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NORWAY IN THE FIRST WORLD WAR

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ABSTRACT. The article describes the economic, social and political consequences of World War I for Norway. It deals with how the country's chosen neutral stance was being undermined and in this context its relationship with the belligerent parties. It tries to answer the question why Norway did not become directly engaged in the war, and finally looks into the changes in Norwegian society and foreign policy brought about by the war.

The main goal of Norwegian foreign policy after the union with Sweden had been dissolved in 1905, was to consolidate the newly found independence. To achieve this, it was essential that the country should stay out of armed conflicts, it was thought. To this end a policy which aimed at securing Norway's neutrality was adopted. A treaty with the four Great Powers of the day guaranteed her independence and territorial integrity. Quite apart from that the Norwegians took comfort from their country's out-of-the-way geographical position.[1]

In 1914 only few politicians or others anticipated an early war. The events in 1814 (when the Napoleonic wars had led to separation from Denmark and had landed Norway in a new union with Sweden, whereby she had gained some degree of political freedom) were being celebrated. The nation's thoughts were turned to its history; a mood of national self-absorption, overshadowing international events, was typical. The centenary exhibition in Kristiania (later Oslo) provided a beautiful setting for the results achieved by Norwegian industry. 'Idyllic' was a word which was frequently used in the press about this exhibition, and the same de-

[1] Berg, page 251.

scription may apply to the general frame of mind in Norway the first seven months of 1914.[2]

There were a few, however, who – inspired by a similar movement in Sweden – called for increased spending on defence. They received the following reply from the prime minister, the Liberal Gunnar Knudsen:

'What's on? That would be interesting to know. After all, for the time being, the political situation, from an international point of view, is unclouded to a degree which has not been seen for years.'[3]

The same Knudsen had been on holiday on his private yacht for two weeks while events on the international arena took on an increasingly threatening character. July 27th (two days after the deadline set for a reply to the Austrian ultimatum to Serbia) he noted in his log book: 'We had by now been without newspapers for three days and so were mightily surprised when, upon our arrival at Langesund «a small coastal town in southern Norway», we learned that Europe was standing at the abyss of war.'[4]

The kind of preparations which had been made on the economic front fully matched his surprise. The first week of August was characterized by panic buying. The prices of grain, flour and other basic foodstuffs rose accordingly. Riots broke out. The police was often powerless and soldiers had to be called in.[5]

Panic also struck the banks, which regularly refused to exchange foreign currencies. Many industries laid off workers, and several large construction works – financed from abroad – abruptly came to an end. Considerable unemployment was thus created. Shipping experienced a few very anxious weeks; world trade had almost ground to a halt during the initial confusion, freight rates had fallen drastically, while at the same time the risks involved had increased. The outcome was that many ships were laid up, in Norway as in the world over.[6]

When World War I broke out, no more than nine years had passed since the break-up of the union with Sweden, and the Norwegians had to take into account a not inconsiderable degree of bitterness which remained in certain Swedish quarters. A relatively influential group with German leanings worked actively for Swedish engagement in the war on the side of the Central Powers. The Norwegian government also had other reasons to believe that its Swedish counterpart had chosen a policy sympathetic to Germany – an unpleasant prospect as fear was expressed

[2] Hambro, Chapter I; Keilau 1927, Chapter I.

[3] Fuglum 1989, page 196.

[4] Fuglum 1989, page 203.

[5] Tønnesen, page 9.

[6] Christensen, page 14.

by the military that Germany's war strategy included an attack on Norway.[7]

However, shortly after the outbreak of war, following a Swedish initiative, the two countries exchanged verbal assurances that they would take care not to end up in a situation where 'fire was exchanged between them'. Later a joint declaration stated that 'the two governments are in agreement to exclude the possibility that the state of war in Europe should under any circumstances lead to one of the countries taking hostile measures directed against the other'.[8] A subsequent meeting of the three Scandinavian monarchs (the Danish king was also invited) was meant to demonstrate to the outside world the friendly and close relationship between the three countries (December 1914).

