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Maritime entrepreneurs and policy-makers: a historical approach to contemporary economic globalization

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Abstract

This article adopts a historical approach to examine the role played by maritime entrepreneurs and maritime policy-makers in the unprecedented growth of world trade during the second half of the twentieth century. The purpose is to show how globalization as a macroeconomic process was shaped and sustained by human agency operating within maritime business and maritime politics. For more than two decades, economic globalization has been a major field of study within the social sciences. While providing many valuable insights, this literature tends to approach globalization primarily from a macro-perspective and to treat the process largely in quantitative terms. Through a series of separate historical case studies, this article shows the possibilities of more micro- and meso-oriented analysis, focusing more on processes and transformations than stages and outcomes.

Keywords business history, economic globalization, international trade policies, maritime entrepreneurs, merchant shipping

Introduction

This article examines the historical role played by maritime entrepreneurs and maritime policy-makers in the unprecedented growth of world trade during the second half of the twentieth century. Our purpose is to show how globalization as a macroeconomic process was shaped and sustained by human agency operating within maritime business and maritime politics.

For more than two decades, economic globalization has been a major field of study within the social sciences. Economists have studied the process by seeking to explain the

increasing integration of markets for goods, labour, and capital that characterized the period from the mid nineteenth century. Political scientists, meanwhile, have been concerned with the political economy of the economic integration process. While providing many valuable insights, this literature tends to approach globalization primarily from a macro-perspective and to treat the process largely in quantitative terms. Most studies have focused on development of stages and outcomes, rather than processes and transformations. But to fully understand economic globalization we also need to appreciate the extent to which this process relied on a series of complex organizational, technological, institutional, and political preconditions, and how these preconditions were formed by human agency.

Historians are particularly well placed to grasp these 'human roots' of the economic globalization process. And indeed, within the field of global history, a number of recent and very valuable studies have dealt with various issues of economic integration from a genuinely historical viewpoint.[1] A major goal stated by the first editors of the *Journal of Global History* was to develop a 'more balanced and satisfactory understanding … of globalization'.[2] In many ways this goal has been achieved. Most academics debating globalization today will acknowledge that it has a long and complex history. An awareness of the deep roots of contemporary globalization has been established. Nevertheless, many issues remain in the more or less exclusive domain of economists and political scientists. One of these is the massive international trade growth characteristic of the second half of the twentieth century.

This international trade growth was one of the major features of the contemporary economic globalization process. The present article seeks to show the possibilities of a historical and actor-centred approach to this development. It does so through several case studies focusing on the role played by maritime entrepreneurs and maritime policy-makers in establishing the preconditions for the exceptional growth in international trade during the second half of the twentieth century. The cases are largely, but not exclusively, drawn from research on the history of Norwegian merchant shipping and the role of Norwegian policy-makers in international shipping policy. This rather exclusive focus on Norwegian, or European, actors might seem misplaced in a journal of global history. Our point, however, is that, while these entrepreneurs and politicians had a European national origin, they operated in a global environment; and their operations had global consequences. Norwegian and other European shipping entrepreneurs played vital roles in creating the technological and organizational foundations for increased overseas trade. Alongside maritime bureaucrats and interest group representatives they were also, throughout much of the twentieth century, assembling and in large part controlling existing global networks of transport and trade, and they were heavily involved in shaping the course of global maritime policies. These global commercial and political relations and institutions were the basic infrastructure on which the

1 E.g. A. G. Hopkins, ed., *Globalization in world history*, New York: W. W. Norton, 2002; C. A. Bayly, *The birth of the modern world, 1780–1914: global connections and comparisons*, Malden, MA: Blackwell, 2004; A. G. Hopkins, *Global history: interactions between the universal and the local*, Basingstoke: Palgrave Macmillan, 2006; Jürgen Osterhammel and Niels P. Petersson, *Globalization: a short history*, Princeton, NJ: Princeton University Press, 2005; Giorgio Riello, *Cotton: the fabric that made the modern world*, Cambridge: Cambridge University Press, 2013; Jürgen Osterhammel, *The transformation of the world: a global history of the nineteenth century*, Princeton, NJ: Princeton University Press, 2014.

2 William Gervase Clarence-Smith, Kenneth Pomeranz, and Peer Vries, 'Editorial', *Journal of Global History*, 1, 1, 2006, p. 1.

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massive growth in world trade rested. At the same time, by contributing so substantially to pushing forward the integration of markets, the Europeans gradually also obliterated the foundations on which their controlling position rested. As the historian Michael B. Miller has recently argued, during the last quarter of the twentieth century, the once Eurocentric structure of international sea transport and trade became increasingly 'multipolar', comprising separate competing centres in both North America and East and Southeast Asia.[3] Our focus here is the role of European maritime entrepreneurs and policy-makers in the process of establishing the foundations for this development.

Maritime entrepreneurs and international trade

The relationship between international trade and international merchant shipping has always been close. Developments in international trade have been intimately linked with parallel developments in overseas transport. The growth in international trade during the second half of the twentieth century is no exception. Take as an example the development of world trade in coking coal. The volume of growth in this trade during the post-war years was substantial: a total seaborne trade of 46 million tons in 1960 had expanded to 320 million tons by 1989.[4] Coking coal is a major raw material in the steel industry and the increase reflected the growth of steel production in both Europe and Japan. In 1950 general-purpose carriers such as the Liberty ships – standardized ships mass-produced in the USA during the Second World War – still handled most of the coal trade.

The increasing demand for long-haul transport of coal implied, however, that the demand for tonnage increased substantially. Much could be gained by increasing the size of ships transporting coal. But this was not a straightforward task. It required people to envisage the opportunity and to handle the many practical challenges triggered by the introduction of larger ships. Maritime entrepreneurs played a decisive role in organizing and coordinating these processes. They did so by developing new ships, building port facilities, exploiting new institutional possibilities, exploring new ways of organizing business operations, and building global commercial networks, linking together the various producers, transporters, financers, shipbuilders, and customers in different countries that had to be coordinated for the seaborne coal-carrying capacity to expand as fast as it did and for the new, drastically enlarged transport system to function efficiently.

This story repeated itself across the entire shipping industry. In 1950, small general cargo carriers and tramp ships of the Liberty class dominated most international merchant shipping. Gradually, however, these ships were replaced by large bulk carriers, container ships, and vessels designed to carry specialized cargoes such as cars, chemicals, and liquefied gas. Scale economies, automation, standardization, and specialization were increasingly applied by shipping firms to increase the cargo-handling capacity and the efficiency of their fleets. Institutional changes such as the increasing use of flags of convenience and the

3 Michael B. Miller, *Europe and the maritime world: a twentieth century history*, Cambridge: Cambridge University Press, 2012.

4 For details on the coal trade see Martin Stopford, *Maritime economics*, London: Routledge, 2009, pp. 450–3; Gelina Harlaftis, *A history of Greek-owned shipping: the making of an international tramp fleet, 1830 to the present day*, London: Routledge, 1996, p. 253.

development of multinational crewing were also introduced to cut costs. Organizational innovations caused what has been called a 'decomposition of the value chain' within the industry as a whole. Shipping companies increasingly tended to outsource many of the operations that had traditionally been a natural part of their day-to-day operations, breaking up the sea transport business into more efficient, specialized firms.[5]

The importance of these changes – and of the maritime entrepreneurs who pursued them – has not been sufficiently appreciated in the existing literature. In several much cited studies on the role of shipping in 'the second era of globalization', the Chicago-based economist David Hummels has argued that the shipping industry may even be regarded as more of a hindrance than a facilitator for increased international trade during this period. His evidence for this claim is developments in ocean transport costs. According to Hummels, in real terms there was very little decline in the costs of ocean freight during the second half of the twentieth century, and he therefore concludes that seaborne transport was not a 'critical input' to the growth in trade during this period.[6] As he writes: 'The price of bulk commodities has fallen faster than the unit cost of tramp shipping, yielding no change or even increases in the barrier to trade posed by international transport.'[7]

The views of Hummels have resonated both in the specialized literature and in more general works on the development of the international economy.[8] Both he and others writing on the developments in international trade do recognize the many productivity-enhancing transformations – technological, organizational, and institutional – which occurred within the shipping sector during the last half of the twentieth century.[9] They also admit that these transformations may have reduced the cost of seaborne transport. Since, however, according to these authors, these cost improvements were offset by a parallel increase in 'input costs, including fuel, ship prices, and port costs', overall ocean freight costs did not decline.[10] Their principle line of reasoning therefore indicates that, as long as the relative price of seaborne transport did not fall, its importance for economic globalization must have been limited.

