



Troll Stove 220, manufactured around 1920. The stove had two cooking openings. When these were not in use, as in this picture, they could be covered with a decorative top plate.

Joining a large group

One of the first companies to join Norwegian Machine Industry was Kværner Stove Foundry in the spring of 1918. The whole thing started with an enquiry from Norwegian Machine Industry in March, in which a wish was expressed “to find some way to merge with Kværner Stove Foundry”.¹¹⁷ Nothing concrete was said about what lay behind Norwegian Machine Industry’s interest. But there is reason to believe that at this point the corporation already planned to build up a significant manufacturing unit for stoves and trade goods. Hamar Iron Foundry and Mechanical Workshop had a stove division that was already part of the corporation. And like Kværner Stove Foundry, another important stove manufacturer, Aadal’s Works on Løten, received a similar enquiry.

How did Kværner Stove Foundry respond to the enquiry? At first the board was positive and decided to hold further discussions with the corporation about how and on what terms a possible merger might take place. Anker was assigned the task of negotiating with the corporation. We do not know the details of the actual negotiations, but the parties obviously must have reached agreement rather quickly. By the middle of May an agreement was ready, and as of 1 June 1918 Kværner Stove Foundry was to be formally merged into Norwegian Machine Industry.

The agreement was favourable for the owners of Kværner Stove Foundry. Norwegian Machine Industry was to acquire 51 per cent of the shares in the corporation at 200 per cent of their face value. This would be done by revaluing the share capital in Kværner Stove Foundry from 600,000 kroner up to 1.2 million kroner in advance of the acquisition. Further, the company would retain a large degree of independence. The existing board would continue to function, merely supplemented by a representative from Norwegian Machine Industry. Anker would also continue as the company’s managing director. In this way the original group of owners would still exert considerable influence on the company.

But the board obviously counted on the fact that a merger would be of industrial benefit to Kværner Stove Foundry. As we have seen, Norwegian Machine Industry built upon the idea of increased efficiency and rationalisation through division of labour and co-operation. This was the organisation model they wanted to use amongst the foundries as well. By dividing production amongst the various entities, each foundry could specialise in individual areas of production. In this way it would be possible to produce more efficiently, because the production series would be larger and the workers would become specialists in a few fields. Furthermore, it was thought that Kværner Stove Foundry would gain access through the merger to know-how and other resources. There were several large companies involved in the merger, and Kværner Stove Foundry would be able to utilise the expertise in their possession. Finally, the management of Norwegian Machine Industry emphasised that the subsidiaries would be modernised and re-equipped as a stage in the rationalisation.¹¹⁸

There is reason to believe that Anker in particular was keenly interested in the rationalisation opportunities involved in a merger. Even before the question of merging with Norwegian Machine Industry came up, Anker had in several connections expressed opinions on the significance of rationalisation and co-operation as tools to strengthen the industry. From this perspective, the vision



Old photo from Aadal's Works in Løten, which in 1920 joined Kværner Stove Foundry and Kraakerøy Foundry and Workshop to form Jøtul Ltd.

that served as the basis for Norwegian Machine Industry coincided with Anker's own ideas in this area. It may have been precisely Anker's opinions on this matter that first made Norwegian Machine Industry interested in Kværner Stove Foundry.

At any rate, it must have soon become clear that Anker was a man whose talents and ideas were well-suited to the group. Besides the fact that he would continue to lead Kværner Stove Foundry, he was also appointed director of the mercantile division of the mother corporation. In this way he attained a key role in the group, responsible for the purchasing office, the shareholders' office, the auditing office, the statistical office and the advertising office, among others. The corporation did not have its own sales office, but there is reason to assume that the sales function belonged to the mercantile department as well.¹¹⁹

In 1918 a strategy was devised for the foundry group within the concern. It was based on the division of production amongst the various foundries. Kværner Stove Foundry, Aadal's Works and the stove division at Hamar Iron Foundry and Mechanical Workshop would all continue to manufacture stoves. But production of the individual models would be distributed amongst the foundries, so that it would be possible to produce fewer but larger series in each individual foundry. In addition, the production of all other cast-iron trade goods would be concentrated in no more than one or two foundries. The manufacture of machine goods, which all of them carried out alongside their production of trade goods, would be left entirely to the machine goods foundries at Thune's Mechanical Workshop and Hamar Iron Foundry and Mechanical Workshop.¹²⁰ In early 1919 a fourth foundry, Kråkerøy Foundry and Workshop in Fredrikstad, joined the group. This operation also fit in well with the division of labour strategy. Kråkerøy did not produce stoves but had specialised in bathroom fixtures, cast-iron radiators, and the like. This was a market that was growing rapidly during the war, mainly because of the difficulties in importing such materials. With Kråkerøy joining their ranks the other foundries did not have to deal with this area of production.