The cooperation of the Scandinavian countries during World War I has, on the whole, been seen in a positive light by later historians. Professor Keilau who views the Swedish monarch, Gustav V, as a prime mover behind this 'policy of reconciliation', detects motives of an 'idealistic nature' in the king's stand.[9] According to Keilau, his policy implied the continuation of a line pursued by the 'Swedish royal family since 1814, namely that Sweden and Norway for geographical reasons of common national interest always should make up a united front in times of armed conflict in Europe.'[10]

It was in order to safeguard peace on the peninsula that Oscar II, in agreement with his family, had brought the personally heavy sacrifice of relinquishing Norway's throne after the Storting's «parliament's» decision of June 7, 1905. Gustav V wanted to stand by his family's traditional line; his wish was to contribute in such a way that the sacrifice in 1905 should not have been in vain.[11]

Later research (and in particular Associate Professor Roald Berg in his volume of Norway's Foreign Policy History) has however maintained that the talks which took place between the two countries serve rather to illustrate that no climate of trust had yet been established. The declaration of non-aggression – a document of no great importance, according to Berg – does not represent a rapprochement; on the contrary, it should be seen as an expression of a policy which aimed to stake out the frontier with Sweden at a time of international conflict.[12]

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[7] Christensen, page 20.
[8] Keilau 1927, page 250.
[9] Keilau 1935, page 250.
[10] Keilau 1935, page 252.
[11] Ibidem.
[12] Berg, page 188.

Berg notes that the meeting of the three monarchs could be seen as a sign of reconciliation on the part of the Swedish royalty, but he thinks that King Gustav's motives were more complex and that the main purpose behind his gesture was to influence the Norwegians not to side with the Allies. 'Both the king's personal policy and the ambition of the Swedish government was to regain Sweden's leading position in Scandinavia, also during the tribulations of war.'[13]

While both countries preferred to stay neutral, they had different reserve positions in case this stand had to be abandoned. Sweden would choose the camp of the Central Powers, mainly due to the fact that her economy was closely linked up with the German. Geographic position goes a long way to explain why and during the war served to perpetuate this state of affairs. Only the Baltic Sea separates the two countries and during World War I its western part was almost completely under the control of Germany. Norway on the other hand had to make sure she sided with Great Britain. The Norwegian economy was turned westward, and the British controlled the lines of supply. Already hundred years earlier the country had experienced what catastrophic consequences a British blockade might have been.

The relationship with Russia further serves to illustrate the two countries' different positions. Sweden had originally proposed a closer co-operation between them, amounting to a *de facto* alliance, but under the condition that a joining of forces with Russia should be excluded. In Sweden Russia had traditionally been viewed as the arch enemy, while similar feelings were by no means so pronounced in Norway. In fact, a certain degree of co-operation between Russia and Norwegian intelligence services had been going on, partly directed against Sweden. Following a request on the part of the Swedes (from late 1913) if the time had not come for the Norwegians to share what information about Sweden Norway in this way had gained access to, the reply from the Norwegian Ministry for Foreign Affairs stated bluntly that Russia was not a common Swedish-Norwegian enemy. To share information obtained through Norwegian-Russian co-operation was out of the question. One could not exclude the possibility, the Foreign Minister went on, 'that Norway instead of fighting on the same side as Sweden – would find herself at war with this country.'[14]

The Swedish invitation of an alliance was rejected on this background. Real conflicts of interest existed, founded in the two countries' different economic and foreign policy orientation. On the Norwegian side

[13] Ibidem.

[14] Berg, page 187.

considerable suspicion concerning the Swedes' motives also played a part. It should be taken into consideration that Norwegian policy was still dominated by a generation whose political outlook had been shaped during the struggle with Sweden leading up to the split between the two countries. Fear of Swedish dominance was not an issue to be treated lightly.