As we shall soon see, however, while the price for the transport of manufactured goods probably did not decline very much in real terms, there is little doubt that seaborne transport of raw materials and semi-manufactured goods became significantly cheaper. Furthermore, cost development does not satisfactorily account for the massive quality improvements in

5 Peter Lorange, *Shipping strategy: innovating for success*, New York: Cambridge University Press, 2009, p. 82.

6 David Hummels, 'Transportation costs and international trade in the second era of globalization', *Journal of Economic Perspectives*, 21, 3, 2007, pp. 131–54.

7 David Hummels, 'Have international transportation costs declined?', University of Chicago, 1999, p. 8, available at http://ntl.bts.gov/lib/24000/24400/24443/hummels.pdf (consulted 21 November 2014).

8 See e.g. Saif I. Shah Mohammed and Jeffrey G. Williamson, 'Freight rates and productivity gains in British tramp shipping 1869–1950', *Explorations in Economic History*, 41, 2, 2004, pp. 172–203; Karl Gunnar Persson, *An economic history of Europe: knowledge, institutions and growth, 600 to the present*, Cambridge: Cambridge University Press, 2010; Ronald Findlay and Kevin H. O'Rourke, *Power and plenty: trade, war, and the world economy in the second millennium*, Princeton, NJ: Princeton University Press, 2007.

9 See e.g. Findlay and O'Rourke, *Power and plenty*.

10 Hummels, 'Transportation costs', p. 145.

transport of manufactured goods caused by factors such as containerization.[11] More importantly, however, the assertions made by this dominant strand of research fail to recognize how the growth in international trade, irrespective of any price developments, rested on a series of technological, organizational, and institutional preconditions for trade growth. If these preconditions had not been established in the first place, globalization at the scale and speed seen in the second half of the twentieth century would not have been possible. As it turned out, maritime entrepreneurs and their shipping firms took centre stage in organizing these preconditions.

For this reason, 'globalization as a historical phenomenon', as Miller noted in his recent book, 'must … be rooted in its day-to-day realities of shipping and trading'.[12] He himself puts much weight on shipping developments in the first half of the twentieth century. When studying the second half of the century he deals primarily with the fundamental role of containerization in shaping the globalization process. His detailed case studies are excellent examples of the central role of shipping entrepreneurs in globalization, or, in his words, how 'shipping companies were such superb globalizers'.[13] However, Miller somewhat downplays the role of the bulk trades – the growth in trades such as ore, coal, and oil. Furthermore, he only sketches out the growth of trade in semi-manufactures such as chemicals, or trade in finished products not suitable for containers, such as cars and heavy machinery. But maritime entrepreneurs fundamentally shaped the growth of these trades too, and they were all important features of the ongoing economic globalization process.

The coal and oil trade

Let us first return to the coal trade. The New York-based Norwegian shipowner Erling Dekke Næss represents a typical example of an important shipping entrepreneur and global trade maker.[14] Raised in Norway, educated in London, running his business from New York, and specializing in handling shipments of raw materials to Japan, he was one of the main participants in the expanding trade in coking coal after the Second World War. His initial involvement in the coal trade stemmed from an interest in reducing the price of steel. As a leading international owner of oil tankers, with a total of twenty new ships on order by 1957, he regarded the price of steel as fundamental in calculating the overall costs of his shipping operations. As he built up his tanker fleet, the economies of scale in operating larger ships had been at the core of his development strategy. Næss gradually realized that significant cost reductions could be made by replicating the large-scale bulk strategy that had been earlier applied in the tanker trade in the coal trade as well. By so doing, the cost of steel could also be lowered, in turn reducing the new-build price of both tankers and other ships.

11 For a more elaborate discussion, see Espen Ekberg, Even Lange, and Eivind Merok, 'Building the networks of trade: perspectives on twentieth-century maritime history', in Gelina Harlaftis, Stig Tenold, and Jesús M. Valdaliso, eds., *The world's key industry: history and economics of international shipping*, Basingstoke: Palgrave MacMillan, 2012, pp. 89–95.

12 Miller, *Europe and the maritime world*, p. 11.

13 *Ibid.*, p. 75.

14 The following paragraph is based on Erling Dekke Næss, *Autobiography of a shipping man*, Colchester: Seatrade Publications, 1977, pp. 138–40. See also Ekberg, Lange, and Merok, 'Building the networks', pp. 88–105.

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However, long before any large coal-carrying ships could be put on order, numerous challenges had to be confronted and overcome.

Næss took the first steps towards dealing with these issues in the period between 1956 and 1958 by linking up with American coal exporters, who were at this point the leading providers of coking coal to the Japanese steel industry. Shipments had traditionally been made in Liberty ships, but were now increasingly taken over by slightly larger bulk carriers of 15,000–17,000 dwt.[15] Næss sought to negotiate contracts using ships twice this size. The first question was whether the exporters could produce the amount of coal necessary to serve a fleet of such big ships efficiently. A second question was how the coal should be transported to the sea. Traditional coal trucks took on 70 tons of coal. With ships of 35,000 dwt, 500 trucks were needed to serve one ship. Clearly arrangements had to be made with the railway company taking care of the landward transport before further progress could be made. Thirdly, contracts also had to be made with the receivers of coal. Obvious aspects such as price, quality, and duration of the contract were only some of the problems that Næss had to deal with. Could the Japanese steel mills handle the large amounts of coal he wanted to deliver with his ships in one load? Did they have the port facilities needed to handle the ship itself? Finally, a number of other practical matters also had to be solved, such as the amount of the Panama Canal toll and the wages and insurance levels for the crews manning the ships. Not before all these unanswered questions were settled could the final contracts be signed. Then the time came to visit the banks to obtain guarantees of finance before orders could actually be placed at the shipyards. As Næss himself explains: 'It all took time, patience and persistence'.[16] In 1961, six years after the first contacts with the coal exporters had been made, the first bulk carriers were delivered.

The expansion of the coal trade could now continue at a new pace. By 1970 seaborne trade in coal had doubled; ten years later it had doubled again. The average size of the ships employed in the trade increased in similar fashion. From shipments in vessels of about 12,000 dwt around the mid 1950s, by 2000 the average coal shipment was transported in ships of about 100,000 dwt.[17] This rapid pace of expansion relied heavily on the strategic decisions of maritime entrepreneurs, who played a key role in putting in place the technological, organizational, and institutional preconditions for trade to expand as fast as it did. Investigating in detail how these entrepreneurs dealt with new challenges helps shed light on how trade growth – and economic globalization – was created and sustained by human agents. In the case of the coal trade, it also helps explain why the real cost of transporting coal overseas declined substantially during the post-war years. Despite claims that overall ocean freight costs did not decline, average coal freights probably fell by 80% between the end of the 1950s and the turn of the millennium according to reliable estimates.[18] As early as the 1970s the cost of transporting a ton of coal by sea from Hampton Roads to Japan – a distance of about 16,000 kilometres – was only a third of the cost of transporting a

15 Deadweight tonnage, indicating the weight that a ship can safely carry.

16 Næss, *Autobiography*, p. 139.

17 Stopford, *Maritime economics*, p. 421.

18 Yrjö Kaukiainen, 'Journey costs, terminal costs and ocean tramp freights: how the price of distance declined from the 1870s to 2000', *International Journal of Maritime History*, 18, 2, 2006, p. 28.

similar amount of coal from Virginia to Jacksonville, Florida by rail – a distance of about 300 kilometres.[19]