**Kraakerøy Foundry and
Workshop around 1920.**



The group of foundries did not operate in isolation within the concern. Gradually they were linked to another area of production on which more emphasis was placed throughout 1918, namely the construction industry. In the spring of 1918 Norwegian Machine Industry began to buy up companies involved in production of prefabricated houses and barracks. Several sawmills were also purchased, and by the end of the year six companies of this type had been added to the group. Behind these acquisitions lay a plan to establish a type of industrial housing construction. The focus would be on a few simple types of houses that would be inexpensive and easy to construct; they would be delivered virtually ready to move in to. In this connection the foundries would be involved as suppliers of heating and cooking stoves, water lines, etc. As it was stated in the spring of 1919: "The specialisation and production capacity in our factories make it possible to deliver... houses fully finished and assembled on finished foundations with a chimney and full equipment, including heating and cooking stoves, wash tubs, pipes and sanitary equipment".¹²¹ In other words, the foundries also became part of an integrated construction group.

The stove foundries leave Norwegian Machine Industry

Anker apparently nurtured great expectations regarding the merger with Norwegian Machine Industry. We have seen that he had a vision of industrial organisation that coincided with that of Norwegian Machine Industry. Moreover, he must have had an idea that Kværner Stove Foundry would gain financially from the merger. And through his position in the concern he no doubt also saw an opportunity for influencing the shape of both Kværner Stove Foundry and the foundry group as a whole.

However, the company's involvement was apparently a disappointment for Anker quite early on. First, there was a delay in implementing the division of labour amongst the foundries. At the beginning of 1919 production in the three foundries was still proceeding much as it had previously. Second, Anker was not pleased with the efforts being put into renovation and modernisation.

We see the first sign of Anker's dissatisfaction with these conditions in the spring of 1919. At a board meeting of Kværner Stove Foundry he pointed out that both the division of labour and the modernisation within the foundry group were proceeding slowly¹²² This stood in sharp contrast to a number of the other operations, where a significant division of labour had evidently already been implemented.

There is no mention about why it had turned out this way. Nor is it easy in hindsight to explain. But perhaps the foundries stood further back in the queue as far as the distribution of resources was concerned. It was the large mechanical workshop companies that were considered the engines in the group, and they presumably also laid claim to most of the investments. Anker was perhaps a bit impatient as well. It was only a year and a half since the group had been established, and there were important issues that had to be addressed and many companies to co-ordinate. Nevertheless, a number of renovations were carried out in the foundries as well, although not yet particularly extensive ones. Regardless, Anker was not very pleased with the situation, and at a meeting in the summer of 1919 he said that the board ought to consider buying back the stock from Norwegian Machine Industry, so that Kværner Stove Foundry could be an independent company once again.¹²³ Initially no decision was taken on this matter, but it was a solution that seemed to take root as time went on.

At the same time, however, another alternative was developing. In the autumn of 1919 Anker began considering the idea of pulling the entire foundry group out of the concern and forming an independent corporation consisting of these companies. In a board meeting in September he stated that the benefits of a co-operation amongst the foundries would first be achieved "when the companies come in under an independent administration whose task it is to concentrate on the stove industry".¹²⁴ At a board meeting a month later he presented a concrete proposal to this end.¹²⁵ The basic premise was that the minority owners in the four foundries should buy back the majority of the stock that had been taken over by Norwegian Machine Industry. At the same time a new corporation would be established – a kind of holding company – which would acquire a minority share of the stock in the various companies. In the same way as in Norwegian Machine Industry, the individual foundries would remain independent subsidiaries with their own boards and own management. The holding company would primarily oversee co-ordinating production amongst the various foundries. In addition, it would take on tasks which could be centralised advantageously, such as purchasing, accounting, administration, etc. Finally, it would be responsible for all advertising efforts. The idea was that the foundries would appear as one company to the outside world, and that all advertising would be shared by the four participants.

At this point it seems as though the matter had already been discussed, both with the management of Norwegian Machine Industry and the minority shareholders in the other foundries. Almost immediately after Anker had presented his plan to the board, discussions were initiated with Norwegian Machine Industry, and just before New Year's a preliminary agreement was reached which the other owners also supported. The plan was for Norwegian Machine Industry to transfer the majority of its shares in Kværner Stove Foundry, Aadal's Works, and Kråkerøy Foundry and Mechanical Workshop to a new, independent corporation. (It is not known why the stove foundry

at Hamar Iron Foundry and Mechanical Workshop was not to be included in the new group.) The parties had agreed on a price of 3.7 million kroner for the stock. A portion of this price was to be paid in the form of stock in the three foundries. Norwegian Machine Industry would receive a 400,000 kroner share block in Kværner Stove Foundry.¹²⁶ We do not know the size of the blocks the corporation was to receive in the other two.