The problems experienced during the first weeks of the war were soon overcome and replaced by a boom for the Norwegian economy. Like the other neutral countries in Western Europe – Sweden, Denmark and the Netherlands – Norway enjoyed the advantage of being able to trade with both the belligerent parties, and their needs increased in almost every field. At the same time the war had drastically reduced these countries' own capacity to produce: millions of men had been taken out of their civilian jobs and sent to the front; millions of others had been transformed from their peace-time occupations to the war industry.[15]

The demand for tonnage increased hugely and so did freight rates, partly because of losses due to enemy action, but primarily because the transport of war materials took up a lot of space (already during the first winter of war one-fourth of the British merchant fleet was taken out of civilian freight). Besides, the reduced volume was given the tasks of transporting goods from more distant locations than earlier (grain had to be imported from North-America instead of Russia and the Baltic states, etc.) All this created excellent opportunities for a typical shipping nation like Norway, with one of the largest merchant fleets in the world. Shipping, above all, contributed to the trade surplus which the country built up.

Other industries also prospered, including most branches of industrial production (like Norsk Hydro, which delivered a substantial part of the nitrate used in the French ammunition production).[16] Mining products were also needed by the war industry. There was an increased demand for agricultural products of all kinds, and the British and Germans outbid each other for Norwegian fish.

After a while two factors made themselves felt in the country's economic life: a scarcity of goods and a surplus of money, which in turn led to inflation, black marketeering and stockjobbing. Shipping shares in particular were viewed with great hope and optimism. In the capital and other places hundreds of new stockbrokers popped up, establishing themselves without any formal authorization. Their dealings, not restricted to bourses and stockbrokers' offices, went on in the most irregular forms,

[15] Fuglum, 1988, page 487
[16] Berg, page 196

often in cafés and restaurants. Some saw opportunities under more distant skies. They put money into Siberian and Mexican railway companies, exploration for oil in Trinidad, the wine industry of Argentina, the processing of papyrus in Zululand, etc.

The prevailing money psychosis is illustrated by the following quotation from a contemporary Kristiania newspaper: 'A gold fever has broken out in the neutral countries, not least in ours... The whole society is in a state of dissolution. Useful work is for naive people only, those who do not understand the spirit of their time. A stockbroker, on the other hand, or a jobber – he is in tune with the present. And he does not need any training – only knowledge of the multiplication table.'[17] People from all walks of life joined in. Former errand boys became millionnaires. Some of these upstarts even acquired their private castles – rare in Norway, but more plentiful in Denmark and Sweden, where they could be bought from representatives of those countries' nobility, who perhaps had not been so much in step with the times.[18]

Several of these investment objects were, however, loosely founded and of a highly speculative nature. They simply disappeared, without leaving any other trace than the bitter memory of the capital which vanished simultaneously.

Not only private citizens but also the banks were faced with the problem of making interest-bearing investments. The establishment of new and lasting projects was hampered by the drastic upheavals in world trade. The placement of money abroad was highly risky so long as the outcome of the war remained uncertain (money invested in a losing country would be wasted, most likely). The result was that a large proportion of the banks' disposable funds found their way into speculation, primarily on shipping shares.

Both the state and local government greatly expanded their fields of activity. Money for this was provided partly through higher taxation and partly through loans. The prices of the most important foodstuffs were subsidized, as well as rents. A number of 'councils' were appointed and given a variety of tasks, like the arrangement or supervision of the import of food and raw materials and the distribution of these. The government also assumed direct ownership of trade and industry to a degree formerly unheard of: ships were bought to secure supplies, also mills (which were situated out of reach of German zeppelins). State-run whaling along the Norwegian coast got under way to compensate for a shortage of

[17] Christensen, page 51.

[18] As the most famous literary description of this period may be counted the novel "Bør Børson" (Oslo 1922) by Johan Falkberget.

fat (the technique of refining was still somewhat lacking and the margarine which resulted was not easily forgotten: 'a greenish stearin-like product with a high melting point so that it got stuck to the palate.')[19]

Various decrees provided for example that flour had to be wholemeal, that in cafés and restaurants only one main course was allowed on the menu and that meat could not be served on Tuesdays and Fridays; the farmers were ordered to expand their grain cultivation; the import, production and sale of alcohol were restricted etc.