Erling Dekke Næss was, of course, not alone in laying the foundations for the increased efficiency of international bulk transport. The national fleet expanding most dramatically during the post-war years was that of Greece. Among the many prominent Greek shipping tycoons were shipowners such as Stavros Niarchos, Aristotle Onassis, and Stavros Livanos. While perhaps best known for their opulent lifestyles, these maritime entrepreneurs also played vital roles in laying the technological, organizational, and institutional foundations for post-war international trade growth. As Ioannis Theotokas and Gelina Harlaftis have noted, 'one basic characteristic of Greek shipowners' was that they 'did not function as investors but as entrepreneurs'.[20] The Greeks excelled in the expanding international trade in oil, which had begun with the growth of the trade in crude oil during the interwar years. By 1950 seaborne transport of petroleum and petroleum products had reached a total of 225 million tons. Only seven years later, however, this volume had nearly doubled and by the late 1970s more than 2 billion tons of such products were transported across the seas. Accompanying this growth was a massive increase in tanker capacity: in 1950, 20% of the world fleet consisted of tankers; by the 1970s, this share had doubled.[21] Greek shipowners were responsible for much of this growth. The major means was radically to increase the size of the ships carrying the crude oil. In 1953, Onassis introduced the world's first 'supertanker'. Named *Tina Onassis* after the shipowner's first wife, it could carry 40,000 tons of oil, or more than three times the average oil-carrying capacity of existing tanker vessels. Twenty years later Onassis alone had launched a total of forty-nine newly built tankers, including the first so-called very large crude carrier (VLCC) flying the Greek flag, the 200,000-ton-dwt *Olympic Armour*, launched in 1969. Stavros Niarchos was even more expansionary. During the 1950s alone he managed to increase the size of his fleet from two ships totalling 14,000 dwt to sixty-four ships with a carrying capacity exceeding one million tons. Fifty-six of these ships were oil tankers.[22]

The financial basis for this massive expansion had been laid during the Second World War. Onassis accumulated large profits sailing tankers under neutral flags, while Niarchos received more than two million US dollars in war damage compensation. However, their continued ability to expand their fleets at a furious pace – and hence serve the steadily increasing demand for crude oil transport – rested on new and innovative financial arrangements. In the interwar years, a large number of small Norwegian shipping companies, typically owning only one or a few ships, had combined tramp charter arrangements with yard credits to organize a massive growth in the world's tanker capacity.[23] The Greeks took this strategy even further. Instead of relying on cash payments or yard credits, they made credit arrangements with banks using prospective freight agreements as collateral. This collateral was used to order not one but

19 Stopford, *Maritime economics*, p. 39.

20 Ioannis Theotokas and Gelina Harlaftis, *Leadership in world shipping: Greek family firms in international business*, Basingstoke: Palgrave Macmillan, 2009, p. 44.

21 *Ibid*., pp. 14–15.

22 *Ibid*., pp. 47–50.

23 Stig Tenold, 'Norway's interwar tanker expansion: a reappraisal', *Scandinavian Economic History Review*, 55, 3, 2007, pp. 244–61.

several similar ships at the same time. Backed by a single five- to ten-year charter agreement with a given cargo owner – such as an oil company – the Greek shipowners were able to order a whole series of similar tankers from the same yard.[24]

This method decreased the production costs of tankers. It ensured stable, long-term employment for the shipyards involved, guaranteed cargo owners access to the most modern and efficient means of transport, and gave the ship-financing institutions large and attractive loan opportunities. Most importantly, it made possible the building, within a short period of time, of substantial oil-carrying capacity. The spider in the web organizing this development was the shipowner, with Onassis and Niarchos being among the most prominent. By tying together the interests of the cargo owner, the shipyard, and the bank, they helped secure a much faster expansion in the world's tanker capacity than would otherwise have been possible. Thus they also helped to facilitate a continued fast increase in the world seaborne trade of petroleum. At the same time, the Greeks expanded massively in the dry bulk trades, using the same methods of financing. By the 1980s the Greek-owned fleet was the second largest in the world, with only the Japanese-owned fleet surpassing it.[25]

The economic effects of the shipowners' ability to finance and organize massive new building of tanker and dry cargo tonnage were substantial. Scale economies in bulk shipping laid the foundation for reduced freight costs. In turn, this decline in bulk cargo ocean freight costs meant that a number of new and more distant sources of raw materials could efficiently enter the market. In the coal trade for example, Great Britain had dominated world exports up to the Second World War. Increasingly, this trade now became characterized by 'a wide range of different suppliers'.[26] Australia gradually developed as the world's new dominant provider of coal, controlling one-third of the market, but various other producers scattered across most parts of the world also acquired substantial shares. In 2004, South American and Caribbean sources provided a 7% share, Polish sources 2%, coal from Canada and the USA 8%, South African mines 8%, Indonesia 16%, and China 13%.[27]

In parallel, the number of importers of coal also increased as modern industrialization moved to new regions, most prominently in East Asia. This industrialization process rested on the supply of cheap raw materials and would not have been possible without the ability of the shipping industry and its entrepreneurs to massively scale up their fleets. The coal trade now became served by an expanding fleet of coal bulk carriers sailing under a number of different flags, owned and operated by shipowners and ship management companies of various nationalities and with crews increasingly consisting of non-Western seamen. From a situation where coal had constituted a simple trade, primarily made up of exports from the UK to selected destinations, largely carried on British-owned and British-manned vessels, the trade developed to become a complex, global affair, involving participants from all over the world.

24 Gelina Harlaftis, *Greek shipowners and Greece 1945–1975*, London: The Athlone Press 1993, pp. 44–5.

25 Figures from Yrjö Kaukiainen, 'Growth, diversification and globalization: main trends in international shipping since 1850', in Lewis R. Fischer and Even Lange, eds., *International merchant shipping in the nineteenth and twentieth centuries: the comparative dimension*, St John's, Newfoundland: International Maritime Economic History Association, 2009, pp. 1–56.

26 Stopford, *Maritime economics*, p. 452.

27 Figures from *Fearnleys review 2005*, printed in Stopford, *Maritime economics*, p. 452.

The post-war growth of world trade in raw materials such as oil and coking coal was substantial. However, the relative importance of these raw materials in world trade declined over the period, the simple reason being that growth of trade in semi-manufactured and manufactured goods was even more substantial. From 1955 to 1995 the total value of world exports of manufactured goods increased from US$28 billion to US$2,600 billion: almost five times as fast as the parallel growth in value of the raw materials trade. Trade in semi-manufactures (intermediate products) grew even faster. As a consequence, manufactured goods made up more than half of the total value of world merchandise exports by 1995, while they had constituted less than one-third in 1955. Semi-manufactured goods increased their share of world exports from almost 14% to roughly 20%. Some of this difference can be explained by price developments, since over the period the price of raw materials fell relative to the price of manufactured goods. But the major reason was a substantial growth in volume of semi-manufactured and manufactured trade, which significantly exceeded the parallel growth in volume in the trade of raw materials.[28]

A given value of a manufactured or intermediate good generally takes up less space and weighs less than a similar value of raw materials. At the same time, however, the massive growth in these trades, characteristic of the second half of the twentieth century, required a dramatic expansion in the carrying capacity of the world fleet. To a large extent it also required the construction of completely new types of ships. An excellent example of the latter is the development of the international trade in chemicals.

The chemical trade[29]

Before 1950, the scale of trade in chemical products had been small. In 1955, it amounted to less than US$5 billion, or just above 5% of the total value of world merchandise exports. About fifty years later, in 2008, the value had reached US$1,700 billion, and its share of total merchandise exports had reached almost 11%. Chemicals had become the second most traded product in the world in value terms.[30]

Many of the products that now dramatically increased their share of world exports had never previously been traded overseas, primarily because they had simply been too difficult to handle. Typical among these were sulphuric acid and phosphoric acid, a major problem with them being that they are corrosive to metals. Chemicals were increasingly transported in so-called parcel tankers, which were ships capable of carrying a large variety of chemicals in bulk. They consisted of several segregated tanks and a sophisticated piping system to permit simultaneous carriage of several chemical cargoes with minimum risk of cross-contamination. When such tankers were launched in 1950s they permitted substantial

28 Nigel Grimwade, *International trade: new patterns of trade, production and investment*, 2nd edn, London: Routledge, 2000, pp. 11–20. The figures for 'raw materials' include food. Grimwade uses the expression 'primary products' as the common term for these two types of products.

