

The spirit of co-operation is past. In the first years after the war, conditions between management and employees were marked by peaceful co-existence. In the 1970s the idyll cracked. Here is an article from Klassekampen [The Class Struggle] in 1974. The title says: Aspengren methods are not good enough. The term "Aspengren methods" refers to methods undertaken within the framework of the law and the work contract.

This idyllic situation ended in the 1970s. Over the course of the decade, relations between labour and management soured in a way that eventually posed major problems for the company. The spirit of consensus and mutual understanding which had characterised the co-operation within the company for many decades evaporated, to be replaced by opposition and conflict. For the first time in over 30 years, serious labour conflicts arose. One of these conflicts eventually became the most contentious of such conflicts to occur in the post-war Norwegian business world, as we shall see.

The explanation for the altered climate of co-operation is complicated. First, a change in management conditions occurred, stemming from the generational change-over on the ownership side, and this played a significant role. As noted earlier (Chapter 5), Sverre Gahr did not have his father's ability to cultivate confidence and trust among his employees. Second, the production facilities started to become aged and outmoded toward the end of the 1960s, while the requirements for improved working conditions in general were growing stronger. The sense of being cared for which had existed among the workers was no longer as strong as it had been, and this contributed to increasing dissatisfaction. Finally, the shop union at Jøtul underwent a dramatic process of radicalisation during the 1970s. Several individuals with extreme leftist political affiliations joined the company, and gradually began to exert a substantial influence within the shop union. On the one hand, this

brought to light a number of unacceptable aspects of the working situation. On the other hand, there is no doubt that some of these people also had political agendas which extended far beyond a desire to secure better working conditions for the workers.

We shall not consider here all the details of the relationship between labour and management as it evolved during this period, but shall instead use one particular conflict to illustrate the tense relationships which dominated the company. This conflict embodies almost all the elements of conflict noted above, and it provides an accurate illustration of the situation in general. The conflict in question is the major strike which occurred in 1976, and which became known throughout Norway as the "Jøtul conflict".

The "Jøtul conflict"

The triggering event of the Jøtul conflict was a personal confrontation. In December 1975, a Yugoslavian foreign labourer in the assembly department had a falling out with the department manager, who had in fact remarked that the Yugoslavian was working too slowly. The result was a huge argument, and the labourer was fired on seven days' notice. The labourer appealed the matter to the shop union board, which forwarded it to the Norwegian Federation of Iron and Metal Workers and the Norwegian Confederation of Trade Unions, or LO. They all concluded that the firing was unlawful. As a result, in February 1976 the LO demanded that the man be given back his job, along with compensation for lost income incurred while he had been shut out of the company. The case ended in a



settlement, under the terms of which Jøtul consented to give the man back his job, while the LO withdrew the claim for compensation of lost income.

The matter had thus apparently been resolved without further conflict, but such was not to be the case. At the settlement conference between Jøtul and the LO, the Jøtul works manager, Arne Hansen, presented a petition signed by some twenty employees demanding that the Yugoslavian not be taken back. The identities of the people who had launched the signature drive were unknown. Hansen claimed that he had received the list in the mail, while others believed that Hansen and a pair of foremen were actually behind the petition. It was also alleged that they had pressured the workers in question to sign. This led to a demand from the shop union that Hansen resign his position. The shop union warned that they would back up their demand with action, in other words, that they would go out on strike if the demand was not met. The Jøtul management, however, rejected the demand, and the conflict became a reality. On February 13 at the stroke of noon, 350 Jøtul workers in Enebakkveien and at Grønnavoll walked off the job.

The shop union stood united behind the demand that Hansen and the two foremen had to go. However, the union was in fact divided on the issue of what means were to be used. All agreed that the strike was illegal and in violation of the collective agreement, and not everyone was equally pleased that such measures had been taken. The rift became apparent at a general meeting several days into the strike. Leading the way, the shop union's steward, Martin Lekøen, urged the workers to go back to work so that negotiations could be initiated with management. The Jøtul management had stipulated such a return to work as a condition for entering into negotiations. To the press, Lekøen indicated that he would turn over his position to someone else if the membership would not back him.²⁸⁹

Nevertheless, a slight majority supported continuing the strike. A proposed solution was presented at the general meeting, but the terms set forth were entirely unacceptable to the Jøtul management. Among other things, the proposal included a demand that the employees be paid for the time they had been on strike, and that negotiations would have to be completed before they returned to work. The situation was deadlocked. Lekøen and the union board were removed from office, and a strike committee consisting of all new people took over leadership of the shop union.