Why Norwegian Machine Industry should remain a shareholder in the companies is unknown, but it is possible that there were financial reasons. It might also have something to do with the fact that Norwegian Machine Industry still wanted to keep a foot in a business that was quite closely related to some of the corporation's other fields of activity.

We do not know the value of the shares in Kråkerøy and Aadal, and we therefore do not know the rate at which they were sold by Norwegian Machine Industry. However, there is little doubt that the price must have been substantially above their face value. As we have seen, the share capital in Kværner Stove Foundry in 1918 was 1.2 million kroner. At the same time we know that Aadal and Kråkerøy were considerably smaller companies than Kværner Stove Foundry, and so they must have had a smaller share capital. This in itself means that the total share capital in the three companies in 1918 must have been well below 3.7 million kroner. Consequently we can assume that the companies must have been sold for well over the parity rate in 1920.



Fireplace with black marble surface, clearly inspired by English stove design. The model is from around 1920.

A/S Jøtul is established

How was the new group to be organised, and who would head it? In April 1920 a stock offering was issued.¹²⁷ The name of the corporation would be "Aksjeselskapet Jøtul" [Jøtul Ltd], and the corporation would have a share capital of 5 million kroner. In other words, this would be a quite significant enterprise. Yet the majority of the share capital – 3.5 million kroner, to be precise – was already subscribed. For the most part it was men associated with the "Kværner circle" who stood behind both the offering and the advance subscription: Anker, Laurantzon, Petersen and Foss. But amongst the shareholders were also some new names, such as the director Per Kure, the engineer Fredrik Schuman, the wholesaler Thomas Schjøtt and the engineer Fritz H. Frølich.

Quite different motives prompted the participation of the latter four men. Per Kure apparently had industrial interests. He ran AS Per Kure – Norwegian Motor and Dynamo Factory, which was a company that used a good deal of cast-iron goods in its production. Presumably he was interested in securing his company some influence on the supplier side. Fritz H. Frølich we do not know much about, beyond the fact that he had interests in Hamar Iron Foundry and Mechanical Workshop. Schjøtt we know even less about. On the other hand, we know a great deal about Schuman, and in several respects he is also the most interesting of the new men. Schuman owned and operated Winggaard's Stove Foundry in Bergen, and thus had to be viewed as a competitor to the new corporation. The fact that he became involved could mean that there were plans to establish some sort of co-operation between Winggaard and Jøtul Ltd.¹²⁸

If that was the case, such a co-operation would be completely in line with the intentions behind the new corporation. As stated in the stock offering: "In the first instance it is the purpose of the corporation's formation to promote a coalition of stove foundries in Norway."¹²⁹ This was to be achieved

Nr. 9

Nr. 500.-

AKTIEBREV

Jøtulutsalget A/S

REGISTRERET 19. juni 1923 MED FORMÅL
handel og agentur

Da A/S Jøtul

har betalt i en aktie i selskapet med det bestemte beløp
femhundredekroner

saa skal det eller enhver anden, som ved lovlig transport blir eier av nærværende aktiebrev, være delagtig i de rettigheter og underkastet de forpligtelser, som selskapets vedtagter til enhver tid fastsætter.

Kristiania den 27 august 1923

Herman Kubler Jøtul Jøtul

The Jøtul Shop A/S was established just after A/S Jøtul with the "objective of conducting trade and dealer activity of any kind, in particular the sale of cast-iron goods and building materials". The main shareholder was A/S Jøtul 50 (per cent).

through co-operation with other enterprises and buyouts, by establishment of new companies, and by “providing economic support to persons or companies for activity in accordance with the purposes of the corporation”.¹³⁰

In large part it was these principles that coincided with the ones that had served as the basis for Norwegian Machine Industry. No doubt they also sparked much of the inspiration for the new group. The broad and open objects clause is one indication. Further, the corporation was to be organised according to the plan that Anker had worked out in the autumn of 1919. And as we have seen, it built on a model in which the mother corporation would primarily take care of the co-ordination of production in the foundries, as well as a number of other shared tasks, while the subsidiaries would otherwise be quite independent. Here too the inspiration from Norwegian Machine Industry was evident.