29 The following section is partly based on Ekberg, Lange, and Merok, 'Building the networks', and Espen Ekberg and Even Lange, 'Business history and economic globalisation', *Business History*, 56, 1, 2014, pp. 101–15. For a broader description, see Atle Thowsen and Stig Tenold, *Odfjell*, Bergen: Odfjell ASA, 2006.

30 Grimwade, *International trade*; World Trade Organization, *International Trade Statistics 2009*, http://www.wto.org/english/res_e/statis_e/its2009_e/its09_toc_e.htm (consulted 24 November 2014).

efficiency gains in overseas transport of a number of different chemicals. Corrosive products, however, were still a challenge.

A solution was found by the maritime entrepreneur J. O. Odfjell, who owned and operated a small shipping firm located in the city of Bergen on the west coast of Norway. In 1959 the company launched the first chemical tanker built from scratch with stainless steel tanks. Initially, according to Odfjell, most other industry participants found this idea to be 'absurd' as they thought that 'the vessel would be too expensive to give any returns'.[31] It soon turned out, however, that not only did these ships make efficient seaborne transport – and hence trade – in a number of new, corrosive products possible, but they also showed themselves to be very efficient in the transport of more standard liquid products. The stainless steel tanks were much easier to clean than conventional tanks; thus the time spent in port could be significantly reduced and utilization rates increased. By the mid 1970s more than half of Odfjell's parcel tankers were built with tanks of stainless steel. The world's largest shipowner in the parcel tanker market at this point, the company Stolt-Nielsen (also Norwegian-owned), had started utilizing the stainless steel technology too: out of a total of thirty ships operated by this company in 1973, six were built with stainless steel tanks.[32]

Alongside the technological improvements of the ships, Odfjell contributed to a further extension of the chemical trade's growth potential by reorganizing its basic operating structure and by developing land-based facilities capable of storing and redistributing potentially dangerous chemical cargoes. The company developed specialized, in-house brokering competence in order to tie the producers and users of chemical products closer together. Construction of land-based facilities in harbours across the world further increased both the profitability and the safety of the transport. All in all, these technological and organizational developments were essential in creating the preconditions for the massive post-war growth of the international trade in chemicals. From 1975 to 2008 the total tonnage of chemical tankers grew from 1 million to 40 million gross tons.[33] As already indicated, this tonnage growth made possible a total increase in the value of international chemical exports from approximately US$100 billion to US$1,700 billion.

The growth in world trade in raw materials and semi-manufactured commodities was intimately linked to developments of bulk carriers and specialized ships capable of carrying increasingly large volumes of these products efficiently and safely across long distances. Ultimately, this development laid the foundations for increased economic globalization. Maritime entrepreneurs played vital roles in these processes. With 'upstarts such as Onassis … Niarchos … or the Odfjells of Norway', writes Miller, 'came a new transnationalism, more fluid and less fixed to a home base'.[34] The entrepreneurs, he concludes, 'made possible a wider, new kind of globalism'. Nevertheless, 'the full effects would only come with the container revolution'.[35]

31 Thowsen and Tenold, *Odfjell*, p. 308.

32 *Ibid*., p. 301.

33 Gross tons indicate the total cubic capacity of a ship. It is calculated by measuring the total volume of all the enclosed spaces of the ship, from keel to funnel to the outside of the hull framing, and by applying a standard formula.

34 Miller, *Europe and the maritime world*, p. 310.

35 *Ibid*., p. 308.

This argument is reminiscent of a common approach among the majority of students of the maritime industry and its role in globalization. They mostly concern themselves with the growth of container shipping. As Miller also argues, the container transformed the maritime world 'in ways that preceding changes in bulk could never have done'.[36] There is no doubt that containerization played a tremendously important role in the intensified economic globalization process characteristic of the second half of the twentieth century. The container dramatically cut port handling charges and the time that ships had to spend in port. It also induced a series of indirect cost savings, as well as important qualitative improvements instrumental to the massive increase in the trade of manufactured goods that characterized this period. Studies of this process are therefore, and not surprisingly, quite numerous.[37]

The 'container revolution' does not, however, tell the whole story. The developments in bulk and semi-manufactured transport were crucial preconditions for the growth in container traffic. Even more significantly, the category of manufactured goods that experienced the fastest growth in trade during the post-war period was not even part of the container revolution. From the mid 1950s to the mid 1990s international trade in large machinery and transport equipment, as well as in finished cars, increased substantially faster than all other product groups. The value of total car exports increased more than one hundredfold. From being a negligible part of world trade, cars became the third largest export item in the world within the course of forty years. Machinery and transport equipment saw a similar growth, and by 1995 it had become the largest export item in world trade by value.[38]

The expansion was also sizeable by volume. As an example, in 1960 the total number of cars exported was just above 2 million. By 1995 the figure had risen to 19 million; ten years later it was more than 27 million.[39] About half of these cars were exported overseas and hence transported in ships. The growth in volume of large machinery and transport equipment was significant as well, and was also to a large part carried in ships. Much has been written about the growth of the international car-manufacturing industry and a wealth of data has been gathered on the fluctuating growth pattern, the scale, the geographical shifts, and the economic consequences of the international car trade.[40] But very little work has been done on the preconditions for the growth of car export and the fundamental role

36 *Ibid*., p. 320.

37 See e.g. Frank Broeze, *The globalisation of the oceans: containerisation from the 1950s to the present*, St Johns, Newfoundland: International Maritime Economic History Association, 2002; G. van den Burg, *Containerisation: a modern transport system*, London: Hutchinson, 1969; Brian J. Cudahy, *Box boats: how container shipping changed the world*, New York: Fordham University Press, 2006; Arthur Donovan and Joseph Bonney, *The box that changed the world: fifty years of container shipping – an illustrated history*, East Windsor, NJ: Commonwealth Business Media Inc, 2006; Yrjö Kaukiainen, 'The container revolution and liner freights', *International Journal of Maritime History*, 21, 2, 2009, pp. 43–74; Marc Levinson, *The box: how the shipping container made the world smaller and the world economy bigger*, Princeton, NJ: Princeton University Press, 2006.

38 Grimwade, *International trade*, p. 14.

39 Figures from Drewry Shipping Consultants, *Car/bulk carriers: their impact on the freight market*, London: Drewry, 1971; Drewry Shipping Consultants, *Car carriers: the fast lane of international shipping*, London: Drewry, 2006.

40 A good overview is Graham Vickery, 'Globalisation in the automobile industry', in Organisation for Economic Co-operation and Development (henceforth OECD), *Globalisation of industry: overview and sector reports*, Paris: Organisation for Economic Co-operation and Development, 1996, pp. 153–205.

played by maritime transport in creating and sustaining it. Again, irrespective of development in freight costs and political barriers to trade, the expansion of this trade relied on a number of technological and organizational innovations in seaborne carriage of cars and large machinery – innovations that have to be grasped in order to provide a comprehensive understanding of how this fundamental part of the globalization process came about.

The trade in cars and heavy machinery

In 1965 the Norwegian shipowner Andreas Ugland concluded a ten-year time charter contract with the Swedish shipping company Wallenius for the handling of a round-the-world service in pig iron, cars, and containers.[41] At the same time a contract was made with the Swedish Öresundsvarvet AB for the building of six new ships. The ships were constructed specifically for the combined cargo they were supposed to carry. They took cars and heavy cargoes in alternate holds; the cars could be driven onto the vessel via side ramps; the containers were carried on deck. When the first of the six ships left the yard on 20 September 1965, it had become one of the first so-called 'roll-on roll-off' (RoRo) car/bulk carriers ever built.

The launching of the car/bulk carriers marked the beginning of a period during which Andreas Ugland became one of the main entrepreneurs in the growth of the international car trade, building new and innovative ships and developing a comprehensive global commercial network on which a substantial part of this expanding trade eventually rested. When the car trade had seriously started to develop in the early 1960s, no ships existed that could transport finished cars efficiently and safely across long distances.[42] Nor had any ports been constructed to handle a rapidly growing number of finished cars passing through their facilities. Competence among shipowners and shipbrokers in handling cars was also negligible. Car exports before 1950 had been miniscule, and to the extent that cars actually were exported, they had typically been transported in crates, unassembled, and carried by conventional ships.