Within the iron and metal industry in Oslo there was strong initial sympathy for the Jøtul workers. Declarations of support were issued by a number of shop union stewards from other member companies. There was soon talk of sympathy strikes. "It is now not unlikely that 18,000 iron workers will walk out on strike" wrote Dagbladet the day after the Jøtul workers voted to continue their strike.²⁹⁰ The reason for the assertion was that the union leader at the Oslo Federation of Iron and Metal Workers had warned that workers at fifteen of the largest member companies were considering striking in sympathy.

There were no sympathy strikes. On the other hand, the Jøtul strike was a protracted one. The strike was finally called off on March 20 after lasting over five weeks. The conflict was finally resolved by works manager Arne Hansen's decision to resign from his position. The workers thus appeared to be the ones who had emerged from the conflict victoriously. However, a great deal had changed during



Martin Lekøen, shop union chairman at Jøtul for many years in the 1970s. Lekøen was among those who were sceptical about the strike in 1976. He was deposed by the shop union as a result of his viewpoint.

the course of the strike. The most important change was perhaps that the sympathy which the employees had originally enjoyed from other shop unions had eroded. There was no doubt that relations between labour and management at Jøtul were not ideal, or that this was due in considerable part to unfortunate behaviour on the part of management in a number of areas. All the same, the uncompromising attitude generally exhibited by the strike leaders gradually led to a change in attitude regarding the strike among the Federation of Iron and Metal Workers and others. The federation had indeed dissociated itself from the unlawful strike all along. As the strike leadership gradually adopted a more uncompromising stance, the federation gradually took a clearly negative view of the strike. The strike thus gradually lost its outward legitimacy.

The fact that the Federation of Iron and Metal Workers eventually condemned the strike is, however, also due to the fact that the duly elected employee institutions at the company had been marginalised. The head of the Oslo Federation of Iron and Metal Workers, Svein Christiansen, asserted that the entire employee representative organisation at the company had been shut down by a small group of employees who had managed to drag the majority along with them into the illegal strike. This circumvention of the legitimate rules of the game was perceived as a threat not only to the Jøtul shop union, but to established employee institutions in the working world in general.

In this regard Christiansen was focusing mainly on the leftist radical forces both within and outside of Jøtul which had involved themselves in the conflict. A number of members of the Norwegian Communist Workers' Party (Marxist-Leninist) had become employees of the company over the course of the 1970s, and they played a prominent role during the strike. Kjell Gjerseth, Lars Borgersrud and Rita Westvik were among the most prominent, and Gjerseth was also the leader of the strike committee.

The involvement of the Marxist-Leninist movement in the Jøtul strike engendered bitterness throughout the labour movement. Among others, LO leader Lars Skytøen was highly critical of what he believed to be the movement's direct attempts to undermine organised labour. In the aftermath of the strike, he told *Arbeiderbladet* that "our organisation apparatus will no longer accept outside forces engaging in activities which are intended to break down both that apparatus and the rules for dispute resolution to which we ourselves have contractually agreed".²⁹¹

In reality, there were no winners in the conflict. The company sustained substantial financial losses. The employees did win a number of their demands, but the shop union emerged from the strike strongly divided, and it took a long time for the opponents and supporters of the strike to reconcile. Their outward reputations suffered as well. Works manager Arne Hansen had undoubtedly been a

The university proletariat takes over the factory floor. In the 1970s Jøtul became the wrestling mat for a group of highly educated people with ties to the extreme left wing. Most of them belonged to AKP (ml). The sociologist Kjell Gjerseth was one of the most prominent. He was the leader of the big Jøtul strike in 1976.

tough boss, and from that standpoint the workers' animosity toward him may well have been justified. Nevertheless, he was first and foremost a pawn in a conflict which was in reality guided by other motives. And this was the public impression.

It took a long time to restore the co-operative relationships within the shop union. On the other hand, Lars Borgersrud asserted that "the strike gave us a good deal of experience, especially regarding solidarity," and also that "the Jøtul shop union's reputation as a strong, active union with solidarity was emphasised in the years following the strike".²⁹² These pronouncements may have been valid for elements of the union, but a substantial portion of the work force did not support the strike in 1976, and it took them a long time to normalise relations with the "strike wing".