It was a kind of planned economy which was attempted: The authorities tried to get a survey of the country's resources and distribute them by means of regulations and interventions. The word 'war-communism' has been applied; however, the aim was never to exchange one economic system for another, but to ease the functioning of the existing (capitalist) one. The interventions took place, accordingly, with the understanding and co-operation of the owners of industry and business, and the trade organizations were, as a rule, themselves included in the administration of the different measures.[20]

One of the main reasons for the expanded role of the government in the economy was a wish to counterbalance the enormous social inequalities created by the war. According to the National Bureau of Statistics there could be 'no doubt that the majority of wage earners and salaried men have experienced a lowering of living standards (...) to an alarming degree'. In spite of that, the Bureau was of the opinion that only few people suffered actual want, at least among those who were fully able-bodied (spring 1916).[21]

While fishermen and farmers prospered in relative terms, the wages of workers in industry lagged behind compared to inflation. Government employees came out even worse. The scarcity of important foodstuffs – like butter, cheese, eggs and potatoes – led to black-marketeering on a large scale, a state of affairs which made life difficult for families with small children in particular. In the towns housing famine represented a problem for many. One group, especially hard hit was the old, handicapped and others without regular income. The savings they might have were reduced daily by inflation.

The demonstrative luxury which others simultaneously displayed made social inequalities more striking than previously, a factor which contributed to the radicalization of the Labour movement which took place in these years. Towards the end of the war the Left was split in all

[19] Tønnesen, page 68.
[20] Furre, page 84-98.
[21] Fuglum 1988, page 508.

European countries, the deciding factors being how to react to the war and the Russian revolution, in addition to differences of a more local nature. In most countries the majority followed the social-democratic leadership, while the communists broke out and formed minority parties. In Norway, however, this pattern was reversed as the most radical wing of the Labour Party (Arbeiderpartiet) gained majority and took over the party's organization.

As far as the period during the war is concerned it has been pointed out that the Labour movement in Norway could form its policy more independently than similar movements in Sweden and Denmark: In Sweden the Social-Democrats allied themselves with liberal and radical non-socialist parties against war activists who sought to drag the country into the war on the side of Germany. In Denmark, the Labour movement made common cause with radical non-socialists against Schleswig-activists[22] who might have landed the country in conflict with Germany. These alliances obliged, in the sense that they called for a more moderate and acceptable policy in other fields. In Norway, however, where no party or group with influence wanted the country to join the hostilities, the Labour Party could formulate its points of view without such considerations.[23]

Venstre (a social-liberal party) remained in government all through the war. The party rejected all attempts towards a national government of unity and a majority in parliament that was big enough to allow it to do so. The second biggest party was the Labour party, which in elections in 1915 had gained 32% of the votes. However, due to the electoral system,[24] the party received less than half of the mandates it would have got according to a 'mathematically fair' computation. The biggest opposition party in the Storting was Høyre (the Conservatives). An effective opposition policy was hampered by the demands of loyalty which the party faced in a difficult situation for the country.[25] Besides, the government sought deliberately to neutralize the opposition through making it a partner in day-to-day non-parlamentarian work (representatives of all political parties were thus appointed to the different councils which had been established and which had come to play an important part in the country's administration). Decisive for Venstre's triumph in the elections of 1915 was that a period of relative prosperity had not yet come to the

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[22] Schleswig (or Slesvig) had been lost to Prussia in 1864.

[23] Bull (d.e.).

[24] Only one candidate was chosen from each electoral district. In case no candidate received a majority of 50% or more in the first round, a second round was held, in which the non-socialist parties often joined forces.

[25] Gjerløw, page 161-183.

end. The down-turn for the party – and the prelude to a long epoch when no single party comannded a clear majority in the Storting – did not occur until the first election after the war (in 1918).

The importance of Norway's merchant fleet and the increased value of her export gradually led to problems for the country's policy of neutrality. For both belligerent parties it was essential not only to secure their own supplies, but as far as possible, to make sure that their enemy did not get any.

There were international conventions in peace, which specified what kind of goods should be treated as contraband and which could be transported freely. The rules were, however, open to interpretations and should be regarded as a flexible compromise. The right of neutral states to continue their peaceful trade was taken into account, as well as the need of the warring parties to be able to wage war effectively. In the end, how this compromise would work in a situation of war, would depend not on judicial interpretations, but on who was in the position to dictate his terms backed by superior power.