The massive growth in car and heavy machinery exports that now gradually unfolded thus rested on a series of innovations in seaborne transport of such manufactured products. Firms of various nationalities, operating at various levels of the value chain, engaged in developing new ship designs and in solving the numerous logistical and other problems that impeded efficient and safe overseas transport of cars and other rolling cargo. The shipowners – such as Ugland – often stood at the centre, building up a global web of car manufacturers, car importers, shipyards, handling agents, port authorities, and shipbrokers that were all needed in order for the expansion to function smoothly and efficiently.

41 A time charter is a deal whereby a charterer hires a manned ship from a shipowner for a specified period. The owner continues to manage the vessel but the charterer selects the ports and directs the vessel where to go. The following is largely based on Espen Ekberg, 'The growth of the deep-sea car-carrying industry, 1960–2008', in Lewis R. Fischer and Even Lange, eds., *New directions in Norwegian maritime history*, St John's: International Maritime Economic History Association, 2012, pp. 264–8; and Gunnar Nerheim and Kristin Øye Gjerde, *Uglandrederiene: verdensvirksomhet med lokale røtter (The Ugland shipowning company: a global enterprise with local roots)*, Grimstad: Andreas K.L. og Johan Jørgen Ugland, 1996, pp. 143–67.

42 For a broader account of the growth of the deep-sea car carrying industry, see Ekberg, 'Growth', pp. 253–79.

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The role of Andreas Ugland in the expansion in export of Italian Fiats from the early 1970s onwards is a fitting example illustrating this process.[43] During the 1960s, the West German Volkswagen group dominated world trade in cars: in 1965 the company accounted for almost half of the world's total car exports and about two-thirds of the entire European export to the North American market.[44] Fiat had only a small share of this market: in 1966 it exported a total of 10,000 cars to the USA; it also sold about the same number of cars and tractors in the Australian markets. In the late 1960s the company sought further expansion in overseas markets, of which the USA was among the most important. To achieve this end, however, a series of complicated transport challenges had to be overcome.

The export of Fiat cars and tractors had traditionally been assumed by conventional liners. As the company now sought to expand its sales in the USA, other transport solutions were needed. In the autumn of 1968, negotiations started with Andreas Ugland. Through his time charter arrangement with Wallenius, Ugland had by now gained a few years' experience in the handling of cars. The company was, however, keen to expand its operations into more specialized ships. In July 1968 an order for the building of three so-called pure car carriers (PCCs) had been placed at the German shipyard Blohm and Voss. The PCC was at this point a new type of vessel. Although car exports had been steadily increasing from the late 1950s onwards, ten years later most cars continued to be transported in various types of multipurpose ships. Alongside the liner, the most important was still the car/bulk carrier, the type of ship that Ugland had used when transporting cars for Wallenius. However, he had soon recognized that the scope for improvements in both cargo handling and efficiency was substantial. As he himself wrote in a retrospective, personal memo, 'the conclusions we soon made was that in car transport ships should be built specifically for this light cargo, where we thereby could build a hull that was much sharper, with less use of bunkers, better transport systems on board and a better stability to transport cars than what was the case with bulk carriers'.[45]

Ugland's idea of constructing PCCs was not completely new. In 1965 the shipowner Jan Erik Dyvi – also a Norwegian – had launched what is commonly regarded as the world's first PCC, *Dyvi Anglia*. This ship was, however, rather small and operated exclusively in the coastal, or short-sea, market. By 1968 Dyvi had launched another two ships, both of which eventually entered deep-sea service, carrying Volkswagen cars across the North Atlantic. The three ships launched by Ugland in the early 1970s were, however, as noted by the shipping consultants at Drewry, 'larger and faster … than anything yet built'.[46]

When ordering the three modern PCCs, Ugland had no settled freight contract. The possibility of taking Fiat cars across the Atlantic thus appeared very attractive. In November 1968 he and Fiat signed a three-year contract whereby Ugland was to take full responsibility for Fiat's car exports to the US. Before the actual transport could begin, however, a number

43 For a more elaborate version, see Ekberg and Lange, 'Business history'.

44 Svein-Gustav Steimler and Sverre Stavseth, *Car transport by sea*, Bergen: NHH Institute of Shipping Research, 1970, p. 13.

45 Cited in Ekberg, 'Growth', pp. 265–6.

46 Drewry Shipping Consultants, *The growth of the car-carrying fleet*, London: Drewry, 1977, p. 13. For more on the Dyvi ships, see Dag Bakka, *Dyvi a/s: hovedtrekk i rederiets historie* (Dyvi Ltd.: main aspects of the company's history), Oslo: Dyvi AS, 2007.

of challenges had to be solved. The construction of the new ships was the first of them. Many of the technical solutions had to be developed from scratch, as ocean-going PCCs of the size that Ugland now ordered had never been built before. He himself and some of his naval engineers worked closely together with the yard to construct a ship that could operate efficiently, while also reducing the amount of damage sustained by the cars. Two and a half years were needed before the first ship, *Laurita*, could be delivered to Ugland.

The development of a suitable ship was only one of the challenges that had to be solved. An appropriate harbour for loading the cars also had to be found. To this end, several ports were considered before that of Savona was finally chosen. In addition, a deal had to be made between Ugland and the company responsible for the transportation of Fiat cars to the port. In the case of Savona, Fiat used the Italian agent Züst Ambrosetti, and Ugland and Ambrosetti therefore had to negotiate a deal to coordinate efficient and well-timed delivery of cars to the harbour. To increase the speed with which the ships could be loaded, as well as to reduce the amount of damage and the possibility of theft, the two companies also decided to construct a specially designed, twelve-storey car park in the harbour. On the other side of the Atlantic, the American importer of Fiat and various port authorities on the west and east coasts of the United States had to negotiate a deal to find the most suitable venues for delivery. Ugland also participated in these negotiations, visiting a series of ports himself and deciding on central ports of call together with the management of the importing company.

Finally, Ugland had to face the challenge of securing a cost-efficient operation and manning of the new car carrier ships. Like other shipowners, he traditionally registered his ships in his home country, and Norwegians had primarily manned them. From the end of the Second World War, however, the practice of registering ships in so-called open registries had increased markedly in international shipping. By registering ships in developing countries, shipowners could forego national wage and other regulations as well as gain tax advantages. By 1969 Liberia had become the world's largest ship registry. Other popular registries were Panama and the Marshall Islands. Alongside the growth of such 'flags of convenience' was a substantial increase in the use of foreign labour on board ships. The strongest growth was in the use of Chinese and Filipinos. As Filomeno Aguilar has recently shown, Philippine seafarers constituted the largest national group of seafarers in international merchant shipping by 2013.[47]

As it turned out, Ugland was to play an important role in creating the infrastructure for the increased use of Filipinos on Norwegian ships.[48] The car carrier business operated with Fiat received its income in US dollars, but had most of its initial labour expenses in Norwegian or Swedish kroner. As the value of the dollar declined in the 1970s this created substantial problems. More importantly, owing to continued and strong economic growth during the first post-war decades, the Norwegian standard of living (and wages) had increased markedly. Taken together, these factors called for the use of foreign workers who would accept lower wages, preferably paid in dollars. At this point Norwegian regulations imposed substantial restrictions on the use of foreign registries. Ugland therefore chose to sell

47 Filomeno V. Aguilar, 'Manilamen and seafaring: engaging the maritime world beyond the Spanish realm', *Journal of Global History*, 7, 3, 2012, p. 364.

48 The following is largely based on Andreas K. L. Ugland's private archive, Starten for store bilskip (The introduction of large car carriers), unpublished memo, 2005.

his three ships to a foreign company and then hire them back on bareboat charter.[49] He was then free to hire crew from wherever he pleased, and agreements were made with Philippine Transmarine Carriers Inc. for delivery of Philippine seafarers. Later Ugland also contributed to the establishment of educational facilities in the Philippines to make sure that his new crew had the necessary qualifications. Increasingly, Philippine seafarers were used on most of Ugland's ships, lowering operating costs substantially.[50] In this way the company's operations not only provided new foundations for increased international trade in cars, but also contributed to the growth of a new type of global labour migration.[51]

Maritime policy-makers and international trade

Maritime entrepreneurs were obviously not the only actors playing an important role in creating the preconditions for international trade. Alongside technological, institutional, and organizational improvements, a vital requirement for continued international trade growth during the period following the Second World War was the enforced dismantling of the political barriers to trade. Liberalization of trade policies in the form of reduced tariffs and the lifting of quantitative trade restrictions were obvious aspects of this process. But developments in international maritime politics also played a decisive role. Commercial regulation of shipping had traditionally been a national affair. Any international political regulation of maritime trade had been regarded as a threat to what the actors often referred to as the 'freedom of the seas', a phrase coined by the Dutch philosopher Hugo Grotius in his early seventeenth-century book *Mare liberum*.[52] But this liberal order was not a natural state of affairs. Rather, it was a situation that needed to be repeatedly negotiated by the participants in the field.