The rift had major consequences for the union's ability to act effectively in the ensuing years. It was a key reason why the employees were unable to mobilise any opposition in connection with subsequent controversial issues. This was most evident in connection with the modernisation of the foundry around 1980. As we shall see, the owners and management at that time were able to implement measures which entailed major negative consequences for the employees in Oslo without

Works manager Arne Hansen has decided to resign his position, and the strike is called off. VG, 24 March 1976. The workers' resistance to Hansen, who was a demanding manager, was probably justified. At the same time he fell victim to powers that were using the strike for completely different motives.



encountering opposition from a united and contentious shop union. On the other hand, historian Ellen Røsjø has pointed out that this was due more to external pressures than to internal divisions. She writes that "the strike [in 1976] was a financial burden on the membership, despite major support from other trade unions. Moreover, the discussion in the press was perceived as frenzied. This experience was an important factor in the absence of a strike in 1980 to prevent the foundry from relocating to the Kråkerøy Works".²⁹³ These experiences did indeed play some role, but it was first and foremost the internal rift within the union which prevented more vigorous action.

Entering into Norcem Ltd [A/S Norcem]

In the spring of 1977 the Gahr family entered into negotiations with the major Norwegian industrial group Norcem Ltd [A/S Norcem] regarding the sale of Jøtul. By the time the matter became publicly known in early June, the negotiations were nearly complete. A final agreement regarding the sale was reached in mid-June. Norcem was to acquire all the Gahr family's shares in Jøtul effective July 1 of that same year.

The sale represented a break with nearly 50 years of company history. Jøtul had been owned and operated by the Gahr family for two generations, and the business had been intimately linked with this ownership throughout the entire period. Indeed, in Jøtul's case the company and the family appeared to be nearly inextricably bound up with one another. The sale thus marked not only a change of ownership but, to the highest degree, a change in eras. Why did the Gahr family want to divorce itself from its life's work? And why in 1977 in particular?

Part of the explanation lay in the need for major investment which Jøtul was facing at that time. For one thing, there was a severe need to renovate the foundry in Enebakkveien. The facility had not been renovated since the mid-1970s, and it no longer met the requirements for efficient operation or a quality work environment. A total overhaul was necessary, representing an estimated investment of 70 to 80 million kroner. There was also concern as to whether it was desirable to expand further on the already crowded property in Enebakkveien. This brought up the question of a possible relocation of the entire production.

The need for major investment was cited as the official explanation for the sale. As a form of ownership, the family company was not suited to coping with a burden of such magnitude.²⁹⁴ This was indeed a valid argument. But there were also other factors which played an equally important role, and which had to do mainly with the management by the owners.

As noted earlier, a number of internal problems had arisen under Sverre Gahr's management. The change for the worse in the relationship between labour and management which resulted from his leadership style has already been noted. These problems were exacerbated because the company lacked an effective personnel department. Furthermore, Gahr managed the company in a way that fostered unease among the administrative managers. A network of informal channels to the company management developed alongside the formal decision-making hierarchy. In addition, Sverre Gahr had in several specific instances intervened in matters which fell within other people's areas of responsibility, and this contributed to dissatisfaction among those who were thus circumvented. In a broader sense, it served to undermine the formal hierarchy of authority within the company.



In 1974 an outside consulting firm conducted an organisational analysis of the company. The resulting final report pointed out a number of weaknesses in the company's management, and recommended several fairly radical changes in the management structure. Among other things, the report recommended that Sverre Gahr step down as managing director.²⁹⁵

The report had no immediate consequences. However, over the next few years a number of things occurred which contributed to making the problems even more visible. The strike in 1976 was undoubtedly the most important such event. This conflict brought the management issue fully into focus again, and was presumably the reason why Sverre Gahr decided to step aside as managing director in the autumn of that same year, instead choosing to function as an active chairman of the board.²⁹⁶

Gahr was essentially pressured from two sides – by management and by the employees. This dual pressure was naturally burdensome. The 1976 strike also imposed tremendous stress. In addition, the challenges facing the company must have been extremely revelatory. For one thing, they emphasised how vulnerable a family-owned business could be in the midst of such conflicts.

There were thus many factors pushing Sverre Gahr toward selling. The fact that there was also a buyer who was willing to pay a good price for the company was very significant as well.

Norcem's interest in Jøtul was based on a number of factors. First, the firm fit well into the group's strategy. Norcem was created in 1968 through the consolidation of the three major cement manufacturers in Norway – Slemmestad, Dalen and Kjølpsvik. However, by the early 1970s the group had also begun to get involved in the production and sale of more highly value-added building products, and Jøtul was a good match from that standpoint.