Given a long-lasting naval conflict, Norway would, in all probability, find herself at the mercy of how much leeway Britain would be willing to grant her. In relation to Norway, Britain possessed powerful means of coercion. Very important was the fact that Britain controlled a worldwide net of bunker stations. Without access to these the Norwegian merchant fleet could not go on sailing. The industry would grind to a halt because supplies would not reach it. The fishing fleet would be hit by a lack of fuel. The result, in short, would be an economic catastrophe.

The sort of pressure Britain applied against Norway was mainly of an indirect kind. Conditions were attached to the ships being allowed to bunker and to the delivery of supplies to Norwegian industry and the civilian population. Usually the British would demand a guarantee that the commodities which Norway imported from the Allies should not be re-exported to Germany or her allies, the same applied to goods produced by means of raw materials, fuel, etc. which had passed through British control. Those who violated the rules ran the risk of being blacklisted; in which case they were denied any further supplies.

Initially it was the British legation in Kristiania and the British consulates which controlled this web of agreements, but in the long run this became too cumbersome and was replaced by an arrangement by which the trade organizations functioned as intermediaries between the British and the individual members. The organizations undertook to distribute raw materials imported from the Alliance and through inspections to make sure that export to the Central Powers did not take place. It could reasonably be argued that Norwegian trade organizations thus had come

close to filling the role of executive organs in the British government's blockade of the Central Powers.[26]

At the beginning the Norwegian government took no official part in these agreements, neither as negotiator nor as signatory. It would be unfortunate indeed for the credibility of her neutral position should the government be included formally as a partner in arrangements directed against one of the belligerent parties. In spite of that, the authorities were able to influence the negotiations from behind the scene and from 1916 gave the agreements its official approval.

The Germans also started to make use of similar methods (ships bound for Germany could sail through Norwegian and Swedish territorial waters on their way south to the Baltic, thus unhindered by the embargo of the Central Powers declared by Great Britain and France). The Germans made it clear that if Norwegian authorities, or trade and industry themselves, took steps to reduce trade with Germany, the German government would regard this as a breach of neutrality.[27] Underlying the subsequent protests from German side was the threat of military reprisals. Particularly exposed in this respect was Norway's merchant fleet in international waters.

The export of fish may serve as an example of how Norwegian dependence of Great Britain made itself felt, and of how the policy of the Norwegian government, which aimed at leaving trade policy to the traders (officially), was undermined.

The war had created a great demand for fish on the international market. By the end of 1915 the Germans, through outbidding their competitors on the fishing grounds, had succeeded in conquering the Norwegian fish market. In Britain this state of affairs attracted considerable attention, not least because Norwegian fisheries were dependent on fuel and equipment which had to pass through areas controlled by the British fleet. A lot of indignation arose from the fact that the Germans could live on fish caught by means of British coal, earning Norwegian fishermen a fortune, while at the same time the British were fighting for their existence.

At first the British made an attempt to beat the Germans through outbidding them on the open market. The fact that sanctions were not threatened at an earlier stage probably had to do with a realization on their part of how difficult a control of the scattered coastal population would turn out to be (there were 100 000 fishermen and more than 20 000 vessels of various sizes operating from a long coastline).[28] In addi-

[26] Berg, page 197.
[27] Berg, page 190.
[28] Berg, page 198.

tion it was feared that Norway's reaction might be to stop the export of certain commodities which played an important part in allied war industry (like the earlier mentioned nitrate from Norsk Hydro).[29]

With the governments of the three countries (the Norwegian included) engaged in buying up fish on the Norwegian market, the prices increased drastically, and gradually it became clear that the arrangement would become too expensive for the British. While threatening an embargo on supplies they demanded downright control over all fish which was not consumed by the Norwegians themselves, and that the Norwegian government should make sure this control became effective by introducing a ban on all exports, with a right of dispensation which included Great Britain only.

The demand was unacceptable to the Norwegians, who eventually managed to negotiate an arrangement which implied that the Central Powers would be allowed to purchase a certain percentage of the fish, namely a share which was supposed to equal their part of the supplies for the fishing fleet (stipulated to 15%). The rest of the exports should go to Great Britain, exclusively, at fixed maximum prices.