During the immediate post-war years, liberalization of trade was high on the agenda among the traditional Western countries. Within the shipping community, however, the traditional liberal order was under increasing scrutiny. From the late 1960s, developing countries started discussing the possibilities for a stronger political regulation of liner shipping cartels, the so-called 'liner conferences'. At the third United Nations Conference on Trade and Development (UNCTAD III) in Santiago in 1972, a group of developing countries proposed establishing a Code of Conduct for Liner Conferences (the UNCTAD Code). The most controversial measure in the code was a cargo-reservation scheme that gave the exporting and importing nations equal rights to reserve cargoes for their national lines, while 'third-country shipping lines, if any, shall have the right to acquire a significant part, such as

49 A bareboat charter is an arrangement for the hiring of a ship where only the actual ship is included and the hirer himself has to provide the crew.

50 Nerheim and Gjerde, *Uglandrederiene*, pp. 225–6.

51 This was obviously an advantageous development for Ugland. The increasing use of Asian crews also implied new labour opportunities for the region's population. But it also implied possibilities for exploitation. For relevant studies, see e.g. Bin Wu, 'Globalisation and marginalization of Chinese overseas contract workers', in Heather Xiaoquan Zhang, Bin Wu, and Richard Sanders, eds., *Marginalisation in China: perspectives on transition and globalisation*, Aldershot: Ashgate, 2007, pp. 135–54; Shaun Ruggunan, 'The global labour market for Filipino and South African seafarers in the merchant navy', *South African Review of Sociology*, 42, 1, 2011, pp. 78–96.

52 Hugo Grotius, *Mare liberum 1609–2009*, ed. Robert Feenstra, Leiden: Brill, 2009.

twenty per cent'.[53] In practice, this meant a 40–40–20 sharing of trade. If the code were accepted it would imply a return to a regime not seen since the abolition of the British Navigation Acts in the mid nineteenth century. A closer look at how the code was perceived in the shipping community and how it was ultimately defeated provides an illustrative example of the complexity of international economic policy-making, and how notions such as free trade, a liberal maritime order, and thereby economic integration are parts of a constructed and constantly negotiated process. This field of study thus offers an opportunity to observe and analyse how diplomats and political actors shaped fundamental preconditions for international trade growth – and consequently for economic globalization.

The actual role played by maritime policy-makers in creating and sustaining vital preconditions for the growth in international trade has been as neglected in the mainstream economic literature as have studies of maritime entrepreneurs. Although the literature places important weight on the role of politics in explaining the ebb and flow of international trade, the implementation of trade policies through human agency is conspicuously absent from economic history. Supported by Hummels' thesis of a limited decline in transport costs, Ronald Findley and Kevin O'Rourke, for example, have argued that political developments 'were the dominant influences shaping post-1945 patterns of integration'. These political developments, they claim, removed 'artificial trade barriers which had arisen as a result of two world wars and the Great Depression', and thus created the possibilities for a 'reglobalization' of the world economy during the late twentieth century.[54] But this and other similar studies have largely limited themselves to estimating how the political 'price' of trade – in the form of tariffs and other politically induced barriers to trade – has declined or increased during different historical periods. They have had little to say about why and how political attitudes and actual policies have changed or been carried out over time.

A substantial body of literature concerned with these issues has developed within the fields of international history and political science in recent years, providing important insight into topics such as the historical development of international organizations, the fundamental changes that globalization has entailed for national policy-making, and the complexity of global trade politics.[55] Nonetheless, this literature has also remained excessively

53 OECD *Review of maritime transport 1973*, Paris: OECD, 1974, p. 16.

54 Ronald Findlay and Kevin H. O'Rourke, *Power and plenty: trade, war, and the world economy in the second millennium*, Princeton, NJ: Princeton University Press, 2007, pp. 496, 501–2.

55 Peter J. Katzenstein and Rudra Sil, 'Toward analytic eclecticism: the political economy of an integrated Europe', in Dag Harald Claes and Carl Henrik Knutsen, eds., *Governing the global economy: politics, institutions, and economic development,* London: Routledge, 2011, pp. 29–48; Thomas Oatley, *International political economy: interests and institutions in the global economy*, 4th edn, New York: Pearson Longman, 2010; Åre Bryn and Gudmundur Einarsson, eds., *EFTA 1960–2010: elements of 50 years of European history*, Reykjavik: University of Iceland Press, 2010; Francine McKenzie, 'GATT in the Cold War: accession debates, institutional development, and the Western alliance, 1947–1959', *Journal of Cold War Studies*, 10, 3, 2008, pp. 78–109; Francine McKenzie, 'The GATT–EEC collision: the challenge of regional trade blocs to the general agreement on tariffs and trade, 1950–1967', *International History Review*, 32, 2, 2010, pp. 229–52; Wolfram Kaiser, Brigitte Leucht, and Morten Rasmussen, eds., *The history of the European Union: origins of a trans- and supranational polity*, London and New York: Routledge, 2009; Margit Müller and Timo Myllyntaus, eds., *Pathbreakers: small European countries responding to globalisation and deglobalisation*, Bern: Peter Lang Publishing, 2008; Douglas A. Irwin, Petros C. Mavroidis, and Alan O. Sykes, *The genesis of the GATT*, Cambridge: Cambridge University Press, 2008; Klaus Dingwerth and Philipp Pattberg, 'Actors, arenas, and issues in global governance', in Jim Whitman, ed., *Palgrave advances in global governance*, Basingstoke: Palgrave, 2009, pp. 41–65;

oriented towards macro-developments. Static descriptions of stages and political trade regimes tend to be favoured over historical analyses of the complex processes and conflicting forces shaping the creation of these regimes. The nation often remains the core analytical framework. Accordingly there is a need, in the study of international trade policies as well, for more historical approaches which fully take into account the role of human agency, alongside the dynamic character of international policy-making and its genuinely global character.

The UNCTAD Code[56]

The development of international shipping politics constitutes one possible viewpoint from which this development can be observed. After 1945, two distinct fields of such politics emerged. The first dealt with technical and safety issues in shipping and was structured around the Inter-Governmental Maritime Consultative Organization. The second, the main focus here, was concerned with the commercial aspects of maritime transport. Owing to widespread resistance, particularly from the Scandinavian countries, no single, overarching organization had been established in the shipping community to handle commercial issues. The field had thus evolved gradually into a complex system, consisting of a large number of organizations, actors, and formal and informal networks.

When the idea behind the UNCTAD Code was initially launched, many actors from the traditional maritime nations of western Europe reacted with perplexity. If ratified in its original form, the code would be detrimental to shipping nations relaying heavily on the transport needs of other nations, the so-called cross traders. Together with Greece, Norway was the world's cross trader par excellence. Both countries owned some of the largest commercial fleets in the world but had only limited domestic needs for seaborne transport. According to the prominent scholar of international shipping politics, Alan Cafruny, small countries such as Norway and Greece did not have any influence over maritime trade politics, however, because they lacked economic and political power.[57] This claim makes sense in theory, but in practice the dispersion of the international maritime field created an

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Achim Hurrelmann, Stephan Leibfried, Kerstin Martens, and Peter Mayer, eds., *Transforming the golden-age nation state*, Basingstoke: Palgrave Macmillan, 2007; Alan S. Milward, *Politics and economics in the history of the European Union*, London: Routledge, 2005; Akira Iriye, *Global community: the role of international organizations in the making of the contemporary world*, Berkeley, CA: University of California Press, 2002; James M. Boughton *Silent revolution: the international monetary fund 1979–1989*, Washington DC: International Monetary Fund, 2001; Anthony Payne, 'Globalization and modes of regionalist governance', in John Pierre, ed., *Debating governance: authority, steering, and democracy*, Oxford: Oxford University Press, 2000, pp. 201–18; Richard T. Griffiths, ed., *Explorations in OEEC history*, Paris: OECD Publishing, 1997; Derek W. Urwin, *The community of Europe: a history of European integration since 1945*, 2nd edn, London: Longman, 1995; Toivo Miljan, *The reluctant Europeans: the attitudes of the Nordic countries towards European integration*, London: C. Hurst & Co., 1977; Martin Hewson and Timothy J. Sinclair, 'The emergence of global governance theory', in Martin Hewson and Timothy J. Sinclair, eds., *Approaches to global governance theory*, Albany, NY: State University of New York Press, 1999, pp. 3–22; Joseph S. Nye, Jr and Robert O. Keohane, 'Transnational relations and world politics: a conclusion', *International Organization*, 25, 3, 1971, pp. 721–48.