Second, Jøtul's international experience was deemed of interest. As one of Western Europe's biggest cement exporters, Norcem already had a strong international orientation. This orientation received an additional boost in the mid-1970s, when the group sought to further internationalise its cement operations. The group's other businesses were also looking more to opportunities outside of Norway, and any new activities would have international potential.²⁹⁷ Jøtul fit in well with such a strategy. As Norcem's managing director, Gerhard Heiberg, stated in connection with the acquisition: "Growth in international markets is one aspect of great interest, and we now intend to expand internationally in areas other than cement. Our products, know-how and expertise indicate that we should be able to accomplish things in many parts of the world. Jøtul has been active internationally for a number of years. Together we can establish agencies or foreign offices to sell Norcem's entire product line... We are looking to export higher-priced products, and Jøtul could serve as a 'rocket' in such an expansion process."²⁹⁸

Jøtul thus fit very nicely into Norcem's group strategy. However, the acquisition was also based on several other factors. There had been fairly close personal ties between the managements of the two companies for many years. Former Norcem director Sverre Grøtter had sat on the Jøtul board of directors since 1971, and was still a member in 1977. Another Norcem director, Kåre Tisthammer, was a member of Jøtul's supervisory board throughout the entire first part of the 1970s. Norcem's board



Per M. Backe, chairman of the board of Norcem for many years, and a central figure in the purchase of Jøtul. There had been close personal relations between Jøtul and Norcem for many years. For instance, Backe had once been a member of the board at Jøtul.



Gerhard Heiberg was CEO of Norcem, and played a key role in the purchase of Jøtul. Heiberg was chairman of the board of Jøtul from 1977 to 1986.

Jøtul passer i vår linje

Hvis ikke Norcem legger om eller omstrukturerer de deler av virksomheten som gjør dette nødvendig, er vi på vei ut. Det vi taper penger på, må legges om snarlig vi har lyst på det eller ikke. En slik politikk har vi ført og vil fortsette å føre, men vi skal gjøre det på mest mulig sosialt forvarlig måte. Det er adm. direktør i Norcem, Gerhard Heiberg, som sier dette til Aftenposten i en kommentar i forbindelse med overtagelsen av Jøtul.

— Vi følger en linje, og overtagelsen av Jøtul passer inn i denne, sier Heiberg. Vår målsetting er å være stor i kapitalintensive byggvarer. I tiden fremover vil vi se nedgang og stagnasjon for enkelte av våre produkter. Jeg tenker bl.a. på Ekeritt, slik vi kjenner den låg med anstet, og kanskje på Riporv-Ykong, til tross for at vi stadig ikke kan dekke behovet.

— For kapitalintensive byggvarer har vi stor ekspertise i produksjon, produktutvikling og markedsføring. Vi vil forske for å skape enda mer tekniske produkter, vi vil produsere på lisens, og vi vil overta bestående firmaer. Jøtul passer godt inn i dette mønstret, selv om bedriften vil bli drevet som selvstendig enhet med eget styre og egen driftsforvaltning.

Mer ut av Norge

— Et meget interessant aspekt er utvikling på internasjonale markeder, og vi vil nå forsøke å bygge oss opp internasjonalt også på andre produkter enn cement. Våre produkter, knes bare og utvortes viser at vi bør kunne gjøre noe mange steder i verden. Jøtul har arbeidet internasjonalt et par år. Sammen kan vi etablere agenturer eller eksportkontorer med salg av Norcem's totale produksjon, også ikke byggvarer. Bl. a. bør gåsler på noe stat kunne bli en større artikkel.

— Idag utgjør eksporten 28 pct. av den totale omsetning, og det som eksporteres er hovedsakelig sement og klinker. Det vi sikter etter er å eksportere dyrtre varer, og Jøtul kan bli en etakete i en slik utvikling.

— Hadde Norcem besøkshøster med å overta Jøtul på bakgrunn av den ure som har vært med bedriften?

— Det er klart at vi har sett på denne side av saken, men vi tror at Norcem kan tilføre så meget



Dette er den nr. 3 på Sløvassstad, tidligere Nord-Europas største sementfabrik. Den vil sikkert produsere sement meget lenge, men til sommerferien blir den som på Sløvassstad og en på Duben satt ut av drift.

positivt — ikke bare på ledelsesplan, men fra anstette i alle ledd, så dette kan påvirke snødet på Jøtul. Bl. a. tror vi at våre anstette rundt om i betydelig utstrekning vil bidra til å skape et godt miljø.

— Vil Norcem — for å kunne

selge en større portefølje av byggvarer — gå inn i handelsvirksomhet?