Even the motive for the merger was largely the same, namely the opportunity to make operations more efficient through specialisation and rationalisation. This is clearly evident in the stock offering: “Through a closer coalition amongst such similar companies, production will be increased and it will be possible to maintain the product on a high level that satisfies the demands of the time, in that it becomes possible through the coalition – through specialisation and effective distribution of production amongst the individual companies – to bring production costs down... Under the present circumstances, each individual company within the stove industry in practice manufactures all the articles that are offered for sale in this field. Each individual foundry delivers cooking stoves, base burners, story furnaces and a multiplicity of trade goods. But it is obvious that in this way one cannot manage to produce these articles at prices as low as would be possible if production at each factory were restricted to a smaller number of articles, for which the individual companies would then become speciality factories. With such specialisation the individual foundry would be required to manufacture only specific articles: one foundry could produce cooking stoves, another base burners, a third story furnaces, etc., and the workers will become specialists in the fabrication of these specific articles.”¹³¹

The ideas concerning production organisation on which Jøtul Ltd was based represented something utterly new in the Norwegian stove industry. A co-operation of this type amongst manufacturers had never before occurred in the industry, so it is likely that it attracted a good deal of attention. Of course we know little about how it was viewed by the actual players involved, but it must have caused some concern. The three foundries (Kråkerøy was not included because the company did not cast stoves) were responsible for about 30–35 per cent of Norwegian stove production. Certainly it must have prompted some anxiety amongst the manufacturers whose most important market was in the central part of eastern Norway. Here Jøtul would become a very strong player, with great financial power and a production and marketing apparatus that was far superior to that of its competitors. And with the gains from rationalisation that the company believed would be achieved through co-operation, the foundries were expected to be in a position to produce stoves more cheaply than their competitors.

Publicly, however, quite different arguments were cited to explain the reasons for the merger. Outwardly emphasis was placed on national values. In a long article in *Verdens Gang* [The Way of the World] under the headline “Traditions of old Norwegian stove industry are revived”, Herman

The Jøtul Shop in Nygaten 4, Oslo. From here, stoves and other cast-iron goods were sold from Kværner Stove Foundry, Aadal's Works, and Kraakerøy Foundry and Workshop.



Anker stated: “The new corporation will set itself the goal of reviving the traditions of the good old Norwegian stove industry... The Norwegian stove industry, as is well-known, held an eminent position in the last century. We have only to recall Eidsvold’s, Nes’s, Hakedal’s and Bærum’s Works, names which have a prestigious ring. And in western Norway there were a number of works. The Norwegian stove industry in those days supplied Denmark with stoves. Norwegian stoves were highly esteemed; they represented solid and beautiful workmanship. But later Denmark built up its own prominent stove industry, which is now the biggest competitor to Norwegian factories. But now we have a chance to stand up to the competition.”¹³²

First and foremost, it was all about resurrecting an old and entirely Norwegian industrial tradition. In a country that quite recently had won full independence, these were arguments that played well. Norway was still a young nation with a need to find its own identity. By establishing bonds to past greatness, Jøtul would fill a role in this context. The fact that it was the Danes – the old “colonial masters” – who were now the greatest threat to the Norwegian stove industry was an additional impetus to support such a plan. Great emphasis was also placed on the fact that foreign nationals would not be allowed to purchase stock in the corporation. Jøtul would build on Norwegian traditions under Norwegian ownership.

Under the dominance of Kværner Stove Foundry

This was how what we have called the “Kværner circle” came to dominate both on the ownership side and in the management of Jøtul. Herman Anker became the president of the corporation. He was also a member of the board. Laurantzon and Petersen also held board seats. Laurantzon became chairman. Fredrik Schuman and Thomas Krefting were elected to the board as well. The latter was president of Hamar Iron Foundry, and he was the only representative of the subsidiaries in the coalition, if we ignore those who were associated with Kværner Stove Foundry.

Kværner's influence was also evident in conjunction with the administration of the new corporation. Anker, as mentioned, was appointed president of the corporation. The administration was structured to comprise six functionaries: an office manager, a sales manager, a designer, a foundry inspector, a division manager, and a cashier/bookkeeper. Of these, five came directly from Kværner Stove Foundry. It was Kværner's foundry master, Oscar Evensen, who became foundry inspector. It was Kværner's foreman, Kristian Stenersen, who became designer. Kværner's travelling salesman, Jarl Wego, became sales manager. And Anker's wife, Harriet Anker, became the corporation's cashier and bookkeeper. In addition, the retail sales outlet of Kværner Stove Foundry in Nygaten was converted to a subsidiary of Jøtul. The corporation would thereafter function as a joint sales outlet for all the foundries in the coalition. The company was named "The Jøtul Shop".

Jøtul Ltd was established at the peak of a boom period. It was the good economic times that made the formation of the corporation a realistic possibility. But the price had been high, and the purchase of stock had been partially financed through loans. And this applied not only to Jøtul Ltd. Kværner Stove Foundry had also financed its buyback of stock in Norwegian Machine Industry largely through loans. The question was whether the companies were equipped to withstand economic hard times. But few worried about such problems during the post-war boom in the years 1918–20. Events soon took a different turn, however. In the autumn of 1920 there were signs of an imminent economic setback, and over the next few months the Norwegian economy entered a deep crisis. The post-war depression had set in. It also hit Kværner Stove Foundry and Jøtul Ltd with full force.