56 This section is based on research undertaken in connection with Andreas Nybø's forthcoming PhD thesis 'Political cross traders: Norwegian actors in international maritime trade politics, 1965–1995'. Some of the findings are published in the article 'International maritime trade politics and the case of Norway, 1948–1990', in Fischer and Lange, *New directions*, pp. 151–76.

57 Alan Cafruny, *Ruling the waves: the political economy of shipping*, Berkeley, CA: University of California Press, 1987, p. 203.

opportunity for actors representing these countries to influence policy decisions. By acting as political cross traders, seeking alliances and compromises, they were able to navigate through the troubled waters.

The relationship between the Norwegian shipping industry and the country's government was close. This was arguably most strongly the case during the first three decades after Norwegian independence from Sweden in 1905, when the three shipowners Christian Michelsen, Gunnar Knudsen, and Johan Ludvig Mowinckel between them held the office of prime minster for twenty years. From 1935 onwards, the governing Labour Party had no room for shipowners in government offices, although relations remained very close. Representatives from the industry exercised great influence over the government's maritime transport policies, not only because Norway depended economically on the shipping sector but also because the industry was exposed to fierce international competition. Any threat to the Norwegian shipping industry was seen as a threat to basic national economic interests. When, from the late 1940s, the UN sought to establish an international shipping organization – the Inter-Governmental Maritime Consultative Organization (IMCO), today known as the IMO – the Norwegian government heavily opposed it. Normally one of the strongest supporters of UN institutions, in this case Norway sided with its own shipowners, who were all strongly against the very idea of an international organization of this kind. To them, the IMCO signalled greater government interference in the traditionally self-regulated shipping industry.[58]

This shared destiny led to a close cooperation between government officials and the shipowners – typically represented by the management and bureaucrats of the Norwegian Shipowners' Association (NSA). In essence, a few dozen people working for the NSA, the Norwegian Ministry of Foreign Affairs, and the Norwegian Ministry of Trade and Shipping decided Norwegian strategies in international shipping politics.[59] The key decisions were typically taken by very few people, including Johs. Dalstø, director general at the Ministry of Trade and Shipping from 1947 to 1978, and his successor, Leif Asbjørn Nygaard, in addition to the leading officials of the NSA, such as David Vikøren and Rolf Sæther. The NSA leaders also took an active role in international shipping diplomacy, participating in discussions with other national shipowners' associations and taking part in Norwegian delegations to international organizations.[60]

From the mid 1960s actors in Norway and other western European countries started paying more attention to the potential challenges from developing countries. The Norwegian actors saw it as necessary to coordinate their strategies with actors from other small European states. In October 1964 Vikøren organized a meeting for this purpose at his cabin in the mountains of southern Norway. In addition to the host, Dalstø attended with his

58 See e.g. Jakob Sverderup, *Inn i storpolitikken, 1940–1949: Norsk utenrikspolitisk historie bind 4 (High politics 1940–1949: the history of Norwegian foreign policy, volume 4)*, Oslo: Universitetsforlaget, 1996, pp. 201–6; Bruce Farthing and Mark Brownrigg, *Farthing on International Shipping*, 3rd edn, London: LLP, 1997, pp. 70–1; and Proposition to the Norwegian Parliament (Storting), St. prp. nr. 131, 1958.

59 See Nybø, 'International maritime trade politics', pp. 166–7; Norwegian Shipowners' Association Archives (henceforth NSA), 1-4-Nordisk skipsfartssamarbeid-V, Sigurd Endresen, internal memo, 12 June 1975.

60 See e.g. John O. Egeland, *Vi skal videre: Norsk skipsfart etter den annen verdenskrig, perioden 1945–1970 (Moving forward: Norwegian shipping after the Second World War, 1945–1970)*, Oslo: Aschehoug, 1971, p. 254; OECD archives, DAF/MTC/76.60, Maritime Transport Committee, list of addresses.

colleagues from the Dutch and the Swedish governments; their Danish colleague had met them in Oslo the day before, but was unable to join the party at the cabin.[61] Unsurprisingly, the four men agreed to take every action necessary to prevent a political restructuring of international shipping policies. They should continue to cooperate closely and preferably persuade representatives of the UK government to join them in these discussions, trying to find common ground.[62] Both Dalstø and Vikøren continued to work hard on these diplomatic relations over the following years, attempting to develop a common response from the western European nations to the challenges from the South.[63] The common ground that they found was a self-regulatory system for the liner industry, which failed to impress the regulation advocates.[64]

When the UNCTAD Code was about to materialize after 1970, the Norwegian actors and their foreign allies perceived it as a substantial problem, but also as an avoidable one – if they played their cards right. The code would only come into force if ratified by at least twenty-four countries controlling at least 25% of world tonnage. The first part of this requirement was not a problem for code supporters, but the tonnage requirements were much more challenging. The Western countries controlled such a large proportion of the world fleet that it would be necessary to get at least some of these countries to ratify the code. Essentially, this meant that, as long as the Western countries kept together, the code would never come into force. However, some European countries saw the code as an opportunity to strengthen their own maritime industry, since 40% of total imports and exports would automatically be reserved for their own national fleets. Within the so-called Consultative Shipping Group (CSG), a European policy network consisting of industry experts, diplomats, and ministers, the code created a deep conflict, with West Germany, France, and Belgium being in favour, while Britain and the Scandinavian countries were against.

When European unity broke down in the early 1970s and compromise seemed unlikely, one solution for Dalstø, Vikøren, and their colleagues was to try to prevent other countries from ratifying the code by actively referring to other parts of the complex web of international trade policy decisions. The case was put on the agenda of the Maritime Transport Committee (MTC) of the OECD, with the claim that the UNCTAD Code was incompatible with the OECD Code of Liberalization. However, the MTC was also split over the question, and since the organization was to a large degree based on consensus it was difficult to make progress.[65] The closest that the OECD came to resolving the problem was in 1975, when all members confirmed their allegiance to the obligations of the Code of Liberalization.[66] The value of this

61 Norwegian National Archives (Riksarkivet) (henceforth NNA), Norwegian Ministry of Trade and Shipping (henceforth NMTS), Handelsdepartementet, Skipsfartsavdelingen, RA/S-1409/2/D/Dd/L0603: 41/1 Ministermøter i gruppen av 11 – Diverse I, Letter from Johs. Daltsø to Jakob Worm, 13 October 1964.

62 NNA, NMTS, RA/S-1409/2/D/Dd/ L0603: 41/1 Ministermøter i gruppen av 11 – Diverse I, Minutes of Scandinavian–Dutch meeting, December 1964, written by Vikøren.

63 NNA, NMTS, RA/S-1409/2/D/Dd/ L0603: 41/1 Ministermøter i gruppen av 11 – Diverse I, Memo from Johs. Dalstø to Brinch, 30 November 1965; RA/S-1409/2/D/Dd/L0604: 41/3, Draft briefing note for Minister Kåre Willoch. This official brief was in all likelihood written by David Vikøren or members of his staff.

64 See Nybø, 'International maritime trade politics', pp. 160–1.

65 OECD archives, MT(74)6.

66 OECD, *Maritime transport 1975*, Paris: OECD, 1976, p. 12.

resolution was extremely limited, however, since neither the MTC nor the OECD Council was able to determine whether the UNCTAD Code and the Code of Liberalization were in fact compatible. By the time of this resolution, the Norwegian actors had already acknowledged that it would be difficult to prevent the European countries from ratifying the UNCTAD Code. Instead, they tried to water it down as much as possible.