— Et hovedmålsetting er å være stor i byggvarer. Dette betyr ikke at vi er interessert i alt, men først og fremst kapitalintensive varer. Vi mener også at vi har et nasjonalt ansvar i å tilføre det norske markedet riktige varer, utvirket at oss eller produsent på lisens. Vi skal først og fremst være produsenter og i størst mulig grad unngå konkurranse med våre kunder. Vi media bl. a. Eke-mentbygg, som var i konkurranse med ferdigfabrikker. Så lenge vi får markedet for våre produkter på fortsatt måte gjennom det bestående distribusjonsapparat, har vi ingen grunn om å introdusere produksjon av handlet. Med den størrelse og styrke Norcem har, må vi ta hensyn til politiske konsekvenser ved våre avgjørelser. Idag kan vi ikke gjøre noe uten å legge på.

Sement utgjør nå 60 pct. av Norcem's totale virksomhet. Kilde

overtagelsen av Jøtul, som vil utgjøre ca. 50 pct. av konsernet, vil sementandelen utgjøre ytterligere. Ifølge Heiberg er det Norcem's oppbygning av sement-andelen skal enda lenger ned.

— Er det da så meget bedre grep på den andre side av gjeldet?

— Vi må ta konsekvensen av sementandelen i sementforbruket, og at vi må raste oss for å bli mindre konkurrettedyktig. For å realisere dette må vi ha flere bet. Dette betyr at vi i fremtiden også må se på bransjer som ikke har tilknytning til byggvirksomhet. På kort sikt vil det ikke skje noe i så måte, men på lengre sikt vil en slik utvikling komme til uttrykk. Jøtul-overtagelsen følger den linje vi har tatt inn i. Så enda med Jøtul er at de økonomiske resultatene har vært bra og at disse produktene har hatt markedsandeler. Dette er det nå vår oppgave å utvikle videre til beste for Norcem og alle anstette, sier adm. direktør Gerhard Heiberg.

The end of an era. In June 1977 it was announced publicly that the Gahr family would sell Jøtul. The buyer was the large group Norcem. The change in ownership heralded a new era for the company.

chairman, Per M. Backe, had also been a member of Jøtul's board. Finally, the two companies used the same attorney, Finn R. Elde, who had also been a member of the Jøtul board for a number of years. Norcem's management was well acquainted with Jøtul as a result of these ties. There is no doubt that these factors paved the way for a sale.

Scepticism from the employees

How did the employees view the acquisition? Their reactions were largely negative. First of all, they criticised the acquisition process itself. The employees did not learn of the matter until negotiations had been finalised. The issue was not discussed by the supervisory board, and when it finally came before the board in early June 1977, it was taken up on the agenda under "Other business".²⁹⁹ The employees were thus given no opportunity to state their views, and they felt that they had been marginalised in a way which they believed would be of major importance to their future working situation.

But it was not only the acquisition process which evoked scepticism. Many employees were also deeply opposed to becoming part of a large group. Norcem had some 3,400 employees spread throughout a number of divisions both in Norway and abroad, and within such a framework Jøtul would become just another company among many.³⁰⁰ Jøtul would continue to be operated as an independent company, with its own board of directors and its own general meetings. Nevertheless, there were fears that the governing bodies and individuals who would have the real power to take decisions would become more remote, and that the employees' power to influence their own working situation would correspondingly diminish. Within a group, the interests of the group as a whole are decisive, rather than the particular needs of the individual company at any given time. Finally, the employees believed that, because Norcem management was removed from the individual subsidiaries, it would be in a better position to implement unpopular changes and restructuring.

Not that conditions under Sverre Gahr had been ideal. Despite everything, the distance from top to bottom within the company was quite large. On the other hand, the prevailing perception was that personal ownership was a guarantee of security and a long-term approach and that, most importantly, it gave the employees the power to exert considerable influence.

But what did the change in ownership actually mean for Jøtul? Were the employees' concerns well founded? These questions can best be elucidated by considering what were clearly the most important issues facing Jøtul during the latter half of the 1970s – modernisation and the siting of the foundry.

The foundry project

By the early 1970s it had become apparent that Jøtul was facing a period involving major needs in terms of modernisation and renovation. This was due to a number of factors. First, the production facilities were outdated and worn, and they no longer met the requirements for efficient operation. Second, the working conditions were poor. More emphasis was placed on worker protection and environmental efforts after 1970, including the introduction of measures to reduce noise and improve air quality in the plant.³⁰¹ But these initiatives did little good in the larger scheme of things. In addition, government requirements regarding the work environment were being tightened.

Engineer and technical director Knut Tronstad spent a generation at Jøtul and played a pivotal role in operations throughout this period. This is a photo of Tronstad from the late 1970s.



