. Danielsen (Eds.), *Folkestyre i by og bygd: Norske kommuner gjennom 150 år* (pp. 155-198). Universitetsforlaget.
- Edling, N. (1994). Staten, Norrlandsfrågan och den organiserade kapitalismen. *Historisk tidskrift Stockholm*, 114(2), 267-294.
- Espeli, H. (2001). Kraftverkbeskatningen. Lange linjer og aktuelle perspektiver på striden om sektorskatteregimet på 1990-tallet. In L. Thue & H. Rinde (Eds.), *Samarbeidets kraft: Elforsyning og bransjeorganisering 1901-2001* (pp. 254-277). Energi forlag.
- Finans- og Tolddepartementet. (1918). *Finans- og Tolddepartementets indstilling av 15de januar 1918, som er bifaldt ved kongelig resolution av samme dag* (St. prp. nr. 1. Hovedpost III).

- Geloso, V. (2020). Collusion and combines in Canada, 1880-1890. *Scandinavian Economic History Review*, 68(1), 66-84. <https://doi.org/10.1080/03585522.2019.1679246>
- Halberg, P. T. (1999). *Bjelker i bygde-Norge: skogeierorganisasjonen og skogbruksnæringen 1894-1994 med fokus på Glomma-vassdraget*. Glommen Skogeierforening.
- Hovland, E. (1987). Grotid og glanstid. 1837-1920. In H. E. Næss, E. Hovland, T. Grønlie, H. Baldersheim, & R. Danielsen (Eds.), *Folkestyre i by og bygd: Norske kommuner gjennom 150 år* (pp. 31-154). Universitetsforlaget.
- Haaland, A. (1995). *Fra konsesjonslov til «midlertidig trustlov» - norsk konkurransepolitikk 1905-1926* (20/94). Stiftelsen for samfunns- og næringslivsforskning
- Justis- og Politidepartementet. (1908). *Angaaende utfærdigelse af en lov indeholdende tillæg til lov om adgang til at erhverve skog, bergverk eller vandfald av 12te juni 1906* (Ot. prp. nr. 3., 1908).
- Justis- og Politidepartementet. (1909). *Angaaende utfærdigelse av 1. lov om erhvervelse av almindelig fast eiendom, vandfald og bergverk m.v., 2. lov om erhvervelse av skog* (Ot. prp. nr. 1., 1909).
- Jørgensen, H. (2006). The Inter-War Land Reforms in Estonia, Finland and Bulgaria: A Comparative Study. *Scandinavian Economic History Review*, 54(1), 64-97. <https://doi.org/10.1080/03585520600594596>
- Kirby, D. (2006). *A Concise History of Finland*. Cambridge University Press.
- Kotilainen, J., & Rytteri, T. (2011). Transformation of forest policy regimes in Finland since the 19th century. *Journal of Historical Geography*, 37(4), 429-439. <https://doi.org/10.1016/j.jhg.2011.04.003>
- Kuisma, M. (1993). Government action, cartels, and national corporations - the development strategy of a small peripheral nation during the period of crisis and economic

- disintegration (Finland 1918-1938). *Scandinavian Economic History Review*, 43(3), 242-268. <https://doi.org/10.1080/03585522.1993.10415871>
- Landbruksdepartementet. (1925, 4. February). Koncessionsavgjørelser. Fra Landbruksdepartementet. *Nationen*
- Lange, E. (1977). The Concession Laws of 1906-09 and Norwegian Industrial Development. *Scandinavian Journal of History*, 2(1-4). <https://doi.org/10.1080/03468757708578925>
- Lange, E. (1985). *Treforedlingens epoke 1895-1970* (Vol. 4). Dreyers forlag.
- Lie, E., Kobberød, J. T., Thomassen, E., & Rongved, G. F. (2016). *Norges Bank 1816-2016*. Fagbokforlaget.
- Mjeldheim, L. (1955). *Ministeriet Konow 1910-1912: Ein studie i parlamentarisme og partipolitikk*. Det Norske Samlaget.
- Mårald, E., Sandstorm, C., & Nordin, A. (2017). *Forest Governance and Management Across Time: Developing a New Forest Social contract*. Routledge.
- Pratt, J. A. (2012). Exxon and the Control of Oil. *Journal of American History*, 99(1), 145-154. <https://www.jstor.org/stable/41510310>
- Protokollkomiteen. (1925). *Innstilling fra protokollkomiteen om regjeringsprotokollenes gjennomgåelse* (Innst. O. IV. 1925). Protokollkomiteen
- Rygh, P. (1923). *Om Begreberne Formue og Indtægt efter Skattelovene af 1911 med Tillægslove*. Aschehoug.
- Sanders, A. R. D. (2011). *Chasing Waterfalls: Foreign Direct investments and Norwegian Watercourse Concession Policy 1916-1926* [Unpublished master's thesis, NTNU: Norwegian University of Science and Technology].
- Sanders, A. R. D. (2018). *Europe's Northern Resource Frontier: The Political Economy of Resource Nationalism in Sweden and Norway 1888-1936* [Doctoral dissertation, European University Institute]. <http://hdl.handle.net/1814/57504>