The European Communities (EC) gradually also became involved in the debates over the UNCTAD Code. In contrast to the OECD and the CSG, the EC had the legal power to instruct member states not to ratify the code. Although international shipping was excluded from the Treaty of Rome, in April 1974 the European Court ruled that its general provisions regarding competition and non-discrimination were also applicable to ocean shipping. Under heavy pressure from the European Commission, Belgium, France, and West Germany decided to abstain from finally ratifying the UNCTAD Code until it was decided whether it was compatible with EC regulations.[67] In September 1974, the Commission concluded that certain measures in the code conflicted with European regulations. But, instead of rejecting the UNCTAD Code altogether, the Commission suggested a process by which the terms of accession could be adjusted in order to secure ratification by *all* Community members, a proposal that, to the surprise of many Brussels diplomats, was unanimously accepted shortly thereafter.[68] This started a long process of negotiation within the EC on a common approach to the code, which ended in 1979 with the so-called Brussels compromise that established a common basis on which member countries could ratify the code.[69]

Without direct influence on political processes in the EC,[70] Norwegian officials and industry representatives had to use their networks to affect decisions in Brussels. Vikøren made several trips to Brussels in this process, and in general both the NSA and the Norwegian government increased their presence in the EC capital from the mid 1970s.[71] However, it was through their contacts with actors from EC member countries, such as the UK and Denmark, that the Norwegian actors had the best possibility of influencing EC regulations. Nordic coordination meetings were held two to four times a year. These meeting proved crucial for developing a common strategy for the Scandinavian countries in CSG, OECD, UNCTAD, and also the EC, despite the fact that only one of the Nordic countries was a member of the Communities.[72]

The most important part of the 1979 EC compromise was that the cargo-sharing scheme should not apply to trade between member states and other OECD members on the basis of reciprocity. Consequently, OECD members outside the EC, such as Norway, were free to

67 Archives of the Norwegian Ministry of Foreign Affairs (henceforth NMFA), 44.36/15B, vol. 5, Ketil Børde to NMFA, 31 July 1974.

68 NMFA, 44.36/15B, vol. 5, W. G. Solberg to NMFA, 2 October 1974.

69 For more on the Brussels compromise, see Anna Bredima-Savopoulou and John Tzoannos, *The common shipping policy of the EC*, Amsterdam: North Holland, 1990, pp. 76–81.

70 Norwegian membership was rejected in a popular referendum in 1972.

71 See e.g. NSA, 1-7B4-XXIII, Rolf Sæther, internal memo, 15 August 1978; NSA, 1-7B4, 'Direktør David Vikøren. Besøk i Brussel. 24. og 25. oktober 1977 (Director David Vikøren, visit to Brussels, 24 and 25 October 1977)'.

72 See e.g. NSA, 1-4-Nordisk skipsfartssamarbeid-V, Sigurd Endresen, internal memo, 12 June 1975; NSA, 1-4-Nordisk skipsfartssamarbeid-VIII, Agenda for Nordic Coordination Meeting, Helsinki, 22–23 March 1979.

join the Brussels compromise. However, the battle over the UNCTAD Code was not yet over. The European countries' decision to ratify the code on terms defined in the Brussels compromise did not change the American view. Many Americans still perceived the code as a restrictive measure, and thus suggested that this gave the US government a right to impose protective measures of their own.[73] From the European viewpoint, such measures would threaten the basis of the compromise and throw European shipping politics into deep water again. The Netherlands and West Germany chose to ratify the code in 1983, and consequently secured the tonnage required for it to enter into force. The other Western European countries chose temporarily to abstain, awaiting a compromise with the USA. The European efforts to mend the North Atlantic relationship led to an intensified dialogue with the USA within the framework of the CSG and in the OECD.

After three years of negotiations, in 1985 the CSG countries and the USA finally agreed on a draft of reciprocal guarantees, which ensured open access trades for USA and CSG vessels.[74] This did not fully solve the challenges that the UNCTAD Code represented to North Atlantic unity, but it proved to be sufficient for the European countries to dare to ratify the code (while the USA and Japan never actually did so). In parallel with the USA–CSG negotiations, the European countries had held a number of ad hoc, so-called round-table meetings, in which international and national legal issues in connection with the code were discussed and coordinated. The Nordic countries and the UK all ratified the UNCTAD Code concurrently in June 1985, and in the following months and years most other CSG countries followed.[75]

The content of the code that was finally ratified was very different from the original 1972 proposal. Most prominently, the cargo-sharing scheme, which lay at the core of the initial proposal, did not apply to trade between EC member states. When several other non-EC OECD countries later ratified the code, the same reservation applied. From the perspective of a cross trader such as Norway, the ratification of the code thus became a *success*, since it had been possible to avoid both a marked increase in protectionism and a movement towards closed trading blocks, a development signalled in the initial proposal. Hence, by working through numerous different official and unofficial channels over years of complex negotiations, maritime policy-makers in favour of sustaining a liberal order within the shipping industry managed to win through.

The UNCTAD code process illustrates an obvious and simple, yet often ignored, fact. The establishment of international trade policy regimes cannot be treated as a given, natural state of affairs. Such regimes are the outcome of complicated, negotiated processes and they are also constantly renegotiated and contested. To understand how basic preconditions for economic globalization are put in place historically, such processes should be studied in more detail. Growth in international trade was a major feature of the economic globalization processes following the Second World War. That development was concomitant with a

73 NNA, NMTS, RA/S-1409, De-L0147, copy of letter from Anthony J. Lane (British Dept. of Trade, Shipping Policy Division) to Darrel Trent (US Deputy Secretary of Transportation), 16 July 1982.

74 NNA, NMTS, RA/S-1409, De-L0150, Note by the CSG Secretariat, 7 February 1985.

75 NNA, NMTS, RA/S-1409, De-L0150, Note by Olav Hæreid Seim (NMTS), 20 May 1985. For a detailed overview of accession, see: http://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XII-6&chapter=12&lang=en#EndDec (consulted 24 November 2014).

gradual liberalization of international trade politics, of which maritime trade politics was an important part. The bits and pieces of how this liberalization took place have not been satisfactorily treated by the social sciences. Here is a further possibility for global historians to make their mark on a field that remains too dominated by macro-oriented and model-driven perspectives.

Conclusion

Most academics debating globalization today will acknowledge that this phenomenon has a long and complex history. However, many important questions related to the process of contemporary *economic* globalization remain in the exclusive domain of economics and political science. In this article we have argued that there is a need for more micro- and meso-oriented analysis of these processes and have tried to show the potential of a historical approach.

The case studies presented in this article show how the growth in international trade during the second half of the twentieth century was intimately linked with the commercial strategies of maritime entrepreneurs and the strategic actions of maritime policy-makers. The massive growth in the coal trade as well as the growing trade in oil, chemicals, and cars and heavy machinery relied on a series of organizational, technological, and institutional preconditions. Maritime entrepreneurs who saw commercial possibilities in expanding trade were responsible for putting many of these preconditions in place. The continued liberal political regime surrounding international shipping also played an important part in the strong overall trade growth. But this regime was at times seriously contested and was only held together by maritime policy-makers operating through a large number of different official and unofficial channels.

The approach that we have applied opens up promising opportunities for further research. Global historians may help broaden the scope of the existing literature on international trade. They can do so by offering more in-depth studies of the complex driving forces behind increased trade, including studies of how this trade has been organized by entrepreneurs and firms across the world and how the technological preconditions for increased flow of goods across borders have been developed and diffused. Global historians can take an active part in investigating the development of international trade policies. We still know far too little about how concrete policies were established and developed, and how they have been sustained, renegotiated, and transformed over time by actors involved in debating and implementing these policies. While economic globalization might be a *self-evident* process from a macro-economic perspective, the findings presented here indicate that the process is far from *self-executing*.[76] To understand economic as well as political outcomes, human agency in different fields and at different levels of action must be taken into account.

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76 To paraphrase Barack Obama's reflection on the Declaration of Independence in his 2013 inaugural address.

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