The difference, compared to Britain's earlier deals with the trade organizations, was that the Norwegian government had become involved as a partner and guarantor. Since the arrangement in reality limited export to one of the belligerent parties to the advantage of the others, there could be little doubt that it represented a breach with the duties of a neutral country according to international law.

The outcome was that the supplies to the fishing fleet had been secured; but, as subsequent events were to show, to a high price in terms of foreign policy. Whether it had been necessary for the government to yield as much, has been controversial.[30]

A similar pattern was followed concerning other goods. At one time, when the British declared their dissatisfaction with Norway, the Norwegians fulfilled their obligations. The export of coal stopped. Norway had stocks which would last only three months of normal consumption. The result was rationing – closed schools, shops and restaurants which had to reduce opening hours, locomotives fired by wood, etc. – until the government (after it had concluded, in the meantime, difficult negotiations with Germany over a trade treaty) made sufficient concessions for the supply of coal to be resumed. Countermoves were considered, but it was decided to give it from a fear that all supplies reaching Norway from the west might be stopped.

[29] Ibidem.

[30] Keilau 1935, page 271-275.

In addition to the fact that Norwegian exports by the turn of 1916 to a high degree had been brought in line with Britain's blockade policy, the country was also forced to tacitly accept the transport of allied war materials over Norwegian territory. The route crossed from the coast of Finnmark (Norway's northernmost county) to Finland (at the time a part of the Russian empire). Officially the traffic was described as civilian trade undertaken by private citizens; however, few were taken in by this explanation, certainly not the Germans. Ammunition depots along the route were set on fire, probably by German agents, although none of the culprits were caught. An activist in the cause of Finnish nationalism, who was also a German agent, was arrested and found to be carrying, among other sabotage equipment, sugar lumps, which (analysis showed) contained anthrax bacilli, intended to spread an epidemic among the two thousand horses and reindeer which were employed in the transport.[31]

Far more serious was that Germany from the autumn of 1916 stepped up its submarine warfare, which hit Norway particularly hard. The connection between sinkings and German dissatisfaction with Norway's resources and territory being used in allied service, was initially made by the Germans, the intention being to force compliance with Germany's demands. The theory that such a connection did indeed exist has later been passed on several historians. Others, however, had emphasized the fact that the aim of the German offensive was a more general one: to interrupt allied line of supply. When so many Norwegian ships went down it was simply because they were overrepresented in that traffic which at that stage was particularly exposed, namely the freight of supplies from Britain to Russia. The interpretation that it was a case of reprisals did not fail to impress Norwegian public opinion, though; and it strengthened the government in its view that it was necessary to keep up certain trade with Germany for reasons of neutrality.

From Britain's point of view the main concern was to prevent Norway from being pressured into withdrawing from the allied net of communication. However, as long as the ships sailed under a neutral flag, they were prevented from arming themselves. The British government suggested therefore that it should be allowed to buy the Norwegian fleet. The proposition was rejected by Norway for economic and national reasons, and instead a solution was found whereby Britain declared its readiness to supply Norway with coal and coke transported on British armed ships, while Norwegian ships were transferred to more distant and secure waters, some of them requisitioned by the British and sailed under British

[31] Berg, page 209-215.

flag under an agreement entered into by the ship owners. The Norwegian government formally protested against the latter arrangement in an attempt to deceive the Germans.

'Yet again the Norwegian government had felt itself to be in a situation where it had no choice.' If the British wishes were rejected, it was feared that Britain would simply requisition all Norwegian ships within the area under her control – without providing for supplies. Prime minister Knudsen emphasized that a new coal crisis would lead to unemployment, which again would fuel the social discontent which was brewing, inspired by inflation and the Russian revolution.[32]

The tonnage agreement implied that Norway had taken another step towards the allied camp (if not into it, as one allied minister wrote).[33] A Norwegian historian has used the term 'The Neutral Ally' to describe Norway's position. The question why the country was not drawn directly into hostilities arises on this background.

The Germans did have concrete plans for military actions against Norway, but these were associated with the eventuality that the country would be drawn closer into the Allies' military co-operation. The plans were of a limited extent (they included bombing of the capital and industrial plants and mining of the waters off southern Norway).[34] An invasion and occupation, like the one during World War II, was out of the question. That would bind up troops and resources needed elsewhere. On this backdrop the Germans were willing to be bought off Norwegian trade concessions, formal declarations of neutrality and diplomatic dodges.