- Sanders, A. R. D., & Sandvik, P. T. (2015). Avoiding the Resource Curse? Democracy and Natural Resources in Norway Since 1900. In V. Pinilla, H. Willebald, & M. Badia-Miro (Eds.), *Natural Resources and Economic Growth: Learning From History* (pp. 313-338). Routledge.
- Sanders, A. R. D., Sandvik, P. T., & Storli, E. (2019a). Introduction: Natural Resource Regulations and the Global Economy. In A. R. D. Sanders, P. T. Sandvik, & E. Storli (Eds.), *The Political Economy of Resource Regulation: An International and Comparative History, 1850-2015* (pp. 2-19). UBC Press.
- Sanders, A. R. D., Sandvik, P. T., & Storli, E. (2019b). Regulation of Natural Resources in the Nordic Countries, 1880-1940. In A. R. D. Sanders, P. T. Sandvik, & E. Storli (Eds.), *The Political Economy of Resource Regulation: An International and Comparative History, 1850-2015* (pp. 45-66). UBC Press.
- Sandvik, P. T. (2007). En mer demokratisk kapitalisme? Økonomi og samfunnsutvikling i Trøndelag 1750-1920. *Historisk tidsskrift*, 86(1), 35-56.
<https://www.idunn.no/ht/2007/01>
- Sandvik, P. T. (2018). *Nasjonens velstand - Norges økonomiske historie 1800-1914*. Fagbokforlaget.
- Sejersted, F. (2001). Capitalism and Democracy: A Comparison between Norway and Sweden. In H. Byrkjeflot, S. Myklebust, C. Myrvang, & F. Sejersted (Eds.), *The Democratic Challenge to Capitalism: Management and Democracy in the Nordic Countries* (pp. 87-119). Fagbokforlaget.
- Sejersted, F. (2002). Den norske «Sonderweg». In F. Sejersted (Ed.), *Demokratisk kapitalisme. Revidert utvalg*. Pax Forlag.
- Sejersted, F. (2011). *The Age of Social Democracy: Norway and Sweden in the Twentieth Century*. Princeton University Press.

- Slagstad, R. (1998). *De nasjonale staterger*. Pax forlag A/S.
- Sogner, K., & Christensen, S. A. (2001). *Plankeadel: Kiær- og Solbergfamilien under den 2. industrielle revolusjon*. Andresen & Butenschøn for Handelshøyskolen BI.
- Storli, E. (2013). The Global Race for Bauxite, 1900-40. In R. S. Gendron, M. Ingulstad, & E. Storli (Eds.), *Aluminium Ore: The Political Economy of the Global Bauxite Industry* (pp. 24-52). UBC Press.
- Stortinget. (1909). *Forhandlinger i Odelstinget* (O.tid. 1909).
- Stortinget. (1911). *Forhandlinger i Odelstinget* (O.tid. 1911).
- Stortinget. (1914). *Forhandlinger i Odelstinget* (O.tid. 1914).
- Stortinget. (1915). *Forhandlinger i Odelstinget* (O.tid. 1915).
- Stortinget. (1918). *Forhandlinger i Odelstinget* (O.tid. 1918).
- Stortinget. (1922). *Forhandlinger i Odelstinget* (O.tid. 1922).
- Stortinget. (1925). *Forhandlinger i Odelstinget* (O.tid. 1925).
- Stråth, B. (2001). Nordic Capitalism and Democratization. In H. Byrkjeflot, S. Myklebust, C. Myrvang, & F. Sejersted (Eds.), *The Democratic Challenge to Capitalism: Management and Democracy in the Nordic Countries* (pp. 51-86). Fagbokforlaget.
- Sörlin, S. (1988). *Framtidslandet: Debatten om Norrland og naturresurserna under det industriella genombrottet*. Carlssons.
- Tønnesson, K. D. (1979). *Sentraladministrasjonens historie 1914-1940. Bind 4*. Grøndahl & Søn Trykkeri
- Vaskela, G. (1996). The Land Reform of 1919-1940: Lithuania and the Countries of Eastern and Central Europe. *Lithuanian Historical Studies*, 1(1), 116-132.
- <https://doi.org/10.30965/25386565-00101008>