From a British point of view Norwegian participation in the war also had its drawbacks. The strained allied resources count against; besides, a successful German bombing of Norwegian industrial plants would have serious implications for parts of the allied war production. The line of the British War Cabinet was therefore that Norway should not be encouraged to enter the war; on the other hand, she should not receive the impression that the Allies would not be capable of defending the country if it was forced to join.[35]

In this article it has been emphasized that Norway's relationship with the belligerent parties was determined primarily by the country's economic dependence on the Allies, in particular Great Britain (after the USA had entered the war this picture became even clearer as the US had taken over the role of Norway's main supplier of grain after the import

[32] Fuglum 1989, page 311-314.
[33] Berg, page 206.
[34] Riste, page 184.
[35] Riste, page 180-190.

from Russia and Eastern Europe had ceased as a consequence of the war). World War I had, however, also an ideological aspect, where the Central Powers were seen as representing militarism and imperial autocracy; while the Allies, on the other hand, stood for a liberal-democratic free trade system, an impression which was strenghtened after the USA joined the war and the reactionary Russian empire had dropped out of it.

According to a Norwegian historian, 'World War I was the first forecastle of a total and ideological war between two power blocks. In such a war where all available resources, including those of the neutral countries, were employed to defeat the enemy, there was no longer any room for the traditional non-partisan neutrality as a practical-political principle. When Norway «through the events of war» was forced to choose side, the choice was a given one, also for ideological reasons.'[36]

Berge Fure, on his part, points to a certain degree of German orientation in intellectual circles and also writes that the distrust of authoritarian Russia was widespread; still: "The sympathy for the Allies was greater than that for the Central Powers. But public opinion was not strongly involved, at least not from the start. Most people did not see the outcome as a question of life or death."[37]

That changed after Germany started to make use of poison gas and not least after Norway began to feel the full effect of Germany's submarine warfare. With that public opinion turned sharply in anti-German direction, effectively supported by British propaganda. In addition came that both Britain and the USA gave as reason for their declarations of war their determination to defend the rights of small neutral countries.

Most of the regulations were dismantled after the war; some lived on, however, like rent and price control. The trade organizations, established to co-ordinate import, had also come to stay, likewise the increased state and country budgets. As earlier mentioned, the expansion in government activities had been financed partly through taxes, partly through loans. The status at the end of the war was that the national debt had grown to proportions like never before. Strong words have been used to characterize the situation: 'a financial decay' and – because money was granted without the Storting being presented with a general view of the country's economic sitation – as 'one of the blackest chapters in Norway's democratic history.'[38] Much had been spent on inefficient bureaucracy.

[36] Berg, page 254.
[37] Furre, page 72.
[38] Keilau 1935, page 336.

The value of Norway's production had increased considerably during the war years, but not its volume. Little had been spent on maintenance and renewal. The supply situation was partly to blame; to have a lot of money was of little help as long as raw materials and machinery could not be bought. Vast amounts had been invested in speculative projects or in the production of substitutes which peace made superfluous. Other industries which were profitable given the artificial demand created by the war, could not compete afterwards. Great values were lost in this way.

Because of shipping in particular Norway had enjoyed a large foreign trade surplus and had been able to build up a considerable currency reserves. The restrictions on consumption during the war coupled with this affluence led to extensive import in the first years after the war, especially of consumer goods, the prices of which were still abnormally high. Comparatively little was spent on improving the country's production capacity.

Forty-nine per cent of the Norwegian merchant fleet had been lost, while around two thousand seamen had lost their lives. Norway had suffered more civilian losses at sea than any other country. The war had demonstrated that the country was by no means so isolated from European power politics as the generation of 1905 would have liked to believe. The introspective attitude which had characterized the 1905-1914 period was replaced by a more active foreign policy, which particularly aimed at strengthening national interests in the Norwegian Sea. It was deliberately attempted to profit from the good-will with the victorious Western powers which Norway's contributions during the war had created. Norwegian sovereignty over Svalbard (1920) was the most notable achievement of this policy.

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